

Explaining the Gender Gap in Labor Force Participation in the Philippines

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I. Introduction

The World Economic Forum (WEF) has consistently reported that the Philippines is one of the top-performing countries in closing the gender gap. The Philippines ranked sixth among 115 countries in 2006 and eighth among 149 countries in 2018 in the WEF's Global Gender Report. The country's high ranking is mainly driven by the gender parity in education and the partial closing of the gap in health by 97.9%. However, the WEF also noted that the country still needs to address the gender gap in economic opportunities and political empowerment. While the gender gap in wage equality for similar work and in estimated earned income apparently narrowed, the difference in the labor force participation between men and women has remained fairly the same between 2006 and 2018.

Official labor statistics confirm the significant gender gap in labor force participation. The difference in the labor force participation rate (LFPR) between men and women changed little in the past decade. The lowest gap in the past decade was recorded in 2015 at 27.2% but the gap increased again in the more recent years, reaching 30 percentage points in 2017. This gap is much higher than what is observed in the country's neighboring countries, like Lao People's Democratic Republic, Cambodia, and Vietnam. In response to the persistently low LFPR of women, the government aims to increase the female LFPR to 51.3%, a two-percentage point increase from the baseline of 49.3% in 2016. However, meeting this target could be challenging for the government, since differences in gender roles are still considered the major restriction for many women from actively participating in the labor market. Moreover, working women appear to be at a disadvantageous position as they are more prone to vulnerable employment and receive lower wages compared to men. This could possibly further discourage women from doing paid work.

This paper examines the factors behind the gender gap in labor force participation in the Philippines. We start with a short discussion about the difference in the employment dynamics between men and women in the country. We provide evidence on the significant differences in the life-cycle labor force participation between men and women, as well as the determinants of labor force participation by gender. We conclude the paper with the policy implications of the empirical results.

II. Background: Employment dynamics of men and women

We review the working conditions of Filipino men and women in the past decade by looking at selected labor market indicators in 2007 and 2017. Women, on the average, are better educated than men, but they appear to be less likely to become employed and, if employed, more prone to poorer working conditions (Table 1). The employment to working-age population ratio of women is considerably lower even in more recent years. Their labor force participation rate is around 30 percentage points lower than that of men in the past decade. It seems that despite being more educated, women still find household or non-market activities more valuable than doing paid work. On one hand, the lower unemployment rate of women may suggest that if women do decide to

join the labor market, they would likely find a job more quickly. Also, time-related underemployment remains a huge concern in the country, but the underemployment rate of women has been constantly lower than that of men in the past decade. This implies that a larger share of women obtains jobs with adequate working hours.

On the other hand, merely looking at unemployment and underemployment statistics may undermine the difference in the welfare of working men and women in the country. We should also consider the type of work that women get in the labor market. For instance, around 41.9% and 46.1% of employed men and women, respectively, work in vulnerable employment in 2007.¹ The share of vulnerably employed workers fell in 2017 for both groups, but the share of women is still higher than that of men. The same thing can be observed with the share of low-paid employees: female wage- and salary-workers appear to be more prone to receiving low wages.²

We further disaggregated employment by occupation and look at the share of female workers and the gender wage gap (Table 2).³ There is no gender gap in the top occupations (“managers” and “technicians

Table 1. Selected labor market indicators by gender (%)

Indicator	Male		Female	
	2007	2017	2007	2017
Share of college graduates in the working-age population	9.5	10.2	13.9	14.8
Labor force participation rate	78.8	76.2	49.3	46.2
Employment to working-age population ratio	72.9	71.6	45.9	43.8
Unemployment rate	7.5	6.0	7.0	5.2
Underemployment rate	24.2	19.7	16.6	14.7
Share of part-time workers	37.4	35.0	38.6	35.0
Share of workers in vulnerable employment	41.9	31.4	46.1	38.1
Share of low-paid employees	21.3	18.3	34.7	28.6

Source: Author’s calculations using the Philippine Labor Force Survey public use data files for all indicators except the share of low-paid employees, which is obtained from the Decent Work Statistics-Philippines database.

