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*The impact of macro-economic policies and economies in transition
on women's employment,
including in the informal sector**

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* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations

Macroeconomic policies and gender equality¹

1. At present it is generally admitted that macroeconomic policies are not gender-neutral, but they exert a significant influence on all main indicators of gender inequality. First, macroeconomic policies and policy on the whole are gender-asymmetric in terms of their consequences. Second, gender asymmetry at the micro-and meso-levels exerts a reverse influence on the macroeconomic level. But these issues and their influence on the transformation of the environment to enable the realization of women's participation in development are still insufficiently investigated.
2. The policy of structural reconstruction and economic stabilization is directed at reducing the state interference into the economy in order to make it more free and "sensitive" to the signals of the market. To this end, state investments in social infrastructure and expenditures on social purposes are reduced, and programs of trade liberalization and privatization of the state sector are carried out. These policies are most negatively affecting the poor strata of the population, where women and children are prevalent. Social expenditures on reproduction of labor force are moved to the sphere of housework, where they become invisible for society and present an additional burden for women.
3. Economic preferences and decisions at the macro level exert an evident gender-asymmetric impact on the micro level. This means that structural reconstruction negatively affects women by increasing the amount of their reproductive labor. It is women who compensate the social and economic costs of the policy of structural reconstruction both within and outside their households. It exhausts their forces, undermines their health and reduces the opportunities for development of the human capital. Thus, although the policy of structural reconstruction is carried out under the slogan of raising economic efficiency, the "invisibility" of female household work conceals the growing inefficiency of the use of human resources.
4. In the course of realization of structural reconstruction and reorientation of the economy towards market efficiency, women increase their contribution to the reproduction of labor force and maintenance of the normal functioning of family to a significantly larger extent than men. But the reproductive sector cannot endlessly compensate the decline in access to the market of goods and services for the purpose of securing basis needs of family. Therefore, under conditions of lowering incomes women often have to enter the sphere of informal employment, where they are deprived of normal working conditions and social protection, and also become victims of fragmentary organization of labor.
5. Difficulties of women combining professional and household responsibilities - a "conflict of time", as well as gender discrimination in the labor market, in access to credits, in income distribution, in participation in decision-making - these are the main hindrances to satisfaction of human needs and raising human potential. There is proof that the results of the economy will be higher if gender discrimination in the sphere of labor and employment is reduced.

¹By preparing this part of the paper I used the article of N. Rimashevskaya "Gender and macroeconomics: theoretical aspects" in Gender and economy, edit by E. Mezenceva. Russkaya panorama, 2002, pp.23-37.

6. Various problems at the macro level arise as a result of the gender inequality at the micro- and meso-levels. Hence, long-term macroeconomic tasks can be solved only when gender inequality is basically eliminated by means of ensuring equal rights and responsibility of men and women in the sphere of labor, family, education and political participation. These aspects show what goals should be set at the micro- and meso-levels for an enabling environment for achieving gender equality and the advancement of women, taking into account the fields of education, health and work. Still this does not mean that macroeconomic policies proper can do without taking into account gender factor. The basic principle of economic policies and macroeconomic modeling consists of searching for the primary causes of economic problems, but not eliminating their effects.
7. Fiscal policies as one of the corner-stones of macroeconomic policy can become the instrument of gender analysis and influence the creation of gender policy aimed at enhanced participation of women in development. Gender-sensitive budgets can serve as mechanism of public interference into the process of formation of macroeconomic policy. Women's budget initiatives are used in the analysis of national budgets with the purpose of finding out what social groups will benefit from this policy and estimating to what extent the budget policy reflects certain prejudices discriminating against women.
8. Gender analysis of budgets makes it possible to reveal hidden discrimination in the formation of national budgets. It is usually stated that in the elaboration of budgets the main attention should be paid to two factors - efficiency of the use of available resources and possibility to attract new resources. These factors should be also analyzed from the point of gender equality in order to estimate correctly the efficiency of using resources. Macroeconomic policies of stabilization are oriented towards raising the efficiency of the economy through toughening the "rules of the game" in the formal sector, which leads to shifting of excessive employment to the informal economy. This creates barriers to the expansion of women's employment in the sphere of formal economy, i.e. it virtually hampers mobilization of additional resources and enhanced participation of women in development.

