Economic Gender Equality Issues in Transition Economies
1. Introduction

Until a couple of decades ago, gender was almost a non-topic within development economics.¹ But in the 1990s research gradually showed that gender inequality could have substantial impact on macroeconomic outcomes. At the same time it became clear that women and men were hit differently by economic shocks.² These insights triggered an unprecedented focus on gender both in research and at the policy level – see Duflo (2012) for a brilliant overview with a developing country focus. The largest collective action process in history targeted at reducing world poverty, the Millennium development goals, focused on gender inequalities in several dimensions when enacted in year 2000.³

In the so-called transition economies, economic gender issues came on the agenda in the late 1990s as it became evident that the transition process had affected men and women differently – see e.g. Dijkstra (1997) – and that these growing gender inequalities had important humanitarian and economic costs. For instance, in many transition economies men’s mortality skyrocketed in the 1990s while the gender wage gap rapidly increased.⁴ In particular, Pastore and Verashchagina (2011) show that the gender wage gap in Belarus doubled during the decade from 1996 to 2006, partly as a result of women’s increased segregation into low-wage industries.

From a gender perspective, the Soviet model had focused on full employment for both men and women, but without aspiring to dismantle traditional gender roles. Women therefore tended to work full time alongside with men, while remaining primary caretakers of children and household. The differences in gender equality were, however, significant across the Eastern and Central European countries already before the transition process started. It is thus essential to carry out country-specific analysis of gender equality so as to fully account for context-specific institutional, economic and cultural aspects.

This paper aims to provide a short overview of research on economic gender inequality that might be of particular relevance to transition economies. Given the extensive literature on gender inequality on the one hand and transition economies on the other, this report hopes to serve as an introduction and therefore provides extensive references to the literature to ease further reading.

The structure of the paper is as follows. Section 2 presents the efficiency gains associated with gender equality; while the subsequent section examines education from a gender perspective. Section 4 reports on the research on gender differences in the labour market, while the following section exposes how gender stereotypes lead to less competent politicians, missing women, etc., while stereotypes at the same times can be changed quickly. The report ends with an overview of current research and policy relevant questions for transition economies.

2. Research based on economic gender equality

Had gender equality been a universally accepted goal, no further arguments would have been needed to promote it. In this report, the presumption is that men and women are equally worthy of human rights and civil liberties. Given conflicting policy goals, scarce resources and a lack of women decision-makers, more knowledge about the economic gains associated with gender equality is needed. Furthermore,

¹ The exception was the seminal Boserup (1970).
³ See Kabeer (2003) for an overview of research in development economics and policy experience relevant to the achievement of the Millennium Development Goals from the perspective of gender equality.
⁴ Research – see Bhattacharya, Gathmann and Miller (2013) – however suggests that it might have been changing alcohol policy rather than transition per se that caused the sudden increase in mortality.
research on the economic impact of gender inequality might not only provide arguments for promoting gender equality, but can also ease the formulation of actual policies by suggesting mechanisms through which gender equality and economic development are linked.

2.1 Economists’ argument for gender equality

From an economic point of view, the main argument to strive for gender equality is that men and women on average have the same cognitive and non-cognitive abilities. Few scientists would today question the statement that the differences within genders with respect to abilities are larger than the differences across genders. In other words, men and women are in terms of innate productive capacities more similar than men among men and women among women are. As long as we define our productive capacity only in terms of brains, most would also agree on the productive equality of men and women. But brawn is often raised as a divisive trait that makes men on average more productive than women. Galor & Weil (1996) even posits that there is no reason for women to enter the formal labour market as long as brawn is more important than brains in production as an explanation as to why women were not on the formal labour market in big numbers until the event of industrialization. Albeit seductive, this line of argument has several fundamental flaws.

First of all, no formal labour market existed before the industrial revolution. In agrarian economies everyone works - men, women and children - but are seldom paid with a monetary salary and have no formal contract regulating pay and work hours. With industrialization men came to constitute the majority of the workforce early on as a consequence of women being the main caretakers, and hence not being able to work far from home once they became mothers (until the children themselves were old enough to work). Moreover, social norms prescribing women to stay at home further impeded mothers to work during certain historical phases. Ultimately, there are few occupations - historically and especially now - that were too brawn-intensive for women. Rather social norms assigned occupations according to one of the genders and occupation-specific technologies developed accordingly. As a first step in the overview on the mechanisms of economic gender inequality, follows in the next section an exposition on its relation to economic development.

