



CHAPTER 9

GENDER

Worldwide, education levels of women have increased, and educated women earn more than their uneducated peers. But the gender participation gap and wage gap between men and women persist. Women comprise 49.6 percent of the world's population but make up only 40.8 percent of the formal global labor market. This is untapped economic and productive potential. When women are able to fully participate in the labor market, companies benefit from increased business opportunities and access to new market segments. Productivity gains from women's inclusion in the labor market come from the variety of ways women bring added value to their workplaces, including their high education levels and alternative labor practices. More broadly, equality of employment opportunities for men and women is associated with poverty reduction and higher GDP levels.

Why are women's workforce participation rates so low and opportunities so few? And what can be done to increase economic opportunities for women in the labor market? Barriers to women's full and productive participation in the workforce exist at the regulatory and company level. In addition, there are cultural restrictions that determine if and where a woman can work, and women entrepreneurs have difficulty obtaining finance and financial services. The result is low overall economic participation of women and a concentration of women in less productive sectors. Two main strategies have been identified to address this problem: (i) increase the number of women in industries that are already women-friendly, and (ii) encourage the participation of women in nontraditional fields, where possible. Other targeted approaches that have been successful in the past include promoting women as business leaders and supporting women entrepreneurs' access to finance.

1. Introduction

At its core, a discussion about full and productive employment for women is important for everyone. We all lose out when our global capacity for productive potential remains untapped. Globally nearly half (48.4 percent) of the available productive potential of females is underutilized or unutilized, compared to 22.3 percent for men.¹

Over the past 25 years, the global gap between men's and women's labor force participation has fallen from 32 to 26 percentage points—leading to an overall increase in women joining the labor market. With that said, women's labor force participation is uneven across countries and regions. Participation is still very low in the Middle East and North Africa (averaging 26 percent); has risen significantly in regions such as Latin America and the Caribbean, which has seen a 16 percent increase since 1980; and is relatively high in East Asia and the Pacific, where roughly 70 percent of women participate in economic activities, higher than any other region. The increases were driven by a number of factors, including higher education, falling fertility, and expansion of new employment opportunities, particularly in manufacturing and services.²

Strengthening women's participation in the formal labor force harnesses this untapped potential for advancing development. It also empowers women. Women are empowered when they make their own career decisions, open up new businesses in their communities, or work in paid positions that help them provide for their families. Women are empowered when they can fully take advantage of available economic opportunities.

“When you want to invest and create GDP, there is no better or more effective investment – no lower-hanging fruit to pick – than investing in women.”

- Lloyd C. Blankfein,
CEO, Goldman Sachs

So it becomes clear that a discussion about full and productive employment for women is relevant for the firms, societies and economies of the world. Full participation translates into more business opportunities for the private sector, stronger communities for society, and greater sustainable GDP growth for countries.

1.1 Good for firms

For firms, women's full economic participation means better overall performance due to a wider talent pool, increased business opportunities, and access to new market segments. A representative survey of companies in Germany in 2008 found that family-friendly firms received 31 percent more applications for staff openings and retained employees 14 percent longer than other firms.³ Productivity gains from women's inclusion into the labor market come from the variety of ways women bring added value to their workplaces, including their high educational levels and alternative labor practices. In the agricultural sector, increased access to productive resources for women (commensurate with levels for men) could have productivity gains as large as 4 percent.⁴

For male-dominated industries, removing obstacles for women to enter these occupations could trigger productivity increases by up to 13 to 25 percent. This issue of women's incorporation into non-traditional industries will be more fully explored later in the chapter. But it is important to know that policies intended to benefit women in male-dominated occupations and sectors have redistributed the work without efficiency losses.⁵

In general, productivity gains that derive from efficient human resource practices and higher diversity within the workplace are more difficult to quantify.⁶ A US study found that intangible assets such as people, brand, and intellectual property were seen to create more than 85 percent of corporate value.⁷ At the firm level, an engineering, construction, and chemicals group in Brazil, Odebrecht, reported higher productivity after hiring women due to the new gender mix that led to the development of new ways to work.⁸

1.2 Good for society

Society's years of investment in educating girls pays off when women are able to capitalize on their schooling by participating in productive economic activities. Furthermore, educated and employed women have the ability to positively contribute to poverty reduction efforts by helping their families and communities out of the cycle of poverty, forming a virtuous cycle of prosperity.

Women influence the productivity and competitiveness of future generations by rearing children for success.⁹ Research suggests that women-headed households reinvest 90 percent of their income into their families, compared to 30 to 40 percent contributed by men.¹⁰ Evidence from developing countries shows that higher household incomes managed by women impact education opportunities for children, as well as the survival rates of girl children.¹¹ Other studies have found women's empowerment within families impacts child nutrition and education levels.¹² This is in addition to the intrinsic benefits that empowerment has on women themselves.

