

Determinants of Female Labor Force Participation in Afghanistan

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Introduction

Afghanistan's economy possesses some features that are hard to find in any other South Asian economy (for example, the age composition of Afghanistan). According to the Afghanistan Living Condition Survey (ALCS) 2014, nearly half of the country's population is less than 15 years old. The Fertility Rate in Afghanistan, although it is still very high at around 6, is showing a downward trend. This means that, while other South Asian countries are currently experiencing their demographic dividend, Afghanistan is yet to enter this phase. This gives Afghanistan a unique opportunity to prepare itself, so that it could better reap the benefit of its demographic dividend.

When considering the present condition of Afghanistan's economy, the future doesn't look promising. Afghanistan is trapped in a chronic employment crisis. The unemployment rate, according to the 2014 Afghanistan Living Condition Survey (ALCS) Round was about 22.6 per cent, which further increased to 23.9 per cent in 2017. Due to the very young population of Afghanistan, the dependency ratio is already very high (close to 100). To worsen the situation, the female labor force participation rate in Afghanistan is abysmally low. In this study, we look at the determinants of labour market participation decisions of women in Afghanistan. It also focuses on the social and economic determinants of female labor force

participation decision, with major focus on education. Furthermore, we will try to identify the factors that ultimately lead to women being remuneratively employed, once they enter the labour force.

Objectives

In this paper we aim to study the social and economic determinants of the female labor force participation rate in Afghanistan. More specifically we focus on how the female labor force participation rates depend upon the education level of the individual and education level of the head of her household. We will also control for the prosperity of the household (measured by household assets and perceptions of economic conditions) and employment shocks (such as recent death, injury or loss of employment of an earning household member) faced by their household. Also, we will explore various factors that determine the prospects of women, when she does enter the labour force.

Methodology

Using the unit level data from ALCS 2013-14, we estimate an ordered probit model with sample selection and nested model, developed recently by Luca and Perotti (2010). Using this technique we first estimate a binary dependent variable model, with dependent variable which takes the value one if the woman in concern is in the labor force and zero if the woman is not in the labor force. Our main variables of focus will be literacy status of women and highest education level in the households. We will control for the usual demographic factors such as age, region (rural, urban and Kuchi - the tribal households), marital status, whether delivered a baby in last 5 years and the perception of the eldest female in the household on local security conditions. We also focus on various household characteristics like size of the household, recent employment shocks faced by the household (like death/injury of a working household member, loss of job of a household member etc.), whether she is the head of the household and whether she belongs to a cultivating household (households that irrigate its own land or have access to some other land for irrigation).

Results and Discussion

The estimated ordered response model of labour market prospects with sample selection for labour force participation decision provides us some interesting results. For example, we see that the literacy rate of women significantly increases her chance of joining the labour force. We also see that women who are part of larger households tend to not join the labour force. The results also explain how different variables affect the prospects of women in labour market, conditioned on the fact that she decides to join the labour force. The marginal effects of the three ordered prospects (namely-unemployed, employed as an unpaid family labourer or employed as a paid employee / self-employed) can be compared. For example, we can see that, other things being equal, a unit increase in the educational level of women significantly increases her prospects in the labour market. The marginal effects for the same indicates that a unit increase in educational level of women decreases her probability of being unemployed by 0.63%, decreases her probability of being an unpaid family labour by 0.5% and it increases her chances of getting a paid job (or being self-employed) by 1.15%.

Results clearly suggest that if appropriate policy decisions are taken in the direction of increasing female supply of labor, Afghanistan might be able to better reap the benefits of its demographic dividend, which will have positive long term consequences. For this, the government must focus seriously on educating the women folk in Afghanistan. Currently the female literacy rate of Afghanistan is just 21.93 per cent. The West and Central Hazarajat regions (with literacy rates of just 20.8 per cent) would need special attention. Since such reforms have been met with rebuttal and violence in the past, especially in the tribal (Kuchi) areas, the present scheme of reforms should not just focus on women. Rather, it should challenge the patriarchic norms of the society by spreading awareness among all the sections of the society. We saw in our results that having access to the internet can significantly improve the prospects of women in the labour market. Therefore, access to information technology, like internet should be widely promoted and literacy programmes must also focus on enhancing digital literacy among the masses. Note that these schemes must be seen as a set of wider action plan of the government to address the growing pressure of unemployment in Afghanistan.

Conclusion

Our results indicate that better education plays a vital role in increasing the chances of women to be fare better in the labour markets. Dependence on husbands, on the other hand might act as a barrier for women to join the labour force. This is because being the head of the household significantly increases the chances of a woman choosing to be a part the labour force and also, married women significantly abstain from entering the labour force. Interestingly, perception about economic situation and employment shocks in the past one year does not increase/decrease the probability of entering the labour market, or one's prospects in the labour market.

Rural and Kuchi household women tend to be more active in the labour force than urban women, although, once they do enter the labour force their prospects are not significantly different from those of urban women. One factor that does increase the prospects of women in the labour market is internet facility at the household, indicating that access to information in the household can significantly increase the chances of women getting paid jobs in the labour market. Finally, as expected, women in the socio-economically backward and violence ridden region of Western Afghanistan and central Hazarajat, fare far worse in the labour market, with respect to the women in other parts of Afghanistan.

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