

**Social norms, personality traits and women’s decision to participate in the labor force:
Evidence from a high-quality survey in Sri Lanka**

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Extended abstract

Among developing regions, South Asia has one of the lowest rates of female labor force participation (28 percent), only marginally higher than the Middle East and North Africa region (22 percent). Even controlling for key factors known to be associated with female labor force participation (e.g. GDP, fertility, urbanization, female education), South Asia stands out as having a level of female labor force participation that is lower than what would be predicted by cross-country regressions (Chaudhary and Verick 2014; Gaddis and Klasen 2014).

The ‘puzzle’ of low female labor force participation in South Asia has received considerable academic attention over the past years. Much of this research has focused on India, where women’s participation in the labor force has declined even further over the past 15 years, despite sustained economic growth. Several studies (e.g. Klasen and Pieters 2015; Mehrotra and Parida 2017; Andres et al. 2017; Sarkar, Sahoo and Klasen 2019; Kapsos, Silberman and Bourmpoula 2014; Eswaran et al. 2013; Dean and Jayachandran 2019) highlight the role of social norms that stigmatize women’s work outside the home, combined with economic forces (especially rising income of male household members due to economic growth, which exerts a negative income effect on women’s labor supply). In Sri Lanka, unlike in India, female labor force participation has stayed constant over the past decade (with a female labor force participation rate between 36 and 39 percent, according to ILO data). However, this apparent stability at a low level, which occurred against the backdrop of significant economic and social development since the end of conflict in 2009 and a fertility rate that is close to replacement levels, constitutes its own puzzle (Gunewardena 2015; Seneviratne 2019).

While the existing research emphasizes the role of social, cultural and religious norms as constraints to women’s labor force participation in South Asia, only a few studies have been able to directly measure such norms. This paper exploits a unique dataset from Sri Lanka that collected detailed individual-level data on labor market participation (i.e. employment, unemployment and underemployment) alongside attitudes about gender norms and non-cognitive personality traits. The data, which were collected between March/April (wave 1) and September/October 2019 (wave 2) are representative of three Sri Lankan districts – Galle, Kurunegala and Anuradhapura – and cover approximately 980 housing units spread across 98 census blocks. Our main research question is if women’s participation in the labor force is associated with gender-biased attitudes – as expressed either by themselves and/or other family

members.¹ In addition, the paper will explore whether this relationship is mediated by (non-cognitive) personality traits, such as locus of control, competitiveness, optimism, power motivation, etc.² Research in social psychology shows that personality can moderate the impact of social norms on behaviors (e.g. Geeraert et al. 2019), while studies in economics have shown that non-cognitive skills/personality traits affect labor market behavior and success (Mueller and Plug 2006; Blanden et al. 2007; Rubinstein and Heckman 2001; Heckman, Stixrud, and Urzua, 2006; Cunha and Heckman 2010; Heineck and Anger 2010; McGee and McGee 2016; Caliendo, Cobb-Clark and Uhlendorf 2015; Borghans et al. 2008; Almund et al. 2011; Bowles, Gintis and Osborne 2001a and 2001b) and are important to understanding gender differences in the labor market (Gunewardena, King and Valerio 2018).

A potential concern in using household survey data to study female labor force participation is that standard survey instruments may undercount women's work. Sudharshan and Bhattacharya (2008), for example, show that India's National Sample Survey underestimates female labor force participation in Delhi relative to a specialized survey that probes extensively about women's engagement in all forms of work and uses female enumerators. The data that we have at our disposal for Sri Lanka are, however, less likely to suffer from this type of measurement bias. This is because the multi-topic survey used in this paper was designed as part of a methodological study to improve measurement of women's work and benefitted from extensive testing against a full-scale labor force survey (administered by the International Labour Organization to a different random sample of households in the same census blocks).³ After the first wave of data collection, the multi-topic survey instrument was substantively revised to ensure better capture of women's engagement in casual work, especially their involvement in family businesses. The data on women's labor market participation used in this paper, which were collected during the second wave, are therefore thought to be of significantly higher quality than similar data from most other multi-topic household surveys. Moreover, the data used in this paper allow us to apply two concepts of labor force participation – based on the 2013 labor statistics standards (which govern the current definition of the labor force, see ILO 2013) and based on the 1982 labor statistics standards (which are still being used by most academic studies) and to gauge whether the new labor statistics standards change our understanding of the factors associated with female labor force participation.

¹ In developing countries, decisions around women's labor force participation are often made jointly and typically modelled with the household as the decision-making entity (Bardhan and Udry 1999). Sudharshan and Bhattacharya (2008), using data from Delhi, show that most non-working women had to consult with other family members before starting to work. Afridi et al. 2019 model women's labor supply as the outcome of a model of couples' time allocation decisions. Dessing (2002) and Bardhan (1979) note that women's labor force participation can be a residual decision, made in response to the labor allocation of others in the household.

² To measure personality traits, the study fielded the entrepreneurial psychology survey questionnaire used, for example, by de Mel, McKenzie and Woodruff (2010), Frese et al. (2015) and Ali, Bowen and Deininger (2017).

³ The first wave of data collection in Galle, Kurunegala and Anuradhapura showed a female labor force participation (FLFP) rate of 39.3 percent, which was significantly lower than the full-scale labor force survey estimate of 46.4 percent. After major revisions to the multi-topic household survey questionnaire (i.e. to include additional questions for helpers in family business, recovery questions for small/casual activities, etc.) measured FLFP increased to 44.3 percent in wave 2, which is much closer to the corresponding labor force survey estimate of 45.9 percent.

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