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Trading up, crowded out?

Ensuring economic diversification works for women



Photo: Savann Oeurn/ActionAid

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Cover photo: Keo is a single mother in Cambodia who migrated to Phnom Penh to find work. Both her daughters are now among some 500,000 garment factory workers, the vast majority of whom are young women. However, the pay is barely enough to live on and working conditions are poor.

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Executive summary

This briefing explores the relationship between gender inequality and economic diversification. It constitutes a modest contribution to the growing study and discussion of this area by feminist economists, activists, donors and international financial institutions.

The international community has recently reaffirmed their commitments to eliminating gender inequality and empowering women and girls, including economically, in the new Sustainable Development Goals. There is also a growing recognition of the need for developing countries to diversify their economies (see Box 1) in order to foster decent jobs and sustainable and inclusive growth, and to help reverse spiralling levels of inequality within and between countries.

Yet present day realities appear to be in conflict with these lofty ambitions. Many developing countries have used export manufacturing as a strategy to boost growth and create jobs, often relying on women's underpaid and unpaid labour in order to maintain their competitive advantage in a global marketplace characterised by volatile capital flows. Such gender discrimination in a context of liberalisation and deregulation of economies has led to the feminisation of, and a high dependency on, certain low-wage certain low-wage, low value-added sectors. This has created the conditions for repression of women's wages, working conditions and rights to organise, whilst maximising company profits, narrowing developing countries' policy-space to determine their economic paths.

This briefing explores some of the key drivers of gender inequalities in export manufacturing, drawing on the work of feminist economists and scholars. It then introduces new analysis by ActionAid, which finds a strong positive association between gender equality and export diversification and quality. In other words, countries with stronger export profiles also seem to be more gender equal, holding out the prospect that developing countries could diversify their economies whilst achieving higher levels of gender equality. However, historical experience suggests that, as countries add-value to their manufacturing base and diversify their economies, women often lose jobs in manufacturing and may be pushed back into informal work.

We conclude that neither economic growth alone, nor growth-with-diversification, will prevent the reproduction of patriarchal structures and norms in our economies and workplaces. Rather, these findings point to the need for

robust policies addressing gender discrimination in labour markets and beyond to accompany any efforts to diversify economies, including the redistribution of women's unpaid care burden, ensuring their access to decent work, and upholding their right to collectively organise. The briefing offers a number of recommendations to governments, donors and international financial institutions in this regard. These include: systematically reviewing the impacts of trade, fiscal and other macroeconomic policies on women workers in the global South; conducting gender impact assessments of economic diversification measures; and working with women's organisations, unions and wider civil society to develop women-led strategies for redressing gender segregation of labour markets and the discrimination that underpins it. Recommendations to corporates include respecting the right to decent work throughout supply chains; and paying a fair share of tax in the developing countries where they produce goods.

What is economic diversification?

In this briefing, economic diversification is used to refer to the process through which a growing range of economic outputs, including export products and commodities, are produced by a country, thereby providing it with a number of different revenue streams. Economic diversification can support countries to achieve more sustainable growth by avoiding over-reliance on one particular type of revenue or sector. Economic diversification can also refer to the diversification of markets for exports or the diversification of income sources away from domestic economic activities (e.g income from overseas investment).

Source: United Nations Framework Convention on Climate Change. Available at: http://unfccc.int/adaptation/workstreams/nairobi_work_programme/items/3994.php

Introduction

The creation of decent work¹ opportunities for all is widely recognised as a key strategy for helping to alleviate poverty, tackle inequality, and promote sustainable and inclusive growth. Diversifying and technologically upgrading developing countries' economies are seen as key enablers of this ambition. Relatedly, achieving gender equality, including by recognising, reducing and redistributing women's disproportionate unpaid care work, is critical for ensuring women can access decent work and enjoy their full range of human rights. These issues are brought together under the new Sustainable Development Goals (SDGs),² which governments and the international community have committed to achieve by 2030, and which also reflect existing, binding human and labour rights commitments.

This is certainly an agenda that merits urgent attention. From time immemorial, discriminatory social norms based on gender as well as, for instance, class, caste, race, age, and migrant, marital and reproductive status, have been reproduced in labour markets and the workplace, and have served to drive down women's pay and working conditions. This pattern is evident in export manufacturing in many developing countries today. Here, export-led growth strategies have exploited entrenched gender inequalities, relying on women – typically from poor communities – to provide the cheap, flexible and plentiful labour needed for the manufacture of low value-added goods. Women are segregated into the lowest paid roles, assembling parts or ready cut pieces in often informal, unregulated workplaces, where there is little, if any, respect for human rights.

Global trade rules that compel developing countries to compete on low wages in the assembly of low quality goods are also limiting their potential to diversify their manufacturing bases and increase the value and quality of products – important elements for helping foster inclusive growth and decent work opportunities. Furthermore, new research by ActionAid presented in this briefing demonstrates a positive association between gender equality and national export profiles. **We find that countries with higher levels of gender equality are associated with greater export diversity and quality – a difference of up to 72% on average for export diversity and 42% on average for export quality.**

On the other hand, there is evidence to show that, as manufacturing becomes more technology and capital intensive, female employment in manufacturing declines.³ As a result, some women may be pushed back into lower paid or informal forms of work⁴ – suggesting that

diversification can have negative impacts on gender equality. However, we argue that the two findings are not incompatible. Rather, they point clearly to the need for efforts to diversify to be accompanied with strong policies to tackle gender discrimination in labour markets and beyond, to recognise, reduce and redistribute women's unpaid care work, and to uphold the rights of women workers to collectively defend their rights.⁵ More broadly, inclusive economic growth should be driven by industrial and employment policies that are based on international principles of gender equality, human rights, and environmental protection, and which prioritise the creation of decent work for all. ActionAid believes that diversifying and increasing the quality of exports could contribute to the creation of decent work opportunities for women in developing countries. However, as long as export-led growth models drive and rely on gender inequalities, women's human rights – as well as the potential for inclusive economic growth - will remain unrealised.

Women subsidising growth

Many developing countries increasingly implement export-led growth strategies. These are typically accompanied by deregulation, liberalisation and privatisation of their economies, reflecting mainstream economic thinking transmitted, for example, through donor technical advice and global trade and investment rules.⁶ The popularity of export-led growth can be seen in the proliferation of Export Processing Zones (EPZs) or Special Economic Zones (SEZs) since the 1970s.⁷ International investors are encouraged to set up within these zones through a package of trade and business benefits and exemptions, sometimes including 'de facto labour law exemptions'.⁸ Historically, the manufacture of certain export-oriented goods, such as garments and electronics, both inside and