With regard to poverty reduction, a study conducted in Turkey simulated an increase of the relatively low participation of women in the labor force from 23 to 29 percent and found that it could help reduce poverty by 15 percent if women took full-time positions, or 8 percent if they had part-time jobs.¹³ The situation in Turkey suggests that the effects would not be the same for men, as participation rates are especially low among women with only primary or secondary education. In some developing countries, female participation rates are lower than expected and notably lower than for men - considering education and age levels of population—especially in the Middle East and North Africa (MENA) region. Therefore, raising the female labor force participation rates to the expected level would boost household income by 25 percent.¹⁴

1.3 Good for the economy

Full and productive employment for women can have a positive economic impact on countries. Equality of employment opportunities for men and women is associated with poverty reduction and higher GDP levels. For example, barriers preventing women from fulfilling their economic potential are estimated to have cost the Asia-Pacific region somewhere between \$42 and \$46 billion in GDP losses.¹⁵ Recent research by Oxford Strategic Consulting from the Gulf region provides just one

Key business drivers for investing in women's employment:

- Enhancing reputation
- Broadening access to talent
- Curbing labor shortages
- Improving access to new and existing consumer markets
- Driving up productivity and quality
- Complying with legislative requirements
- Meeting expectations of investors and buyers
- Creating a more cohesive working environment

Source: IFC WINvest 2012

example: if 2 million of the region's highly educated women entered paid work, the region's GDP could rise by an estimated 30 percent, or \$363 billion. A recent Goldman Sachs study in Australia found that narrowing the gap between male and female employment rates would have huge implications for the global economy; in Australia alone, it would boost GDP by 11 percent.

2. Where women work

Specific sectors that rely heavily on women workers include agribusiness, tourism, and textiles.¹⁶ Women tend to be underrepresented in industry and extractive sectors as well as in other highly productive activities, working instead primarily in agriculture or services. Women are concentrated in sectors that are generally characterized by low pay, long hours, and often informal working arrangements.¹⁷

During the ten-year period between 1998 and 2008 an interesting shift is observed: women moved from working mainly in agriculture to have a larger sectoral employment share in the services sector.¹⁸ In 2008, female employment share in services was 46.3 percent, versus 35.4 percent in agriculture and 18.3 percent in industry. The services sector comprises the majority of women in the regions of Latin America and the Caribbean, Central and Southeastern Europe, and the Middle East and North Africa. Overall, the service sector is the largest employer, with 84.4 percent of female employment.¹⁹ Even though it tends to have lower productivity than industry and is generally lower-paid, the service sector can provide better working conditions than agriculture and more opportunities for women to continue their job progression. This could account for the higher employment share in this sector.

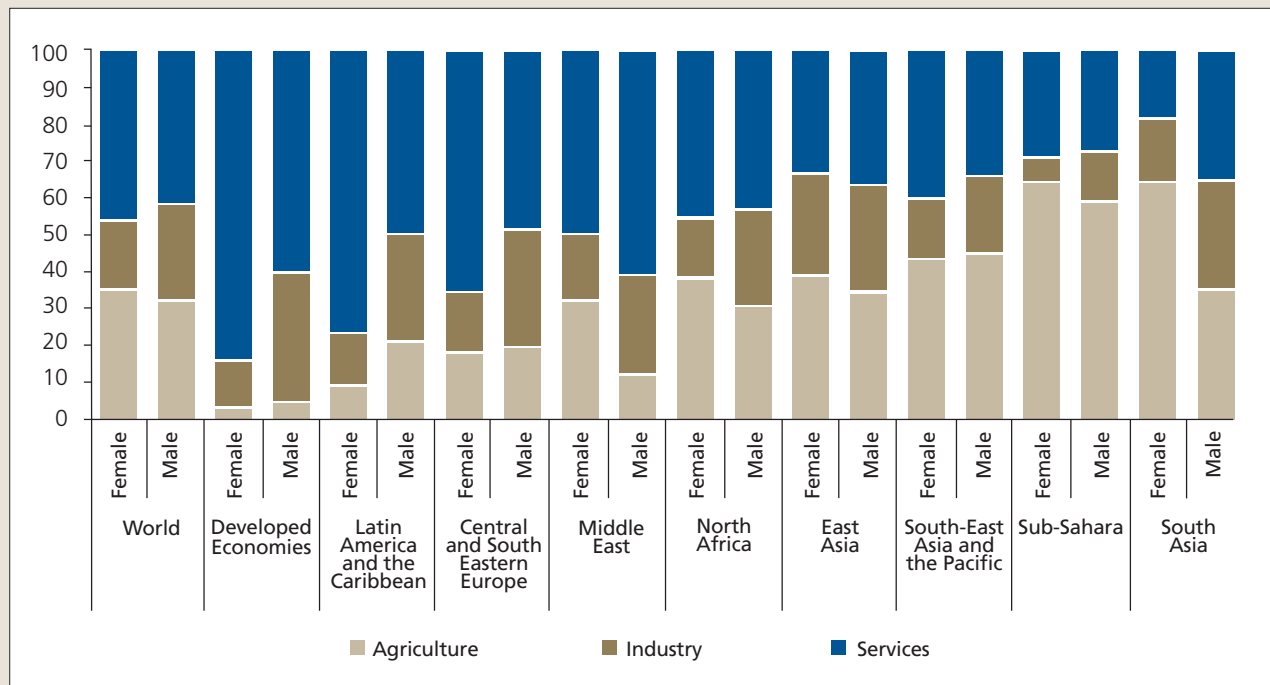
In developing countries, women's participation in the industry sector has slowly increased from 17 to 18.3 percent over the same ten-year period. Contrast this with women in developed economies who have decreased their employment share in the industrial sector and have only 2.9 percent of females employed in agriculture. Women have the highest sectoral share of employment in agriculture in South Asia,

An important consideration

As most female household work continues to be classified as non-economic activity, women who are thus occupied are classified as outside the labor force. More than six in ten women remain economically "inactive" in three regions then, according to the ILO in 2010: North Africa, South Asia, and the Middle East.

