

Female labourforce participation decision and macro economic factors; International scenario

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I. INTRODUCTION

This paper addresses the debate: Does economic development effectively increase female labourforce participation? This debate is addressed with reference to international context. Broadly economic development refers to the rise in well-being of the people in terms of social and technological progress. It involves improvements in a variety of indicators such as literacy rates, life expectancy, and poverty rates. Development brings more education, more employment opportunity, and more industrialization to an area; which bring up female labourforce participation rate (Ramirez 1981; Semyonov 1980; Semyonov and Shenhav 1988; Weiss, Ramirez, and Tracy 1976). On the other hand, more active female population makes a country developed. Higher female labourforce participation rate can give a country more per capita income, higher standard of living, less population pressure etc. So we cannot deny that two-way positive association between female labourforce participation rate and development.

II. THEORETICAL PROPOSITIONS

The relationship between different indicators of economic development and female labourforce participation specially in the developing countries have been shown to be positive in the literature. Both domestic and paid workforce registered a rise in female workforce with development. Boserup's (1970) text evaluated how work was divided between men and women, the types of jobs that constituted productive work, and the type of education women needed to enhance development. Many liberal feminists took Boserup's (1970) analysis further to argue that the costs of modern economic development were shouldered by women. There are evidences which show a positive association between economic development and women's share of the labourforce (Ramirez 1981; Semyonov 1980; Semyonov and Shenhav 1988; Weiss, Ramirez, and Tracy 1976). Explanations for a positive association have suggested that the shift from agricultural and heavy manufacturing to service and light industry provides jobs considered appropriate for women and that women's entry into a few areas traditionally reserved for men (say, higher education) tends to open up other occupational areas. Several researchers hypothesized that female labourforce participation rate exhibits a U-shape during the process of economic development (Tansel 2002). Some other researchers explained a curvilinear relationship between female labourforce participation rate and development (Pampel, Tanaka 2004/2005). Their results affirmed the curvilinear effects of economic development as a determinant of female labourforce participation. Therefore, there is an association between female labourforce participation rate and economic development reflected through its indicators. Economic theory suggests that women's educational level and the family economic status determine women's labourforce participation (Nam (1991), Sebastian and Navaneetham, Lanot, Muller (1997). There are evidences which show that some of the development indicators are directly linked positively to female labourforce increase and some indirectly linked positively or negatively through some other variables.

The above discussion shows the use of different development indicators to examine the relationship between female labourforce participation and development. Out of these development indicators, per capita income and literacy rate has been taken as development indicators in this chapter to examine the relationship between female labourforce participation rate and development. These two development indicators are best represented in Human Development Index (HDI), because it is an average of literacy index, GDP index and health index. Therefore, here Human Development Indicator is used as proxy. Human Development Indicator (HDI) was developed by UNDP in 1990. The **Human Development Index (HDI)** is an index used to rank countries by level of "human development", which usually also implies whether a country is developed, developing, or underdeveloped.

OBJECTIVE - This paper tries to examine the relation between female labourforce participation decision with development and its different indicators.

PROPOSITIONS- The null hypothesis is the positive relationship between female labourforce participation rate (FLPR) and HDI (taken as proxy of development), as against the alternative hypothesis that these two are negatively associated.

The model: $FLPR = a_1 + a_2 * HDI$.

The reasons behind the nature of association between female labourforce participation rate and HDI are whether influenced by ‘health index’¹ or ‘literacy index’² or ‘GDP index’³.

(a) FLPR = f (Health Index)

(b) FLPR = f (Literacy Index)

(c) FLPR = f (GDP index)

THE DATA-

The data has been collected from HDR (2005, 2006, 2007-08) from about 180 nations⁴.

It is a cross-sectional analysis of various time points.

The Human Development Report (HDR) was first launched in 1990 with the single goal of putting people back at the center of the development process in terms of economic debate, policy and advocacy. The goal was both massive and simple, with far-ranging implications — going beyond income to assess the level of people’s long-term well-being. The objective of HDR is bringing about development of the people, by the people, and for the people, and emphasizing that the goals of development are choices and freedoms.

Here, the data from HDR 2005, 2006 and 2007-2008 have been used for testing the above mentioned hypothesis.

