

INTERVIEWS

Interview with Ashwini Deshpande: “Sticky Floors are Becoming Stickier for Women in the Indian Labor Market”



DESHPANDE, Ashwini — Professor, Department of Economics, Delhi School of Economics, Delhi University. Address: Delhi 110007, India.

Email: ashwini@econ.dse.org

Abstract

Ashwini Deshpande, professor at the Delhi School of Economics, University of Delhi, was interviewed at the XVIII April International Academic Conference on Economic and Social Development, which took place at the Higher School of Economics on April 11–14, 2017. Deshpande gave the honorary lecture “Glass Ceiling or Sticky Floor? Gender Discrimination in Labour Markets.” The interview was prepared by Natalia Soboleva, research fellow of the Laboratory for Comparative Social Research at the Higher School of Economics.

Ashwini Deshpande expressed how she became interested in labor discrimination and discussed the specificity of labor market and gender discrimination in India. Speaking about regular wage-salaried workers, she emphasized the problem of “sticky floor,” meaning higher wage gaps at the lower end of the wage distribution, which is a more acute term for developing countries than “glass ceiling.” She also pinpointed the importance of differentiating explained and unexplained components of gender discrimination and explained decomposition methods. In her work “Bad Karma or Discrimination? Male–Female Wage Gaps among Salaried Workers in India,” she demonstrated the growth of the unexplained component of gender discrimination between 1999–2000 and 2009–2010.

Furthermore, Ashwini Deshpande commented on the situation of self-employment. In her paper “Entrepreneurship or Survival? Caste and Gender of Small Business in India,” she showed that female-owned enterprises grow faster than male-owned enterprises, which could be explained by the fact that self-employment is self-selected. Also, she described some other aspects of self-employment in India.

Finally, Ashwini Deshpande believes that concerted efforts targeted specifically towards reducing gender discrimination need to be made, both by the government and private industries.

Keywords: gender discrimination; Indian labor market; sticky floor; glass ceiling; regular wage-salaried workers; self-employment.

—Dear Ashwini, it is very nice to have you here. Could you please tell me why you decided to do research on gender discrimination?

—I work in the broad field called “economics of discrimination.” The idea is to look at the effect of social identity on economic outcomes. My Ph.D. and early

publications were on the international debt crisis of the 1970s. When I went for a post-doctoral fellowship at the University of North Carolina at Chapel Hill, I started, for the first time, to look at data related to caste disparities in India. What started as a temporary diversion from my main research topic has now become the main focus of my research. Since then, I have been working on caste and gender disparities in India, the overlap between them, and on affirmative action issues.

—Are there any research centers where the main area of research is gender discrimination in India? Can you suggest some of the names or some of the papers you especially like? (Within the centers, or some Indian scholars?)

—There are several of them, yes. There are women’s studies centers at almost all the universities in India. Within the departments, there are scholars who specialize in gender. Additionally, there are stand-alone centers that focus on gender studies, like the Indian Social Studies Trust (ISST) or the Centre for Women’s Development Studies (CWDS) in New Delhi.

—I think this is because the topic is very important, and discrimination is quite widespread. How can you characterize the specifics of the Indian labor market in terms of gender discrimination and in general?

—One of the issues in the Indian labor market is the difference in men’s and women’s participation in the labor force. In 2009–2010, the labor force participation rates (LFPRs) were 85 and 32 percent for men and women, respectively. Over the decade, LFPRs declined for both men and women, with a greater decline for women. Gender disparities in labor force participation, in employment, and the gender wage gap are extremely critical issues.

I have a recent paper, along with two co-authors (Deepti Goel and Shantanu Khanna), that was published in the journal *World Development*. In that paper, we focus on the subset of workers that are called “Regular Wage / Salaried” (RWS) workers. They constitute about 17 percent of the Indian labor force. We calculated the gender wage gap for this category of workers and found that the average gender wage gap decreased from 1999–2000 to 2009–2010 from 55% to 49%, but this change is not statistically significant. In order to examine gender discrimination, it is important to differentiate between explained and unexplained components. An “explained component” is due to gender differences in wage earning qualifications (such as education, age, skills, and location), and the unexplained component is due to gender differences in the labor market returns on these qualifications. In both years, the bulk of the gender wage gap was unexplained, hence is possibly discriminatory. We also found that, over the decade, while the wage-earning qualifications of women improved relative to men, the discriminatory component of the gender wage gap also increased. Over the ten-year period, women’s educational and occupational attainment improved relative to men, but in both years, average female wages were less than those of male workers with the same education level. This was true for most occupations and industries, and within types of work (i.e., public or private sector, permanent or temporary, unionized or not).