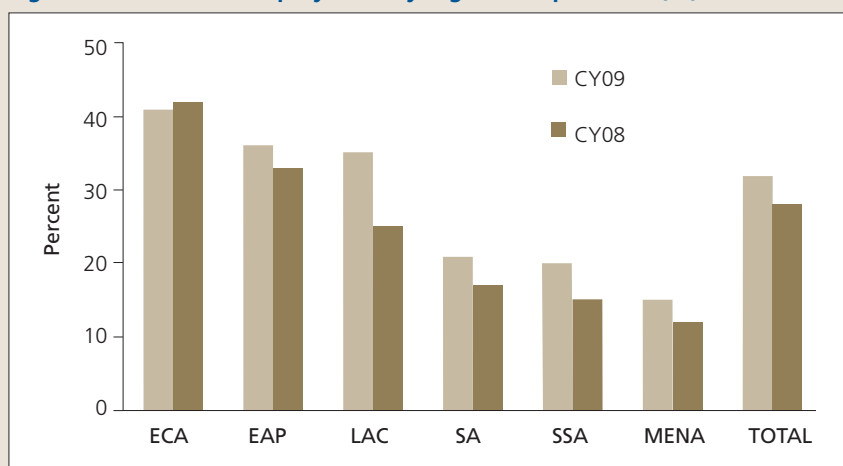
Source: ILO (2010)

Figure 9.1: Sectoral share in employment by regions (female and male in percent)



Source: ILO 2009.

Figure 9.2: Women's employment by region: IFC portfolio (%)



Source: IFC DOTS database. Direct employment in IFC client companies

Sub-Saharan Africa, Southeast Asia and the Pacific, and East Asia.

When looking at comparable data for men, the distribution for women is largely biased toward the services and agriculture sectors. The distribution is less concentrated and more even for men, with the services sector comprising 41.2 percent of the sector employment share, agriculture 32.2 percent, and industry 26.6 percent.²⁰

The quantity of women's employment is measured by IFC, in addition to where these jobs are located and what kinds of sectors they are concentrated in. In 2008, IFC started to

systematically track gender-related indicators as part of the Development Outcome Tracking System (DOTS). Half of the firms reported data in 2009 on female employment, and one-third on female wages. IFC client employment portfolio in emerging markets is 32 percent female. IFC encourages its clients to pay equal wages for equal work—which may also have productivity gains for the company.

Data from IFC's clients show a higher share of women employed in Europe and Central Asia, with 42 percent of female employment. Services provided the majority of jobs for women, led by retail, health care, and education. Extractives, the financial and insurance sector, and plastics and rubber industries had the lowest female participation in employment.

3. Gender gaps

3.1 Participation gap

Women comprise 49.6 percent of the world's total population but make up only 40.8 percent of the formal global labor market.²¹

The good news is that the gender gap—the difference between the number of economically active men and women—has been slowly decreasing over the past 30 years. It reached 26 percentage points in 2008 compared to 32 percentage points in 1980, evidence that constraints to reduce gender employment differences are being eased.

In the nine-year period between 2002 and 2011, the changes in female and male employment-to-population ratios in all developing regions moved in the same direction, showing that economic conditions impacted both groups to the same degree. Most important, in the regions in which more women are entering the labor force, men have not been displaced. In the regions of East Asia and the Pacific, Middle East and North Africa, Sub-Saharan Africa, and Latin American and the Caribbean, the male-female employment-to-population ratios have increased.²² It is now more a gender gap related to inequity and quality of employment opportunities between men and women.

3.2 Wage gap

Gaps in average wages between salaried men and women remain significant in both the formal and informal sectors. Differences in average wages by gender range from 20 percent in Mozambique and Pakistan to more than 80 percent in Côte d'Ivoire, Jordan, Latvia, and the Slovak Republic. In East Asia and the Pacific, women still earn an average of 70 to 80 percent less than men for similar work.²³ Clear differentials are present in male-female pay in all occupations across all skill bases.²⁴ For 14 countries with available recent data, the majority have a strong wage bias toward male-dominated occupations.²⁵

IFC data show the ratio of female to male wages among manufacturing client companies in its portfolio (during 2008 and 2009) at about 70 percent—a clear gap of 30% that mirrors the realities in most countries of the world. It is important to note the differences in methodology. IFC's figures are a simple average (average female over average male wages) and thus do not account for differences in positions. To the extent men are more likely to be in management positions, this is a more stringent test than when controlling for job types.

4. Constraints: Obstacles and opportunities

Why does such an endemic market failure continue to persist? Some widely cited reasons for this include women's time constraints, lack of access to infrastructure, limited access to education and appropriate skills training, availability and cost of child care provision, household and family responsibilities, inadequate social protection, discrimination, regulatory constraints, and working conditions not suited for women.²⁶ Not all constraints can be expanded upon in this chapter, but the dynamics and interconnected nature of the constraints will be captured.

4.1 Legislative barriers to full participation

In many countries, legislation regulating work in the formal sector treats men and women differently. This legislation may have to do with hours of work, industry caps, taxation, parental benefits, or even retirement.

Legal disparities can affect women's ability to participate in the economic sphere. The World Bank Group's *Women, Business and the Law* report provides insight into the legal areas that impact women's access to employment. In Cameroon, Egypt, and Kuwait, for example, women cannot work the same night hours or in the same industry as men. Nor are women entitled to any legal protection from discrimination in hiring practices or sexual harassment in the workplace. A number of countries, including Oman, Pakistan, Saudi Arabia, and South Africa, also lack legislation requiring equal pay for equal work. In other countries, laws are much more conducive to women's employment—such as the Czech Republic, Latvia, and Montenegro, all of which enable employees with children who are minors to have flexible or part-time work schedules, and where it is illegal to ask questions about a family status during a job interview.

