Introduction

The process of transition in the European former socialist countries, which started at the beginning of the 1990s, had tremendous economic, political and social impacts. The initial transitional recession led in labour markets to declining participation rates and persistent high unemployment. One characteristic of the previous economic system in Central and South Eastern Europe was a highly compressed wage distribution and the claimed elimination of discrimination against women in the labour market (Massey et al., 1995; Lobodzinski, 1996; and Rijken and Ganzeboom, 2001). During the socialist period, female labour force participation and employment in this region were relatively high compared to similarly developed and even OECD economies, whilst official female unemployment rates were low (Saget, 1999). One reason for this was that employment was viewed as a political obligation. The relatively well-developed child-care systems also supported high employment rates amongst mothers. The advent of transition and the resulting restructuring of employment in the new market economies of Central and South Eastern Europe was associated with the emergence of large and increasing gender gaps in their labour markets. Countries such as Macedonia emerged from early
transition with employment gaps of over twenty percentage points, gaps that were significantly larger than those found in most EU countries.

The processes of ownership restructuring and sectoral reallocation were typically associated with a reallocation of a substantial part of the labour force from the manufacturing and agricultural sectors towards the expanding service sector (Blanchard, 1997). The experience of almost all European transition countries was that the creation of new jobs in the emerging private sector was not initially strong enough to absorb the mass of workers laid-off from the restructured state-owned firms. At the same time, the mismatch between the skill requirements of newly created jobs and effective skills possessed by the workers became a substantial problem (Svejnar, 2002). Consequently, the labour markets in early transition became less dynamic with a relatively stagnant unemployment pool and increases in unemployment, especially long-term unemployment (Cazes and Nesporova, 2003). The initial ‘transitional unemployment’ was characterised by pronounced labour market segmentation, long average duration of unemployment and a low probability of exiting unemployment into employment. Long spells of unemployment often led to degradation and dehumanisation of individuals in society, causing social exclusion and increasing the burden for the government of providing the necessary safety net. Thus, the problem of unemployment has not been only a personal problem for the people who experienced it, but has become a problem for the society as a whole.

According to Blanchflower (2001), in early transition there existed striking similarities between men and women regarding the probabilities of being unemployed. Previous research has suggested that gender gaps in participation are likely to be larger in countries where traditional households dominate and where attitudes to women working are less favourable (Contreras and Plaza, 2010; and Camussi, 2013). Here we concentrate upon the suggestion that the presence of these factors in South Eastern Europe (SEE) may cause men and women to differ in their responses to job loss, as well as in their various strategies adopted to cope with unemployment. According to the common stereotype, married women, whose income is considered secondary to their husbands’, are typically not viewed as being as severely affected by job loss as are the primary, male wage earners, since the loss of the former’s income is not viewed to be of crucial importance. In addition, women are assumed to be better able to adjust to job loss because work is regarded as less central to married women’s identities than it is to their husband’s (Leana and Feldman, 1991).
Labour markets in SEE experienced sharply rising unemployment rates at the beginning of transition, but unlike in the transition economies of Central Europe, unemployment has remained stubbornly high, reflecting the depressed labour market (WBIF, 2012). Under these circumstances, alongside the traditional forms of adjustment to unemployment, additional mechanisms have emerged, such as employment in the informal sector, inactivity and emigration. The investigation of the interrelation between unemployment and these adjustment mechanisms is of particular importance since it makes examining their role in cushioning the economic and social consequences of persistent unemployment possible. The alternative forms of labour market adjustment might be considered from the perspective of their capacity to absorb a part of the unemployed workforce and providing additional income for the households. In this context, we investigate whether there are differences between men and women in the ways they respond to unemployment and, in particular, to what extent the above stereotypes are an accurate representation of behaviour in South Eastern Europe.

In addressing these issues, the discussion is structured as follows. In the following section we present a broader gender perspective of labour market segmentation in transition countries. Next, we identify the gender gap among unemployed workers in Macedonia, followed by an empirical assessment of gender differences in responses to unemployment. In the final section, we summarise the main findings of this analysis and formulate suitable labour market policies that will promote more equitable labour market outcomes.

**Labour market segmentation by gender during transition**

Labour force participation rates in SEE countries by gender are presented on Figure 1. From this figure, it is evident that there are relatively large gender gaps in participation rates in all these SEE countries, with the gap being especially large in Kosovo, Macedonia, Bosnia and Herzegovina and Albania.

