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## **Institutionalizing segregation**

Conditional cash transfers and employment choices

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**Abstract:** Some claim that certain forms of social protection, conditional cash transfers in particular, result in perverse incentives for recipients in order to stay eligible for receiving benefits. This notion has a bearing on the design of social protection programmes and may undermine the political support for these programmes. This paper analyses Ecuador's conditional cash transfer programme, the *Bono de Desarrollo Humano*. The key finding is that concerns about perverse incentives appear largely misplaced. By examining broader patterns of institutionalization of occupational gender segregation, the role of cash transfers is found to be trivial to the deepening of informality and inactivity among recipients.

**Keywords:** cash transfers, informality, employment, segregation, Ecuador

**JEL classification:** J16, I38

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## 1 Introduction

Conditional cash transfers (CCTs), the flagship modality of targeted social protection in Latin America, have become the tool of choice in poverty reduction throughout the region, promoted as effective in enhancing human capital while smoothing consumption levels among the poor. More recently, however, CCTs in the region have raised concerns among scholars and practitioners regarding their influence on labour market outcomes among recipients. In the Ecuadorian case, although the cash transfer programme *Bono de Desarrollo Humano* (BDH or Human Development Grant) has been associated with improvements in children's cognitive achievement (Paxson and Schady 2007; Ponce and Bedi 2010; Schady and Araujo 2008), food expenditure and nutrition (Buser et al. 2013; León and Younger 2008; Schady and Rosero 2007), and with a reduction in child labour (Cecchini and Madariaga 2011; Dobronsky and Moncayo 2007; Gonzalez-Rozada and Llerena Pinto 2011; León et al. 2001), an anticipated outcome—the overall effect on labour supply of adult recipients—is subject to some controversy.

CCTs are often regarded as temporary interventions, designed to protect the poor—by managing uninsured risk—while affecting production decisions and helping to provide a permanent way out of poverty. CCTs aim to provide means to vulnerable households to better manage risks against income shocks, preventing them from selling off assets or from taking children out of school in moments of adversity. Though designed to be temporary, most programmes in the region are still in place after nearly two decades. While generally considered successful (Barrientos and Villa 2016), political support seems to be waning. The BDH has come under attack by claims that the programme is merely creating welfare benefit dependency and loss of economic self-sufficiency among its recipients. Recipient women, of working age, are being stigmatized for not making sufficient efforts to work and find better employment, allegedly motivated by securing continued eligibility for the BDH programme. In the political discourse, voices opposing any income support for the poor working-age population have become stronger.

A number of studies seem to support this view. These studies suggest that the BDH has led to: (1) a drop in paid labour—as visible in either longer duration of unemployment and/or higher rates of inactivity among recipients; and (2) an increased probability of remaining in or even transitioning towards informal sector employment (Gonzalez-Rozada and Llerena Pinto 2011; Mideros and O'Donoghue 2014). Viewed against these findings, the data analysis presented in this paper confirms that the BDH is associated with higher inactivity and higher rates of informality among recipients. Yet, contrary to other studies, it is argued that these findings should not be interpreted as resulting from perverse incentives generated by the cash transfer benefits, but rather are caused by structural impediments faced by women in the labour market—as noted by Mideros and O'Donoghue (2014). Evidence suggests that in Ecuador, women's employment options are limited, even more so among the poorest (CEPAL 2013). The targeting mechanism of the BDH fits within broader processes of gender segregation: recipients are not a random draw of the working age population, instead they are either mothers with under-age children or elderly persons excluded from contributory pension benefits. Labour market participation of these recipients is therefore limited by gendered roles as caretakers and/or by their age. Without sufficient support to reconcile care and paid work in an equitable way, many recipient women 'choose' part-time informal work, the most mother-friendly option available to them. Note that informality is characterized by flexible hours, albeit irregular income,

which due to a lack of affordable childcare<sup>1</sup> and observance of statutory maternity leave, seems more compatible with childrearing. For reasons spelled out below, BDH recipients are less likely to participate in (formal sector) employment.

Thus, isolating the effect of BDH on informal employment becomes problematic, as informality rates are nevertheless higher among the poorest population—particularly female participation rates—regardless of their participation in the BDH programme. The identification of the specific mechanisms through which targeted social protection affects labour market outcomes is contingent on broader institutional factors pushing poor women into flexible informal work, namely unequal access to childcare, low compliance with labour regulation, and gender segregation. Unequal access to care reinforces gender segregation, as paid care is not an option for the poorest women, contributing to self-selection into part-time flexible employment. Weak enforcement of labour legislation aimed at reducing gender discrimination has led to a continuation of informality, mostly affecting women—conditional on their education, background, or age. As recipient mothers tend to have lower levels of education, they are more likely to be absorbed in the lower tier of the informal sector, poorly rewarded, and operating beyond the state’s reach. Moreover, BDH recipients<sup>2</sup> present a configuration of high and early fertility, compounding the aforementioned constraints to entering formal employment. Among BDH recipients there is a higher prevalence of households with young children, maintained primarily by mothers and grandmothers without male support. Female recipients, needing to balance paid work and care, are more likely to remain in gendered occupations, mostly operating in informality, but the motives are far apart from the perversity argument. This paper thus offers a critical review of more conservative explanations of employment choices and sets out to trigger a conversation with alternative accounts attentive to institutional and demographic aspects.

The paper examines the effects of BDH on labour market outcomes, more specifically inactivity and occupational segregation in Ecuador, for the period 2007–14. Ideally, the analysis of both social provisioning and employment dynamics would have benefited from a longitudinal study of the target population, documenting the interrelation between these two. But the official labour surveys collected by the National Institute of Statistics and Censuses (INEC) were not devised to build longitudinal data from a representative sample of BDH recipients nor did the BDH programme registries accurately record information on recipients’ occupations. Consequently, the paper relies on cohort analysis across recipient and non-recipient groups, obtained from official survey data and primary survey data collected by the author. Primary data collection was tailored towards reaching out to informal workers in the periphery in the southern cities of Loja and Machala in Ecuador. The coupling with local research set out to deepen the study of labour dynamics based on elements not accounted for in official statistics.

The findings are organized as follows. First, the paper reviews both the substantive and methodological aspects relevant to the study of employment choices and access to social protection among working-age women. At the substantive level, it reviews neo-classical labour market theory, which anticipates that transfers may lead beneficiaries to reduce job search efforts as a result of the income effect. Since transfers provide some income without requiring (extra)

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<sup>1</sup> According to official estimates, about 28.6 per cent of under-five-year-old children are placed in public childcare. Yet, access is limited. It is reported that 98.26 per cent of the children spend six hours or less per week in childcare (author’s calculations based on ECV Living Standards Survey data, INEC 2014).

<sup>2</sup> This article focuses on the conditional component only. BDH has an unconditional component—a non-contributory pension component, targeted at families with disabled members—certified by the governmental agency CONADIS, or to adults over 65 years old who fall below the poverty line and do not receive a pension. These two groups are included in the programme without needing to meet any conditions (Palacio Ludeña 2016).

paid work, it is argued that recipients would be less likely to look for employment. At the methodological level, it problematizes the prevalent use of the household as unit of analysis and the consequent de-gendering of employment choices, as recipient women's labour attachment is further constrained by societal and institutional processes determining rights and/or responsibilities within the household and in the labour market. A partial understanding of these aspects has led to discredit income support for poor women, contesting its social desirability on grounds of welfare dependency. Last, a closer look at the cases of Loja and Machala sheds light on the more specific aspects of segregation among the target population associated with the family system. Operationalizing Mies's concept of *housewifization* (Mies 2012), it is found that the productive system profits from defining poor women as non-working housewives and their work as marginal, almost leisure-time activity.

## 2 Recent literature on BDH and employment outcomes

A country evaluation of Ecuador's cash transfer programme by Gonzalez-Rozada and Llerena Pinto (2011) adheres to moral hazard arguments widely used in unemployment insurance literature, in which government transfers distort otherwise efficient employment choices. Using *Encuesta Nacional de Empleo, Desempleo y Subempleo Urbano* (ENEMDU), or Urban National Survey on Employment, Unemployment, and Underemployment quarterly household data, finds that the BDH increases recipients' probability of remaining in unemployment or separating from their formal occupations, especially for the period between 2005 and 2006, with the effect fading out for the period between 2007 and 2009. Although they find no evidence that BDH transfers increase the probability of finding an informal job, they suggest they might play a role in financing the job search process, given the extended duration in unemployment among recipients. It should be noted though, that unemployment rates are relatively low,<sup>3</sup> and data on the target population e.g. BDH recipients, is rather thin.

Another study, by Mideros and O'Donoghue (2014), departs from a unitary discrete choice labour supply model, using *Encuesta Nacional de Empleo, Desempleo y Subempleo Urbano y Rural* (ENEMDUR), or Urban and Rural National Survey on Employment, Unemployment, and Underemployment quarterly household data. The authors acknowledge that employment choices, e.g. occupation and working hours, are constrained among the poor. In their analysis, they find that BDH generates negative incentives on paid work. Yet, the authors associate this with structural elements derived from gender inequality and family demands. For instance, the authors argue that participation in the BDH programme decreases the marginal utility<sup>4</sup> of paid work for single adults and female partners, but has no effect on household heads' labour participation. The authors find that BDH only generates a negative incentive on paid work among partners, albeit contingent on other factors such as: dependency ratio, number of children under five years of age, or the presence of old-age pensioners in the household. In sum, labour supply of secondary earners, i.e. wives, is more sensitive to incentives than labour supply of primary earners contingent on family demands. In this context, BDH might serve to finance

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<sup>3</sup> Unemployment rates in most Latin American countries are lower than in northern welfare states, arguably poorly capturing labour market distress (Fields 2011). In accordance with International Labour Organization (ILO) definitions, unemployment rates consider individuals actively seeking a job. Yet, in an informalized context, job search and labour absorption behave differently. In this context, unemployment analysis, as per the perverse rhetoric, is quite limited, due to: thin data on BDH recipients in unemployment, the risk of labelling discouraged workers as inactive, underestimating unemployment, and more importantly, the exclusion of unpaid work, mainly performed by women, of crucial relevance in the study of BDH.

<sup>4</sup> The authors base their model on a household utility function dependent on the couple's time allocation and household income.

childcare since the distortive effect fades out for women who have access to public nurseries (Mideros and O'Donoghue 2014: 19).

