

## A MODEL FOR ASSESSING THE GENDER ASPECT IN ECONOMIC POLICY

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**Abstract.** The purpose of research is to develop a conceptual model for assessing the impact of the gender aspect on economic policy at macro– and microeconomic levels. The research methodology is based on analysing scientific approaches to the gender aspect in economics and gender–responsive budgeting as well as determining the impact of the gender aspect on GDP, foreign trade, the state budget and the labour market. First, the major findings encompass the main idea of a conceptual model proposing that a socio–economic picture of society can be accepted as completed only when, alongside public and private sectors, includes the care/reproductive sector that is dominated by women and creating added value in the form of educated human resources; second, macroeconomics is not neutral in terms of gender equality. Gender asymmetry is manifested not only at the level of microeconomics (labour market and business) but also at the level of macroeconomics (GDP, the state budget and foreign trade), which has a negative impact on economic growth and state budget revenues. In this regard, economic decisions, according to the principles of gender equality and in order to achieve gender equality in economics, must be made, as the gender aspect has to be also implemented at the macroeconomic level.

**Keywords:** gender, gender equality, gender awareness, macroeconomic policy, care/reproductive economy, gender responsive budget, foreign trade and gender.

**JEL Classification:** A130, D630, E6, J160.

### 1. Introduction

Gender equality is recognized as one of the fundamental values in the European Union and other developed countries worldwide. The practical implementation of the principles of gender equality and the awareness of such principles in society allow determining the progress of a country and the level of civilization. It is of utmost importance that gender equality is considered as the key to eliminating the effects of the recent global

economic and financial crisis. The provision of conditions for an increased number of women fully engaged in the labour market creates a real opportunity for increasing the overall employment rate and making use of the intellectual potential of women for the benefit of economic development. Therefore, the examination of trends in economic policy-making needs to take into account gender relations and transformations of their role that have taken place in recent decades, because it has an essential impact on economic development and the prospects of such growth at both the national and international level.

The issue of gender inequality rooted in society and its consequences are most frequently studied from the perspective of sociology, education science, philosophy and health care. Recently, the EU and Lithuania have devoted attention to studies on gender equality in the economic field, though this time, the focus has been on microeconomic policy, the most important objects of which are the labour market and business. However, the impact of the gender aspect on the formation of macroeconomic policy has been analyzed to a much lesser and insufficient extent.

As for Lithuania, a formal and declarative approach to gender equality prevails. Despite a strong focus on the legal regulation of gender equality, putting provisions on equal opportunities of women and men into practice faces major challenges. In formal terms, the Law on Equal Opportunities of Women and Men is in force (passed in 1998), and the fourth National Programme on Equal Opportunities for Women and Men (2015–2021) is in the process of implementation; however, putting declared ideas and legal commitments into practice falls short of the desired level, and Lithuania is actually facing problems in the field of gender equality. This is manifested by a number of labour market indicators (employment and economic activity level, poverty level, the vertical and horizontal segregation of the labour market, gender pay gap) demonstrating that the situation of women and that of men, in fact, are characterized by significant differences. They are becoming increasingly sharp along with deepening economic integration worldwide, which, as a rule, is more favourable for more flexible and mobile workforce. This causes considerable difficulties for women who are often forced to choose between family and career. The complicated situation of our country in the area of gender equality is reflected by the Gender Equality Index published by the European Institute for Gender Equality, according to which Lithuania ranks as low as 18 of 27 EU Member States.

## **2. Overview of research into the scientific issue**

Gender equality issues, necessity to introduce the gender aspect into the public and socio-economic governance of a country, a negative impact of gender stereotypes on women and their position in the labour market, the stability of family institution, mental and physical health, the transfer of the negative phenomena of poverty, social exclusion and economic passivity to the growing generation have been studied by L. Beneria and Savitri (1999), M. Daly (2000), C. Moser (2002), M. Kimmel (2004), J. Reingardienė

(2004), M. Jankauskaitė, I. Mackevičiūtė (2005), D. Leinartė (2006, 2008), A. Bagdonas *et al.* (2007), O. G. Rakauskienė *et al.* (2014).