In fact, in 2009–2010, if women were “paid like men,” they would have earned more than men, on account of their qualifications.

In both years, we see the existence of the “sticky floor,” in that gender wage gaps are higher at the lower end of the wage distribution and steadily decline thereafter. Over the ten-year period, we found that the sticky floor became stickier for RWS women. In both years, women at the lower end of the wage distribution faced higher discriminatory gaps compared to women at the upper end.

—What are the reasons for the sticky floor?

—One explanation for the sticky floor might be statistical discrimination by employers. Another reason for the sticky floor could be that the natures of these jobs are very different at the two ends of the distribution. Women working at the upper end are more likely to be the urban educated elite working in managerial or other professional positions. These high-wage earning women are more likely to be aware of their rights and might be in a better position to take action against perceived discrimination. Employers would be aware of these possibilities themselves and hence, may not be able to discriminate a great deal between similarly qualified men and women at the upper end of the wage distribution. Moreover, the payment mechanisms used for jobs at the higher end are far more structured and rigidly defined. Women with no education typically work in elementary occupations, and it is easier for the employer to discriminate in those cases. Job segregation is also a known contributor to widening the gaps at the bottom, as men and women tend only to enter into exclusively “male” or “female” jobs. Low skilled jobs for women may pay less than other jobs that require intense physical labor, which men typically do.

—Why do you focus on RWS workers?

—The National Sample Survey (NSS), the data set that we have used for this study, defines RWS workers as those who worked in others’ farm or non-farm enterprises and received a salary or wages on a regular basis (as opposed to the daily or periodic renewal of work contracts). We focus on RWS workers because, for the most part, they are in formal sector jobs that are presumed to be meritocratic. They are also governed by regulations that do not sanction discrimination. It is therefore more interesting (and troubling) if we find evidence of labor market discrimination among RWS workers. Furthermore, the link between qualifications such as education and wages is likely to be tenuous for casual laborers, given that they are mainly employed in unskilled manual work. Thus, wage decompositions for RWS workers are likely to give a more accurate picture of discrimination.

—What is the structure of the labor force in India? Is it different for men and women?

—The workforce data for India is broadly distinguished by four categories of workers, namely regular wage salaried workers, casual labor, the self-employed, and the unemployed. Then, of course, more fine tuned divisions can be made using sectoral and/or occupational categories. In 2009–10, 34% of the workforce were casual workers, 46% were self-employed, and 17% were regular wage salaried workers. Open unemployment in India is low, but there is a substantial amount of underemployment or disguised unemployment, where several workers are engaged in a job, contributing far less than their maximum productivity, and earning only a meager livelihood.

—What factors account for the gender wage gap?

—As I mentioned earlier, there are several factors that “explain” the gender wage gap, such as age, education, skills, location (rural or urban, state of residence), etc. However, the bulk of the gender wage gap is “unexplained”, which means that even accounting for differences in the education level, say, of men and women, does not eliminate the gender wage gap. Similarly, accounting for differences in other wage earning qualifications does not eliminate the gender wage gap. Thus, we can conclude that the bulk of the gender wage gap is discriminatory. One change that we see over the decade is that, in 2009–2010, women’s wage earning qualifications improved relative to men, such that in 2009–2010, if women were “paid like men” in the RWS sector, they would have earned higher wages. The fact that they did not suggests that it is gender discrimination that accounts for the gender wage gap.

—What problem is more important (acute)—very low female LFPR or discrimination against women in the labor market?

—Both are important; it is hard to say that it is one or the other. These are different stages of the labor market. First, women have to enter the market, and then they have to be paid in accordance with their qualifications. So, wage discrimination is important after they gain employment. But, the earlier requirement is that women have to enter the labor force, and then they have to get jobs. For this reason, you cannot say this or that is more important.

—How can you comment that sticky floors are more widespread than glass ceilings?