Some labor regulations may serve to enhance a woman's incentives and abilities to get the job of her choice; others may inhibit her chance to do so. Women, Business and the Law recorded that in 102 out of 141 economies, there exists at least one legal difference that could hinder women's economic opportunities.²⁷ In some cases, the intention may be to protect women. This is the case of retirement laws, an oft-cited example in the literature. Yet, gender-differentiated retirement ages may actually curtail a woman's working life, perhaps even negatively affecting her career prospects, lifetime earnings, pension benefits, and retirement savings.

The constraints outlined in this chapter are interconnected. For example, the regulatory framework in some countries outlines unequal access to legal and property rights between men and women. This is one reason why women lack access to credit and financing to begin their jobs as businesswomen. When seeking a loan, women and men can encounter many obstacles when they do not possess the right types of assets to pledge as collateral. In developing countries, banks often prefer to use immovable assets, such as land and buildings, as security interests. Women, who tend to have less access to these assets, can have more difficulty securing such loans. The problem is worse where there are gender-differentiated property rights.²⁸ In fact, 19 percent fewer women are able to get loans in countries where they don't have equal property rights as men.²⁹ Furthermore, a woman's increased business productivity depends on how much property she owns and how she can use it.³⁰

4.2 Cultural considerations

Social and cultural constraints can negatively affect levels of female labor force participation. These restrictions play a role in economies where female participation in the formal labor market is low. A negative correlation is observed between more traditional views of female labor force participation and the number of females employed in the formal sector, as well as the gender wage gap.³¹ In economies where women cannot get a job without permission from their husband or guardian, there are fewer women in the workforce on average compared to economies where such restrictions do not exist.³² There are two distinct times in a woman's life where this constraint is particularly binding: adolescence and after marriage.³³

This is in part due to "the double burden" that women face, with equal responsibilities at home and at work. Inadequate child care in some parts of the world can make it difficult for women to work and raise children. These considerations are

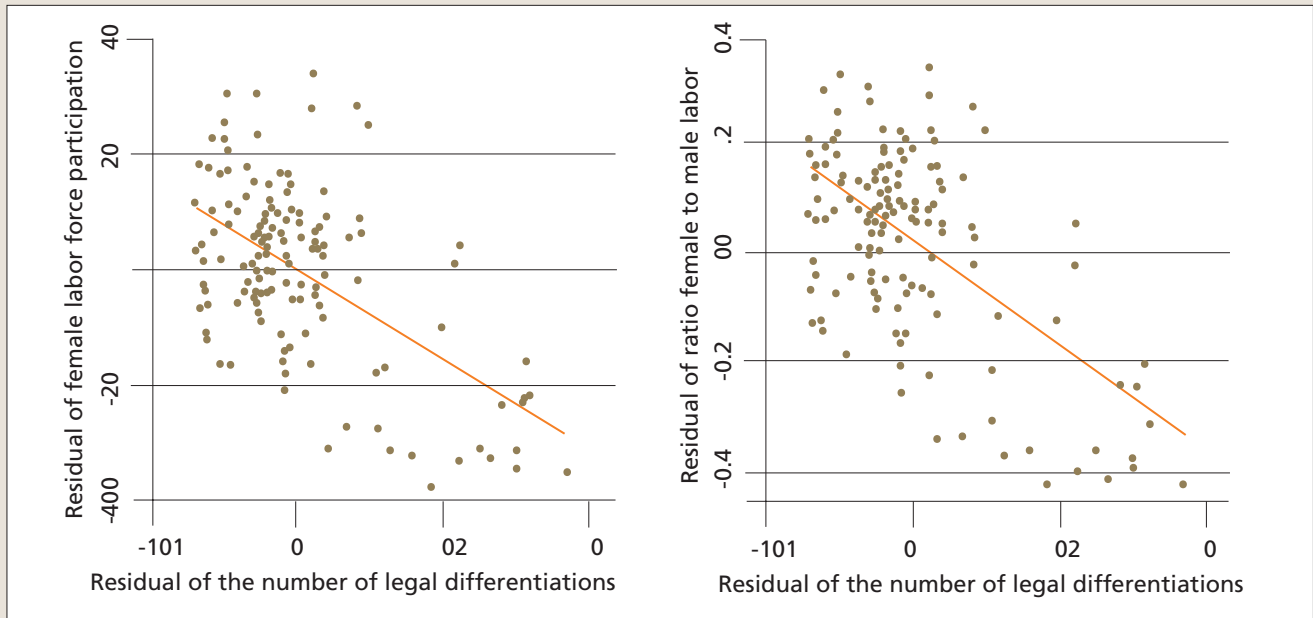
"Organizations who have gender diverse boards and diverse management teams perform better financially."

- Jim Turley, CEO and President of Ernst & Young

"Countries that impose restrictions on women have on average lower female labor force participation (45 percent compared to 60 percent in countries with no restrictions), and higher gender participation gaps (45 percent compared to 25 percent in countries with no restrictions)"

-WDR 2012 on Gender

Figure 9.3: When there is greater legal differentiation based on gender, fewer women work, or own or manage businesses



Source: *Women, Business and the Law* database; World Development Indicators; Enterprise Surveys.