From a sociological angle, Montaña and Bárcena Ibarra (as found in CEPAL 2013), using time use survey data from *Encuesta de Uso del Tiempo* (INEC 2012), provide evidence of higher inactivity rates among BDH recipients. Yet, the authors highlight the burden of responsibility that care needs and state policies place on recipient women, finding that the amount of time that is spent on unpaid work is higher among cash transfer recipients. As of 2010, on average, recipient women with children under 15 years spend 41 hours a week in unpaid work, compared to 33 hours among non-recipients (Montaña and Bárcena Ibarra 2013: 64). This gap prevails even when controlling for poverty: non-recipient, poor women spend 33 hours a week, on average, in unpaid work, compared to 38 hours a week for recipient poor women (Montaña and Bárcena Ibarra 2013: 67). In a more recent study, Vásconez Rodríguez (2014) suggests that, for the total working-age population, women in rural areas spend on average 50 hours a week in unpaid work, while women in urban areas spend 38 hours (Vásconez Rodríguez 2014: 111). The burden in hours of unpaid work is particularly heavy when children are young and the women are in the early stages of motherhood, regardless of their status as BDH recipients.

## **2.1 The limits of household analysis in the study of BDH**

The standard assumptions on households' unity listed above are problematic as they tend to simplify familial structures and fail to expose the intrinsic motives behind job search and integration into the labour market among women. As noted by Deaton (1997), conducting research at the household level is complex. Households, and their members, are continuously shifting, a fluidity that is essential to their subsistence. These movements are poorly captured in household records used for allocation of cash transfers, causing many households to be missing from official listings. Household level analysis is not only difficult due to the challenges of registering transient household members. Even if all households and their members were tracked down, premises around the uniformity and fixity of the household as unit of analysis, as assumed in most quantitative research on cash transfers, have tended to obscure intra-household dynamics often working against recipient mothers. Feminist scholars have warned about the reduced visibility of women's positions within household analysis (Folbre 1996, 2012; Mies 2012; Orloff 2009). Nevertheless, most quantitative studies pertaining to CCTs depart from a joint household utility function. BDH evaluations are no exception: Schady and Rosero (2007), Schady and Araujo (2008), and Mideros and O'Donoghue (2014) use Becker's (1974, 1981) family collective model, built on altruism, with all household members pooling their resources regardless of their participation in the production and the distribution of family income.

Following Folbre (1996), a household collective utility function poses several problems. First, it requires the aggregation of household members' tastes and preferences—note that Arrow (1950, 1963) proved such aggregations to be unrealistic. The idea of unity (and cooperation) within the household obscures market and non-market channels through which women contribute to the household as well as the economic and societal benefits and/or restrictions derived from their position as care providers. Second, a joint utility function assumes that altruism prevails within the household, contradicting the core idea behind utilitarianism, that of self-interest. Under this logic, care providers (mostly the women) must derive their utility from another household member's wellbeing, which in strict terms can lead to coordination problems, overlapping individual efforts (Folbre and Goodin 2007). Moreover, such logic does not allow for motivational complexity, instead, it contributes to an essentialist view of gender and care provisioning within the household.

Yet, the definition of the household has been central to the structuring of social protection. From its beginning in the Latin American region, including in Ecuador, contributory social insurance used a fixed definition of household, based on a male ‘breadwinner’ and his registered dependents—wife and children. The wider population, the informally employed, were by design excluded from social protection. The problem of registration has always been present, in as much as the functioning of the system depends on demographic documentation, e.g. registration of marriages and documentation of births. Social protection was provided to wives (and their children) as long as they were legally married to a formal worker. To complicate things further, atypical household arrangements are often attributed to poorer households. Analysis of household surveys reveals that patterns of marriage and fertility are distinctly different across income groups: it is among the poor that the prevalence of female-headed households and cohabitation is higher. Thus, it is at the lower end of the income distribution that the male breadwinner model is not only inapt, but has its most detrimental effect. While these early forms of social insurance excluded non-formal workers, this began to change in the late 1990s as Ecuador joined other Latin American countries and expanded social assistance to the informally employed. The BDH programme was devised as a response to earlier failed attempts to integrate pauperized workers into formal protection schemes, and by default, into formal employment. Still, BDH funds are allocated at the household level, assuming collective benefits derived from labour income and state transfers.

In light of this, this paper suggests abandoning the household as unit of analysis, using instead gender and age-specific dimensions. A gendered approach to social protection provisioning is becoming critical to expose the increased vulnerability of women. This approach is best suited to understand the structure where recipients operate, acknowledging that not all women benefit equally or at all from conditional cash transfer programmes targeted at specific kinds of women, especially in light of diverse life trajectories. By bringing in the gendered nature of labour markets and flagging most significant changes across age cohorts, this paper studies: labour market participation accounting for institutional forces, e.g. access to BDH; demographic factors, e.g. fertility rates; and broader changes in employment patterns, e.g. *informalization*.

### 3 Methodology and data

Data is taken mostly from publicly available statistical sources, mainly<sup>5</sup> ENEMDU survey data (for descriptive statistics see Table 1). Although the ENEMDU survey includes a module for generating indicators on informal sector employment and informal employment, it should be noted that data accuracy is dubious. As mentioned in Chen et al. (1999), national employment statistics fail to capture the less visible activities within the informal sector, e.g. home-based female workers. Notwithstanding, time series analysis of labour survey data is used to lay the groundwork for the study of informality, following official definitions<sup>6</sup> adopted by Ecuador’s statistical office, INEC.

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<sup>5</sup> Complemented by *Encuesta de Condiciones de Vida* or ECV (Living Standards Survey data) for 2014, census data and administrative registries retrieved from INEC, various years.

<sup>6</sup> Note that both, ‘informal employment’ and ‘employment in the informal sector’ refer to different aspects of the ‘informalization’ of employment. For informal employment indicators, the paper uses as a proxy the number of workers excluded from contributory social insurance. Employment in the informal sector refers only to those workers employed by informal enterprises—conditional on the country’s definition of what an informal enterprise is, e.g. unregistered enterprises.

Table 1: Descriptive statistics ENEMDU data 2007–15, selected variables

|                       | 2007   |          | 2008   |          | 2009   |          | 2010   |          | 2011   |          | 2012   |          | 2013   |          | 2014    |          | 2015    |          |
|-----------------------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|---------|----------|---------|----------|
|                       | mean   | s.d.     | mean    | s.d.     | mean    | s.d.     |
| Urban                 | 0.663  | (0.473)  | 0.663  | (0.473)  | 0.664  | (0.472)  | 0.664  | (0.472)  | 0.664  | (0.472)  | 0.664  | (0.472)  | 0.664  | (0.472)  | 0.678   | (0.467)  | 0.680   | (0.466)  |
| Woman                 | 0.505  | (0.500)  | 0.508  | (0.500)  | 0.507  | (0.500)  | 0.506  | (0.500)  | 0.511  | (0.500)  | 0.509  | (0.500)  | 0.509  | (0.500)  | 0.505   | (0.500)  | 0.506   | (0.500)  |
| Age                   | 28.902 | (21.021) | 29.681 | (21.266) | 30.706 | (21.749) | 31.502 | (22.047) | 32.024 | (22.213) | 33.027 | (22.492) | 33.027 | (22.492) | 29.000  | (20.851) | 29.091  | (20.839) |
| Married               | 0.255  | (0.436)  | 0.256  | (0.436)  | 0.258  | (0.438)  | 0.256  | (0.437)  | 0.270  | (0.444)  | 0.263  | (0.440)  | 0.263  | (0.440)  | 0.237   | (0.425)  | 0.235   | (0.424)  |
| Cohabiting            | 0.123  | (0.329)  | 0.123  | (0.328)  | 0.120  | (0.325)  | 0.121  | (0.326)  | 0.125  | (0.331)  | 0.123  | (0.329)  | 0.123  | (0.329)  | 0.152   | (0.359)  | 0.160   | (0.367)  |
| Single Household head | 0.284  | (0.451)  | 0.297  | (0.457)  | 0.305  | (0.461)  | 0.306  | (0.461)  | 0.291  | (0.454)  | 0.311  | (0.463)  | 0.311  | (0.463)  | 0.276   | (0.447)  | 0.271   | (0.444)  |
| Spouse                | 0.169  | (0.374)  | 0.168  | (0.373)  | 0.165  | (0.371)  | 0.165  | (0.371)  | 0.173  | (0.379)  | 0.170  | (0.376)  | 0.170  | (0.376)  | 0.174   | (0.379)  | 0.178   | (0.382)  |
| Employed              | 0.444  | (0.497)  | 0.428  | (0.495)  | 0.433  | (0.496)  | 0.423  | (0.494)  | 0.431  | (0.495)  | 0.431  | (0.495)  | 0.431  | (0.495)  | 0.425   | (0.494)  | 0.431   | (0.495)  |
| Unemployed            | 0.002  | (0.044)  | 0.002  | (0.048)  | 0.002  | (0.040)  | 0.001  | (0.039)  | 0.001  | (0.029)  | 0.001  | (0.028)  | 0.001  | (0.028)  | 0.001   | (0.034)  | 0.002   | (0.042)  |
| Inactive              | 0.554  | (0.497)  | 0.569  | (0.495)  | 0.565  | (0.496)  | 0.575  | (0.494)  | 0.569  | (0.495)  | 0.568  | (0.495)  | 0.568  | (0.495)  | 0.574   | (0.494)  | 0.568   | (0.495)  |
| BDH recipient         | 0.075  | (0.263)  | 0.080  | (0.271)  | 0.099  | (0.298)  | 0.098  | (0.297)  | 0.102  | (0.302)  | 0.114  | (0.318)  | 0.114  | (0.318)  | 0.061   | (0.239)  | 0.057   | (0.232)  |
| Migrant               | 0.170  | (0.376)  | 0.163  | (0.370)  | 0.150  | (0.357)  | 0.151  | (0.358)  | 0.125  | (0.331)  | 0.193  | (0.395)  | 0.193  | (0.395)  | 0.243   | (0.429)  | 0.250   | (0.433)  |
| Labour income         | 306.14 | (617.68) | 313.14 | (629.79) | 303.87 | (434.98) | 346.36 | (592.73) | 368.19 | (468.11) | 403.03 | (651.56) | 403.03 | (651.56) | 469.41  | (677.95) | 485.53  | (783.91) |
| Observations          | 76,922 |          | 78,742 |          | 78,878 |          | 82,774 |          | 69,653 |          | 73,686 |          | 73,686 |          | 116,505 |          | 112,821 |          |

Note: Labour income expressed in USD. Dummy variables expressed as yes=1 | no=0.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

This in turn is complemented by fieldwork data, a survey, and a series of interviews collected by the author between 2013 and 2015, in a total of three extended field visits in the provinces of Loja and El Oro, in southern Ecuador. The selection of these cases followed a ‘most likely’ research design: because of their peripheral location, informality is expected to be higher in these provinces. Yet, the informal sector is not as big as expected, and while security affiliation remains low, social protection via cash transfers is significant, but not predominant. Neither are they typical cases of precarious work and poverty, nor extreme outliers with successfully formalized and regulated employment. Instead, El Oro and Loja exhibit a quite assorted scenario for studying the effects of social protection. The selection of contiguous provinces provides a greater degree of control over cultural, historical, and ecological conditions. Due to commerce linkages and migration processes operating within the southern region, differences on levels of economic development and education are minimized. Constant comparisons with national level (and main cities) estimates can help to balance the potential effects of contiguity.

