

LABOUR MARKETS IN TRANSITION AND GENDER INEQUALITIES

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ABSTRACT

During transition full employment guaranteed by the state vanished in the process of restructuring the labour market, which led to the large drops in real wages and pressure on employers to reduce the number of jobs. Registered unemployment has soared in the former centrally planned economies, from almost zero to more than ten million. Women represented a higher share of these jobless; six million women were on unemployment registers in 1997 (UNICEF, 1999). Transition to the market oriented economy resulted also with a decline in public employment and the growth of a highly unregulated and informal private market (World Bank, 2002).

How those changes affected gender in the labour market is examined in this chapter. In this research we examine how the situation was prior to transition and how did transition effect gender inequality; also the changes in female activity rates are examined. While later in the paper rising level of unemployment and new opportunities for employment regarding gender are analysed. Paper also examines changes in the pattern of employment and in occupational segregation in the transition economies, as well as changes in educational attainment. Paper continues with the trends of gender labour market and analyses how transition impacted the wage gaps mainly in SEE, CEE and Russian Federation. While in the last section Gender inequalities in labour market of the transition economies with western economies are compared.

1. Introduction

Labour Market in former planned economies was characterized by full employment, and an excess of labour demand over supply (Svejnar, 1999). Full employment and high rates of labour force participation, particularly of women, were two important features of the labour supply. Unemployment in the sense of joblessness did not exist officially, except in Yugoslavia where there were high rates of open unemployment due to a different system (Economic Survey of Europe, 2003).

Prior to transition great emphasis was placed on employment as a right and a duty to both men and women, where according to Brainerd (2000) socialist countries were long committed at least nominally in achieving gender equality in labour market. Women's participation in the labor force was seen as the key to the achievement of gender equality, and gender equality came to be identified with equal labor market outcomes. Female labour force participation rates were high, since government policies such as relatively high minimum wages and generous maternity leave and day care benefits encouraged women to work (Brainerd, 2000). While female-male wage differentials were rated at least as well as their counterparts in developed countries.

However, even though participation rates were high and wage gaps were small, females were often seen as a secondary workers, unable to commit themselves fully to the jobs and the carriers, because the demand of their other role as the main providers of care for their households.

Females due to 'double burden' performed long hours of unpaid work at home in addition to the paid contribution in the labour market, where in Central and Eastern Europe their weekly workload averaged closed to 70 hours, about 15 hours more than the working load of women in Western Europe. (Unicef 1999). As a consequence of 'double burden' often is suggested that women's dual role leads to specific labour problems as; gender segregation or lower pay for women performing same job as man. However, while gender differences in pre-transition labour market period existed, they were generally low, and the available evidence cannot establish how far gender differentials reflected inequality in economic activities (World Bank, 2002).

