

## **Economic Exploitation of Working Women in Formal Sector: A Case Study of Private School Teachers (Bahawalpur-Pakistan)**

*Rana Ejaz Ali Khan, Sara Noreen and Sara Ahmad*

Department of Economics, The Islamia University of Bahawalpur, Bahawalpur, Pakistan

---

**Abstract:** The study analyzed the economic exploitation of female teachers in private schools of Bahawalpur City (Pakistan) as a case study of working women in formal sector. It is based on 504 observations collected from 57 private schools (up to post secondary level). The exploitation of working women has been defined as the phenomenon of having wage lower than the recommended minimum wage by government of Pakistan. The determining factors of economic exploitation have been categorized into teacher's characteristics, household characteristics and school characteristics. The logistic regression results have shown that age of the teacher, her education and experience, household per-capita income, school age, school as a part of national chain negatively influence the probability of economic exploitation of teachers, while old-age members in the household and schools having ownership and management by the same person enhance the probability of exploitation. The study proposed the awareness of economic rights of women, implementation measures for minimum wages and labor policy concerns given by government of Pakistan.

**Key words:** Economic rights • Female wages • Minimum wages • Old-age members • Female Education • Household income

---

### **INTRODUCTION**

Labor force participation of women in Pakistan is very low as they suffer from a paucity of opportunities. Whatever women are working in informal or formal sector, they suffer plethora of problems regarding gender discrimination, social security nets, bonded labor, occupational safety, old-age benefits. One of the major problems is non-compliance of minimum wage, particularly to the females working in informal sector. Even the formal sector is lacking the implementation of minimum wage legislation.

However government of Pakistan is committed to fundamental working rights which have been enshrined in Labor Protection Policies 2002, 2006 and 2011. Moreover, the country has redefined many international commitments relating to labor standards such as 34 ILO conventions [1]. Under the Labor Protection Policy 2010, the minimum wage has been fixed at Rs 7000/month. Tripartite monitoring committees at district, provincial and national level have been proposed in the policy to watch the implementation of labor laws with particular reference to payment of wages and working environment [1]. Still there are evidences of lower wages of employees in both

formal and informal sector for male as well as female workers. Conceptually in the perfect competition the wages are determined by the supply and demand of labor in the market. So there are two types of the determinants of existence of wages lower than the minimum wage.

The focus of the study is to see the factors (of supply and demand side) responsible for non-compliance of minimum wages in formal sector in the case of female school teachers. The private sector in school education is absorbing female workers relatively more than the male workers in Pakistan. It is expanding extensively predominantly in urban areas [2]. It signifies the case study of female teachers from demand and supply side features. The teacher and household characteristics are the supply side while the school characteristics are the demand side factors. We will see both kinds of factors using primary data.

**Literature Review:** The social and economic exploitation of the working women is evinced by a number of studies. In the economic exploitation mostly the studies are concerned with the lower level of wages, long working hours and no-over-time wages. Different industries,

professions and jobs have been centered by researchers. None of the studies has focused on the estimation of determinants of economic exploitation in the prospect of Labor Protection Policy of Pakistan.

In the earlier work, Nazly, *et al.* focused on awareness among the working women about their exploitation in home-based industry of Faisalabad. They explored the association between the education of working women and awareness about their exploitation by the middlemen. The study concluded that education enhances the awareness about exploitations [3]. Jacob and Winslow analyzed the relationship between the workload and postsecondary teaching faculty dissatisfaction by using the data from national survey. The study concluded that faculty was dissatisfied by long workweeks and workload. All this was due to their academic responsibilities [4]. For private school teachers Ali and Khan revealed that private school teachers on average get one-third of the salaries earned by public sector school teachers [5]. For the banking sector Ahmed, *et al.* analyzed the work-life conflict and concluded that women's earning potential and workplace environment are negatively related with women's work-life conflict. On the other hand financial needs are positively related with work-life conflict [6]. A study in Iran explained that in the formal sector the belief in society play an important role on women's inaccessibility to top management position [7]. Such type of factor are also causing the economic exploitation of women.

Maqsood *et al.* attempted to explore the economic exploitation of women working in home-based jobs. The study found that the women were working in undesirable working conditions with insufficient pay and allowances. Women workers were also subject to other kinds of subjugation and exploitation. They were not availing minimum wages. The study explained that the phenomenon has considerable implications for the health and education outcomes of households of these women. In the absence of minimum wages they were unable to send their children to school and avail health facilities. These women workers were also unaware of the minimum wages [8].

