CHAPTER 7

SOME ASPECTS OF LABOUR MARKET PERFORMANCE IN EASTERN EUROPE AND THE CIS

Since the start of economic transformation, labour markets in eastern Europe and the CIS underwent major changes. This chapter focuses on selected aspects of this adjustment such as the changes in unemployment insurance systems and some gender-specific developments in the labour market.

Unemployment protection is an important component of systems of social security, especially given the rise in unemployment in this region: in mid-2002 the total number of jobless reached 8.5 million persons in eastern Europe and some 10 million in the CIS. But over the past decade the fairly generous unemployment protection schemes (in terms of eligibility, the amount and duration of benefits) introduced at the outset of transition have been tightened under the pressure of fiscal imbalances. As a result, the coverage and the amount of unemployment benefits have declined and in some east European countries were more than halved between 1991 and 2002. In mid-2002, in many of these countries, only one fifth or less of the jobless received unemployment benefit. While in some CIS countries the coverage is higher, the amount of the benefit relative to the average wage is generally lower than in eastern Europe. Unemployment insurance systems in eastern Europe are no longer the responsibility of the enterprise sector but this is still not the case in most CIS countries. The east European model appears to have led to a more effective reallocation of labour within and across sectors; it has also generated higher rates of open unemployment whereas there are still large amounts of hidden unemployment in the CIS.

It is widely acknowledged that women were hurt disproportionately by the deteriorating conditions in the labour markets because as a result of macroeconomic austerity they lost previous non-wage benefits and services that made their participation in paid employment economically worthwhile. However, the relative position of women in the labour markets started to improve after the mid-1990s thanks to the general progress of reforms and economic recovery. The gender wage gap has also narrowed in general, although this was mainly due to its decline in those sectors and occupations where it was already low and where relative wages were among the lowest, that is, in sectors traditionally dominated by women. Thus, despite recent improvements, there is still a long way to go before women achieve equal opportunities and treatment in the labour market of these economies.

7.1 Changes in unemployment benefit systems in eastern Europe and the CIS

At the onset of transition, governments generally stressed the importance of a comprehensive social safety net and promised to protect vulnerable groups by providing them with a minimum level of income. Among the other types of social insurance an important role was also assigned to unemployment protection. Both active and passive labour market policies were adopted in most countries with the aim of smoothing the process of labour market adjustment in the context of the ongoing economic and social reforms. With hindsight, it appears that in this initial stage higher priority was assigned to passive labour market policy, including measures such as income support of the unemployed.[578] Unemployment insurance systems were originally rather generous, in terms of both the eligibility rules and the amount and duration of the benefits.[579] However, over time, national labour legislation was substantially and repeatedly amended. Under the pressure of growing unemployment and fiscal imbalances the rules and benefit levels became considerably more restrictive, in order to economize on

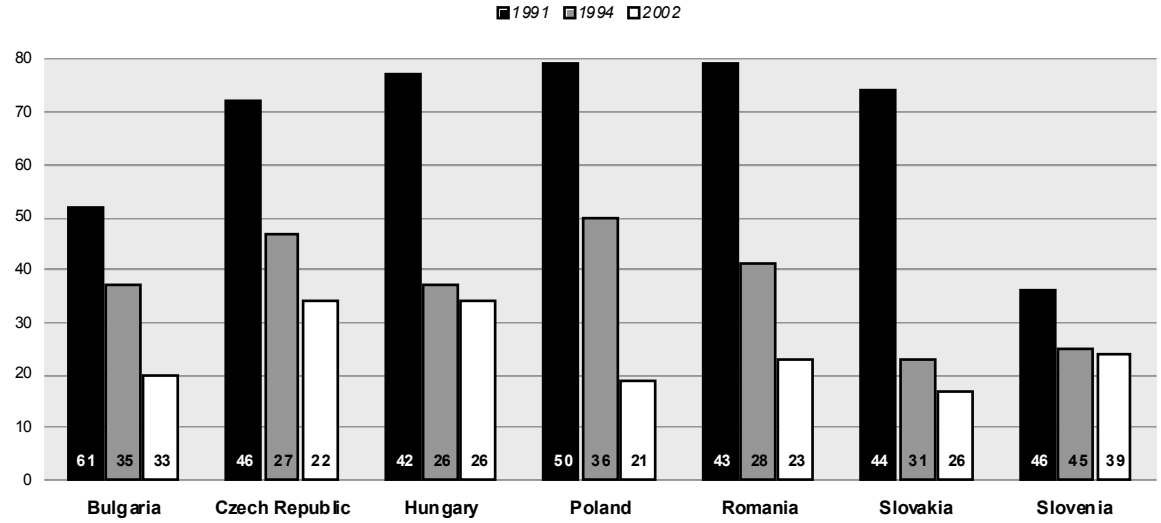
[578] Under the pressure of increasing unemployment and very limited budgets for labour market policies, most funds in this period were allocated to income support and early retirement schemes. In the majority of the transition economies, even by 1996-1997, funds earmarked for unemployment compensation still accounted for some 60 to 80 per cent of the total funds allocated for labour market polices. A. Nesporova, *Employment and Labour Market Polices in Transition Economies* (Geneva, ILO, 1999).

[579] In distinguishing between the two types of labour market policy, one should keep in mind that passive labour market policy, that is, unemployment compensation systems, if too generous, may create incentives for the jobless to remain on social welfare for longer than they might otherwise be inclined to do. In contrast, active labour market policy, that is, assistance in finding another job, training facilities, public works, subsidies for new job creation and promotion of self-employment, aim at facilitating and encouraging workers to take up new jobs.

CHART 7.1.1

The proportion of unemployed receiving benefits and unemployment replacement ratios [a] in selected east European countries, 1991, 1994 and 2002

(Percentage)



Source: UNECE secretariat estimates, based on national statistics and direct communications from national statistical offices.

Note: Numbers in the bars refer to the corresponding replacement ratios.

[a] Defined as the average unemployment benefit expressed as a percentage of the national average wage.

limited resources and encourage the unemployed to seek and take up new jobs.

This section examines some of the main changes in unemployment insurance systems over the past decade or so and evaluates the present state of unemployment protection in eastern Europe and the CIS countries. Cross-country comparisons are made to highlight the basic characteristics and differences in such schemes: eligibility, coverage (the proportion of benefit recipients in total unemployment), and the amount and duration of benefits. It also traces the evolution in policy towards unemployment protection.

(i) Unemployment compensation systems in the early years of transition

At the outset of transition unemployment was negligible and the emergence of persistent and high rates of unemployment was not generally regarded by policy makers as a serious threat. As a result, most of the new, east European governments introduced fairly generous unemployment benefits both in terms of eligibility and the amounts and duration of benefit.[580] However, when the reforms were well underway and restructuring had gained momentum in the group of early reformers, open unemployment rose sharply (to above 10 per cent in most cases), and so did the claims on the funds allocated for labour market polices. Given the pressures for fiscal austerity, many countries reacted after 1991 by making the eligibility rules more restrictive and reducing the early generosity: the conditions for access to benefits were tightened, the period of entitlement was shortened and "the replacement ratio" (the ratio of benefits to average wages) was reduced in all the east European countries.[581]

As a result of the tighter eligibility criteria the proportion of the unemployed receiving benefits fell drastically between 1991 and 1994 (chart 7.1.1). In Slovakia, for example, the proportion of registered jobseekers receiving income support declined from nearly three quarters to less than one quarter; in Hungary, this share more than halved over the same period to some 37 per cent. There was also a notable fall in replacement ratios (chart 7.1.1). The most radical cuts were in Bulgaria where, between 1991 and 1994, the level of benefit was nearly halved to 35 per cent of the average wage, and in Poland, it was reduced from 50 to 36 per cent. Not only were the coverage and magnitude of benefits generally reduced, but in a number of countries the duration of payment was also shortened. Thus, the maximum duration of unemployment benefits in the Czech Republic was reduced from 12 to 6 months; in Hungary, from two years to 9 months; and in Poland, an open-ended benefit system was replaced by a maximum duration of 12 months.

[580] For a more detailed discussion see UNECE, *Economic Survey of Europe in 1993-1994*, pp. 89-90.

[581] S. Scarpetta and A. Reutersward, "Unemployment benefit systems and active labour market policies in central and eastern Europe: an overview", in OECD, *Unemployment in Transition Countries: Transient or Persistent?* (Paris), 1994; and International Social Security Association, *Restructuring Social Security in Central and Eastern Europe. A Guide to Recent Developments, Policy Issues and Options* (Geneva), 1994.

This scaling down of unemployment benefits had a dual effect on labour market behaviour in the east European countries.[582] Firstly, it obviously resulted in a reduction of the income of the unemployed. But, secondly, the toughening of eligibility criteria, coupled with the economic recovery which started in 1993-1994, contributed to a certain stabilization of registered unemployment rates as the incentive for the jobless to register was considerably reduced. Also, as a result of the reduction of benefits, the excess of registered unemployment over unemployment measured by labour force surveys, a characteristic of the unemployment data in many countries in the early 1990s, fell considerably or completely disappeared in most cases.[583]

Despite their fall in eastern Europe, replacement ratios were nevertheless considerably higher than those in the CIS, ranging in 1994, from between some 26 per cent in the Czech Republic and Hungary and 45 per cent in Slovenia. The available data for the CIS countries indicate ratios in 1994, of about 10 per cent in Belarus, 18 per cent in Russia and 14 per cent in Ukraine. Furthermore, the 18 per cent ratio in Russia was equivalent to only about 30 per cent of the minimum subsistence income. Such low levels of benefit were not only ineffective as social protection but they also provided little incentive for the jobless to register, which is one of the main reasons for the very low rates of official unemployment in Russia and most CIS countries.[584]

(ii) Further developments and the current situation

(a) Unemployment

After peaking at the end of 1993 or early 1994, unemployment stabilized and even started to decline in most east European countries as a result of the strong economic recovery and, in some of them, active labour market policies. However, since the second half of 1998, there has been a renewed surge in unemployment and in 2000-2001, many countries reached their highest unemployment rate levels since the transition started in 1989 (chart 7.1.2).[585] As a result, unemployment in 2002 was even a more severe problem than in 1993, during the first peak of joblessness. The magnitude of this problem can be illustrated by the fact that in mid-2002 the total number of registered unemployed in the region reached 8.5 million persons, nearly 1 million more than in 1993.

In the CIS, the statistics of registered unemployment remain unreliable as a large proportion of the jobless (estimated in different countries at between 50 to 80 per cent of all the unemployed), although willing to work, do not register with labour offices because of the weak incentives to do so.[586] In mid-2002, registered unemployment rates varied in most cases between 2 and 3 per cent although labour force surveys conducted in some of those countries suggest considerably higher rates of unemployment.[587]

(b) Basic features of the unemployment insurance systems in 2002

Table 7.1.1 provides a short description of the basic features of the unemployment benefit schemes in eastern Europe and the CIS in 2002.