Table 2. Female share in total employment and gender wage gap (2017, %)

Occupation	Female share in total employment	Gender wage gap
Managers	51.5	4.7
Professionals	65.2	9.3
Technicians and associate professionals	48.4	6.3
Clerical support workers	59.0	3.5
Service and sales workers	51.4	24.4
Skilled agricultural, forestry and fishery workers	17.0	-33.6
Craft and related trades workers	14.6	25.5
Plant and machine operators and assemblers	12.7	9.9
Elementary occupations	34.1	23.5
Armed forces occupations and special occupations	3.2	-55.8
Total	37.9	-5.3

Source: Decent Work Statistics-Philippines.

1. The self-employed and unpaid family workers are considered in vulnerable employment.
2. The Philippine Statistics Authority defines wage- and salary-workers as those who are employed in private households, private establishments, government and government corporations, and family-owned business with pay. The Decent Work Statistics-Philippines defines the low-paid employees as the wage- and salary-workers with hourly basic pay that is below two-thirds of the median hourly basic pay.
3. The gender wage gap is equal to the male wage less the female wage, then divided by the female wage.

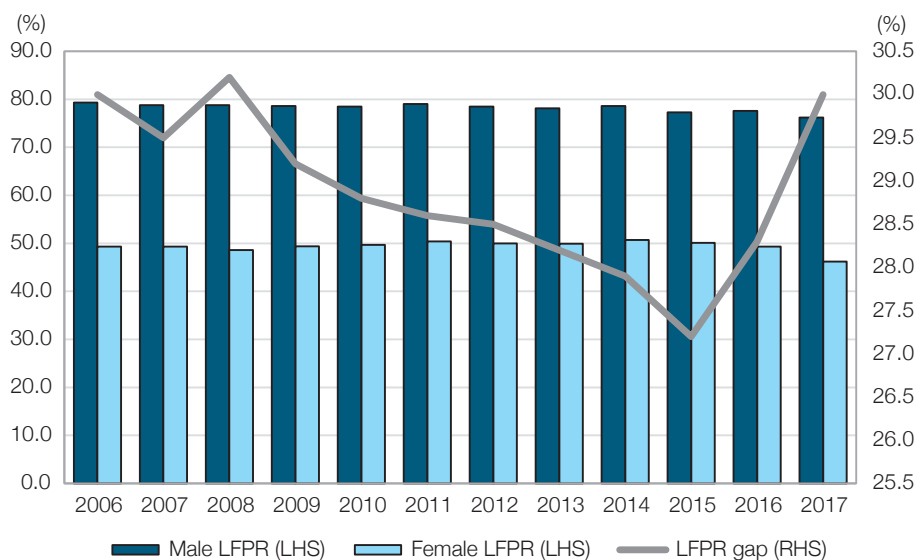
and associate professionals”) and women even dominated the occupation of professionals. These are the jobs that mostly require a college education, so this is consistent with the fact that the female population is better educated. The men, on the other hand, mostly work in the medium- and low-skill jobs. On the average, there seems to be a negative wage gap of 5.3%, indicating that women earn higher wages than men. However, the average overshadows the wage disadvantage faced by women. Significant gender wage gaps can be observed in almost all occupations and strikingly even in female-dominated occupations. For instance, the gender wage gap is almost 10.0% and almost 25.0% among the professionals and services and sales workers, respectively.

The descriptive statistics show that the lower LFPR of women coincides with lesser employment conditions and together undermine the utilization of women’s labor in the paid labor market. In the next section, we examine in detail the major deterrents to the increased participation of women in the labor market.

III. Differences in the life-cycle labor force participation rates by gender

The gender gap in labor force participation had been steadily declining between 2008 and 2015 but has picked up again in more recent years (Figure 1). To understand the underlying forces behind the gender gap, we observe the labor force participation of men and women across their life cycles. The theory of the life-cycle allocation of time states that the life-cycle labor force participation rate exhibits a concave shape. The time spent in the labor market starts low in the young adult years as people invest in human capital, rises with age as market productivity increases more than home productivity, levels off, and declines during retirement age when home productivity and leisure time become more valuable.