To analyse the causes of these large gender gaps in participation and the related ones in unemployment, we investigate the nature of gender segmentation in SEE labour markets. Segmentation in the labour market context means that we can identify different segments where demand and supply for labour adjust independently of the other segments. In other words, the rules of behaviour of labour market participants differ between segments. The idea of non-competing groups has been developed in labour market segmentation
theory. According to this theory, segments can operate independently because jobs and workers in each segment have different demand and supply side characteristics (Cain, 1976). On the supply side, labour market segmentation occurs as a result of the differences among the workers, such as age, gender, level of education, skills, professional preferences etc. On the demand side, the segmentation refers to the characteristics of the jobs, such as stability, wage level, required skills and education etc. In our analysis we focus on the gender aspect of labour market segmentation, first, by providing the theoretical background and, second, by presenting the empirical evidence about the gender gap in unemployment rates in transition countries.

According to Azmat et al. (2006) there are four main theoretical explanations for the gender gap in unemployment rates. Firstly, human capital theory attributes the differences in unemployment rates between men and women to difference in human capital accumulation and, hence, potential productivity. In high unemployment economies, the more educated displace the less educated from even relatively low productivity jobs. To the extent that women in South Eastern European economies still suffer from an education gap, this will then contribute to the gender unemployment gap. For
example, in the case of Macedonia, the female participation rate for those without education is only 11.6 percent, as compared to the equivalent male participation rate of 34.8%. In contrast, for the category of those with higher education, there is no significant gender gap in participation rates (82.2 and 84.0 percent respectively).¹

Second, labour market institutions that reduce the turnover of labour, for example, high firing costs, are likely to increase the gap in unemployment rates between workers with low and high level of labour market attachment. Third, the gender gap in unemployment rates might be due to both direct discrimination and statistical discrimination based upon a traditional stereotype of female workers as having, on average, relatively low productivity and high turnover and absenteeism rates, the latter being due to both their maternity and dependent care responsibilities and the difficulty of combining those roles in the absence of opportunities for part-time employment and child/dependency care facilities.

Fourth, the high levels of unemployment prevalent in the SEE may contribute to the size of the gender gap in unemployment through two opposing hypotheses: the added worker and discouraged worker effects. In the presence of high unemployment, female participation rates may increase, as they enter the labour force to compensate for the unemployment of the male breadwinner(s) in the household: the added worker effect (Bhalotra and Umana-Aponte, 2010). This effect is likely to be stronger, other things being equal, where households disproportionately face liquidity constraints, such as in SEE countries with under-developed capital markets and low replacement rates (low unemployment benefits). On the other hand, female participation rates may fall due to the lower probability of a successful job search in regions of high unemployment (the discouraged worker effect). A discouraged worker is a woman who is willing and able to work but has left the labour force and become part of the hidden unemployed because she believes that no jobs are available or she lacks the skills to get a job in current market conditions (Elliott and Dockery, 2006). Empirical studies have typically found that the discouraged worker effect dominates the added worker effect. However, where households face severe liquidity constraints, the participation rate of married women can have a countercyclical trend, i.e. moving in the direction opposite to the business cycle (Bhalotra and Umana-Aponte, 2010; Klasen and Pieters, 2012).

¹ Source: Labour Force Survey, 2012
Euwals et al. (2011) find that women are less likely to participate in the labour market when the unemployment rates faced by individuals with their level of education are higher. This, the authors argue, suggests that the discouraged worker effect is larger than the added worker effect and that the latter is weaker in high unemployment regions.

The evidence suggests that transition has strengthened labour market segmentation by gender, particularly with the growth of informal employment and the decline of state-owned enterprises. Recent estimates suggest that the informal sector in Macedonia represents around 35 per cent of the GDP (Schneider and Buehn, 2012). Investigations of the gender composition find that the majority of the informally employed are male (65.8 per cent) and that they dominate in all types of informal employment, except in the group of contributing family workers (Nikoloski, 2009).

Previous research has concluded that not all workers in transition countries are equally affected by unemployment (Cazes and Nesporova, 2003; Rutkowski, 2006; Nikoloski, 2011). Certain groups have both a higher probability of becoming and remaining unemployed, specifically, the young, women, some ethnic minorities (for example, the Roma) and less skilled workers in general. Further, among female workers certain groups of women, such as those living in rural areas, the less educated, mothers of young children and those who belong to ethnic or religious minorities, face more obstacles in entering or re-entering the labour market (EBRD, 2011). The increased risk of unemployment and/or non-participation amongst these groups has important social implications, such as rising income inequality, poverty and social exclusion.