Note: The graphs present the partial correlations between the two variables identified after controlling for income per capita.

important even for highly educated and professional women who have access to child care options,³⁴ and have even been cited as one of the reasons for unbalanced gender ratios on company boards.³⁵ Research suggests a business case for family-friendly policies. For example, a German government study found that the average return on investment for women and family-friendly policies was 25 percent. In Vietnam, Nalt Enterprise garment factories saw a decrease of staff turnover rates to the tune of 30 percent after the firm established a kindergarten for workers' children.³⁶

In many countries the discussion goes beyond working conditions to cultural considerations. In Turkey, where female labor force participation is 23.5 percent, traditional ideas about a women's place in the home and society inform cultural considerations. These include family disagreement about a woman working outside the house, concerns about her safety, and mistrust that she will actually go to work.³⁷

4.3 The connection between education and employment participation is more complex than it seems

Can higher education levels increase female participation and decrease the wage gap?

Evidence from a variety of countries shows that increased levels of education for women has significant positive effects on increased levels of women's participation in the labor market. An extra year of primary school boosts girls' eventual wages by 10 to 20 percent; an extra year of secondary school boosts eventual wages a further 15 to 25 percent.³⁸ More educated women participate in the labor market at higher levels than their less-educated counterparts.³⁹

In Latin America, for example, this increase in human capital accounts for a 42 percent rise in female labor force participation from 1975 to 2012.⁴⁰ In Argentina specifically, the universal public schooling program successfully raised women's participation in the labor force, with significant effects on household income and child welfare. Policies in Bangladesh intended to provide access to secondary school with the goal of retaining high-achieving women had a considerable effect on their probability of becoming paid workers in the formal sector.

In universities around the world, women make up more than half of student populations, but differences across countries and fields of study remain. Women have high levels of college participation in developing countries such as Brazil (60 percent) and China (65 percent). But there are challenges in other areas of the world. In Sub-Saharan Africa, for every 100 boys that finish primary school only 91 girls do.⁴¹ Overall, education attainment rates for women and men have been converging, but the new challenge is the participation differences in sector and occupation, which can play a relevant role in wage disparities and field segregation, with a high concentration of women in sectors characterized by low productivity.

Labor market participation of women between 15 to 24 years has declined as a result of higher enrollment in education during this period of their lives.⁴² This is good news as educational gaps between women and men have been overall decreasing, reaching closer to equal levels of participation in primary and secondary education in accordance with the third Millennium Development Goal.⁴³

Women’s increased levels of education are not translating into higher numbers of educated women entering the labor force compared to educated men. The gap between male and female participation persists. Consider for a moment that in most countries (44 of 53 with comparable data), a higher proportion of the female labor force had attained tertiary education, while a larger share of men than women in the labor force were educated at the primary level or below. In other words, economically active working women are more likely to hold a tertiary degree than their male counterparts. Furthermore, there is a greater tendency for the educated woman, at both the secondary and tertiary levels, to face unemployment than a man with the same education level.⁴⁴ By extension, this also means barriers are higher for uneducated women, an already vulnerable segment of society.

Higher education levels attained by women do not seem to be directly translating into increased formal employment levels for women compared to men with comparable levels of education.

Source: ILO (2010)

5. Women entrepreneurs and small business owners face different constraints and opportunities

If the formal labor market environment does not work for them, women may seek other economic opportunities that tend to be less productive and sometimes informal. Informality is a reality, one without a regular wage or social protection. Women may choose to become small business owners or entrepreneurs, a path that comes with its own set of challenges and opportunities. This matters for job creation, because women business owners means higher female participation at all levels.

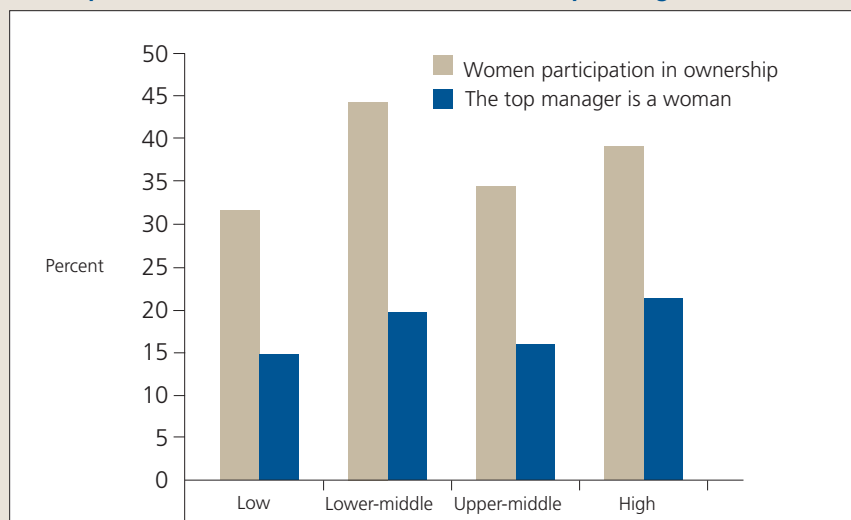
What difference does it make if a woman owns a firm? A study of MENA countries shows female-owned firms employ a higher share of women as compared to male-owned firms.⁴⁵ Women own a lower proportion of firms globally—especially in less developed economies (Figure 9.4). Firms run by women are also usually smaller than those operated by men in terms of number of employees, asset value, and annual turnover, besides being less profitable and productive,⁴⁶ probably due to other constraints such as difficulties obtaining financing. A study that looked at 34 countries in developed and developing economies in Europe and Asia found that female-owned firms had fewer employees overall than male-owned firms (six versus nine employees), were about 1.5 years younger, and mainly operated in the services sector.⁴⁷

The growth and success of women-owned businesses constitute one of the most profound changes in the business world today. There is no doubt that women are an emerging market force. But many businesswomen are not able to access commercial credit, an essential driver of business success. Lack of access to finance and financial services is repeatedly identified as the major constraint for women entrepreneurs.

