

## Understanding the Determinants of Entry & Retention of Young Women in the Workforce

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### Context

Just under 1 out of 4 women in India participate in the labour force,<sup>1</sup> a persistently low number given the magnitude of socio-economic progress the country has made in the last three decades. Data shows that while young women are enrolling into higher education and skilling programs at the same or higher rate than men,<sup>2</sup> their entry and retention in the workforce remains limited. This trend is of concern, given the potential macroeconomic efficiency losses due to low women's employment,<sup>3 4</sup> as well as the loss of larger developmental progress on issues like children's education, child marriage, family health, all of which are tied to greater women's economic empowerment.<sup>5 6</sup>

The 'feminization-u' hypothesis is an oft-quoted explanation for the low female labour force participation (LFP) rate in India. First developed by economist J.N. Sinha in 1967, it posits a U-shaped relationship between female labour force participation and a society's income.<sup>7</sup> When a society or nation is poorer, women are compelled to work due to economic conditions; most work is on family farms or household enterprises which are compatible with child rearing. As income's increase, more

<sup>1</sup> LFPR Women (urban + rural, usual status ps+ss): 24.8%, PLFS 2021-22

<sup>2</sup> Latest data (2020-21) from PMKVY shows that 3,35,000 women enrolled into the training program while 3,29,000 men enrolled.

<sup>3</sup> Kabeer, N and Natali, L. 2013. [Gender Equality and Economic Growth: Is there a Win-Win?](#) IDS Working Papers.

<sup>4</sup> Lagarde, C and Ostry, J. 2018. [Economic Gains from Gender Inclusion: Even Greater than You Thought](#). International Monetary Fund.

<sup>5</sup> World Bank. 2012. [World Development Report 2012: Gender Equality and Development](#). © World Bank.

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<sup>6</sup> Jenses, R. 2012. Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India.

The Quarterly Journal of Economics, Volume 127, Issue 2, May 2012, Pages 753–792, <https://doi.org/10.1093/qje/qjs002>

<sup>7</sup> Sinha, JN (1967) Dynamics of female participation in economic activity in a developing economy. In: United Nations Department of Economic and Social Affairs. (ed), Proceedings of the World Population Conference, vol.IV. United Nations, New York

women choose not to work due to an income effect of their husband's earnings. Additionally, rising school enrolment reduces LFP among girls and young women, and a shift towards industrial production outside the home limits work opportunities for women with children. As a society develops further, rising education levels and new white-collar jobs offer attractive opportunities for women. The decline in fertility, reduction in stigmas around women's employment and changes in their own aspirations enable married women to work. Lahoti and Swaminathan (2013), investigating the U-shaped curve specifically within the Indian context, examined the relationship between net domestic product and women's LFP at the state level. Using dynamic panel methods and time and region fixed effects, they did not find evidence of a U-shaped relationship – instead, they found that women's LFP is declining with increasing income across Indian states.<sup>8</sup> As such, the feminization-U hypothesis does not provide a satisfactory explanation for the sustained low women's labour force participation in India, further, women's labour force participation cannot be expected to rise as part of the 'normal' development process. Given this, a thorough examination of the constraints on women entering and remaining in the labour force in India is required, in order to effectively target programs and policies to boost their participation.

### *Demand and Supply side Determinants of Women's Entry and Retention in the Workforce*

Existing research reveals several demand side determinants of women's labour force participation in India. Unsurprisingly, a significant amount of recent research shows that **marriage and having children have a negative effect on women's employment.**<sup>9 10 11</sup> Related to this is the **disproportionate burden of unpaid care work** which Indian women experience, spending nearly 10 times more hours on household chores and caregiving than men.<sup>12</sup> While rural Indian women spend 8.2X of their time on unpaid work, the difference is far more pronounced in urban areas, where women spend 9.6X more time on unpaid care work.<sup>13</sup> Despite the decline of the nuclear family model in India<sup>14</sup>, it was assumed that the traditional joint family model would act as a substitute to child-care, leading to improved economic outcomes for women. However, due to restrictive social norms, a vast majority of Indian women are still unable to participate in the labour market due to lack of support from their marital homes to balance work and familial responsibilities. A review of the existing literature indicates that **social norms relating to the acceptability (or lack thereof) of a woman working outside the house** they are married into are a significant driver of these trends.<sup>15</sup> Das et al. (2015) and Sorsa et al. (2015) find that the presence of in-laws in the household reduces women's LFP. In a related finding, Afridi et al. (2016) argue that low LFP among educated women is due to increasing returns to home production, in particular promoting the education of their children.