The sampling for the fieldwork survey<sup>7</sup> was disproportionately weighted towards cash transfer recipients (see Table 2), population about which there is only thin data in national employment statistics (ENEMDU data). Thus, it is neither generalizable to the rest of the female population nor representative of the totality of the labour force. However, it centres on a marginal population, e.g. female informal workers, insufficiently accounted for in national data. The survey was fielded using a large national database on BDH beneficiaries, *Registro Social* survey, as the initial sampling frame. *Registro Social* is the database used to record and identify information on poor households for later allocation of transfers under the BDH scheme. The sample was restricted to the cities of Machala and Loja and their surroundings and urban centres within these provinces. The survey followed a two-stage sampling design: first, by selecting census blocks within Loja and Machala cities; second, by selecting households,<sup>8</sup> over-sampling those who were relatively close to the poverty line set for the BDH programme, yet accounting for enough variation and the inclusion of ‘graduated’ recipients. Additional observations were included, since the random sample based on *Registro Social* failed to reach informal workers and transient households. These populations are particularly hard to see through conventional methods, e.g. random sampling, this being reason why other non-random sampling methods<sup>9</sup> were applied in this phase.

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<sup>7</sup> The survey was carried out mostly at the workplace to avoid excluding rural-to-urban day migrants and reduce disclosure of occupation or economic activity. It provides information on the respondent’s basic socioeconomic conditions, working conditions, and access to welfare support. The survey questionnaire contained 103 questions distributed across 12 modules that solicited information on household composition, education, employment status (different modules for employed, unemployed, and inactive respondents), conditions at primary and secondary occupations, satisfaction with working conditions, compliance with labour regulation, conditions of participation in the BDH programme, and access to CDH credit.

<sup>8</sup> Data was acquired from the household head or their partner on 84 per cent of the households listed in the sample obtained from *Registro Social* located in Loja and Machala across 44 different census blocks.

<sup>9</sup> Non-random methods included respondent-driven sampling and location-based sampling.

Table 2: Descriptive statistics fieldwork survey data 2013

|                                     | Loja   |          | Machala |          |
|-------------------------------------|--------|----------|---------|----------|
|                                     | mean   | s.d.     | mean    | s.d.     |
| Age                                 | 39.209 | (13.714) | 43.458  | (15.661) |
| Woman                               | 0.900  | (0.300)  | 0.884   | (0.321)  |
| BDH (maternity)                     | 0.419  | (0.494)  | 0.251   | (0.434)  |
| BDH (pension)                       | 0.016  | (0.124)  | 0.107   | (0.309)  |
| CDH                                 | 0.006  | (0.079)  | 0.019   | (0.136)  |
| BDH (graduated)                     | 0.266  | (0.442)  | 0.351   | (0.478)  |
| Time BDH (years)                    | 11.137 | (10.097) | 6.019   | (8.582)  |
| Never a recipient                   | 0.284  | (0.452)  | 0.270   | (0.444)  |
| Active population                   | 0.825  | (0.381)  | 0.536   | (0.499)  |
| Employed                            | 0.781  | (0.414)  | 0.445   | (0.498)  |
| Unemployed                          | 0.044  | (0.205)  | 0.082   | (0.274)  |
| Always inactive                     | 0.109  | (0.313)  | 0.201   | (0.401)  |
| Dropped out labour force            | 0.066  | (0.248)  | 0.273   | (0.446)  |
| Education level (1=primary or more) | 1.047  | (0.420)  | 1.285   | (0.586)  |
| Household head                      | 0.441  | (0.497)  | 0.492   | (0.501)  |
| Has children                        | 0.828  | (0.378)  | 0.784   | (0.412)  |
| Disabled                            | 0.050  | (0.218)  | 0.248   | (0.432)  |
| Observations                        | 320    |          | 319     |          |

Note: Dummy variables expressed as yes=1/no=0.

Source: Author's calculations based on fieldwork data, 2013.

Due to the sampling design, which accounted for the most salient characteristics of cash transfer recipients and informal workers, many variables are skewed. The paper operationalizes a methodological alternative, explicitly considering such data complexity. Multiple Correspondence Analysis (MCA) is used for the visualization of survey data, allowing for a multivariate exploration of the data and simplifying complex structures (Ferragina et al. 2012). The approach is not probabilistic, therefore is not aimed at predicting any value. It is tailored to examining the relations between categories of variables, by means of using contingency tables, represented in two-dimensional maps. Such transformation permits a clear visualization between variables and categories of variables, useful in uncovering relationships. Yet, it should be noted that this choice of method is suitable for small-n studies only (Asselin and Anh 2008) and is presented as complementary to large-N regression methods previously discussed.

## 4 Descriptive analyses of trends in labour attachment and occupational segregation

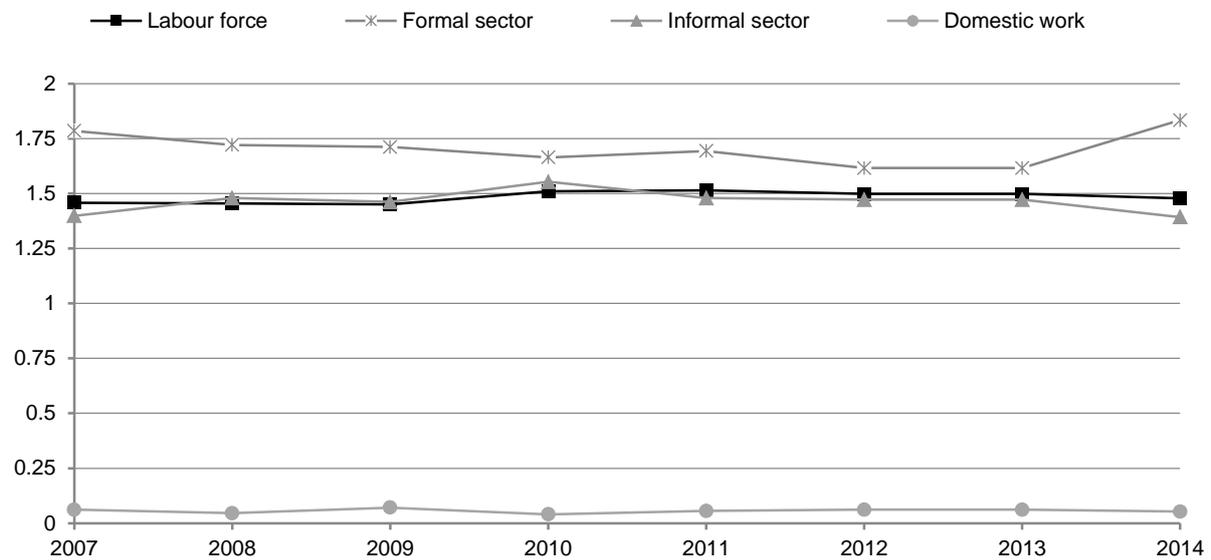
### 4.1 Overall trends in labour force participation: women's increased employment

In Ecuador, overall participation rates are higher for men: in the period between 2007 and 2014, there were, on average, 1.5 males for every female in the labour force<sup>10</sup> (see Figure 1). The gap is

<sup>10</sup> The labour force accounts for the economically active population, which comprises all individuals aged 15 and older who were working or actively seeking work at the time of the survey.

larger for formal sector employment, where, on average, there were about 1.7 males for every female between 2007 and 2014, increasing to 1.8 in 2014. The ratio of male to female workers in the informal sector corresponds to the overall trend: 1.5. In contrast, participation of men in domestic work, as anticipated, is low: 0.06 males for every female.

