

# POLICY LESSONS ON FACILITATING LABOR MARKETS

GENDER INNOVATION LAB FEDERATION EVIDENCE SERIES

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## GENDER INNOVATION LAB FEDERATION

The Gender Innovation Lab (GIL) Federation is a World Bank community of practice coordinated by the Gender Group that brings together the Bank's five regional GILs: Africa (AFR), East Asia and Pacific (EAP), Latin America and the Caribbean (LAC), Middle East and North Africa (MNA), and South Asia (SAR). Together, they are conducting impact evaluations of development interventions to generate evidence and lessons on how to close gender gaps in human capital, earnings, productivity, assets, voice and agency. With over 188 impact evaluations in 66 countries completed to date, the GIL Federation is building the evidence base for governments, development organizations, and the private sector to increase uptake of effective policies that address the underlying causes of gender inequality.

**Significant gender gaps in labor force participation persist around the world.**<sup>1</sup> When women do work, they are much more likely than men to engage in vulnerable employment with lower earnings and worse working conditions. In addition, the COVID-19 pandemic has triggered larger losses in employment for women than for men across the globe.

Several factors constrain women's labor force participation and employment outcomes. On the supply side, time and mobility constraints and differences in endowments (skills, assets, and networks) limit women's labor force participation and wages. On the demand side, discrimination in hiring and retention, lack of jobs with convenient features (childcare, maternity leave, flexible schedules), and skills mismatch are key constraints. All these are combined with contextual factors, including social and cultural norms, that restrict women's labor force participation.<sup>2</sup> **The GIL Federation is generating rigorous evidence around the world to understand what works, and what does not, in supporting women's labor market participation.** This note presents evidence on seven key findings.

### FINDING 1. JOB TRAINING DESIGNED TO ADDRESS WOMEN'S DIFFERENTIAL CONSTRAINTS CAN IMPROVE WOMEN'S LABOR MARKET OUTCOMES

Compared to men, women are less likely to enroll and complete skills training programs due to unique constraints they face, such as family obligations, restrictions on mobility, financial access, and perceptions regarding which fields are appropriate for women to pursue.<sup>3</sup> The Africa GIL conducted an RCT in Liberia to evaluate a year-long employment program that combined job training with interventions addressing women's differential constraints. The program offered randomly-assigned women six months of classroom-based training along with free childcare, savings accounts, a stipend for transportation, and a completion bonus. Approximately seven months after the end of the training, participants had higher rates of employment and earnings compared to women not assigned to the program.

### FINDING 2. CREATING SAFE SPACES FOR GIRLS CAN FACILITATE EMPOWERMENT PROGRAMS THAT ENCOURAGE INCOME-GENERATING ACTIVITIES

Africa GIL studies show creating safe spaces for girls where they can receive job or life skills training and complementary interventions is an effective policy across a variety of contexts in Sub-Saharan Africa.<sup>4</sup> An influential RCT conducted in Uganda by the Africa GIL and academics finds significant effects of a multifaceted program that provided skills transfers in adolescent clubs serving as safe spaces for girls. The study finds that four years after the intervention,

adolescent girls in treated communities were more likely to be self-employed, and there was a sharp reduction in teen pregnancy, early marriage, and the share of girls reporting sex against their will in comparison to girls in control communities.<sup>5</sup>

The Africa GIL evaluated a similar program in Sierra Leone that took place during the 2014 Ebola epidemic and demonstrated the protective effect of safe spaces during a crisis.<sup>6</sup> The study shows that, in areas where girls had access to the clubs, the drop in school enrollment was half as large as in areas where girls did not have access to the clubs. In severely affected areas, the program generated a reduction in the time girls spent with men and an increase in time they spent at school and in income-generating activities. It led to a complete reversal of the impact that the Ebola epidemic had on pregnancies in severely affected control areas.