A new World Bank Group–housed project funded by the Bill & Melinda Gates Foundation is now measuring how people in 148 countries—including the poor, women, and rural residents—save, borrow, make payments, and manage risk. This is the first time cross-country comparable data have been available for so many countries.

It confirms that women have a lower formal account penetration in every region, with the lowest rates reported in the Middle East and North Af-

Figure 9.4: Women participation in ownership is somewhat lower in less developed countries, and there are few female top managers



Source: Enterprise Surveys.

rica and Sub-Saharan Africa, and the widest gaps in lower middle income economies as well as in South Asia and the Middle East and North Africa. Moreover, unbanked women in developing countries are far more likely than men to report not having an account because “someone else in the family already has one.”

It is important to recognize the large variety of women’s entrepreneurial activities between countries: in Sri Lanka the entrepreneur wage gap is 50 cents to every \$1 of male earnings, and in Bangladesh women entrepreneurs make 12 cents per \$1 men earn.⁴⁸ When measuring the female entrepreneurship gap it is clear there is room for improvement in both developing and advanced economy contexts. In the United States, women account for 35 percent of entrepreneurial activity. Only 20 percent of women-owned firms had over US \$100,000 annual revenue, compared to 33 percent of men-owned firms – a significant difference.⁴⁹ The finding of important differences between female-owned and male-owned firms and the lower debt-to-equity ratios⁵⁰ of women-owned firms raises the question about whether women entrepreneurs are more financially constrained than their male counterparts.

5.1 Access to Finance: A constraint for women entrepreneurs

Do banks behave differently when lending (e.g., rejection rates, collateral requirements, loan rates) depending on the gender of the entrepreneur, provided that firm recipients have similar characteristics? In developing countries especially, it is difficult to conduct a thorough analysis of whether a female entrepreneur faces discrimination when applying or obtaining a loan, given the lack of information on variables to control for in the study.

But a study using 2005 data from 34 countries of Western Europe, Eastern Europe and Central Asia, and East Asia and the Pacific confirmed the hypothesis that women owned or managed firms are more constrained than men’s firms.⁵¹ There were different results depending on the development level of countries. As expected, the probability of women obtaining loans was higher in more developed countries, and women had to give less collateral on average.

The differences in financing between male and female entrepreneurs might come from a demand side component. In other words, female entrepreneurs might demand less financing than men as a result of less personal wealth to use as collateral, more risk aversion than men to apply for loans, or self-doubt given the low probability of obtaining loans, based on past experience.⁵² Nevertheless, gender financing discrimination from the supply side might not be only a matter of perception.

Firms that were owned or managed by women were 5 percent less likely to receive a loan. Female-owned firms had on average 0.5 percentage points higher interest rates than male-owned firms.

Source: Muravyev, Talavera, and Schäfer (2009)

6. What are the entry points for private sector intervention?

Women play a central role in business. With the private sector holding the key to 90 percent of jobs, ignoring half the working age population in these efforts would be detrimental to sustainable employment creation. Successful solutions that aim to equalize labor market opportunities for men and women are those that ameliorate constraints faced by women workers. Improving the investment climate through regulatory reform, for example, can bolster enterprise creation efforts while generating employment opportunities for all. The private sector can play a major role in promoting women as valuable leaders, productive employees, and dynamic entrepreneurs.

6.1 Promoting women as leaders

There have been numerous studies on the business case for promoting women on boards. Many point to the inclusion of female directors as having a positive link to a company’s profits and risk management. Other studies are less conclusive.

IFC found that diverse ethical and professional boards are a strong indicator of a well-run company. These companies help attract and retain investors, create much-needed sustainable jobs, provide steady sources of income for local citizens, and contribute to tax revenues to help address critical national development needs.

There is agreement that it matters to have the best talent in an age of talent scarcity, and it matters to capitalize on the particular benefits that women in leadership positions bring to an organization.

The private and public sector have roles to play in advancing women’s board representation. Among the various tools and mechanisms are: government quotas, targets, disclosure requirements, sponsorship/mentorship programs, research on the business case, stock-exchange initiatives, and initiatives that were led by men. To date, seven national governments have

mandated targets for board representation, and eight have set non-mandatory targets. In some countries, even individual municipalities and provinces have taken on initiatives toward mandated targets (such as Berlin, Nuremberg, and Quebec).

IFC promotes diversity on boards and, through its programs on corporate governance, supports training for senior women executives. As of October 2012, 19 percent of IFC nominee board directors are women. IFC aims to increase this share to about 30 percent by 2015.