Eligibility

In eastern Europe, persons currently registered at a labour office are entitled to unemployment benefit if they have worked for at least 6 months during the previous 12 months (Hungary, Romania), or if they have previously worked for 9 to 12 months during a somewhat longer period (Albania, Bulgaria, Croatia, the Czech Republic, Estonia, Latvia and Slovenia). In Lithuania and Slovakia eligibility requires up to 24 months of employment during the three previous years. The more recent laws tend to require longer periods of previous employment in order to avoid repeat claims by those repeatedly unemployed after short spans in seasonal jobs, public

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[582] A. Nesporova, "Unemployment in the transition economies", op. cit.

[583] In countries where such an excess still exists it may reflect the misuse of public welfare schemes. In the second quarter of 2002, for example, unemployment rates based on labour force surveys were 15.2 per cent in Croatia and 5.9 per cent in Slovenia, whereas statistics of the unemployed registered yielded considerably higher figures: 22.2 per cent and 11.3 per cent, respectively. Similar differences between the two measures (although not so pronounced) also exist in Hungary and Romania.

[584] The registered unemployment rates in the CIS in this period were exceptionally low, both relative to the decline in output – between 1990 and 1994 the cumulative decline in GDP was about 37 per cent in Belarus and nearly 50 per cent in Russia and Ukraine – and in comparison with east European rates (the latter mostly varied between 12 and 17 per cent, whereas in most of the CIS the rates did not exceed 3 per cent). Apart from the weak incentive to register (the insufficiently developed labour services networks, at least initially, and the low levels of benefit which often were paid with a delay), this can be explained by a combination of specific economic policies in these countries and the distorted structure of incentives in state owned or newly privatized enterprises. UNECE, *Economic Survey of Europe in 1994-1995*, p. 112.

[585] The combination of factors that contributed to this resurgence of unemployment varied among countries, but in all of them the Russian economic crisis, accelerated enterprise restructuring (partly in connection with the progress in EU accession negotiations) and intersectoral adjustments played an important role. UNECE, *Economic Survey of Europe, 2001 No. 1*, pp. 133-136; see also *Oxford Analytica East Europe Daily Brief,* 11 October 2001.

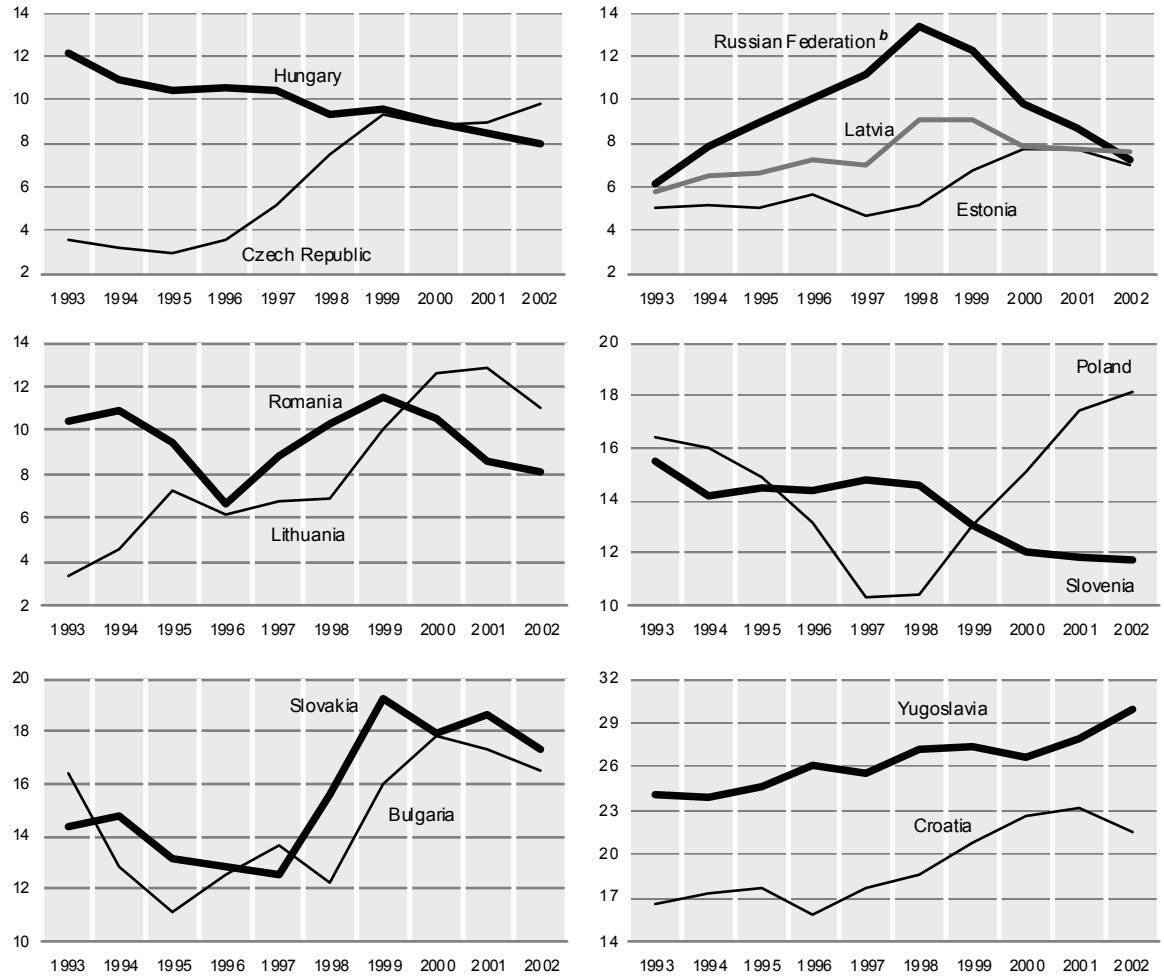
[586] In Russia the limited ability of their labour offices to help in finding jobs, together with low levels of benefits, scant post-benefit assistance and general financial constraints are the main reasons for the large and persistent gap between total and registered unemployment. At the same time, the Russian economy was generating a large number of vacancies and the unemployed with the necessary skills were able to find jobs on their own without the assistance of the state. R. Kapelyushnikov, *Obchshaya i registriruemaya bezrabotitsa: v chem prichiny razryva?* (Total and registered unemployment: what are the reasons for the gap?), State University High School of Economics (Moscow), 2002, p. 48.

[587] For the magnitude of the difference between the two unemployment measures see table 3.4.2 in chap. 3.4.

CHART 7.1.2

Registered unemployment in selected east European countries and the Russian Federation, 1993-2002 [a]

(Per cent of labour force, end-of-period)



Source: UNECE Common Database.

[a] Estimated for 2002.

[b] Based on the ILO definition.

works, etc.[588] In a large number of countries, those who left their previous work voluntarily or were dismissed, as well as new entrants to the labour market are not eligible for unemployment benefit. At the same time, military service or childcare is in some countries considered as the equivalent of employment. In general, the eligibility rules in the CIS are less rigid. In most of them the minimum required period of employment is 3 months during the previous 12 months. In Georgia, Kyrgyzstan and Ukraine, the unemployment insurance schemes do not require any previous employment, and eligibility is determined by registration and means-tested criteria.

Financing unemployment insurance

The relative importance of the three sources of financing for unemployment funds (that is, contributions by employees, employers and the government) differs considerably among countries but in most cases the main burden falls on employers. The contributions by employees rarely exceed 1 per cent of their earnings (table 7.1.1). Moreover, the insurance schemes in the CIS, with the exception of Georgia, do not require any contributions from employees. The employers' contribution in most cases varies between 1 and 3 per cent of the payroll, with relatively high rates in Albania and Romania – 6 and 5 per cent, respectively. Governments in most cases undertake to cover any emerging deficit. Russia is an exception in view of the fact that, since 2001, when the employers'

[588] In Estonia, for example, the recently adopted Unemployment Insurance Act increases the required period of previous employment from 6 to 12 months. In Bulgaria, amendments to the Code of Compulsory Social Insurance in mid-2002, set a uniform minimum insurance period of 9 months instead of the 6 months previously requested for seasonal workers. These new rules de facto exclude from the list of claimants a large cohort of seasonal workers whose duration of work rarely exceeds 7 months a year.

TABLE 7.1.1

Unemployment rates and the basic features of unemployment insurance systems in eastern Europe and the CIS, 2002
(Per cent of labour force, months and percentages)

	Registered unemployment rate 2002QII (per cent)	Date of first and current laws	Sources and amounts of financing			Relation to previous earnings [b] (per cent)	Duration of benefit (months)	Share of unemployed receiving benefits 2002QII (per cent)	Average unemployment benefit as percentage of average wage 2002QII
			Insured person (per cent of earnings)	Employer (per cent of payroll)	Government [a]				
Eastern Europe									
Albania	16.1	1993	None	6	A	None[c]	12	7.3	16.4
Bulgaria	17.2	1989, 2002	1	3	None	60	4-12[d]	20.2	33.1
Croatia	22.2	1952, 2002	0.85	0.85	A	None[e]	2.5-10[f]	21.6	16.6
Czech Republic	8.7	1991, 1997	0.4	3.2	A	50 first 3 months 40 next 3 months	6	33.8	22.0
Estonia [g]	7	1991, 2001	1	0.5	None	50 first 100 days 40 thereafter	6-12[h]	49.6	6.8
Hungary	8.1	1991	1.5	3	None	65	9	33.5	25.5
Latvia	7.9	1991, 2000	1.9	1.9	A	50-65[i]	9	44.3	21.3
Lithuania	10.7	1990, 1997	None	1.5	A	None[j]	6	10.7	15.8
Poland	17.4	1991, 1994	None	3	A	None[k]	6-18[l]	19.0	21.4
Romania	9.6	1991, 1997	1	5	A	50-55[m]	9	23.3	22.6
Slovakia	17.6	1991, 1996	1	3	None	50 first 3 months 45 thereafter	6-9[n]	17.1	25.5
Slovenia	11.3	1991, 2000	0.14	0.06	A	70 first 3 months 60 thereafter	3-24[o]	24.3	38.9
CIS									
Armenia [p]	9.5	1991, 1996	..	..	..	None[q]	12	5.0	13.1
Azerbaijan	1.3	1991	None	2	A	75 first 3 months 60 next 3 months	6[r]	10.0	20.2
Belarus	2.6	1991, 1999	None	1	A	70 first 3 months 50 next 3 months	6	44.0	8.0
Georgia	..	1991, 1993	0.5	1.5	A	None[s]	6	..	..
Kyrgyzstan	3.3	1991, 1994	None	1	A	None[t]	6	11.0	9.0
Republic of Moldova	1.9	1997	..	..	..	None[u]	..	15.0	21.6
Russian Federation	1.7	1991, 2001	None	None	B	75 first 3 months 60 next 4 months 45 next 5 months	12	89.0	20.7
Ukraine	3.7	1991, 2000	None	0.5	A	100 first 2 months 75 next 3 months 50 next 7 months	12	62.0	27.0
Uzbekistan	0.6	1991	None	3	A	50	6	..	..