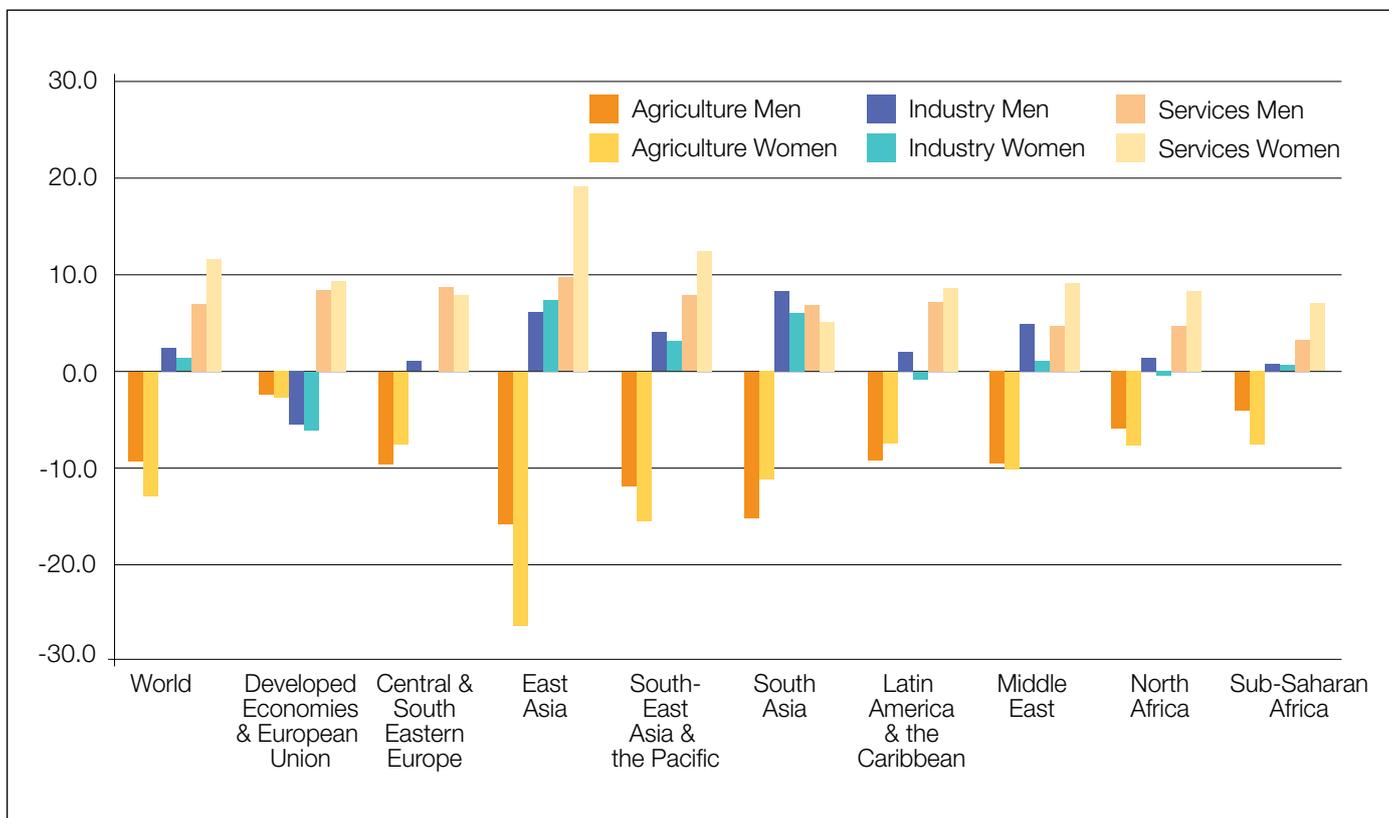
outside EPZs and SEZs, has been predominantly carried out by women. Many feminist activists and scholars have drawn attention to the ways in which the global market's need for cheap labour has been met by women, with unequal gender relations exploited to maintain low wages and poor working conditions.⁹ The increasing share of women in certain export manufacturing sectors has been described as the 'feminisation' of the labour market.¹⁰

Since the 1990s, economic shocks have impacted significantly on women's employment in export manufacturing. The East Asian economic crisis of 1997 and the 2008 global financial crash caused dramatic levels of job losses for women working in export sectors, as demand for goods women predominantly produce, such as garments, fell.¹¹ Following the 2008 crash, suppliers in countries such as Bangladesh came under pressure to produce garments and shoes even more quickly and cheaply, with negative knock-on effects for women's wages and conditions. According to Labour Behind the Label, in 2009, Marks & Spencer's, Tesco and H&M were reportedly among 50 brands and retailers calling on Bangladesh exporters to reduce their prices if they wished to stay competitive.¹² As women tend to be employed in low paid, low skilled and insecure jobs, with few labour rights to protect them – including limited rights to engage in collective bargaining –

they are particularly vulnerable to such crises and their aftermath.¹³ As such, when employment opportunities decline, women are often forced into accepting even worse conditions, lower pay¹⁴ and less social protection, often in the informal economy.¹⁵ These jobs include homebased work, producing for textiles, garment and footwear supply chains.¹⁶

During this same period, the sectoral shares of men's and women's employment in every region of the world have shifted away from agriculture towards industry and, most notably, towards the services sector (see Figure 1). Notwithstanding crisis-related fluctuations in manufacturing employment, as well as signs of its 'defeminisation' in some countries in recent years (discussed below), broadly the last two decades have seen an overall increase in the share of women in industry in a number of global regions. These include East Asia, Southeast Asia and the Pacific, South Asia, the Middle East, and Sub-Saharan Africa.¹⁷ Table 1 in Annex 1 shows that, according to the latest available country data compiled by the ILO, women now represent 40% or more of total manufacturing employment in 35 out of 127 countries. This significant level of representation overall does not capture some countries where women comprise up to 80-90% of the workforce in certain sectors, such as export garment manufacturing in Bangladesh and Cambodia.¹⁸

FIGURE 1 Changes in sectoral shares in employment for women and men, 1995-2015



Source: Naoko Otobe, ILO, 2015¹⁹

Notes: Author's calculation using data from ILO's 2014 global employment trends projection.

Note 2015 based on ILO 2014 global employment trends datas.

These figures demonstrate that export-oriented growth has undoubtedly increased employment opportunities for women in developing countries, including many from poor communities.²⁰ However, with limited alternative opportunities, these women tend to be segregated into labour intensive, low technology and low value-added jobs,²¹ where they must toil for long hours in appalling conditions for poverty wages. What is more, women are often compelled to combine this exploitative and exhausting paid work with a heavy burden of unpaid care work within their households. This occupational gender segregation within our economies not only results in meagre livelihoods and fewer opportunities for women, it can also leave them vulnerable to job losses when countries attempt to shift export manufacturing up the value chain.

Gender discrimination driving down pay and conditions

Feminist activists and scholars have explored the drivers of occupational gender segregation and other gender inequalities in export manufacturing for decades, and have identified many contributing factors. Deeply entrenched gender stereotypes and discriminatory norms extend to the workplace, where they are reinforced to drive down wages and conditions, and to limit opportunities for women. Such discriminatory practices are complex, diverse and context specific. While a full exploration is beyond the scope of this briefing, some key factors are discussed briefly below.

Gender stereotypes deployed to devalue and control

Many studies describe how employers justify a lower wage by emphasising the unskilled nature of the assembly work typical to export manufacturing, and especially tasks carried out by women.²² The disproportionate number of women employed in the garment sector is widely – if falsely – attributed to their ‘innate’, rather than acquired, sewing skills. In the same vein, the low pay of this work is justified by essentialist notions of women’s ‘natural dexterity’ or ‘nimble fingers’.²³ Women workers are also reportedly preferred by some employers because they are widely stereotyped as more submissive, less disruptive, and less likely to engage in union activities.²⁴ Such stereotyping varies across contexts and is often conflated with discriminatory biases based on other aspects of women workers’ identities, such as their race, age, class, caste, and migrant and reproductive status.

For example, a study of a US-owned factory in South China found that managers prioritised the recruitment of young women and reproduced a racist, patriarchal narrative in the workplace that served to control and exploit them:

"[M]anagers face the challenge of devising a strategy for keeping women electronic assembly workers just long enough to extract the maximum value from their dexterity, attentiveness and docility before the process of injury, illness and anger overcome this. [They]...devised a strategy of corporate kinship that binds them to their female labour force vis-a-vis a discourse of Chinese daughters and factory fathers. They argued that they represented 'a new kind of Chinese manager' where women assembly workers are like 'traditional Chinese daughters' who, in need of strong patriarchal guidance, regard their managers as factory fathers."²⁵

Similarly, research by ActionAid found that young Cambodian women from impoverished rural communities often come under heavy social pressure to be ‘good, dutiful daughters’ by migrating to the capital to work in garment factories in order to provide for their families via remittances.²⁶ And in Bangladesh, women garment workers told us how factory managers recruit on the basis of age and physical appearance, such as the “fairness” of skin, thereby exacerbating sexist, racist hierarchies.²⁷ In this way, gender intersects with many other forms of discrimination to further marginalise women workers and drive down pay and conditions.

