

***Women's situation at the labor
market in transition:
former GDR and Poland***

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Introduction (1)

- There is 25 years after the fall of the Berlin Wall and the beginning of transition in former socialist countries.
- These changes have influenced not only domestic condition in transformed states but also international situation, to mention breakup of Yugoslavia, Czechoslovakia and the Soviet Union.
- The different situation was observed in GDR which became a part of united Germany and followed completely different way of transformation than other post-communist states.
- The sudden exposure to competition from developed countries together with a breakdown of traditional export markets, destroyed national economies in all Central and Eastern European states.

Introduction (2)

- After German unification former GDR economy had to compete with West Germany and abroad that caused an unprecedented increase in effective unemployment (Bonin, Zimmermann, 2000).
- Immediately after unification, a complete collapse of productivity and employment in East Germany was avoided only with substantial transfers from West Germany.
- In Poland during the first years of transformation the damage of the state enterprises and deformed privatization process, involving foreign capital were observed. High inflation, unemployment and impoverishment of society caused social unrest.

Introduction (3)

- Due to UNICEF (1999) women's labor market participation has been falling in many transitional economies since 1989. To avoid high unemployment in early transition period the early retirement schemes were introduced in many post-communist states, like in Poland and East Germany.
- The scale of the collapse in participation during transition period was very large. For example, in Poland, about one and a half million female jobs disappeared between 1989 and 1994 (Newell and Barry 2001) i.e. about 20%.
- Ten years after unification the number of regularly employed in East Germany declined by almost 40%, and official German unemployment rates exceeded 19% of the labor force in former GDR while in former German Federal Republic this rate was less than 10% in 1999.

Labor market before transition (1)

- The socialist countries of Eastern Europe and the former Soviet Union were long committed, at least nominally, to gender equality in the labor market (Brainerd 2000).
- Government policies such as relatively high minimum wages and generous maternity leave and day care benefits encouraged women to work, and female labor force participation rates were high compared with those of other countries.
- While women remained over-represented in areas such as health and education, they fared at least as well as their counterparts in most developed and developing countries in terms of female-male wage differentials.

Labor market before transition (2)

- In the centrally planned economy wages were assigned according to occupational wage scale within each industry. The enterprises operating under no competitive pressure were left with little impact on wage rates and wage differentials.
- There was no unemployment in the sense of joblessness, however efficiency of work was very low and many job positions were completely useless.
- Women were accorded a wide range of rights and privileges at work, such as: fully paid maternity leave, legal protection from overly physical and dangerous work during pregnancy, nursery schools and health care facilities that were located in larger enterprises.
- In terms of occupations and industry branch, women and men were segregated in similar way as in the West.

Labor market before transition (3)

- In many centrally planned economies, women's labor market participation was higher than in Western states. The main reason of that fact was low labor market earning of single employee which was not enough to maintain a basic living standard thus both adults in a nuclear family had to work.
- Therefore relatively few women held senior positions since women undertook a very large share of domestic duties thus incurring a double burden and leaving them less time to pursue a career than men. Also, the revolution in gender relations in the West, which has brought about a slow but fundamental shift in the household division of labor, did not happen in the communist countries.
- Before the collapse of the communist system, more than 80% of women at working age participated in the labor market in GDR, and in Poland this ratio was 72%.

Situation of women in former German Democratic Republic (1)

- Women in the GDR were better integrated into the labor market than women of the former German Federal Republic (GFR) where participation rates were low by international standards.
- Due to information given by Krueger and Pischke (1995 p. 419), in year 1988 female labor force participation in GFR was 49.6% and in GDR – 81%.
- Bonin and Euwals (2002) notice that after the unification of the two German states, the share of women resident in the area of the East Germany who participated in the labor market declined, but only gradually.
- In May 2000, 72% of all women at working age in East Germany were employed or, if not, in search of employment.

Situation of women in former German Democratic Republic (2)

- In May 2000, female participation rate in East Germany was considerably low compared to the one before unification, it still exceeded the corresponding rate of 62% for women resident in the area of the former German Federal Republic (West Germany) substantially.
- The moderate decline in female labor force participation in East Germany is quite remarkable considering that women have been facing high levels of unemployment since the collapse of employment opportunities at the beginning of unification.
- Ten years after unification official German unemployment rates exceeded 19% of the labor force in former GDR while in former German Federal Republic this rate was less than 10% in 1999.
- The economic transition following thereafter brought the employment rate among working age women to the West German level of 58%. One might expect that enduring low outflow from unemployment to employment would discourage unemployed women from seeking employment. Besides, public policies during the economic transition, like early retirement schemes and the adaptation of the Western tax and transfer system, established incentives to withdraw from the labor market.