Source: International Social Security Association, Social Security website [www.issa.int]; direct communications to the UNECE secretariat from national statistical offices.

a A – covers any deficit; B – covers total cost.

b Unemployment benefit as a percentage of previous earnings for a single person, without taking into account the existence of maximum and minimum limits to the level and the family conditions of the unemployed.

c Unemployment benefit is set at a flat rate providing for at least a minimum standard of living, as decided by the Council of Ministers (4,000 leks per month as of 1998).

d The duration of the benefit depends on the length of service and varies between 4 months, for a minimum service of up to 3 years, and 12 months of payment for more than 25 years of service.

e Formally, the amount of benefit is the average gross salary, less mandatory contributions, earned in full-time employment during the last three months, but it cannot be higher than a flat rate stipulated by the Labour and Finance Ministries (900 kunas, unchanged since 1997). In mid-2002, the average nominal wage in the economy was about 5,400 kunas.

f The duration of the benefit depends upon the period during which contributions had been made and rises from 78 days, for employment periods less than 2 years, to 182 days for employment periods of more than 5 years, and up to 312 days for more than 10 years of contributions.

g In Estonia, at present, there are two unemployed social protection schemes. The new Unemployment Insurance Act, in force since 1 January 2002, requires claimants to have made at least 12 months of contributions during the preceding 24 months; however, no payments were made under this scheme during 2002. Until the end of the transition period a jobless citizen will continue to receive a state unemployment benefit at a flat rate of 400 kroons for a maximum duration of 270 days.

h The duration of the benefit depends upon previous contributions and rises from 180 calendar days, for a contribution period less than 5 years, to 270 calendar days for a contribution period between 5 to 10 years, and up to 360 days for more than 10 years of contribution.

i The level of unemployment benefit is determined by both the length of insurance contributions and the length of unemployment: for a period between 1 and 9 years of insurance, it is 50 per cent of previous earnings; between 10 and 19 years, it is 55 per cent; between 20 and 29 years, it is 60 per cent; and over 30 years, it is 65 per cent. The full amount is paid for the first 3 months, 75 per cent for the next 3 to 6 months, and 60 per cent for the following 6 to 9 months.

(See continuation of notes on next page.)

TABLE 7.1.1 (concluded)

Unemployment rates and the basic features of unemployment insurance systems in eastern Europe and the CIS, 2002
(Per cent of labour force, months and percentages)

j The amount of benefit depends on the state social insurance record of the insured and the reason for job loss. It varies between a minimum income set by the government (135 litai) and a maximum which is twice the minimum standard of living (250 litai).

k The size of the benefit depends on the previous length of employment: 80 per cent of the so-called base amount for those with employment of less than 5 years; 100 per cent of the base amount for employment of between 5 and 20 years; and 120 per cent of the base amount for those employed for more than 20 years. The base amount of the benefit is determined as a lump sum, subject to indexation with the CPI (476.7 zlotys since March 2002, increased to 498.2 since September 2002).

l The duration of payments depends on the unemployment rate in the region where a claimant lives: it is 6 months in regions with an unemployment rate below the national average, 12 months in regions with a rate above the national average, and 18 months if a claimant lives in regions where the rate is at least twice the national average and has worked for at least 20 years.

m The size of the unemployment benefit is determined by the length of insurance contributions: 50 per cent of the average earnings during the last 3 months for persons with up to 5 years of contributions, and 55 per cent for those with more than 5 years of contributions.

n The duration of the benefit depends on the length of contributions. For a contribution period of up to 15 years, unemployment benefit is paid for up to 6 months; for a contribution period of more than 15 years, benefit is paid for up to 9 months.

o The duration of payment is 3 months for an insurance period of 1 to 5 years: it is 6 months for 5 to 15 years of service, 9 months for service between 15 to 25 years, and 12 months for 25 years of service. In addition, the duration increases to 18 months for insured persons over 50 years of age with an insurance period of more than 25 years and 24 months for insured persons over 55 years of age with an insurance period of more than 25 years.

p All contributions are lumped together to finance benefits for sickness and maternity, work injury disability and unemployment.

q 100 per cent of a so-called basic unemployment benefit (3,900 drams per month) is paid to those who were dismissed due to reorganization, downsizing or cancellation of collective agreement; 80 per cent of the basic unemployment benefit to those who resigned from the job; and 60 per cent of the basic unemployment benefit to those dismissed from their previous job.

r The basic duration of the benefit is 6 months. However, an additional 2 weeks can be granted for every year worked over 25 years (20 for women). In total, these should not exceed 52 weeks.

s Fixed amount of 14 lari for the first 2 months; 12 lari for the next 2 months; and 11 lari for the remaining 2 months.

t The basic unemployment benefit is equal to the minimum wage (100 soms, at the end of 2001). It may be increased to 150 per cent of the minimum wage if the length of employment exceeds 12.5 years for men and 10 years for women (1/2 duration of service required for old-age pension).

u The amount of the benefit depends on the length of service. For persons who have been employed for 6 months to 10 years it is equal to 50 per cent of the national average wage; for 10 to 15 years of employment it is 55 per cent; and for 15 years and more, 60 per cent. The amount of benefit is reduced by 15 per cent every 3 months but cannot be less than the minimum salary (18 lei).

contribution (1.5 per cent of payroll) was abolished, the government has taken over the entire cost of unemployment insurance. At the other extreme are Bulgaria, Estonia,[589] Hungary and Slovakia where the government does not participate at all in financing the unemployment fund.

Duration of benefit

There are two main types of unemployment insurance: schemes with a fixed duration of benefit, and those where duration depends on a number of different factors. All the CIS countries shown in table 7.1.1 provide fixed duration of benefit. In most of them this is 6 months but in Armenia, Russia and Ukraine payment continues for 12 months. In many east European countries, in contrast, the duration of payment is not uniform and depends first of all on the period during which contributions were made to the unemployment fund.[590] Among the other factors that may affect the duration of benefit are the age of the claimant or the reason for job loss or unemployment; the situation in the local labour market may also play a role.[591] In most east European countries, benefits are paid for a period ranging from 6 to 12 months. For people with only a limited employment record, the duration may be rather short (only 78 days in Croatia, and 3 and 4 months in Slovenia and Bulgaria, respectively). Accordingly, older persons who lose their jobs may receive so-called pre-retirement benefits or they may be offered early retirement.[592]

Coverage of the unemployment insurance schemes

In mid-2002, the proportion of the unemployed receiving benefits was relatively high in the Czech Republic, Estonia, Hungary and Latvia (ranging from some 35 to 50 per cent, see table 7.1.1). In the other east European countries, the coverage averaged only some 20 per cent, and was very low in Albania and Lithuania, at 7 and 11 per cent, respectively. A striking feature is that the group of countries with the higher rates of coverage includes economies with relatively low (one-digit) rates of unemployment, whereas the second group (with low coverage) is characterized by soaring unemployment. Thus in Bulgaria, Croatia, Poland and Slovakia, where the unemployment rate is above 17 per cent, only one fifth or less of the jobless receives unemployment benefit. Moreover, this wedge has been growing in

[589] According to the new law adopted in 2001.

[590] Slovenia is a case in point, see table 7.1.1.

[591] Poland is the only country where the duration of benefit depends on the unemployment rate in the region where the claimant lives, see table 7.1.1.

[592] In Hungary, for example, the employer is required to pay a redundant worker with 20 years of insurance coverage the equivalent of the old-age pension for one year.

recent years. As chart 7.1.1 indicates, between 1994 and 2002 there was a further decline in coverage in all seven east European countries, although the changes were relatively modest in Hungary and Slovenia. The decline was most pronounced in Poland where, between 1994 and 2002, the percentage of the unemployed receiving benefits more than halved to below 20 per cent. At the same time one should keep in mind that in most east European countries jobless people who are not covered by unemployment insurance may be eligible for some form of income support or poverty allowance through the social safety net (which is obviously lower than the unemployment benefit). In effect this substitution in income support reflects a policy shift from unemployment protection to social assistance.

The high rates of coverage in Russia and Ukraine (some 90 and 60 per cent, respectively) reflect the relatively soft eligibility rules,[593] which have remained fairly stable over the past decade. In Belarus coverage was similar to that in the east European countries, while in the remaining CIS countries for which data are available it was considerably lower than in eastern Europe. In judging the proportion of the unemployed receiving benefit in the CIS, the very low levels of registered unemployment in these countries should always be kept in mind.[594]

The amount of unemployment benefit[595]

The laws currently in force determine the level of the unemployment benefit in several ways. In most countries, the amount depends on the previous wage of the recipient and is set as a percentage of it (the replacement ratio). The ratio may be fixed for the whole duration of unemployment (Bulgaria, Hungary, Romania, Uzbekistan) or, in most cases, is gradually reduced over time (table 7.1.1). The initial replacement ratio for the first days or months of unemployment in most east European countries is around 50 per cent of the previous wage, with the highest rate of 70 per cent in Slovenia. The starting replacement ratios are even more generous in the CIS – some 70-75 per cent of previous earnings, and 100 per cent in Ukraine. However, in practice, there is an upper ceiling to the level of benefit which is equivalent to the average national wage (in most of the CIS countries), equivalent to the subsistence minimum in Russia,[596] twice the average old-age pension in Hungary, and elsewhere is often simply an officially fixed sum (130 levs in Bulgaria, 900 kunas in Croatia, 10,250 korunas in the Czech Republic, 250 litai in Lithuania). In a number of countries (Albania, Armenia, Estonia[597] and Poland) the level of benefit is uniform for all eligible jobseekers irrespective of their previous earnings. Most countries also fix a minimum level of benefit, which may be related to the minimum wage, the minimum pension, etc. All these variations in the determination of the unemployment benefit, particularly the setting of an upper limit, imply that the average unemployment benefit actually paid, when expressed as a proportion of the national average wage, differs considerably from the officially established replacement ratios.[598]

At mid-2002, the average unemployment benefit expressed as a percentage of the national average wage varied in most east European countries between some 16 per cent in Albania, Croatia and Lithuania and 26 per cent in Slovakia. The ratios were relatively high in Bulgaria and Slovenia, some 33 and 39 per cent, respectively, but in Estonia it was below seven per cent.[599] As chart 7.1.1 indicates, between 1994 and 2002 benefits fell relative to wages in all countries except Hungary, the largest decline being in Poland (from 36 to 21 per cent). In the CIS countries, for which data are available, the benefit/wage ratios were generally lower than the east European average, and in Belarus and Kyrgyzstan were below 10 per cent. The lower levels of unemployment benefit in the CIS countries, both in relation to eastern European levels and to the nominally high ratios set up in the unemployment insurance schemes, are mainly due to fiscal pressures and the lack of adequate resources allocated to labour market policy. Under these

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[593] Unlike east European practice, in Russia, for example, practically all those registered with the employment office are eligible for benefits irrespective of whether they left their previous work voluntarily, or were dismissed, or are new entrants to the labour market. R. Kapelyushnikov, op. cit., pp. 26-27.

[594] In Russia, for example, the total number of unemployed (according to the ILO methodology) in November 2002 was 5,142,000, whereas registered unemployment stood at only 1,249,000 (less than 25 per cent of the ILO-based figure).