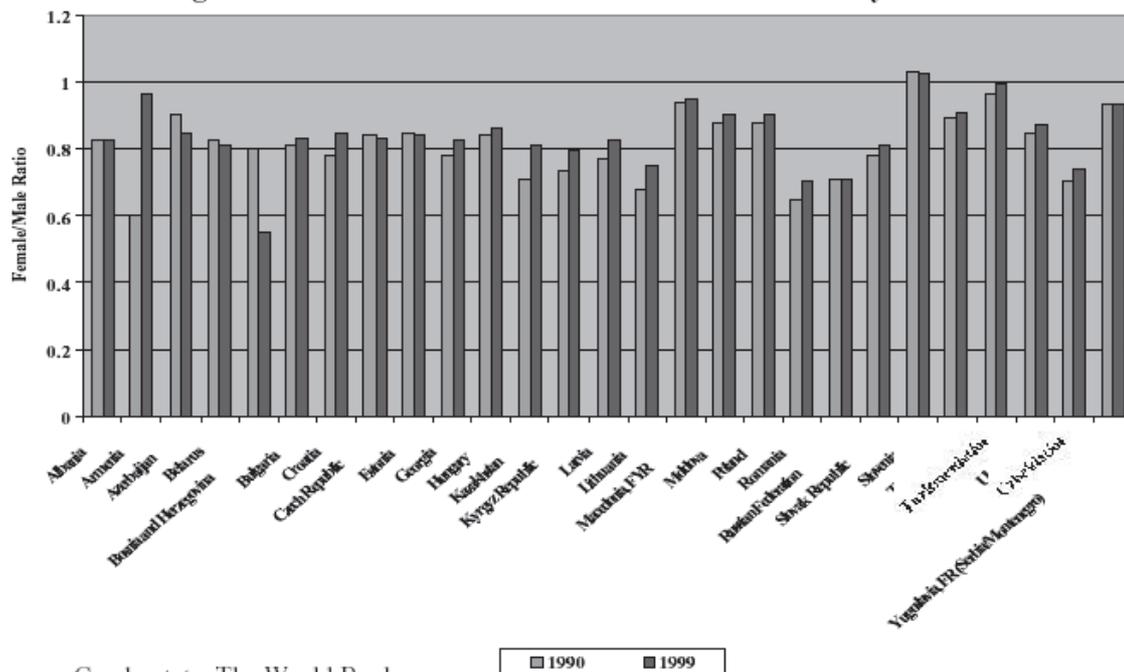
Transition to a market oriented economy has brought a fall in GDP, employment and wages. Some of the important effects of the transition in labour market are the sharp increase in unemployment experienced over the last decade, the decline in public employment, and

the growth of a highly unregulated and informal private market for labor, and the old centralized system of wage setting has been replaced by a more decentralized system (World bank 2002).

Regarding gender, the concern has been that worsening labor market conditions have had a disproportionately negative effect on women by increasing any pre-existing gender gap in employment and wages (UNCEF, 2002). While some women lost their jobs and had a higher wage gap due to changes that transition brought, those who did not lose the job lost the non-wage family benefits and social services provided in the pre-transition economies. According to Einhorn (1994) even though social benefits were dramatically reduced in the transition period, they

remained to a large extent, on statute books in most of economies during early years of transition. Hence the women were perceived to be overpriced in terms of total labor costs despite the fact that prescribed benefits were rarely available in practice. Changes in social benefits and a decline in real wages, made a lot of women to reassess their priorities and needs, and many quit their jobs withdrawing from the labour force (Economic Survey of Europe, 2003).

Figure 1 Trends in Gender Differences in Activity Rates



Source: Genderstats, The World Bank.

From the Figure 1 female economic activity rate in the early transition 1990 and late transition 1999 is shown, from which we can see that there is not a significant decline in the economic activity rates of females during this period. Although, there is a significant decline in female participation rates in Bosnia and Herzegovina which is the only country with a participation rate of 55%, all the other countries shown have the participation rate higher than 70 %.

Nevertheless, if we compare female participation rates, with working age of men high mortality and increased out migration, the share of the women in labour market has increased, while the figure 2.1 presented might underestimate the full extent of economic activity, since they are based on System of National Accounts where the informal market which obtains a significant part of the transition economies is not included. (World Bank, 2002)

The economic and political transformation of transition led an increasing number of people to leave the labour force and others to be unemployed. Labour female employment has dropped even more noticeably than female labour force participation. An estimated 14 million jobs held by women disappeared across the region between 1989 and 1997. This was well over half the total number of jobs lost.

Regarding unemployment during transition process it grew from very low level about 1 million in 1989(found mostly in Yugoslavia) to 8 or 9 million by 1993-1994 during the first years of transition. And in 1999 the number of registered unemployed is estimated at

more than 10 million across CEE, SEE and Baltic Countries, from which about 6 million were women (UNICEF, 1999).

From table 1 we can see that unemployment rates increased for both men and women, in Poland women have 35 % higher unemployment rates than men and in Hungary men have unemployment rates then nearly 20 % higher than women. While in Bulgaria and Russia females and males have similar rates for the years that data are available.

