



STEG POLICY BRIEF

# UNBLOCKING THE ROAD TO WOMEN'S MARKET WORK

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## Unblocking the Road to Women's Market Work<sup>†</sup>

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The process of structural transformation changes the way that people use their time. As countries grow, women in particular shift their time from home production into market work; domestic chores are marketised and opportunities expand for female workers. In developing countries though, women still face technological and cultural barriers that prevent or slow down this shift in time use towards market work. These barriers contribute to misallocation in the labour market and to large gender gaps in hours of work, labour market participation, and wages. This policy brief discusses the barriers to market work that women face in developing countries, and evidence on policies to overcome them.

### What is home production?

Home production is the production of goods and services in the home for the household's own use. Examples include cooking, cleaning, and childcare in most countries, and collecting wood and water in developing countries. The emphasis on "own use" differentiates home production from other forms of unpaid work, such as family business or farm work. Although this distinction is conceptually clear, it is often difficult to measure in practice, since home businesses may produce goods and services for home use and market use. Home production is also distinct from leisure. Producers derive utility from the output of home production, but generally not from the time spent doing it; for this reason, home production can potentially be "marketised" (outsourced to the market).

### How is it measured? Why is home production important at the macro level?

Measuring the contribution of home production time to the macroeconomy is challenging. It requires individual-level data collected from time use surveys that document daily time spent in different activities, or from household surveys that capture weekly time spent on categories of home work. By aggregating information from these surveys, researchers have shown that time spent in home production is quantitatively significant and is almost as large as the amount of time spent on market production. Time use surveys reveal that globally in the 2000s there were about seven hours of home work for every ten hours of market work.

### What role does gender play in home production?

Time use surveys from the 2000s also suggest that three quarters of unpaid home production hours fall on women. Women's role in household production has, however, changed over time within countries as incomes have risen and varies across countries according to their level of development.

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Time use data for the USA in the 1920s, 1965, and 2010 illustrates how female household production has changed as incomes have risen. Between the 1920s and 2010, time spent each week in home production fell by about 7 hours, or 15%. The composition of home production has also shifted over time: cooking and laundry hours have shrunk dramatically, while time spent in care activities and household management have more than doubled. This is consistent with many household activities shifting from the realm of home production into the market.

Figure 1: Weekly household work hours by per capita GDP (Females 15-64)

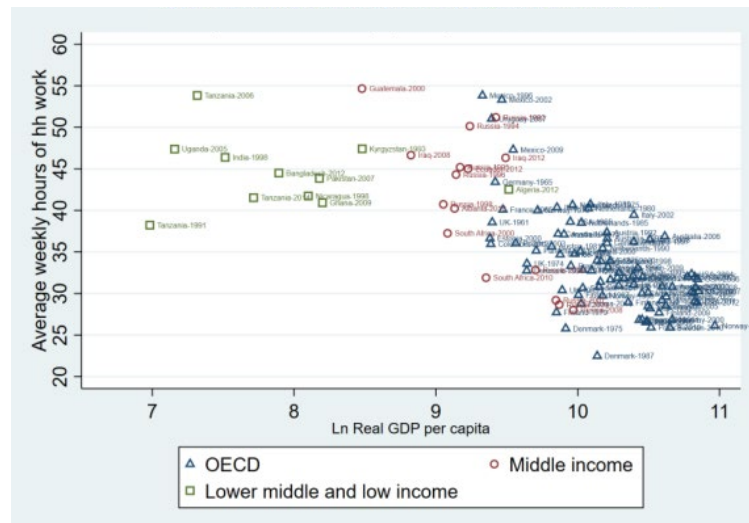


Figure 1 plots women's average weekly hours of household work against per capita GDP. As countries grow richer, female time spent in home production falls dramatically. In Tanzania and Guatemala in the 2000s, the average female time spent in home production was around 55 hours per week. In contrast, women in Norway spent about 25 hours per week in home production. As countries grow richer, the work of home production moves from being more than a full-time job at the lower end of GDP per capita, to a part-time job at the highest levels of GDP per capita. In no country do women spend less than 20 hours per week in home production. Additionally, even when the number of hours women work in home production falls, the gender gap does not disappear. At all income levels, men continue to work fewer hours in home production than women.

**What role does home production play in structural transformation?**

Goods and services supplied through home production can be supplied by the market instead, freeing up time that enables members of the household to enter the labour force. This process of marketisation stimulates the growth of sectors that produce close substitutes to home production, in particular in services, and attracts workers from other sectors into the 'home substitutes' sector. These reallocations are an integral part of the broader process of structural transformation, in which labour is reallocated

across sectors, from agriculture, to manufacturing and then services along the economic development path.

Women do not necessarily shift from full-time home work to full-time formal employment. Survey data suggest that most would prefer to be in paid employment, but that the continuing demands of home production are still the main barrier to entering the labour market. Women still remain the principal source of labour for home production, spending three times as many hours on home production as men. For those women who enter the labour market, this time constraint affects the type of work they choose. Available data shows that women are more likely than men to work as unpaid family workers in the informal sector, or as part-time workers because these jobs tend to be more compatible with home production demands than full-time formal sector jobs. For this reason, the demands of home production may slow structural transformation.

The picture is further complicated by the U-shaped relationship between women's labour force participation and economic development, which has been documented over time for developed economies. The intuition behind this U-shape is that as the economy grows, the farm sector shrinks, household incomes rise, and women leave the labour market and spend more time in home production. This is because in the early stages of economic development, the alternative to farm work has tended to be 'dirty' factory jobs, which social norms deem inappropriate for women. As the economy continues to grow, more culturally acceptable service sector jobs emerge, and women become better educated, the opportunity cost of staying at home rises, and women increase their participation in the labour market.