[595] Benefits are often presented as replacement ratios, that is, as a percentage of previous earnings. However, these may sometimes be misleading due to the imposition of further controls such as maximum and/or minimum levels of the actual benefit paid. Benefits can also be expressed as a fraction of the average and minimum wage in the country.

[596] In accordance with the amendments to the law on employment, the national average wage was replaced in 1999, as an upper limit of the unemployment benefit, by the subsistence minimum. The introduction of the new indicator was, however, protracted until mid-2000, when the central government and most regional authorities started estimating the subsistence minimum.

[597] At present, there are two social protection schemes for the unemployed operating simultaneously in Estonia, see table 7.1.1.

[598] Croatia is a case in point: the amount of the benefit (invariable during the whole period of payment) is formally to be calculated as "the average salary reduced by mandatory contributions earned in full-time employment in the three preceding months". However, the benefit cannot be higher than a flat rate stipulated by the Labour and Finance Ministers (900 kunas, unchanged since 1997). At the moment of introduction this upper limit of the benefit accounted for some 25 per cent of the national average wage. With the growth of nominal wages the ratio declined substantially – in 1999 it was less than 20 per cent of the national average wage, and by mid-2002 it had diminished to nearly 17 per cent.

[599] The benefit (400 kroons) has not been changed since 1999. Recently, the association of Estonian trade unions rejected the government's offer to increase it to 500 kroons and insisted on it being increased to at least 700 kroons (which would increase the benefit/wage ratio to around 12 per cent). *ETA Economic Bulletin,* 10 July 2002, as quoted by *DowJones Reuters Business Interactive* (Factiva).

TABLE 7.1.2

Unemployment benefits in relation to wage levels in selected east European and CIS countries, 2002QII
(Percentage)

	Unemployment benefi as a percentage of minimum wage	*Minimum wage as a percentage of average wage*
Eastern Europe		
Albania	40.9	39.8
Bulgaria	90.1	36.7
Czech Republic	57.4	34.8
Estonia	21.6	31.5
Hungary	60.2	42.7
Latvia	71.5	31.1
Lithuania	41.0	39.6
Poland	62.7	34.3
Romania	70.7	31.6
Slovakia	69.2	36.9
Slovenia	92.9	41.4
CIS		
Armenia	64.8	20.2
Azerbaijan	228.0	8.9
Belarus	84.1	9.5
Kyrgyzstan	142.0	6.4
Republic of Moldova	136.5	15.8
Russian Federation	275.2	7.1
Tajikistan	247.5	13.8
Ukraine	67.6	36.2

Source: UNECE secretariat estimates, based on national statistics.

conditions the labour offices tend to provide meagre benefits to as many unemployed persons as possible.[600]

Another important dimension of the unemployment benefit is its relation to the official minimum national wage. According to ILO recommendations, the benefit should not be less than 50 per cent of the minimum wage. In most of the east European countries for which the data are available, this is indeed the case: in the second quarter of 2002, the average unemployment benefit varied between some 60 per cent of the minimum wage in the Czech Republic, Hungary and Poland and 90 per cent in Bulgaria and Slovenia (table 7.1.2). The countries below the reference level were Albania, Lithuania and, especially, Estonia, where the benefit was less that 25 per cent of the minimum wage. Uncharacteristically, in some CIS countries, the benefit exceeds the official minimum wage. In the early days of transition, most CIS countries introduced a minimum national wage as a basis for calibrating wages in both the public and the private enterprise sectors and often for calculating minimum social benefits. However, in many countries, under the pressure of fiscal austerity, the nominal minimum wage has not been regularly revised despite the generally high rates of inflation. As a result, the minimum wage has often fallen well below the subsistence minimum, thus losing its social and economic function.[601] This may help to explain the exceptionally high levels of the benefit replacement ratio, relative to the minimum wage, in the CIS countries. In all the east European countries shown in table 7.1.2, the minimum wage is considerably closer to the average wage than it is in the CIS region (some 30-40 per cent in the former compared to 7-20 per cent in the latter), which helps to make employment in these countries a more attractive alternative to living on social welfare.

The model of unemployment insurance that has emerged in eastern Europe differs from that in the CIS and reflects a different approach to social policy.[602] The approach adopted in most east European countries relies much more on the role of unemployment benefits as an incentive tool than is the case in the CIS.[603] While the first policy shifts responsibility for supporting redundant workers away from enterprises and onto public institutions, the second continues to rely mainly on employment protection within enterprises, while assistance provided by the public labour services is still relatively poor.

The nature and efficiency of unemployment insurance systems has had a significant impact on the process of labour market adjustment in eastern Europe and the CIS, the two models of unemployment protection producing different outcomes. The east European model appears to have led to a more effective reallocation of labour within and across sectors, but it has also generated higher rates of open unemployment. In contrast, the CIS model has been less conducive to the reallocation of labour and, consequently, adjustment has been slower. However, while registered unemployment rates in the CIS have remained considerably lower than those in eastern Europe, this may partly reflect a delayed labour adjustment and it can only be a matter of time before the hidden unemployment comes out into the open. The large and persistent difference between the registered and labour force survey unemployment measures in the CIS region is another indication of the low efficiency of unemployment insurance systems in most of these countries.

[600] In Russia, for example, in 1998-1999, about half of all benefits were paid at the minimum level (equivalent to the minimum wage). This resulted in a high rate of coverage, but, at the same time, considerably reduced the benefit/wage ratio. R. Kapelyushnikov, op. cit., pp. 28-29.

[601] In Russia, for example, the minimum wage of 300 roubles in mid-2002 was less than 20 per cent of the subsistence minimum and only 7 per cent of the average wage.

[602] T. Boeri and K. Terrell, "Institutional determinants of labour reallocation in transition", *Journal of Economic Perspectives,* Vol. 16, No. 1, Winter 2002, pp. 51-76; see also A. Nesporova, "Unemployment in the transition economies", op. cit.

[603] During the early years of economic transformation, the Baltic states shared many labour market characteristics with the CIS countries, but later on moved closer to developments in eastern Europe. It should be noted, however, that Estonia was marked by significant labour reallocation from the very start of the transition process.

7.2 Gender specific labour market adjustments in eastern Europe and Russia

Full employment and high rates of labour force participation, particularly of women, were two important features of the labour supply in the former centrally planned economies. Unemployment in the sense of joblessness did not exist officially[604] and labour markets as such were non-existent. One of the major transformation shocks at the start of the reform process was the emergence of the labour market accompanied by severe declines in employment and, in particular, high levels of open unemployment. While the whole labour force was affected by the closure of plants, restructuring and the overall macroeconomic austerity measures, women suffered disproportionately from the painful economic and social reforms. Not only did many women lose their jobs and wages, just as men did, but those who kept their jobs also lost the non-wage family related benefits and social services provided in the past by their enterprises. Combined with the erosion of real wages this reduced further the economic value of employment for women. Thus, as a result of these changes in economic values and social roles, women reassessed their own and their family's priorities and needs. In the event many quit their jobs and withdrew from the labour force altogether.[605] This last reason for the decline in female employment led to a smaller female labour force but not to a much larger pool of unemployed females. Consequently, the unemployment rate of women was not significantly higher than that of men in general, and in some economies it was even lower.

The relative position of women in the labour markets of the early reformers has nevertheless improved in recent years despite the increase in overall joblessness. Their share of total employment has increased thanks to new job opportunities in the more dynamic service sectors, the decline of the informal economy,[606] and improvements in welfare services and the overall social infrastructure that have accompanied the general progress of reforms. From the mid-1990s, the gender wage gap has also narrowed despite a growing relative wage dispersion between sectors and occupations. This is only partly explained by the increasing number of women obtaining new jobs in services where relative wages are among the highest. The gap narrowed in occupations where it was already low and where relative wages were among the lowest. Another important factor is the fact that a large number of unskilled and low-paid female workers left the labour market during the early years of transition.

In short, even though there have been some improvements in the direction of gender equality in the labour markets of the east European economies in recent years, there is still a long way to go before women's education and skills are properly recognized, enabling them to participate in the labour force with equal opportunities. Differential incentives for men and women to remain in the labour force are not only an undesirable attribute of a well-functioning labour market but they also lead to a loss of human capital. To prevent such a loss and to promote equal employment opportunities, the governments need to revise not only public services to ensure the smooth functioning of the labour market, but also their family and social protection policies, which were hit particularly hard by the fiscal squeeze of the last decade. In fact some governments, particularly in those countries preparing to join the European Union, are in the process of introducing EU-compatible anti-discrimination policies aimed at reducing the gender wage gap even though they still face great difficulties in removing obstacles in the areas of family and social protection.

This section updates and extends a previous note on gender issues in transition economy labour markets, published in an earlier issue of this *Survey*.[607] The present study also extends the analysis to include changes in gender wage gaps by industry and by occupation.

(i) Labour force

Between 1985 and 2001 the female *labour force* shrank in all the transition economies covered in this study[608] except Romania (table 7.2.1). It declined even in those countries where the male labour force remained fairly stable, namely the Czech Republic, Lithuania,

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[604] Yugoslavia with its particular economic system was an exception with high rates of open unemployment.

[605] The social benefits were dramatically reduced de facto. However, they remained, to a large extent, on the statute books in most of these economies during the early years of transition. Thus, women not only lost most of their privileges as workers, but they were also perceived to be overpriced in terms of total labour costs despite the fact that the prescribed benefits were rarely available in practice. V. Einhorn, "Gender issues in transition: the east and central European experience", *The European Journal of Development Research*, Vol. 6, No. 4, December 1994.

[606] One of the consequences of the emerging private sector and enterprise restructuring during the 1990s was the expansion of the informal economy and various forms of atypical jobs, both legal and illegal, and on the basis of short-term contracts, part-time employment, etc. These were in response to high social security contributions in the formal labour market, which many enterprises could not afford after the tightening of budget constraints. In the absence of other jobs, these informal jobs, which were often also taken by men but usually as a secondary occupation, were taken by women usually as their main activity to enable them to add to the family income without being taxed. The more flexible work schedules in the informal sector also made it easier to combine paid work with family related functions, even if most of these jobs were low skilled and low paid.

[607] UNECE, "Effects of transition on the labour force and employment from a gender perspective, 1985-1997', *Economic Survey of Europe, 1999 No. 1,* pp. 135-142.

[608] The selection of countries and the time period in this study were dictated by the availability of comparable data in terms of labour force surveys, industrial classifications by NACE and occupational classifications by ISCO-88.