Demographic structure in Germany and Poland

| Year | Population by sex | | | | | Fertility rate | |
|-------|--------------------------|--------------|---------|---------------------|--------|----------------|--------|
| | grand total in thousands | | | of which female | | | |
| | | | | in % of grand total | | | |
| | Germany | East Germany | Poland | East Germany | Poland | Germany | Poland |
| 1985 | 78896.4 | 16640 | 37340.5 | 52.66 | 51.23 | 1.46 | 2.33 |
| 1990 | 80487.2 | 18262 | 38073.0 | 52.28 | 51.27 | 1.43 | 1.99 |
| 1995 | 83147.7 | 17646 | 38284.0 | 51.53 | 51.34 | 1.30 | 1.55 |
| 2000 | 83512.5 | 17232 | 38254.0 | 51.19 | 51.54 | 1.35 | 1.37 |
| 2005 | 83826.0 | 16740 | 38157.0 | 50.95 | 51.64 | 1.35 | 1.24 |
| 2010 | 83017.4 | 16326 | 38200.0 | 50.82 | 51.72 | 1.36 | 1.38 |
| Rates | 1.05 | 0.98 | 1.02 | | | | |

Expectation of life

| Year | Expectation of life at birth (in years) | | | | | |
|------------------|---|------------|--------|---------|------------|--------|
| | female | | | male | | |
| | Germany | East Germ. | Poland | Germany | East Germ. | Poland |
| 1985 | | 75.5 | 74.8 | | 69.6 | 66.5 |
| 1990 | | 76.2 | 75.5 | | 69.2 | 66.5 |
| 1995 | | 78.6 | 76.4 | | 71.3 | 67.6 |
| 2000 | 81.4* | 80.8 | 78.0 | 75.6* | 73.8 | 69.7 |
| 2005 | 82.2 | 81.9 | 79.4 | 76.7 | 75.6 | 70.8 |
| 2010 | 83.0 | 82.6 | 80.6 | 78.0 | 76.8 | 72.1 |
| 2012 | 83.3 | | 81.1 | 79.7 | 78.6 | 72.7 |
| Rates | | 1.09 | 1.08 | | 1.10 | 1.08 |
| * Data from 2001 | | | | | | |

Education: population with tertiary education attainment ISCED level 5-6 in 2013

| | Percentage share of population | | | Tertiary education graduates |
|---------|--------------------------------|-------|---------|------------------------------|
| | total | males | females | women per 100 men |
| EU 27 | 25.4 | 23.8 | 27.0 | 143.2 |
| Germany | 25.1 | 26.7 | 23.6 | 122.4 |
| Poland | 22.6 | 18.5 | 26.7 | 193.9 |