TABLE 1 TRENDS IN GENDER DIFFERENTIALS IN UNEMPLOYMENT RATES

Country	1992			1995			1998		
	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M
Armenia	..	..	..	..	..	..	15	4.9	3.06
Azerbaijan	0.2	0.1	2.00	1	0.6	1.67	1.4	0.9	1.56
Belarus	0.7	0.2	3.50	3.3	2.2	1.50	..	..	..
Bulgaria	..	..	..	16.8	16.2	1.04	..	..	..
Croatia	20.1	14.8	1.36	..	..	..	12.1	11.9	1.02
Czech Republic	3	2.2	1.36	4.8	3.5	1.37	..	..	..
Estonia	3.4	3.9	0.87	8.8	10.6	0.83	8.6	10.4	0.83
Hungary	8.7	10.7	0.81	8.7	10.7	0.81	7	8.5	0.82
Latvia	2.8	1.8	1.56	18	19.7	0.91	14.1	13.5	1.04
Lithuania	2.8	4.3	0.65	..	..	..	12.4	14.5	0.86
Macedonia, FYR	32.5	22.1	1.47	41.7	31.9	1.31	..	..	..
Poland	15.5	11.9	1.30	14.7	12.1	1.21	12.3	9.1	1.35
Romania	10.3	6.2	1.66	8.6	7.5	1.15	6.1	6.5	0.94
Russian Federation	5.2	5.2	1.00	9.2	9.7	0.95	13	13.6	0.96
Slovak Republic	11.7	11.1	1.05	13.8	12.6	1.10	12.6	11.4	1.11
Slovenia	10.8	12.1	0.89	7	7.7	0.91	7.7	7.6	1.01

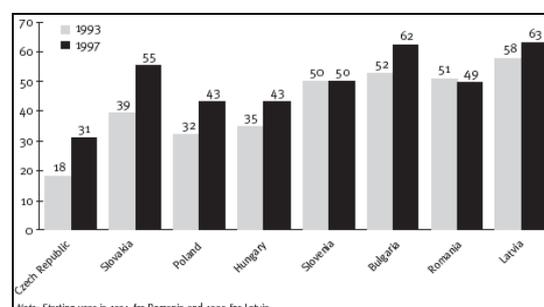
Source: World Bank, 2002

One interesting issue noted from Table3.1 is that countries where female unemployment has increased more than males are those which are further ahead in their process of transition and have experienced comparatively high growth rates in recent years Slovenia, the Czech Republic, Hungary and Poland.

If we look at the share of the long-term unemployment as many as one to two-thirds of all unemployed women are long-term unemployed in many countries (UNICEF, 1999). From Fig. 2. we can see that this trend has been rising from 1993 to 1997. With the transition and the emergence of labour markets, many jobs were destroyed while some new employment opportunities were created in small and medium enterprises Laureva and Terell (2002). Due to these changes women are more disfavoured than men, since as Nesporova (2001) points out the private employers are very reluctant to hire female workers,

because they consider them as high cost workers (maternity leave, less flexible working hours).

Fig 2 Share of long term unemployment in female unemployment 1993-1997



As mentioned in the (chapter II) employers perceive women as less competitive workers due to child rising or care responsibilities. However according to Laureva and Terell (2002) the principal reason of higher unemployment rates of women than men's is because the women are not likely to enter unemployment, but the probability of women leaving unemployment is lower than men's in post communist countries (Czech Republic, East Germany, Poland and Russia). Therefore they suggest that the future focus should be on learning why women are not being hired as readily as men (married women from unemployment and single women from out-of the labour force). Since persistent unemployment is a problem that faces women more than men.

The other way of looking at the gender changes in the labour market during transition is by focusing in employment. However, straight information on employment can only be derived from Labor Force Surveys (LFS) and other survey data even though, they only capture formal employment. Since, according to Nesporova (2001) in line with employment losses in the formal sector, all transition countries saw rapid growth in informal sector employment and the size of informal sector tends to correlate negatively with the economic level of a country.