Low pay and precarity propel cycle of exploitation

Very few women engaged in manufacturing for export are paid enough to ensure they and their families can live a decent, dignified life free from poverty.²⁸ In addition to gendered stereotypes around women’s ‘natural dexterity’, lower wages are justified on the basis of entrenched – and often erroneous – binary notions of women as secondary earners and men as primary breadwinners.²⁹ More broadly, research by ActionAid valued the gender pay gap in developing countries at US\$2 trillion annually, starkly demonstrating the scale of women’s exploitation in the labour market.³⁰

Another factor that is locking many women export factory workers into a cycle of exploitation is the increasing use of short-term contracts – if contracts are provided at all.³¹ This trend towards a ‘flexible’ labour force reflects suppliers’ bid to accommodate the fluctuating, ‘just-in-time’ production schedules of major global brands and their tendency to readily switch suppliers or country in pursuit of lower wage costs.³² For thousands of women working in factories in the Global South, the absence of a secure contract undermines access to vital social protection, such as paid maternity leave. Precarious terms of employment and meagre pay

leave them little choice but to labour for excessive hours. This informalisation of employment relations also makes it harder for women to seek accountability when rights violations occur, including from the global brands sitting at the top of the supply chain. Furthermore, a lack of time, fear of dismissal, or both, often deter women workers from joining unions, through which they could demand improvements to their conditions.³³ In fact, in many countries governments and businesses readily undermine rights to freedom of association and collective bargaining, and are “complicit in silencing workers’ voices against exploitation”.³⁴

Burden of unpaid care: A barrier to decent work

Women’s disproportionate responsibility for providing unpaid care within their households and communities also contributes to their low status and vulnerability in the labour market. The time and energy required by women to undertake tasks such as cooking, cleaning, collecting firewood, fetching water, and caring for children, the ill and the elderly are exacerbated exponentially in contexts of poverty. Such a constant, burdensome undertaking greatly limits women’s time and opportunities to pursue employment opportunities, or to participate in societal decision-making that could help shape improvements to their lives. The burden of unpaid care can be even more onerous for married women workers. As Naila Kabeer puts it:

"By and large, younger, unmarried women have found it relatively easier than older married women to take up the better jobs generated by the export economy. They do not have children, they are less expected to help out in domestic chores and employers tend to express a preference for 'unencumbered' women."³⁵

In other contexts, employers have been known to deliberately target women with dependents as more stable and reliable.³⁶ However, many women who become pregnant, far from being supported with paid maternity leave or childcare, face non-renewal of their contracts and replacement with a new cohort of younger women.³⁷ A recent study found that, in India, less than 1% of women receive paid maternity leave.³⁸ As one female Cambodian garment worker told ActionAid: “If a worker becomes pregnant, she starts to worry about [contract] non-renewal and when the delivery comes, a worker does not have sufficient money to pay for medical care”.³⁹

Married women or women with children or other caring responsibilities may find that they need to negotiate participation in the paid labour market with their sometimes hostile partners, pass on a share of their care work to other female household members, including grandmothers,

daughters or siblings, or try to pay for childcare from their limited wages. Indeed one reason that women are over-represented in informal work, particularly homebased work, is because the lack of public childcare services or facilities means they must combine childcare with income-generating activities. For example, a recent UN Women study calculated that 44% of the world’s poorest employed women with children under six also care for their children whilst at work.⁴⁰

Migrating into exploitation

Women workers’ migrant status can increase their powerlessness in relation to employers. Whether migrating domestically or across borders, women migrants face specific forms of discrimination. In China’s export processing zones, for example, state laws limiting migrant mobility mean that young women arriving from rural areas largely depend upon dormitory accommodation within factory compounds.⁴¹ As documented by Pun Ngai, this integration of the spheres of work and the daily reproduction of labour, coupled with fixed-term contracts, maximise employers’ control over these women, enabling them to extend working hours and suppress pay.⁴² Women’s productive output is squeezed to the limit in order to boost company profits as well as China’s export-led growth.

When migrant women are undocumented, they may be reluctant to report workplace abuse or other rights violations for fear of being deported or mistreated by the authorities. Others may face language barriers and not know how to access help. Migrant workers and their children face uncertainty and social and economic vulnerability. A study in Thailand found that the government has responded to increasing global competition in textiles and garments by encouraging the establishment of export factories in lower cost areas where the official minimum wage is lower. In these regions, there is a flow of undocumented migrants from Myanmar, Cambodia and Laos. As the study author Ruth Pearson puts it, “women migrants...whether registered or not, have little access to health services let alone pregnancy, infant care and education for their children – the very activities we have identified as being central to the ability of women workers to secure the reproduction of their own labour as well as of their household and children.”⁴³

Violence as means to subjugate

Violence against women and girls is the most extreme manifestation of gender discrimination and a gross violation of women’s rights, affecting more than a third in their lifetime.⁴⁴ According to the International Trade Union Confederation, up to half of women experience unwanted sexual advances and physical contact, or other forms of sexual harassment, whilst at work.⁴⁵ Violence against women in the workplace entrenches occupational segregation, reinforcing hierarchies based on unequal

power relations between women and men. The perceived threat or perpetration of violence, including verbal, physical or sexual abuse or harassment, at the hands of (predominantly male) supervisors, managers or colleagues, serve to oppress and control women workers by generating feelings of fear and shame. Workers' rights activists organising in Cambodian garment factories informed ActionAid of the emotional abuse workers experience at the hands of employers:

"[A] worker told me...there was so much work for her to do she could not finish...[The supervisor and factory owner]...shouted loudly at her and made her cry in front of the other workers."⁴⁶

Experiences of violence can also discourage women from pursuing opportunities in male-dominated sectors or more senior roles.

Violence against women workers, union members and human rights defenders is also perpetrated by state or corporate actors when they stand up for their rights. This occurred to tragic effect during demonstrations over low pay in Cambodia in 2013-14, when government security forces opened fire upon protestors, killing five and injuring many more.⁴⁷

The prevailing face of export-led growth: locking in low value and exploitation

In the dominant global economic model, trade rules and loan conditionalities requiring liberalisation and deregulation have served to limit opportunities for developing countries to diversify and strengthen their economies,⁴⁸ while fragmenting global value chains in the interests of multinationals and wealthy countries. Specifically, multinational brands concentrate low-value production activities in developing countries. Here, domestic firms or fledgling industries are often 'crowded out' or are unable to compete, while international trade rules prevent developing country governments from offering them specific support.⁴⁹ The low-value export production which ensues, so widely dominated by women, is subject to intense international competition. In order to maintain profits, brands progressively squeeze suppliers to produce more for less, while developing countries are forced to compete over wages, along with tax breaks and other benefits to entice foreign investors and circumvent capital flight.⁵⁰ This "downward harmonisation of pay and conditions"⁵¹ has contributed to the price of many goods, such as furniture, clothing and footwear, to fall by approximately 50% relative to US consumer prices between 1985 and 2015, while the relative price of toys dropped by around 80% over the

same period.⁵² Large brands also maintain profit-margins by locating the more profitable aspects of their value chains, such as research and development and intellectual property rights, in countries where the brands are headquartered.⁵³ This kind of structuring is often linked to strategies to avoid paying tax in the developing countries where they manufacture their products.⁵⁴

However, an over-reliance on low wage export manufacturing based on "women's comparative disadvantage"⁵⁵ means countries effectively de-skill their labour force by limiting production to the assembly of ready cut, often imported components. As well as systematically exploiting women's labour and undermining their rights, such an industrial model constrains the potential of developing countries to compete on quality across a range of sectors, which could help generate more decent work opportunities and foster more sustainable growth.

