

Unemployment Gender Gap during a crisis: the 2007 Recession



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Introduction

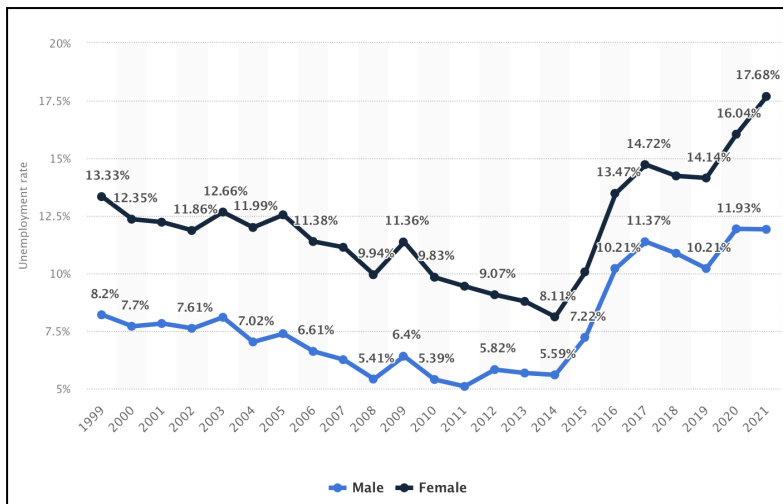
This report focuses on the unemployment gender gap and on the gender pay gap during the 2007 crisis, the depression that had detrimental effects on both advanced and developing nations. In order to evaluate the gender gap in the period spanning from 2007 to 2009, it is crucial to refer to data about unemployment rate and remuneration, and to assess how various industries requested female or male participation. However, analysing this social issue in a broad economic perspective, different labour markets regulations and structures are to be taken into account.

Unemployment and gender pay gap in developing countries

The report considers lower developed and developed countries during the recession to get a better grasp of the gender gap in unemployment and wages. It is difficult to offer a complete response that addresses every region because the gender disparity in unemployment during the 2008 recession differed among less developed countries. However, at this time, several broad themes started to emerge.

Women are disproportionately employed in low-paying, informal jobs in many developing nations, which are frequently more susceptible to economic shocks. Therefore, during recessions, women are more likely to lose their jobs, widening the gender disparity in unemployment rates. For instance, during the 2008 recession, women's unemployment rates rose more than men's did across Latin America. In Brazil, the unemployment rate for women climbed from 9.94% in 2008 to 11.36% in 2009, while it rose from 5.41% to 6.4% for men over the same time period.

During the 2008 crisis, the gender disparity in unemployment rates in Sub-Saharan Africa worsened, with women experiencing greater unemployment rates than men. For instance, in South Africa, the unemployment rate for women was 26.3% in 2008 whereas the rate for men was 20%. In less developed nations, there was a substantial gender disparity in unemployment during the 2008 recession, and women were disproportionately impacted.



Unemployment rate in Brazil from 1999 to 2021, by gender

Source: Statista

A similar pattern was also observed in earnings, with many women experiencing wage stagnation or job loss in recessions, widening the gender pay gap.

Women's average earnings in Brazil, for instance, were almost 42.8% lower than men's in 2008 and stayed essentially stable in successive years. The gender pay gap was large in Sub-Saharan Africa during the 2008 recession due to the low participation of women in formal work and their predominance in low-wage industries. For instance, in 2008, women in South Africa made, on average, 18% less than men. The high concentration of women in informal jobs, as well as structural disparities in labour markets, contributed to the overall high gender pay gap during the 2008 recession in less developed nations.

Unemployment gender gap in high developed countries

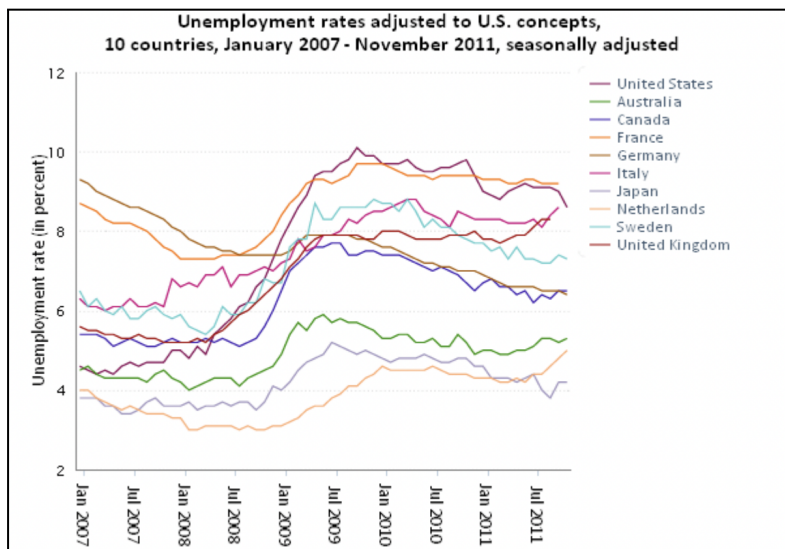
In order to get the full picture, after having described unemployment and gender pay gap in least developed countries, it is essential to consider the issue in high-developed ones.