We plot the LFPR of men and women by age bracket in 2017 to estimate the labor force participation across their life cycle (Figure 2). Both show a shape that is consistent with theory, although there are three clear differences. First, the gender gap in LFPR started small. The higher likelihood of women to attend university may explain the lower LFPR of women in the 15–19 age bracket. However, the male LFPR rose much sharply than the female LFPR after the youngest age bracket and the gender gap has widened considerably after that. Second, the male LFPR peaks at the 35–39 age bracket, while the peak of female LFPR occurs much later at the 45–49 age bracket, which is around the end of the childbearing age. By then, it will be too late for women to catch up with men in market work. Third, before its peak, the male LFPR is already above 90.0% and this trend is maintained until the



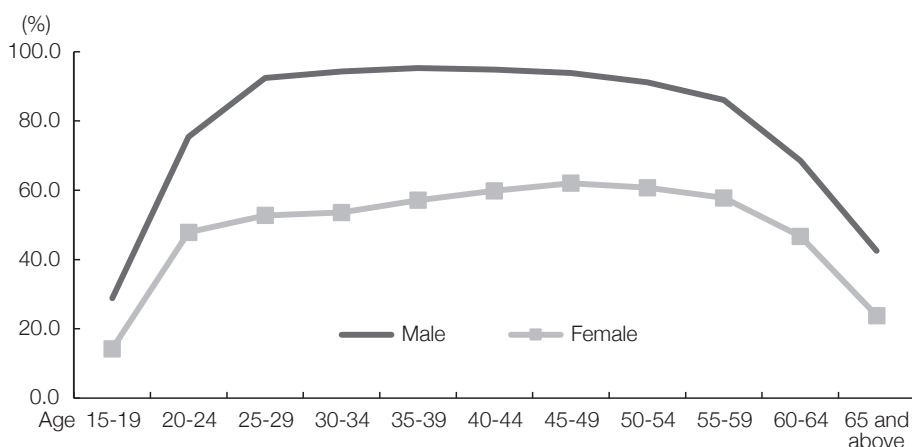
Source: Author’s calculations using the Philippine Labor Force Survey public use data files.

Note: LFPR stands for labor force participation rate. LHS stands for left-hand side (scale) and RHS stands for right-hand side (scale).

Figure 1. Labor force participation rate and gender gap

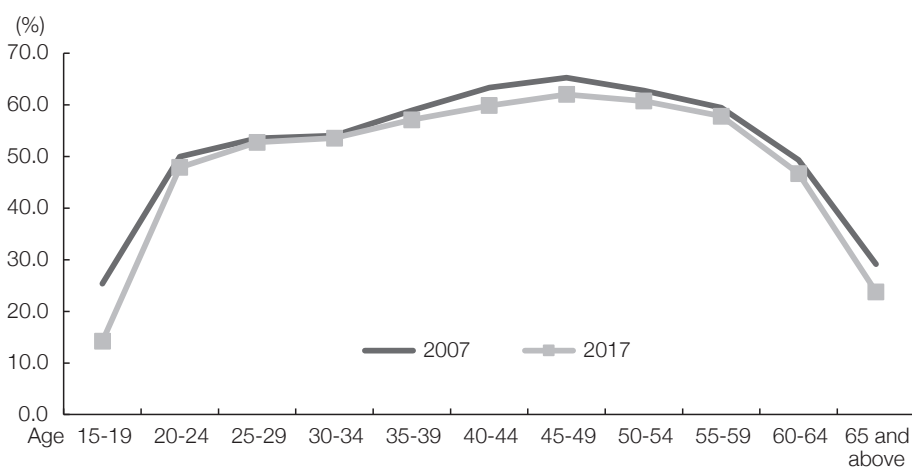
early 50s. The female LFPR curve, on the other hand, barely shows a plateau. Overall, the gender gap in 2017 is 30 percentage points but disaggregating the LFPR by age bracket shows that it could reach as high as 40 percentage points for men and women in their 30s. We also looked at the female LFPR in 2007 for comparison. Nothing much has changed and the female LFPR even fell slightly from 2007 to 2017 in almost all age brackets (Figure 3).