Steps towards diversification

Some developing countries have started to recognise these constraints and are attempting to complement their export-oriented growth strategies with efforts to diversify their economies and upgrade the value and quality of their exports. Increasing and diversifying exports is seen by many international financial institutions⁵⁶ and donors, such as the UK government, as "central to the success of economic development in poor countries".⁵⁷ This position recognises that reliance on agriculture alone⁵⁸ or on a narrow range of products and markets can increase a country's vulnerability to external shocks and macroeconomic instability.⁵⁹ Furthermore, diversifying away from low technology manufacturing towards higher quality, higher value-added can facilitate technological innovation and increase productivity without putting unacceptable pressure on wages and working conditions.⁶⁰ Such a shift can also help to redress widening global inequalities. As Jayati Ghosh puts it:

"Addressing inequalities between countries, which accounts for the dominant part of global economic inequality, requires economic diversification, improving aggregate productivity, and enabling the shift of workers to less fragile and better remunerated activities with safe and healthy working conditions."⁶¹

This imperative is echoed in Goal 8 of the Sustainable Development Goals,⁶² which commits governments and the international community to "promote sustained, and sustainable inclusive economic growth, full and productive employment and decent work for all." In particular, target 8.2 calls on states to: "Achieve higher levels of economic

productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors".⁶² Relatedly, under Goal 5, "[a]chieve gender equality and empower all women and girls", target 5.2 requires action to reduce and redistribute women's unpaid care – a key barrier to their ability to access decent work and participate in societal decision-making.⁶³ Meanwhile, Goal 10 compels governments to act to reduce inequality within and between countries – inequality which is compounded by an economic model that relies on women's unpaid and underpaid labour. Action to meet these goals and targets could also contribute to governments' efforts to meet their binding international commitments on women's rights and labour rights. These include the Beijing Platform for Action,⁶⁴ the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW),⁶⁵ and the Fundamental International Labour Organisation (ILO) Conventions.⁶⁶

No silver bullet: diversification as a driver of job losses for women

Economic diversification alone, however, will not necessarily ensure that the rights of all women to decent work and economic equality are fulfilled. Feminist economists have found that, while industrial policy that "diversifies export products, moves towards higher quality exports and builds backward linkages...serves as a strategy for better labour standards",⁶⁷ women may not benefit equally. In fact, discriminatory gender biases⁶⁸ in the labour market mean that technology, skill and quality upgrades associated with diversification often cause women to be excluded from job opportunities that are created.⁶⁹ Moreover, shifts towards higher-skilled manufacturing have been shown to cause low skilled, low paid jobs – and the women who undertake them – to be relocated into the informal economy.⁷⁰ Similarly, Seguino and Were found that shifts towards capital-intensive forms of exports, such as oil and other mineral resources, also create fewer jobs, particularly for women.⁷¹

So while export manufacturing has created notable employment for women over the last 30 years, the pursuit of higher technology, higher value-added, capital intensive manufacturing is, in many contexts, marking a decline in such opportunities. Recent studies found such a *defeminisation* of the manufacturing workforce to be occurring in 21 of the 36 countries assessed,⁷² including in East Asia and the Pacific.⁷³

Certainly some of these women may be taking advantage of new jobs in the growing services sector, as suggested by the ILO data in Figure 1. For instance, Günseli Berik found that, in the Republic of Korea and Taiwan, as the relative importance of labour-intensive export manufacturing has declined, accompanied by defeminisation of the sector, greater numbers of women have taken up work in services.⁷⁴

Nonetheless – as Berik and other feminist economists point out – the defeminisation of the manufacturing labour market associated with shifts towards higher technology, value-added production demonstrates the strength of gender discrimination pervading our global market economy. Far from being a neutral institution, the labour market – like wider society – is deeply embedded with gendered power relations and stereotypes that determine the roles women can play. These serve to diminish women's wages and force them into vulnerable work with little, if any, security and social protection.

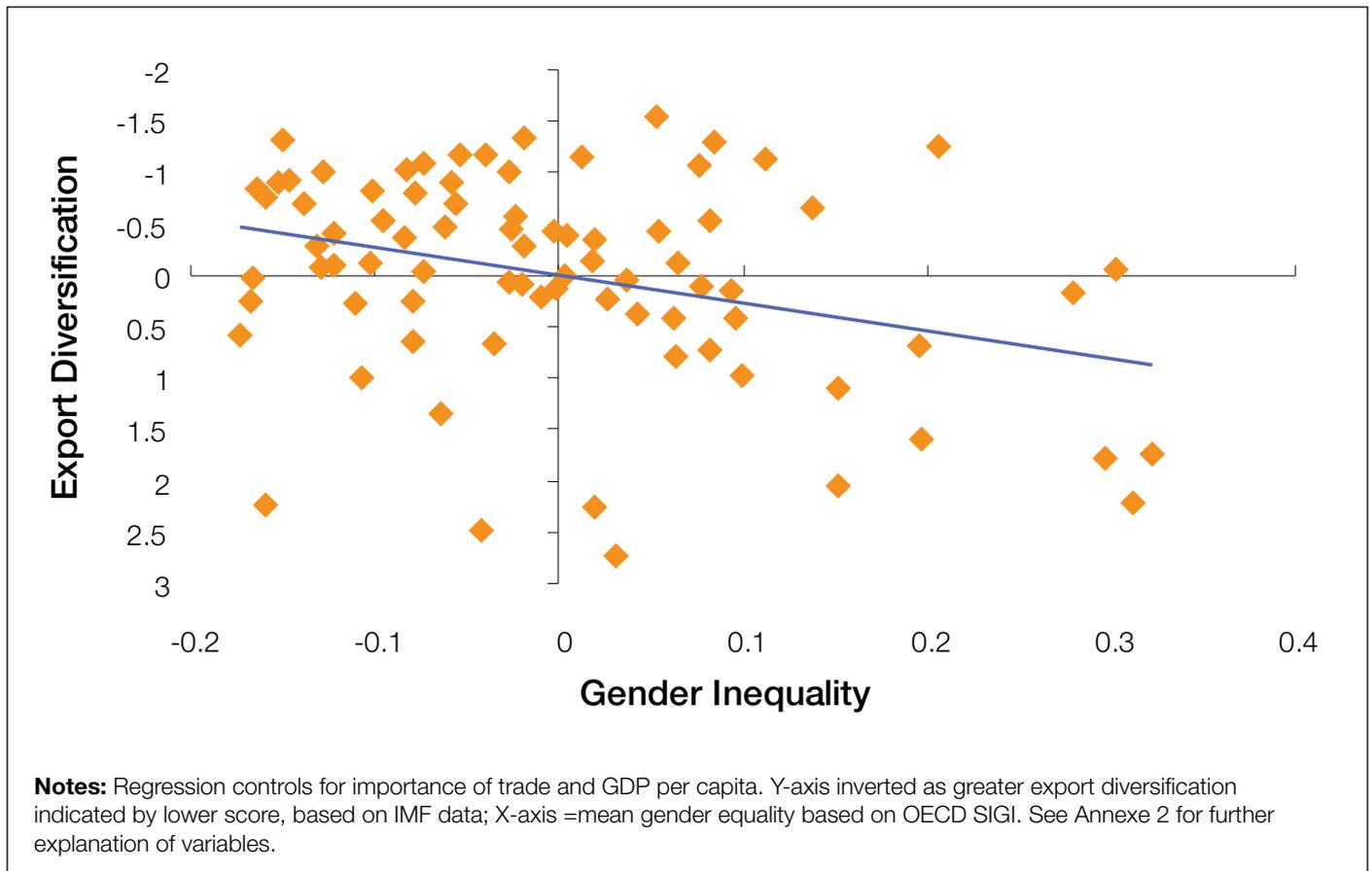
In fact, evidence shows that gender discrimination holds back qualified and unqualified women alike. ActionAid found that in low-income countries, more than twice as many women with a secondary education were unemployed than men with the same level of education.⁷⁵ Diversification requires varied skill sets, knowledge and educational institutions, which in turn provide people in society with a broader set of choices and capabilities.⁷⁶ However, ActionAid's findings suggest that gender discrimination is again preventing women from taking advantage of these opportunities.