Table1. Human Development Index ranuks for high developed countries

COUNTRIES	HDI RANKS			COUNTRIES	HDI RANKS		
	2005	2006	2007-08		2005	2006	2007-08
HIGH HUMAN DEVELOPMENT				HIGH HUMAN DEVELOPMENT			
NT				NT			
Norway	1	1	1	Malta	32	31	38
Iceland	2	2	3	Brunei Darussalam	33	34	30
Australia	3	3	2	Argentina	34	36	49
Luxembourg	4	12	11	Hungary	35	35	43
Canada	5	6	4	Poland	36	37	41
Sweden	6	5	7	Chile	37	38	44

1. Health index- In health index, calculations are based on infant mortality data from Demographic and Health Surveys. Infant mortality has proven a reliable proxy for overall mortality patterns and thus for life expectancy.

2 The literacy index - The education index is based on adult literacy and school enrolment data. Adult literacy data are available directly from the household income surveys for each income quintile. To calculate the quintile-specific gross enrolment index, the combined gross enrolment ratio for each quintile is calculated. Each individual ages 5–23 attending school or university, whether general or vocational, is considered enrolled. The quintile-specific gross enrolment index is then calculated using the same minimum and maximum values that are used in calculating the standard HDI.

3 GDP index- The GDP index is calculated using the income variable from the household income survey. For conceptual reasons and because of measurement errors, mean income per capita calculated from the household income surveys can be very different from GDP per capita from national accounts data, which are used to calculate the GDP index in the standard HDI.

4 Since the research tries to focus on the post-reform period of India, and, the analysis involves the two unit level data of the period 2004, 2005 and 2006; the relevant worldwide data have been taken from HDR 2005, 2006 and 2007-08.

Switzerland	7	9	9	Estonia	38	40	40
Ireland	8	4	5	Lithuania	39	41	46
Belgium	9	13	17	Qatar	40	46	33
United States	10	8	13	United Arab Emirates	41	49	35
Japan	11	7	10	Slovakia	42	42	42
Netherlands	12	10	6	Bahrain	43	39	39
Finland	13	11	12	Kuwait	44	33	31
Denmark	14	15	16	Croatia	45	44	45
United Kingdom	15	18	21	Uruguay	46	43	50
France	16	16	8	Costa Rica	47	48	54
Austria	17	14	14	Latvia	48	45	48
Italy	18	17	18	Saint Kitts and Nevis	49	51	62
New Zealand	19	20	20	Bahamas	50	52	52
Germany	20	21	22	Seychelles	51	47	57
Spain	21	19	15	Cuba	52	50	51
Hong Kong, China (SAR)	22	22	24	Mexico	53	53	53
Israel	23	23	27	Tonga	54	55	99
Greece	24	24	25	Bulgaria	55	54	61
Singapore	25	25	23	Panama	56	58	60
Slovenia	26	27	29	Trinidad and Tobago	57	57	64
Portugal	27	28	34				
Cyprus	29	29	32				
Barbados	30	31	37				
Czech Republic	31	30	36				

Sources- Human Development Report, 2005, 2006, 2007-2008

Table2.

Human Development Index ranks for medium developed countries

COUNTRIES	HDI RANKS			COUNTRIES	HDI RANKS		
MEDIUM HUMAN DEVELOPMENT	2005	2006	2007-08	MEDIUM HUMAN DEVELOPMENT	2005	2006	2007-08
Libyan Arab Jamahiriya	58	64	55	Algeria	103	102	104
Macedonia, TFYR	59	66	72	El Salvador	104	101	106
Antigua and Barbuda	60	59		Cape Verde	105	106	121
Malaysia	61	61	66	Syrian Arab Republic	106	107	107
Russian Federation	62	65	71	Guyana	107	103	114
Brazil	63	69	75	Viet Nam	108	109	116
Romania	64	60	63	Kyrgyzstan	109	110	120
Mauritius	65	63	81	Indonesia	110	108	111
Grenada	66	85	74	Uzbekistan	111	113	119
Belarus	67	67	68	Nicaragua	112	112	124
Bosnia and Herzegovina	68	62	76	Bolivia	113	115	113
Colombia	69	70	77	Mongolia	114	116	115
Dominica	70	68	73	Moldova, Rep. of	115	114	117
Oman	71	56	56	Honduras	116	117	112
Albania	72	73	70	Guatemala	117	118	122
Thailand	73	74	87	Vanuatu	118	119	126
Samoa (Western)	74	75	94	Egypt	119	111	123