Human capital decisions can also affect labor market decisions. According to the human capital theory, people with more schooling tend to be more productive and tend to obtain higher earnings in the labor market. Thus, we expect people with more schooling to have higher productivity in the labor market relative to their productivity in the household, thus increasing the likelihood of labor force participation. In Figure 4, we further disaggregated LFPR by educational attainment, starting at the 25–29 age bracket to almost guarantee that the observed people are already finished with their schooling. Among men, the almost similar LFPRs across educational groups seem to reflect that educational attainment is not a major factor in doing labor market decisions, especially those who are younger than 50 years old. Among women, college graduates exhibit considerably higher LFPR than non-college graduates up to the expected retirement age. The LFPR of female college graduates is still lower than their male counterparts, but it appears that college education greatly



Source: Author's calculations using the Philippine Labor Force Survey public use data files.

Figure 2. Labor force participation rate by gender and age bracket (2017)

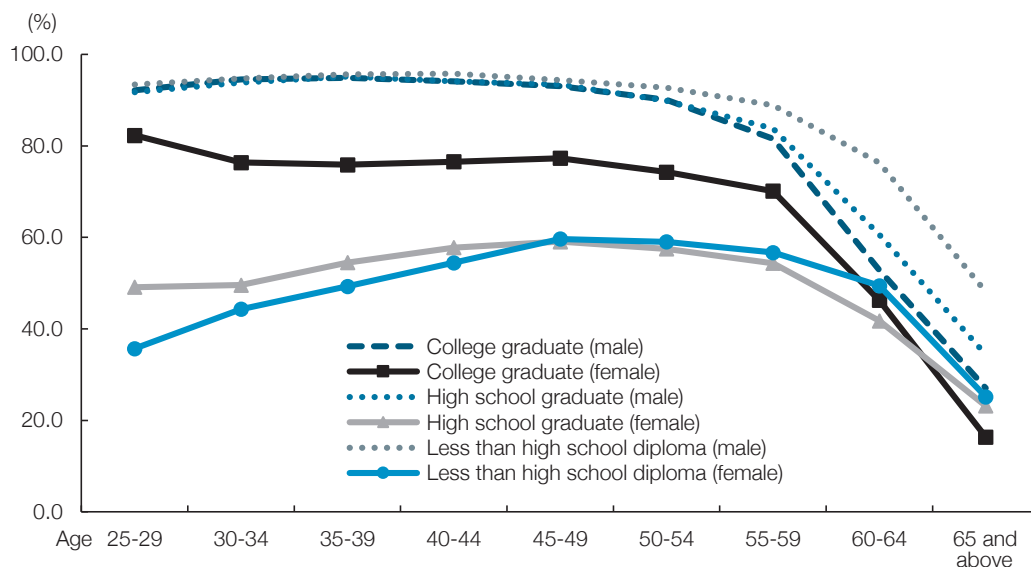


Source: Author's calculations using the Philippine Labor Force Survey public use data files.

Figure 3. Female labor force participation rate

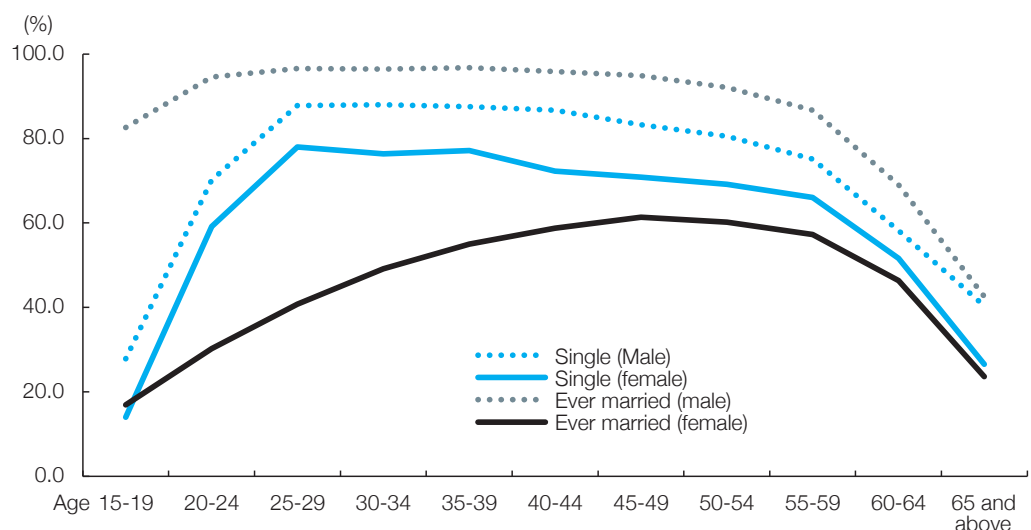
improves the labor force participation prospects of women.

