G²LM|LIC
Gender, Growth, and Labour Markets in Low Income Countries Programme

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Where Do Women Work? Public Sector Employment, Gender, and Development

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Worldwide, women gain public sector jobs as economies grow. In SSA, they are locked in self-employment instead.

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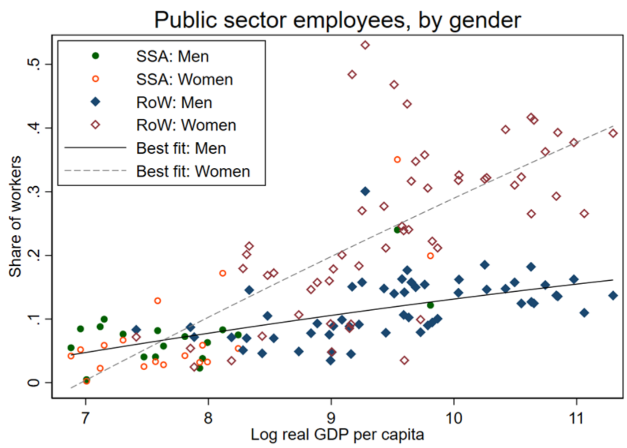
Topic at a Glance

As countries develop, workers move out of self-employment and subsistence farming into wage jobs. Around the world, women increasingly benefit from this shift by moving disproportionately into public sector employment, which typically pays them higher wages relative to men than private jobs do. Sub-Saharan Africa is a striking exception: self-employment remains stubbornly high even in richer, more urbanised countries, and women (and especially married women) are more likely to end up in self-employment than men. Moreover, unlike in the rest of the world, SSA's women remain under-represented, not over-represented, in public employment relative to men. Using detailed microdata, we consider gender differences in labour market participation, urbanisation, educational attainment, and earnings to explain these patterns and what they mean for policy.



Women choose to work in the public sector over the private sector in the vast majority of middle- to high-income countries. Instead, SSA's women are under-represented relative to men.

New Insights

Employment in developing countries looks fundamentally different from employment in advanced economies. In poor economies, most workers are self-employed or work, often unpaid, on a household farm or family enterprise; as economies develop, workers move into wage employment. This transformation is far from uniform across today's developing world, with Sub-Saharan Africa (SSA) being a clear outlier where subsistence self-employment remains stubbornly high even as incomes rise. Understanding who is left behind by this transformation, and why, is central to understanding both aggregate development and the persistence of labour market inequality across and within countries.

Gender is one of the sharpest dimensions along which this structural transformation is incomplete. A large literature has studied women's labour force participation and its relationship with development. Relatively less is known about how men and women are selected across the different types of employment - self-employment, private wage work, and public sector, and how that selection evolves with development. This distinction matters because the three types of employment differ greatly in job security, pay, and working conditions they offer. A growing body of evidence suggests that the public sector plays a distinctive role in shaping gender gaps in high-income countries, in particular, by paying women better wages than the private sector does. Whether this same mechanism operates in the world's poorest labour markets, where public employment is small and self-employment dominates, is an open question.

Our project addresses this question by documenting how the selection of men and women into self-employment, private employment, and public employment varies systematically across the development spectrum, and by using this global benchmark to understand why Sub-Saharan Africa's labour markets stand out. To do so, we combine cross-country data from the Jobs of the World Database with harmonised household microdata from 18 Sub-Saharan African and 15 Latin American and Caribbean countries. Our project offers the following insights:

- Consistent with the structural transformation literature, self-employment (including unpaid work) falls sharply with GDP per capita worldwide, while private and, to a lesser extent, public sector employment expand. In Sub-Saharan Africa, self-employment remains high even among the region's richest and most urbanised economies. Women, and married women even more so, are more likely to end up in subsistence self-employment and unpaid family work than men do.

- Across the world, women's probability of self-employment falls with income, the resulting gains in wage employment accrue specifically to the public sector rather than the private sector. That is, the gender employment gap in the private sector remains remarkably stable with development, while women become increasingly over-represented in the public sector relative to men as income grows. In SSA, however, women fail to enter the public sector at the same rate as in other regions of the world.

- Sub-Saharan Africa is a striking exception to this pattern. Why are women in SSA under-represented in the public sector? Low female labour force participation is not the explanation. Women in the region work at rates comparable to high-income countries, yet higher relative participation is linked to more self-employment, not less.

- Women are considerably less educated than men in SSA, and the public sector hires disproportionately educated workers, thus helping explain limited access.

- The gap between men and women in Sub-Saharan Africa's labour markets is driven less by how women fare once they reach wage work, and more by how few of them get there in the first place. Among those who reach wage work, the gender pay gap is smaller in the public sector than the private sector, and women earn a larger public sector wage premium than men do.

Taken together, our findings suggest that once self-employment is set aside, women who reach wage employment are, like women elsewhere, more likely to work in the public sector than men. The core barrier is not unequal treatment within the public sector, but the much larger obstacle of escaping self-employment altogether.

Policy Recommendations

Because the public sector already treats the women who reach it relatively well, policy should focus on helping more women make the transition out of self-employment into wage work at all.

- Expand girls' and women's access to education, especially secondary education, the clearest lever connecting women to better-paid, better-protected jobs.

- Invest in childcare and other support that reduces women's reliance on subsistence self-employment out of necessity, particularly for the least educated.

- Support broader structural change, including productivity growth and trade openness, both linked to better employment conditions for women in the region.

- Recognise that improving pay equity within the public sector alone has limited impact on regional gender gaps unless paired with policies drawing women into wage work in the first place.

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Limitations

Our cross-country patterns rely on survey and census data harmonised across different national contexts and years, which may not capture the most recent developments. Microdata results, especially on wages, are noisier for countries with small formal sectors and correspondingly small samples. Our findings are descriptive: while education, participation, and sectoral selection are strongly and consistently associated, we cannot rule out that unobserved factors, such as social norms or household bargaining, jointly shape these outcomes.

Read more → g2lm-lic.iza.org/projects/fertility/womens-employment-and-family-decisions-in-sub-saharan-africa/

G²LM|LIC is a joint program by IZA and the UK Foreign, Commonwealth & Development Office (FCDO) – improving worldwide know-ledge on labor market issues in low-income countries (LICs) and pro-viding a solid basis for capacity building and development of future labor market policies.

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