Regarding gender in early transition asymmetry was seen in employment cuts, sectoral changes of employment and access to jobs in the private sector. The overall trends show that, until recently, women absorbed disproportional large share of employment cuts. Employment reduction remained in double digits and up to over 20% in some countries in Central, South-Eastern Europe and in the Baltic's. Economic recovery in the second half of the 1990s improved the situation on the labour market, but employment continued to decline in a number of countries. Employment cuts were the deepest in the first half of 1990s, when GDP sharply declined and countries introduced major reforms (UNICEF, 1999). In the period 1991-1994 the decrease in employment was larger for women than for men's in the majority of countries.

During 1995-1998, women's employment declined less compared with the earlier period of transition. According to Ruminska-Zimny (2002) for women in the Baltic States (except Estonia), all CIS countries, as well as Albania, Hungary and Slovenia, there were a continuance of asymmetric cuts in female employment, and that for Romania, Macedonia and Serbia and the opposite was true because men continued to be more affected than women

In 1999-2000 men were more affected than women by employment in most of countries. Reason that men

were more affected than women during the latest years might indicate from women's flexibility in adjusting to the demand, including accepting jobs at the lower end of the labour market (Ruminska-Zimny 2002), or as Nesporova (2001) claims that women have higher willingness than men to take up low-paid, precarious jobs in the public sector, in unprofitable enterprises or in newly created jobs with small private firms operating mainly in services.

CHANGES IN EMPLOYMENT PATTERN, OCCUPATIONAL SEGREGATION AND EDUCATION

During the restructuring process there was a shift of employment from agriculture and industry towards services. While the employment in services has expanded for both genders over the last decade, with a higher consequences for industry and to a lower extent for agriculture (World Bank, 2002).

Changes in the employment structure in different sectors for selected countries of central Europe, Baltic and Russian federation are shown in Table 3.3 where female share in agriculture industry and construction has fallen and it has increased in many service sectors where women were already in majority in the early transition.

In all countries, women's share in employment in education increased reaching 70-80%, while a similar trend was seen in health and social care. At the same time women's share in financial intermediation declined, except in the Latvia, Poland and Romania. The decline was as big as by 24 percentage points in Lithuania and by 4-8 percentage points in Slovenia, Hungary, Estonia and Czech Republic. According to Ruminska-Zimny (2002), if we compare relative wages, in the financial services and education, these changes represent a move towards less paid jobs for women. Moving towards public services indicates that women benefited less from the expansion of market driven services. However, women's share in total services was larger in 2001 compared to men, reaching almost 60% Estonia, Latvia and Lithuania.

Looking at the occupational segregation during transition, (as explained in chapter 2) occupational segregation matters for efficient allocation of the human resources. However, measurement of occupational segregation in transition economies is often complicated by problems in the availability, comparability and desegregation of statistics on occupations. In Figure 3.3 it is presented degree of occupational segregation for selected transition economies that is based on the Duncan and Duncan dissimilarity index, which measures the proportions of women and men who would have to shift occupations in order to create equalized gender distribution. (UNICEF, 1999).

Table 2. Share of women in total employment by industry in selected transition economies, 1994-2001 (Per cent)