Since the female LFPR has not peaked until towards the end of the childbearing age, we also differentiate the LFPR by marital status: ever married and single (Figure 5).⁴ The single women have higher LFPR than married women. The divergence in their LFPRs is highly noticeable for women in their early 20s until the early 40s. Within this age range, women perhaps stay at home to take care of their young children. The difference tapers off in the late 40s when the LFPR of married women reaches its peak and that of single women starts to decline more sharply. The opposite can be observed among men. Married men have higher LFPR than single



Source: Author's calculations using the Philippine Labor Force Survey public use data files.

Figure 4. Labor force participation rate by gender, age bracket, and education (2017)



Source: Author's calculations using the Philippine Labor Force Survey public use data files.

Figure 5. Labor force participation rate by gender, age bracket, and marital status (2017)

4. We consider the people who are separated from their spouse and those who are widowed as part of the ever-married group.

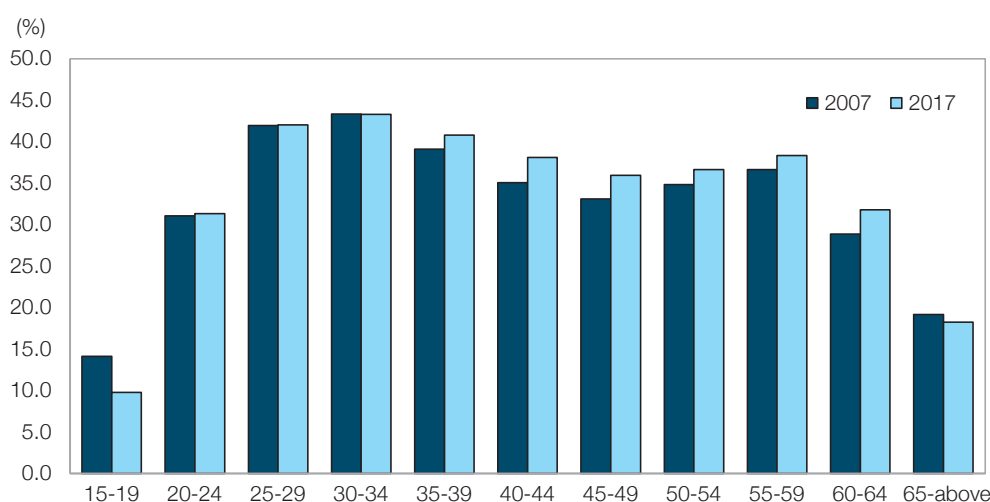
men and the difference in their LFPRs remains mostly stable across age brackets. As a result, the gender gap between married men and married women is larger by around three to four times than the gender gap between single men and single women across the age brackets.

Significant gender gaps in LFPR are present across age brackets, education, and marital status. Consistent with our expectations, around 60.0% of the economically inactive women have cited household and family duties for not working or looking for work (Table 3).⁵ There is a slight decline of this share from 2007 to 2017 because more women have focused on schooling, although this might be a consequence of the lengthening of the basic education upon the implementation of the K-12 program in 2012. In contrast, around half of men become economically inactive because of schooling and only more than 10.0% have cited household and family duties as the reason. While there seems to be a reduction in the share of women in the youngest age bracket that have not entered the labor force because of household duties, there has been an increase in the fraction of economically inactive women who stayed at home among those ageing 35 to 60 years old (Figure 6).