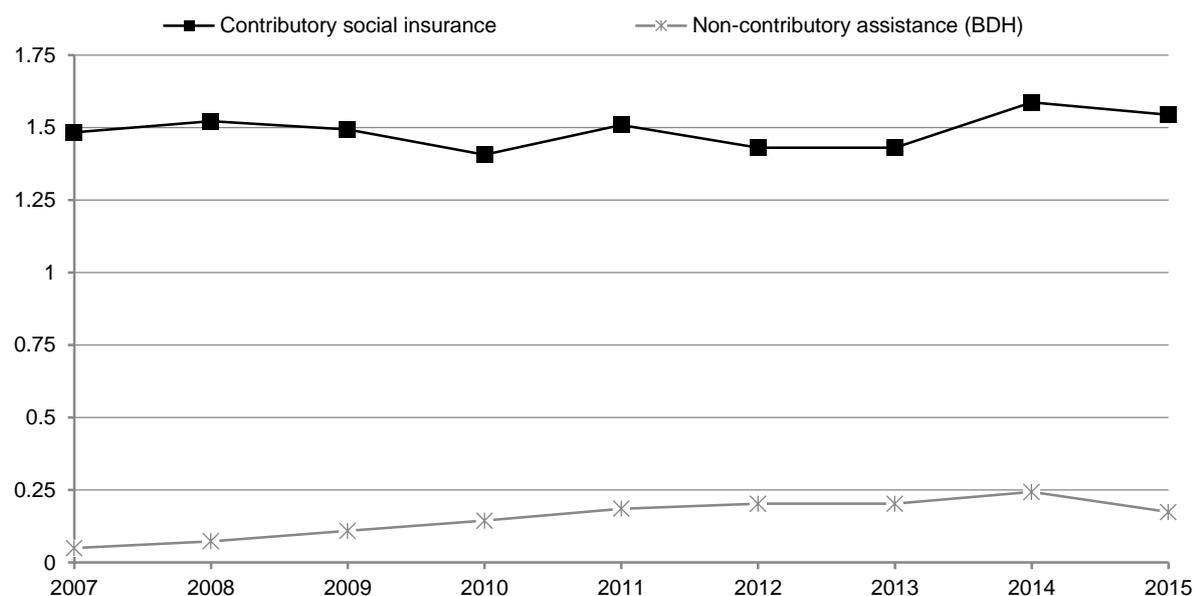
Figure 1: Male to female ratio in the labour force



Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

Similar to the rest of the region, social protection is fragmented in Ecuador: men are over-represented in traditional modalities, i.e. contributory social insurance, associated with dependent formal employment. In the period between 2007 and 2015, there were, on average, 1.5 males for each female contributing to social insurance. More recent instruments, e.g. non-contributory social assistance, reach women (see Figure 2), although there is a slow increase in participation of male recipients, due to the recent emphasis on the pension component of BDH geared towards compensating the poor elderly population for the lack of pension funds, and a decline in the maternity component aimed at providing funds to poor mothers (Palacio Ludeña 2016).

Figure 2: Male to female ratio with access to social protection



Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

With vast informality, most contributory pension programmes are available to formal sector workers only. While the pension system should cover men and women previously employed in the formal sector in equal proportions, due to lower female participation rates in wage employment, an important gender gap in access remains. From its inception in the 1960s, contributory social protection was designed based on the breadwinner model and extended to women (and children) only when their husbands were in formal employment and they were legally married. Yet, the notion of a fixed male breadwinner and/or a stable nuclear family is less and less common in recent generations: in the last decade, the number of divorces increased by 119.1 per cent while the number of marriages dropped by 8.9 per cent (INEC 2016). By design, this scheme has excluded single mothers, informal workers, and unmarried couples. As patterns of marriage and fertility are distinctly different across income groups, it is among the poor that the higher prevalence of female-headed households and cohabitation is higher. Thus, it is at the lower end of the income distribution that the male breadwinner model, the basis of traditional contributory social protection provisioning, has its most detrimental effect on women.<sup>11</sup>

According to data from the last census (2010), of a total population of 14.5 million people in Ecuador, 7.3 million are women. About half of Ecuadorian women, 3.6 million, are mothers: 71 per cent live with a partner while 29 per cent are single mothers. Nearly half (44 per cent) of mothers had their first child in their youth, between 15 and 19 years old. The percentage of adolescent mothers has increased in the last decades, behaving differently from total fertility, which has fallen consistently in the same period. Over the past decade, teenage birth rates have increased from 91 to 111 per 1,000 females—note that the world's average is 49 (INEC 2016). Reports have associated teenage pregnancy with income poverty, indigenous background and poor education (Salinas et al. 2014). Such demographic patterns bear consequences in labour

<sup>11</sup> With the enactment of a new Law on Social Justice, the government has prioritized the affiliation to social security for housewives, prioritising BDH recipient mothers. According to the Social Cabinet, 234,419 from a total of 444,562 BDH recipients are eligible to be integrated to contributory social security (Ministerio de Inclusión Económica y Social 2016).

attachment, as shown in Figure 3. There is an important gap in participation in the labour force across all cohorts and the broad patterns have remained unchanged in the period between 2007 and 2015. Middle-age cohorts, aged 36 to 50 years of age, present the higher participation rates among women, whereas younger cohorts (aged 15 to 25) present lower labour attachment, markedly lower than their male counterparts. It is worth noting that labour attachment of the youngest cohort of women (aged 15 to 19) has decreased during this period, from 27.5 to 15.5 per cent.

Figure 3: Participation rates across age cohorts disaggregated by gender

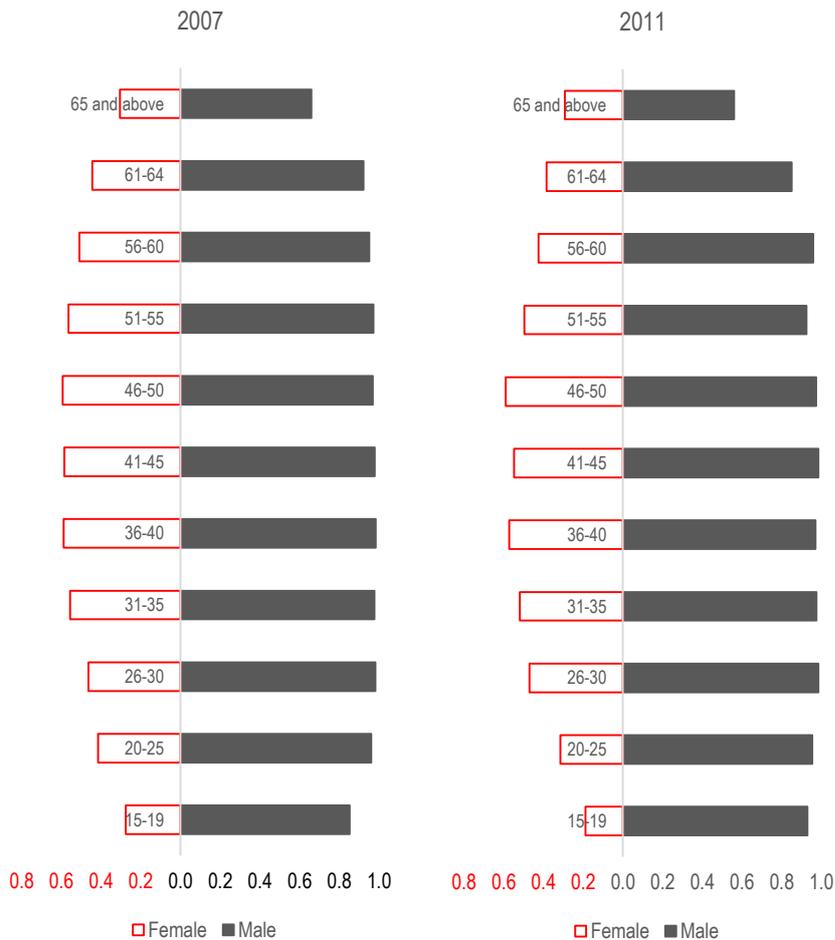
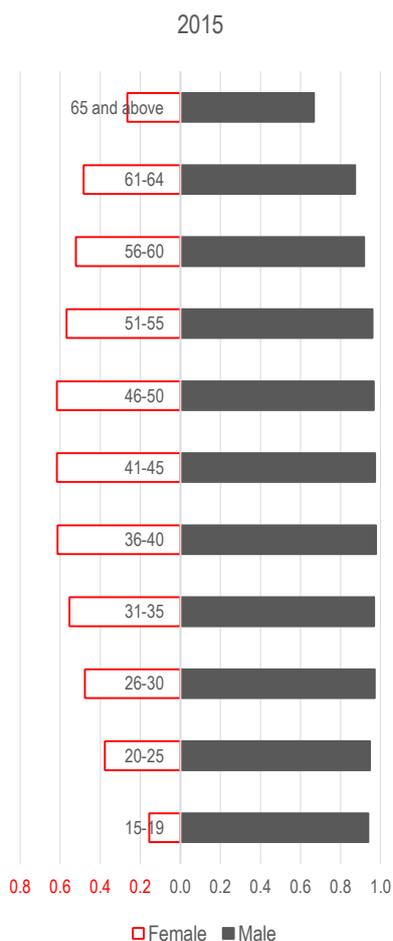


Figure 3: Participation rates across age cohorts disaggregated by gender (continues)



Note: Participation rates account for employed and unemployed population. Calculations exclude full-time students.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

A closer look at fertility indicators and their differences across recipient and non-recipient women flags key aspects regarding labour attachment constrained by familial needs. Recipient women have, on average, higher and earlier fertility (see Table 3). They are more likely to be in atypical family arrangements, e.g. lone mothers or cohabiting. Lone motherhood complicates their continuous attachment to paid work, with no partner providing income support and major obstacles to access full-time formal employment. If not in a legal partnership, women are more likely to remain excluded from contributory social insurance, with limited access to pension funds. As such, the problem of gendered differentials in the employment trajectory becomes larger at retirement age (a similar argument is explored by Filgueira et al. 2011).

Table 3: Selected indicators of fertility and family arrangements by BDH participation for women(\*) (national urban)

|   | Never a recipient | BDH recipient |
|---|-------------------|---------------|
| Mean age of women at first child  | 21                | 19            |
| Women who were mothers by 18 years of age (%)                                   | 15                | 47            |
| Mean number of children   | 2                 | 3             |
| Women managing households on their own with children of 18 years or younger (%) | 7                 | 34            |
| Women cohabiting with men with children of 18 years or younger (%)              | 7                 | 16            |

Note: \*Women aged between 12 and 48 years old (fertile years).

Source: Author's calculations based on ECV Living Standards Survey data (INEC 2014).

Due to unreconciled care needs, women usually have broken career paths. The expectation is that when children grow up and enter school, the effect of childbearing on economic participation and employment, would become less salient although it would not disappear. However, recent trends show that women have postponed childbearing—among the lowest income strata the fertility rates have reduced at a lower rate—adjusting their labour market prospects instead.

## 4.2 Overall trends in occupational segregation

As a proportion of non-agricultural employment, own-account workers, informal-wage workers, casual day labourers, and domestic workers, while declining, remain the most important forms of employment in the country. These occupations are often insecure, poorly paid and unprotected. Table 4 presents the share of women employed within each occupational category. Service work remains the most frequent occupation among women, followed by sales, clerical, and related work.