	Czech Republic		Estonia		Hungary		Latvia		Lithuania		Poland		Romania		Slovakia		Slovenia		Russian Federation ^a	
	1994	2001 ^a	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001 ^a
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female	44.1	43.4	47.4	49.1	45.2	44.8	48.6	49.4	50.1	50.3	45.4	45.1	46.2	46.5	44.4	46.0	46.7	45.6	47.4	48.2
Agriculture	36.5	32.1	34.5	27.5	28.3	25.1	34.1	38.3	41.0	37.9	45.4	44.9	52.1	49.6	31.1	27.9	44.9	44.4	33.9	35.3
Industry.....	38.9	37.2	44.8	41.6	40.0	40.0	45.6	41.9	44.8	47.1	34.8	33.0	40.6	43.2	39.0	37.5	40.8	38.6	41.8	38.3
Manufacturing	41.5	38.9	48.3	44.2	42.6	41.7	47.5	45.0	47.1	51.8	38.9	35.9	44.3	47.3	42.0	40.5	42.3	40.4	..	..
Construction	9.7	9.0	14.0	7.4	11.0	7.9	16.0	8.5	16.2	8.1	11.5	7.3	13.6	12.0	10.1	8.1	12.5	10.9	24.1	23.9
Total services.....	54.6	53.6	56.6	59.6	53.4	53.4	58.3	59.5	61.8	60.0	56.4	56.0	48.6	49.2	56.4	57.9	55.9	54.3	59.8	58.6
Trade, repair, hotels, etc.	57.6	54.3	56.5	63.1	55.9	50.5	63.5	62.0	64.5	53.1	55.7	54.8	55.6	56.7	58.0	57.8	56.7	53.7	63.9	61.9
Transport, communications.....	33.5	30.8	29.6	30.5	27.1	27.5	34.0	30.8	33.9	29.5	29.0	25.8	26.2	23.5	30.5	31.0	25.5	24.6	32.4	32.6
Financial intermediation.....	70.6	63.1	68.8	62.5	74.1	69.2	64.8	65.0	73.3	49.6	62.0	69.7	61.9	67.9	77.1	73.6	66.7	62.5	73.2	71.2
Real estate, renting, etc.	44.3	44.7	44.3	48.2	46.3	44.6	46.9	46.3	53.8	48.0	44.3	41.0	53.4	37.8	46.1	40.4	46.7	44.4	42.8	46.8
Public administration	38.3	39.3	47.0	48.0	36.9	45.8	41.6	43.7	36.7	44.2	41.8	46.9	16.7	26.6	44.0	50.8	51.4	52.1	67.8	45.0
Education	72.4	76.0	76.5	81.2	75.3	77.5	77.7	81.9	74.8	79.7	76.1	75.2	69.0	71.6	75.1	79.6	69.6	75.8	71.9	74.8
Health and social care.....	79.0	78.9	85.7	83.8	75.9	76.6	83.4	83.8	83.5	87.2	80.4	83.4	76.9	79.1	80.7	82.4	80.8	76.6	80.1	81.6
Miscellaneous	51.5	54.5	53.7	65.1	46.9	53.9	42.0	61.7	56.2	65.9	43.8	49.4	47.6	43.7	43.7	53.0	48.3	48.8	31.9	25.7

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.
Note: NACE classification.
^a 2000 instead of 2001.

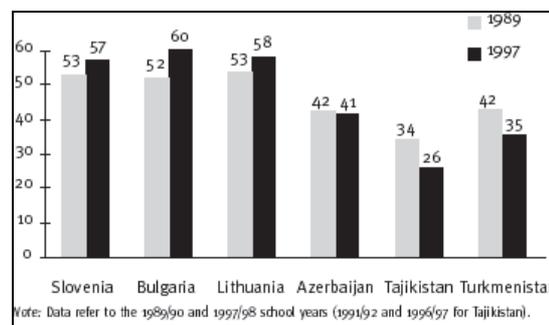
In Serbia, Czech Republic, Kazakhstan, Latvia, Hungary and Ukraine segregation values range from 30-40 percent⁵⁸. While in Poland and Russia on average 45-47 percent of men or women would have to change jobs to equalize gender representation in each occupation.

Focusing at the Education prior to transition a strong commitment was given to equal opportunity to both boys and girls in all the communist countries. In the pre transition period there was a high enrolment role in basic education, and gender differences were also small in secondary education. Enrolment rates in basic education remained relatively high even after 1989 in Central Europe and in most of the other transition countries there is a more marked difference in enrolment in secondary education, which was over represented by girls and still is, with the exception of Moldova (UNICEF, 1999). There are also evidence that former Soviet Union countries (Tajikistan, Azerbaijan, Tajikistan) and Kosovo (which will be discussed in more detail in chapter 4) girls have lower enrolment rates than boys, and alternatively in a number of countries boys experience disadvantage exceeding 50% in Latvia and Lithuania and exceeding 60% in Armenia (World Bank, 2002).