The gender gap in unemployment rates during transition has been systematically investigated by Lauerová and Terrell (2007), who found that gender differences in unemployment do not appear to manifest a consistent pattern across the transitional countries. For instance, women have suffered more than men from unemployment in the Czech Republic, Poland and Slovakia, even though women’s unemployment rates are similar to men’s in Bulgaria and Russia and even lower in Slovenia, Ukraine and Hungary. Similarly, Bičáková (2010) found that among the eight new EU member states the gender unemployment gap was significant in Central European countries but not in the Baltic States. Hence, we can conclude that there is no universal tendency for transition to create a positive gender unemployment gap. However, as noted above, in South Eastern Europe high unemployment has been associated with both the emergence of sizeable gender unemployment gaps and, perhaps more significantly, large participation gaps.
Is there a gender unemployment gap in Macedonia?

In order to assess the gender gap among unemployed workers in Macedonia we use the officially published data by the Macedonian Statistical Office. The first Labour Force Survey (LFS) in Macedonia was conducted in 1996 and as of that time we have detailed data concerning labour market trends. The LFS survey is conducted according to the methodology recommended by the International Labour Office (ILO) and the recommendations of the European Statistical Bureau (Eurostat). The goal of the LFS is to provide comparable data concerning the size and the structure of the active population according to international standards. Units under observation in the LFS are households and all the persons in them. If we first consider gender differences in participation rates in Macedonia, it is evident that the male labour force participation rate is higher than the female participation rate. Between 1996 and 2012, the male participation rate varies between 65 and 69 percent, while the female participation rate varies between 43 and 45 percent. The observed gender difference in participation rates is consistent with the findings from other transition countries, where relatively lower female participation have been attributed to the absence of maternity benefits, parental leave entitlements and childcare facilities, which influenced women in particular to leave the labour force in order to take care of their children (Cazes and Nesperova, 2003). However, as in most South Eastern European countries, the gender participation gap in Macedonia was relatively large even in the pre-transitional period.

According to the LFS, a person is classified as unemployed if during the reference period of the survey he/she is without work, currently available for work, and actively seeking work. The comparison of gender unemployment rates shows that during the first phase of transition the female unemployment rate was higher than that for males. However, from Figure 2 we can see that these unemployment rates converged between 1996 and 2003. For illustration, in 1997 the female-male gap in unemployment rates was 7.8 percentage points, while in 2003 it turned into a negative difference (-0.7 percentage points). This trend of a diminishing female unemployment rate up to 2001 compared to the relatively stable male unemployment rate in part reflects the changing structure of the Macedonian economy with a growing agricultural sector, which absorbs a larger share of female workers than other sectors. Subsequently, during the period 2005-2012 the gender unemployment gap did not exceed 2 percentage points. During the current recession,
male unemployment rates have risen from 31.6 to 33.4 per cent, whereas the female unemployment rate has declined slightly from 34.5 to 33.5 per cent. This finding is consistent with global labour market tendencies, since the recession has mostly affected the tradable goods sectors that predominantly employ male workers (Şahin et al., 2010).

![Figure 2. The gender unemployment rates in Macedonia](image)

The Macedonian labour market has been characterised by a relatively stagnant unemployment pool that has been translated into increasing long-term unemployment² (Nikoloski, 2009). Long-term unemployment accounts for more than 80 percent of total unemployment and has persisted over the whole period of transition. Moreover, the so-called very-long-term unemployment, comprising the unemployed who have been looking for work for more than four years, is much higher than in most other European countries (OECD, 2002). Indeed, the proportion of very-long-term unemployed accounts for about two thirds of total number of the Macedonian unemployed population.

² The long-term unemployed are those who have been unemployed for more than one year.
Surprisingly, there is no significant difference in the pattern of unemployment duration between the male and female unemployed population.

In general, long-term unemployment has significantly contributed to an erosion of skills and motivation of unemployed workers, making them less employable over time. The deterioration of their skills further reduces the attractiveness of the long-term unemployed and often contributes to a blurring of the difference between the states of unemployment and non-participation. After remaining unemployed for a long period of time, a considerable number of unemployed workers stop looking for jobs and quit the labour force. This is known as the phenomenon of ‘discouraged workers,’ a characteristic of depressed labour markets where labour demand is insufficient and unemployed workers face poor employment prospects. In these circumstances, alternative labour market adjustment mechanisms, such as seeking employment in the informal sector and emigration, arise as coping strategies for providing a household’s subsistence.

