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Social Norms and Women's Labor Force Participation: Evidence from Pakistan

Summary of doctoral dissertation

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Many studies have recognized significant economic gains from women's ability to fully utilize their labor market potential. The most crucial potential progress at the macro level is the prospect of higher economic growth because of higher productivity as women join the labor market, which reduces poverty. Women's labor force participation (LFP) enhances the quality of life and provides additional sources to earn livelihoods. Besides this, it serves as an essential driver and outcome of economic growth and promotes human resource development. At the micro-level, many studies show that participation in the labor market enhances opportunities for the current and future generations. Against this background, United Nations reports document that female labor force participation hovers close 25% in South Asia, North Africa, and West. In the background studies, United Nations argues that the major obstacles for women to engage in the labor markets are related to socio-cultural norms and household responsibilities. This line of argumentation is based both on theoretical premises and on empirical evidence.

The thesis identifies underlying bi-directional causal mechanisms that link equitable gender role beliefs (EGRB), operationalized as social norms affirmative of women's empowerment, with women's labor force participation by utilizing microdata from Pakistan. My purpose in this thesis is to verify empirical support for both these directions for the case of Pakistan. The research objective of this thesis is to establish and identify underlying causal mechanisms that link equitable gender role beliefs and women's labor force participation. The specific objectives of this research are as follows:

- To examine the causal effect of equitable gender role beliefs on women's LFP
- To investigate the causal impact of women's LFP on equitable gender role beliefs

This research operationalizes equitable gender role beliefs as social norms affirmative of women's empowerment. Accordingly, following empirical hypotheses are formulated.

H1: More equitable gender role beliefs cause an increase in LFP among women.

H2: LFP among women causes gender role beliefs to become more equitable.

These two hypotheses are addressed in two independent empirical studies, each with its own, independent identification strategy. Given the formulation of these two hypotheses, four potential outcomes are possible. If we find evidence corroborating both hypotheses, we will prove that correlations are biased estimators of the relationship, and reverse causality invalidates most correlational studies on women's LFP and equitability of gender role beliefs in Pakistan in the period covered by my studies. However, if the data reject either of the hypotheses, the reverse causality circle would be broken, and correlations could be informative of the underlying links between social norms and FLFP. Finally, suppose we find no support for both hypotheses. In that case, our research can serve as evidence that better data and more robust identification strategies are needed before mechanisms relating to EGRB and women's LFP are uncovered.

There are two independent empirical studies. The first study uses neoclassical labor supply and modernization theories to investigate the hypothesis that more EGRB cause an increase in LFP among women. This hypothesis is addressed by utilizing the Instrumental Variable (IV) method on four rounds of the Pakistan Social and Living Standard Measurement (PSLM) survey. The causal identification comes from exogenous variation in climate changes, which are obtained from emergency weather events database (EM-DAT). This study exploits district-level exogenous variation in gender ratio due to exposure to extreme weather events. IV results suggest that more exposure to extreme weather events result in a higher gender ratio, and thus make the prevailing strict social norms undesirable, eventually women's LFP is increased. The findings from the study imply the need to design and deliver policies aimed at the gender dimension of climate-induced migration. Moreover, since women tend to work more in the labor force after the adverse climate shock, there should be a strategy that reduces women's vulnerability, such as easy access to financial recovery facilities.

The second study uses the gender stratification theory to investigate the hypothesis that higher LFP among women causes gender role beliefs to become more equitable. This study exploits a quasi-natural experiment from Benazir Income Support Program (BISP) implemented in Pakistan to address this hypothesis. BISP is an unconditional cash transfer program for women and eligibility for which is based on exogenously determined poverty score. The study investigates the hypothesis by utilizing the Random Effect Instrumental Variables (REIV) method on four rounds of BISP survey. The replicated poverty score and official treatment status of women are used as instruments to determine exogenous variation in women's LFP. The research also constructs a specific measure of gender role beliefs from both husbands' and



wives' gender norms. We construct measures the 'coincidence' and 'conflict' of gender role perceptions between husband and wife in a household. The results suggest that women's participation in the labor market causes their gender norms to be different from their husbands, thereby bringing in the transformation of gender norms within the household leading us to confirm the gender stratification theory.

Overall, the results from both the studies confirm the presence of bi-directional causality between equitable gender role beliefs and women's LFP in Pakistan, suggesting a feedback loop and virtuous cycle between these two processes. The thesis also offers insights into self-reporting bias gender norm surveys, as well as implications for policy tools needed to ameliorate social stigma associated with women's labor force participation in countries with inequitable gender role beliefs.