The inseparable link between the gender aspect and the effectiveness of economic governance is analyzed by the foreign classics of gender economics and has been developed, in recent years, by the researchers who note that the provision, on a national scale, of equal conditions to the social group of women for the realization of their human and professional potential would benefit economy thus promoting its growth (Bakker 1994; Elson 2001; Budlender, Hewitt 2002; Balmori 2003; Rakauskienė, Krinickienė 2009, 2012). It is pointed out that gender economics is a relatively new area of economic research that is still taking a shape and attracting attention worldwide. All researchers come to the unanimous conclusion that the effect of the global financial system for both men and women cannot be viewed as absolutely positive, as women are a group of society that has suffered economically and is socially discriminated.

Gender equality challenges in the macro-economic governance of a state, namely, in the areas of economic growth, gender-sensitive budget formation and foreign trade policy have been analyzed by D. Dollar and R. Gatti (1999), N. Cagatay *et al.* (2000), S. Baden (2002), D. Budlender (2001), D. Elson (2001), Z. Randriamaro (2006), I. Van Staveren *et al.* (2007), O. G. Rakauskienė and E. Krinickienė (2012), etc.

Lithuanian and foreign researchers give a prominent position in their works to women's participation in the labour market and the promotion of related socio-economic processes. The position of both sexes in the labour market, links with housework, the forms and levels of the discrimination of women in the labour market have been studied by the researchers from various areas, including economists, sociologists, psychologists and healthcare professionals. Women's employment, its structure and determining factors, the economic activity of genders, roles in the areas of employment and family life have been analyzed by V. Kanopienė (2005), V. Stankūnienė *et al.* (2005), I. Mackevičiūtė and Vengalė (2007), A. Dromantaitė-Stancikienė (2011), O. G. Rakauskienė (2014).

Studies conducted by foreign and Lithuanian researchers (I. Bakker, D. Elson, D. Budlender, G. Hewitt, T. Mukhopadhyay, N. Cagatay, H. H. Balmori, N. Kabeer, O. G. Rakauskienė, etc.) confirm the existence of a direct link between the gender aspect and the effectiveness of economic governance. The introduction of Gender Mainstreaming into economic policies at all levels and stages, taking into account the socio-economic needs of women and men, allows increasing the effectiveness of economic governance at the macro- and micro-levels.

### **3. Theoretical framework and research methods**

The gender equality research conducted by foreign researchers at the macroeconomic level suggests that the problem lies in the prevailing economic model itself. The main objects of macroeconomic research determining national socio-economic well-being

such as GDP, the state budget and foreign trade are characterized by being gender-neutral (Budlender *et al.* 2001). The classical economic theory views them as being separate from the human factor and, even more, from the gender. Meanwhile, the researchers of gender economics state it is human identity, i.e. sex, race, culture or an ethnic group that determines his/her socio-economic behaviour. The gender occupies one of the most important positions on this scale, because belonging to the social group of women or men essentially determines individual needs, interests and consumer motivation. On this basis, it is claimed that macroeconomic policy, which fails to take into account specific needs of women and men, becomes gender-blind (Balmori 2003).

With reference to the fact that the prevailing model for macroeconomics ignores the gender aspect:

*First*, economy loses significant impetus for growth. The social group of women consists of over a half of humanity, and the stereotypical roles of the gender shaped by historical and cultural conditions create artificial barriers that do not allow fully exploiting the potential of women to promote economic growth. In the context of the global financial and economic crisis of 2008, it has been publicly acknowledged that one of the ways to overcome the consequences of the recession is to create conditions for as many women as possible to enter the labour market or to start their own business. Due to the principles of gender inequality deeply rooted and prevailing in the society of each country, women make up an unjustly undervalued and underused reserve of human resources in the global economic system (European Parliament 2011; European Commission 2013, 2014).

The classical macroeconomic theory, while ignoring the impact of the gender aspect on economic development, does not recognize a significant and equivalent element of the economic system, namely, the sector of the care economy. It is also referred to as the “women’s”, “family’s” or “reproductive” sector and is specific due to the fact that most women carry out all activities, including child raising and parenting, housework, tending to the elderly and disabled family members, the organization of family leisure and recreation, etc. Taking into account the fact that the work performed by women is not attributed to the category of an economic transaction in the care economy, it is not visible, not assessed, not measured and not subject to remuneration (women’s unpaid work).