6.2 Promoting women as employees

The private sector plays a pivotal role in fostering growth and creating about 90 percent of the jobs in developing countries. Moreover, many sectors that are critical for economic growth in some of the world's poorest countries rely heavily on women employees. As employees, women are a formidable economic force across the world, making up 40 percent of the world's workforce—yet smart employment practices that enhance productivity while creating more appropriate working conditions are often overlooked. Promoting adequate employment conditions for women can be a win-win situation for employers and employees alike; bringing benefits to business, women, men, and communities. Anecdotally, a variety of approaches that can result in internal and/or external business benefits have already been adopted by some companies. These could be implemented more broadly to facilitate the advancement of women in the workplace, especially in developing countries.

Broadly, two main approaches have been identified to increase participation levels of women employees: (i) create opportunities in sectors or industries that are traditionally women-friendly; (ii) increase space for more women workers in male-dominated sectors.

6.2.1 Traditional sectors

Expanding employment opportunities for women in traditional sectors means building upon existing processes and structures that have been successful in sectors such as agriculture and apparel. Providing adequate employment opportunities for women employees in traditional sectors can translate into improved working conditions and higher productivity.

Agriculture

In Bangladesh, where more than 90 percent of the workforce is unskilled, 400 local women farmers were trained and created the first Women's Seed Federation. By selling seeds to local buyers, each trained farmer earned \$500 more income annually. In Rwanda, the Clinton Foundation is currently working on stimulating domestic demand for soy. The Foundation has funded the construction of soy-processing plant in Rwanda with the aim of contracting with local farmers to grow soybeans. As a result, the project is expected to provide 30,000 farmers in eastern Rwanda—55 percent are women—with jobs.⁵³

Mriya Agro Holding in Ukraine began leasing plots from local smallholders and converting them into large-scale commercial farms. In 1992 Mriya began with just one square kilometer of land, and by 2011 it had nearly \$300 million in annual revenue, selling produce in over 20 countries. Since 2009, Mriya has increased its female workforce by more than double—from 160 workers to 364. Many of these women workers are professional agronomists, lab specialists, and division heads; 24 percent of women are in top-management positions. Some of Mriya's unique women-targeted initiatives include separate changing rooms for women, additional paid vacation days for single mothers, and an annual Women's Day celebration with the aim of creating an inclusive work environment.

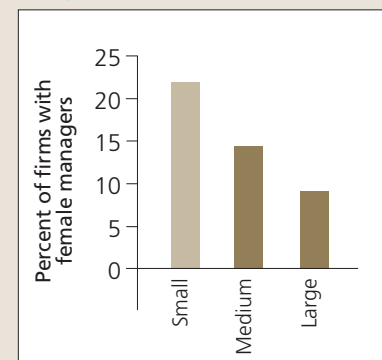
Apparel

The textile or apparel sectors can be a lifeline for women in many developing countries. The global brand Levi Strauss (a partner of the ILO-IFC Better Work program; for more information please see Chapter 10 on Quality of Jobs), maintains that workers who are loyal, healthy, and well educated are invaluable assets to a company. Levi Strauss experiences show that an investment in the well-being of workers and their communities translates into a healthy and sustainable workplace.⁵⁴ At

A Credit Suisse study found that companies that have at least one woman on the board were found to outperform others in the industry by 26% with shares climbing faster post 2008 financial crisis.

Source: Leong (2012)

Figure 9.5: Women tend to be top managers in smaller companies



Source: Enterprise Surveys

Nalt Enterprises, an export garment factory in Vietnam, 85 percent of the workers are women. The company pays the annual school fees for workers' children and has a government-accredited health clinic that provides free medical care for workers and their families. As a result of the health and child care provisions, Nalt reports greater employee retention, reduced worker absenteeism, and overall better relations between employees and management.

6.2.2 Nontraditional sectors

The literature shows that women's participation in nontraditional sectors can increase productivity gains in addition to promoting other business benefits for companies. For example, by introducing a new shift that operated on family-friendly working hours, Anglo-American was able to increase its equipment and production rates by one hour per truck each day at Foxleigh in Australia.⁵⁵

Based on its experience increasing female participation in nontraditional industries, IFC finds that companies are able to find new talent, reduce risk levels, and improve overall community impact when local women are hired and integrated. For example, when the Brazilian construction firm Odebrecht was looking to hire altitude-acclimatized workers for a road project in Peru, the company didn't limit the potential talent pool, and included women into the recruitment process. Moreover, supporting women's employment can help employers with their branding and image as an "employer of choice." This is exactly the approach of Mriya, the Ukrainian agribusiness company. More than one-third of all women recruited by the Ukrainian company Mriya in 2010 and 2011 were under 28 years old, a clear message that the company applies its anti-discrimination policy and supports the hiring of women of child-bearing age. During the same one-year period, Mriya jumped 39 places from 74 to 35 on Ernst & Young's annual survey of university graduates ranking Ukraine's best employers.⁵⁶ It is important to note that these nontraditional industries, such as chemicals, construction, and extractives, provide higher incomes for women at the micro level and contribute significantly to strong economic growth at the macro level.

Lessons learned from practical experience

In Newmont Gold Ghana Limited in the Ahafo region, the share of women employees during the construction phase was 18 percent. The company wanted to increase the share of female truck operators from 13 to 35 percent.

- Since 2007, Lonmin in South Africa increased female employment by 42 percent, resulting in increased development impact.
- In Chile a program was supported to hire female equipment operators in positions that were only occupied by men and the eleven available positions were filled.
- IFC's Women in Business program has provided new loans to 2,200 women-owned SMEs and trained 3,000 women entrepreneurs.

Source: IFC Project Portfolio; IFC (2011).

