



Comisión
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EXECUTIVE SUMMARY

Women in the Labor World: More
Opportunities, Growth, And Well-Being

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Women in the Labor World: More Opportunities, Growth, And Well-Being

Despite Chile has significant progress in incorporating gender issues into its political agenda, its disadvantaged regional and global position demonstrates that providing economic opportunities for women and promoting gender equity in the labor market remains a persistent challenge.

A wealth of research on this subject has been conducted over an extended period. The suggestions put forth today for tackling this challenge echo the consensus reached in successive analyses over the last quarter of a century. These recommendations, universally acknowledged as crucial to furthering gender equality in Chile, have seen varying degrees of implementation. Some have been embraced and are continuously refined through an ongoing process of learning and improvement, while others still await their turn for realization.

As early as 1994, the first Plan for Equal Opportunity of SERNAM (National Women's Service) already established the objective of "Promoting the redistribution of responsibilities derived from the care and reproduction of individuals within the family." To achieve this, they proposed: "Studying the feasibility of extending daycare center and nursery hours to adapt them to the mothers' working hours."

Twenty-two years after this public commitment, the National Productivity Commission joins this debate. It offers recommendations to advance the challenge of increasing and improving women's labor force participation in Chile. Due to its evident economic and social benefits, this is a fundamental issue for increasing the well-being of citizens. Everything presented here considers the efforts, analyses, and proposals of various actors across multiple governments, including the public sector, private sector, and civil society.

Among the consulted studies, the following are noteworthy: the recently commissioned study in 2016 by the Ministry of Economy, the GET Report (Gender, Education, and Work) by

Comunidad Mujer, and the Gender Parity Initiative in Chile (IPG) supported by the Inter-American Development Bank (IDB) and the World Economic Forum, which brings together various public, private, and civil society actors. We also express our gratitude to all the organizations that received us and guided us through interviews with their proposals and recommendations, especially Comunidad Mujer, Hay Mujeres, Chile Mujeres, Mujeres Empresarias, +Mujeres, and Banco Estado. Additionally, we appreciate all the officials and professionals from different public services and ministries who were open to collaborating with us in preparing this report. Lastly, we emphasize that this research has considered the international debate and the position of several multilateral agencies on the matter.

Thus, this report highlights the most urgent recommendations by reviewing a widely shared diagnosis. The National Productivity Commission believes that the effort must now focus energetically on implementing these measures. We cannot continue to wait any longer and build more diagnoses. Chile can and should make faster progress in this area.

The Diagnosis

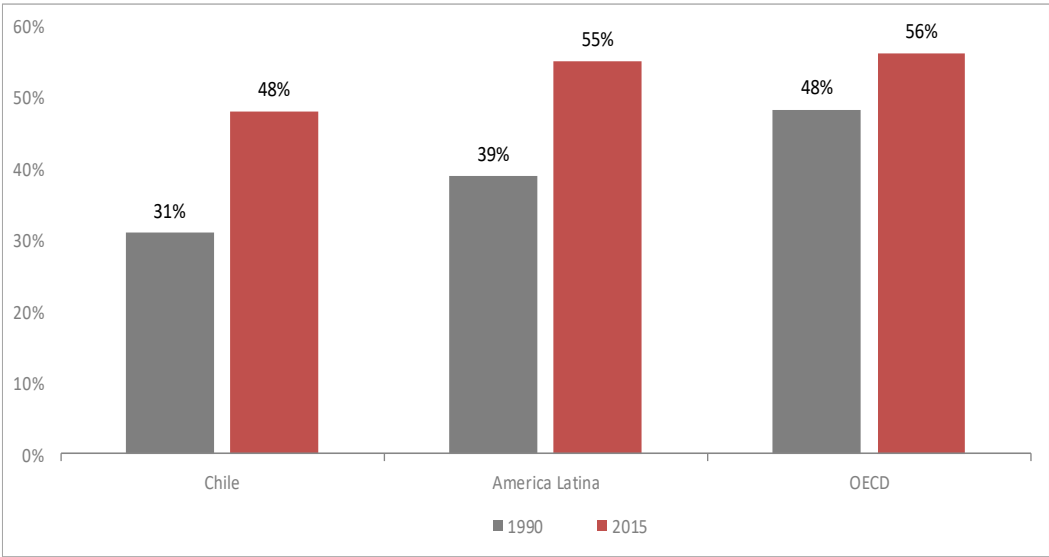
According to the index of women's economic participation and opportunity calculated by the World Economic Forum in 2016, Chile ranks 119 out of 144 countries. This position qualifies it as the worst evaluated country among South American nations and the second worst in the Americas (only surpassing Mexico), closer to countries where Islamic culture predominates. This indicator considers gender gaps in various aspects, such as participation in the labor market, wage equality, and access to leadership positions.

