***Box I.5 What is holding women back in the labour force? Multi-dimensional challenges to labour market attainment***

Authors: Sheena Yoon, Stefan Kühn and Steven Tobin (ILO)

The *World Employment and Social Outlook: Trends for Women 2017* (ILO, 2017) shows that women around the globe continue to fare worse than men across most labour market dimensions. Their participation rate at just over 49 per cent is nearly 27 percentage points lower than the rate of men. When participating in the labour market, they face higher unemployment rates, and are often subject to significantly different employment conditions. For instance, 14.9 per cent of women are contributing family workers, as opposed to 5.5 per cent of men. The combination of differences in employment conditions, sectoral and occupational segregation, and outright discrimination results in a significant gender pay gap.

Indeed, women face multiple labour market barriers. The decision to participate or not in the labour market depends on the interplay of three fundamental factors, which are shaped by social norms and life-cycle circumstances. First, a woman’s personal preference to pursue paid work is a very important determinant. Surveys indicate that some 70 per cent of women – regardless of their employment status – prefer to work at paid jobs.

In reality, however, more than half of all women globally are out of the labour force. This implies that a preference for paid work is not sufficient in itself to ensure the participation of women in the labour force. It also suggests significant challenges restrict the capacity and freedom of women to participate in the workforce. Second, women are often pressured to conform to gender roles prescribed by the family, community, class, religion or society to avoid the risk of social exclusion. Indeed, gender roles embodied in some religions can have a strong negative influence on a woman’s probability to participate in the labour market. Third, socio-economic constraints, such as having to care for dependents or the need for transportation, especially in developing countries, compete with the potential returns from the labour market. For instance, in developing countries, both lack of transportation is a severe deterrent for women’s labour market participation, while the presence of children is also negatively related to the probability to participate. However the ultimate decision to participate in the workforce depends on the relative strength of these factors. The personal preference to pursue paid work is an important driver of participation, but its importance is often outweighed by socio-economic and gender role constraints.

Estimates reported by the ILO (2017) suggest that reducing the gap in participation rates between men and women by 25 per cent by the year 2025 (as G20 leaders committed to in 2014) would yield significant economic gains, raising global GDP in 2025 by an additional 3.9 per cent (equivalent to raising global GDP growth over the next eight years by almost half a percentage point per annum). The regions with the largest gender gaps, namely the Arab States, northern Africa and southern Asia would see the greatest benefits.

The achievement of such a goal would also unlock large potential tax revenues of about $1.5 trillion (in 2010 US dollars, using PPP exchange rates). Using a fraction of this additional revenue to address gender inequalities in the labour market, such as the socio-economic constraints discussed above, would result in positive multiplier effects in the economy. Reducing and redistributing unpaid care work through improved public care services and social infrastructure would allow women to have better access to the labour market. This includes the provision of adequate maternity protection and parental leave and benefits for both men and women. Women’s labour market participation should also be supported by flexible working arrangements and reintegration measures that allow women to reconcile work and care responsibilities and transition more easily from maternal leave back to work. For instance, in its most recent budget, Canada made a historic commitment to an inclusive, high-quality, and accessible care framework. This will help to make sure that even vulnerable communities have equal access to care and, hence, further enable women to take part in the labour market. Moving forward, the ILO proposes a comprehensive policy framework that rests on three pillars: reshaping gender role conformity and personal preferences, addressing socio-economic constraints and raising equality in labour market conditions.