TABLE 7.2.1

Changes in the labour force and employment in selected east European economies and the Russian Federation, by sex, 1985-2001
(Cumulative changes, per cent)

	Labour force								Employment							
	1985-2001		1985-1994		1994-1997		1997-2001		1985-2001		1985-1994		1994-1997		1997-2001	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Bulgaria	..	..	..	..	-2.0	-1.8	-6.8	-4.9	..	..	..	..	5.2	5.5	-13.6	-9.8
Czech Republic [a]	1.8	-5.6	1.2	-5.6	1.5	–	-0.9	–	-5.2	-15.2	-2.6	-10.3	0.9	-1.9	-3.6	-3.6
Estonia	-7.9	-27.1	4.5	-21.5	-7.5	-5.5	-4.7	-1.7	-19.8	-36.0	-3.1	-27.8	-10.2	-6.8	-7.8	-4.9
Hungary	-22.0	-32.1	-20.0	-30.1	-3.1	-7.2	0.7	4.7	-26.9	-35.4	-29.4	-36.6	-0.6	-5.5	4.3	7.9
Latvia	-10.0	-29.5	..	..	..	..	-5.4	-4.9	-22.9	-37.7	-11.8	-31.0	-8.6	-8.5	-4.3	-1.3
Lithuania	1.6	-11.7	..	..	..	..	-6.5	-0.6	-18.4	-24.2	-5.8	-13.6	-1.0	-11.6	-12.5	-0.9
Poland	-1.9	-10.9	-3.7	-11.7	0.8	-1.3	1.0	2.3	-18.4	-28.6	-16.3	-25.8	4.9	1.9	-7.1	-5.5
Romania	5.6	11.2	9.1	16.1	0.1	-2.5	-3.3	-1.8	-1.9	4.6	0.8	6.0	2.2	0.1	-4.7	-1.4
Slovakia	..	..	..	..	1.1	4.1	4.3	6.1	..	..	..	..	3.7	5.6	-5.9	-1.1
Slovenia	-7.7	-10.4	-12.1	-12.6	3.2	3.2	1.7	-0.7	-13.0	-16.0	-20.5	-20.0	6.2	4.8	3.1	0.2
Russian Federation	1.5	-11.7	2.4	-13.7	-3.3	-3.5	2.6	6.1	-7.9	-19.2	-6.1	-20.5	-7.4	-7.3	6.0	9.7

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

Note: The labour force in 1985 is estimated by assuming that it was equal to employment given that joblessness did not exist officially.

[a] Instead of 2001, all calculations are based on 2000 data.

Poland and Russia. However, the major part of these reductions in the female labour force occurred in the early 1990s. During the second half of the 1990s, and particularly in the late 1990s, there were more positive developments; in some countries the female labour force increased (Hungary, Poland, Russia, Slovakia), or ceased to fall (the Czech Republic), while in others the decline continued but at a much slower rate than in the first half of the 1990s (Estonia, Latvia, Lithuania). Nevertheless, female *activity rates*[609] in 2001 were everywhere lower than in 1985 except in Romania[610] (table 7.2.2). Male activity rates also fell, but by much less than those of females except in Slovenia where both rates fell by about one fifth. The gender specific differences were most striking in the three Baltic states. Nevertheless, Lithuania still had the highest female activity rate (56 per cent) of all the countries covered in this study. The lowest female rates in 2001 (less than 50 per cent) were in Hungary and Poland.

In 1985, women were a majority of the labour force in the Baltic states and Russia (table 7.2.3). In the other east European countries, their *share of the labour force* was smaller, varying between some 45 and 49 per cent. However, during the transition process, the female share of the labour force declined rapidly. The smallest shares in 2001 were in the Czech Republic and Hungary, less than 45 per cent, which, nevertheless, are still quite high compared with those in most developed market economies.

(ii) Unemployment

In spite of the larger fall in female employment compared with men (see below), their *share of unemployment* in 2001 (table 7.2.3) was generally smaller than that of men (with the exceptions of the Czech Republic and, to a much lesser extent, Poland) due to a much larger withdrawal of women from the labour force once they became unemployed than was the case for men.[611] As a result, female *unemployment rates* in 2001 were higher than those of men only in the Czech Republic, Poland and Slovenia (table 7.2.2). The lower unemployment rates of women also reflect their greater willingness to take up low paid jobs in the public sector or in small firms operating mainly in services.[612] More recently, men have been more affected than women by employment cuts in large industrial enterprises where men's jobs traditionally have been concentrated.

[609] Activity rates show the share of the working-age population participating in the labour force (i.e. the employed plus the unemployed). These activity rates are lower than those reported by the countries where the upper age limit differs across countries, over time, and in some cases also between males and females. In order to establish more comparable rates, the working-age population is defined here as 15 years of age and over for both sexes throughout the period 1985-2001.

[610] In Romania, activity rates increased, largely thanks to the high share of agriculture in the economy, which released much less labour than industry and where women farmers accounted for 45 per cent of all female employment and nearly half of all agricultural employment in 2001.

[611] For example, in Hungary females accounted for some 39 per cent of total unemployment in 2001, the lowest share of all the countries shown in the table. Between 1985 and 2001 female employment fell by some 950,000, while the number of unemployed women in 2001 was only 90,200, equivalent to less than 10 per cent of their lost jobs between 1985 and 2001. This suggests, *ceteris paribus*, that more than 850,000 women, the equivalent of more than one third of the labour force in 1985, had left the labour market by 2001. Even though in Hungary the male labour force also declined more sharply than in the other east European economies (table 7.2.1), the proportion leaving the labour market was equivalent to less than one fifth of the male labour force in 1985.

[612] A Nesporova, "Unemployment in the transition economies", UNECE, *Economic Survey of Europe, 2002 No. 2*, pp. 75-91.

TABLE 7.2.2

Gender specific labour market indicators in selected east European economies and the Russian Federation, 1985-2001
(Per cent)

	Activity rates [a]			Labour force/population ratio [b]			Employment/population ratio [c]			Unemployment rates [d]		
	1985	1997	2001	1985	1997	2001	1985	1997	2001	1994	1997	2001
Bulgaria												
Male	..	57.0	54.6	..	47.0	45.9	..	40.3	36.5	20.2	14.3	20.5
Female	..	46.9	45.7	..	39.4	39.1	..	33.8	31.7	20.3	14.4	18.8
Czech Republic [e]												
Male	75.1	71.1	69.6	56.5	58.1	57.7	56.5	55.6	53.8	3.7	4.2	6.8
Female	59.3	52.1	51.5	46.0	43.5	43.6	46.0	40.5	39.2	5.1	6.9	10.2
Estonia												
Male	68.2	70.2	66.6	51.6	54.8	53.7	51.6	49.3	46.7	7.3	10.0	12.9
Female	68.1	53.2	52.2	54.2	43.6	44.0	54.2	39.6	38.6	7.9	9.2	12.2
Hungary												
Male	73.9	60.4	61.7	57.1	45.9	46.9	57.1	41.6	43.9	11.8	9.5	6.3
Female	61.3	42.8	45.6	48.9	32.3	34.0	48.9	29.8	32.3	9.4	7.8	5.0
Latvia												
Male	69.2	68.5	64.6	53.0	53.6	52.4	53.0	45.3	44.9	..	15.4	14.4
Female	68.2	52.6	50.1	55.1	43.2	42.4	55.1	36.7	37.4	..	14.9	11.6
Lithuania												
Male	70.8	74.6	70.4	53.2	57.5	55.5	53.2	49.4	44.6	..	14.2	19.7
Female	65.9	56.4	56.2	51.8	45.5	46.2	51.8	39.1	39.7	..	13.9	14.2
Poland												
Male	72.0	63.8	62.1	52.7	49.4	50.0	52.7	44.7	41.5	13.1	9.6	16.9
Female	62.2	49.5	48.8	47.1	39.4	40.2	47.1	34.2	32.3	16.0	13.2	19.8
Romania												
Male	69.8	72.3	69.1	52.0	57.7	56.2	52.0	54.4	52.2	7.7	5.7	7.1
Female	54.2	57.5	55.6	41.3	46.8	46.2	41.3	43.9	43.4	8.7	6.4	5.9
Slovakia [f]												
Male	..	67.0	66.9	..	52.2	51.6	..	46.4	41.4	13.3	11.1	19.8
Female	..	51.3	52.2	..	41.0	46.1	..	35.8	37.4	14.1	12.8	18.7
Slovenia												
Male	82.3	65.7	64.8	62.5	53.5	54.2	62.5	49.8	51.1	9.6	6.9	5.5
Female	65.2	53.0	51.3	51.3	44.0	43.7	51.3	40.9	41.0	8.5	7.1	6.3
Russian Federation												
Male	72.6	66.7	67.2	54.7	52.1	54.6	54.7	45.8	49.5	8.3	12.2	9.3
Female	63.5	50.6	52.7	50.4	41.2	44.4	50.4	36.5	40.6	7.9	11.5	8.5

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

a Labour force divided by working age population.

b Labour force divided by total population.

c Employment divided by total population.

d Unemployment divided by labour force.

e Instead of 2001, all calculations are based on 2000 data.

f Instead of 2001, activity rates are calculated on the basis of 2000 data.

Not only did more women than men leave the labour force once they became unemployed, but those who did keep on searching for a job tended to remain unemployed for much longer than men. Although this situation has improved since the late 1990s, probably due to women's willingness to accept lower paid jobs more readily than men, particularly by women who are not the main bread winner of the family,[613] women still constituted the majority of the *long-term unemployed* (i.e. those who remain unemployed for more than one year) in Poland and Russia in 2001.[614] On the other hand, the female *share in youth unemployment* tends to be smaller than their share of total unemployment, particularly in the Czech Republic and Lithuania. In certain east European countries, particularly in the Baltic states, there is a female-male differential in favour of women in tertiary education. This may be a factor explaining the lower female share of youth unemployment.[615]

[613] This is usually the result of employers' bias (sometimes called "male breadwinner bias", which in the past was also common in the west), who assume that typical workers will have little or no responsibility for providing unpaid care. This bias may lead to the segregation of many women who are forced to accept "secondary earners" jobs with low wages even if they have the skills for better paid jobs. D. Elson, "Macroeconomics and macroeconomic policy from a gender perspective", a paper presented at the Deutscher Bundestag conference *Globalization of the World Economy – Challenges and Responses* (Berlin), February 2002.

[614] In 1997 women were the majority among the long-term unemployed also in the Czech Republic, Lithuania and Slovakia.

[615] UNECE, *Women and Men in Europe and North America* (United Nations publication, Sales No. E.00.II.E.6), p. 111.

TABLE 7.2.3

Share of women in labour market indicators in selected east European economies and the Russian Federation, 1985-2001
(Per cent)

	Labour force			Employment			Part-time employment	Unemployment					
								Total			Youth	More than one year	
	1985	1997	2001	1985	1997	2001	2001	1994	1997	2001	2001	1997	2001
Bulgaria	..	46.8	47.3	..	46.8	47.8	..	46.8	47.0	45.1	43.6	47.3	44.8
Czech Republic [a]	46.2	44.1	44.3	46.2	43.5	43.4	..	52.3	56.3	54.3	44.2	53.9	..
Estonia	54.7	48.1	48.9	54.7	48.4	49.1	68.4	49.7	45.9	47.3	48.9	48.8	43.1
Hungary	47.9	43.5	44.5	47.9	44.0	44.8	..	39.1	38.6	38.7	37.7	35.8	..
Latvia	54.8	48.5	48.6	54.8	48.7	49.4	57.0	..	47.8	43.3	41.3	47.4	42.0
Lithuania	52.2	47.2	48.7	52.2	47.2	50.3	58.8	..	46.7	40.6	33.0	50.0	38.6
Poland	48.4	45.7	46.0	48.4	44.7	45.1	55.5	51.2	53.8	50.1	47.1	59.1	53.8
Romania	44.9	45.8	46.2	44.9	45.7	46.5	52.2	49.7	48.4	41.9	42.3	52.4	43.2
Slovakia	..	45.3	45.7	..	44.8	46.0	72.5	46.0	48.9	44.4	41.4	51.0	46.0
Slovenia	46.5	46.3	45.8	46.5	46.3	45.6	..	43.5	46.4	49.1	47.1	..	..
Russian Federation	51.5	47.2	48.1	51.5	47.4	48.3	70.1	46.1	45.8	45.9	46.2	48.9	50.3

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

[a] 2000 instead of 2001.