For the informal sector Dinkelman and Ranchhod have attempted to explore the impact of introduction of minimum wage in South Africa on increase in wages and formal contract coverage. The study found no significant effect on employment on the intensive or extensive margin for domestic workers. These partial responses to the law are attributed to lack of monitoring and enforcement. The study explained that external sanctions are not necessary to have a significant impact on informal sector of developing countries [9]. For the formal and informal sector Gindling and Terrell explained that increase in

minimum wages not only raise the wages in formal sector but also raise wages in all other sectors traditionally regarded as informal sector [10].

**Methodology:** Our analysis is concerned with the economic exploitation of the working women in formal sector a case study of female teachers in private schools of Bahawalpur. The precise objective is to estimate the determinants of economic exploitation of female teachers in private schools.

**Sample and Data Collection:** The population of our study is private schools of Bahawalpur City that is 320, according to Private Schools Association Bahawalpur. These schools are comprised of Urdu and English medium schools, local and national chains, low-fee and high-fee schools as well as schools running under the board of governor. Some of the schools are registered and some others are register as well as affiliated with Board of Secondary Education.

From the population we draw the sample through stratified and random sampling techniques. The stratified sampling is based on the rationale that all the schools irrespective of the categories like medium of instruction, local or national chain and fee structure should be a part of the sample.

After stratification we used the random sampling technique and ultimately 57 private schools were selected. A structured questionnaire was proposed keeping in mind the objectives of the study. It was comprised of multiple choice and open ended questions. Pretest was done on five schools and after modification the questionnaire was finalized. The personal contact to the female teachers was adopted as the mode of survey. Response of the questionnaire has been remained approximately 100 percent. The economic exploitation has been defined as the wage received by the teacher lower than minimum wage set in Labor Policy by Government of Pakistan.

**Model Specifications:** For the estimation of determinants of economic exploitation we used the binary logistic model. The explanatory variables have been categorized into teacher's characteristics, household characteristics and school characteristics.

The general function of the model is given as:

$$\text{EXPLT} = f(\text{AGE, EDU, EXP, ASSET, HSIZE, NCHILD, NEMP, NOLD, PCI, FEE, MANG, SAGE, LOC}) \quad (1)$$

$$\text{EXPLT} = \beta_0 + \beta_1\text{AGE} + \beta_2\text{EDU} + \beta_3\text{EXP} + \beta_4\text{ASSET} + \beta_5\text{HSIZE} + \beta_6\text{NCHILD} + \beta_7\text{NEMP} + \beta_8\text{NOLD} + \beta_9\text{PCI} + \beta_{10}\text{FEE} + \beta_{11}\text{MANG} + \beta_{12}\text{SAGE} + \beta_{13}\text{LOC} \quad (2)$$

Table 1: Definitions of Dependent and Explanatory Variables used in the Binary Logistic Model

Variables	Definitions
Dependent Variable	
EXPLT (Exploitation of woman)	1 if she is exploited, 0 otherwise
Independent variables	
Individual characteristics	
AGE (Teacher's age)	Her age in completed years
EDU (Teacher's education)	Her completed years of education
EXP (Teacher's experience)	Her experience in completed years
Household characteristics	
ASSET (Assets)	1 if the household has assets, 0 otherwise
HSIZE (Household size)	Number of household members
NCHLID (Number of children)	Number of school-age children (5-15 years) in the household
NEMP (Number of employed persons)	Number of employed adult persons in the household
NOLD (Number of old-age persons)	Number of old-age persons (more than 60 years) in the household
PCI (Per-capita income)	Per-capita income of the household (Rupees/month)
School characteristics	
FEE (Fee of the school)	Fee of the school in terminal class (Rupees/month)
MANG (Management of the school)	1 if owner of the school is manager, 0 otherwise
SAGE (Age of the school)	Age of school in completed years
LOC (School is part of national chains or local)	1 if the school is part of national chain, 0 otherwise

The operational definitions of the variables used in the model are shown in table 1

The following features of the results are worth noting.

## RESULTS AND DISCUSSION

The binary logistic results are given in table 2. Majority of the results are statistically significant and consistent with theoretical implications of exploitation of working women in private schools.

**Teachers Characteristics:** The teacher's characteristics are important supply side determinants to explicate the economic exploitation of female teachers. In our analysis age, education and experience of the woman have shown significant results.