Gender equality and diversification: Exploring the relationship further

In order to explore the relationship between gender inequality and export diversification in developing countries further, ActionAid has measured the extent to which gender discrimination is associated with export quality and diversity. Specifically, we have explored how gender discrimination, as measured by the OECD Social Institutions Gender Index (SIGI), relates to total Export Quality and Export Diversification, as measured using IMF data, for the 108 countries featured in the SIGI (see Annex 2 for methodology and data sources, and Annex 3 for a list of countries analysed). The SIGI measures discrimination in relation to a range of social institutions, specifically family codes, physical integrity, son bias, access to resources and assets, and civil liberties.⁷⁷ Total Export Quality is a measure of the average quality of products exported by a country, as indicated by worldwide price comparisons. Export Diversification is a measure of how the products exported by a country have become increasingly diversified since the 1960s.

Our analysis shows that gender inequality is negatively associated with both export quality and diversity, even when controlling for GDP per capita and the importance of manufacturing exports (i.e. trade) to the economy. In other words, **export diversification and quality is higher in countries which are more gender equal.** As Figures 2 and 3 show, higher levels of gender discrimination (along the X axis) are associated with lower quality and less diverse export bases (on the Y axis). To be more concrete, the 25%

FIGURE 2



most gender equal countries out of the 108 we analysed have an export base that is, on average, 72% more diverse, and an export quality that is, on average, 47% higher, than countries in the bottom 25% for gender equality.

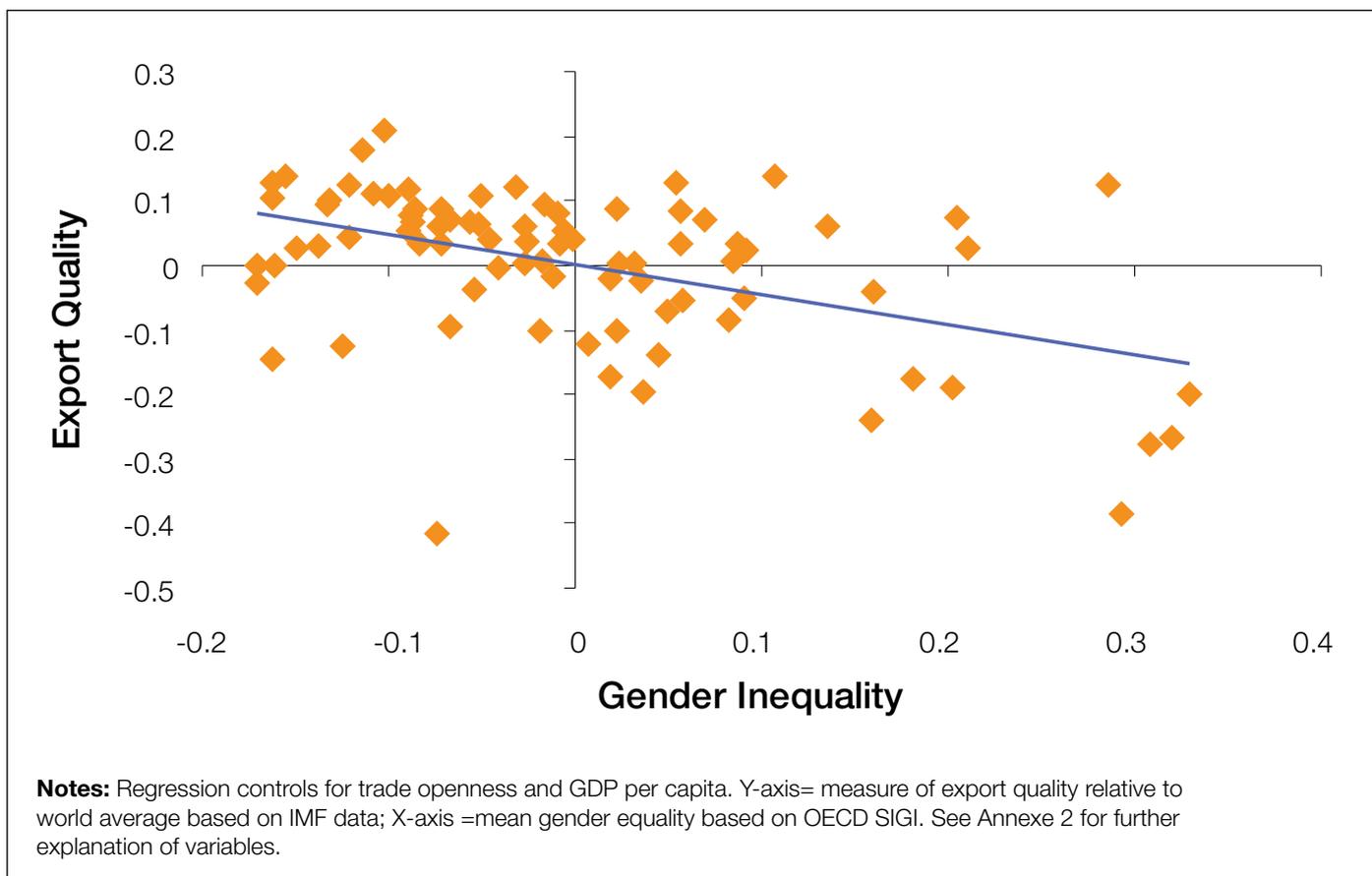
What could explain this result and how does it relate to the historical evidence that shows a *defeminisation* of the manufacturing workforce when countries diversify and move up the value chain? In fact, these two sets of findings are not incompatible. Rather, what they seem to point to is that, in more gender equal societies, women may have more equitable access to education and skills training, equipping them to take on more varied roles, facilitated by better policies addressing gender discrimination. These policies could include measures to address structural barriers to women's participation in the labour market – such as through the provision of quality public services and social protection – and to tackle discrimination within it, including by upholding the right of women to collectively claim their rights. Discriminatory attitudes around what constitutes appropriate work for women are still a factor in the defeminisation of manufacturing – showing there is still more to be done even in more gender equal countries. Broadly speaking however, more diversified economies, which have a more educated and skilled female workforce, supported by targeted policies to reduce gender inequality across a

range of social institutions, may mean women are able to take advantage of wider – including perhaps better paid and better quality – work opportunities in other sectors. And these increased economic opportunities may in turn contribute towards greater gender equality.

However, it is important to note that, while our analysis shows a statistically and quantitatively significant relationship between gender equality and export quality and diversity, it does not support a causal relationship in either direction. Further research is needed to explore how gender inequalities in the labour market impact on countries' potential to diversify and increase the quality of their exports – as well as to create decent jobs for women – and the reasons behind this. It is also important not to overstate the significance of these results: gender discrimination, including violence against women – its most extreme manifestation – pervades labour markets and wider society in every country in the world, even those with diverse economies and strong export profiles. Furthermore, growing levels of inequality within many countries raise questions about whether the poorest women are able to benefit equally from opportunities arising from economic diversification.