Economic situation of women

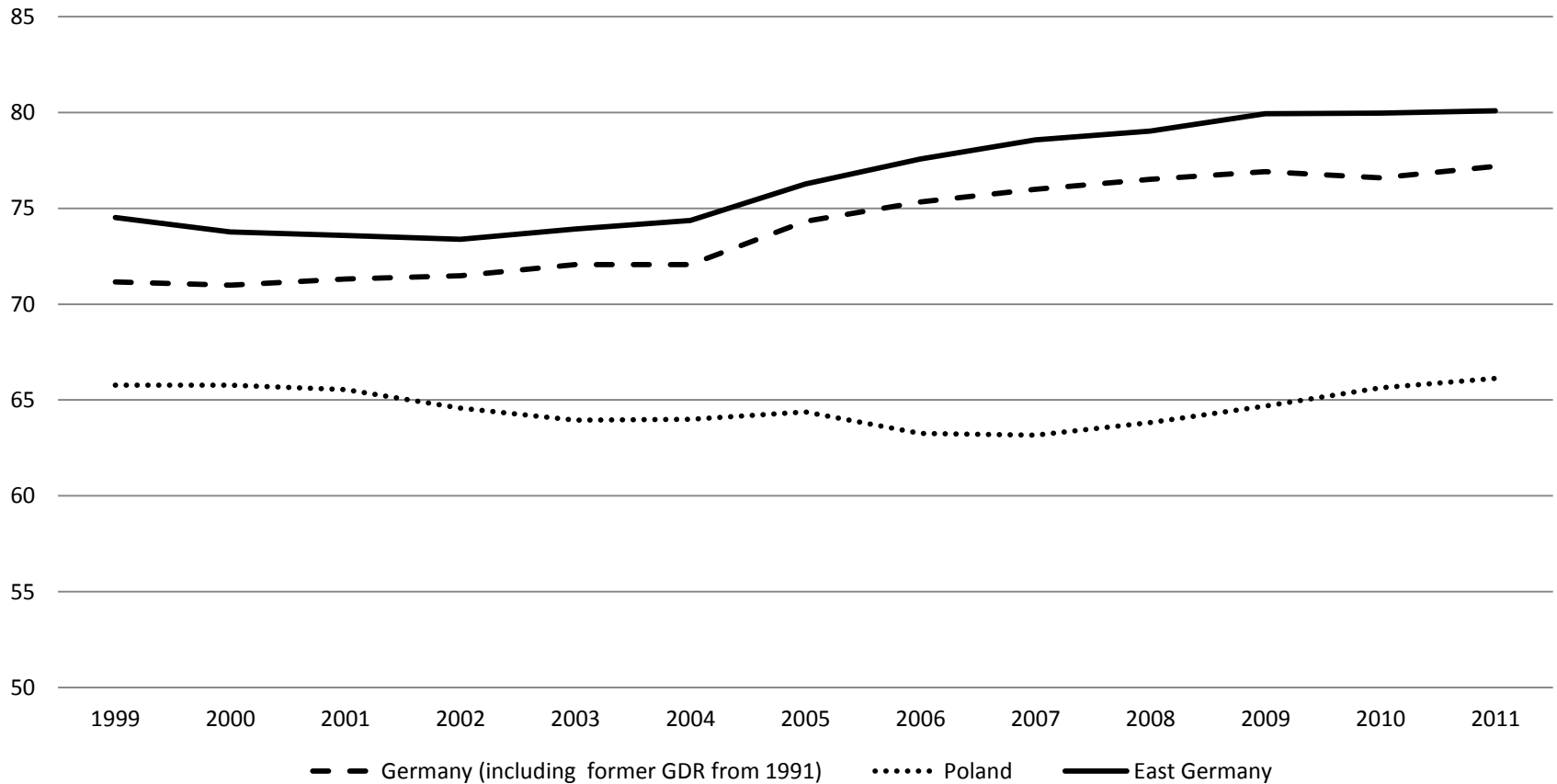
- There are several indicators, such as income, employment, social benefits, that may be examined in order to assess the relative economic situation of women.
- However, wages seem to be the most important determinants of economic well-being and personal success.
- In particular, the male-female pay differential affects the position of women in the labor market as well as the status and power of women within the household.