Gender and transition²

9. In the field of employment in countries with transition economy we have met a lot of gender problems, which affect not only the creation of an enabling environment for achieving gender equality and the advancement of women, but also the success of the socio-economic transformations and development. It is obvious that the political and socio-economic measures taken by now for solution of these problems in most of these countries are not sufficient. Gender problems are as a rule excluded from consideration in the course of working out national strategies for development.
10. Between the countries with transition economy and countries in other regions there is a considerable difference in the levels and trends of employment. While the OECD countries in the past decade were characterized by slow growth of economic activity due to increased female employment, the transition countries (particularly at the early stage of their economic reforms) experience a radical reduction in the employment rate. Especially

²By preparing this part of the paper I used the material from "Feminization of poverty in Russia". The World Bank, 2000 and Gender equality and extension of women rights in Russia in the context of the Millenium development goals. S.Roschin (chapter 1-8). UNDP, 2005.

sharp was the decline in the scale of female labor force employment. The most significant decline in this indicator was observed in the countries with the highest level of women's involvement in the labor sphere — Czech Republic, Slovakia and Bulgaria, Russia. In the CEE countries, despite the beginning positive changes in the sphere of labor resources use, the disparity in the employment rate between the developed market countries and the post-soviet countries remains significant.

11. An important consequence of the reforms in the transition countries is changing the main parameters of the labor market, which has lost its exclusively formal character of employment at the state enterprises and turned into a highly polarized structure, which combines employment in the state and private sectors, as well as in the sphere of informal economy. The model of guaranteed full employment was replaced by a wide spectrum of more flexible schemes of employment; unemployment has appeared, casual and multiple employment, etc. Due to the deregulation of the labor market, the economic and social transformations have differently affected the social and economic status of men and women.
12. The problems that countries of transition faced in the course of market reforms first and foremost affected women. Such problems include the growth of female unemployment, the difficulty of finding jobs, the discrepancy between job specifications and the professional qualification of women, the dismissal of qualified women employees, barriers to career promotion. In addition to the new problems generated by the transition period, there is a set of unresolved problems inherited from the recent past. Such problems include professional segregation, and a social and gender-conditioned gap in the male and female wages. All these problems stem from gender inequality or discrimination against women in the sphere of employment and in the labor market. Unequal treatment of men and women in the labor sphere worsens the quality of labor resources, hinders social development and lowers the efficiency of the economic development.
13. During the restructuring of national economies in transition the number of working women has significantly decreased. It is true that the total employed population has declined; however, in that period the number of working men and women was declining disproportionately to their respective shares in the gainfully employed population. In many cases the retreat of women from the labor market was not voluntary, it was the result of both direct and gender discrimination.
14. Discrimination against women in the labor market begins with employers' advertisement of vacancies. For example in Russia, in most instances, such advertisements stipulate the potential employee's sex, age and even requirements relating to appearance. Discriminatory practices against women seeking employment are also supported by the available statistical data on the job placement of the unemployed after vocational rehabilitation training. The percentage of women who failed to find employment after completing such training is higher as compared to men. Women find it difficult to put their professional skills to use and often encounter barriers to career promotion.
15. Deterioration of living standards as the result of transformation crisis has resulted in situations when many services which families could formerly buy at the market are now performed by women at home (for example in Russia laundries have actually disappeared), that resulted in a significant naturalization of household economy. Besides, there was a redistribution of insignificant share of responsibilities concerning child

rearing from the state to household members, mainly women. These changes have important consequences for increase in the gender distribution of work within households and dynamics of gender inequality in terms of economic opportunities for women.

16. Women spend more time on non-market activities or unpaid work. But time expenditures of women are undervalued by the society, that is not only unjust, but also causes a chain reaction in breaking the economic balance and results in declining economic efficiency. Society refuses to recognize or estimate such activities and work as economic activities. That approach results in the declining investments in female human capital and tells on job opportunities. This “vicious circle” is the main mechanism of influence of gender inequality on participation of women in development throughout the world, but its influence is particularly significant for transition countries.
17. Discrimination against women in the labor sphere may be inconspicuous and disguised as professional segregation in such sectoral or professional structures using male and female labor where women are predominantly engaged at non-prestigious, low-paid and dead-end jobs, and in sectors paying lower wages. The changes in the female occupational pattern are primarily caused by the reduction of the share of women in those sectors where wages are higher than the average national wage rate.
18. If at the first stage of the restructuring of the economy all countries with transition economy had similar gender problems in the employment sphere, but by now the situation has significantly changed in connection with entry of a series of post-socialist countries into the EU. Introduction of legal regulations in legislation and creation of relating institutions aimed at ensuring the “principle of equal opportunities and equal treatment” was a necessary precondition of UE membership. While in the UE member-countries these institutional changes already begin to yield positive results by enabling environment for achieving gender equality and the advancement of women, in the rest transition countries the negative trends still remain.
19. In the transition countries is needed a more consequent approach to solution of tasks of gender equality, based on speeding up creation of jobs and improvement of their quality, more complete development of and use of human capital, on improvement of the system of protection of working women’s rights. To overcome negative tendencies in sphere of gender equality would require a comprehensive set of measures in the social, economic and legal spheres. For this reason is imperative to elaborate methodological approaches to study the female status in the labor market and gender discrimination in the employment sphere including conceptual categories and terminology, as well as appropriate statistical data processing procedures.
20. The main directions of pressure on the labor market with the aim of providing an environment for achieving gender equality and the advancement of women, are: a) adoption in all transition countries (not only those admitted to the EU) of national laws guaranteeing equal opportunities and treatment in all spheres, and first of all the labor market; b) widening of access to credits, that will provide opportunities for women to start their own business and for growth in self-employment as an alternative to unemployment and employment with fixed payment; c) development of strategies for reduction of extent and intensity of work of women, caused by a “double burden” of work at the labor market and at home, and first of all, restoration and development of the