Venezuela	75	72	58	South Africa	120	121	129
Saint Lucia	76	71	69	Equatorial Guinea	121	120	118
Saudi Arabia	77	76		Tajikistan	122	122	127
Ukraine	78	77	85	Gabon	123	124	103
Peru	79	82	78	Morocco	124	123	130
Kazakhstan	80	79	82	Namibia	125	125	128
Ecuador	82	83	80	São Tomé and Príncipe	126	127	131
Armenia	83	80	84	India	127	126	134
Philippines	84	84	105	Solomon Islands	128	128	135
China	85	81	92	Myanmar	129	130	138
Suriname	86	89	97	Cambodia	130	129	137
Saint Vincent and the Grenadines	87	88	91	Botswana	131	131	125
Paraguay	88	91	101	Comoros	132	132	139
Tunisia	89	87	98	Lao People's Dem.Rep.	133	133	133
Jordan	90	86	96	Bhutan	134	135	132
Belize	91	95	93	Pakistan	135	134	141
Fiji	92	90	108	Nepal	136	138	144
Sri Lanka	93	93	102	Papua New Guinea	137	139	148
Turkey	94	92	79	Ghana	138	136	152
Dominican Republic	95	94	90	Bangladesh	139	137	146
Maldives	96	98	95	Timor-Leste	140	142	162
Turkmenistan	97	105	109	Sudan	141	141	150
Jamaica	98	104	100	Congo	142	140	136
Iran, Islamic Rep. of	99	96	88	Togo	143	147	159
Georgia	100	97	89	Uganda	144	145	157
Azerbaijan	101	99	86				

Sources- Human Development Report, 2005, 2006, 2007-2008

Table3. Human Development Index ranks for low developed countries

COUNTRIES	HDI RANKS		
	2005	2006	2007-08
LOW HUMAN DEVELOPMENT			
Madagascar	146	143	145
Swaziland	147	146	142
Cameroon	148	144	153
Lesotho	149	149	156
Djibouti	150	148	155
Yemen	151	150	140
Mauritania	152	153	153
Haiti	153	154	149
Kenya	154	152	147
Gambia	155	155	168
Guinea	156	160	170
Senegal	157	156	166
Nigeria	158	159	158
Rwanda	159	158	167
Angola	160	161	143
Eritrea	161	157	165
Benin	162	163	161
Côte d'Ivoire	163	164	163

Tanzania, U. Rep. of	164	162	151
Malawi	165	166	160
Zambia	166	165	164
Congo, Dem. Rep. of	167	167	176
Mozambique	168	168	172
Burundi	169	169	174
Ethiopia	170	170	171
Central African Republic	171	172	179
Guinea-Bissau	172	173	173
Chad	173	171	175
Mali	174	175	175
Burkina Faso	175	174	177
Sierra Leone	176	176	180
Niger	177	177	182

Sources- Human Development Reports, 2005, 2006, 2007-2008

DATA DESCRIPTION-

In these three human development reports the data were collected from 177, 177 and 182 countries respectively. The reports are reflections of various kinds of information about all these countries. If we concentrate only on female labourforce participation rate, urbanization rate, literacy index and GDP index, we find huge variations.