Labor market situation

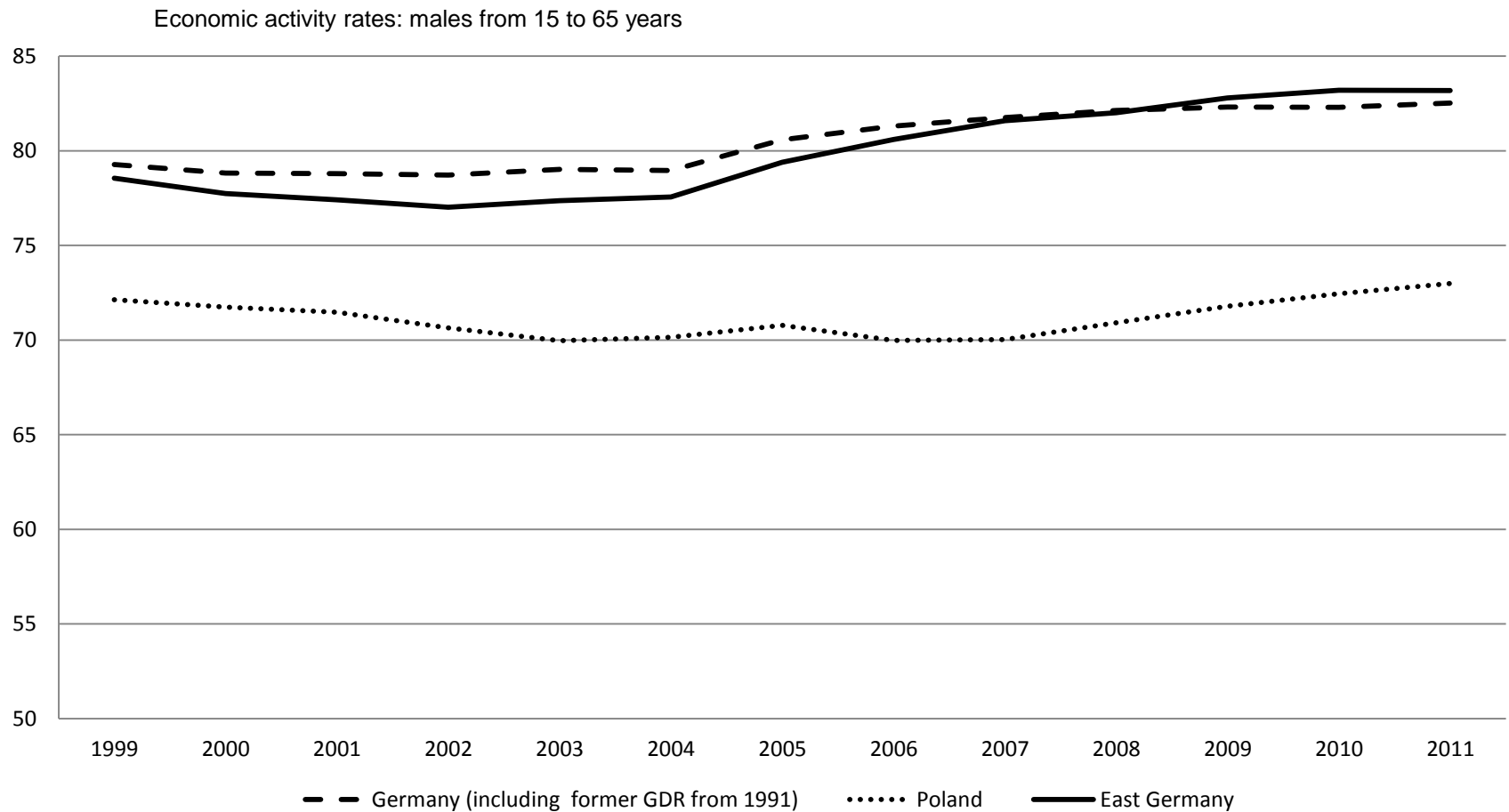
| Year | Number of employed in thousand | | Unemployment rate | | |
|-------|--------------------------------|---------|-------------------|-----------------|--------|
| | East Germany | Poland | Germany | East Germany | Poland |
| 1985 | 8937.0 | 17914.7 | 8.2* | Full employment | |
| 1990 | 8789.0 | 16484.7 | 6.0 | 10.27 | 6.39 |
| 1995 | 7774.0 | 15485.7 | 9.2 | 13.23 | 14.51 |
| 2000 | 7463.0 | 15480.0 | 9.3 | 16.82 | 14.86 |
| 2005 | 7188.0 | 12890.7 | 11.4 | 18.34 | 17.70 |
| 2010 | 7718.0 | 13809.0 | 7.1 | 11.59 | 12.40 |
| Rates | 0.86 | 0.77 | * FRG | | |

Economic activity rate: total (age: 15-65)