accessible system of children's pre-school educational establishments d) organization of gender budget analysis on a regular basis.

Access to opportunities and resources³

21. Women's and men's capabilities, their access to resources such as time, land, credit and income, and their ability to obtain social insurance, differ.
22. Analysis of factors affecting the rate of labour activity reveals certain gender differences. The educational level positively and strongly affects women's employment as compared to men, i.e. women receive more returns from their education in terms of improving their status in the labour market. The influence of health status on labour activity is similar both for men and women. Thus, contrary to men, the number of children negatively affects women's economic activity. Thus, men's participation in the labour market depends to a great degree on economic factors, while women's participation depends both on social and economic factors.
23. The biggest part of welfare is formed through employment and wages, since the majority of economically active population are hired workers. The status of men and women in the labour market predetermines gender economic equality and inequality. The biggest impact on gender inequality in the labour market is attributed to gender gap of wages. Primary determinants of gender inequality in wages are gender discrimination and occupational segregation in the labour market. These employment conditions faced by the majority of women make it structurally difficult to raise women's wages and to close gender wage gaps. Discriminatory practices and attitudes towards the advancement of women and gender equality continue.
24. The linkages between the fields of education and work are very complicated. The Millennium Development Goal 2 was based on the situation more typical for developing countries than for developed and transition countries. Here equal access of men and women to education has been guaranteed for several decades. In some countries, women's educational level is higher than that of men. But gender disparities in educational level reveal that the levelling of investments in human capital does not provide for economic or social equality. Hidden discrimination mechanisms in the labour market devalue women's high educational level and the gender gap of wages is conserved. For instance, in Russia the average level of education of women is higher than men's, but on average, women with postgraduate education make less salary than men with secondary education.
25. Economic inequality cannot be reduced to poverty problems. Gender disparities among the middle class also predetermine gender inequality. The analysis of differences in access to economic resources is very complicated. Information about access to resources and property ownership is based, as a rule, on the data related to households, but not on distribution of property within households. Improvement of gender statistics in this area helps for positive changes in women's involvement in development.

³ In this part of the paper I used the material from Gender equality and extension of women rights in Russia in the context of the Millennium development goals. S.Roschin (chapter 1-8), UNDP, 2005.

26. Gender inequality affects the access to economic resources and results in unequal property ownership. Data about gender structure of entrepreneurship does not provide complete information about access to property. Experts usually indicate that nearly 30% of entrepreneurs are women, but the concept of «entrepreneur» is not well formulated. Entrepreneurs include employers using hired labour and possessing considerable financial resources, as well as economically independent active people, whose income is comparable to employees. But the share of employers among men is twice as high as among women, while the share of self-employed is almost similar among both genders. Thus, women are not only underrepresented among entrepreneurs, but also own smaller portions of property and income. In this situation certain protectionist measures are needed to help develop women's business activities and to destroy barriers on the way of launching one's business.
27. Different time distribution structures predetermine different status of men and women in the labour market and in the economy. Despite high level of female labour activity, the unwritten «social contract» assigning certain distribution of gender roles in the family and in the labour market is still in force. Thus, women not only have fewer opportunities in the labour market, but also less free time for investing in their human capital. This situation contradicts and doesn't conform to male and female new roles in the labour market. An enabling environment for achieving gender equality demands that the leveling of gender status in labour activities should be supplemented with its leveling in the household.