Nevertheless, we also note that in the past 25 years, Chile has increased the female labor force participation rate for women of working age (15 years and older) by 17 percentage points. According to data from the International Labor Organization (ILO), this increase ranks as the 10th highest among 186 countries for the mentioned period, a notable achievement considering the differences in the initial period. In 1990, only 31% of women over the age of 15 were part of the workforce, but by 2015, this rate had increased to 48%, representing an additional 1,250,000 women in the labor force.

Despite the progress in female labor force participation in Chile, the current level of 48% is still low compared to the evolution in Latin America, which increased from 39% in 1990 to 55% in 2015.

If we compare Chile's progress with the OECD countries that composed it in 1990,¹ we can observe that Chile's rate remains low. The OECD countries experienced an evolution from 48% in 1990 to 56% in 2015, and the OECD average for 2015 reached 52%.²

1. Evolution of female labor participation (15+)



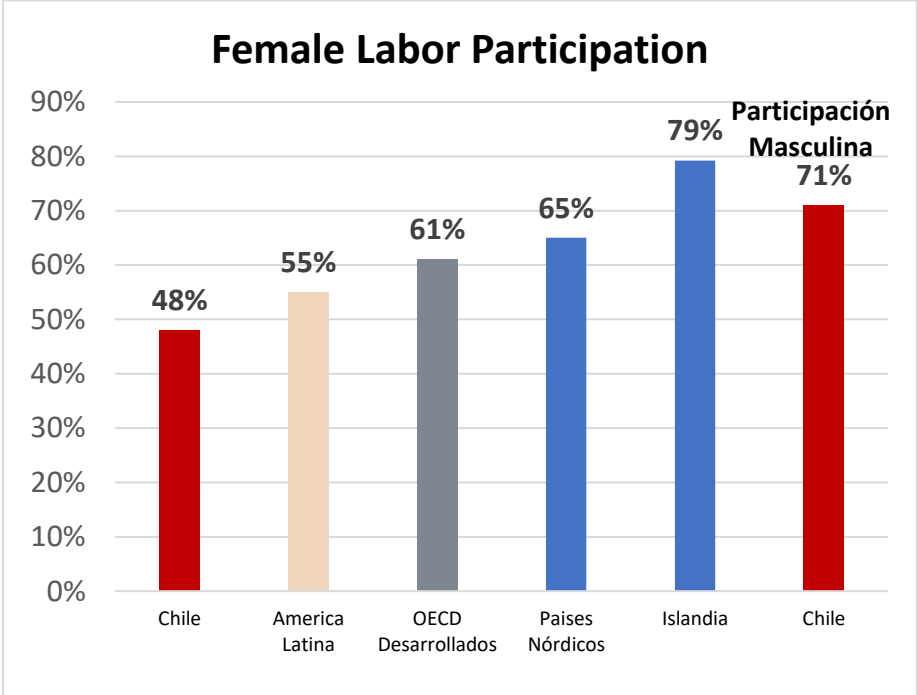
¹ To compare the evolution of female labor participation in the OECD from 1990 to 2015, the same countries that composed this organization in both 1990 and 2015 were considered, namely; Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States.

² This 52% includes all the countries that composed the OECD as of 2015, namely: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States, South Korea, Hungary, the Czech Republic, Israel, Slovenia, Slovakia, Poland, Estonia, Chile, and Mexico.

If we compare with the developed countries of the OECD,³ the difference increases, as they have a participation rate of 61%.⁴ Moreover, if we compare with the Nordic countries, they have a participation rate of 65%. Lastly, compared with Iceland, the country with the highest female labor force participation rate worldwide, their 79% rate is even higher than the male labor force participation rate in Chile, which is equivalent to 71%.

As mentioned, the male labor force participation rate in Chile is 71%, representing a considerable difference compared to the female participation rate of only 48% for the same age group. This 23-percentage-point gap is the third highest in the OECD among the countries that compose it today, surpassed only by Turkey and Mexico, which have gaps of 40 and 35 percentage points, respectively.