Table 4: Women as a proportion of employment by occupation

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Members of the armed forces                               | 1.8%  | 0.0%  | 1.0%  | 0.4%  | 0.0%  | 0.6%  | 0.6%  | 1.2%  | 2.8%  |
| Professional, technical, and related workers              | 36.7% | 32.2% | 33.5% | 36.0% | 42.0% | 40.1% | 40.1% | 37.0% | 32.3% |
| Administrative and managerial workers                     | 47.8% | 52.3% | 52.1% | 52.5% | 52.2% | 54.2% | 54.2% | 54.5% | 55.4% |
| Clerical and related workers                              | 48.7% | 47.5% | 49.6% | 49.6% | 50.2% | 47.7% | 47.7% | 42.2% | 45.4% |
| Sales workers   | 57.5% | 60.5% | 58.7% | 55.1% | 52.7% | 52.9% | 52.9% | 54.4% | 54.2% |
| Service workers   | 59.5% | 59.1% | 60.1% | 60.2% | 57.9% | 59.0% | 59.0% | 58.4% | 60.0% |
| Agricultural, animal husbandry, and forestry workers      | 32.2% | 31.6% | 28.4% | 27.6% | 29.2% | 29.6% | 29.6% | 31.9% | 29.3% |
| Artisans and production related (including day labourers) | 20.9% | 21.3% | 19.7% | 20.8% | 20.7% | 19.9% | 19.9% | 19.6% | 18.4% |
| Production process workers (manufacture)                  | 7.4%  | 7.1%  | 7.9%  | 5.9%  | 7.5%  | 9.3%  | 9.3%  | 7.0%  | 6.1%  |
| Service, sport, and recreation workers                    | 40.4% | 39.8% | 42.0% | 39.1% | 40.3% | 39.9% | 39.9% | 43.5% | 43.9% |

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

Informality is highly associated with occupational categories. As mentioned above, intermittence in employment is associated with informality, disproportionately affecting women in fertile years. Most women who are employed as agricultural workers, artisans, and production processors operate in the informal sector (see Table 5). Extensive informality makes the care-related social protection policies and regulation almost trivial. The vast majority of the female labour force has no access to childcare and a very low percentage is entitled to maternity leave, minimal measures for reconciling paid work and care. Instead, the informal sector seems to offer many women an alternative to fixed employment, if any.

Table 5: Informal sector employment as a proportion of female employment by occupation

|  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Professional, technical, and related workers         | 7.9%  | 8.7%  | 4.7%  | 5.6%  | 3.2%  | 9.6%  | 9.6%  | 2.6%  | 1.8%  |
| Administrative and managerial workers                | 13.7% | 14.1% | 12.4% | 12.2% | 18.1% | 12.5% | 12.5% | 14.2% | 4.3%  |
| Clerical and related workers                         | 21.2% | 21.2% | 22.9% | 20.7% | 19.5% | 19.9% | 19.9% | 14.9% | 6.9%  |
| Sales workers  | 19.2% | 18.8% | 21.2% | 18.0% | 17.7% | 16.3% | 16.3% | 15.8% | 4.3%  |
| Service workers                                      | 47.3% | 49.0% | 49.5% | 52.4% | 52.4% | 51.3% | 51.3% | 48.2% | 27.7% |
| Agricultural, animal husbandry, and forestry workers | 81.0% | 84.5% | 78.3% | 84.5% | 83.6% | 81.8% | 81.8% | 72.7% | 68.3% |
| Artisans and production related labourers            | 56.6% | 57.7% | 57.7% | 59.7% | 59.9% | 61.3% | 61.3% | 60.3% | 41.8% |
| Production process workers (manufacture)             | 45.3% | 48.4% | 50.0% | 49.7% | 50.4% | 49.3% | 49.3% | 48.8% | 33.0% |
| Service, sport, and recreation workers               | 50.4% | 52.5% | 51.7% | 55.8% | 48.3% | 48.0% | 48.0% | 51.7% | 45.4% |

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

This is especially true for women at the bottom part of the wage distribution, who cannot afford childcare but have to provide for their household nevertheless. Informal work is the norm among BDH recipients. Of the total active population enrolled in the BDH programme in 2015, 75 per cent are employed in the informal sector, and only 7.5 per cent in the formal sector (author's calculations based on ENEMDU data). The remaining are divided between unclassified workers (10 per cent), domestic workers (5 per cent), and unemployed (3 per cent). It follows that employment in the informal sector drives the pattern of general employment among BDH recipients.

For recipient mothers, a combination of high fertility, differentiated access to childcare, and gender segregation leads to differences in labour market attachment. Families react to the challenges of balancing motherhood and labour market participation in a stratified way. Care needs are interpreted through fragmented schemes: poor families usually rely on the extended family or cohabiting in search of support for care provision, while affluent families are more likely to accommodate paid care or regulate this by having less children, as suggested by demographic data. Thus, informality is more severe among poor women, who through a lack of care support, tend to leave the labour market earlier than the rest of the female population—if there is another provider in the household—or opt for flexible occupations. As shown in Table 6, recipient women, who are at the lower end of the income distribution, are employed in a reduced number of fields and in predominantly informal arrangements. These are critical nodes of unprotected work, in the margins, often operating under precarious conditions.

Table 6: Informal sector employment as a proportion of female BDH recipients, employment by occupation

|  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Service workers                                      | 79.7% | 79.7% | 89.6% | 84.3% | 69.6% | 88.7% | 84.0% | 84.0% | 89.0% |
| Agricultural, animal husbandry, and forestry workers | 89.2% | 89.2% | 89.1% | 87.3% | 91.9% | 91.0% | 89.7% | 89.7% | 89.8% |
| Artisans and production related labourers            | 58.8% | 58.8% | 65.0% | 61.7% | 75.7% | 61.2% | 76.7% | 76.7% | 80.1% |
| Production process workers (manufacture)             | 21.3% | 21.3% | 58.0% | 59.9% | 90.6% | 26.2% | 66.0% | 66.0% | 36.5% |
| Service, sport, and recreation workers               | 58.6% | 58.6% | 51.6% | 49.7% | 67.9% | 56.5% | 60.3% | 60.3% | 73.6% |

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

### 4.3 Gender occupational segregation: a closer look

In orthodox economic theory, segregation is seen as a rational response by employers and employees. Supply-side explanations consider that women choose mother-friendly jobs in their attempt to maximize earnings, conditional on intermittent and flexible employment, a by-product of their role as care providers. While many women opt for these jobs based on their family demands, others, based on their education credentials and experience, do not qualify for dependent employment—their preferred option—which would guarantee them maternity leave and fixed schedules. Demand-side explanations account for discrimination during the hiring process. Many women are not considered by employers, who are in the grip of arbitrary notions of who is appropriate for a job, in particular if they offer on-the-job training, as women's career breaks, e.g. childbearing, are perceived as increased costs for the employer (England 2005, 2010).

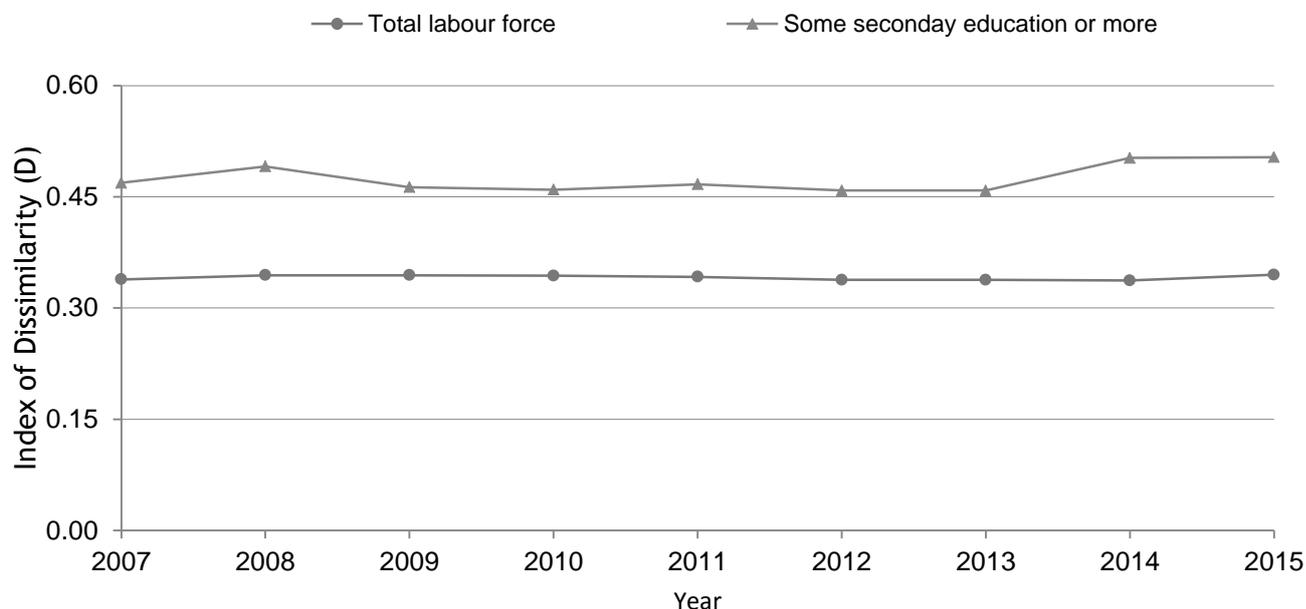
Segregation is also discussed as a product of socialization: individual preferences and aspirations are transmitted culturally, driving men and women to apply for different job positions (England 2005, 2010, 2015). Recently, England (2015) has criticized the overemphasis that sociologists of gender place on 'the social', inattentive to individuals' agency. This is, however, different from the argument made in orthodox economics, which tends to divert the attention from structural forces and considers gendered work the result of women's choices—for an extended review, see England (2015), Folbre (2012), and Folbre and Nelson (2000). These are better explained as mutually reinforcing processes leading to the devaluation of female work. Work traditionally done by women, e.g. nursery, domestic work, etc., is deprecated by cultural ideas that underestimate their contribution and feed the bias against hiring and/or placing women and rewarding their work. At the institutional level, these beliefs are reproduced in the workplace, perpetuating segregation.

Gender occupational segregation characterizes the functioning of the labour market in Ecuador, even controlling for education.<sup>12</sup> Figure 4 shows trends in occupational gender segregation from 2007 to 2015, for the total workforce. The dissimilarity index D is used as a proxy to capture gender segregation by occupation, showing the percentage of both men and women who would have to change occupations to make the gender distribution equal (as used in England 2010).