⁵⁸ (Note: Quality data for Azerbaijan are suspicious, therefore we do not discuss them)

When it comes to the higher education from the table 3.3 we can say that on average in all Central Europe, SEE and Baltic Countries women enrolment rate has increased from 1989 –1997.

Figure 3. Share of women among tertiary education students, 1989 and 1997 (percent)



Source: UNICEF 1999

From the previous discussion in this section, it is indicated that females in the transition region do have a positive legacy of high levels of education, which is a capital of great importance in the transforming economies. Since according to Brainerd (2000) it is likely that market valuations of skills will change and increase on return to education will increase female wages relative to male wages (everything else equal), hence those changes may favor women relative to men.

The gender pay gap is one of the most lasting labour features in all the economies, as well as in transition economies. Prior to transition women in the entire region earned 25-35 per cent less than men⁵⁹ (Economic Survey of Europe, 2003). Comparison over time in SEE countries show that the ratios have remained generally constant, although wide fluctuations is evident from year to year. In Slovakia pay gap has declined for 12.1% and only in Bulgaria the pay gap has increased for more than 5%. From this data we can say that pay gaps have slightly narrowed since the transition started in SEE.

However, interesting finding was conducted by Brainerd (2002) where she studied relative monthly wages of eight East European Countries, Russia and Ukraine. According to Brainerd (2002) Women's relative wages has increased in all of East European Countries, which indicates that women in Eastern Europe now face less labour market discrimination than they did previously.

In contrast, women relative wages has fallen dramatically in Russia and Ukraine, with women earning on average 68% of males wage prior to transition and only 60% after transition. This might be explained due to huge changes on the overall wage structure of these two countries, since gender specific factors appear to explain little of these changes. Also Newell and Reilly (2001) find that effect of wage dispersion on the gender pay gap is mostly pronounced in Russia and agree that the gender pay gap appears to have exhibited a degree of stability over a very volatile period in the post-centralization era in the most transitional economies.

SITUATION OF GENDER INEQUALITIES IN KOSOVA

Kosova is in the early process of the transition compared with other countries of Eastern Europe examining the level of gender equality issues on labour markets in other transition countries gives an overview of the challenges and difficulties that might be faced.

It also provides evidence of policies and legislations that might be applicable in Kosova.

The current situation in Kosovan Labour market unemployment rate is 57 % of total workforce , with high gender gaps in employment where women occupy only 30% of all jobs in the marketplace. Unemployment rate is extremely high for females (63%), despite a very high inactivity rate amongst women. It is estimated that only 40.6% of working age females are active of working age females are active, while only 36.4% of them are employed.

However the share of female graduates from Faculties increased to 39 % in 2000/2001 Unemployment rates are highest for the unskilled and those with lower qualifications, therefore examining the gender gaps in labour markets and gender occupational segregation might be helpful in designing the new policies and legislations in trying to reduce gender labour gaps in Kosova. Considering the very young population of Kosova where 1/3 is under age of 15 and more than 60 % are 15-65 aged.

Kosovan society has an advantage taking into account its young human capital and offering realisable solutions will help in designing effective policies on the labour market with fully utilizing human resources, hence reducing gender inequalities in labour market and the high level of unemployment in Kosova.

