

Gender and Development: the Role of Female Leadership

Anders Olofsgård and Evelina Bonnier, SITE

June 2014

This policy brief reports on a discussion of the role of female leadership in development held during a full day conference at the Stockholm School of Economics on June 16, 2014. The event was organized jointly by the Stockholm Institute of Transition Economics (SITE) and the Swedish Ministry for Foreign Affairs, and was the fourth installment of Development Day – a yearly development policy conference. It is well known that women fall behind men on many markers of welfare and life opportunities, both in developed and developing countries. For most indicators, though, such as education and labor force participation, both the absolute and relative position of women tend to improve with economic development. However, in some areas the beneficiary effect of raising incomes is less clear. Access to leadership positions and decision-making roles are examples of such areas. To discuss this question, the conference brought together a distinguished and experienced group of policy oriented scholars and practitioners from government agencies, international organizations, civil society and the business community.

Gender equality and the empowerment of women is one of the eight goals of the United Nations Millennium Declaration. One commonly used measure of progress in this area is the proportion of seats held by women in national parliaments. As of 2013, this proportion was 21.2 percent, and only 34 countries – of which 18 were developing countries – had met the United Nations 1990 target of 30 percent or more in national legislative seats.

The participation of women in all levels of decision-making is by the UN considered a basic human right and a key condition for women's empowerment, and there is now increasing support for making gender equality a stand-alone goal for the post-2015 development framework. However, in her opening remarks the Swedish Minister for International Development Cooperation, **Hillevi Engström**, pointed out that gender equality is not only a

basic right, it is also smart economics. In fact, citing a recent IMF report, she brought up that if women and men have the same opportunities on the labor market, GDP is estimated to increase by as much as 10 percent in Sweden, 9 percent in Japan, and 34 percent in Egypt (Women, Work and the Economy: Macroeconomic Gains from Gender Equity, IMF, 2013).

The key constraints to women empowerment are of course context specific, but there are also some common global themes. A broad overview of both the commonalities and the variation was given by **Jeni Klugman**, Director of Gender and Development at the World Bank Group, as she presented the main messages of a recently released report on 'Voice and Agency: Empowering Women and Girls for Shared Prosperity' (2014). Using Demographic and Health Survey (DHS) data from 54 countries over the period 2001-2012 the report argues

that women often experience one or several deprivations and constraints in their ability to make decisions about their own life. For example, 42 percent of women lack control over household resources, 51 percent are married before the age of 18, and 43 percent condones wife beating. The situation differs significantly across countries, though, with one of the worst cases being Niger, where 99 (45) percent of women suffer at least one (all three) of the above mentioned deprivations.

A slimmer of hope was given from linking lack of agency to education. Klugman showed how women with no more than primary education are much more likely to suffer from a lack of agency than women with secondary education or more. The current progress in female education may thus not be a silver bullet, but it is the closest we currently have.

A recurring theme throughout the conference was the role of on the one hand laws and regulations, and on the other, social norms and culture. An example that was highlighted by both Minister Engström and Jeni Klugman is that for one third of women in the world, there is no place less safe than the home. Even though more countries today recognize domestic violence as a crime, much more needs to be done. Upon a question of whether simply changing the law is enough, Klugman argued that it most likely is not, but that it serves as a good starting point. Suggestive evidence on this is presented in the report, and shows that the longer a country has had legislation against domestic violence in place, the lower the tolerance of this crime tends to be. Even though a clear direction of causality is difficult to determine, examples like this one suggests that changes to laws also can foster changes to social norms and attitudes.

A key policy lever for increasing women's representation among decision-makers is quotas or affirmative action policies. Today, more than 100 countries have implemented some sort of gender quotas in political elections, and these policies have proved to be effective in increasing the representation of women in politics. **Rohini Pande**, Professor at

the Kennedy School at Harvard University, argued that higher female participation in politics tends to change not only how public resources are allocated, but also attitudes towards women in leadership positions. More specifically, Pande's research shows that Indian villages which had seen longer periods of gender quotas were more tolerant of female leaders and saw a higher probability of electing a women to political office, even in the years after removing the gender quotas.

However, while there have been some overall gains in the number of women in leadership positions in politics and business, women still tend to be primarily represented in the lower ranks and tend to specialize in 'female' issues and sectors. In terms of women's ability and opportunities to transition to leadership positions, the situation looks pretty much the same across the world. As an example, Pande said that in both the United States and India, only 5 percent of the CEOs and board directors are women. She then asked whether gender quotas should be expanded to the private sector, and what impact this could have on firm performance. Turning to previous research, Pande said that there are mixed results. For example, a Catalyst study of the Fortune 500 companies, suggests that having more women serving in corporate boards have a positive impact on financial measures such as return on equity, return on sales, and return on invested capital. However, this study is purely correlational and when looking at more rigorous academic studies, most of them examining data from Norway, they see no difference in performance before and after the introduction of gender quotas.