Economic activity rates: total from 15 to 65 years

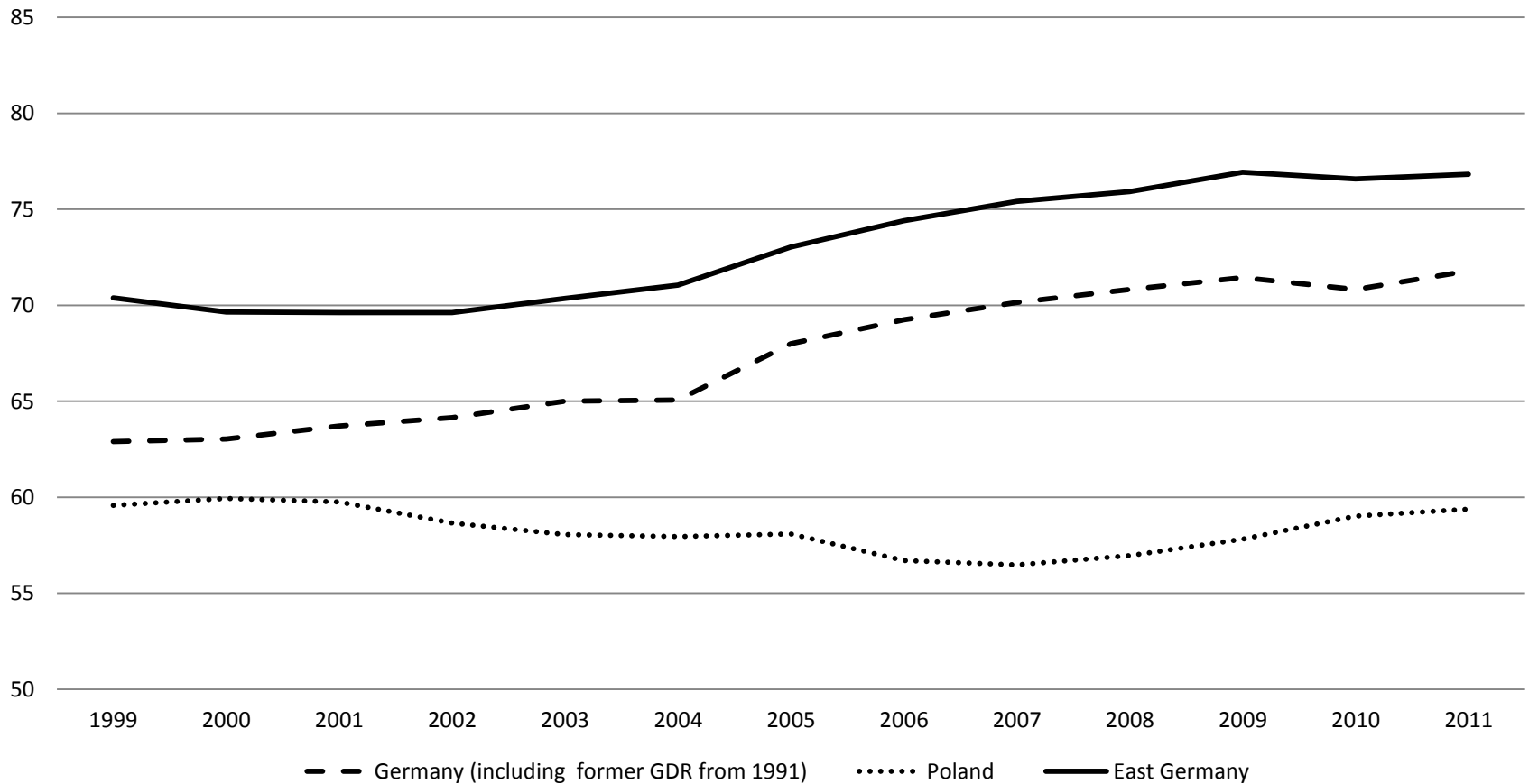


Economic activity rate: males (age: 15-65)



Economic activity rate: females (age: 15-65)

Economic activity rates: females from 15 to 65 years



Wage differences

- Gender pay differences in the labor market are important since relatively lower wages for women may generate a wide spectrum of negative consequences.
- First, lower wage rates for women may increase the economic dependence of women on their male partners, which in turn may increase their susceptibility to domestic violence.
- Second, many women are single mothers and they are the sole wage earners in their families. For single mothers, adverse labor market outcomes combined with less accessible child care are likely to enhance the probability that their families live in poverty.
- Third, gender differences at the work place are transformed into inequality after retirement. Since, on average, women live longer than men, and they are more likely to fall into poverty in their old age.

Gender pay gap in transitional countries has been discussed in literature by some authors.

- Newell and Reilly (2001) find low gender wage differential by international standards, although there was evidence of larger gaps in the higher paid jobs relative to the lower paid jobs.
- Simon (2007) claims Female segregation into low-wage while Brainerd (2000), Newell and Reilly (2001) report decline of discrimination against women in the transition period.
- Gender studies for Poland were provided by Grajek (2001), Newell and Reilly (2001), Adamchik and Bedi (2003), Keane and Prasad (2006), Newell and Socha (2007) while the one related to the East Germany in transition – by Hunt (2002), Krueger and Pischke (1995), see also Maier (2007) and Botsch, Maier (2009).