Preliminary results from RCTs the Africa GIL is finalizing in Uganda, Sierra Leone, and South Sudan indicate multifaceted programs that create safe spaces for girls are effective either in terms of promoting girls' education, economic, sexual and reproductive health outcomes or in terms of dampening the negative effects of a crisis or conflict. However, an evaluation of a similar program in Tanzania does not find any impact on these outcomes.<sup>7</sup> Qualitative research suggests that the lack of effects can be linked to resource constraints affecting the quality of implementation. Club meetings and trainings were held in public spaces, with lower-quality materials; mentors were not appropriately trained; and supervision was less frequent, which led to lower participation among girls.

### **FINDING 3. WORK-STUDY PROGRAMS CAN FACILITATE THE SCHOOL-TO-WORK TRANSITION OF YOUNG WOMEN**

The school-to-work transition can be more challenging for girls than boys due to a greater burden of unpaid care work, early marriage and teenage pregnancy, and the disconnect between the labor market and the educational system. Young women who drop out of school are more likely to be employed in less stable, lower-paid jobs in the informal sector. Work-study programs can help address gender gaps in the school-to-work transition by building work-related skills and signaling motivation.

A policy brief by the LAC GIL analyzed the effects of a work-study program in Uruguay on time use and labor market outcomes for girls and boys.<sup>8</sup> The program

targeted Uruguayan students ages 16 to 20 and offered them a one-time, well-paid, formal work experience in the main state-owned companies of the country. Selected through yearly lotteries organized in major cities, youths were offered a part-time, non-renewable clerical positions for 9 to 12 months. Participants had to be enrolled in secondary education or university at the time of application and throughout the program.

Results show that the program significantly improved employment rates and earnings for both boys and girls in the following four years, without negatively affecting their educational outcomes. Girls managed to close the gender gap in formal earnings between themselves and boys who did not participate in the program, but the gender earnings gap persisted when compared to boys who participated in the program. Girls managed to both work and study during the program by reducing time spent in household chores, while boys reduced leisure time. Ensuring the positive effect of work-study programs may require offering high-quality jobs compatible with schooling, which have a focus on human capital accumulation.

### **FINDING 4: INFORMATION AND TRAINING CAN ENCOURAGE WOMEN TO CROSS OVER TO BETTER-PAID, MALE-DOMINATED SECTORS**

Lack of exposure and information is just one of many factors holding women back from male-dominated sectors. The Africa GIL conducted a randomized controlled trial (RCT) in the Republic of Congo to see if addressing informational constraints around returns on male-dominated sectors could encourage young women to apply for training in those sectors. Results show that young women were significantly more likely to apply to a traditionally male-dominated trade when receiving information on trade-specific earnings.<sup>9</sup> The impact of earnings information on women's choice of trade was almost four times larger among women who had prior technical experience on the sector and three times larger among women with a male role model.

Providing information on earnings is a low-cost intervention that can encourage young women to cross over to more lucrative trades, thereby reducing the gender gap in earnings. In addition, complementary interventions that provide women with technical experience and knowledge or match them with role models could enhance the impact of such interventions.

Self-defeating biases also keep women away from sectors that require specialized skills and offer a higher wage. The information and communications technology (ICT) sector is such a sector where women are underrepresented and high wage premiums for ICT skills are offered. The Africa GIL conducted an RCT in Nigeria to estimate the effects of job training on sectoral switches into the ICT sector among women university graduates.<sup>10</sup> Results show that two years after the training, participants were 26 percent more likely to work in the ICT sector than the control group who did not receive training. The program's impact was strongest among women who initially held implicit biases against associating women with professional attributes. These women were more likely to switch into the ICT sector after the program than initially unbiased women.

### **FINDING 5. BEHAVIORAL INTERVENTIONS AND REFERENCE LETTERS CAN INCREASE JOB SEARCH EFFICIENCY AND THE PROBABILITY OF GETTING HIRED**

Drawing on lessons from behavioral science, the Africa GIL conducted an RCT to test the impact of an action planning tool to promote greater job search intensity among unemployed youth in South Africa.<sup>11</sup> Participants were randomly assigned to three treatment arms: control group, a career counseling workshop, and the workshop plus an action planning tool consisting of a detailed weekly plan template with weekly goals.