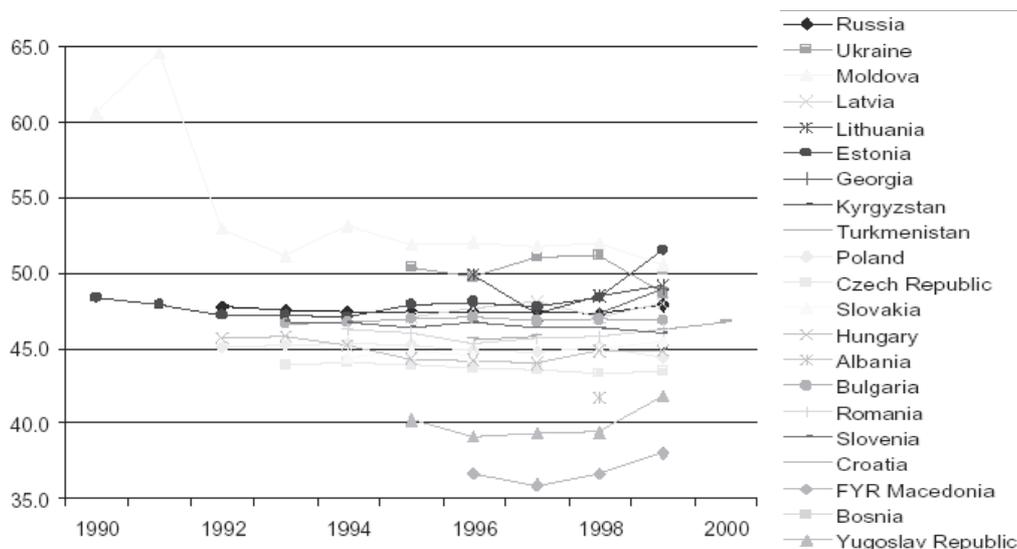
COMPARISON OF GENDER INEQUALITIES OF WESTERN ECONOMIES WITH TRANSITION ECONOMIES

Women's labour market participation in centrally planned economies was high and gender pay gaps low in comparison to many western economies .In former Soviet Union and centrally planned economies of CEE female rate participation was over 85 %, while in the western economies those rates were seen only in Scandinavian countries. (Newell and Reilly, 2001). Even though the participation of female was high in centrally planned economies as mentioned earlier in the chapter women had to bear a 'double burden' of family and work obligations. From the Fig. 5 it is apparent the 'double burden' that women from CEE countries have carried compared to women in the Western countries. Women's weekly workload was averaging 75 hours in CEE countries compared with averaging of 55 hours weekly workload in the Western countries. Hence, women's in CEE had higher participation rates of employment and additionally, continue to fulfill substantial duties in the home of nearly the same size as women do in Western Countries (Schnepf, 2000).

If we compare the women's share in total employment in EU in 1996 was 50.2 percent of active population and in CEE and former Soviet Union where data from the LFS were available despite drops in employment women's share was 40-50 percent. For example women's share in employment was 38% in Macedonia (figure 3.6) approximately same as in Greece where it was 38.7%, in Bulgaria (which will be discussed more in the next section III.4) share of the women in employment was as high as 47%, which although high for transition economies is not comparable with UK 61.2% or Nordic countries where share of the women employment on average ranged from 62-68%.

⁵⁹ Except Slovenia

Figure 5. Females as a Percentage of Total Employed



Source: UNICEF, Transmonee Database

When it comes to wage gaps according to Brainerd (2002) the 'gender specific' factors that contributed to the decline of the wage gap in Eastern Europe and US are remarkably similar, and the absolute levels of the female/male wage ratios in most European countries are nearly comparable with relatively high female wages of Scandinavian countries. Alternatively, the wage inequality of the countries of the former Soviet Union appears to be greater than in US, which has one of the most unequal wage distributions of any undeveloped countries.

Conclusions

The transition to the market economy, with its privatisation, economic restructuring, and new technologies has created growing unemployment, a decline in public employment, a growth of highly unregulated and informal private market, a decline in real wages all of which from consequences for gender equality in the labour market.

Women's employment was an integral part of communism. The pre transition socialist system high importance was given to the participation of women in the labour force, however they were employed in the low paid sectors and lower positions in economy. Also some policies prevented them from working night shifts and overtime, and some types of work were deemed unsuitable indicating that there was a narrow interpretation of 'equal opportunity' legislature. Since, Kosova is in the early process of the transition compared with other countries of Eastern Europe examining the level of gender equality issues on labour markets in other transition countries gives an overview of the challenges and difficulties that might be faced.

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