Women employment rate

Gender pay gap

| year | Women employment rate | | | Gender pay gap | | |
|---------|-----------------------|------|------|----------------|------|------|
| | 2006 | 2011 | 2012 | 2006 | 2011 | 2012 |
| EU 27 | 61.2 | 62.3 | 62.5 | 17.7 | 16.2 | 16.4 |
| Poland | 53.1 | 57.2 | 57.5 | 7.4 | 5.5 | 6.4 |
| Germany | 65.0 | 72.4 | 72.2 | 22.7 | 22.2 | 22.4 |

Source: own elaboration based on Eurostat data

GDP in Western and Eastern part of Germany

| Source of data | Year | West | East | West | East | Source of data | Year | West | East |
|-------------------|-------------------------|----------------------|------|--------|------|----------------|-----------------|------|------|
| | | Monthly | | Hourly | | | Yearly | | |
| | | Gross wage | | | | | Full-time gross | | |
| Current wage data | 1991 | 34.9 | 22.5 | 26.7 | 21.1 | IABS | 1993 | 23.8 | 7.0 |
| | 2004 | 28.3 | 22.6 | 23.7 | 21.6 | | 2001 | 23.1 | 5.5 |
| | | Full-time gross wage | | | | | Full-time gross | | |
| GLS | 1990/ 1992 (East) | 38.1 | 25.5 | 26.0 | 22.1 | SOEP | 1993 | 25.4 | 5.1 |
| | 2001 | 32.7 | 28.5 | 22.7 | 17.7 | | 2003 | 23.3 | 9.8 |

Gender Pay Gap for different labor market segments in Germany

| | Salaried employees | | Workers | |
|------|--------------------|------|---------|------|
| Year | West | East | West | East |
| 1991 | 34.9 | 22.5 | 26.7 | 21.1 |
| 2004 | 28.8 | 22.6 | 23.7 | 21.6 |
| 2005 | 28.4 | 21.9 | 25.4 | 22.1 |

The unadjusted GPG in 2012 by NACE economic activity

| NACE economic activity | Germany | Poland |
|---|---------|--------|
| Business Economy (B to N) | 25.6 | 15.6 |
| Manufacturing (C) | 26.4 | 21.4 |
| Electricity, gas, steam and air conditioning supply (D) | 21.1 | 7.2 |
| Construction (F) | 13.1 | -10.3 |
| Financial and insurance activities (K) | 30.0 | 36.9 |
| Public administration and defence; compulsory social security (O) | 7.4 | 17.6 |
| Education (P) | 7.9 | 1.6 |
| Arts, entertainment and recreation (R) | 21.2 | 8.3 |
| Other service activities (S) | 22.3 | 30.6 |

The unadjusted GPG in 2012 by working profile and sector

| Working profile | Germany | Poland |
|-----------------|---------|--------|
| Part-time | 11.7 | 13.5 |
| Full-time | 20.6 | 6.2 |
| Sector | Germany | Poland |
| Public | 14.0 | 3.7 |
| Private | 25.7 | 16.1 |

Relation of average wages in selected EU member states in 2014

| State or region | Relation to average in EU | | | Relation to average in Germany | | |
|-----------------|---------------------------|--------|---------|--------------------------------|--------|---------|
| | Total | Males | Females | Total | Males | Females |
| EU 27 | 100.00 | 100.00 | 100.00 | 79.42 | 79.26 | 80.66 |
| Germany | 125.91 | 126.16 | 123.98 | 100.00 | 100.00 | 100.00 |
| Poland | 33.26 | 32.15 | 35.03 | 26.42 | 25.48 | 28.25 |
| Denmark | 178.68 | 179.62 | 182.67 | 141.91 | 142.37 | 147.34 |
| Bulgaria | 15.01 | 14.43 | 16.05 | 11.92 | 11.44 | 12.95 |