Nonetheless, our findings are consistent with the hypothesis that occupational gender segregation,

FIGURE 3



generated by gender discrimination and violations of women's rights, is confining women to exploitative conditions and limited opportunities in the low value-added export manufacturing sector. This discriminatory segregation prevents women – especially those enduring poverty and marginalisation – from gaining employment in high-technology and high-value manufacturing opportunities where these exist. Furthermore, global trade and investment rules and the practices of international brands lock developing countries into downward competition over wages and working conditions. Such a model may be hampering developing countries' ability to

diversify and upgrade their export manufacturing base, as well as meet their global commitments to create decent work opportunities for all, including for the poorest women. Indeed, that countries with higher export profiles also have higher levels of gender equality shows that it is possible to diversify while progressing women's rights. These findings indicate both the need for greater policy space for developing countries to build strong domestic economies that are not so dependent on highly mobile foreign capital,⁷⁸ and for any economic diversification strategies to be accompanied by strong policies to tackle gender discrimination in the labour market and wider society.⁷⁹

Conclusion and recommendations

The global community increasingly recognises that a race to the bottom on pay and conditions is neither economically sustainable nor socially desirable. As such, governments have committed to achieving inclusive growth and decent work for all in the new SDGs. This includes by promoting diversification and technological up-grading of economies, along with promises to reduce inequalities within and between countries. They have also committed to achieving gender equality and the empowerment of all women and girls, underlining existing binding promises made under the Beijing Platform for Action, CEDAW and relevant ILO conventions.

Export-led growth remains a favoured strategy for reaching these goals, accompanied increasingly by efforts at economic diversification. However, neither approach is sufficient to tackle the problem of gender discrimination in labour markets. As many countries diversify and add value to their manufacturing base, we see a defeminisation of the manufacturing labour market, with limited opportunities for women to benefit from the new jobs created. While some women may be moving into formal work in the expanding services sectors, others may be getting pushed back into the informal economy.

Yet, ActionAid's new research suggests that countries with more gender equal institutions and policies have a stronger export profile in terms of export diversity and quality. These initial findings raise many questions about how these countries moved up the value chain whilst improving or retaining relatively higher levels of gender equality, as well as how greater gender equality may have been a positive factor in strengthening their export profile. What are the macroeconomic policy drivers that continue to limit women's potential to secure economic rights in the economy? Why has technological upgrading both historically been shown as a driver of defeminisation of

manufacturing, while also being positively associated with greater levels of gender equality? And what can we learn from the contexts where positive associations are seen?

Either way, the results should not be overstated: women everywhere continue to be discriminated against socially and economically, including in labour markets, amounting to a systemic and systematic violation of their human rights. Again, it should be stressed that economic diversification will not necessarily lead to the creation of decent jobs for women or inclusive growth. And as with economic growth more widely, neither will diversification automatically reduce gender inequalities, given the "extent and rigidity of patriarchal constraints in different contexts".⁸¹

Efforts to diversify and increase inclusivity of economies must, therefore, be accompanied by robust strategies to end discrimination against all women in labour markets, and uphold their right to access to decent work. This includes addressing structural barriers, such as recognition and redistribution of women's unpaid care burden through provision of quality, gender responsive public services, financed through a system of progressive taxation. Women's rights to collectively organise need to be upheld, along with measures to strengthen state and corporate accountability. These strategies must form part of a coherent approach to meeting wider, binding international commitments on gender equality and human rights. A coherent approach requires a rethinking of the current global economic model, including by expanding developing countries' policy space to determine the path of their economies, and preventing powerful multinationals from playing countries off against each other at the expense of workers' – especially women workers' – human rights.

RECOMMENDATIONS:

Governments, donors, international financial institutions:

1) End gender-based discrimination in labour markets and adopt macroeconomic and other policies that protect, respect and promote the rights of all women to decent work

- Fully implement all international commitments on women's economic rights and rights to decent work, including the Beijing Platform for Action, CEDAW, the ILO Fundamental Conventions, and relevant goals and targets of the SDGs, by instituting robust policies and legislation to end gender discrimination in labour markets and in wider society.
- Work with women's organisations, unions and wider civil society to develop women-led strategies for redressing gender segregation in labour markets and the wider gender discrimination that underpins it.
- Systematically review the impact of trade, investment, fiscal and other macroeconomic policies on women workers in the global South, and implement strategies for redressing gendered inequalities in opportunities, impacts and outcomes, alongside underlying discriminatory social norms.
- Conduct gender impact assessments to understand how economic diversification and upgrading of manufacturing may affect different groups of women (e.g. young, migrant or ethnic minorities), and implement strategies for overcoming negative impacts.
- Address the barriers to developing countries' ability to pursue strategies to diversify and upgrade their economies. This includes revising international trade rules that circumvent countries' ability to strengthen and protect domestic and infant industries, or to institute controls over highly mobile inward and outward capital flows.⁸⁰
- Institute strong frameworks regulating the behaviour of corporates to ensure they respect and promote the rights of all workers, and are held to account where rights violations occur.
- Ensure gender-disaggregated data is provided for all SDG Goals and targets, including Goal 8, so that progress and blockages in achieving inclusive growth and decent work for all women and men can be tracked and addressed.

- Support the proposed ILO Convention on gender-based violence in the world of work.

2) Recognise, reduce and redistribute women's unpaid care work

- Institute gender-responsive planning and budgeting, devised with the full and meaningful participation of women and women's rights organisations, particularly the most economically and socially marginalised.
- Take action to reduce and redistribute women's unpaid care work by implementing family friendly workplace policies, such as shared parental leave, and investing in quality, accessible, affordable, gender-responsive public services and universal social protection, including for women working in the informal sector, financed through a system of progressive taxation.

3) Promote women's voice and uphold the right to engage in collective bargaining

- Uphold the right of all workers to freedom of association and collective bargaining; actively enter into social dialogue with unions and workers' organisations, and ensure all workers have access to effective remedy and redress.
- Support and resource women's full and meaningful participation in shaping the implementation of the SDGs, including Goal 5 and 8, and in holding their governments to account for these and other binding human and labour rights commitments.

Corporates

- Respect the right to decent work of all workers throughout corporate supply chains, including by paying a living wage, ensuring equal pay for work of equal value, safe working conditions, secure contracts with parental leave and social protection, upholding collective bargaining rights, and ensuring equitable employment, training and promotional opportunities for women.
- Pay a fair share of tax and do not engage in strategies to deliberately minimise corporate tax burdens at the expense of developing countries.
- Consider long-term investment strategies in developing countries, along with measures to support knowledge and technology transfers, to help drive up pay and working conditions while fostering inclusive and sustainable growth.

ANNEX 1 - % share of women in the manufacturing workforce

The figures for each country are based on the most recent numbers available for each (on average across all

countries, the data is from 2013, with no numbers taken before 2005 and none taken after 2014).