2.2 Engendering economic development

Two flagship reports from the World Bank (2001, 2012A) were exclusively dedicated to the role of women in economic development. The point of departure for both reports was the strong correlation between any measure of gender equality and economic development (measured for instance as GDP per capita). While it is clear that gender equality in education and formal labour force participation enhance economic growth - see e.g. Klasen (1999) and Klasen and Lamanna (2009) - it is also clear that sustained economic growth generates a new demand for women’s human capital and indirectly promotes gender equality. From a policy perspective the direction of causality is not unimportant in the short and medium run. In the very long run it is unlikely that a high-income economy can flourish without utilizing the female half of the country’s productive capacity.

Recent research – as Bandiera and Natraj (2013) and Cuberes and Teignier (2014) – indicate that the methodological problems are such that it is challenging to draw policy conclusions on the link between economic growth and gender equality. The IMF has published a number of reports recently, such as Elborgh-Woytek et al (2013) and Kazandjian, Kolovich, Kochhar and Newiak (2016).
gender equality and economic development based on cross-country studies, and that country-specific analyses are needed to be able to formulate precise policy conclusions.

In the transition economies, gender equality varies greatly along with economic standard. There are clearly efficiency gains to be made by increasing gender equality, but each country needs to perform an analysis of which factors are most crucial to improve. For instance, Hsieh, Hurst, Jones och Klenow (2016) calculates that 15-20 per cent of GDP per capita growth during the period 1960 to 2008 can be attributed to the increased efficiency in the allocation of talent in the American economy. This increase in efficiency is mainly explained by the improved allocation of women’s talents according to Hsieh, Hurst, Jones och Klenow (2016). In a closely related study, Cuberes och Teignier (2016), it is estimated that the OECD’s GDP per capita is 15 per cent lower at present compared to a situation without gender segregation on the labour market and where equally many women and men become entrepreneurs.

In the following, the main gender differences that are central for gender equality and economic efficiency (and thereby growth) are discussed. Out of these, it has been viewed as a first priority to assure that girls and boys both get primary and possibly secondary and tertiary education. Secondly, from an economic standpoint, women’s activity on the formal labour market is essential for sustained economic development. Thirdly, gender norms and their relevance for a wide spectrum of economic (and political) issues are discussed.

3. Men and women’s education

At the beginning of the 1990s, there were few gender differences in terms of level of education and the labour force was highly educated in most transition economies, although there are considerable regional differences. Gender segregation in terms of field of study was relatively low and gender differences in math performance small. While in most transition countries there has been a feminization of higher education – in line with the trend in most countries in the world – in other transition economies the increase in economic gender inequalities post 1991 has led to a widening of the gender gaps in both primary and secondary schooling.6

While it is debated – see for instance Breierova and Duflo (2004) – that girls’ education is more important than boys’ education for economic growth, it is uncontested that a gender gap in basic education harms future possibilities of a gender equal labour market and economic gender equality in a broad sense.

On a more positive note, the general math-intensity of education in transition countries is still associated with a relatively small gender gap in math performance. In some countries, girls even have a relative advantage in math relative to boys according to Unicef (2013). This becomes of special interest, since recent research has pointed to the importance of math-intensive higher secondary studies for future labour market outcomes – see Buser, Niederle and Oosterbeek (2014). This research also suggests that young women in the Netherlands (and in other European countries) are disadvantaged by their lack of math and science interests. More generally, there is an extensive literature on the existence of stereotype threat of women in mathematics, implying that especially the most talented women shy away from mathematics due to the fear of being found lacking in terms of mathematical performance - see e.g. Spencer, Steele and Quinn (1999).7

7 Stereotype threat is defined as when an individual perceives to be ”at risk of confirming, as a self-characteristic, a negative stereotype about one's social group” in the seminal paper by Steele and Aronson (1995).
In most developed countries, math-intensive sciences, engineering and computer science are heavily male-dominated fields of higher education, maybe partly as a consequence of the predominant norm of math being a “male” subject. Thus, there is ample scope to promote women in IT and technology (by more research and explicit policy) in transition economies, where the preconditions for women entering these fields are generally more advantageous. At present Mexico and Greece have the largest share of women graduates in computing (around 40 per cent) according to OECD (2014). Transition countries have the potential to reach similar levels.