Wage differences between East and West Germany

| Percentage relation East gross wages to West wages | | | Collective regulated low wage occupations full-time monthly gross wages (in euro) | | |
|---|-----------|------|---|------|------|
| full-time monthly | West=100% | | | | |
| Source of data and year | Women | Men | Occupations | | East |
| Current wage data 2004 | 81.4 | 74.9 | Unskilled shop assistant | 1035 | 863 |
| IABS 2001 | 86.5 | 70.4 | Florist (skilled) | 1294 | 948 |
| SOEP 2003 | 79.0 | 67.1 | Cleaner (skilled) | 1380 | 978 |

Median of hourly wage Germany (SES 2006)

| | Men | Women |
|-------------------------------------|--------|--------|
| Median of hourly wage Germany | 18.68 | 16.37 |
| Median of hourly wage East Germany | 17.73 | 15.41 |
| Count of respondents | 226693 | 292737 |
| Percentage share of all respondents | 16.57 | 20.04 |

Percentage relation of average wages in Poland (LFS)

| Relation | 2001 | 2003 | 2006 | 2009 |
|---|--------|--------|--------|--------|
| Women's average wages / average wages | 91.20 | 90.99 | 89.31 | 90.33 |
| Men's average wages / average wages | 107.85 | 108.43 | 109.72 | 108.64 |
| Women's average wages / men's average wages | 84.57 | 83.91 | 81.40 | 83.15 |
| GPG | 15.43 | 16.09 | 18.60 | 16.85 |

Source: own calculation on the basis of data from PLFS

Employment by industry branches in 2013 as percentage of employment

| Employment in State or region | industry | | | services | | |
|----------------------------------|-------------|------|-------|----------|------|-------|
| | total | men | women | total | men | women |
| EU 27 | 22.4 | 32.1 | 11.2 | 72.5 | 61.8 | 84.9 |
| Germany | 24.7 | 35.9 | 12.2 | 73.8 | 62.2 | 86.7 |
| Poland | 30.3 | 41.8 | 14.3 | 57.7 | 45.3 | 73.1 |
| State or region | agriculture | | | | | |
| EU 27 | 5.1 | 6.1 | 4.0 | | | |
| Germany | 1.5 | 2.0 | 1.1 | | | |
| Poland | 12 | 12.9 | 10.9 | | | |

Employment by job contract (as percentage of employment) and unemployment rate in 2013

| | Part-time employment | | | Temporary employees | | |
|-----------------|----------------------|------|-------|---------------------|------|-------|
| State or region | total | men | women | total | men | women |
| EU 27 | 19.0 | 8.2 | 31.8 | 12.8 | 12.2 | 13.4 |
| Germany | 26.2 | 9.2 | 45.8 | 11.6 | 11.3 | 11.9 |
| Poland | 6.9 | 4.2 | 10.2 | 26.4 | 26.8 | 26.0 |
| State or region | Self employment | | | Unemployment rate | | |
| EU 27 | 15.5 | 18.8 | 11.6 | 10.8 | 10.8 | 10.8 |
| Germany | 10.9 | 13.5 | 7.9 | 5.3 | 5.6 | 5.0 |
| Poland | 22.1 | 24.6 | 18.9 | 10.3 | 9.7 | 11.1 |

Comparison of average women's and men's wages by NACE in Poland (LFS)

| | NACE codes | 2001 | 2003 | 2006 | 2009 |
|----|--|--------|--------|--------|-------|
| 1 | Private farms in agriculture | 100.50 | 99.80 | 78.00 | 76.2 |
| 2 | Agriculture, forestry and fishing, excluding (1) | 118.60 | 125.20 | 100.40 | 89.1 |
| 3 | Mining and quarrying | 89.80 | 79.80 | 76.40 | 86.8 |
| 4 | Manufacturing | 75.80 | 82.10 | 76.80 | 79.5 |
| 5 | Electricity, gas and water supply | 108.70 | 90.20 | 75.90 | 95.3 |
| 6 | Construction | 86.20 | 105.90 | 102.90 | 102.2 |
| 7 | Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods | 74.00 | 72.20 | 80.70 | 77.4 |
| 8 | Transport, storage and communication | 97.90 | 82.50 | 94.50 | 88.0 |
| 9 | Accommodation and food service activities | 93.50 | 95.50 | 88.30 | 74.5 |
| 10 | Financial intermediation | 137.70 | 79.40 | 67.00 | 81.7 |
| 11 | Real estate, renting and business activities | 85.20 | 90.40 | 80.00 | 92.2 |
| 12 | Public administration and defense, compulsory social security | 85.80 | 83.70 | 81.20 | 80.9 |
| 13 | Education | 115.40 | 91.30 | 84.90 | 92.0 |
| 14 | Health and social work | 78.50 | 83.40 | 81.30 | 83.5 |
| 15 | Other community, social and personal service activities | 67.60 | 77.70 | 77.50 | 79.6 |

