

Women's earning power and wellbeing

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Most people belong to a household (or family). They share happiness, sorrows and, more importantly, resources that are generated by household members. The vast majority of economic activities take place within households. A variety of decisions about labor force participation, education, expenditures, saving, asset accumulation, investments, marriage and fertility are made within households. What goes on within households critically affects growth, income distribution and poverty in a country.

Most economic analysis assumes that a household is a single decision making unit in which all individuals have the same preferences. Decisions within the household are assumed to be made in such a way that every individual within the household enjoys the same level of welfare. But here we are assuming too much.

Numerous studies show that there is systematic deprivation of women vis-à-vis men in many societies (Dreze and Sen, 1989). The very fact that there exists domestic violence against women in many households indicates that unitary decision models are unrealistic.

It is widely known that the probability of survival in South Asia is higher among male children than female children. This suggests that households treat male children differently from female children with regard to allocation of resources. In this respect, Sen's story of a large number of "missing women" in Asia and North Africa as a result of gender bias in the distribution of health care, food and other necessities is indeed very telling.

There is now an increasing focus on models of bargaining relationships within households. The main idea behind these models is that relative bargaining power of men and women ultimately affects the distribution of consumption not only between men and women but also between adults and children and between boys and girls.

It has been found that as women's contributions to household monetary income increase, they are more able to influence how household resources are allocated. The reason is that their greater earning potential gives them greater bargaining power.

Women generally contribute to household welfare by means of work that is unpaid, mostly performed at home. Their monetary

contribution to household income is generally lower than that of men. This may be due to the fact that they have fewer opportunities for getting outside work and paid employment. Cultural factors indeed play an important role in the determination of who does how much housework.

Women's unpaid housework may be of critical importance in the determination of household wellbeing, but unfortunately it does not get as much recognition as paid work does. In order to get such recognition, many recent studies are advocating an inclusion of the imputed value of women's unpaid work in the construction of national accounts (see, for example, Levy Institute-UNDP, 2005). Even if women were able to achieve official recognition of their work, still their bargaining power within the household would likely be lower than that of men if they are not able to make monetary contributions to the joint resources of the household.

Women's contribution to household prosperity from outside gainful activities is the most important factor in the determination of their relative and absolute deprivation. Research tends to confirm this view. Our own research shows that in a middle income country, such as Brazil, women's contribution to household labor earning is less than half of men's despite the fact that women have more years of schooling compared to men. Thus, schooling alone does not explain the earnings disparity between the two. The other factors that play an important role are labor force participation rate, employment rate, labor productivity, hours of work and non-labor income. There are disparities between men and women with regard to all these factors.

Although women have as much to offer at work as men do, they generally are unable to play an active role in labor markets because they face many constraints within as well as outside the household. Some of these constraints could be eliminated by government's policies aiming to make the labor market less discriminatory. Such policies could enhance overall wellbeing in society and would have a more direct impact on enhancing women's empowerment than actions seeking recognition of unpaid work in official statistics.

References

- Dreze, J. and Sen, A. (1989), *Hunger and Public Action*, Oxford: Clarendon Press.
Levy Institute-UNDP, *Unpaid Work and the Economy*, Conference Proceedings, 2005 <<http://www.levy.org/undp-levy-conference>>.