<sup>12</sup> Certainly, there is a link between qualification and the type of work people perform, regardless of their gender. In Ecuador, 70.7 per cent of workers who have not completed primary school and 50.5 per cent who have not completed secondary school are in inadequate employment—a category that describes situations in which individuals reported wanting to change their current work situation since it negatively affects their wellbeing (ENEMDU data, INEC 2015).

The scale shows 100 for complete segregation and 0 for complete integration. Calculations<sup>13</sup> suggest that the D index has basically remained unchanged. Controlling by education, gender segregation is even higher and has intensified. In recent cohorts, a higher proportion of women have accessed formal education, closing the gender gap in terms of schooling years (INEC 2016) but not in terms of access to employment.

Figure 4: Gender segregation of occupations (male and female economically active population)



Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007–15.

Yet, recipient women tend to have lower educational credentials. Thus, they are most likely to be chosen for unskilled jobs and receive lower remuneration. Domestic work<sup>14</sup> is a common destination. This is a gendered field which fits with the historical role of women as carers: 95 per cent of workers are women (author's own calculations based on ENEMDU data, INEC (2015)). Caring is work that women are thought to do for free, so it is left to the most desperate women to pick up the slack of domestic work. Legally, domestic work has not been accorded the same rights as other occupations. Inferior standards are often applied: for example, the occupational minimum wage for domestic workers remained lower than the national statutory wage until recently (2012). A constitutional reform following a referendum in Ecuador conducted in 2010 and in observance of the International Labour Organization conventions determined that domestic workers should earn a living wage and have better working conditions. Yet, changes in

<sup>13</sup> D index estimations using Stata®, DUNCAN module to compute the Duncan and Duncan segregation statistic. D was obtained for all pairwise combinations of groups e.g. occupations. If  $N(M_i)$  is the frequency of category  $i$  for men (e.g. the frequency of male domestic workers) and  $N(F_i)$  is the frequency of category  $i$  for women (e.g. the frequency of female domestic workers), then, the dissimilarity index  $D$  is defined as

$$D = 0.5 * \sum | N(M_i)/N(M) - N(F_i)/N(F) | \quad i = 1, \dots, I$$

where  $N(M)$  and  $N(F)$  are the overall group sizes.  $D$  may be interpreted as the proportion of males that would have to change category in order to get the same relative distribution as in the group of females, or vice versa. Adapted from StataCorp (2011).

<sup>14</sup> Domestic work accounts for 2.68 per cent of the labour force, nationally, which means that approximately 200,000 women participate in this activity.

legislation have not fully tackled discrimination against domestic workers, arguably due to the wage compensation provided by BDH transfers. After a higher minimum wage was set—matching the official statutory minimum—and offering long overdue social protection to domestic workers, consumers of domestic work—mostly middle-income households—adjusted their demand for domestic work. This resulted in a contraction of the demand for domestic workers, with urban employment rates falling by about three percentage points in domestic work employment, from 11 per cent in 2009 (year before reform) to 8 per cent in 2015, or moving towards part-time arrangements, with the share of part-time female domestic workers increasing from 28 per cent in 2009 to 38 per cent in 2015, as a share of total domestic work (author's calculations based on ENEMDU data).

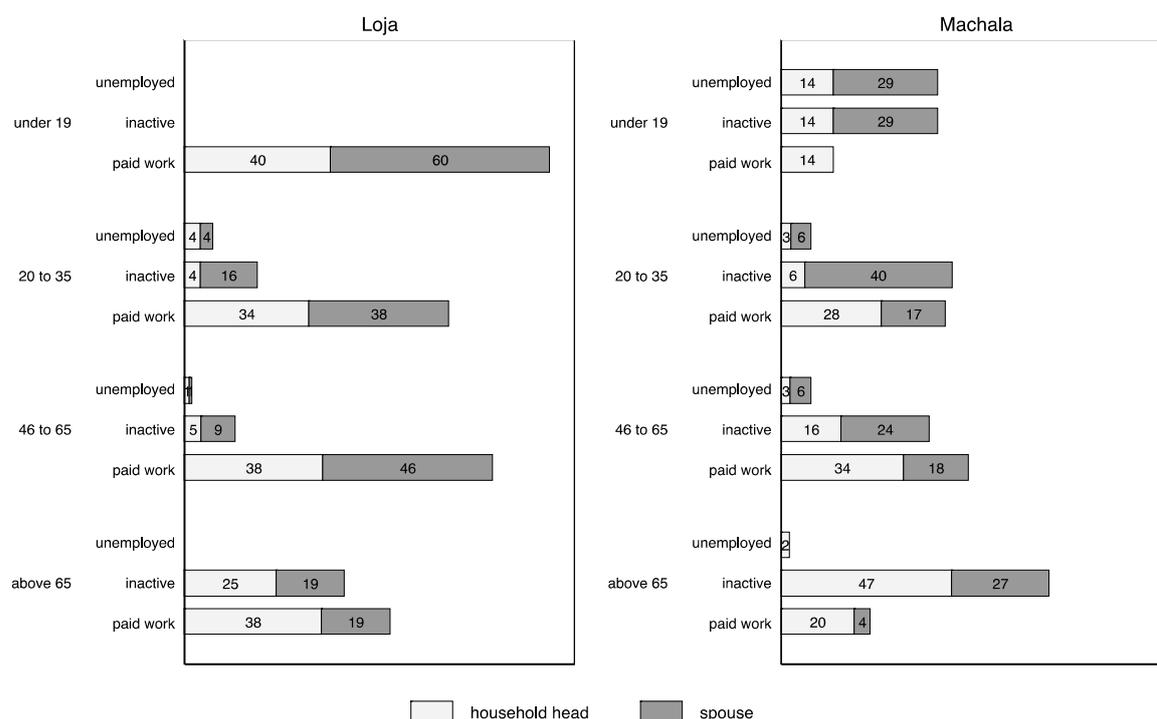
In the era of CCTs, the role of women as care providers is stronger than ever, further deprecating domestic work, in the margins of regulation and naturalizing their marginal position within the labour market. As of December 2015, 90 per cent of female recipient workers who reported receiving BDH transfers earned less than the statutory minimum, compared to 56 per cent in the case of domestic workers who did not receive BDH transfers (author's calculations using ENEMDU data, INEC 2007–15). This gap has consistently increased. While in 2011, 72 per cent of female recipient domestic workers earned below the statutory minimum, compared to 63 per cent of the comparable non-recipient population, in 2007, 53 per cent of female recipient domestic workers earned below the minimum, compared to 40 per cent of non-recipient domestic workers. As noted above, in 2007 the statutory minimum wage for domestic workers was still lower than the statutory minimum wage for any other occupation—that is US\$120 for domestic work, while the official minimum wage was set at US\$170 (author's calculations based on ENEMDU data). Although differences in wages are usually explained by productivity differentials, in the case of domestic work, however, this argument does not suffice to explain the difference in remuneration between non-recipient and recipient domestic workers.

## **5 A closer look at the cases: Loja and Machala in southern Ecuador**

### **5.1 Gender, life phase, and employment**

Survey data collected in Loja and Machala suggests gender- and life-phase-specific employment patterns among BDH recipients. In Loja, 78.1 per cent of female respondents were performing paid work at the time of the survey, with higher employment rates for the first and third age cohort, i.e. women aged 19 and younger, and those aged between 46 and 65 years, as evidenced in Figure 5. In Machala, where employment rates are lower, 44.5 per cent, marital status is significantly associated with higher inactivity rates, especially for the second cohort, aged 20 to 35 years old.

Figure 5: Employment status by age cohort for female household head or spouses (female respondents only)



Graphs by city (percentage): female respondents only

Source: Author's calculations based on fieldwork data, 2013.

Previous studies (Mideros and O'Donoghue 2014; Schady and Rosero 2007) had found that participation in paid work among BDH recipients is conditional on the presence of a partner, i.e. labour attachment is more likely in mono-parental households or alternatively, there is an incentive to remain in inactivity in bi-parental households. Marital status determines care needs as much as the number of dependent children in the household (Vásconez Rodríguez 2014). Yet, interviews indicated that not only do familial arrangements vary across Loja and Machala, but these are also under continuous change.<sup>15</sup>

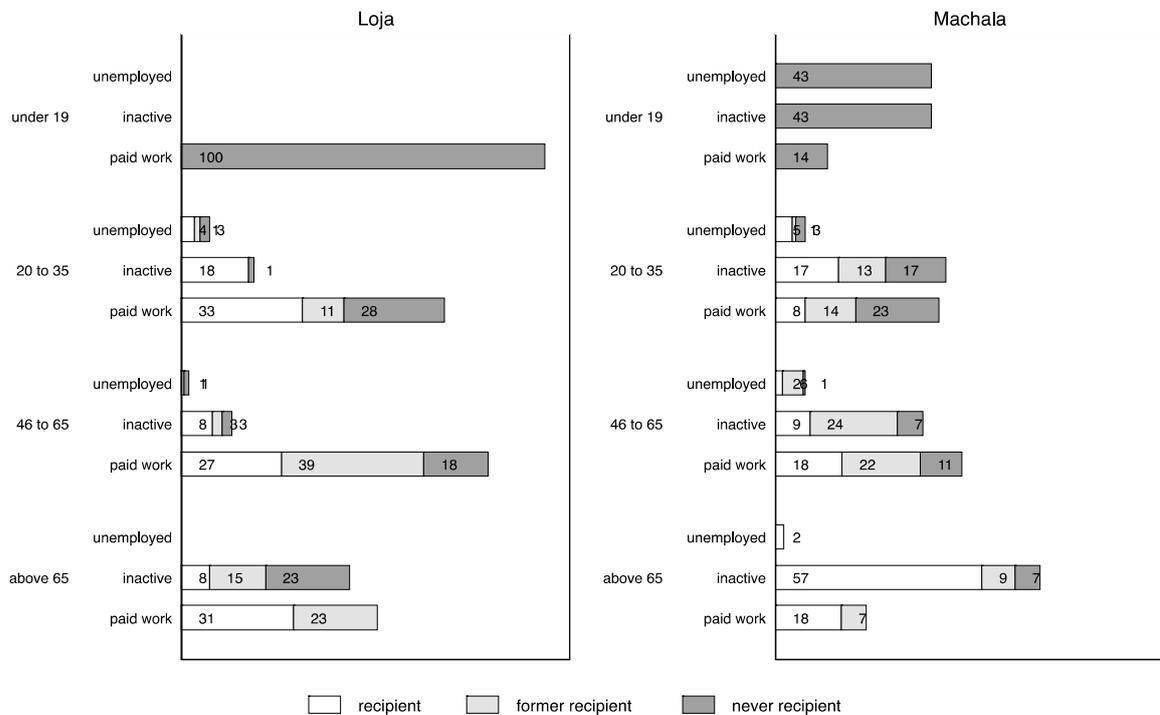
By comparing data on employment and participation in the BDH programme, Loja presents higher participation rates among recipients in the age group from 46 to 65 years old (see Figure 6), with 84 per cent employed and nearly 2 per cent actively seeking employment at the time of the survey. In this age group, most of the employed respondents were former BDH recipients, either graduated or *Crédito de Desarrollo Humano* (CDH or Human Development Credit) recipients.<sup>16</sup> As expected, inactivity increased after retirement age (after 65 years of age), but this does not necessarily imply exiting the labour force, as survey data for Loja suggests. With regard