Source: own calculation on the basis of data from PLFS

Share of women employed in NACE branches in Poland (LFS)

| | NACE codes | 1995 | 2000 | 2005 | 2010 |
|----|--|------|------|------|------|
| 1 | Agriculture and forestry | 47.0 | 49.7 | 43.6 | 25.8 |
| 2 | Fishing | 11.8 | 9.7 | 13.0 | |
| 4 | Manufacturing | 35.4 | 33.8 | 32.0 | 32.1 |
| 6 | Construction | 11.3 | 11.4 | 10.7 | 12.1 |
| 7 | Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods | 52.0 | 51.9 | 51.5 | 53.8 |
| 8 | Transport, storage and communication | 30.2 | 29.2 | 27.1 | 29.4 |
| 9 | Accommodation and food service activities | 66.8 | 66.1 | 64.5 | 65.3 |
| 10 | Financial intermediation | 73.8 | 69.8 | 67.8 | 70.3 |
| 11 | Real estate, renting and business activities | 45.8 | 44.5 | 45.5 | 48.1 |
| 12 | Public administration and defense, compulsory social security | 40.9 | 44.9 | 45.8 | 62.5 |
| 13 | Education | 73.0 | 73.2 | 76.3 | 77.5 |
| 14 | Health and social work | 82.7 | 82.5 | 80.5 | 82.8 |
| 15 | Other community, social and personal service activities | 50.5 | 53.1 | 53.3 | 57.6 |

Source: own calculation on the basis of data from PLFS

Comparison of average women's and men's wages by level of education in Poland (LFS)

| Level of education | 2001 | 2003 | 2006 | 2009 |
|---|-------|------|------|------|
| Tertiary | 95.5 | 71.3 | 70.4 | 83.4 |
| Post-secondary and vocational secondary | 69.6 | 79.1 | 76.6 | 68.4 |
| General secondary | 104.1 | 86.0 | 78.6 | 64.1 |
| Basic vocational | 70.3 | 74.2 | 68.6 | 50.0 |
| Lower secondary, primary and incomplete primary | 75.8 | 83.1 | 78.5 | 47.8 |

Source: own calculation on the basis of data from PLFS

CONCLUSIONS (1)

- Poland and Germany face similar demographic problems such as decreasing fertility rate, at present it is below the replacement fertility rate and ageing of the society.
- The education level of women has been increasing, especially in Poland where women, in general, are better educated than men. It was estimated that GPG in Poland is underestimated by 8-10% points since their wages are higher because of men 's lower level of education.
- Gender pay gap is very high in Germany, although it is lower in the Eastern part i.e. former GDR.
- Level of life in Germany is much higher than in Poland, although in Eastern lands level of incomes is still lower than in the Western part of Germany.
- There are certain differences in GDP between Poland and Germany taking into consideration economic activity, working profile and sector.
- In Germany and Poland, as well as in EU 27 women earn much less than men. The main reason is the low proportion of women in highly paid groups. In Germany 70% of all low paid employees are women. In Poland they work in low paid public sectors as education and health care.

CONCLUSIONS (2)

- To conclude, when market reforms were introduced women in former GDR and Poland lost their jobs and their maternity and child-care benefits. They lost the form of equality that communism had brought and the first years of transformation were extremely difficult for them because they were losing their job more often than men that was often argued that they should be more domesticated and somehow more docile.
- Comparing women's situation in both states we found out that the economic activity rates have been higher for females in East Germany than for the whole Germany and Poland. Bennhold 2010 says: *"Eastern women are more self-confident, better-educated and more mobile, recent studies show. They have children earlier and are more likely to work full time. More of them are happy with their looks and their sexuality, and fewer of them diet. If Western women earn 24 percent less than men, the pay gap in the East is a mere 6 percent (though overall levels of pay are lower)."* However one may also find opinions that in former GDR *"women are the losers of the reunification"*.

Thank you for your attention