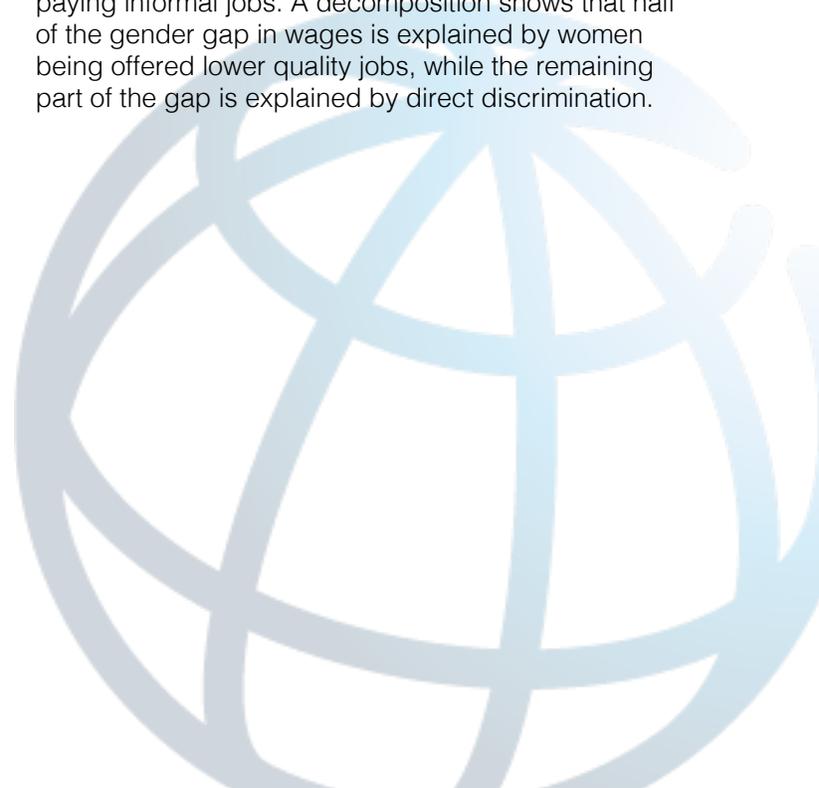
Results indicate that action planning helps unemployed youths adopt a more efficient and effective search strategy compared to the control and workshop-only groups. There were positive effects on the number of job applications submitted without any increase in the time spent searching, suggesting an increase in the efficiency of search. This greater efficiency translates into more job offers, and a greater likelihood of employment. Adding a plan-making activity to job

counseling workshops for women can be a low-cost design tweak that can substantially boost the effectiveness of existing programs and encourage women's entry into the labor market.

Information asymmetries about workers' skills are prevalent in labor markets, especially in the market for low-skill and entry-level jobs. Most firms in developing countries resort to informal referrals, such as those from their existing workforce. This can exacerbate inequity, particularly toward less connected groups, like women workers. Reference letters from former employers can break down information barriers about women workers' skills and improve job matches. The Africa GIL conducted an RCT in South Africa to test the impact of formal reference letters from former employers.<sup>12</sup> A simple intervention—encouraging job seekers to obtain a standardized reference letter from a former employer—improved firms' screening ability and doubled women's employment likelihood compared to job applications without reference letters.

### **FINDING 6. RESEARCH SHOWS EVIDENCE OF DISCRIMINATION AGAINST WOMEN IN HIRING DECISIONS**

The SAR GIL conducted a study in India that analyzed 800,000 online job recruitment advertisements.<sup>13</sup> The study finds high prevalence of employers' gender bias in hiring. While explicit gender preferences varied by job type, on average, ads that targeted men offered much higher salary than ads that targeted women. The study supports existing evidence that women are more likely to be chosen for low-quality, and typically low-paying informal jobs. A decomposition shows that half of the gender gap in wages is explained by women being offered lower quality jobs, while the remaining part of the gap is explained by direct discrimination.





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## ENDNOTES

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