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Gender Analysis: Basic Concepts

Gender analysis suggests four issues or ‘stylised facts’ that are useful for understanding the impact of taxation on men and women.² These are the importance of:

- (a) women’s work in the unpaid care economy;
- (b) gender differences in paid employment, including formal/informal employment, wages and occupational segregation;
- (c) gender differences in household decision-making regarding consumption, savings and investment;
- (d) gender differences in property rights.

2.1 The Unpaid Care Economy

In every country around the world, women have primary responsibility for caring for children and dependents. Women do most of the work in the unpaid economy (also called the domestic, social reproduction or reproductive economy). There are three types of unpaid work. Reproductive work consists of managing a household, cooking, cleaning, gathering fuel and hauling water, maintaining the home in good condition, and caring for family members, friends and neighbours. As Diane Elson (1996) points out, these are all vital services for the paid economy. In many developing countries unpaid work also includes subsistence production – production for home use of goods and services that in principle could be marketed, such as food, clothing and other items. Finally, unpaid work includes unpaid community work: for example soup kitchens organised by women in poor neighbourhoods, groups of mothers organising care of children, the elderly or those who are sick or disabled, and (unpaid) work for local or national non-profit charitable organisations.

Unpaid care work is not counted in most systems of national accounts, although efforts are underway in about 20 countries to collect satellite accounts.³ Time use surveys from around the world show that women spend long hours in work that is not paid. Females work longer hours than males in nearly every country – the difference ranges from as little as eight minutes a day in Republic of Korea to two hours in mountainous regions of Nepal to three hours in rural Kenya (United Nations, 2000). The presence of small children (under five years old) increases unpaid work substantially more for women than for men.⁴

The gendered nature of unpaid work affects women throughout the life cycle – from girlhood through older age – and has enduring consequences (Gornick, 1999).

Recent research has begun to identify and quantify the ‘costs’ to women of their unpaid labour (Folbre, 1994; Davies and Joshi, 1994) and to explore the implications for taxation and benefits policies.

2.2 Gender Differences in Employment

Women’s labour force participation rates are lower than men’s, although women tend to have a greater combined labour burden consisting of paid and unpaid activities in the world economy (UNDP, 1995). Within paid employment, women are also disadvantaged relative to men. Worldwide, women are concentrated in clerical, sales and service jobs traditionally regarded as ‘female’ and are under-represented in production, transport, administrative and managerial jobs, in which men predominate (Mehra and Gammage, 1999). Even within sectors, men and women are found in different jobs; for instance, although both men and women are teachers in many countries, men are more likely to be concentrated in secondary or higher education, while women tend to be found in nursery or primary education (Anker, 1998). Moreover, women enter and exit the labour force more frequently, which means their participation is more discontinuous than that of men, and they are more likely to be in part-time and seasonal jobs, while men have full-time positions.

Women earn less than men, even after controlling for standard human capital variables (age and education). Gender gaps in earnings are among the most persistent forms of inequality, although they have narrowed in some countries over the last decade (Tzannatos, 1999; Artecona and Cunningham, 2002; Oostendorp, 2002). In other countries, however, wage gaps have widened (Standing, 1989, 1999; Mehra and Gammage, 1999). Even in the East Asian countries which have grown rapidly, relying on exports produced by female labour, gender wage gaps remain persistently large and have worsened in some cases (Seguino, 2000).

In developing and transitional economies, the bulk of new employment has been in the informal economy. Informal employment is market-oriented employment in small workshops and family businesses, subcontracted work undertaken in the home (‘homeworking’) and domestic work for others. It is work without secure contracts, worker benefits or social protection. It includes three types of occupational status – employee and self-employed (both of which are paid), and unpaid family worker, where the worker does not herself receive money but the family member (often the male household head) directing the business does receive payment from customers.

Informal employment is a larger source of employment for women than for men. Women constitute 84 per cent of the informally employed in sub-Saharan Africa (compared to 63 per cent of men) and 58 per cent of the informally employed in Asia and Latin America (compared to 48 per cent of men). Within informal employment, women tend to concentrate in street vending, home-based work and as industrial out-sourcers who work at home (ILO, 2002).

The result of women's employment profile – their lower relative earnings and their predominance in informal employment – is that they are unlikely to bear a large share of the personal income or direct tax burden. However, indirect taxes, which are a heavier burden on the poor, are likely to have a greater impact on women than on men.

2.3 Gender Differences in Household Decision-making

Not only do women allocate their time differently from the way men do – between paid market work, household production and leisure – but there is also evidence that gender relations and bargaining power among household members affect the types of expenditures households make, the amount and type of savings, and other allocation decisions.