<sup>15</sup> Divorce rates have doubled in Machala, from 0.729 in 1997 to 1.55 per thousand in 2014 (author's calculations based on official registries, INEC). Loja's divorce rates are lower (1.2 per thousand) than in El Oro (1.9 per thousand). In Machala, marriage rates are lower: 21 per cent, compared to 46 per cent in Loja; but higher in the case of mothers in informal unions, i.e. cohabiting, especially among the youngest, with 50.5 per cent of teenage mothers in Loja reporting to be married, whereas in Machala the share drops to 23 per cent (author's calculations based on ECV data, INEC 2014).

<sup>16</sup> CDH provides BDH beneficiaries with the option of an annual loan of up to US\$600 for micro-enterprises start-up, or up to US\$350 to support existing productive activities.

to employment outcomes and social protection in Machala, age-specific patterns are less clear, except for respondents at retirement age, where inactivity rates are higher. Instead, inactivity rates, as seen in Figure 6, seem to be associated with marital status regardless of participation in the BDH programme.

Figure 6: Employment status by age cohort, conditional on participation in the BDH programme



Graphs by city (percentage within age group): female respondents only

Source: Author's calculations based on fieldwork data, 2013.

Note that in Machala there is an important share of home-based workers, who do not always report their work as paid work in official surveys.<sup>17</sup> Door-to-door sales, in-house helpers (homemakers and hand-launders), and dressmakers account for 50.4 per cent of the total employment among female respondents. These occupations were more common among single mothers.<sup>18</sup>

In Loja, all the respondents 19 years old and younger were employed at the time of the survey, mostly as street vendors. There were no students in the sample, confirming that the vast majority of young female informal workers had deserted school and supporting the low-qualification argument explored before. In the group aged 20 to 35 years old, respondents were less likely to be employed. Of those BDH recipients who were employed at the time of the survey, 48.9 per cent were working as street vendors, 17 per cent worked as hand-launders, and the remaining in other service-related occupations. For the group of respondents aged between 36 and 64 years old, the share of graduated recipients was higher. Most of the graduated recipients were employed at the time of the survey in street vending (63.3 per cent), retail trade (8.3 per cent) and

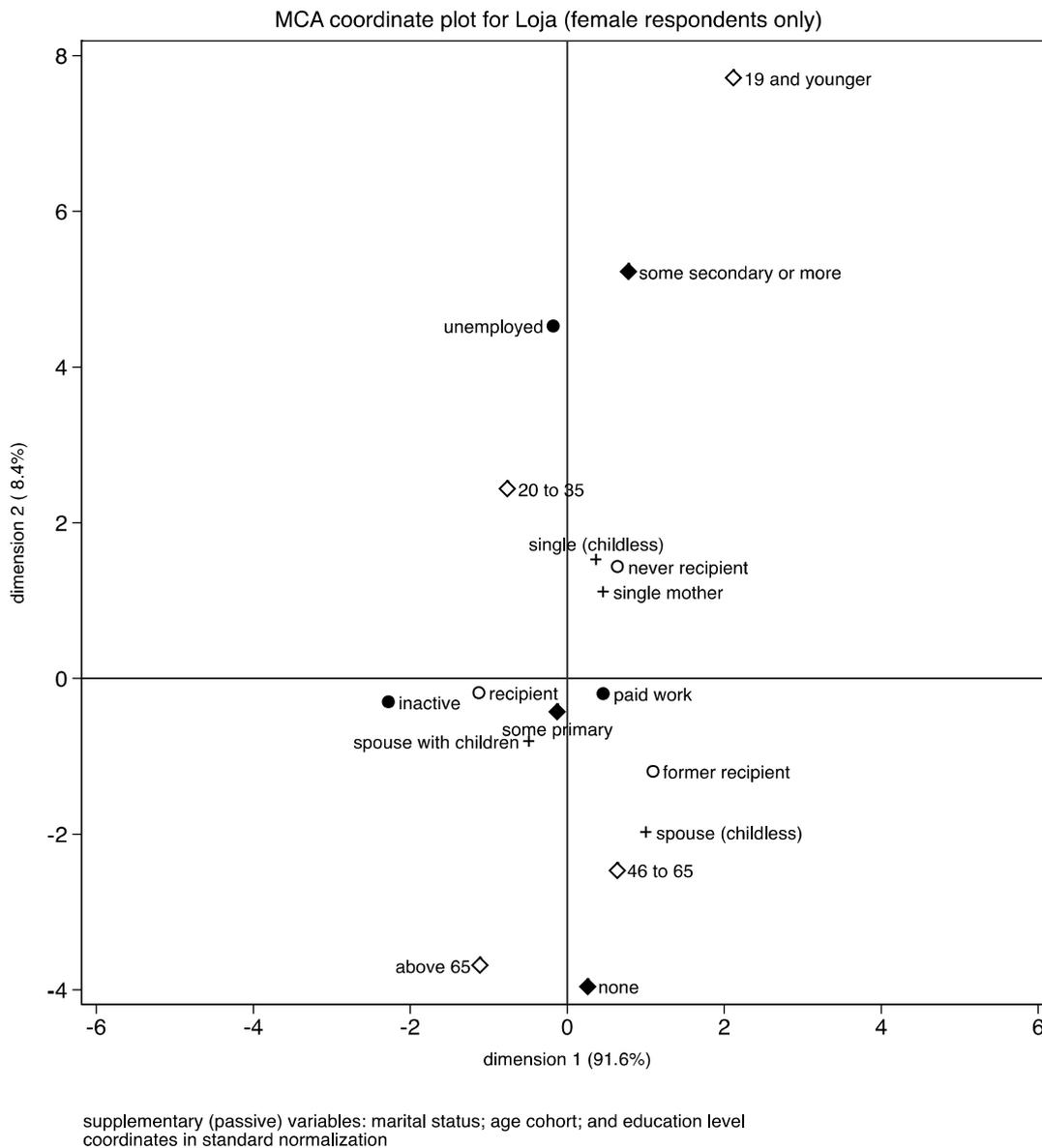
<sup>17</sup> It was found that 51 respondents concealed their employment status from the government, indicating they had no job at the moment and had not looked for one (field research 2013).

<sup>18</sup> Note that in Coast, where Machala is located, the incidence of extra-marital childrearing is higher (Moser 2009).

service-related occupations, including food preparation (11.7 per cent), hand-launderers (3.3 per cent), and domestic work (3.3 per cent). In this age group, single mothers presented higher employment rates regardless of their participation in the BDH programme, with street vending being the most frequent occupation. Last, among the elderly, overall inactivity rates were higher than in other age groups, although a significant number of respondents were employed—lone women, mostly.

As a means of mapping the different familial, social, and working spaces, MCA analysis was implemented for both cities. As a relational technique, it helps with summarizing the associations between the set of categorical variables, e.g. access to BDH transfers, age cohorts, and employment status, by displaying these associations graphically. The analysis was implemented for female respondents only, who at the time of the survey were neither full-time students nor had a permanent disability. Figure 7 presents the results of MCA, a variation of principal component analysis for Loja. By analogy with principal component analysis, MCA projects a set of points representing all categories of the variables into a subspace that has as few dimensions as possible, the dimensions being new factors (factorial axes) which are mutually orthogonal. The first dimension highlights the position between former recipients, current recipients, and never recipients, and between inactive, unemployed, and respondents performing paid work. In the interaction of these categorical variables and supplementary variables—marital status, age cohort, and education level—three profiles can be identified: 1) recipients who are either spouses with dependent children or elderly women, who are provided with some compensation from the maternity component or the pension component of BDH, respectively; 2) graduated BDH recipients, who are more likely to be in paid work—older spouses (above 46 years old) without dependent children are often found in this group; and 3) never recipients—following BDH inclusion criteria, childless women or under-age mothers do not qualify for BDH transfers. This last group, however, presents the higher educational level, since younger cohorts tend to pursue higher degrees.

