

Work(ing) for Women: Can Entitlement Reform Address Social Constraints to Labor Force Participation?

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Extended Abstract

Despite rapid growth in economic opportunities, female labor force participation has failed to increase in many emerging economies, and India is a particularly stark negative outlier. Yet survey evidence shows significant latent demand for work among Indian women. These latent workers may be discouraged by household or community members with negative views of female work and policies that inadvertently limit women's control over potential income. Can public workfare programs encourage entry of women into the broader labor market? We provide the first experimental evidence on how encouraging female labor force participation via government employment schemes can increase women's willingness to work for pay even outside of the program. To create exogenous variation in women's control over their own workfare wages, we vary experimentally whether women receive their wage payments via electronic transfer directly into their bank accounts and whether they are trained to use last mile banking services. The combination of treatments leads to greater access to the banking system, channels significantly more workfare income directly to women, and, most importantly, increases women's participation in the private-sector labor market. We also find that enhanced control of wage payments increases female economic engagement and mobility, which suggests an increase in female bargaining power. However, wage rates are unaffected. These results are at odds with a simple model of collective household decision-making in which labor force participation decisions are based solely on wages and own-preference for leisure. Instead, they are consistent with a model in which women face "social constraints" to labor market engagement in the form of preferences of their husbands or their peers.