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<sup>8</sup> Lahoti, Rahul and Swaminathan, H. 2016. [Economic Development and Women's Labour Force Participation in India](#), *Feminist Economics*, 22(2):168-195.

<sup>9</sup> Afridi, F, T Dinkelman and K Mahajan. 2016. [Why are fewer married women joining the work force in India? A decomposition analysis over two decades](#) IZA (Institute for the Study of Labour) Discussion Paper No. 9722.

<sup>10</sup> Sorsa, P, J Mares, M Didier, C Guimaraes, M Rabate, G Tang and A Tuske. 2015. [Determinants of the low female labour force participation in India](#), OECD Economics Department Working Papers, No. 1207, OECD Publishing, Paris.

<sup>11</sup> Das, S, S Jain-Chandra, K Kochchar and N Kumar. 2015. ['Women workers in India: Why so few among so many?'](#), IMF Working Paper WP/15/55.

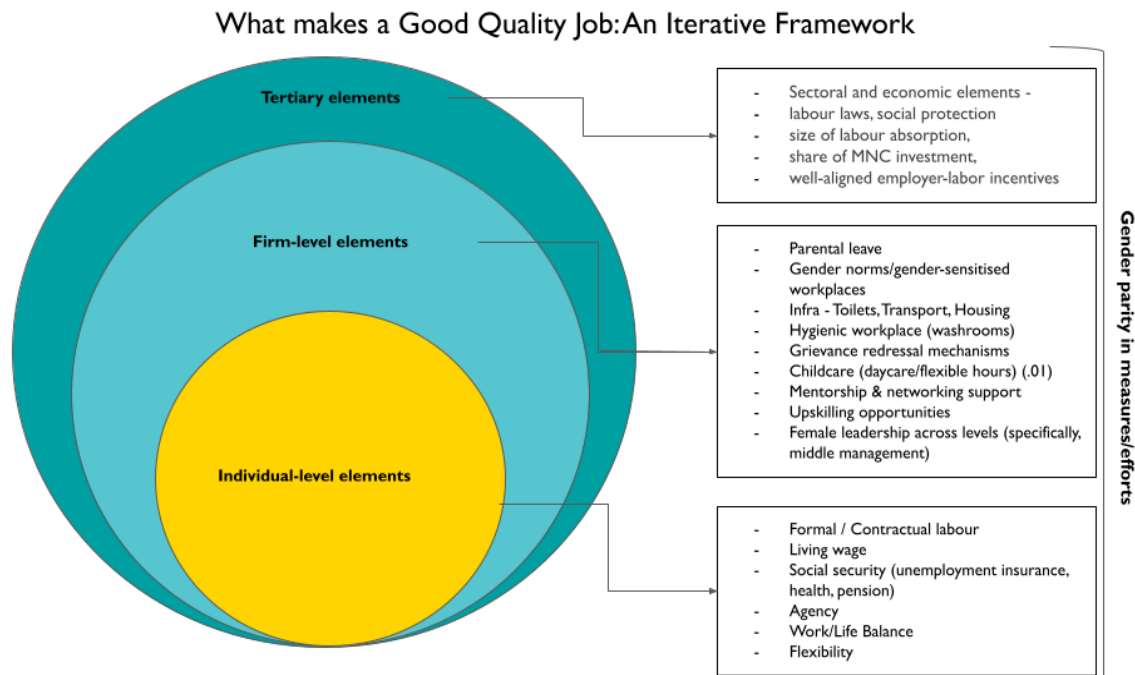
<sup>12</sup> NSS REPORT: TIME USE IN INDIA- 2019 (JANUARY – DECEMBER 2019)

<sup>13</sup> OECD, Time spent in paid and unpaid work by sex

<sup>14</sup> While countries like Japan switched to the nuclear model of a family with increasing socio-economic development, India has been seeing the opposite trends; with the percentage of nuclear families as a percentage of all families declining slightly, from 70.34% to 70.11% between 2001 & 2011.

<sup>15</sup> Eswaran, Mukesh, et al. "Status, Caste, and the Time Allocation of Women in Rural India." *Economic Development and Cultural Change*, vol. 61, no. 2, 2013, pp. 311–33. *JSTOR*, <https://doi.org/10.1086/668282>. Accessed 27 Apr. 2023.

But the direction of causation is unclear here, as home production is endogenous - women who are not in work for other reasons will automatically focus more on domestic activities.