Are there gender differences in responses to unemployment?

Since the female unemployment rate is not considerably higher than the male rate, we could categorise Macedonia as a “low-gap” country, though the large gender participation gap suggests that this would be misleading. We next analyse gender differences among unemployed workers by investigating the importance of alternative coping strategies. These labour market adjustment mechanisms, particularly employment in the informal sector and emigration, may play a crucial role in alleviating poverty among marginalised labour market segments by absorbing part of the unemployed workforce and providing additional income for the households (Nikoloski et al., 2012; Nikoloski, 2012). In addition, we consider the personal perception of their unemployment status as an important source of delineation since it can affect the individual’s commitment to find employment. Finally, any differences in responses to unemployment between males and females might reflect unequal policy treatment.

In order to examine whether there is a gender difference in the response to being unemployed, a survey was conducted on a representative sample of registered unemployed workers. The survey was conducted from mid-October to mid-November 2011, with a sample consisting of 2,300 registered unemployed workers selected randomly in each of 30 branch offices of the Employment Service Agency (ESA) all over the country. Among the respon-
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dents, 1157 (50.3%) were men and 1143 (49.7%) were women. The selection method was based on convenience sampling, meaning that interviewers had freedom of selecting eligible and readily accessible respondents. Moreover, the geographical distribution was maintained by selecting from each branch office a proportional number of respondents with respect to the total number of registered unemployed workers.

In order to assess the factors that influence gender responses to unemployment in Macedonia an econometric model was specified with a binary response variable. A Logit model was chosen to estimate the binary model, with the dependent variable taking the value one if the respondent is female and zero otherwise. Among the possible determinants of segmentation, we take into consideration the following personal traits: (i) the impact of unemployment on health, (ii) personal perception of future status, (iii) the intensity of searching for a job, (iv) intention to emigrate, and (v) engagement in the informal sector. Additionally, segmentation is estimated with respect to the following policy indicators: (i) being a health insurance beneficiary, (ii) being an unemployment benefit recipient, (iii) participation in active labour market programmes, and (iv) being a social assistance recipient. The results from the estimated model are presented in Table 1.

Table 1. Estimated Logit model for the female unemployed

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard error</th>
<th>t-value</th>
<th>Diff. in odd ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.7421</td>
<td>0.1580</td>
<td>4.6969***</td>
<td></td>
</tr>
<tr>
<td>Unemployment causes stressing situation or other health problems</td>
<td>0.0524</td>
<td>0.1164</td>
<td>0.4503</td>
<td></td>
</tr>
<tr>
<td>Perceives herself as unemployed in five years' time</td>
<td>0.3081</td>
<td>0.1267</td>
<td>2.4302**</td>
<td>36.0%</td>
</tr>
<tr>
<td>Search for job</td>
<td>-0.0729</td>
<td>0.1154</td>
<td>-0.6314</td>
<td></td>
</tr>
<tr>
<td>Have intention to emigrate</td>
<td>-0.5198</td>
<td>0.0919</td>
<td>-5.6509***</td>
<td>-40.5%</td>
</tr>
<tr>
<td>Earn income from additional activities</td>
<td>-0.5228</td>
<td>0.0913</td>
<td>-5.7217***</td>
<td></td>
</tr>
<tr>
<td>Being health insurance beneficiary</td>
<td>-0.3214</td>
<td>0.0913</td>
<td>-3.5204***</td>
<td>-40.7%</td>
</tr>
<tr>
<td>Unemployment benefit recipient</td>
<td>-0.3929</td>
<td>0.1668</td>
<td>-2.3550**</td>
<td>-27.5%</td>
</tr>
<tr>
<td>Participate in the active programmes</td>
<td>-0.0802</td>
<td>0.1476</td>
<td>-0.5433</td>
<td>-32.5%</td>
</tr>
<tr>
<td>Social assistance recipient</td>
<td>-0.1160</td>
<td>0.1695</td>
<td>-0.6845</td>
<td></td>
</tr>
</tbody>
</table>