Figure 7: Multiple Component Analysis (MCA) (Loja)

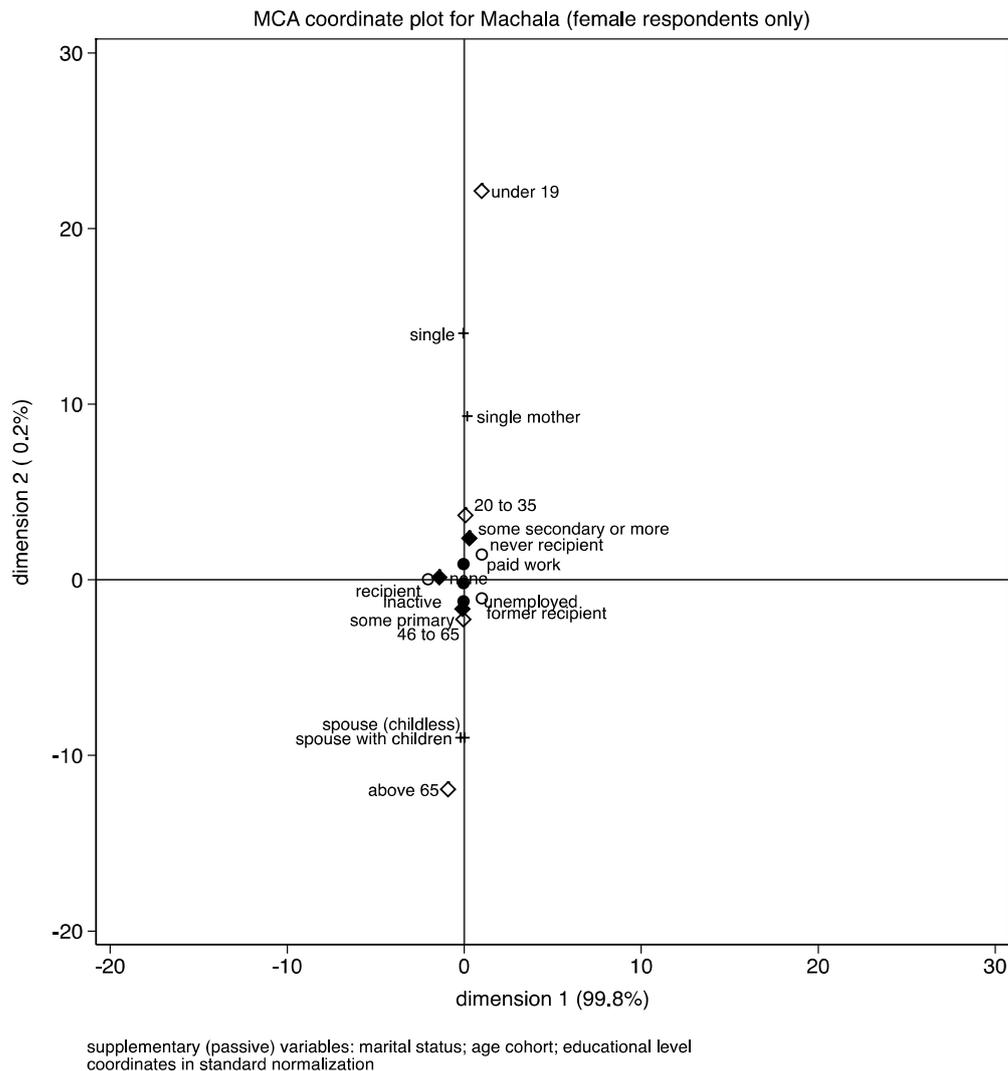


Note: The figures display the rows and columns of cross-tabulated data. The coordinates of each category are illustrating the proportion of the variance of the axis due to that point-category.

Source: Author's calculations based on fieldwork data, 2013.

Figure 8 presents MCA results for Machala. In this city, inactivity is more common among BDH recipients. Yet, there is another layer: marital status. Inactive recipient women tend to be spouses, with dependent children or otherwise. Never recipients are more likely to be in paid work. It is worth noting that in this city, home-based work, e.g. door-to-door sales, outweighs other occupations available to single mothers of younger age (between 20 and 35), arguably due to the impossibility of leaving children alone.

Figure 8 Multiple Component Analysis (MCA) (Machala)



Note: The figures display the rows and columns of cross-tabulated data. The coordinates of each category are illustrating the proportion of the variance of the axis due to that point-category.

Source: Author's calculations based on fieldwork data, 2013.

## 5.2 Occupational segregation

Across these cities, field research helps identify the two most frequent occupations among recipient and former recipient women: domestic work and street vending. Domestic work, as repeatedly mentioned in interviews, is the most common destination for rural to urban migrant women—especially if single. A key element of urban employment is access to accommodation for incomers. In both cities, Loja and Machala, there were a significant number of women who had migrated from rural areas and were engaged in domestic work. Most women who migrate to the city try to find a job as a live-in domestic, as a means to guarantee shelter. The job search period requires enduring dangerous and demeaning working and living conditions in the city. Less and less households are willing to employ such women full time. Urban families can no longer afford a live-in helper. Domestic workers' backgrounds further affect their position in the hiring process, devaluing their work, as migrant women are seen as meriting less pay (field research interviews, 2013). This is deeply rooted in cultural and institutional mechanisms

operating on a broader scale. Domestic work is segregated to poorly educated women from rural areas and with an indigenous background. Note that according to the last consulted ENEMDU data (INEC 2015), about 55 per cent of female domestic workers working in urban centres are internal migrants and cross-border migrants.<sup>19</sup> Most migrant domestic workers (47 per cent) departed to follow their families, while nearly 40 per cent migrated to search for a job. Above 85 per cent of migrant domestic workers are women of indigenous or ethnic minorities, exacerbating marginalization and pushing wages down. Hiring families tend to keep domestic work wages low, arguing they already provide food and shelter—valuable extras for migrant workers. The role of private recruiters and employment agencies in the sector further contributes to this trend, managing part-time placements among richer households.

However, full-time and live-in domestic work is not an option for most lone mothers with young children who have no access to formal or informal care networks. Many women mentioned in interviews that they are discriminated against at the hiring stage for domestic work if they mention that they have under-age children. Lacking care options, many opt for flexible jobs. In addition, women who have to take ‘breaks’ for childrearing are likely to choose jobs that have a lower drop in wages when they return from home time, e.g. street vending. This activity offers mothers flexible hours, albeit their income depends on daily sales—making this a very volatile source of income. Street vending also presents lower barriers to entry, facilitating the return to work after and/or during childrearing. Many women found a substitute for day care in the public space, taking their children with them during the working day—something not allowed in other occupations, e.g. domestic work (field research interviews, 2013).

A large number of home-based workers were also found among the target population, most of them women with young children. They produced goods from within their own homes: preparing food, stitching garments, selling goods (cosmetics), or providing services (laundry, hair-cutting, beautician services) among other activities (field research interviews, 2013). Together with street vendors, waste pickers, and domestic workers, home-based workers were one of the top preferred occupations reported by BDH recipients. Some women highlighted the value of home-based work which seems to be providing them with the possibility to combine paid and unpaid work in a flexible schedule. However, home-based work pay is rather low—and often described as unreliable. In addition, workers absorb all production risks, directly affected by housing policies, transportation, and relocation programmes.

Through these examples, the field research in the cities of Loja and Machala helped identify processes of *housewifization*, as coined by Mies (2012)—a normative category defining women in poverty as de facto housewives, dependent on the income of a husband or state’s support via cash transfers. These processes were found across the most typical profiles of BDH recipients: 1) the ‘inactive’ dependent housewife (most frequent in Machala); 2) the domestic worker (most frequent in Loja); and 3) home-based work (most frequent in Machala). Among these, employees might benefit from defining poor women as non-working housewives and their work as marginal, often labelled under inactivity. In the case of informal flexible work, e.g. street vending, mostly found in Loja, it relates to broader patterns of segregation and informalization, originated in the restrictions to accessing formal employment discussed earlier. Even if the provision of care and income support are core ideas of the BDH, the programme can play a critical role in subsidizing irregular and poorly paid employment among recipient women. Unfortunately, this is often for the benefit of employees, who are free from the social pressures from below, and diverting the state’s attention from a more comprehensive agenda towards social provisioning and supporting care.

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<sup>19</sup> In Loja, the share of migrant women in domestic work reaches 77 per cent, compared to 64 per cent in Machala.

In addition, the segmented social protection provided to families relies on an understanding of poor women as dependent spouses. Yet, this *housewifization* process is based on two erroneous assumptions: first, that economic development increases labour productivity to such an extent that the care costs, e.g. reproduction costs, are covered by the male wage—a situation which, in light of the demographic trends discussed earlier, does not fit the reality of most recipient women; second, that women’s care work is non-work and hence open to unrestricted control and utilization. As suggested in the analysis of Loja and Machala, many recipient women perform economic activities in the margins of the productive sector, unreachable by public instruments of registration, regulation, and protection.

## 6 Conclusion

This paper provides a basis for understanding how and why some modalities of social protection are associated with informality and occupational segregation. CCTs, as originally conceived, do not aim to correct labour segregation and very few of them focus on labour attachment at all. In practice, nonetheless, they might have an impact on employment outcomes. This has led to a growing pressure to study and integrate an employment component into these schemes, as they are regarded as incentivizing and/or sanctioning workers’ choices, as per the disincentive or moral hazard argument presented elsewhere. The perversity rhetoric has led to an impulse for further tightening the targeting at and a reduction in the number of working-age recipient women. Recent literature, abstracted from broader demographic and institutional processes that drive poverty and exclusion among women, has contributed to this retrenchment in non-contributory social protection.

Nonetheless, it should be stressed that gender segregation not only concerns recipient women. The vast majority of the female labour force have no access to childcare facilities and a very low percentage are entitled to maternity leave, although both measures are key in reconciling paid work and care. The high levels of informality of the labour market in Ecuador have made the care-related social protection policies stated on the statute law almost irrelevant. Even within the formal sector, extensive non-compliance and weak enforcement attenuate the effect of recent measures, as discussed by Canelas (2014) with regard to statutory minimum wages and expansion of contributory social security. Then, it is worth asking to what degree has BDH substituted the policy areas that could be deemed more significant for the labour integration of recipient mothers? As discussed in this paper, there is uneven progress across policy goals regarding women’s education, social protection, and participation in the labour market in Ecuador. The part of transformation aimed at increasing human capital that called for girls to have equal access to education has been successful. However, the part that called for women to have equal access to jobs and to challenge the devaluation of care work has made little progress. The result is persistently low rewards for recipient women who, either by choice or constrained by institutional forces, have remained focused on mothering and/or locked in traditionally ‘womanly’ occupations, regardless of their participation in the BDH programme.

The emphasis on targeted modalities of social protection has played a marginal role in the struggle against gender segregation, a structural configuration of the labour market, with limited transformative impact on the marginal mass of female part-time workers. Broader labour market structures work against recipient women, where the disproportionate number of single mothers is compelled to perform any work available, increasing the incidence of precarious paid employment and unpaid care among recipients. This process not only leads to further polarization of men and women, given the naturalization of care services, but has maintained inequalities between recipient and non-recipient women, not assisting in the integration of recipients into full formal employment. Oblivious to these interactions, CCTs risk turning into

‘compulsory altruism’ (Folbre 2012), which, as identified in similar contexts, is exerted strongly among the poorest women as a form of internalized oppression, benefiting from their own ‘resignation’ to failure. Social protection design can benefit from closer attention to the constraints that targeting the family system and other institutional arrangements place both on employment choices and access to social protection among women.

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