Research points towards **productive resources such as transport as having a positive impact** on female labour force participation. For instance, Desai et al. (2019) found that access to transportation infrastructure was associated with higher rates of non-formal employment among women.<sup>16 17</sup> Similarly, Mehta et al. (2021) and Muralidharan et al. (2013) found positive correlations between women’s labour force participation and factors such as access to education and employment opportunities vis-a-vis greater mobility.<sup>18 19</sup> In terms of other socio-cultural factors, **safety emerges as a key concern**. Sudarshan and Bhattacharya (2009) find that mobility and safety concerns restrict women’s LFP in Delhi.<sup>20</sup> In one online survey conducted in 2021, over half of women who used public transportation reported experiencing sexual harassment, while another study found that only 9% of urban Indian women feel safe in public transport.<sup>21</sup>

While demand side constraints are many, several **supply side factors related to job availability play a significant role** in India. An extensive body of research points to **declining job opportunities** for women as the key driver of falling women’s LFP. Chand and Srivastava (2014) see declining agricultural employment and a **lack of non-agricultural jobs in rural areas** as the key problem. Whilst rural women moved out of agricultural employment, there was no commensurate

<sup>16</sup> Lei Lei, Sonalde Desai & Reeve Vanneman (2019) The Impact of Transportation Infrastructure on Women's Employment in India, *Feminist Economics*, 25:4, 94-125, DOI: [10.1080/13545701.2019.1655162](https://doi.org/10.1080/13545701.2019.1655162)

<sup>17</sup> Note that the study finds the increase in non-farm employment via an increased inflow of urban jobs in rural areas and greater exchange of information instead of migration/increased mobility.

<sup>18</sup> The paper finds mobility being positively correlated with employment outcomes, using NFHS-4 data (Mehta, V., & Sai, H. (2021). *Freedom of Movement: Studying Women’s Mobility in North India*, S77–S114. <https://doi.org/10.1177/2455747121102256>)

<sup>19</sup> The paper finds increased enrollment and reduced absenteeism rates as a result of giving cycles to girls to commute to school (Karthik Muralidharan & Nishith Prakash, 2013. "Cycling to School: Increasing Secondary School Enrollment for Girls in India," NBER Working Papers 19305, National Bureau of Economic Research, Inc.)

<sup>20</sup> Sudarshan, R.M. and Bhattacharya, S. (2009), "[Through the magnifying glass: Women’s work and labour force participation in urban Delhi](#)", *Economic and Political Weekly*, Vol. 44, No. 48, pp. 59-66.

<sup>21</sup> OLA Mobility Institute research

increase in their employment in non-agricultural jobs.<sup>22</sup> Chatterjee et al. (2015) also point to the collapse in farming jobs without the emergence of other opportunities considered suitable for women. They show that the decline in women's LFP in rural compared to urban areas is entirely explained by differences in the local employment structure.<sup>23</sup> Simulations suggest that changes in employment account for over half of the decline in women's LFP between 2004-05 and 2011-12. Mehrotra and Sinha (2017) posit that this is partly driven by the mechanization of agriculture, as women were more likely to perform manual jobs in the agricultural sector.<sup>24</sup> The fall in household-level animal farming further contributed to the decline. Sorsa et al. (2015) find that a **wider gender wage gap is associated with lower women's LFP**, as with large wage differentials it makes economic sense for men to take up employment and women to stay at home. They also find that access to the Mahatma Gandhi National Rural Employment Guarantee Scheme (which guarantees equal pay for men and women) increases women's LFP, which further supports the view that the **availability of adequate wages plays a vital role in women's work participation**.

In terms of factors which enable **retention of young women** in the workforce, research on DDUGKY<sup>25</sup> skills trainees who received job placements found that trainees that received some of the following seven different types of migration support - **assistance finding an accommodation, opening a bank account, setting up an account to receive government benefits, getting a phone number or SIM card, finding food and medical help, and directions on using public transportation** - had longer tenures in their placements. Estimates suggest that for each additional type of migration support provided, retention increases by 0.6 months and, importantly, the benefits of migration support are reaped by both genders.<sup>26</sup>

### *The Udaiti Foundation's Research Agenda in this Domain*

The Udaiti Foundation is embarking on a series of deep-dive research initiatives to better understand the enablers of women's entry and retention into the workforce, as well as women's job and industry preferences. Through these research projects, we hope to generate policy insights which enable firms, and governments, to make decisions which encourage more women to join, and remain, in the workforce.

#### **1. Partnership with Development Intelligence Unit (DIU):**

The DiU maintains a longitudinal panel of about 20K rural and urban locations (with rotating households) on themes central to development and policy narrative. The series delivers data-driven content and advanced analytics with supplemental discussion and conversation series with thought leaders every month. Udaiti is partnering with DIU to carry out the first round of survey on gender differences in work preferences.