(iii) Employment

One of the major consequences of the reforms and the accompanying structural adjustments was a general decline in employment during the 1990s, even in those economies where the recovery in output started relatively early. Both male and female employment fell, but the decline in female employment was considerably greater (table 7.2.1) because of fiscal austerity and the associated loss of jobs in the public sector and voluntary withdrawal of women from the labour force, both of which affected women disproportionately. Thus, the *share of women in total employment*, as with their share of the labour force, fell everywhere between 1985 and 2001 (table 7.2.3), except in Romania. In the Baltic states and Russia, where women accounted for the majority of the employed in 1985, this ratio, albeit falling, remained high (nearly 50 per cent or more). Also in the other countries, the share of women in total employment in 2001 remained high by western standards, the lowest being some 43 per cent in the Czech Republic.

As in the developed market economies, women account for most of the *part-time employed* in the transition economies. Their share in 2001 was nearly three quarters in Slovakia and more than two thirds in Estonia and Russia. Given the sharp increase in their "double-burden" during the transition and their weaker position in the labour market, women usually accept part-time jobs more readily than men.

(a) Employment by industry

The massive decline in total employment, both for men and women, during the transition process has been accompanied by considerable changes in the sectoral distribution of employment. The share of employment in goods-producing sectors (i.e. agriculture, industry and construction) has declined, while that of the service sectors has generally increased. Chart 7.2.1 shows the change in employment in individual industries[616] relative to the change in total employment during 1994-2001,[617] where employment is broken down by gender.[618] Agricultural employment declined more than total employment (except in Romania) for both men and women, but in most countries the relative fall was much greater for the latter. There was a similar development in industry except in Slovakia and especially in Estonia where the fall in the employment of men in industry was less than in the economy as a whole, thanks to employment gains in utilities in the former and manufacturing in the latter.

In contrast, employment increased in relative terms in the service sector in most countries for both men and women. There were a few service industries, such as transport and communications, where female employment fell faster than in the economy as a whole. However, compared with their experience in the economy as a whole, women did significantly better in trade, hotels, restaurants, financial intermediation, real estate and business services as well as public administration. Nevertheless, in most countries the relative growth of male employment in these branches (except public administration) was greater than that for women. In addition to public administration, the relative growth of female employment in education and health services was generally greater (or declined less) than the male rates.

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[616] According to the NACE classification used in the national labour force surveys.

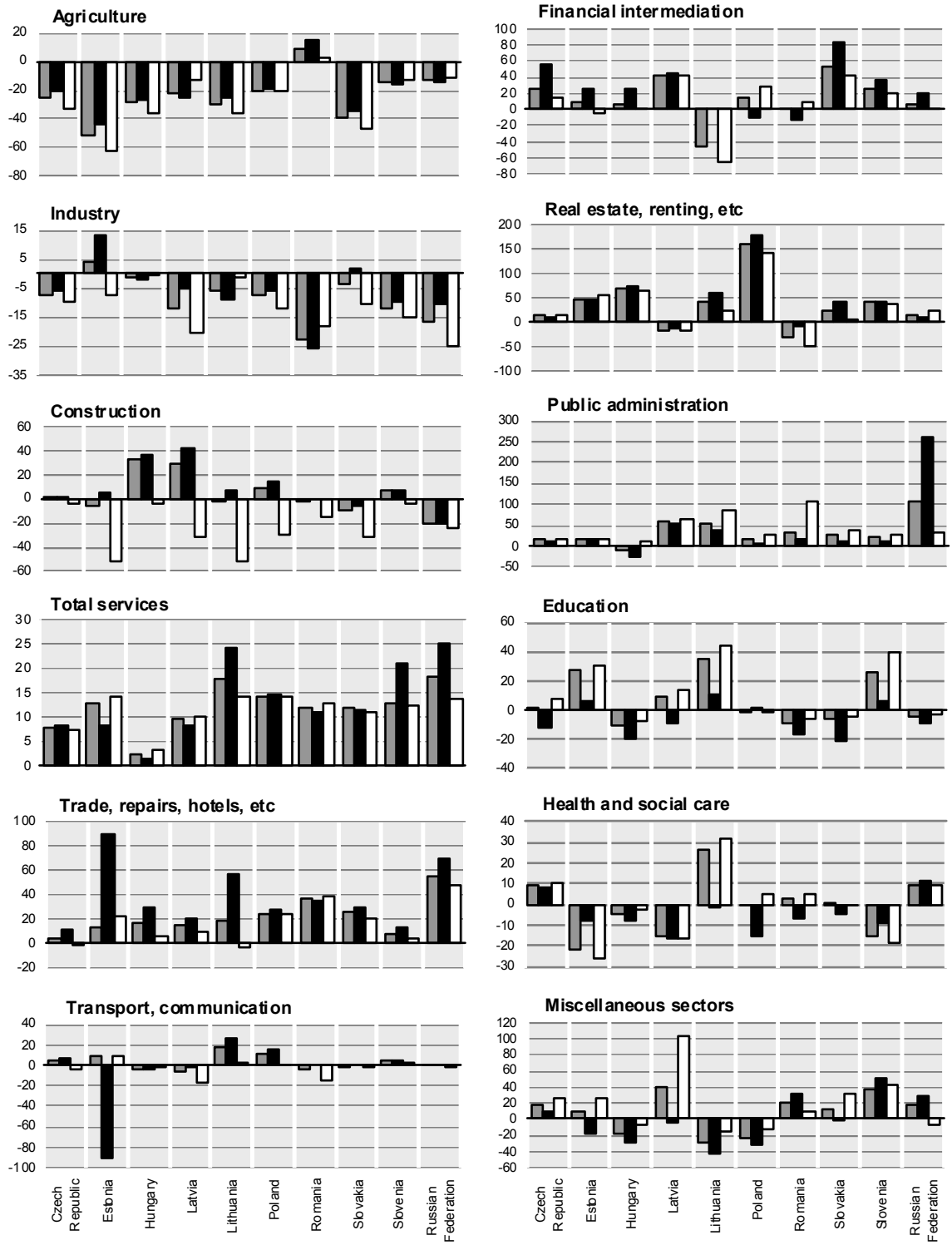
[617] The size of the sector in the initial period is an important factor when interpreting the relative growth rates. In order to increase comparability across countries, 1994 is chosen as the initial year as most countries did not conduct labour force surveys before then. Of course the results would be more striking in certain sectors if the whole transition period could be included.

[618] Each sector's relative employment change is calculated as $[(e_j / e_t)-1] \times 100$, where e is the index of employment in 2001 with 1994=100, j refers to the sector or occupation, and t to the total.

CHART 7.2.1

Relative growth of employment [a] by industry in selected east European economies and the Russian Federation, 1994-2001

(Per cent)



Source: UNECE secretariat estimates, based on direct communications from national statistical offices (questionnaires); national labour force surveys.

a Each industry's relative employment change is calculated as $[(e_j / e_t)-1] \times 100$, where e is the index of employment in 2001 with 1994=100, j refers to the industry and t to the total (i.e. total, total male, total female). The zero line is the cumulative per cent change in total employment (i.e. total, total male, total female).

TABLE 7.2.4

Share of women in total employment by main sectors of economic activity in selected east European economies and the Russian Federation, 1994 and 2001

(Per cent)

	Czech Republic		Estonia		Hungary		Latvia		Lithuania		Poland		Romania		Slovakia		Slovenia		Russian Federation	
	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
Transpoit, 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.

The changes in the structure of male and female employment are reflected in the gender composition of employment in each sector (table 7.2.4). While the female share in agriculture, industry and construction has generally fallen during the transition, it has increased in many service industries where women were already in a majority in the early 1990s. Thus, women's share of employment in total services was larger than that of men in 2001, reaching as much as 60 per cent in Lithuania.

(b) Employment by occupation

The transition process has not only brought about significant changes in the sectoral distribution of employment but also changes in its distribution by occupation. As shown in chart 7.2.2, employment in occupational groups that are mainly located in the service sector increased faster than others; this was the case for professionals (in the financial, real estate and other business services, education and public administration), and for service workers in personal services and trade.

Not only were there large shifts in employment by occupation, but there were also considerable changes in the gender composition of each occupational group (table 7.2.5). While the female share of employment in clerical occupations generally fell after the mid-1990s, they were still largely in a majority in 2001, the smallest shares being nearly 70 per cent in Slovenia and over 90 per cent in Hungary. Women also increased their share of "professional" employment, another aspect of their increased presence in many new service branches (e.g. finance, real estate and other business services) in addition to their traditional dominance in education and public administration.

(iv) Gender wage gap

The transition process has also brought about deep changes in the structure of wages. These, together with the changes in the sectoral and occupational composition of employment, have had a direct effect on the gender wage gap as employment in many sectors and occupations tends to be dominated by either males or females.