TABLE 1

Rank	Country	% of women in the manufacturing workforce	Rank	Country	% of women in the manufacturing workforce
1	Lesotho	76.80%	31	Estonia	40.70%
2	Madagascar	63.70%	32	Seychelles	40.50%
3	Timor-Leste	62.50%	33	Indonesia	40.50%
4	Nigeria	60.70%	34	Portugal	40.40%
5	Botswana	55.60%	35	Latvia	40.20%
6	Viet Nam	53.30%	36	Russian Federation	39.50%
7	Kyrgyzstan	52.30%	37	Nepal	39.50%
8	Albania	52.20%	38	Brazil	38.00%
9	Moldova, Republic of	51.50%	39	Malaysia	37.80%
10	El Salvador	50.10%	40	Taiwan, China	37.70%
11	Honduras	50.00%	41	Kazakhstan	37.50%
12	Thailand	48.90%	42	Puerto Rico	37.30%
13	Bulgaria	48.40%	43	Ukraine	37.20%
14	Mongolia	47.80%	44	Armenia	37.20%
15	Barbados	47.80%	45	Bahamas	37.00%
16	Bhutan	47.70%	46	Peru	36.80%
17	Macedonia	47.40%	47	Mexico	36.10%
18	Brunei Darussalam	47.20%	48	Hungary	35.80%
19	Sri Lanka	46.60%	49	Serbia	35.80%
20	Lithuania	45.80%	50	Bolivia	35.70%
21	Nicaragua	45.50%	51	Ecuador	35.60%
22	Philippines	45.10%	52	Croatia	35.10%
23	Colombia	44.80%	53	Jamaica	34.20%
24	Ethiopia	43.70%	54	Czech Republic	34.00%
25	Macau, China	43.20%	55	Uruguay	33.90%
26	Mauritius	42.60%	56	Tajikistan	33.80%
27	Romania	42.50%	57	Costa Rica	33.50%
28	Panama	42.10%	58	Belize	33.30%
29	Guatemala	41.80%	59	Samoa	33.30%
30	Tanzania, United Republic of	41.10%	60	Bermuda	33.30%

Rank	Country	% of women in the manufacturing workforce	Rank	Country	% of women in the manufacturing workforce
61	Slovakia	33.10%	95	Italy	26.40%
62	Hong Kong, China	32.70%	96	Côte d'Ivoire	26.10%
63	Namibia	32.60%	97	Spain	25.30%
64	Cyprus	32.60%	98	United Kingdom	25.20%
65	Poland	32.00%	99	Montenegro	25.20%
66	Slovenia	31.90%	100	Finland	25.00%
67	South Africa	31.80%	101	Sweden	24.20%
68	Chile	31.10%	102	Belgium	23.40%
69	Cuba	30.70%	103	Suriname	23.20%
70	Liberia	30.40%	104	Netherlands Antilles	23.10%
71	Dominican Republic	30.20%	105	Argentina	23.10%
72	Denmark	29.90%	106	Norway	23.10%
73	Korea, Republic of	29.90%	107	Zimbabwe	22.50%
74	Japan	29.80%	108	Luxembourg	22.00%
75	Bosnia and Herzegovina	29.40%	109	Netherlands	21.60%
76	Paraguay	29.40%	110	Réunion	21.30%
77	Ireland	29.30%	111	Malta	21.00%
78	United States	29.30%	112	Iran, Islamic Republic of	19.70%
79	France	29.20%	113	Turkey	19.60%
80	Iceland	29.10%	114	Singapore	19.40%
81	New Zealand	28.90%	115	Gambia	19.20%
82	Greece	28.50%	116	Pakistan	18.50%
83	Azerbaijan	28.50%	117	Morocco	16.70%
84	Algeria	28.40%	118	Aruba	15.80%
85	Bangladesh	28.30%	119	Cayman Islands	14.30%
86	Israel	28.20%	120	Occupied Palestinian Territory	14.10%
87	Venezuela	27.9%	121	Kosovo	12.00%
88	Austria	27.50%	122	Iraq	7.90%
89	Germany	27.40%	123	Egypt	7.50%
90	Switzerland	27.20%	124	United Arab Emirates	7.00%
91	Canada	27.10%	125	Syrian Arab Republic	6.40%
92	Australia	27.00%	126	Saudi Arabia	2.10%
93	Trinidad and Tobago	26.90%	127	Qatar	0.80%
94	Georgia	26.70%			

Source: ILO Employment by sex and economic activity data.

Available at: http://www.ilo.org/ilostat/faces/help_home/data_by_subject/subject-details/indicator-details-by-subject?subject=&indicator=EMP_TEMP_SEX_ECO_NB&datasetCode=&collectionCode=YI&_afLoop=18819852839438#%40%3Findicator%3DEMP_TEMP_SEX_ECO_NB%26subject%3D%26_afLoop%3D18819852839438%26datasetCode%3D%26collectionCode%3DYI%26_adf.ctrl-state%3Dwh0l17d3v_444

ANNEX 2 – Methodology

In our analysis, we evaluate the relationship between gender inequality and export quality and export diversification by regressing indicators for gender inequality (see table below) on indicators for Total Export Quality and Total Export Diversification.

Total Export Quality is a measure of the average quality of products exported by the country (as indicated by worldwide price comparisons). This is a relative comparison of quality based on a price per unit comparison. For example, an export quality of 0.4 (as per Figure 2) in a certain year for a certain country is better than, for instance, an export quality of 0.35 in another country or in another year - **higher values mean higher quality**. The technical explanation of Export Quality from the International Monetary Fund (IMF) can be found at: <https://www.imf.org/external/datamapper/Technical%20Appendix%20for%20Export%20Quality%20database.pdf>

Total Export Diversification captures the degree of diversification across product categories via the Theil index, based on an updated version of the UN-NBER trade dataset. Export Diversification is measured per country per year using an index. As it is an index, Export Diversification of one country must be compared with another country and/or year from the dataset to be meaningful. From the formula, a **higher value of Export Diversity** for a country X at year Y compared to another year or country means that country X at year Y has **less diversified exports**. The IMF's technical explanation of Export Diversification can be seen here: <https://www.imf.org/external/datamapper/Technical%20Appendix%20for%20Export%20Diversification%20database.pdf>

Specifically, the regression predicts export diversity/quality given GDP and trade openness, and then looks at how far gender inequality moves the value away from this, which can be negative or positive. So, in Figures 2 and 3, a negative value on the y-axis means that gender inequality has reduced this value below what we would expect given trade openness and GDP.

In our regression, the measure of gender inequality itself is relative to the mean gender inequality. A country scoring, for instance, 0.4, means this country scores 0.4 points lower on gender inequality than the average. So a negative value on the x-axis in Figures 2 and 3 indicate below average gender equality.

The export diversification and export quality databases were developed by the IMF. They capture data from 187 countries, including most low income countries, covering the period 1962-2010. The databases, along with a more detailed description of the variables and Theil index, are available at <https://www.imf.org/external/np/res/dfidimf/diversification.htm>.

To ensure our results are consistent, we use five different indexes for gender inequality in our specifications, as well as one extrapolated variable (see table below for descriptions). These indicators measure various aspects of gender inequality. The most robust relationship between gender inequality and the export diversification and quality measures was found for the SIGI variable. This is therefore the main focus of the analysis in the report.

Results were also generally statistically significant and had the expected sign for the other measures of inequality, with the exception of the wage-gap variables, where the relationship tended to be statistically insignificant.

We controlled for the importance of manufacturing exports to the economy, as trade openness is potentially an important driver of export diversification and quality. This is measured by the total value of manufactured exports divided by Gross Domestic Product (GDP) in 2012. Standard International Trade Classification (SITC rev.3) manufactured products 41 - 43, 51 - 59, 61 - 69, 71 - 79 and 81 - 89 were included. This are listed at listed at <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=14>.