Figure 1- Relation between FLPR and urbanization rate

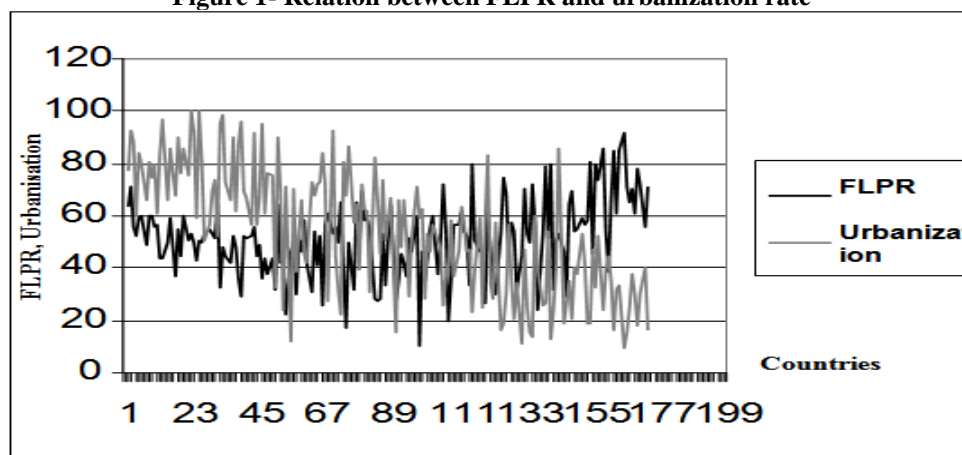


Figure 2- Relation between FLPR and literacy index-

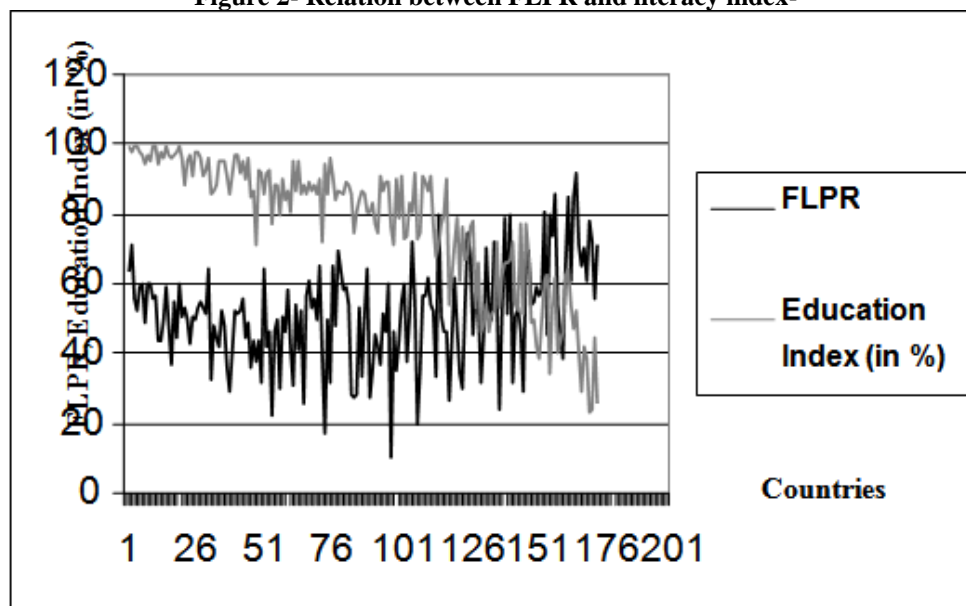
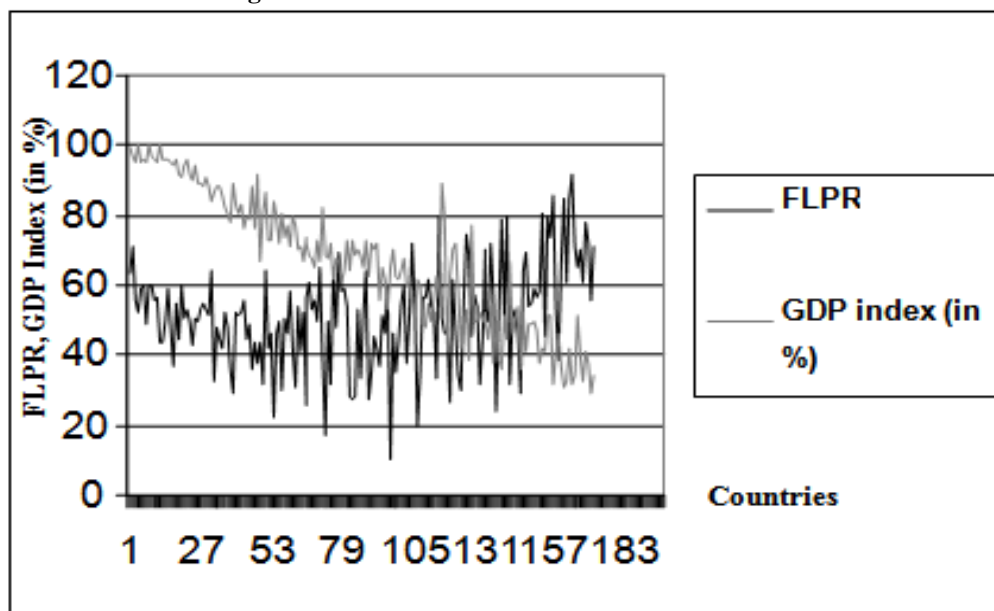


Figure3- Relation between FLPR and GDP index-



Source- Human Development Reports, 2006

Figure 1, 2, 3 shows the variations in the relationships between female labourforce participation rate with the three independent variables among the countries. The figures show that there is a strong negative association between female labourforce participation rate and urbanization rate, literacy index and GDP index. Further analysis of these three variables can give some inference towards the relationship of them with women's participation in labourforce. As one move from highly developed countries to low developed countries, each of the three independent variables diminish but the female labourforce participation rate increases.