Note: *, ** and *** represent statistical significance at the 10%, 5% and 1% levels respectively.
With respect to personal perceptions, the results suggest that there is no significant difference in the impact of unemployment on men’s and women’s psychological health. This finding is consistent with previous empirical studies that found similar incidences of mental and physical illness amongst male and female unemployed (Ensminger and Celentano, 1990). However, females were more pessimistic about being able to find employment. The results suggest that the probability of a female unemployed worker expecting that she will still be unemployed in five years’ time is about 36% higher than that for male unemployed workers. Considering the alternative adjustment mechanisms, the female unemployed have about a 40% lower intention of emigrating compared to unemployed men. Additionally, they are about 41% less likely to be engaged in informal economic activities. With respect to labour market policies, we notice that the female unemployed are about 28% less likely to be health insurance beneficiaries and 33% less likely to be unemployment benefit recipients. This result is consistent with other empirical analyses suggesting that women are less likely to receive unemployment and health benefits because of eligibility rules that disproportionately disqualify women (Mitchell, 2010). Finally, we found no gender differences in participation in active labour market policies or in ability to access social assistance benefits.

Overall, it is evident that the gender of an unemployed worker represents a significant source of delineation, overall, it seems that unemployed women are considerably more disadvantaged than their male counterparts. This is evidenced by their lower inclusion in alternative forms of labour market adjustment, as well as their lower ability to access passive labour market policies that, all together, have been translated into their more pessimistic perception of their ability to escape their current unemployment status.

Conclusions and policy recommendations

Two decades of transition have *inter alia* produced enormous changes, amongst which has been increasing segmentation of the labour markets from a gender perspective. Our analysis suggests that whilst Macedonia does not have a significant gender unemployment gap, there are large gender differences in participation rates and responses to unemployment with respect to the use of the alternative labour market adjustment mechanisms, coverage by passive policy measures and expectations regarding their ability to escape unemployment.
First, women face a significantly higher probability of being discouraged about their future employment status. Second, due to insufficient job creation in the formal sector, unemployed workers in Macedonia resort to various forms of labour market adjustment mechanisms that alleviate some of the negative social consequences of unemployment. However, our empirical analysis suggests that women are significantly underrepresented amongst the unemployed who use these alternative coping strategies. This could be attributed to female’s greater engagement in household work such as meal planning, shopping, home maintenance, or taking care of children and the elderly. This is consistent with the dominance of the traditional male breadwinner model in Macedonia, i.e. it is predominantly the male members of the family who work outside the home to provide the family with income and the female members who disproportionately undertake household production activities. Third, equity considerations suggest that policy measures should target the most vulnerable segments of the unemployed population in order to support them financially and assist them in gaining employment in the formal sector. However, we found that female unemployed workers were less likely to benefit from passive labour market policies and gained no advantage in accessing active labour market programmes.

Generally, the incentives to register as unemployed in Macedonia originate in the relatively generous eligibility for other entitlements, such as health benefits and social assistance, rather than in the generosity of the unemployment benefits themselves. This is a situation common to other SEE countries. Furthermore, the relatively easy access to these entitlements renders some other adjustment mechanisms, such as employment in the informal sector or temporary/seasonal emigration, as more attractive alternatives for those not employed in the formal sector. Our results indicate a striking contrast between the male and female unemployed, with the former being more able to access these benefits and, at the same time, finding it easier to gain employment in the informal sector. As a consequence, when undertaking measures to restrict the generosity of unemployment benefits, the government has to account for at least two important issues. First, the incentives created by other entitlements tied to the registration status of the unemployed and, second, possible overlaps between registered unemployment and other labour market adjustment mechanisms. Namely, less generous passive labour market policies that are not accompanied by sufficient additional job creation in the formal sector are unlikely to cause a decrease in the unemployment rate.
Even though the scope of the active labour market programmes in Macedonia carried is relatively large, their coverage remains relatively modest. Preparatory programmes for employment provide training for registered unemployed workers from disadvantaged segments in order to improve their competitiveness and employability in the labour market, as well as to improve the matching process between the supply and demand of labour. Notwithstanding equity concerns and the promotion of women’s empowerment, rising female employment has been found to aid economic development (Duflo, 2012 and Bandiera and Natraj, 2013), reduce poverty (Kabeer, 2012), raise female happiness and life satisfaction (Berger, 2013) and reduce the female brain drain (Nejad, 2012). Hence, future labour market policy in Macedonia and elsewhere in SEE should target closing the large gender gaps through improved childcare provision, promotion of equal employment opportunities, measures to reduce the adverse impact of career breaks through paid leave and right of return to post and using active labour market policies to improve the prospects of the female unemployed.

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