Table 2: Binary Logistic Results of Exploitation of Female School Teachers

Variable	Coefficient	Std. Error	Z-Statistic	Prob.
AGE	-0.047776	0.034372	-1.389980*	0.1645
EDU	-0.073489	0.066817	-1.299852*	0.2714
EXP	-0.139884	0.059464	-2.352401*	0.0187
ASSET	-0.115181	0.216478	-0.532069	0.5947
HSIZE	0.017877	0.071113	0.251383	0.8015
NCHLD	0.101357	0.099017	1.023633**	0.3060
NEMP	-0.018098	0.136451	-0.132632	0.8945
NOLD	0.171311	0.136469	1.255313**	0.2094
PCI	-5.77E-05	3.70E-05	-1.558776*	0.1190
FEE	-0.000161	0.000173	-0.930905**	0.3519
MANG	2.627627	0.829961	3.165966*	0.0015
SAGE	-0.009006	0.007825	-1.550926**	0.2498
LOC	-0.692437	0.583362	-1.486976**	0.2352
C	1.798357	1.454035	1.236804*	0.2162

Mean dependent var = 0.656667

S.E. of regression = 0.303199

Sum squared resid = 26.29179

Log likelihood = -98.01589

Restr. log likelihood = -192.9665

LR statistic (13 df) = 189.9013

Probability (LR stat) = 0.000000

Obs (with Dep = 0) = 203

Obs (with Dep = 1) = 297

Total obs. = 504

S.D. dependent var = 0.475615

Akaike info criterion = 0.746773

Schwarz criterion = 0.919616

Hannan-Quinn criter. = 0.815945

Avg. log likelihood = -0.326720

McFadden R-squared = 0.492058

\* represents 5 percent level of significance and \*\* represents 10 percent level of significance.

It is found that for the women in the age bracket of 16-60 years the economic exploitation of woman is negatively influenced by age, i.e. women of higher ages are less likely to be exploited. It may be explained as: higher wages are generally given in the later age due to promotion in the job, awareness positively correlates with age and older women have more relaxed social contacts as compared to younger ones. Although the younger women are physically more productive but have less skill than older ones that is why there is less chance of exploitation of older women. Mobility of the women is also increased in later ages and older women are more aware of their social and economic rights. The older women have seen many changes in their lives that make them confident in social and economic life so they have more bargaining power and are less likely to be exploited in wages. Sometimes by increase in age the working women improve their qualifications that result into increased wages.

On the other hand the young women, particularly fresh graduates from colleges and universities accept the lower wages to enter in the labor market. The general unemployment in the community may be a pushing factor for these fresh graduates.

To capture the effect of women's education on their exploitation, we have included women's education as continuous variable representing the number of completed years of education of a woman. We have found a negative relationship between the number of years of education and economic exploitation. One of the important facts explains this phenomenon, i.e. the highly qualified females employed in schools come from the well-to-do households so they do not accept lower wages. On the other hand the schools of high quality (if measured by their fee structure or national chain characteristic) prefer to have highly qualified teachers by offering good wages. The other explanation may be that level of education among women implies to improve their skill through training. The exposure of woman to the outer world decreases the chances of exploitation. The result also explains the economic returns to education.

We have also found a negative effect of women's teaching experience on exploitation. It is corroborated by the result of the variable of woman's age. Such type of effect may be explained by the fact that experience results into increased wages which ultimately push the teachers above the minimum wage level. Experience also increases the skill and bargaining power of the teacher. Moreover experienced teachers move to the high fee schools to have good wages.

**Household Characteristics:** In the household characteristics the number of children and old-age persons in the household and household per-capita income emerged as significant variables affecting the economic exploitation of women. It is found that number of school-age children in the household increases the probability of economic exploitation of teachers in private schools. The results explain the income dilution effect on the female labor supply from the household. It pushes the females to join lower wage work. It is found that the number of old-age persons in the household also positively influences the economic exploitation of women. It explains that the presence of old-age members in the household increases the dependency ratio of the household which ultimately pushes the females towards lower wages. To fulfill the family needs the women have to join low-paid work which enhances the economic exploitation of these women.

We have estimated that household per-capita income negatively affects the probability of exploitation of female teachers. It is again corroborated with the previous two results, i.e. number of household members and number of old-age members in the household enhances the exploitation of teachers. In other words, teachers work to support their households even facing economic exploitations. It may be concluded that the females join the profession to support household budget.

**School Characteristics:** On the demand side of the female employment that may affect the economic exploitation of the working women in private schools, we have included the school characteristics in our analysis. All the four variables related with school characteristics have shown significant results.

It is found that the fee structure of the school negatively influences the probability of the economic exploitation of the teachers. The low-fee schools serve the poor community of the society but on the other hand they economically exploit the teachers. As our earlier results (household characteristics) have shown that the teachers from lower household per-capita income are exploited more, it makes the mechanism that poverty not only on the supply but also on the demand side results into economic exploitation of teachers.

The school management is assumed to be an important factor likely to affect the economic exploitation. In this perspective, there is a variety of the schools, i.e. the schools where the owners of the schools are principals/headmasters or managers of the schools. The schools where there are no single owners of the schools

and schools are owned by NGO or governing bodies and management is hired from the labor market. Similarly there are schools owned by signal owners but management is hired.