Across a wide range of cultures, empirical studies have revealed gender differentials in consumption (Haddad *et al.*, 1997). Women, compared to men, tend to spend a higher proportion of income under their control on goods such as food, education and healthcare that enhance the wellbeing and capabilities of children (Guyer, 1988; Thomas, 1992). Changes in the relative prices of these items are likely to affect women's expenditures and time allocations. For instance, a rise in food prices may have several effects: women may reduce their purchases of food and spend more time processing food at home. Or they may cut back on consumption, substituting cheaper (and perhaps less nutritious) foods in their diets. Taxation that changes the relative prices of goods may affect women's consumption decisions.

Women and men may also differ in their savings and investment behaviour. Floro and Seguino (2002) review the evidence from developed and developing countries and conclude that significant gender differences exist in individual retirement savings and investment decisions. In the United States, for example, a study by Sunden and Surette (1998) shows that gender and marital status influence investment allocation decisions; research from European countries echoes this finding. In developing countries, some evidence has shown that women and men may have different motives for savings, although evidence on the gender differences in savings behaviour is inconclusive.

There has been much research on the household decision-making process that underlies choices about consumption, savings and investment. This process is characterised both by co-operation and conflict and is influenced by the relative bargaining power of adults within the household.⁵ Folbre (1997) and others argue that a household member's bargaining power depends on two factors: a) material (economic) factors internal to the household; and b) factors external to the household that influence its wellbeing. Material factors include owned assets, education, kinship, wages and employment. External factors include belief systems, tax and transfer policies, and political and legal structures such as property rights and divorce laws. The latter factors affect positions in household bargaining since they mediate the actual power that

material resources will confer on an individual in the household. Relative changes in any of the factors that affect an individual's bargaining power exert an influence on the allocation of household resources among alternative uses.

In sum, the literature suggests that it is important to look within households and assess the impact of taxes from the point of view of individual women and men, recognising that they have different streams of income, different paid and unpaid work responsibilities, and different propensities for consumption, savings and investment.

2.4 Gender Differences in Property Rights

In many developing countries women are frequently denied the right to own and inherit property. In many regions of Africa men hold formal land title. Social norms may dictate that businesses and other productive assets are owned by male family members although women may supply labour to family businesses. The gender asset gap in land is also significant in South Asia and Latin America, where women rarely represent more than one-quarter of landowners (Agarwal, 1995; Deere and Leon, 2003). Developed countries also have a legacy of unequal property rights.⁶ Women's lack of control over 'immovable property', i.e. land and houses, is mirrored by gender-based inequities in ownership of 'movable' property, such as businesses, equipment, furniture, clothing and personal items, household goods and capital. These patterns place women at a strong disadvantage in terms of securing a place to live and maintaining resources for their livelihoods.

In many developing countries, including those in South Asia, sub-Saharan Africa and Latin America, laws, policies and/or customary practices restrict women's ability to own or inherit property and reduce their capacity to manage risk successfully. Although women may not be taxed currently as property owners, as countries develop and as women acquire property rights in land and housing, they will become a more important part of the tax net.

2.5 Gender and Other Social Stratifiers

It should be noted that gender analysis does not only entail analysing women as a distinct group in relation to men as a distinct group. Gender is a social stratifier that interacts with other important social stratifiers such as class, race, ethnicity and location (e.g. being rural or urban). Smith (2000), in his analysis of the impact of taxation on women in South Africa, explains why this additional disaggregation is important. Of women who are economically active, 28 per cent are unemployed, compared to 19 per cent of men, but of black African women, 35 per cent are unemployed compared to 25 per cent of black African men. The comparable unemployment rates for white women and men are 6 per cent and 3 per cent respectively, and for Indian women and men, 13 per cent and 9 per cent respectively. Thus, especially for analysing the incidence or

burden of taxation within a country, it is important to go beyond the ‘average woman’ to examine gender differences together with income and, if possible, with race, ethnicity and other important social markers.

2.6 Gender Analysis of Taxation

Few gender budget initiatives have examined the revenue side of the budget.⁷ Budlender (2000) suggests there are both political and technical challenges to be overcome in analysing revenue from a gender perspective. On the political side, she notes that gender-sensitive revenue analysis in South Africa encountered several political sensitivities because it came up against corporate and other wealthy interest groups, challenged moves toward decentralisation and raised fundamental questions about political strategies (such as privatising public enterprises) to address budget deficits. More generally, she notes that gender-sensitive revenue analysis also encounters technical obstacles: analyses must be country specific because the structure of taxation and revenue differs greatly across countries and because of the different types (and even lack) of linkages between revenue and benefits. A second technical difficulty is that governments simply do not collect the sex-disaggregated data that are needed for tax incidence analysis. Where personal income taxes are collected on a joint (as opposed to an individual) basis, disentangling the gender effects can also be challenging.

Assessing taxation and revenue from a gender perspective, therefore, may not be an easy task. Nonetheless, as gender-responsive budgeting takes hold, scholars and practitioners are beginning to devise tools and methodologies to tackle a complex and difficult subject, an issue that is discussed in more detail in Section 7 of this paper. But first, Sections 3 and 4 provide some background information on taxation in developing countries, and set out the basic concepts and tools of tax analysis.