

What Is the Labor Market like for Women in Latin America and the Caribbean?

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→ What is the labor market like for women in Latin America and the Caribbean?

Women face significant gaps and have a low labor force participation rate. The [labor force participation of women in Latin America and the Caribbean is low](#), and the region's gender gap is one of the widest in the world. Although important progress has been made over the last 50 years (with women's participation rate going from around 20% in the 1960s to more than 60% toward the beginning of the 2010s), [the pace of growth slowed down in the early 2000s](#), and the rate remains much lower than the participation rate for men, which stands at over 80%.

Women's participation levels are extremely heterogeneous: More does not mean better. Even among women, the outlook is far from homogenous, and there are still large differences between countries. Mexico and Peru are great examples of this. Although both countries have very similar characteristics in terms of many of the aspects related to women's participation in the labor force, in Mexico, six out of 10 women participate in the labor market, while in Peru, the figure stands at eight. Part of the difference is explained by the quality of employment, especially in rural areas; Peruvian women are more likely to be employed in low-quality jobs such as self-employment, unpaid, informal, or part-time jobs. The [situations observed in Peru and Mexico](#) appear to a greater or lesser extent in other countries in Latin America. Thus, both job quantity and job quality are relevant.

→ What factors determine women's participation in the labor market?

There are multiple factors underpinning women's decision to participate in the labor market. What does the available evidence tell us?

Gender norms tend to be relevant. One key factor has to do with the cultural expectations surrounding the role of women as the main caregivers. Latin American and Caribbean women [spend twice as many hours as men](#) doing domestic labor and unpaid care work (38 compared to 16 hours per week, respectively). This gap widens in homes with children younger than five, where the difference of unpaid work between women and men reaches 33 hours per week. Maternity penalizes women—the gender gap in labor force participation widens to 40 percentage points when comparing men and women who have children under the age of five. In contrast, the gap is smaller (24 percentage points) between men and women with children older than 18. The evidence suggests that interventions facilitating access to daycare can increase women's labor force participation. Indeed, the implementation of a public daycare program offered to poor families in Nicaragua led to a [14-percentage-point increase in the likelihood that the mother would work](#).

Women place great value on flexibility, but it is a luxury good. Because they are the main caregivers at home, women place great value on flexible work hours. A study conducted in Bogota looked at women's willingness to pay for that flexibility. It found that [women were willing to earn a lower monthly income in exchange for part-time work or flexible full-time work](#). However, the demand for flexible work hours seems to be driven by factors influencing the capacity to “pay” for a flexible job, meaning that flexibility is a luxury good, accessible only to women with more household income and higher levels of education. In contrast,





demand for part-time work is associated with the limitations of the schedules of women looking for a job. The findings suggest that policies aiming to make work more flexible in developing countries could increase women's labor force participation. However, their impact may be limited among lower-income households.

The impact of social protection is unequal. Social programs can affect women's labor force participation. Non-labor income could disincentivize women's participation in the labor market, and, when that income comes from conditional cash transfers, the time spent complying with the conditions may reinforce such an effect. The evidence from Latin America and the Caribbean is not conclusive on this point. For example, in Bolivia, the implementation of a cash transfer program with extensive coverage, which is not focused on families with a certain socioeconomic status and is conditional on

children attending schools, [increased the labor force participation and employment of mothers](#) by nine percentage points while also increasing the number of hours worked by those already employed. In Ecuador, in contrast, an unconditional cash transfer program focused on poor households [produced no changes in the medium term to women's likelihood of working](#).

Women's labor force participation rate is countercyclical. The economic cycle also plays a role in the labor market participation of women. Although it is positively associated with economic growth in the long term, the labor force participation rate of women in the region behaves counter-cyclically. Short-term growth in gross domestic product (GDP) in the countries of the region [correlates with reductions](#) in the rate of women's labor force participation. Thus, better economic conditions for households' primary workers (which tend to be men) means that secondary workers—women—postpone their entry into the labor market, a mechanism that is particularly strong for married women with little education who live in low-income households.

The COVID-19 crisis affects women's labor force participation. The current crisis caused by the COVID-19 pandemic is having a significant impact on the region's households and influencing women's labor

Latin American and Caribbean women spend twice as many hours as men doing domestic labor and unpaid care work (38 compared to 16 hours per week, respectively). This gap widens in homes with children younger than five, where the difference of unpaid work between women and men reaches 33 hours per week.



force participation decisions. Evidence from the region indicates that for women, it is now more likely that at least one adult in their home has lost their source of income. This can have important implications for families as they decide on how to deal with the crisis. In fact, compared to men, Latin American women [are spending substantially more time](#) on unpaid labor during confinement. The distribution of housework may be increasingly unequal during this crisis and could impact the labor decisions of women.

Migration also has an influence. The arrival of immigrants may also affect whether women enter the labor force and the number of hours they work.

Evidence from the Dominican Republic shows that the arrival of Haitian immigrants with little education [reduced working hours for Dominican women](#) with low education and increased working hours for highly educated Dominican women with children, who tended to be able to hire cheaper domestic labor (immigrants) and increase their labor supply.

→ What happens once women enter the labor market?