—This is a feature of many developing societies. These are two different aspects of the same phenomenon, gender discrimination. It is the question of where in the wage distribution gender wage gaps are higher. In some societies, the discrimination is more often at the top of the wage distribution, while in certain other societies, discrimination is more at the bottom. This is just wage discrimination, by the way. These glass ceilings and sticky floors measure just wage or occupational ladder kinds of discrimination. Women face other kinds of discrimination in the workplace, too—uneven access to essential facilities like toilets or health care, difficulties in commuting to work, sexual harassment, and so on. These aspects are over and above wage discrimination.

—GC and SF comprise only wages. They do not measure status, the position of the workers.

—Status follows from wages, so yes, status is related, but the primary indicator people look at will be wages.

—Which developing countries are very similar to India?

—China, Thailand, Sri Lanka, and Vietnam have a sticky floor. I suspect that, in many middle-income countries, there might also be a sticky floor, but this is really an empirical question. In Europe, Ireland, Italy, and Spain have sticky floors, but the effect in India is stronger.

—What do you think of the consequences of labor discrimination? Do you think it will grow in the future?

—It is hard to say, because gender discrimination in the labor market is the feature of almost all societies, from the richest country in the world to the poorest country in the world. It is not as if the country becomes richer and discrimination declines. It is hard to make predictions of global trends. My hope is that gender discrimination will decline in the future, but it is difficult to say exactly what will happen.

—Can you tell more about the methods you are using to calculate gender discrimination?

—It is a standard methodology called the Blinder Oaxaca decomposition methodology. The decomposition can be done at the mean, that is, the average. You take the average wages of men and women and calculate the gender wage gap at the mean. Then, the technique decomposes the wage gap into explained and unexplained parts. Similarly, there is another methodology (the Machado Mata Melly decomposition) that can be used to decompose the wage gaps across the entire distribution.

—What groups of women are most strongly discriminated against in India?

—The sticky floor means that women at the bottom of the wage distribution, the bottom 10% of wage earners, are the most strongly discriminated against.

—**Can you comment on the situation in the sectors other than those with regularly paid workers?**

—In another paper (co-authored with Smriti Sharma), I have looked at micro and small enterprises (self-employed men and women). We found that female-owned enterprises grow faster than male-owned ones. They might be smaller, but they have faster growth. This feature differs from elsewhere in the world, where female-owned enterprises grow slower than male-owned ones.

—**How can you explain this?**

—Self-employment is self-selected, so not everyone becomes an entrepreneur. Everybody does not start a business. Women who choose to start their own businesses are probably more motivated. That might be the reason why women-owned enterprises grow faster.

—**What is the approximate level of self-employment of men and women in India? Could you please give us some interesting results concerning women in self-employment?**

—According to the NSS, in 2009–10, about 45% of all women workers were self-employed. From the Micro, Medium and Small Enterprises (MSME) data, we know that, in 2006–7, about 12% of the registered MSME enterprises were female-owned.

—**Is the classification the same in all countries, or is there a specific classification for India?**

—I looked only at Indian data. There might be differences in classification compared to other countries, but I am not sure.

—**Are there any data showing how earnings differ in self-employment?**

—Earnings data on the self-employed are hard to get, but there are some surveys that have this information. We looked at the growth of output of male versus female owned enterprises, and we found that the latter grow faster.

—**What are the differences of occupational segregation among men and women? What types of enterprises do men organize and what do women organize?**

—About 48% of female-owned registered manufacturing MSME enterprises are in the apparel sector, that is, they have to do with the garment industry, compared to 12% for male-owned enterprises. Apparel and food are the top two sectors for female-owned enterprises, whereas for male-owned enterprises, food products and fabricated metal products are the top two sectors.

—**You said that there are no normal statistics on informal workers.**

—No. There are a lot of statistics, but there is a lot of missing data when we focus on their earnings.

—**Can you comment a bit about Russia?**

—All I know is that, in terms of labor force participation rate, gender equality in Russia is very good. But, the gender wage gap in Russia is high.

—In more developed countries, discrimination goes to another level. In more developed countries, they try to reduce gender discrimination, but it persists.

—As I said earlier, the relationship between the overall economic development of the country and gender discrimination is not straightforward, in the sense that it is not the case that greater economic development reduces gender discrimination. I believe that concerted efforts targeted specifically towards reducing gender discrimination need to be made, both by the governments and industry.

—Thank you very much for the interview!

By Natalia Soboleva,
April 13, 2017

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