III. METHODOLOGY

Bi-variate analysis is done to explain the model because the association of the female labourforce participation rate has to be judged thoroughly and separately with each and every independent variable. Bi-variate analysis is done for female labourforce participation rate initially with HDI values; then with health index, literacy index and GDP index.

THE RESULTS- Table 4

variables	HDI value	Literacy index	GDP index	Health index
Coefficients	-2.504	6.112	-59.421	1.096
R-square	0.39	0.47	0.74	0.107

THE FINDINGS-

(1) The result shows the truth of the alternative hypothesis because it revealed a negative association between HDI and female labourforce participation rate. That is, more developed nation has less economically active female population.

(2) The result of the proposition $FLPR = f(\text{Health Index})$, which is $R^2 = 0.107$, shows that negative relationship between female labourforce participation rate and HDI is definitely not due to Health Index.

(3) The result of the proposition that $FLPR = f(\text{Literacy Index})$ shows the association is positive. So we got a positive relationship between female labourforce participation rate and literacy rate. It is definitely a result which one can expect. Therefore, that negative association between female labourforce participation rate and HDI was obviously due to the third component i.e., GDP index.

(4) The result of the proposition $FLPR = f(\text{GDP index})$ reveals a very high association between these two variables which is negative. The value of this negative association overweighs the value of positive association with literacy index and as a result we have negative overall relationship between female labourforce participation rate and HDI. This result revealed, as gross domestic product of a country falls, female labourforce participation increases.

INTERPRETATION-

HDI has three components: GDP index, literary index and health index. To find the reason behind that result, these three components are taken separately.

To examine the effects of development on female labourforce participation rate, some indicators are taken like literacy index, GDP index and urbanization. Literacy index and GDP index have come from HDI, the health index, which is also used to calculate HDI was dropped, because it does not have any association with female labourforce participation rate. Urbanization is another important indicator of development. It may also have a good influence on female labourforce participation rate. Urbanization may bring more industries and it may influence female labourforce participation rate. Out of the three independent variables, literacy index and urbanization rate have been taken out of the debate through different literature. The third one, GDP index has been used as a proxy to some variables in the debate.

PROPOSITION –

The hypothesis is that whether the female labourforce participation rate depends on urbanization, literacy index and GDP index or not, and, if dependent then whether the relationship is positive or negative.

FLPR = f [urbanization, literacy index, GDP index].

Econometric equation is,

$$FLPR = [a_1 + a_2 * urbanization + a_3 * literacy\ index + a_4 * GDP\ index]$$

DATA-

It is a cross-section analysis of various time points.

Data are collected on these variables for all high HDI, medium HDI & low HDI countries from HDR 2005, 2006 and 2007-08.

High human development- (HDI 0.800 and above)

Medium human development- (HDI 0.500–0.799)

Low human development- (HDI below 0.500)

RESULTS-Table 5- Results with HDR 2005

variables	urbanization	Literacy rate	GDP	intercept	R-Square
REGRESSION RESULT FOR ALL COUNTRIES					
Coefficients	-0.208	12.878	-66.021	89.349	0.39
(t-values)	(-3.392)	(1.74)	(-5.47)	(18.129)	
REGRESSION RESULT FOR COUNTRIES WITH HIGH HDI					
Coefficients	-0.042	71.142	-88.542	48.787	0.31
(t-values)	(-0.481)	(2.39)	(-2.71)	(1.363)	
REGRESSION RESULT FOR COUNTRIES WITH MEDIUM HDI					
Coefficients	-0.178	9.028	-153.84	124.018	0.552
(t-values)	(-2.22)	(1.018)	(-7.18)	(13.67)	
REGRESSION RESULT FOR COUNTRIES WITH LOW HDI					
Coefficients	-0.234	25.05	-325.13	106.7	0.821
(t-values)	(-1.283)	(2.203)	(-2.06)	(3.146)	