Some parts of the world fall further behind others on most international indicators of gender equality. This is true for most parts of the Muslim world, even though income levels, and historical circumstances vary quite substantially within this group of countries. Understanding drivers of change in such a challenging context may be particularly important. In this context, **Valentine M. Moghadam**, Professor at Northeastern

University, discussed the complex question of political transitions and gender equality. In particular, what role can democratization play in strengthening the role of women in countries previously under autocratic regimes? In presenting some conclusions from her research on what became known as the Arab Spring, Moghadam emphasized in particular three factors that were critical for how well the women's movements have done; the country's pre-existing gender norms, the degree of female mobilization in the transition process, and international linkages through media and international advocacy. In particular, she said that liberal cultural norms are crucial for enhancing a women friendly democratic transition.

Another potential lever for gender equality in challenging environments are foreign aid financed projects with explicit gender components. **Andrew Beath**, the World Bank, reported on an aid financed field experiment in Afghanistan, where some villages had been randomly selected into a program that among other things mandated female participation into local public decision making. Despite the challenging context, an impact evaluation showed several positive effects, such as for instance increased female mobility, higher female school attendance, and increased female voter turnout. It should be said, though, that differences between treatment and control villages, also when statistically significant, were generally quite small in size.

The case of Turkey is different, a Muslim country with an explicit secular state but a recent political shift towards a moderate form of Islamism. What does this mean for female empowerment, and through what channels is it likely to operate? **Erik Meyersson**, Assistant Professor at SITE and Stockholm School of Economics, argued, based on some recent research of his, that some perhaps surprising positive effects can occur because the election of Islamic mayors seem to encourage pious parents to send their daughters to the secular school system to a greater extent. Taken together with another line of his research,

focusing on the effects of increased female schooling, both short-term and long-term effects on female empowerment could be found, such as a reduced gender gap in junior high school completion rates, lower female adolescent marriage rates, and increased female participation in local municipal councils.

Entrepreneurship and Female Leadership in the Business Community: Opportunities and Challenges

In the day's first panel, focus lie on women in the business sector. **Ina Ganguli**, Assistant Professor at SITE and Stockholm School of Economics, opened up by giving a brief background on what current research says about the subject. The starting point was that empowerment often starts with economic independence. Equal opportunities to work for income and the possibility to realize business ideas are important steps towards achieving gender equality in a society. However, while progress has been made in terms of reversing the gender gap in school enrollment, Ganguli pointed out that women are still less likely to work in the formal labor market, they earn less than men, and are much less likely to hold management positions. She also said that women have lower access to formal financial instruments and that their primary source of funding are other family members. Ganguli argued that this could be some of the reasons why we see fewer female than male entrepreneurs, but also highlighted that research has also brought up other explanations such as women being more risk averse, less competitive, and less likely to initiate career-related negotiations.

Sofia Falk, CEO of Wiminvest, talked about her experience of working with major Swedish companies on how to promote female leadership in the business sector. She stressed that women often feel that they cannot use their full potential and talent in the private sector. To deal with gender inequality, corporate

managements often implement a gender equality policy, female networks, or mentorship programs. However, Falk suggested that instead of this – which often involves simply talking about why women do not progress to the top – the management should ask the women in their companies what it would take for them to climb to the top. To motivate more women to aspire for top positions, Falk suggested that perhaps the incentive structure needs to be changed – women may rather than a new car, want help with domestic chores or an extra assistant at work. She also stressed that companies should set realistic goals and that it is important that the management then follows up on how they are doing in terms of meeting these targets.

Charlotte Petri-Gornitzka, General Director at Sida, emphasized that gender equality is one of three priority goals of Swedish development aid, and that women and girls are specific targets in all of Sida's development programs. Sweden and the other Scandinavian development aid agencies play an important role in the donor community through their strong promotion of gender equality. However, **Petri-Gornitzka** said that Sida can and need to cooperate more with international corporations and that it is important that international corporations also include aspects such as gender equality, job creation, and sustainability in their business models when operating in the developing world.