Chemicals and construction

IFC invested in a Greenfield chemical plant in India in 2008, which was part of a group with more than 2,000 male employees and no female employees. The project intended to make the new factory a female-employee-friendly plant for hiring women, even if additional expenses were required (female restrooms, locker and shower facilities, and flexible work schedules). Three years later in 2011, out of the 630 employees of the new company, 45 were women. Managers have expressed their satisfaction with women's performance. The demonstrative effects of this project have been great, as other IFC chemical clients in India have started to adopt similar employment practices. On the other side of the world, anecdotal evidence from the Brazilian construction company Odebrecht, reveals that business performance was enhanced by increasing female employment at the company. At Odebrecht's Santo Antonio hydroelectric power plant construction site in Rondonia state, Brazil, a female-led team with a majority of women workers performed electro-mechanical assembly tasks 35 percent more quickly than teams with a majority of male workers.⁵⁷

Mining

Increasing opportunities for women workers in male-dominated industries such as mining has involved making the case to client companies to employ women. Evidence from South Africa points to the successful integration of women in the mining industry after legislative barriers were removed.⁵⁸ But the benefits are not just seen at the firm level, as communities and firms benefit from the implementation of inclusive strategies that reduce gender segregation in communities. Business practices can have lateral positive effects in this way, and are seen to reduce the incidence of diverse social harms (e.g., prostitution, income inequality, diseases, etc).

6.3 Help women access finance

Globally, women-owned businesses are well represented in the entrepreneurship space; yet it is estimated that they only access between 2 and 10 percent of commercial bank finance. This holds true in emerging markets, where women-owned firms represent 31-38 percent of all small and medium enterprises (SMEs), but have unmet financial needs close to \$300 billion every year. Serving this market not only makes business sense; it is also known to have positive development impacts for society as a whole by expanding economic growth and job creation.

This under-tapped market presents an enormous opportunity for financial institutions and other business providers that support women-owned businesses. Research indicates that women tend to be loyal customers and cautious investors, in addition to having better loan payback rates. As a result, IFC set itself the goal of ensuring that in the coming years, 25 percent of IFC loans provided to SMEs through financial intermediaries go to women-owned businesses.

IFC's Banking on Women program focuses on country contexts with large numbers of women entrepreneurs and strong enabling ecosystems for SMEs. IFC works in the space between financial institutions and women entrepreneurs, and uses its investment capital to help institutions profitably expand their portfolios while helping entrepreneurs strengthen their business with new forms of financing. Community banks, cooperatives, chambers of commerce, and regulators are used as nontraditional models for increasing the reach to women entrepreneurs in need of finance.

A concrete example of this work in action is IFC's \$30 million investment in Garanti-Romania, of which half is earmarked for women-owned businesses. This investment allows the financing of at least 300 women-owned businesses by year-end 2015, and Garanti-Romania's SME portfolio will reach up to \$1.4 billion in outstanding loans.⁵⁹

Again, the interconnected nature of different constraints also applies to the solutions to ameliorate or remove barriers for women's full and productive participation in the labor market. An improved investment climate means small and micro enterprises can enter the formal sector; this bolsters enterprise-creation efforts by budding women businesswomen, and also generates employment opportunities for all.

Microfinance Outreach
IFC is one of the leading multilateral investors in terms of outreach to microfinance institutions, working with 150 institutions in more than 60 countries.

As of December 2010, IFC's investee clients had an outstanding portfolio of nearly 8 million microloans, worth nearly \$12.6 billion.

Source: IFC Portfolio

7. Conclusion

Recommendations for policymakers and governments

- Ensure that legislation provides equally opportunities for women and men.
- Where legislation is gender-neutral, ensure that nondiscrimination is actually practiced, especially in times of recession and recovery when backsliding or lack of enforcement may occur.
- Scale up efforts to increase the participation of women in the labor force and to ensure that women and men receive the same gains from their respective economic activities.
- If there is low female participation in the labor force, reduce or remove the barriers to entry.
- If the problem is more about fairness or equality of employment, rather than equal opportunity to enter gainful employment, go beyond standard labor market interventions and try a more innovative policy approach, tailored to the unique constraints of working women.

Recommendations for academia

- Conduct more research on how gender diversity positively contributes to business performance.
- Develop more fully the business case for hiring women.
- Collect more data disaggregated by gender, which will be helpful for further research.

Recommendations for IFC and other development finance institutions

- There is great scope to act as a thought leader in this area, especially if the demonstration effects of your actions are large.
- Unique approaches to more fully incorporating women into the labor market have the highest likelihood of success because they can be tailored to fill the spaces where opportunities exist. For example, in Tunisia, the Inter-Arab microfinance institution is supporting economic recovery in the country after its political transition, by reaching out to micro, small, and medium enterprises.
- Continue to work on encouraging financial institutions around the world to provide finance to women-run SMEs, and help connect these SMEs to sources of finance and capital.
- Connect women workers in some of the poorest countries to global markets and the opportunities they present.
- Continue to create space for women to enter nontraditional industries and sectors, and into leadership positions.

Recommendations for the private sector

- Help facilitate the transition of women from the public sector, where they are concentrated in large numbers, into formal private sector activities.
- Strive to include women in the formal labor force, which has positive effects in the form of increased productivity, more flexibility, access to new markets, and in some cases expansion of the customer base.
- Increase the number of opportunities for women to work in traditionally women-friendly sectors or fields, and incorporate them in male-dominated sectors where their value-added can be fully maximized.

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