We also controlled for GDP per capita, since a country's overall level of economic development is also potentially related to export performance. GDP data is available at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

Name	Meaning	Description
UNDP Gender Inequality Index (GII)	0 to 1, higher value = more inequality	<p>“The GI...shows the loss in potential human development due to disparity between female and male achievements in two dimensions, empowerment and economic status, and reflects a country’s position relative to normative ideals for the key dimension of women’s health. Overall, the GI reflects how women are disadvantaged in these dimensions.”</p> <p>Ref.: http://hdr.undp.org/sites/default/files/hdr2015_technical_notes.pdf</p>
OECD Social Institutions and Gender Index (SIGI)	0 to 1, higher value = more inequality	<p>“Discriminatory social institutions are defined as the formal and informal laws, attitudes and practices that restrict women’s and girls’ access to rights, justice and empowerment opportunities. These are captured in a multi-faceted approach by SIGI’s variables that combine qualitative and quantitative data, taking into account both the de jure and de facto discrimination of social institutions, through information on laws, attitudes and practices.”</p> <p>Ref.: http://www.genderindex.org/content/team</p>
Economist Intelligence Unit (EIA) Women Economic Opportunity Index (WEOI)	0-100, 100=Most favorable to women i.e. higher value = less inequality	<p>“The Index aims to look beyond gender disparities to the underlying factors affecting women’s access to economic opportunity. It draws on data from a wide range of international organisations, including the UN, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Health Organisation, the Food and Agriculture Organisation, and many others.”</p> <p>Ref.: Economist Intelligence Unit (2012) “Women’s economic opportunity 2012 – Findings and methodology”, Pp.5</p>
WEF Global Gender Gap Index 2014 (GGGI)	0 to 1, higher value = less inequality	<p>“The Index benchmarks national gender gaps on economic, political, education and health criteria, and provides country rankings that allow for effective comparisons across regions and income groups.”</p> <p>Ref.: http://reports.weforum.org/global-gender-gap-report-2014/</p>
ActionAid computed Wage Gap (1)	-100 to 100, Higher value = more inequality	<p>Computed as $100*(1 - \text{ratio of women's average wage to men's})$. Based on most recent data available. That means the data is, on average, from 2010.</p> <p>Ref.: Worksheets from ActionAid (2015) <i>Close the Gap</i></p>
ActionAid computed Wage Gap (2)	-100 to 100, Higher value = more inequality	<p>Computed as $100*(1 - \text{ratio of women's average wage to men's})$. Based on most recent data available. That means the data is, on average from 2010. Extended to countries for which data was missing by using the regional averages of each country and extrapolating”</p> <p>Ref.: Worksheets from ActionAid (2015) <i>Close the Gap</i></p>

ANNEX 3 – The 108 countries featured in our analysis

Afghanistan	Gambia	Nigeria
Albania	Georgia	Pakistan
Angola	Ghana	Panama
Argentina	Guatemala	Paraguay
Armenia	Guinea	Peru
Azerbaijan	Guinea-Bissau	Philippines
Bangladesh	Haiti	Romania
Belarus	Honduras	Rwanda
Belgium	India	Senegal
Benin	Indonesia	Serbia
Bhutan	Iraq	Sierra Leone
Bolivia	Italy	Slovenia
Bosnia and Herzegovina	Jamaica	Somalia
Brazil	Jordan	South Africa
Bulgaria	Kazakhstan	Spain
Burkina Faso	Kenya	Sri Lanka
Burundi	Kyrgyzstan	Sudan
Cambodia	Lao PDR	Swaziland
Cameroon	Latvia	Syrian Arab Republic
Central African Republic	Lebanon	Tajikistan
Chad	Lesotho	Tanzania (United Republic of)
China	Liberia	Thailand
Colombia	Lithuania	Macedonia
Congo	Madagascar	Timor-Leste
Congo (Democratic Republic of the)	Malawi	Togo
Costa Rica	Mali	Trinidad and Tobago
Cote d'Ivoire	Mauritania	Tunisia
Cuba	Moldova, Republic of	Turkey
Czech Republic	Mongolia	Uganda
Dominican Republic	Morocco	Ukraine
Ecuador	Mozambique	Uzbekistan
Egypt	Myanmar	Venezuela
El Salvador	Namibia	Viet Nam
Ethiopia	Nepal	Yemen
France	Nicaragua	Zambia
Gabon	Niger	Zimbabwe

Source: OECD SIGI Index (2014 value). Available at: <http://genderindex.org/ranking>.

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48. Seguino, S. and Grown, C (2007) 'Gender equity and globalization: Macroeconomic policy for developing countries' in *The Feminist Economics of Trade*, Routledge, 2007.
49. Ibid.
50. ActionAid (2015) *Close the Gap: The cost of inequality in women's work*. Available at: www.actionaid.org.uk/.../close_the_gap_final_21.01.2015.pdf. Pp. 11. Accessed 19/05/2016.
51. Berik, G. (2016) Correspondence with ActionAid, May 2016.
52. Calculated by Chris Crowe for ActionAid using the US Consumer Price Index, US Bureau of Labour Statistics. See: <http://www.bls.gov/>
53. ActionAid (2016) *What a way to make a living*. Available at: https://www.actionaid.org.uk/sites/default/files/publications/what_a_way_to_make_a_living.pdf Pp. 23.
54. In 2015, the IMF estimated that developing countries lose some US\$15 billion every year due to tax avoidance. See: *IMF (2016) Base erosion, profit shifting and developing countries*. IMF Working Paper, 29 May 2015. Table 6, Pp. 20
55. Arizpe, L. and Aranda, J. 'The Comparative Advantages' of Women's Disadvantages: Women Workers in the Strawberry Export Agribusiness in Mexico' in *Development and the Sexual Division of Labor*, (Winter, 1981), pp. 453-473. The University of Chicago Press. Available at: http://www.jstor.org/stable/3173887?seq=1#page_scan_tab_contents. Accessed 10/05/2016.
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57. UK Department for International Development (2014) *Economic development for shared prosperity and poverty reduction: a strategic framework*. Pp. 4. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276859/Econ-development-strategic-framework.pdf. Accessed 20/05/2016.

58. However, it should be noted that no country has managed to industrialise successfully without investing in agricultural productivity and it also plays an important role in poverty alleviation. See: ActionAid (2016) *What a way to make a living*. Pp.21
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61. For example, see: <http://www.theguardian.com/global-development/poverty-matters/2013/feb/20/inequality-threat-to-world-needs-tackling>
62. See: <https://sustainabledevelopment.un.org/sdgs>
63. Target 5.4 under Goal 5 (Achieve gender equality and empower all women and girls) requires governments to: 'Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate'. See: <https://sustainabledevelopment.un.org/index.php?menu=1300>
64. In its review of progress in implementing the 1995 Beijing Declaration and Platform for Action 20 years on, UN Women identified access to decent work, closing the gender pay gap and addressing women's disproportionate unpaid care responsibilities as a critical areas of insufficient progress. See: http://beijing20.unwomen.org/~media/headquarters/attachments/sections/csw/pfa_e_final_web.pdf, Pp. 107
65. Article 1 of the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW) defines discrimination as "any distinction, exclusion or restriction made on the basis of sex...in the political, economic, social, cultural, civil or any other field". Available at: <http://www.un.org/womenwatch/daw/cedaw/>
66. The ILO Fundamental Labour Conventions include the Convention on Discrimination (No.111), the Convention on Equal Remuneration (100), Convention 87 on freedom of association and protection of the right to organise, and Convention 98 on the right to organise and collective bargaining. See: <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>
67. Berik, G. and van der Meulen Rodgers, Y. (2010) 'Options for enforcing labour standards: Lessons from Bangladesh and Cambodia' in *Journal of International Development* Vol. 22, 2010, Pp. 78.
68. Such gender biases include negative stereotypes around women's ability to undertake more technical tasks or operate heavy machinery, lower labour costs because of more capital intensive activities that remove women's 'comparative disadvantage', and lack of training opportunities for women that hold them back. See: Tejani, S and Milberg, M. (2016) 'Global defeminisation? Industrial upgrading and manufacturing employment in developing countries' in *Feminist Economics* (2016), Vol. 22, No. 2, Pp. 24-54.
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