

ECONOMIC CRISES AND WOMEN'S WORK

Exploring progressive strategies in a rapidly
changing global environment



United Nations Entity for Gender Equality
and the Empowerment of Women

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**ECONOMIC CRISES AND WOMEN'S WORK:
EXPLORING PROGRESSIVE STRATEGIES IN A
RAPIDLY CHANGING GLOBAL ENVIRONMENT**

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COVER IMAGE: A teacher encourages children to sing at a Kyrgyzstan kindergarten.
(UN Women/David Snyder)



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INTRODUCTION



UN PHOTO/ESKINDER DEBEBE

A seamstress sews a garment in a clothing factory at Sonapi Industrial Park, Port-au-Prince, Haiti.

This paper examines issues of women's employment and decent work in the context of the ongoing global financial and economic crisis. Recognizing the significant role of informal work, it considers how informal work affects the self-employed, those employed by micro-enterprises, unpaid workers in family businesses and those who provide unpaid care activities. It focuses on the implications of the current crisis for women workers and how labour markets have responded, and it analyses crisis-response strategies that endeavour to ensure the stability and/or expansion of women's employment and to improve its conditions. This examination leads to policy recommendations relevant to different contexts.

This introductory chapter addresses two issues as background. The first relates to why we should expect—or even look for—gender-differentiated employment effects of financial and economic crises. The second relates to the macroeconomic processes that are endemic to a typical crisis' progression and how these processes affect labour market conditions.

Chapter 2 examines changing employment patterns and labour market conditions before and after the mid-2008 breakout of the crisis, particularly with a view towards examining the differential impacts on men's and women's employment. In the ongoing crisis, employment patterns have not always followed the gender-differentiated patterns that are widely predicted in the literature. The reasons for this may change as the nature of the crisis shifts from financial to fiscal spheres. The paper investigates some countries in more detail; the choice of case studies was dependent upon the availability of gender-disaggregated data (something that is unfortunately quite rare in most countries) that allow for meaningful analysis, and the policy responses that have either exacerbated or mitigated the adverse effects of the crisis on women's employment conditions. Thus the paper examines the gendered employment effects of the Eurozone crisis and the impact of the 1997–1998 East Asian financial crisis.

Chapter 3 provides examples of good practices from countries that have protected working conditions not only through isolated labour market interventions, but also through policies that are part of a broader macroeconomic strategy. These strategies tend to emphasize generating and preserving good quality jobs and reasonable living conditions, which is why the two examples of Sweden in the 1990s and Argentina in the 2000s have been highlighted.

Chapter 4 draws upon this analysis to develop policy recommendations for countries in different situations with an eye towards relevance in the current context. The paper emphasizes the necessity of a macroeconomic policy framework that makes generating decent work a major priority and draws out its implications. However, the aim is not to provide general, 'feel good' statements about broad macroeconomic policies, but to examine specific possibilities that could be effectively drawn upon by policy makers.

The general perception about economic crises' employment impacts is that women workers are disproportionately affected by job losses because of the nature of work contracts and women's concentration in certain sectors of activity.

1. Do crises affect women and men workers differently?

It is worth considering why gendered differences in patterns of work emerge in the course of an economic crisis. The general perception about economic crises' employment impacts is that women workers are disproportionately affected by job losses because of the nature of work contracts and women's concentration in certain sectors of activity. This reflects both analytical expectations and the experience of past financial crises. However, there are various approaches to understanding the impacts of an economic downturn on women in formal labour markets, which can be grouped into three broad areas (Rubery 1988).

The first approach is similar to the general perception of women workers as buffers in the labour market. Women workers tend to be disproportionately employed with fragile and/or flexible contracts and, as marginal employees, tend to have weaker bargaining positions. This makes them more prone to job loss, and thus in a downturn they tend to lose jobs first. Women are further disadvantaged by social attitudes and seniority rules favouring male workers. An extension of this relates to women's relatively greater employment in the export-oriented activities that are hit during a crisis—since women workers were generally preferred in such work (also because they were more willing to accept flexible contracts as discussed in Pearson, Danloy and Razavi 2004), they are more likely to lose their jobs when demand for these products falls.

The other two approaches suggest that women workers may not experience higher rates of job loss during a crisis, and may be better off than their male counterparts. The second approach notes the 'silver lining' of labour market segmentation, suggesting that the concentration of women workers in insulated industries and occupations (e.g. certain services), provides relative protection from job loss because such activities are not as quickly or significantly affected by cyclical changes in output (compared to manufacturing, for example). The third approach suggests that women workers' lower bargaining position and lower pay makes them attractive workers to substitute for men during times of hardship.

When exports decline and women are particularly involved in export-oriented production, it follows that women will be disproportionately affected. However, impacts typically extend beyond this, since there are negative multiplier effects of the initial job losses that also affect women workers. Because more women than men tend to be employed on fragile, non-permanent contracts, they are more vulnerable to being laid off in conditions of declining demand or other difficulties faced by employers. Women workers were the first to be laid off and faced disproportionate job loss during the 1997–1998 Asian financial crisis as well as during the 2008–2009 crisis (Seguino 2009; Chhibber, Ghosh and Palanivel 2009). This occurred even in non-exporting sectors because of the job segregation that concentrated women in the low-paying and more flexible activities.

The expansion of open unemployment also puts pressure on wages, such that real wages decline (and sometimes even nominal wages are affected), which may increase gender gaps in wages. In addition, wages can decline for a number of reasons. The pressure on employers to compete in an increasingly difficult external environment often results in attempts to reduce labour costs by driving down wages and forcing remaining employees to work for longer hours—often for less pay.

Other categories that deserve particular mention are women cultivators, women working in the informal sector and women working in home-based occupations. In the developing world, the majority of women workers are involved in farming, either as cultivators or as agricultural workers. The impact of the crisis on agriculture is often much more severe than is recognized, in part because the patterns of late capitalist development since the 1980s have been associated with more or less continuous agrarian crisis. Such crises were related to public policies from the early 1990s onwards that systematically reduced trade protections afforded to farmers and exposed them to import competition and market volatility. Trade liberalization resulted in farmers having to operate in a highly uncertain and volatile international environments. The associated increase in debt (often to private moneylenders) then became a major drag on the viability of cultivation.

These difficulties are heightened in the case of women farmers, because in many countries (particularly in the developing world) lack of land titles and other forms of property-rights recognition has tended to deprive them of the typically associated benefits, such as access to institutional credit, extension services and subsidized inputs. Therefore, women tend to have higher cultivation costs than their male counterparts and less state protection. In addition, in the absence of specific measures they are also more likely to be deprived of the benefits of crisis-relief packages.

Women in informal work and in home-based productive activities tend to be particularly badly affected in periods of crisis. As opportunities for paid employment dwindle, women workers often turn to home-based subcontracting activities or work in micro-enterprises. This work is often on a piece-rate basis, very poorly paid and lacking in non-wage benefits. This was evident in all the countries that suffered from the Asian crisis (Chandrasekhar and Ghosh 2009) and was repeated during the 2008–2009 global recession—the economic downswing tended to be directly reflected in both declining orders and falling rates of remuneration.

Solomon Islands women offer items for sale at the Honiara Central Market.



Further, self-employed women's access to credit typically declines as the meagre institutional credit that they could earlier access tends to dry up and as non-institutional sources of credit become more precarious, difficult and expensive. This increases costs even as producers are forced to reduce prices in order to

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