Gender aspects of informal employment⁴

28. The informal economy is growing in developing, transition and developed countries and taking on new forms. Patterns of informalization differ from region to region, but the overall trend is discouraging in terms of prospects for realizing women's rights and well-being. Globalization and cost-cutting generated by competition have led to job-eroding growth. The traditional components of the informal economy – small and micro-scale independent entrepreneurs and self-employed workers – are decreasing in proportion to the new casual, homebased and hired workers, whose status is less secure and who earns less than the self-employed. Both the old and the new components of informal employment are without social protection virtually everywhere.
29. Informal economy workers make significant contributions to the economy. It is a major component of national income, generating up to 60 percent of GDP in some countries. The problem of investment is very critical for the developing and post-socialist country. In the case of the informal economy, we have examples where simple people, without being rich, invested their money to run a business which created millions of jobs in the informal economy, under conditions the state did not offer. On the state level, these investments are a significant contribution to the economy. Governments intervene in markets, with a bias towards large industries, through their trade, industry and fiscal policies. They also need to intervene at the level of informal economy workers through training, credit, and marketing support.
30. Workplaces in the informal economy have shown a rather pronounced gender segregation – horizontally (various types of work) and vertically (different statuses). Men

⁴By preparing this part of the paper I used the materials from my researches, data provided by State Committee for Statistics of the RF, and the materials of the International Labor Organization (ILO).

predominate here (like everywhere) among employers, and women among hired workers. There is a principal social and economic distinction in the activities of employers and hired workers. The former, in many cases, extract a semi-legal, non t-taxed income. The latter work for pennies to survive in an area where there are no labor laws in effect, where they are exploited, including sexually. Both types of gender segregation are discriminating for women. In the case of horizontal segregation women are involved in lesser paid jobs. And when they work as hired workers without contracts, their labour and civil rights are broken.

31. Labour relations and employment are regulated via labour and employment laws. But in many countries, the national labour legislation does not take into account the realities of modern labour markets. Workers from the informal economy are not recognized, regulated or protected by these laws. Those employed in the informal economy often have no opportunity to apply for help or assistance to an official agency – employment and social protection services or financial institutions. As a result, the current increase of activity in the informal economy has led to growing ranks of vulnerable, marginalized workers with no access to justice. It has created for them a situation of social exclusion that is a main problem of those employed in the informal economy. The social construction of the mechanism of social exclusion takes place at several levels - from legislation via the institutional level to everyday practices of interaction between the informal economy actors.
32. The circle has closed – lack of laws at the state level gives rise to even greater abuse at the level of everyday social and labour practices. The hardest consequences of the cumulative effect of gender segregation and social exclusion are experienced by women who are at the lowest steps of the social hierarchy in the sphere of the informal economy. It is impossible for them to improve their social position and their position in the field of employment on their own. Government policies and programs for the informal economy should focus on bringing marginalized workers into official economies and mainstream, and thereby reducing their vulnerability and social exclusion.
33. Four policy areas have particular impact on the informal economy – macroeconomic policy, labour, urban policies and regulation and social protection are areas in which enlightened policy would improve the situation of informal economy workers and employers. Besides government, a number of other stakeholders can intervene to assist the sector. These include employees and companies, the private insurance industry, consumers and the public, trade unions and workers organizations, non-governmental organizations and communities.
34. New tools are available to assess differential impact on the formal and informal economy. Social audits and gender budget analysis, which analyze the government budget from the point of view of women, can be used to assess the impact of government budgets on the informal economy, bringing to light the meager resources that this area frequently receives. Social audits allows governments to know which structures deal with the informal economy and what kinds of goods and services various levels of government give to informal economy workers.
35. Areas of concern for informal economy policy development on gender-sensitive budgets can be education and transfers for social protection and labor rights. Budget allocations for vocational skills training and non-formal education are in many cases more likely to

help the working poor women, particularly those working as casual or contract labourers and homeworkers, and to lead to job growth, than primary and secondary education. Government decentralization should facilitate the development of micro-insurance schemes for social security and social protection, because of increased ease of access to potential beneficiaries, and the ease with which needs could be assessed.

36. According to the recommendations of the International Labor Organization (ILO), it is necessary to change social protection patterns, in order to take into account the specific character of labor in the field of informal economy, and establish institutions promoting the achievement of the goals mentioned above. National legislation and government must guarantee to defend the social and labor rights of all workers, irrespective of where and how they work. This means, that the programs addressing the informal economy, such as provision of social security, training, microfinance, etc, should be designed and implemented with the main objective of bringing workers from the informal economy into the mainstream and society .