

Labor Supply Complementarities in Urban Côte d'Ivoire

How the Ability to Commute Together Can Boost Women's Employment

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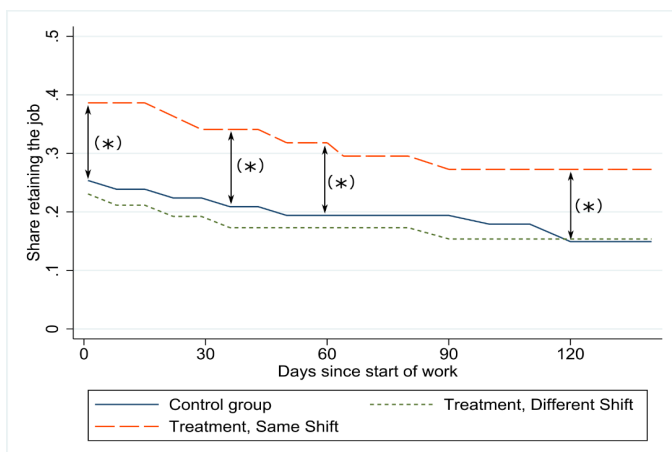


Hiring job seekers alongside network members
—when they can commute together—
can improve women's employment outcomes.

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Topic at a Glance

In lower-income countries, women tend to have lower labor supply and are more likely to work in informal jobs compared to men. To address this issue, it is not enough to simply improve women's access to formal wage employment, since this type of employment is often characterized by low take-up and high turnover rates—perhaps because wage jobs are less easily coordinated within social networks. Our project examines whether social networks—and in particular, the ability to commute together—can improve these employment outcomes. In two field experiments in urban Côte d'Ivoire, we offered jobs to prospective workers, varying whether their network members would also receive a job, and whether this job would allow them to work and commute together. Both jobs paid roughly twice the amount focal workers were earning at baseline. Our experimental design, supplemented by additional heterogeneity and network analysis as well as qualitative work, allows us to pinpoint the primary mechanism behind these effects and to identify any gender differences.



Caption: Take-up and retention of a factory job offer, depending on whether network members are (i) not made an offer, (ii) made an offer to work a different shift, or (iii) made an offer to work the same shift.

New Insights

- The likelihood of job seekers accepting and holding onto a job is increased when they are hired alongside their network members.
- Take-up of 163 long-term factory jobs offered by our first partner company (72% of them to women) increases from 25% to 41% when network members are assigned to the same shift as the job seeker. The effects translate into increased retention: the share of job seekers at the factory remains 10-18 percentage points higher up to four months later.
- Similar effects are found with our second partner company: take-up of 873 short-term service jobs (37% of them offered to female job seekers) increases from 34% to 41% when the job entails working together at the same worksite.
- The ability to commute together is the primary driver of our observed effects. For factory jobs, the effects of being assigned to the same shift as network members are driven by workers with long commutes, rather than from job seekers who live close to the factory. We confirm the role of commuting in the sales experiment by randomly varying commuting time. Take-up effects are stronger for job seekers with randomly-induced longer commutes, but only when assigned to work at the same worksite as their network members. Job seekers with below-median commuting time have virtually no response. Moreover, when examining the employment patterns of 760 factory workers outside our experiment, their attendance and turnover can be predicted by the attendance and quits of the factory workers with whom they commute to work. We can rule out that correlated shocks explain these effects.
- We find no reduction in productivity as a result of being hired alongside network members. We estimate that firms would need to increase the offered wage by 13-20% to increase job take-up by the same magnitude exhibited when network members work together.

- The finding that job seekers are much more likely to accept a job if they are hired together with network members and can com-

mute together holds for both men and women. While women are 8 percentage points less likely to take-up the sales job in the control group (compared to men), the overall treatment effects are not significantly different for male and female job seekers. Thus, being hired together with network members benefited both men and women's employment equally. However, the reasons they report in qualitative interviews for valuing co-commuting differ. In particular, women reported safety as a key benefit.

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Policy Recommendations

- Companies should consider implementing referral-based hiring practices to increase take-up and retention of job offers by women.
- Governments and non-governmental organizations can use our findings to boost women's employment in higher-paying jobs. Women may only accept job opportunities if they know others at the firm with whom they could commute. This could help explain the limited long-term success of existing active labor market intervention. Targeting these interventions to networks (e.g., training job seekers together with their unemployed friends) may make such interventions more effective.
- Making commuting shorter, more pleasant and/or safer are promising avenues for increasing employment in lower-income country cities.

Limitations

First, the findings of our study are context-specific and may not be generalizable to other settings. In urban Côte d'Ivoire, attitudes towards women's employment did not appear to be a significant barrier to their labor force participation. However, in other settings with more conservative gender attitudes, the intervention could have either a bigger or smaller effect. On the one hand, hiring groups of women together could influence gender norms, amplifying the effect of the intervention. On the other hand, gender attitudes could be too strong a barrier for women to take up the job offer in the first place, limiting impacts. Second, our study has a relatively small sample size, which limits the precision of some of our estimates. Third, we only examine network members within the same firm and consider job seekers' work decisions in that firm. Future research is needed to test whether our results hold in the case of job seekers hired in the same geographic area by different employers.