



# Unequal before the law: Measuring legal gender disparities across the world

Sarah Iqbal<sup>a</sup>, Asif Islam<sup>b,\*</sup>, Rita Ramalho<sup>c</sup>, Alena Sakhonchik<sup>a</sup>

<sup>a</sup> *Women, Business and the Law, DECI, World Bank, Washington, DC, USA*

<sup>b</sup> *Enterprise Analysis Unit, DECI, World Bank, Washington, DC, USA*

<sup>c</sup> *Doing Business, DECI, World Bank, Washington, DC, USA*

## ARTICLE INFO

### JEL classification:

D63

I39

J16

K10

### Keywords:

Gender inequality

Legal institutions

Women

Business and the Law

## ABSTRACT

Several economies have laws that treat women differently from men. This study introduces the Women, Business and the Law dataset and explores the degree of such legal gender disparities across 167 economies around the world. This is achieved by constructing a simple measure of legal gender disparities to evaluate how countries perform. The average number of overall legal gender disparities across 167 economies is 17, ranging from a minimum of 2 to a maximum of 44. A high degree of legal gender disparities is found to be negatively associated with a wide range of outcomes.

## 1. Introduction

Gender inequality has come to the forefront of policy debates, not only because it deprives a basic human right, but also due to a surge in evidence that illuminates the extensive costs it incurs on society. Gender inequality, generally approximated by inequalities in employment and education opportunities, can result in low human capital, low productivity, and low economic growth (Abu-Ghaida & Klasen, 2004; Balamoune-Lutz & McGillivray, 2015; Bandara, 2015; Dollar & Gatti, 1999; Gaddis & Klasen, 2014; Goldin, 1995; Klasen, 2002; Klasen & Lamanna, 2009; Knowles, Lorgelly, & Dorian Owen, 2002; Lagerlof, 2003; World Bank, 2011). After establishing gender equality as a crucial goal, the natural question that follows is how does one achieve it? There is some indication that gender-based policies are necessary and that development and gender equality may not provide a virtuous cycle by themselves (Duflo, 2012). There are also multiple causes of gender inequality, and there is merit in understanding each of them to attach relative importance and prioritize accordingly.

At the same time there has been wide acceptance that institutions play a crucial role in dictating the paths that economies take. Defined by North (1990) as “rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction,” institutions have

been found to be a fundamental explanation of long run economic growth (Acemoglu, Johnson, & Robinson, 2005). Therefore, it would come as no surprise that if institutions are shaped to discriminate on the basis of gender, gender inequalities would permeate throughout society. Accordingly, gender inequalities in social institutions have been found to have negative gender-related development outcomes in areas such as female education, child mortality, fertility, and governance (Branisa, Klasen, & Ziegler, 2013; Branisa, Klasen, Ziegler, Drechsler, & Jutting, 2014).

In this study, the focus is magnified even further by exploring legal institutions that discriminate on the basis of gender. Such institutions potentially promote gender inequality before the law and are easily identifiable with possible implications for gender inequality outcomes. This has some support in the literature. The presence of non-discrimination clauses in hiring has been found to be related to positive women's labor force participation in the formal private sector (Amin & Islam, 2015). Similarly restrictions to women's rights to inheritance and property as well as impediments to opening a bank account or freely pursuing a profession are found to be strongly associated with large gender gaps in female labor force participation (Gonzales, Jain-Chandra, Kochhar, & Newiak, 2015).

The goal of the study is to introduce the World Bank's *Women, Business and the Law* (WBL) database and utilize it to construct a simple composite measure to illuminate the legal disparities faced by women

\* Corresponding author.

E-mail addresses: [siqbal4@worldbank.org](mailto:siqbal4@worldbank.org) (S. Iqbal), [aislam@worldbank.org](mailto:aislam@worldbank.org) (A. Islam), [rramalho@ifc.org](mailto:rramalho@ifc.org) (R. Ramalho), [asakhonchik@worldbank.org](mailto:asakhonchik@worldbank.org) (A. Sakhonchik).

<https://doi.org/10.1016/j.wsif.2018.09.003>

Received 12 September 2017; Received in revised form 13 August 2018; Accepted 15 September 2018

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and how it is linked to their wellbeing.<sup>1</sup> By and large the composite measure is a summation of the number of legal disparities faced by married and unmarried women. The legal disparities considered are varied covering specific laws in the areas of using property, getting a job, providing incentives to work, going to court, building credit, and protecting women from violence. Note that that the disparities considered do not fully reflect all the potential disparities in the various sub-categories. This measure is then used to elucidate the degree of legal gender disparities as well as the composition of these disparities across the world, including both developed and developing economies. The study then explores how well the measure correlates with other gender inequality indices and gender inequality outcomes.

The WBL measure of legal gender disparities covers laws that have been shown to affect the livelihoods of women. A number of illustrations are presented here. Reforms in Ethiopia's family law in 2000 were found to have important effects on women. A study using difference-in-difference estimations explored the effects of the reforms of Ethiopia's family law in 2000 (Hallward-Driemeier & Gajigo, 2015). The reforms expanded access to marital property for women and obviated restrictions that prevented women from working outside the home. The reforms resulted in women being significantly more likely to work in occupations outside the home in paid and full-time jobs, and employ more educated workers. Similarly, the Hindu Succession Act that provided daughters equal coparcenary birth rights in joint family property significantly increased daughters' likelihood to inherit land and increased education attainment (Deininger, Goyal, & Nagarajan, 2010). Furthermore, spouses play an important part in women's freedom to access finance. A study in rural Paraguay shows that when husbands do not oppose their wives from taking out loans, the women are more knowledgeable about loan requirements and financial (Fletschner & Mesbah, 2011).