Martina Viarengo, Assistant Professor at the Graduate Institute Geneva and member of the World Economic Forum's Global Agenda Council on Women's Empowerment, stressed that career dynamics are important explanations to why fewer women make it to the top and why the career trajectory looks very different across sectors. Recent work by Ganguli and Viarengo together with Ricardo Hausman on gender differences in the legal sector, show that the gender gap widens as you climb the ladder, even if equality is found at the entry position. Moreover, while they do not find a gender difference in the number of women versus men leaving the legal sector, they find that women

tend to leave for family reasons whereas men leave for career advancement.

Norms and Laws: Is Change Fast or Slow?

In the second and final panel of the day, emphasize lie on the relative roles of laws and regulations on the one hand, and social norms and culture on the other. **Raquel Fernandez**, Professor at New York University, opened the discussion by defining norms as a system of beliefs and saying that their change is therefore endogenous to the surrounding environment, as cultural norms do not exist in a vacuum. Fernandez's research on female labor force participation in the US, has showed that the cultural beliefs of parents of second-generation immigrants are important determinants of how much these women choose to work, but there is evidence of convergence in cultural beliefs when these women are exposed to the same environment.

For many cultural beliefs there are social sanctions, both psychological and physical, making change harder to achieve. In these cases, Fernandez argued that it is important to think about incentives. When we cannot learn about what our cultural and social beliefs mean, we are reluctant to change them. On the other hand, when we can – as for example in the case when women through gender quotas prove to do well in leadership positions – we are more willing to reconsider and contest our beliefs, and Fernandez argued that these are the cases when we will see cultural beliefs changing. This suggests that progressive changes to laws and regulations can also speed up the process of change in social norms.

Shazia Rafi, former Secretary-General of Parliamentarian for Global Action, believed gender norms to be steadily changing, but was concerned about the recent reversals in terms of reproductive rights in countries such as Spain and Poland. Rafi also stressed that cultural and social norms do not change overnight and explained that the 1995 Beijing declaration

followed from years of women's movement lobbying.

Laxman Belbase, Save the Children and MenEngage, emphasized the need of including men and boys in the work to transform gender norms and said that the patriarchal society we live in today is a structural problem. In order to change the existing norms, it is important to act as early as possible and work to affect the cultural and social norms of young girls and boys.

Shareen Joshi, Assistant Professor at Georgetown University, emphasized that measuring the full effect of development programs on gender norms often requires a more long-term perspective. As an example, she mentioned a maternal contraceptive program where the short-term effect was only demographic with increased birth spacing and thereby reduced fertility, it was not until 20 years after the intervention that they also found effects on economic indicators such as increased labor force participation and use of precautionary savings. She also pointed out that most development program lead to unintended outcomes and that it is important to think carefully about the incentive structure of different development programs before their implementation. In relation to this, Rohini Pande commented that conditional cash transfer programs (where aid is tied to for example school attendance or doctor's appointments) can have the unintended consequence of reducing the mothers' attachment to the labor market by reinforcing the role of women as primarily mothers.

political participation and leadership in the public sector. During this event ample evidence was given of how far women still are from equality when it comes to leadership positions, but there were also examples given of the positive effects of progressive legislation, and how social norms can change for the better, sometimes faster than we may expect. In particular, evidence seems to suggest that perceptions of female leaders change for the better in environments being exposed to female leadership, suggesting that legislative quotas and similar measures can be self-sustainable and may be important to speed up an otherwise often painfully slow process.

▪

Conclusion

Increased incomes, globalization and urbanization have led to changing societal needs, social norms and opportunities for women. Gaps in access to education have been diminishing, but women still lag behind in most areas related to labor force participation, employment, remuneration, and career advancement in the private sector, and in

Anders Olofsgård

Stockholm Institute of
Transition Economics (SITE)

Anders.Olofsgard@hhs.se
<http://www.hhs.se/site>



Anders Olofsgård is currently Deputy Director at Stockholm Institute of Transition Economics (SITE), and Associate Professor at Stockholm School of Economics. Before that he was Associate Professor at the Edmund A. Walsh School of Foreign Service, Georgetown University. He earned his Ph.D. in Economics from the Institute for International Economic Studies (IIES), at Stockholm University, in 2001.

Olofsgård's primary research areas are political economy, development and applied microeconomics, and he has published widely in both economics and political science journals. He has also been a visiting scholar at the research department of the IMF, and done work for among others the World Bank, USAID and the Swedish Parliament.

Evelina Bonnier

Stockholm Institute of
Transition Economics (SITE)

Evelina.Bonnier@hhs.se
<http://www.hhs.se/site>



Evelina Bonnier is a Ph.D. candidate at Stockholm School of Economics and has worked as a research assistant at Stockholm Institute of Transition Economics (SITE) since 2010. She has a M.A in Economics from Stockholm University. Her research interests lie primarily in development economics and applied microeconometrics.