4. Women and men in the labour market

In this section, the overall findings regarding women’s labour force participation (and how it relates to economic development) and the gender wage gap are reviewed. Gender segregation on the labour market is only briefly discussed, but the following section reviews some evidence on vertical segregation. (Gender segregation varies across cultural and technological context and thus requires a more in-depth analysis.)

4.1 Development and women’s labour force participation

Women’s labour force participation has been shown to be sensitive to production technology. Research indicates that married women’s labour force participation is U-shaped of over the industrialization process – as first documented in Goldin (1994) and in Mammen and Paxson (2000) in a developing country-context. The line of arguments goes as follows. Before industrialization, most economies had a limited formal labour market. This does not imply that men and women do not work, but rather that they work in self-subsidence farming, or in the informal labour market. As economies develop, the labour force participation of married women tends to decrease for two main reasons. As production moves out of the homes, it becomes more difficult for women to combine work and the care for children. While in agricultural economies, children simply follow the mother when she works, this becomes unfeasible as production occurs in factories and under regulated conditions both because it is practically difficult to find someone to mind the children but also socially unacceptable often for a woman to leave home and children. Moreover, as economies develop there is a strong income effect, which makes it economically possible for married women not to work. Therefore, there is a decline in married women’s labour force participation as an industrialization process occurs. As the economy continues to develop the substitution effect comes into play. By this time, both men and women are more educated and eventually the family’s loss of well-educated married women’s salary becomes notable. Therefore, as the return on education increases with industrialization, the labour force participation of married women increases.

Women’s labour force participation in general has been shown to be sensitive to the introduction of new technology and new medicines. Greenwood, Seshadri and Yorukoglu (2005) indicate that the washing machine and the vacuum cleaner made home production less time-consuming, thereby freeing up time for women to dedicate more time to formal labour market work. Moreover, Goldin and Katz (2002) and Bailey (2006) show how the introduction of the Pill made it possible for women to control and plan their fertility and thereby made labour market work more feasible. Furthermore, Albanesi and Olivetti (2016) suggest that medical progress that led to improved maternal health in the US during the period 1930-1960 positively affected women’s labour force participation. Even though technological breakthroughs might come at a specific point in time, Fogli and Veldkamp (2011) has shown that it takes time for a change in social norms to occur. More precisely, their research shows how women’s labour market entry is closely related to the spread of information from working to non-working women at the local level.
Summing up, while it is clear that there is an overall tendency of women’s labour force participation increasing as a country develops into an industrialized economy with a well-developed service sector, this development is far from automatic or linear. Therefore it is important to identify country-specific conditions, technologies and norms that might enhance or hinder women to enter the labour force.

4.2 Gender wage gap

A persistent overall gender wage gap is often mistakenly interpreted as a prime indicator of women being discriminated against in the labour market. While a gender wage gap within a specific occupation in a sector might suggest the existence of discrimination, the overall wage gap is often more of an indication of gender segregation on the labour market or of low female labour force participation.

Even though a large gender wage gap is not synonymous with gender discrimination, it is associated with economic inefficiency. By simulating a theoretical growth model of the American economy, Cavalcanti and Tavares (2016) calculate that GDP per capita in the US would be 17 per cent higher if the US would have the same (relatively low) gender wage that Sweden has.

At an international level the trends in the gender wage gap appear to be related to several differences between men and women on the labour market. One correlation in international cross-country comparisons - that for long puzzled researchers - is that countries with high female employment rates tend to have higher gender wage gaps than countries with a lower female employment rate. The expectation would, if anything, be the reversed: in countries with a high share of women in formal employment, women are more emancipated and thus do not accept a considerable gender wage gap. But Olivetti and Petrongolo (2008) convincingly show that more than half of this cross-country correlation is due to selection. In countries with a high gender employment gap, such as southern Europe and Ireland, there is a selection of high-skilled women into the labour market resulting in a relatively high average wage for women, and thus in a comparatively low gender wage gap. Another potential mechanism explaining why the gender wage gap is smaller in for instance Scandinavia than in the UK and the US would be that the overall wage distribution is more compressed and thereby the gender wage gap is mechanically smaller – see Blau and Kahn (2003).