Timeframe: July - September 2023

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<sup>22</sup> Chand, Ramesh and SK Srivastava (2014), "[Changes in the Rural Labour Market and Their Implications for Agriculture](#)", Economic and Political Weekly, 49(10):47-54.

<sup>23</sup> Chatterjee, U, R Murgai and M Rama (2015), '[Job opportunities along the rural-urban gradation and female labour force participation in India](#)', World Bank Policy Research Working Paper No. 7412.

<sup>24</sup> Mehrotra, Santosh and Sharmistha Sinha. 2017, [Explaining India's low and falling female employment in a period of high growth](#), Economic and Political Weekly, Vol. 52, Issue No. 39, 30 Sep, 2017

<sup>25</sup> Deen Dayal Upadhyaya Grameen Kaushalya Yojana is a Government of India youth employment scheme focusing on rural young people between the ages of 15 and 35 belonging to poorer households.

<sup>26</sup> Prillaman, S et al. 2017. [What Constrains Young Indian Women's Labor Force Participation? Evidence from a Survey of Vocational Trainees](#). EPoD Harvard.

## 2. Migrant Women Workers Surveys & Analytics in the Workforce with PRADAN & Stanford:

- (a) Under its Second Chance Initiative, Pradan has placed 500 young women migrant workers from Odisha & Bihar in factories across Tamil Nadu & Karnataka. We plan to carry out phone surveys to understand migrant workers' self perceptions of work, factors which enabled their migration, and their retention in jobs.<sup>27</sup>
- (b) Under this program, PRADAN is working with job platforms, labour sourcing agents, and ITIs. They have an onboarding, orientation, and preparatory phase with women ready to enter the workforce. We will add indicators/ shape the MIS to create relevant metrics around entry barriers, enablers, factors supporting work/ propensity for migration, etc. We expect this to cover waves of youth enrolled in the program  
 Timeframe: November '23 - January '24

## 3. How do we keep India's working women in the labor force and transition women's work from jobs to careers? (Research project w/ Stanford and one of India's leading staffing platforms)

Clearly, recruiting women to enter the labor force is not enough to sustainably increase India's national labor force participation rates; some focus must be placed on the **retention** of female workers who have already overcome the barriers of labor market entry. For migrant women workers, this challenge is particularly salient: They have already surmounted the sizable hurdles to labor migration and yet struggle to stay employed for more than a year. This project is motivated by findings from surveys with recently employed vocational trainees: the **provision of post-migration support** was a large and positive correlate of job retention, suggesting that challenges associated with labor migration can be mitigated through structural interventions.

Our preliminary interviews with employers suggest that many want to hire and retain women, but lack even basic information on their own performance in this domain. For example, an interview with one of the fastest growing EV-scooter companies in India revealed that they suspected women had higher work absenteeism, potentially because of insufficient access to healthcare services, but they had no ready metrics on their own absenteeism rates or a way to develop dipstick diagnostics-and-solve strategies. Through this research with Stanford and Qness Corp, we hope to provide employers with relevant insights to make the hiring and retention of women employees smoother.

We plan a two-stage research agenda to understand the constraints to women's labor retention and test and evaluate mitigation strategies. We are partnering with one of India's leading business service provider, to evaluate how the use of human capital management (HCM) information can better accommodate the needs of women workers. In the first stage of the research agenda, we will analyze large-scale administrative data to understand:

- (a) gendered patterns of labor demand by companies,
- (b) gendered patterns of labor supply and sectoral placement, and

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<sup>27</sup> Areas of enquiry in this survey include:

- Profiles of the women by demography, family structure, sibling comp, education etc.
- Summary stats of length of tenure in the workforce and in current jobs
- How do migrant women envision their long-run employment trajectory, including upward mobility?
- Self-perceptions of value of work, migration, gender norms etc – attitude/beliefs survey
- Feedback/ perceptions of workplace / company practices
- What are the enablers for young women migrating for work? (housing, social security, safety infrastructure, etc)
- Enablers for young women remaining in jobs – deepen longer duration worker profiles
- If possible connect w/ 5% workers parents through Pradan

(c) gendered labor trajectories.

Such data, representing the job platforms' substantial matched workforce for whom they continue to maintain payroll information, will enable us to understand where women are falling out of the labor force and how women's attrition varies across industries, pay levels, benefit provision, and other labor conditions. We will pair this quantitative data analysis with a sample of semi-structured qualitative interviews to enrich our understanding of women workers' experiences in the labor force, enablers of entry and retention at different duration intervals, working with women currently in the workforce, to see if different things matter, and their prospects for upward mobility. Additionally, we will generate designs/ cost options to inform employers about what else they should be investing in.