A number of composite measures of gender inequality do exist, and they typically try to capture gender inequality as a whole or different aspects of it. Several indices have been constructed to capture gender inequality in outcomes such as gender differences in education, employment, health and political involvement. These include three measures from the UNDP: Gender Inequality Index (UNDP, 2010), Gender Empowerment Measure and the Gender-Related Development Index (UNDP, 1995). Other measures also based on outcomes include the Global Gender Gap Index (Lopez-Claros & Zahidi, 2005), the Gender Equity Index (Social Watch, 2005) and the African Gender Status Index (Economic Commission for Africa, 2004). Details of the indices are summarized in Table A3. There are several issues with using outcome-based measures. First, typically income is included in these measures, which tends to have the highest degree of variation. This is problematic as the variable with the most variation gets the highest weight (Dijkstra, 2002). Second, several of the outcome data are sparse, measured differently across economies, and mix different aspects such as empowerment and well-being (Klasen & Schüler, 2011). For instance, the Gender-Related Development Index relies on income measures which are derived from a gender breakdown of labor force participation data and non-agricultural earnings data. Labor force participation data are unreliable and difficult to compare across countries. Furthermore, earnings data are sparse and may come from sectors that do not represent the whole working population. Thus, these measures can be problematic.

Measures that are more in line in with this study include the Social Institutions and Gender Index (SIGI; Branisa et al., 2014) and two indices from the CIRI Human Rights Data project – Women's Economic Rights Index (WECON), and the Women's Social Rights Index (WOSOC). WECON concentrates on women's equal rights in the labor market while WOSOC focuses on women's rights in the social sphere including education, marriage, travel etc. The information on laws for these indices is

based on the data collected by the *Women, Business and the Law* (WBL) project of the World Bank Group.

There are certain differences between this measure and what this study proposes. Both WECON and WOSOC capture a subset of laws and provide scores in the range of 0 to 3 based on the premise of whether internationally recognized human rights for women are included in the laws. The narrow range of the scores from 0 to 3 limits the possibility of capturing the heterogeneity of laws across countries given that there will be a lot of clustering around certain scores. The SIGI index goes beyond legal institutions and attempts to capture social institutions in general by combining data on laws from WBL with other measures from the OECD Gender, Institutions and Development (GID) database. In contrast the WBL measure of legal gender disparities proposed in this study relies only on data on laws and provides a wide range of scores given the measure is based on disparities in a wide number of laws.

There are several advantages of the WBL measure of legal gender disparities. By narrowing down the focus to legal institutions, which concentrates on inputs of gender inequality than outcomes, many conceptual and empirical issues are cast aside. For one, the use of outcomes such as earnings disregards the question of the origins of these inequalities (Branisa et al., 2014). Second, use of outcome measures such as income tends to dominate the index as they typically account for most of the variance (Dijkstra, 2002; Dijkstra, 2006). Third, the problems of using earnings measures that include inconsistent methodologies of data collection across countries and patchy data are entirely avoided as laws are more precisely measurable (Klasen & Schüler, 2011). Conceptually what this measure tries to capture is well defined, so there is no combination of measures of different elements that may lead to some loss in clarity of interpretation.

Furthermore, the WBL measure is easily replicable, and malleable to any particular need. Complexity and difficulty in replication are common problems with established indices, which then become inaccessible for various institutions including NGOs (Charmes and Wieringa, 2003). It is important to note that the measure is maintained by WBL, who are the primary data generators of legal disparities that are used by other indices. This ensures consistency between how the data is collected and the interpretation of the WBL measure of legal gender disparities. The measure will also be updated as laws updated, and new legal disparities are measured.

To summarize, the contribution of the study is as follows (i) introduces a new dataset on gender and law, (ii) constructs a measure of legal gender disparities and provides validation, (ii) elucidates the patterns of legal gender disparities across the world, and (iii) presents potential directions of future research by presenting preliminary analysis on the association with gender legal disparities and several gender-related outcomes. The study is structured as follows. Section 2 describes the World Bank's Women, Business and the Law database. Section 3 provides the methodology, while Section 4 unveils the patterns of legal gender disparities. Section 5 shows the validity of the measure with other similar measures, and Section 6 shows the association of the measure with various outcomes. Section 7 presents some details on research using the WBL data, and Section 8 shows potential variations of the overall indicator. Finally, Section 9 concludes.

## 2. Women, Business and the Law (WBL) database

The data used to construct the legal gender disparities measure are provided by the World Bank's *Women, Business and the Law* (WBL) database. The WBL database is a collection of unique data on the laws and regulations that restrict women's economic opportunities. The dataset offers objective and measurable benchmarks for global progress toward gender equality. The WBL database is comparable across economies and useful for research and policy discussions on improving women's economic opportunities. The laws coded in the database are chosen based on two major criteria: their relevance to women's human rights as set out in the international women's rights framework, including the

<sup>1</sup> This composite measure builds on a measure used by World Bank's *Women, Business and the Law* (WBL) as a tool to capture overall legal disparities faced by women, and is entirely based on the data collected by WBL.

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