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Global Forum on Competition

GENDER AND COMPETITION

- Executive Summary -

29-30 November 2018

This executive summary by the OECD Secretariat contains the key findings from the discussion held under Session II at the 17th Global Forum on Competition on 29-30 November 2018.

More documents related to this discussion can be found at: oe.cd/gnc.

Please contact Ms. Lynn Robertson if you have any questions regarding this document [E-mail address: lynn.robertson@oecd.org].

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Executive Summary

By the Secretariat[*]

Considering the discussion at the hearing on *Competition and Gender* held during the Global Forum on Competition on 29 November 2018, the panellists' presentations and the delegates' submissions, several points are noted.

The Canadian Competition Bureau (CCB) introduced the topic by identifying the need for work on 'gender and competition' due to the scarcity of analysis on the topic, and to understand better how competition authorities could integrate a gender lens while carrying out their mandates. The CCB explained that competition authorities could play a role in promoting gender equality since such an aim is to a large degree not inconsistent with the traditional objectives of competition enforcement.

(1) Three factors are the main cause of gender inequality: (i) the role played by women in the household; (ii) formal barriers to participation in the economy; (iii) informal barriers.

Firstly, women's role in the labour market, an important input in market competition. The role played by women in the household was identified as the primary cause of gender inequality. Women contribute more to society outside formal markets by doing twice as much unpaid household and care-related labour as men. In doing so, women (i) do not benefit from formal markets' labour protections, (ii) are often unpaid or receive lower wages, (iii) may find it difficult to thrive in formal markets due to their higher need for flexibility, and in some countries, a lower rate of education. These factors combine to create a vicious circle that makes women more reliant on informal sector or part-time employment.

Secondly, in some countries, formal barriers – legislation, regulation - exclude women expressly from working in certain industries, or prohibit them from establishing or owning businesses. For examples, in certain countries women may not work as late as their male counterparts or maybe excluded from industries deemed to be too strenuous or dangerous. Where women cannot own property, access to credit may be impossible where banks require collateral.

Thirdly, even in countries that lack formal discriminatory provisions, there may still be informal barriers leading to significant gender inequality. These informal barriers may have societal or cultural roots. Although more challenging to identify, these informal barriers also have the potential of restricting or totally preventing market access for women as owners of firms and consequently distort the level-playing field in several markets. Such barriers may include the ability of women to circulate without being accompanied by a man or restrictions on the number of years of schooling for girls and accompanying requirements to help in the household.

(2) Gender and competition are interlinked by a bi-directional relation from gender to competition and vice-versa.

Competition can help to reduce inequality. For example, promoting competition could help to reduce taste-based discrimination by employers. In this case, referring to employers who discriminate against women employees for personal reasons. Meanwhile recognising the

[*] This executive summary does not necessarily represent the consensus view of the OECD Competition Committee. It identifies key points from the discussion at the roundtable, including the views of the delegates' oral and written contributions, and the background note prepared by the Estefania Santacreu-Vasut (ESSEC Business School) and Chris Pike (OECD Secretariat).

impact that gender has on markets can help improve the effectiveness of agencies in promoting competition. This positive bi-directional relationship may however be obstructed if consumers exhibit a taste for discrimination, in which case firms may compete to serve that prejudice. In these particular circumstances, the promotion of competition should be combined with regulatory interventions to establish the parameters upon which competition can take place.

(3) Competition authorities could obtain a 'double dividend' by targeting specific markets that are particularly important for women.

Competition authorities could obtain a 'double dividend' in terms of benefits to both equity and efficiency by focusing their enforcement and advocacy on markets of particular significance for women. For these reasons, all competition authorities (also including those whose mandates do not include public interest considerations) should consider gender in their enforcement prioritization activities. Markets identified as particularly crucial for women were: (i) those that provide substitute services, for examples, daycare and home nursing care, to those unpaid care and household services often supplied by women, and (ii) those that complement female economic participation as entrepreneurs or employees, such as access to finance and infrastructure markets.

(4) Competition authorities should not only focus on the formal sector.

Women play a significant role in the informal sector, and to improve efficiency and equity governments need to address the informal sector's issues. Failing to do so could lead to a vicious circle that feeds itself and perpetuates inefficiencies contrary to, amongst others, competition policy goals.To reduce the size of informal economy, competition authorities should consider focussing efforts on competition advocacy. When dealing with industries most affected by informality, advocacy actions should pay special attention to tackle the causes of informality (overly burdensome tax, labour and product regulations, long and costly administrative processes for setting up and operating businesses or difficult access to capital). Authorities can work with the relevant parts of government to address these issues.

(5) Access to the micro-finance sector is often key to allow creation of business by women. The promotion of competition should be undertaken in coherently with other policy areas.

Micro-finance provides lending to groups traditionally excluded from access to credit, such as women that often lack collateral, as previously mentioned. The increased competition in the micro-finance sector witnessed over the past decades, while beneficial to nascent entrepreneurs, especially women, might produce divergent outcomes. On the one hand, increasing access to micro-finance for women may lead to innovation, decreasing transaction costs and enlarging the sector's scope to serve women. On the other hand, competition may also generate unintended consequences. There is a risk that profit-making micro-finance firms could adopt cherry-picking strategies and do not cater to higher risk borrowers: precisely the clientele that micro-finance was originally developed to serve. This reduces the capability of not-for-profit firms to lend to these borrowers since they have less scope to pool their lending and cross-subsidize. Micro-finance's outreach to women has declined in recent years. Therefore it was suggested that the promotion of competition should be combined with parallel solutions to help those high risk borrowers of which women are often included who might otherwise be penalised by increased competition. Therefore, in general competition may help to reduce gender inequality, in some markets presenting specific features (such as the presence of charities carrying out public service missions, for instance) promoting competition may need to be accompanied by parallel interventions to correct the potential unintended consequences of increased competition.