Table 3. Reasons for being economically inactive (% of non-labor force)

Reason	2007		2017	
	Male	Female	Male	Female
Tired/believe no work available	1.7	0.3	1.6	0.3
Awaiting results of previous job application	0.6	0.2	0.7	0.2
Temporary illness/disability	4.5	1.1	7.3	1.8
Bad weather	0.1	0.0	0.2	0.0
Wait for rehire/job recall	0.9	0.2	0.9	0.2
Too young/old or retired/permanent disability	22.0	10.3	22.3	11.7
Household and family duties	14.5	62.5	10.3	59.5
Schooling	50.6	23.4	51.9	24.4
Others	5.0	2.0	4.8	1.9

Source: Author's calculations using the Philippine Labor Force Survey public use data files.



Source: Author's calculations using the Philippine Labor Force Survey public use data files.

Figure 6. Share of economically inactive women due to household duties in the female working-age population

5. The economically inactive refer to the people not in the labor force.

IV. Determinants of the labor force participation of men and women

We now empirically estimate how the probability of labor force participation differs by individual characteristics, especially the household-related factors. To implement this, we run a probit regression wherein the dependent variable is a binary variable which is equal to 1 if the person is in the labor force and 0 if not. Separate regressions are run for men and women. The data sets used are the public use data files of the October round of the 2007 and 2017 Philippine Labor Force Survey.⁶

Table 4 shows the estimation results. First, household duties significantly deter women from participating in the labor market. Having a young child reduces the probability of labor force participation of women by 7.4%, but it increases the probability of men by 3.8%. Moreover, married women are less likely to participate in the labor market than single women by 12.5%, while married men are more likely to participate than single men by 6.6%. Second, education can indeed improve the labor market prospects of women. Women with high school diploma are more likely to participate in the labor force than women without high school diploma by only 1.7%. What is striking is that having a college degree raises the probability of labor force participation of

Table 4. Estimation results of probit equation: Probability of labor force participation

Variable	Female		Male	
	Probit coefficients	Marginal effects	Probit coefficients	Marginal effects
With young child	-0.215* (0.012)	-0.074* (0.004)	0.200* (0.023)	0.038* (0.004)
Ever married	-0.382* (0.018)	-0.125* (0.005)	0.324* (0.027)	0.066* (0.006)
Age	0.179* (0.002)	0.011* (0.0002)	0.282* (0.003)	0.015* (0.0002)
Age squared	-0.002* (0.00003)	— —	-0.004* (0.00004)	— —
Education (base: Less than high school)				
High school	0.047* (0.010)	0.017* (0.004)	-0.214* (0.013)	-0.041* (0.002)
College	0.740* (0.015)	0.255* (0.005)	-0.055** (0.022)	-0.010** (0.004)
Household head	0.369* (0.017)	0.131* (0.006)	0.298* (0.025)	0.059* (0.005)
With OFW in the household	-0.318* (0.017)	-0.109* (0.006)	-0.359* (0.020)	-0.069* (0.004)
Regional unemployment rate	-0.018* (0.005)	-0.006* (0.002)	-0.035* (0.007)	-0.007* (0.001)
Year: 2017	-0.048* (0.011)	-0.017* (0.004)	-0.198* (0.014)	-0.038* (0.003)
Constant	-3.129* (0.067)	— —	-3.789* (0.081)	— —
No. of observations	90,739		94,205	
Pseudo R-squared	0.13		0.34	
Percent correctly predicted	66.9		86.0	

Notes: 1.* significant at 1.0%, **5.0%.

2. Region variables are not reported in the table but are included in the regression.

3. OFW stands for "Overseas Filipino Workers."

6. Refer to the appendix for the description of variables.

women by as much as 25.5%. On the other hand, better-educated men are less likely to participate in the labor market than men without a high school diploma. Third, women empowerment in the household can raise the chances of labor force participation. Female household heads are more likely to participate in the labor market than female non-household heads by 13.1%. The same case can also be observed among males. Fourth, higher regional unemployment rates, which indicate that it is harder to find jobs, discourage both men and women from participating in the labor market. Fifth, having a family member working overseas lowers the likelihood of both men and women from participating in the labor market.