High-income countries have generally experienced greater increases in unemployment than upper and lower-middle-income countries.

During the crisis, private companies and public institutions shed millions of jobs and froze new hiring as they sought to reduce labour costs to adjust to shrinking demand for their products and services. Prior to the onset of the most recent recession in 2007, excluding the one caused by the pandemic, the U.S. unemployment rate was lower than the majority of nations with advanced economies. While male and female unemployment rates were roughly equal at the start of this period—5.1 percent and 4.9 percent, respectively—they have since diverged markedly. As a result of the global economic crisis, unemployment has been rising sharply in the European Union (EU) since March 2008. The increase was felt in every Member State, although the severity varied widely between countries and groups. With regard to Estonia, since April 2008, when the nation's economy was at its lowest point, the unemployment rate has soared by about a full percentage point every month. The number of unemployed people has gone up dramatically in barely more than a year from 3.7% to 15.6%. The same detrimental effect was witnessed by Spain, which has always had a significant impact on the statistics accounting for 20% of the EU, hosting nearly one-third (29%) of all

jobless people in the euro region. Spain had the highest unemployment rate in the EU at 18.7% in May 2009, two years after the rate started climbing.

In Europe, the female unemployment rate became higher in 14 of the EU's member states, most notably in Greece, Italy, Slovakia, and the Czech Republic. Conversely, the unemployment rate of men was over two percentage points higher in Ireland, Lithuania, Estonia, and Romania. Higher unemployment among men was especially notable during and immediately after the recent recession. Indeed, in every Member State besides Malta, Poland, and Romania, the male unemployment rate rose more than the female rate throughout the initial quarters of 2008 and 2009. But why did the flow rates from nonparticipation to unemployment increase more for men than for women? To the extent that the NU flow rate for women increased in the most recent recession, it can be stated that the rise was due to the “added worker effect” In this phenomenon, the loss of a job by one member of a household increases another member’s willingness to supply labour.



Source: International Labour Comparisons

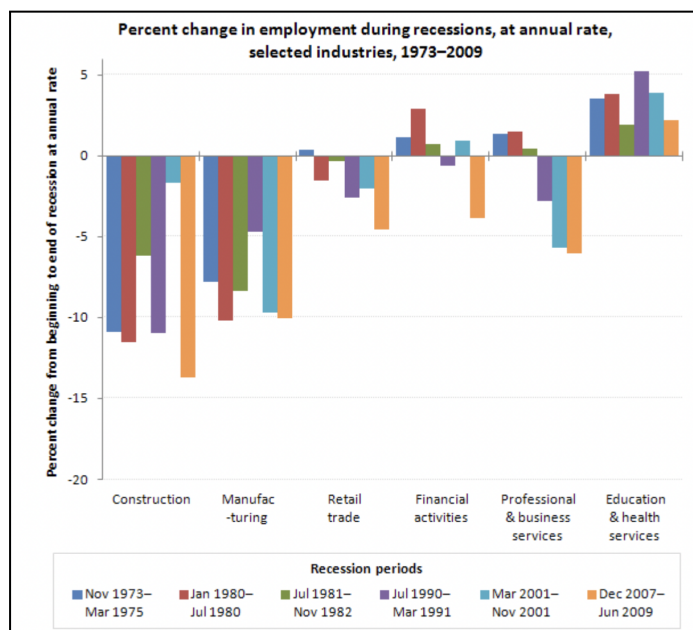
Comparison of unemployment gender gap in different industries

Generally, during recessions goods-producing industries experience the largest declines in employment. The 2007–2009 recession was typical in this regard, with construction and manufacturing both dealing with their largest percentage depressions in employment of the post-World War II era, touching employment annual rates of 13.7 and 10.0 percent. Few markets garnered as much attention as the banking sector, which had a 3.9 percent decline in employment. On the other hand, during the recession employment in the segments of education and healthcare surged, following the trend established for more than 30 years. Indeed, only 1 out of the 12 recessions that have occurred since 1945 have seen a decline in employment in the education and health care domains.