Historical data for the OECD countries clearly reveal a U-shaped female participation rate, but many of today's developing countries are still on the declining part of the U-shape. One important question for future research is whether developing countries will move onto the increasing part of the U-shape as they develop. East Asian and Asian economies that have experienced recent rapid growth and structural transformation may tell us more about whether the patterns of female work observed during the structural transformation in the West have been replicated elsewhere. This is a promising line of research, but unfortunately, recent changes in how the ILO measures labour force participation have made this research much more difficult.

Premature deindustrialisation is one reason why female labour force participation rates may not follow historical patterns. Developing countries today see their manufacturing sector shrink at lower levels of GDP per capita than happened in developed countries historically. As a result, factory jobs will disappear more quickly, or may not appear at all which may lead to faster movements from agriculture into services and faster marketisation of home production activities. This is plausible, but to be certain, we need better and more frequent time use data.

### **Reducing barriers to women's market work in developing countries**

In developing countries, there are many frictions related to home production that prevent women from moving into the market. These barriers contribute to labour market misallocations and to large gender gaps in hours of work, labour market participation, and wages. Once technology or trade-induced structural transformation begins, what policies are available to facilitate a shift in women's time towards the sector in which their productivity is the highest?

Some policies address frictions on the home production side by improving public infrastructure and providing more child- and eldercare. Other policies focus on the market production side by addressing gender-based social norms and laws, and supporting productivity improvements in part-time work and informal sector employment.

Lack of public infrastructure is also likely to slow marketisation. For example, many men and women in developing countries spend considerable amounts of time each week fetching wood and/or water for their homes. Would better access to public utilities decrease female time spent on home production and result in more market work? The evidence so far is mixed. Randomised trials in Morocco and Kenya suggest that improved clean water access reduced the time spent performing home work but did not translate into more market work. Evidence from Kyrgyzstan and South Africa points in the other direction, with improved access to public utilities leading women to shift towards more market work. One possible explanation of these conflicting findings is that in order to increase female market work, a number of home production constraints may need to be lifted simultaneously.

This leads to a consideration of another key constraint on how women can use their time: the need for safe quality child- or eldercare. Evidence from high-income countries suggests that family-friendly policies have large positive effects on children, but small to no effect on gender gaps in employment and wages. In Kenya, on the other hand, a 2019 randomised controlled trial showed that subsidised access to private childcare increased female employment by 8.5 percentage points. However, there was already a booming private sector market for childcare in urban Kenya at that time, so this finding may not apply to other settings. Survey data from Ghana suggests that some women drop out of market work when they have children due to a lack of other family members who can help with childcare. Women who do not drop out of market work rely on older female relatives or elder children for childcare support. Much more research is needed into whether marketising childcare could be an important avenue for generating female jobs and releasing female time to seek market work in other sectors.

While norms and legal barriers against women's market work may be difficult to shift, there is some evidence this is possible. Evidence from rural India suggests that the perceived social cost of women's work falls on men and that husbands' opposition to female labour is associated with their wives' lower take-up of employment. Addressing these perceived costs can cause norms to shift in a very short period of time. Two experiments in Saudi Arabia randomly corrected both male and female beliefs about what others believe to be the role of women outside the home. This increased married men's willingness to

help their wives search for jobs and increased the chances that women switch from an at-home temporary enumerator job to a higher-paying outside-the-home version of the job.

Norms and preferences are difficult to change in the short run, and so it is worth looking at other policies that can improve outcomes even in the presence of strongly persistent social norms. Research in Brazil, Pakistan, and Saudi Arabia explores providing safe female-only bus transit to work. Results from Brazil suggest that women value these safe methods of getting to work, which may enable some women to shift to the market while also potentially changing social norms about women working in the longer run.

### **Wanted: better data and better experiments**

To understand how female labour force participation and time use is likely to evolve in developing countries, we need better data on whether and how home production is shifting to the market. This requires repeated time use surveys on the same country over time. At present, these exist for only seven lower- and middle-income countries<sup>1</sup>. One can also examine marketisation from the market side of the process, i.e. the firms providing the services that substitute for home production. For this, data are needed on home substitutes sectors, which requires information on employment shares for narrowly defined sectors of work for all lower- and middle-income countries. The Groningen Growth and Development Centre (GDCC) has compiled high-quality data for 11 countries in sub-Saharan Africa, and an extension to the dataset will expand the coverage to 23 countries over a longer period of time. Ideally, we need to build similar datasets for as many lower- and middle-income countries as possible.

Randomised controlled trials in labour markets of developing countries are a relatively new and active area of research. These trials have identified important frictions that inhibit job creation, and matching. Many of these papers focus on women, or examine differential effects for men and women, yet none of them explicitly link the effects on women's market work back to home production or consider whether the demands of home production are the reason for gender heterogeneity in treatment effects. There are at least two ways in which these experiments could be used to shed more light on the gendered nature of employment through structural transformation. First, they could be used to show that solving a specific job market friction for women (e.g. providing access to capital) actually increases output at the aggregate level rather than only improving welfare for the targeted individual. This would be evidence of a misallocation of workers. Second, researchers could design interventions that combine access to market work for women with interventions that affect the time constraints on home production at the household level. This could work either by changing household productivity directly or by stimulating the marketisation of home production services. Time use survey data would be particularly relevant here for designing interventions that are likely to have large effects on the household production side, for measuring the impact of marketised home production services on time allocations, and for evaluating the impacts of the various labour market interventions.

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<sup>1</sup> Benin (1998, 2015), Mexico (1996, 1998, 2002, 2009), Mongolia (2007, 2011), South Africa (2000, 2010), Tanzania (2006 and 2014), Turkey (2006, 2014/15), and the Occupied Palestinian Territory (1999/00, 2012/13).