Even in countries with small gender employment gaps, women on aggregate tend to work fewer hours on the formal labour market. Recent research in Olivetti and Petrongolo (2016) suggests that for industrialized countries it is the growth in the service sector that drives the number of hours women are working. It is further shown that half of the variation in female working hours across industrialized countries is explained by the share of the service sector.

But even as men and women work to the same extent and the same hours, in most countries occupational gender segregation on the labour market is widespread. Horizontal segregation signifies that men and women tend to work within different occupations and even sectors, while the vertical segregation implies that women to a less extent than men tend to be managers. In the next section we will examine some of the costs related to vertical gender segregation.

5. Gender stereotypes, political quotas and missing women

For a long time, women were underrepresented in politics around the world. This constituted a democratic problem since it implied that half of the constituency in a country was not represented...
politically. Therefore, quotas for women at different levels in politics have been introduced around the world with considerable success. Pande and Ford (2011) review the evidence on the Indian case, where quotas have been shown not only to increase the representation of women but also to dismantle the negative stereotypes towards female politicians – see Beaman et al (2009). As suggested in Besley et al (2017), the introduction of gender quotas in politics can considerab available rich dataset, Besley et al (2017) show that the voluntary quota, implying that every second candidate to the local elections in Sweden in the mid 1990s was a female politician, increased the average competence of politicians. This was achieved by the quota allowing for competent women to be elected and by less competent male politicians not being re-elected.

Even though quotas to increase the share of women on corporate boards are more controversial – despite several European countries having implemented them (see European Commission, 2015) – there is ample evidence that the social norm envisioning the leader/executive to be a man further cements vertical gender segregation – see e.g. Babcock and Laschever (2003) and Reuben et al (2012). Changing leadership norms is indeed a most important measure for increasing economic efficiency at the firm and societal level. Sekkat, Szafarz and Tojerow (2015) investigate which governance characteristics at the firm level are most likely to yield a female CEO in a vast sample of developing countries and find that a female dominant shareholder as well as the firm being foreign-owned are most conducive to women at the corporate top.

Generally, gender norms are known to be persistent and difficult to change. But there are examples where stereotypes change quickly, such as when the introduction of cable television to remote rural villages in South India almost instantly wiped out the traditional son preference with the introduction of more modern gender norms – see Jensen and Oster (2009). Unfortunately, son preferences can also be intensified due to worsening economic conditions, as for instance happened in South Caucasus after the breakup of the USSR. Georgia, Azerbaijan and Armenia all experienced a significant decline in fertility after 1990 and a sharp increase in the de facto son preference, measured as of the average share of boys to girls at birth. Research – see Das Gupta (2015), Dudwick (2015), and Ebenstein (2014) – suggest that this is the outcome of a combination of factors that all concurred to emphasize sons’ larger economic capability in helping their parents economically. In times of economic crises, increased availability of ultrasound technology and abortion together with having fewer children per family, the traditional preference for sons, at least temporarily, peaked to Chinese levels (after the One-Child policy).

6. Economic gender analysis in transition economics

In the following, the need for sex-disaggregated data and country-specific research are discussed, as well as recent policy work on gender equality.

6.1 Data

The prerequisite for well-informed research and policy is data availability. At the international level an impressive effort has been made during the last decades to create sex-disaggregated data, and there are now many gender databases as, for instance, the World Bank’s Gender data portal (http://datatopics.worldbank.org/gender/). While there are surveys such as the Life in Transition Survey (LiTS, http://www.ebrd.com/what-we-do/economic-research-and-data/data/lits.html), Demographic and Health Services (DHS, http://dhsprogram.com) and others being made, there is still a lack of gender-disaggregated data in most transition economies.
The national Statistics Bureau should have the mission of collecting and reporting sex-disaggregated data. Moreover, it is excellent if all interesting gender statistics regularly are published in an overview report to increase accessibility both for the general public but also for policy-makers. In Sweden, Statistics Sweden biannually since 1984 publishes “Women and Men in Sweden – Facts and Figures” (http://www.scb.se/en_/Finding-statistics/Publishing-calendar/Show-detailed-information/?publobjid=27675), a much appreciated publication. Since 1989, the Swedish government publishes, in an Appendix to its annual Autumn Budget, an overview of the “Economic Allocation of Resources between Men and Women”, where both past policy and current statistics are presented. Initially, the intention was to in this way guarantee the production of sex-disaggregated statistics that was necessary for the formulation of gender-sensitive economic policies.