But how did men and women contribute to the advancement of the economy throughout these years? Being concentrated in the industries most severely impacted by the crisis, such as construction and the manufacture of durable goods, males have generally fared worse than women in developed economies. In the United States and Europe, more than 6 million jobs

were lost in manufacturing, 2.8 million in construction, and 2.3 million in the wholesale and retail trade sectors in the United States and Europe; these industries were mainly dominated by male workers. As stated by the International Labour Organisation, compared to industries with higher female employment, such as the public sector, health care, and education, these domains kept suffering a faster as well as more severe loss in employment.

However, despite being employed in these sectors, women also tended to be overrepresented in precarious and unregulated positions. As opposed to males, they had fewer opportunities for access to high-quality occupations in the formal economy. Their salaries were lower, their social security protections were less comprehensive and they usually got potentially hazardous work, such as domestic service and other care work. Thus, a lot of women working in the shadow economy (unregulated marketplace) faced job loss, poorer working conditions, and more sporadic employment arrangements and hiring practices. Regarding compensation, according to the International Labour Organization, women's wages have been altered by the global recession at least as much as those of men. The gender pay gap stagnated as a whole in 2008, according to wage statistics from 22 different nations. However, in some countries, the gender pay gap has worsened. It has widened in 2008 in both the UK and the US, reversing previous year's advances. In fact, these nations have experienced an increase of 3.1 percent in men's employment, adding only 129,000 jobs, while women's employment has surged by 3.7 percent, adding 533,000 jobs.



Source: International Labor Comparisons

Factors affecting the gender pay gap during the recession

Numerous variables, including labour market changes, financial conditions, and societal standards, have an impact on the gender wage gap. The gender pay gap widened in certain nations during the 2008 recession due to a number of causes. In several countries, there are more women working in the public sector than men. Governments in some nations imposed austerity measures during the recession, which resulted in job losses and wage freezes in the

public sector, which disproportionately impacted women. In several nations, the gender pay gap widened as a result of this. Additionally, the recession resulted in cuts to public services, including daycare. This made it more difficult for working parents, especially mothers, to find affordable and dependable daycare, limiting their ability to work full-time and advance in their jobs.

Some workers were forced into part-time or temporary work during the recession because full-time positions were difficult for them to obtain. Women are more likely than men to work part-time, a trend that has been worsened by the crisis. Part-time work is typically lower compensated than full-time work, contributing to the expansion of the gender pay gap.

Furthermore, employers had more bargaining leverage when it came to establishing wages during the recession since there were more individuals competing for fewer jobs. As a result, workers, particularly women, were less able to negotiate greater compensation, contributing to the gender pay gap growing. Moreover, some firms imposed salary freezes or cutbacks during the recession to minimise costs. They were more likely to be affected by these policies as many more women than men were concentrated in lower-paying sectors such as care work, education, and retail.

Gender discrimination and bias also contribute to the gender pay gap, especially during economic downturns. Companies are more likely to discriminate against female job applicants and pay women less than males for comparable work. According to Pew Research Center, women earned 80% of what men earned in the year of 2000 and 82% of what men earned in 2022. Clearly highlighting that the US gender pay gap of median hourly earnings of workers has not changed significantly and that gender biases still do exist within the workplace for comparable work.

However, it's important to note that there were also notable job losses in male-dominated industries. Industries such as construction and manufacturing sectors heavily employ men and were adversely affected by the recession as demand for them shrunk. Yet, the overall gender pay and unemployment gap still remained throughout the recession. It's crucial to highlight that the recession's influence on the gender pay gap differed among countries and regions, and not all countries saw the gap increase during this time. However, during the recession, the reasons described above were generally related with a widening of the gender wage gap in various nations.

Conclusion

Gender wage and employment gaps widened during the 2008 recession, and it is obvious that this was a result of structural problems that persist in the labour force. As previously said, the recession's impact on the gender gap varied between nations, regions, and industries. As a result, the overall effect of the recession on the gender unemployment and pay gap cannot be perfectly concluded. Women still encounter obstacles to equal pay and employment prospects, despite advancements in some sectors. A broad strategy will be needed to address these inequalities, including attempts to increase the presence of women in leadership positions as well as legislation to encourage women's access to education and training. It is vital for legislators, employers, and society at large to acknowledge the benefits of diversity in the workforce and take appropriate action to guarantee that everyone has an equal chance to succeed.

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