2. Participation rates



Source: INE, OECD, CEPAL

³ It includes the United States, Australia, Spain, Switzerland, the Netherlands, the United Kingdom, Germany, Austria, New Zealand, Canada, France, Denmark, Iceland, Norway, Sweden, and Finland.

⁴ It includes Denmark, Iceland, Norway, Sweden, and Finland.

Regarding the gender pay gap, as indicated by the World Economic Forum index, women in Chile continue to earn less than men. One of the most recent studies (Brega, Durán, & Sáez, 2015) points to a gender pay gap in Chile of 17.2% and states that discrimination explains just over one-fifth of the difference. Furthermore, these inequalities also influence women's pensions. There are also significant differences in terms of sector participation. 70% of women in Chile work in the social, healthcare, and education sectors. They represent 84% of domestic workers. In contrast, only 7% of women work in the construction sector and mining, with the latter being the second-highest paying sector.

Moreover, women are underrepresented in decision-making positions, boards of directors, and political representation. According to data from the ELE 2013, only 30% of general managers in small businesses and 7.5% in large enterprises are women. In IPSA companies, only 6.6% of directors and 10.6% of top-level managers are women. It is worth noting the successful case of female representation on the boards of public SEP companies, which, thanks to a Government Commitment by President Bachelet, now reaches 42%.

Finally, the consequences of cultural biases perpetuate their existence. All these differences in opportunities resulting from cultural biases end up reinforcing them, as the family strategy continues to prioritize men's paid work, who earn more while assigning domestic and caregiving responsibilities to women.

Why is it essential to increase female labor force participation?

Incorporating women into the labor force is not only relevant from a human rights and gender equality perspective but also economically significant as it generates growth that is more remarkable, productivity, and competitiveness in the country.

The macro impact of this is significant. Indeed, if female participation reached a percentage of 61% or higher (as in developed OECD countries), an additional 900,000 women would join the workforce, increasing the GDP by 6% (Data from a study commissioned by the Ministry of Economy in 2016). Additionally, since the tax burden in Chile is slightly over

20% of GDP, this would increase tax revenue by approximately US \$3 billion per year. This would allow for funding, for example, higher-level technical careers for every young person who completes secondary education and enters the labor market, as well as providing childcare facilities for all working mothers. It is equivalent to the cost increase of providing free university education for 100% of young people.

According to a study by McKinsey (2015), if women participated in the economy on an equal footing with men, with similar participation rates, number of hours, and sectoral distribution, the annual global GDP would be 26% higher in 2025.⁵ This increase is equivalent to the economies of the United States and China combined today.

The microeconomic impact on household income is equally important as it promotes social mobility. Indeed, being a second-income provider is the fastest way for a family below the poverty line to escape it or for a family with a monthly income of \$500,000 to move into the middle class with a household income exceeding \$750,000.

Furthermore, greater female participation can be even more crucial in offsetting the negative impact of population aging on workforce growth and economic development.

The World Economic Forum's annual competitiveness report argued that similar conditions between men and women positively affect labor performance and the country's ability to attract talent. In other words, it affects Chile's competitiveness, an area where Chile is poorly positioned (91/138) (World Economic Forum, 2015).

For women, entering the formal market empowers them, reduces their vulnerability, and allows them to improve their household living standards. Women with greater control over financial resources tend to invest more in the health and education of their children, who are the future workforce (World Bank, 2012).

⁵ Gender parity in labor force participation accounts for 54% of that increase, the number of hours worked contributes to 23%, and the sectoral composition accounts for the remaining 23%.

Causes of gender inequality in labor markets

The reasons explaining women's employment situation are multiple but often associated with cultural biases and their consequences. These biases, sometimes institutionalized, influence both women's decision to work and companies' decision to hire them, as well as society's acceptance and adaptation in general.

Despite the women's emancipation movement, this reality persists. Based on historical gender division, society assumes that women are solely responsible for child-rearing and caregiving for older adults. They are also burdened with household work, while men are expected to engage in paid employment. As a result, women's entry into the labor market did not bring a similar trend of men into the domestic sphere, allowing for a redefinition of household roles. Instead, it merely added to their workload, known as the double burden.

In its GET report, *Comunidad Mujer* (2016) demonstrates that gender stereotypes are present from early childhood, with girls as young as five primarily responsible for household chores and caregiving, which continues over time.