Women face high levels of segregation. Once they enter the labor market, women tend to be employed in lower-paying and lower-quality jobs compared to men. This is due to [occupational segregation](#) (women are employed mainly in care sectors such as health, education, and domestic services) and educational segregation (low rates of women studying for careers that are relevant for high-productivity and high-salary sectors), the result of which is that men and women do different types of work and use different skills in their occupations.

The gender gaps in 21st century skills (those that are highly valued today and that are expected to continue to have a growing demand) show that women are at a disadvantage compared to their male peers and that the sizes of these gaps tend to be the result of gender stereotypes that manifest at an early age.



Women start out with a disadvantage in terms of 21st-century skills. The gender gaps in 21st-century skills (those that are highly valued today and that are expected to continue to have a growing demand) show that [women are at a disadvantage](#) compared to their male peers and that the sizes of these gaps tend to be the result of gender stereotypes. The stereotypes begin to manifest themselves at an early age due to, among other reasons, biases (voluntary or not) in assessing the cognitive capacities of boys and girls (“boys are good at science, and girls are good at the humanities”). The consequence of all this is educational segregation, whose impacts extend to the work environment

(only 30% of graduates in STEM fields in the region are women), beginning a vicious cycle that excludes women from the benefits of technological innovation.

Returns on 21st-century skills are different for men and women. Data from Bolivia, Chile, Colombia, and El Salvador indicate that when comparing the income of men and women with equal education levels and similar basic numerical, literacy, reading, and writing skills as well as other sociodemographic characteristics, returns on quantitative skills associated with mathematics [are almost twice as large](#) for men than for women, which helps explain the gender wage gap in these countries.

How does the glass ceiling affect women? The “glass ceiling,” which refers to barriers that limit women’s access to hierarchical positions, blocks their professional progression. Women are poorly represented in leadership roles in the region. According to information from 1,200 publicly traded companies, [women hold only 8.5% of board seats](#), only 9.2% of executives are women, and only 4.2% of executive directors are women. Also, [companies led by women are smaller than those led by men](#), due to the greater barriers women face.

The digital revolution threatens to produce greater inequality. The expansion of robotization and automation could displace millions of workers from their current jobs. The region faces the possibility that 21% of female workers [may need to transition to other occupations](#), while the figure for male workers is 19%. Another of the major transformations of the digital revolution has to do with gig economy platforms. The outlook for women in Latin America and the Caribbean is not encouraging as [the participation of men in these platforms outstrips that of women](#). This could be related to skills and digital technology usage gaps, both of which favor men. In the region, more women than men [report lack of knowledge](#) as limiting their access to and use of mobile phones and the Internet. Likewise, for those participating in gig economy platforms, a pattern of occupational segregation similar to that of the traditional economy can be observed—women [are more likely than men to shop and deliver home items](#) and perform cleaning services, while men stand out as the ones who work for taxi service apps.

→ Why is it important to increase women's labor force participation?

Low female labor force participation has high costs in terms of economic growth. What would be the impact on Latin American countries' per capita GDP of public policies aimed at reducing the barriers women face? The implementation of childcare policies could increase women's participation in the labor market by between 7% and 9% depending on the country and women's education levels. This would translate into a per capita GDP increase of between 4% and 6%. Additionally, the implementation of policies promoting women's access to more productive jobs [would have a considerably positive impact](#) on per capita GDP of between 15% and 25%.

Along the same lines, the obstacles limiting women's entrepreneurship may be generating economic losses. Estimates for the region find that [such losses could be as high as 9% of GDP](#) and may be even greater when the barriers prevent women with outstanding management skills from entering the workforce. At the firm level, the evidence indicates that [a more diverse labor force fosters innovation and improves productivity](#). This is especially relevant in our region, where women's participation in science, technology, and innovation remains low. Along with this are the positive impacts of women's labor participation on women's empowerment as well as on gender parity within households and multiple benefits for families and communities, including improved educational outcomes and better nutrition for children and greater [household food security](#).



→ How can we move forward?

To continue moving forward with this agenda, we need to learn more about the effectiveness of interventions or public policies that aim to break down the barriers women face to participating in the labor market and that limit their career advancement. This is crucial for identifying what works and what does not and to thus being able to guide public policy decision-making.

Indeed, the fourth Industrial Revolution (accelerated by the health and economic crisis associated with the COVID-19) has made clear the importance of developing soft skills as well as those that promote women's involvement in digital areas. We need rigorous evidence for the region on the effectiveness of interventions promoting women's leadership and mentoring to support their professional development. Also crucial are effective tools for designing programs that support women's involvement in the design and use of technologies and in STEM professions.

Additionally, the crisis associated with the COVID-19 has had a profound impact on the labor market. Labor market indicators from around the world have seen sharply negative impacts. It is therefore crucial to have rigorous diagnostics disaggregated by gender that document this crisis's impact on the labor market in the region and to assess the effectiveness of solutions and policies aimed at reactivating the labor market for women.

This crisis could also be an opportunity for cultural inflection. Traditionally, care work and domestic responsibilities have fallen mainly to women, which in turn has resulted in less and slower career progress and insertion in the labor market. In this regard, evidence is needed on programs that effectively promote flexible work modalities for both men and women as well as programs that encourage men to share the responsibility for domestic labor.