An even more ambitious step would be to create longitudinal micro-datasets where individuals are followed in terms of family, education, work, health and other characteristics so as to be able to fully evaluate the effect of economic policy.

6.2 Country-specific research

Gender-specific analysis of labour market conditions and economic outcomes exist for several countries, see e.g. Khitarishvili (2016). However, there is a vast array of dimensions and mechanisms within the field of research about economic gender equality in need of further investigation, particularly incorporating deep knowledge about country-specific economic circumstances.

As discussed in Section 2, the correlation between gender equality and economic development is generally strong but the direction of causality is unclear. There is therefore scope to analyse the precise nature of the gender inequality within each transition economy with respect to the driving forces of economic growth. Are there, for example, any differences in accumulation of human capital at young age between men and women? Are women able to capitalize on their human capital in the labour market? Are there regulations in place impeding women to work in certain sectors and how is the availability of childcare? Is male mortality higher than female mortality – as has been the case in some transition countries in recent years?

In Section 3 about gender inequality in human capital, there are several dimensions that need country-specific contextualization. Higher education has generally undergone a feminization during recent decades in many transition economies, but not in all. To map such trends, it is essential both to analyse whether the economy capitalizes on women’s newly gained human capital and to study why men are becoming less present in higher education. Moreover, by field of study, transition economies have been exceptionally gender equal in math from an international perspective. One could try to exploit such an advantage by channelling women into programming and IT. This could provide transition economies with a considerable comparative advantage by them using their talent pool better than most countries.

Regarding gender inequality in the labour market, there are a number of interesting research projects that must be pursued at the country level as exemplified in Section 5. For instance, in Moldova there is only a tiny gender gap in labour force participation. While this can pass as an indication of a gender equal labour market, in reality it masks a highly (horizontally and vertically) gender segregated labour market, which might also be one explanation of Moldova’s elevated rates of human trafficking – see further World Bank (2014).
6.3 Policy

Gender inequality has been perceived as one of the most important dimension to both investigate and address by part of the international organizations working with development assistance. Three major policy areas can be identified, beyond the policy initiatives addressing basic health, violence against women and trafficking: a) the labour market; b) norms; and c) political representation. Regarding gender inequalities in the labour market, the trend is now for a deeper analysis attempting to identify the mechanisms at work in the labour market – see for instance Morton et al (2014).

The policy work on social norms is innovative and often uses surveys and interviews to map gender-specific stereotypes and expectations in order to provide a background and explanation for the wide gender differences in economic outcomes. World Bank (2012B) constitutes such an example, where gender norms are contextualized and at the same time put into a cross-country perspective. Here the attempts of involving men by at least mapping their attitudes are well on their way.

Lastly, there is a considerable amount of policy work – hand in hand with the extensive research on the topic – on women’s low degree of political representation. Introducing quotas for women in parliament is not enough to assure women’s political representation as overly evident in the report by the European Commission on the topic (European Commission, 2015). Further policy work is of the essence to support and ease the implementation of quotas and other measures to assure women’s political representation actually improves.

7. Concluding remarks

This report touches upon main gender issues in transition economies with a focus on economic dimensions, but essential human rights issues as equal access to health care and legislation, and policies against trafficking are, of course, presupposed. Ultimately gender equality is not a women’s issue. But women are the most engaged so far and efforts must continue to involve men and make them active stakeholders.

Even with the best intentions, it remains crucial to formulate actions on the basis of research. Given that economic resources for policy interventions are limited and that we strive for having policy-impact, continuous effort has to be made to let research inform policy on how to best use available resources.

References


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