However, the gender pay gap is not only affected by the wage and employment structure. There are also gender specific characteristics related to productive capacity, which include relative labour market qualifications and the possible discrimination associated with them. Labour market qualifications mainly concern work experience and skills. Since women generally bear the labour market costs of family formation, their level of experience and sometimes their level of education are likely to be below those of men and these factors ultimately affect their job status and pay.[619] Furthermore, employers' prejudiced views of women as less productive and motivated workers may disadvantage them in comparison with men, not only in recruitment, promotion and the risk of layoffs but also in the pay for the job.[620] Thus, an accurate empirical measure of the gender wage gap should also include these gender specific characteristics. However,

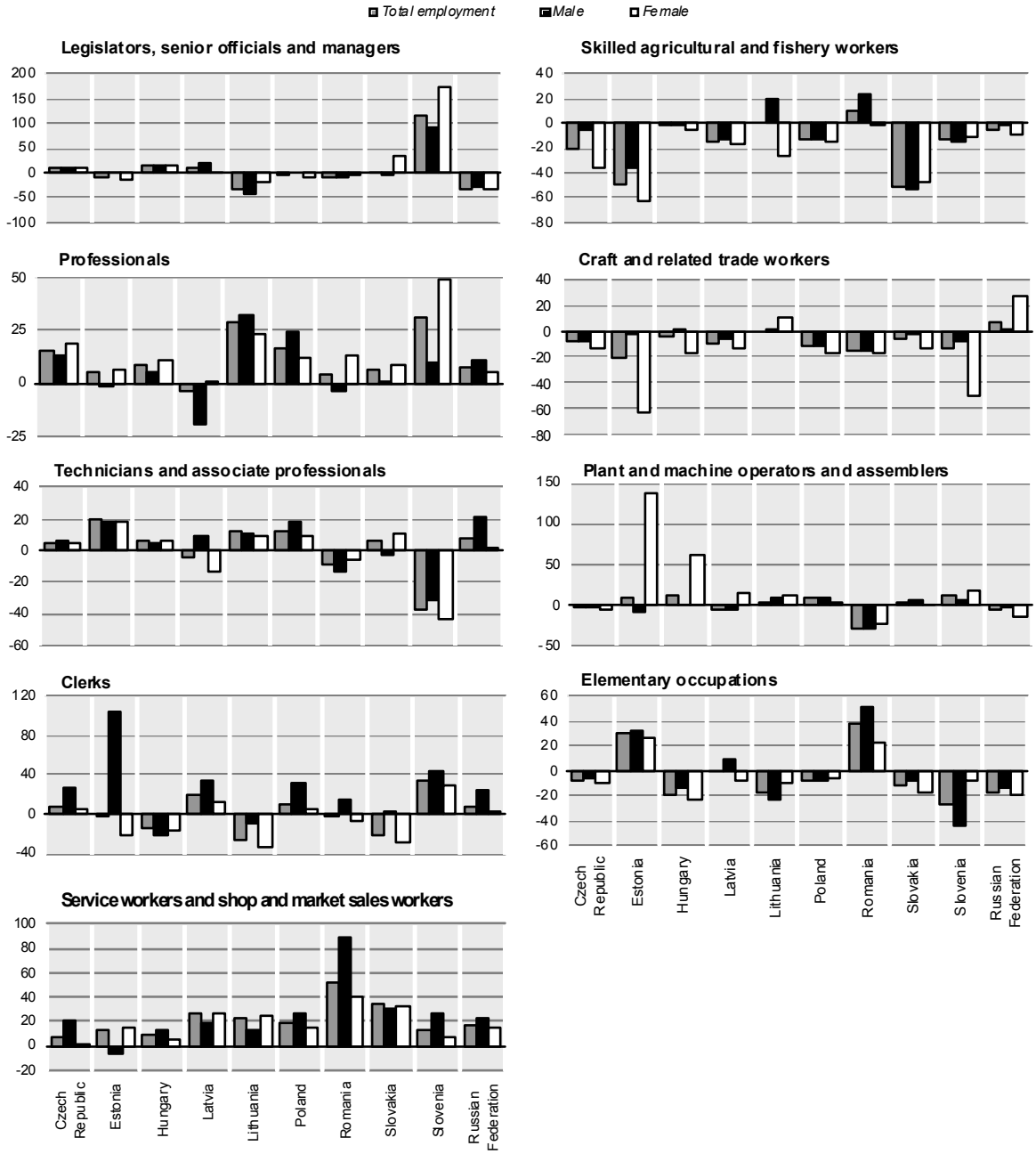
[619] On the difficulties in decomposing the gender wage gap, see the study, covering a number of transition economies between the mid-1980s and the mid-1990s, by A. Newell and B. Reilly, "The gender pay gap in the transition from communism: some empirical evidence", *Economic Systems*, Vol. 25, Issue 4, December 2001, pp. 287-304.

[620] For the effect of employers' prejudices on female employment and unemployment as documented by ILO surveys, see L. Paukert, *Economic Transition and Women's Employment in Four Central European Countries, 1989-1994*, ILO, Labour Market Papers, No. 7 (Geneva), 1995.

CHART 7.2.2

Relative growth of employment [a] by occupation in selected east European economies and the Russian Federation, 1994-2001

(Per cent)



Source: UNECE secretariat estimates, based on direct communications from national statistical offices (questionnaires); national labour force surveys.

a Each occupational group's relative employment change is calculated as $[(e_j/e_t)-1] \times 100$, where e is the index of employment in 2001 with 1994=100, j refers to the occupation and t to the total (i.e. total, total male, total female). The zero line is the cumulative per cent change in total employment (i.e. total, total male, total female).

information on most of these elements, particularly those concerning discrimination, is difficult, if not impossible, to collect as it requires matched employer-employee data at the enterprise level.[621] The approach adopted below only allows measurement of the "unadjusted" gender wage gap. The estimates refer to the economy as a whole and to industrial sectors and occupational groups in those east European countries where the data on average wages are available by gender.[622]

[621] See, however, S. Jurajda, "Gender wage gap and segregation in late transition" CERGE-EI (Prague), 2001. In this paper large matched employer-employee data sets from the Czech Republic and Slovakia in 1998 are used to provide a detailed gender wage gap decomposition. The author states that, "The results suggest that various forms of employment segregation are related to over one third of the overall pay difference between genders in both countries. In the non-public sector, however, almost two thirds of the total gap remains attributable to the individual's sex, suggesting much of the gap is due to violations of the equal pay policy".

[622] The gender wage gap is defined in table 7.2.6.

TABLE 7.2.5

Share of women in total employment by occupational groups in selected east European economies and the Russian Federation, 1994 and 2001
(Per cent)

	Czech Republic		Estonia		Hungary		Latvia		Lithuania		Poland		Romania		Slovakia		Slovenia		Russian Federation	
	1994	2001 [a]	1994	2001	1994 [b]	2001	1994 [b]	2001	1994 [c]	2001	1994 [b]	2001	1994	2001	1994	2001	1994	2001	1994 [c]	2001
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	44.3	44.8	47.4	49.4	47.2	50.3	45.3	45.1	46.2	46.5	44.4	46.0	46.7	45.6	47.4	48.3
Legislators, senior officials and managers	25.9	26.0	37.5	35.5	33.8	34.4	39.1	37.7	35.8	46.9	34.7	32.3	26.8	28.7	22.9	30.6	25.0	30.8	37.5	35.8
Professionals	51.0	51.4	66.7	69.8	55.4	57.3	67.9	74.2	69.6	70.7	64.2	61.4	46.1	50.5	59.6	62.8	53.4	59.2	62.5	60.5
Technicians and associate professionals	54.7	53.7	67.8	69.5	63.6	64.5	65.8	62.5	63.6	66.3	61.1	59.0	59.9	62.2	55.8	60.6	55.3	49.2	70.0	68.3
Clerks	81.9	78.6	85.6	70.9	91.9	92.6	82.5	81.2	86.5	84.2	77.1	72.9	75.6	71.6	80.3	74.8	71.4	67.8	89.9	88.5
Service workers and shop and market sales workers	69.9	65.7	75.0	80.1	55.7	54.7	71.6	74.4	65.0	70.1	66.8	64.8	75.7	70.3	65.0	67.0	68.2	63.2	66.8	66.0
Skilled agricultural and fishery workers	52.5	41.9	47.5	36.1	28.8	28.3	45.1	46.3	48.5	40.0	46.6	46.1	56.6	51.5	41.8	46.3	46.0	45.7	47.2	45.9
Craft and related trade workers	16.6	15.4	25.7	12.3	20.8	18.0	19.3	19.4	25.9	30.2	18.4	17.3	29.9	29.7	18.2	17.4	14.2	8.0	23.9	28.8
Plant and machine operators and assemblers	25.8	25.2	12.0	27.5	19.7	28.7	15.0	18.7	12.8	14.6	12.4	11.7	19.6	21.3	21.8	22.0	37.4	38.8	12.5	11.6
Elementary occupations	59.9	57.6	56.2	57.0	56.9	54.4	49.1	46.6	47.4	54.7	54.1	54.6	45.9	41.1	52.8	52.0	50.8	61.7	51.0	50.5
Armed forces	..	1.9	..	..	5.2	9.2	..	25.0	50.0	7.1	..	..	..	..	..	..	..	..	..	..
Not classified	33.3	50.0	..	..	100.0	..	..		..	..	..	..	..	..	8.3	..	..	40.0	..	..

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

Note: ISCO-88 classification.

[a] 2000 instead of 2001.

[b] 1995 instead of 1994.

[c] 1997 instead of 1994.

TABLE 7.2.6

The gender wage gap [a] in the economy as a whole in selected east European economies and the Russian Federation, 1985-2001
(Per cent)

	1985	1992	1996	2001
Bulgaria	26.0[b]	..	30.9[c]	..
Czech Republic	33.9[d]	..	18.7	..
Hungary	25.7[e]	19.2	21.1	18.7
Latvia	..	18.6	21.5	19.8
Lithuania	..	30.4	24.7	18.6
Poland	26.3	21.0	20.8	18.2
Romania	..	21.4[f]	24.0	18.4
Slovakia	33.9[d]	26.7	25.1	25.0[g]
Slovenia	13.0	9.5	13.1	..
Russian Federation	29.1	31.5	30.5	..

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices; A. Atkinson and J. Micklewright, *Economic Transformation in Eastern Europe and the Distribution of Income* (Cambridge, Cambridge University Press, 1992); A. Newell and B. Reilly, "The gender pay gap in the transition from communism: some empirical evidence", *Economic Systems*, Vol. 25, 2001, pp. 287-304.

[a] Gender wage gap = $[1-(w_f / w_m)] \times 100$, where w_f and w_m are average female and male wages, respectively in the total economy.

[b] 1990.

[c] 1997.

[d] 1987.

[e] 1986.

[f] 1994.

[g] 2000.

Table 7.2.6 shows that in the mid-1980s, despite a rather narrow intersectoral dispersion of wages, the gender wage gap in the economy as a whole was between 25 per cent and 35 per cent, except in Slovenia; that is, women earned 25-35 per cent less than men. These large differences may reflect the relatively high industrial and occupational segregation by gender during the central planning period when policies tended to treat women as a "specific labour force" thereby institutionalizing gender segregation.[623] Immediately after the start of reforms, however, the wage gap declined in all the east European countries, although in Russia it increased, probably because of the slower pace of reforms.

Between 1992 and 1996, with the collapse of output and the extensive closure of inefficient enterprises, the industrial and occupational structure of both employment and wages changed significantly leading to a renewed widening of the gender wage gap in some countries (Hungary, Latvia, Romania, and, to a lesser extent, in Slovenia). However, once the economic recovery took hold, with enterprise restructuring and the growth of the service sector accelerating, the wage gap narrowed markedly to less than 20 per cent, well below its level in the mid-1980s. The only exception was Slovakia where the gap remained at 25 per cent between 1996 and 2000, although this was still below the pre-reform level.

[623] C. Oglobin, "The gender earnings differential in the Russian transition economy", *Industrial and Labour Relations Review*, Vol. 52, No. 4, 1999, pp. 602-627.