V. Summary and policy implications

We examined the employment dynamics, life-cycle labor force participation, and determinants of labor force participation of Filipino men and women in 2007 and 2017 to explain why the gender gap in labor force participation has barely changed in the past decade. The labor force participation of women continues to be dampened by performing household duties and child bearing and rearing. In contrast, being married and having a young child further encourage men to participate in the labor market. These results suggest that gender roles still appear to greatly influence the decision to do market work: men assume the role of providing for the family financially and women assume the role of doing domestic duties. We further note that taking a break from market work because of child bearing and rearing for an extensive period could weaken the labor market credentials of women, so re-entering the labor force may become difficult. If they do obtain employment, they would likely receive lower wages than their equally-educated but more experienced and better-trained male counterparts. Women are also more susceptible to experience vulnerable employment, including unpaid family work. Therefore, it is highly recommended to design policies that will help relieve women of domestic responsibilities, increase their human capital, extend employment opportunities for women, and assist women in balancing market and household work.

In the short term, first, the government should help women achieve their fertility goals. Average family size remains relatively large, since the Philippines has not yet made the demographic shift from a high-fertility to a lower-fertility regime (Canlas 2008, 24). The less-educated women and those who come from poorer households should be targeted as they tend to have larger fertility rates, which usually exceed their wanted fertility. Having more children than they originally wanted will just further demand women to stay at home. Moreover, the effect of children on women's labor force participation can also be differentiated by income class. Orbeta (2005, 31–32) found that an additional child reduces the likelihood of working of Filipino women in the bottom three income quintiles, while an additional child increases the likelihood for those in the top two income quintiles.

Second, child care services should be established and be made accessible to women with young children. Currently, child care services are mostly provided by the private sector, which is usually not affordable for women from poorer households. Some local government units set up day care centers, but they are limited in scope. The availability and accessibility of child care facilities can help unemployed women allocate more time in job search and employed women to continue working, creating an environment that is conducive to work-life balance. This will strengthen the attachment of women to the labor force and reduce the incidence of intermittent market participation.

Third, alternative livelihood assistance in the form of community-based work can help women who are currently rearing young children to obtain paid work without having to leave their localities. In relation to this, training programs—including the vocational, technical, and short courses provided by the Technical Education and Skills Development Authority—and capacity building are recommended to be brought to highly localized areas, making them more accessible to this type of women. Also, offering re-training programs to women who temporarily left the labor force can help such women re-develop their credentials, making it easier for them to transition back to the labor market.

It is notable that college education can significantly improve the labor market participation of women. Hence, in the long term, improving the access to quality tertiary education should further raise the average schooling of women. While the education gender gap has already closed, more than 80.0% of the female

working-age population still do not have a college degree. This suggests that there is still ample room for higher education to boost the labor force participation of women.

Strengthening the engagement of women in market work can raise their economic status and establish their financial autonomy. We emphasize, however, that supporting the participation of women in the labor market is just one area that needs to be addressed in order to close the gender gap in economic opportunities in the Philippines. The increase in participation should coincide with better employment opportunities, such as full-time work in the formal sector where decent compensation benefits, job security, and social safety nets are mostly found. Furthermore, within a larger context, achieving gender parity in economic opportunities will not only improve the socioeconomic status of women. In a country where poverty and inequality remain prevalent, having two paid workers within the household—both husband and wife—can significantly ease the financial burden of raising a family.

Appendix Table: List of variables

Variables	Definition
With young child	Equal to 1 if the person has a child aged less than 6 years old and 0 if none.
Ever married	Equal to 1 if the person is married or have been married before and 0 if not.
Age	Age of the person.
High school	Equal to 1 if the person's educational attainment is high school diploma and 0 if not.
College	Equal to 1 if the person's educational attainment is college or post-graduate degree and 0 if not.
Household head	Equal to 1 if the person is the head of the household and 0 if not.
With OFW in the household	Equal to 1 if the household has a family member who is working overseas (overseas Filipino worker or OFW) and 0 if none.
Regional unemployment rate	Unemployment rate of the region where the person lives.
Year: 2017	Equal to 1 if the survey year is 2017 and 0 if 2007.
Regional dummies	Dummy variables that indicate in which region the person lives.

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