Table 6- Results with HDR 2006 variables	urbanization	Literacy rate	GDP	intercept	R-Square
REGRESSION RESULT FOR ALL COUNTRIES					
Coefficients	-.006	-5.23	-14.23	68.27	0.111
(t-values)	(-1.05)	(-.604)	(-1.47)	(15.125)	
REGRESSION RESULT FOR COUNTRIES WITH HIGH HDI					
Coefficients	.0024	86.74	7.09	39.31	0.39
(t-values)	(.399)	(4.95)	(.495)	(-2.241)	
REGRESSION RESULT FOR COUNTRIES WITH MEDIUM HDI					
Coefficients	-0.122	17.64	-39.114	56.63	0.423
(t-values)	(1.29)	(1.35)	(-2.23)	(5.74)	
REGRESSION RESULT FOR COUNTRIES WITH LOW HDI					
Coefficients	-0.36	-9.28	-17.2	87.96	0.368
(t-values)	(-1.88)	(-.51)	(-2.44)	(5.34)	

Table 7- Results with HDR 2007-08

variables	urbanization	Literacy rate	GDP	intercept	R-Square
REGRESSION RESULT FOR ALL COUNTRIES					
Coefficients (t-values)	-0.005 (-.769)	-12.59 (1.4)	-7.45 (-.734)	69.95 (15.31)	0.099
REGRESSION RESULT FOR COUNTRIES WITH HIGH HDI					
Coefficients (t-values)	.019 (-.256)	47.78 (2.57)	24.71 (-1.89)	-18.19 (.199)	0.2
REGRESSION RESULT FOR COUNTRIES WITH MEDIUM HDI					
Coefficients (t-values)	-0.0079 (-.886)	11.88 (.876)	-27.34 (-1.47)	61.29 (5.96)	0.215
REGRESSION RESULT FOR COUNTRIES WITH LOW HDI					
Coefficients (t-values)	-0.872 (-3.342)	19.92 (.961)	-55.98 (2.07)	63.29 (2.8)	0.41

FINDINGS

- 1) The association between female labourforce participation rate and the three variables are not very prominent when all nations are taken together. But with the categorization of countries according to their development level, the result improves. The result is most significant in case of low developed nations.
- 2) Among the three variables, GDP index has the strongest association with female labourforce participation rate. In almost all cases it has a negative influence on female labourforce participation decision. For high developed countries this association is insignificant, but then becomes negative as well as stronger towards the medium developed and low developed nations.
- 3) Urbanization is also having negative influence on female labourforce participation decision. In almost all cases the t values are significant. But its impact is less negative than GDP index on female labourforce participation rate.
- 4) Literacy rate, the other development indicator, has a weak positive association with female labourforce participation rate. In case of high developed countries the association is very strong.

IV. ANALYSIS AND INTERPRETATIONS-

The association between female labourforce participation rate and the three macro economic indicators are different for different countries. When the countries were classified into three groups according to their HDI ranks, the different nature of association can also be classified among these three groups. This means each of the three development indicators have different impacts on female labourforce participation rate for highly developed, medium developed and less developed nations.

One of the three development indicators, GDP index has negative association with female labourforce participation rate for medium and less developed countries in all years; but the negative association becomes stronger as we move from medium to less developed countries. If all nations are taken together, then also the relationship becomes negative. That means poverty, which is proxied by GDP index forces women to join labourforce. As GDP index falls, that is, poverty increases, women in more number go out for work. In less developed countries where the problem of poverty is intense this fact becomes clearer.

The second development indicator is urbanization. The impact of urbanization is negative to female labourforce participation rate in almost all cases. For medium and less developed countries, the negative impact of urbanization is clearer. But for high developed countries the association is not significant. If we take all countries together the association between these two is significantly negative.

The third development indicator which has been taken is literacy index. It's association with female labourforce participation rate for all nations taken together is positive, for medium and highly developed countries it is positive. The positive impact of literacy index becomes stronger as we move towards high developed countries. For low developed countries the influence of literacy index on female labourforce participation decision is insignificant.

V. CONCLUSION

The three macro economic indicators of development can reveal some forces behind female labourforce participation decision throughout the nations. It shows the positive association of literacy rate, negative association of GDP index as well as urbanization rate. It is also important that for all of the three HDR the results are almost same. But since the R-squares are low, there are more factors behind female labourforce participation decision.

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