TABLE 7.2.7

Relative wages [a] and the gender wage gap [b] by main sectors of economic activity in selected east European economies, 1994 and 2001
(Per cent)

	Hungary		Latvia		Lithuania		Poland		Romania		Slovakia	
	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001	1994 [c]	2001 [d]
Total economy												
Relative wages	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gender wage gap	19.7	18.7	23.0	19.8	30.4	18.6	..	..	21.4	18.4	25.1	25.0
Agriculture												
Share in total female employment	5.5	3.5	13.5	11.7	19.1	12.3	24.0	19.0	44.0	45.1	6.4	4.0
Relative wages	72.6	68.6	61.7	73.5	86.4	69.8	82.5	91.7	82.1	76.5	85.1	75.2
Gender wage gap	20.6	16.8	9.3	14.1	1.8	11.2	..	..	5.5	4.7	21.7	17.3
Industry												
Share in total female employment	24.4	24.2	19.7	15.6	20.2	19.8	19.7	17.3	25.2	20.6	26.6	24.1
Relative wages	99.9	101.3	101.3	99.2	131.8	104.5	109.9	102.9	108.5	104.6	104.8	99.7
Gender wage gap	31.0	29.0	18.9	19.6	9.5	25.4	..	..	26.7	30.9	30.8	29.4
Manufacturing												
Share in total female employment	22.3	23.0	18.8	14.8	18.8	18.8	18.2	15.8	23.6	19.3	25.1	22.8
Relative wages	95.8	98.5	98.6	94.1	..	99.6	94.3	93.4	96.3	91.3	101.5	96.4
Gender wage gap	30.1	28.6	17.3	15.7	..	22.7	..	..	18.1	25.6	30.9	29.1
Construction												
Share in total female employment	1.3	1.2	1.8	1.2	2.1	1.0	1.6	1.1	1.2	1.0	1.9	1.4
Relative wages	89.3	74.9	94.6	84.3	147.6	91.9	88.5	90.4	102.2	85.2	110.7	101.4
Gender wage gap	-8.1	-12.3	14.8	10.2	16.6	9.0	..	..	13.3	-2.4	14.3	16.2
Total services												
Share in total female employment	68.8	71.0	65.0	71.6	58.6	66.8	54.7	62.5	29.5	33.3	65.2	70.5
Relative wages	103.2	100.8	102.1	100.5	93.9	99.0	95.2	100.6	94.2	100.1	103.1	104.2
Gender wage gap	20.2	19.1	30.4	26.4	24.3	22.4	..	..	18.8	13.6	24.3	30.8
Trade, repair, hotels etc.												
Share in total female employment	19.1	20.2	21.7	23.8	18.9	18.4	15.6	19.3	8.9	12.3	16.8	20.0
Relative wages	94.3	82.6	81.9	73.7	81.7	91.4	82.2	82.9	71.6	70.6	84.8	100.7
Gender wage gap	23.2	17.5	14.6	29.3	11.9	21.4	..	..	14.8	23.5	27.9	35.4
Transport, communications												
Share in total female employment	5.0	4.9	6.2	5.1	3.7	3.8	3.5	3.4	2.9	2.5	5.3	5.3
Relative wages	104.6	110.9	167.2	133.1	123.0	116.7	106.3	114.9	120.4	133.8	110.2	125.9
Gender wage gap	11.4	0.9	31.5	13.7	18.0	16.1	..	..	11.6	-7.4	9.8	8.5
Financial intermediation												
Share in total female employment	3.2	3.2	1.3	1.9	2.2	0.8	2.9	3.7	0.9	1.0	2.2	2.6
Relative wages	184.6	210.0	198.3	266.0	299.2	210.5	146.0	176.9	163.3	222.8	239.1	145.9
Gender wage gap	36.0	47.8	24.1	41.8	35.6	37.0	..	..	27.9	11.5	34.6	31.3
Real estate, renting etc.												
Share in total female employment	3.4	5.7	4.9	4.0	2.4	2.9	1.6	4.0	1.9	0.9	3.3	3.7
Relative wages	112.8	114.1	94.1	117.3	103.5	100.2	107.9	108.7	97.7	95.9	103.0	118.7
Gender wage gap	13.2	11.5	22.5	20.1	20.3	12.9	..	..	9.2	-6.0	19.9	22.3
Public administration												
Share in total female employment	7.0	7.7	3.8	6.2	2.6	4.8	4.3	5.5	1.5	3.1	7.2	8.5
Relative wages	118.0	126.6	119.6	126.6	137.4	140.7	121.5	128.1	96.7	112.7	141.0	127.4
Gender wage gap	11.2	16.8	9.8	-0.4	19.5	10.5	..	..	15.3	17.5	25.5	32.3
Education												
Share in total female employment	15.0	13.9	13.4	15.2	12.5	18.0	11.4	11.2	6.3	5.9	14.0	13.1
Relative wages	94.0	94.3	83.5	92.5	69.0	89.2	87.2	96.2	90.6	94.9	92.9	79.0
Gender wage gap	25.9	25.6	18.4	11.0	15.1	3.1	..	..	14.3	14.5	22.5	12.0
Health and social care												
Share in total female employment	10.7	10.4	10.5	8.8	9.8	12.8	11.3	11.7	5.3	5.6	11.7	12.6
Relative wages	86.8	76.3	79.4	81.4	68.7	79.7	81.9	79.7	91.1	105.3	83.9	78.6
Gender wage gap	25.6	19.7	18.9	16.3	15.3	16.4	..	..	10.2	16.7	19.8	20.4

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

Note: NACE classification.

a Relative wages = average wage in the sector/average wage in the total economy.

b Gender wage gap = $[1-(w_{fi} / w_{mi})] \times 100$, where w_f and w_m are average female and male wages, respectively, in the i'th sector.

c 1996 instead of 1994.

d 2000 instead of 2001.

TABLE 7.2.8

Relative wages [a] and the gender wage gap [b] by occupational group in selected east European economies, 1996 and 2001
(Per cent)

	Latvia		Lithuania		Poland		Slovakia	
	1996 [c]	2001	1996 [c]	2001 [d]	1996	2001	1996	2001 [d]
Total economy								
Share in total female employment	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Relative wage	100.0	100.0	..	100.0	100.0	100.0	100.0	100.0
Gender wage gap	23.3	18.6	..	20.2	20.8	18.2	25.1	25.0
Legislators, senior officials and managers								
Share in total female employment	5.6	7.8	8.4	6.9	4.7	4.2	3.6	3.7
Relative wage	168.7	164.4	..	187.5	181.9	221.0	232.1	258.0
Gender wage gap	21.8	22.2	..	21.8	24.5	25.0	30.9	35.8
Professionals								
Share in total female employment	16.4	17.4	17.6	21.7	13.1	14.9	12.4	14.0
Relative wage	119.4	142.7	..	122.1	118.4	129.4	124.3	133.4
Gender wage gap	24.3	22.5	..	20.5	26.2	26.4	12.8	22.2
Technicians and associate professionals								
Share in total female employment	16.3	15.4	10.9	11.9	15.0	16.1	23.6	24.7
Relative wage	108.3	112.3	..	95.0	102.2	101.3	105.0	106.5
Gender wage gap	32.8	15.6	..	39.1	26.6	26.7	22.7	31.7
Clerks								
Share in total female employment	7.6	8.3	10.8	7.2	12.1	12.4	14.2	10.9
Relative wage	96.0	92.4	..	86.2	91.0	89.6	87.6	92.0
Gender wage gap	16.4	15.7	..	18.1	6.5	1.6	21.1	13.8
Service workers and shop and market sales workers								
Share in total female employment	16.3	20.5	14.5	18.1	14.2	15.7	16.8	19.7
Relative wage	63.7	58.2	..	70.4	69.6	66.6	77.0	71.4
Gender wage gap	34.2	34.4	..	38.2	30.2	26.5	29.2	24.7
Skilled agricultural and fishery workers								
Share in total female employment	13.8	8.5	15.0	11.2	21.2	18.4	1.8	1.1
Relative wage	77.7	79.6	..	55.6	77.7	65.2	78.8	70.5
Gender wage gap	29.1	34.3	..	12.8	13.5	14.3	15.3	8.0
Craft and related trade workers								
Share in total female employment	6.0	5.5	9.7	10.6	7.7	6.6	7.9	7.3
Relative wage	102.1	87.0	..	88.7	95.9	85.5	98.2	90.3
Gender wage gap	15.6	22.6	..	24.9	34.9	37.4	31.8	26.7
Plant and machine operators and assemblers								
Share in total female employment	4.3	4.1	2.7	3.0	2.2	2.3	6.3	6.6
Relative wage	102.9	91.2	..	87.6	97.9	89.4	101.8	90.6
Gender wage gap	-1.4	-3.1	..	3.9	15.1	18.8	25.8	24.0
Elementary occupations								
Share in total female employment	13.7	12.4	10.5	9.4	10.0	9.5	13.2	12.1
Relative wage	64.9	62.1	..	56.1	67.9	59.1	64.5	58.8
Gender wage gap	23.0	21.9	..	18.2	19.7	15.4	21.7	26.5

Source: UNECE secretariat estimates, based on national labour force surveys, statistical yearbooks and direct communications from national statistical offices.

Note: ISCO-88 classification.

a Relative wages = average wage in the occupation/average wage in the total economy.

b Gender wage gap = $[1-(w_{fi} / w_{mi})] \times 100$, where w_f and w_m are average female and male wages, respectively, in the i'th occupation.

c 1997 instead of 1996.

d Relative wage gap and gender wage gap data for 2000 instead of 2001.

Table 7.2.7 shows relative wages by main sectors of economic activity – that is, the average wage in each sector as a proportion of the average wage in the economy as a whole for all employees – and the sectoral gender pay gaps for six east European countries for 1994 and 2001. These estimates suggest that wage gaps generally increased or remained high in industry but declined in the rest of the economy. In the service sector as a whole, where women's share in employment and the sector's share of total female employment are high and increasing, the gender wage gap narrowed (except in Slovakia where the wage gap increased in public administration). Among services, the narrowing of the gap was generally very marked in transport and communications, real estate and education. Relative wages in many service branches, which were already high in the mid-1990s, increased further in subsequent years and this contributed significantly to the narrowing of the gender wage gaps in both the service sector and the economy as a whole.

The limited available data on occupational wages shown in table 7.2.8 suggest that wage gaps remained high (some 20 per cent or more) or increased further in

those jobs with the highest relative wages, namely in the occupational groups "legislators, senior officials and managers", "professionals" and "technicians". Except for "legislators, senior officials and managers", the proportion of women in total employment in these occupations ranges between 60 and 75 per cent. "Professionals and technicians" together also account for about one third of all female employment. The gap narrowed, however, in those jobs where it was already low (less than 20 per cent) in the mid-1990s and where relative wages were among the lowest (between 10-30 per cent below the average for the whole economy). Most of these jobs are held by women (e.g. they occupy three quarters or more of clerical jobs) and they account for more than one third of all female employment.

It can therefore be concluded, although with great caution given the very limited sample size, that the narrowing of the gender wage gap during the more advanced stages of the transition is due to the narrowing of the wage gap in lower paid jobs where female employment is increasing and where women already largely dominated the labour force. In addition, during the early years of transition, when women's labour force participation declined sharply, it is possible that a large proportion of the female outflow consisted of relatively low-skilled employees, and that this contributed to the skill convergence between men and women and *ceteris paribus* to the narrowing of the gender wage gap. Nevertheless, there are also women, mostly new entrants with education that matches more closely the needs of a market economy, who are taking up jobs in occupational groups with high relative wages, such as professionals, technicians, middle managers, etc.