It is hypothesized that the schools where the management (principal, headmaster) is the owner of the school, there are more chances of teachers exploitation. Usually such types of schools are small schools in student's strength and comparatively low-fee schools. We have included the school management as binary variable i.e. whether the school is managed by owner of the school or not. We have found a positive effect of management and ownership of school by the same person, on economic exploitation of women. The effect by such type of management may be explained as they are generally low-fee schools. The owners run the schools in a household business way and try to give the teachers low wages. They purely work for profit and self-employment or family employment. On the other hand, there are schools run under the NOGs or governing bodies where management is separated by the owner, they have good management and follow the rules and regulations. Majority of such type of schools are registered, affiliated and a part of national chain.

The age of the school negatively affects the probability of exploitation of teachers. It may be explained as the school age increases, the school expands and outsources more number of students. Even some schools become national chains. They improve the standards and for quality they hire the teachers at comparatively good wages.

In our analysis we have included the local or national chain school as binary variable. The purpose for inclusion of dummy variable was to see whether local schools or the national chain schools are economically exploiting the working women. The results revealed that the probability of economic exploitation of female teachers increases when the school is local instead of a part of national chain. The explanation may be same as given above. The national chain schools charge higher fee and maintain the standard by taking teachers at comparatively higher wages. The result is also corroborated by the results of the variables like fee structure of the school and management and ownership by the same individual.

## **CONCLUSION AND POLICY RECOMMENDATION**

The model and estimation presented above allows us to summarize the results and give policy recommendations for elimination of economic exploitation of female school

teachers in private sector. The conclusion of the study is summarized as below:

- Age, education and experience of the teachers decrease the probability of economic exploitation of teachers. These variables are related with teachers' awareness about labor rights. It is proposed that the awareness about the labor rights should be given to the female workers. They should have awareness of the procedure for complaints against the violation of minimum wages.
- Household per-capita income decreases the economic exploitation while number of school-age children and number of old-age persons in the household increases the exploitation. It reflects the fact that financially weak households face economic exploitation. These households need resources for livings so it is proposed that economic support in the form of implementation of minimum wages should be provided to these households.
- In the school characteristics if the school is managed by the owner it increases the economic exploitation while age of the school, fee structure of the school and if the school is part of the national chain decrease the economic exploitation of the female teachers. For the elimination of exploitation the parameters of the registration of private schools should be properly implemented.

Most of all, implementation of labor policy needs to be checked by the authorities. The possible notion may be that there exists corruption resulting into relaxing of implementation of labor policy.

## **REFERENCES**

1. GOP, 2010. Labor Policy 2010. Federal Ministry for Labor and Manpower. Government of Pakistan (GOP), Islamabad. Pakistan.
2. Khan, R.E.A. and M. Raza, 2010. Household Choice of Public versus Private Schooling: A Case Study of Bahawalpur City. *Middle-East J. of Sci. Res.*, 11(1): 94-99.
3. Nazly, Y., A. Shafique, S. Salim and A.A. Mann, 2004. Awareness among Working Women about their Exploitation in Home-based Industry of Faisalabad, Pakistan. *Inter. J. Agri. Biol.*, 6(3): 592-593.
4. Jacob, J.A. and S.E. Winslow, 2004. Overworked Faculty Job Stress and Family Demands. *Ann. Am. Acad.*, 596: 104-114.

5. Ali, K. and R.E.A. Khan, 2002. Private Schooling: A Quality Puzzle. Lahore J. Econom., 7(2): 41-64.
6. Ahmed, M.S., I.A. Shah and Z. Fakhr, 2011. Working Women Work-life Conflict: A Case Study of Banking Sector in Pakistan. World Appl. Sci. J., 13(3): 623-631.
7. Fini, A.K.S., 2011. Assessing of Women's Job Promotion in Southern of Iran, Middle-East J. of Sci. Res., 9(5): 628-686.
8. Maqsood, R., C.H. Bushra, Q. Zia and A. Cheema, 2005. Problem of Employed Women at Faisalabad-Pakistan. J. Agric. Soc. Sci., 1(3): 245-247.
9. Dinkelman, T. and V. Ranchhod, 2010. Evidence on the Impact of Minimum Wage Laws in an Informal Sector: Domestic Workers in South Africa. Working Paper Series No. 44. South Africa Labor and Development Research Unit.
10. Gindling, T.H. and K. Terrell, 2004. Legal Minimum Wages and the Wages of Formal and Informal Sector Workers in Costa Rica. IZA Discussion Paper No.1018. Institute for the Study of Labor.