In gender economics, the reproductive sector, just as the productive (production or market) one, occupies an important place. Moreover, it is stated that the care economy is the foundation of the entire economic system of the state on which formal, informal and household economy are built. Considering the fact that woman activities include the education of human resources in the care economy, at the same time, acting as the workforce of the formal economy taking care of the disabled and elderly and providing the non-formal education and health care of family members indicates that added value created by them constitutes a significant share of national assets. The inclusion of the added value created in the care economy into GDP would lead to an increase in

this indicator, according to various estimates, from 6 to 8 per cent. Currently, women's unpaid work is not reflected in any way in the national accounting system, does not occupy a deserved place in the economic system of the country, exacerbates the problem of gender inequality even further and has a negative impact on the overall macroeconomic growth.

Although women's unpaid work is not included in GDP, hence, this significant indicator reflects the macroeconomic situation in the country and is lower than it could be. It is due to the fact that women's work is not included in economic analysis that the national economy takes the form of an underwater iceberg. The formal (production, market) economy, in which market transactions are made and the added value of which (according to official statistics) forms a country's GDP, is merely the tip of the iceberg. The informal economy lies beneath it where market transactions also take place, though they are not recorded in official statistics; below the introduced economy, the household (so-called "subsistence") economy, in which goods and services are produced by households for individual consumption can be observed, whereas at the bottom of the iceberg – the unpaid care/reproductive economy described as a foundation for all types of the economy listed above is placed (Fig. 1). It is the care economy that ensures workforce productivity maintaining the viability of the entire economic system (Kabeer 2003).

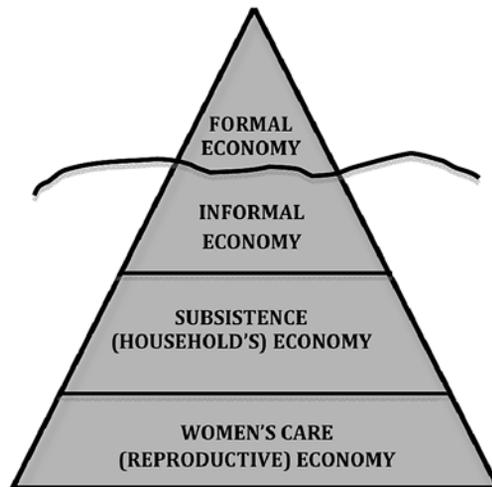


Fig. 1. The "Iceberg" view of a country's economy (Kabeer 2003)

*Second*, women have unequal and much poorer, as compared to men, access to financial and economic resources. The state budget is a declaration of the socio-economic priorities of the Government. In recent decade, the gender equality policy promoted by the EU has placed national governments under the obligation not only to publicly declare the incorporation of gender mainstreaming in all policies at all levels and stages

(based on the official definition of Gender Mainstreaming as approved by the Council of Europe in 1998) but also to take real steps towards implementation. However, most national budgets are actually formed ignoring provisions for gender equality – “gender-blind” models also characterize them. Budget revenue is formed and expenditure is allocated without regard to the specific needs of both genders. As a rule, the social group of women experiences the greatest social injustice – its interests, first and foremost related to family care functions, are addressed inadequately, which has a negative impact on the quality of life, the stability of women themselves and family institution.

This becomes a sign when a state is undergoing economic transition or the post-crisis period when the Government undertakes macroeconomic stabilization and austerity measures. During this difficult period, the social group of women is assigned a “buffer” function, that is, not only to engage in productive economic activities but also to increase the care burden in the reproductive economy. This process is inevitable, because the Government usually saves budget funds by reducing social spending and increasing taxes (including taxes on utilities). In order to maintain the normal functioning of the household, women are forced, at the expense of their health and leisure time, to intensify the provision of care by tending to family members in need of care and to ensure proper living conditions for the growing generation. In such a manner, the state seems to delegate to women the functions it must ensure itself. Women become over-exploited human resources, their possibilities of utilizing professional skills in the labour market become limited and their right to rest, leisure and healthy lifestyle is ignored. By disregarding the importance of the gender aspect in economic policy, the Government not only fails to propose solutions year after year, but on the contrary, reproduces/deepens the socio-economic inequality of genders in society.

*Third*, foreign trade, as one of the strategic elements of macroeconomic development, particularly strongly influences the social groups of women and men, and therefore cannot be considered as a gender-neutral field. The women who make up over a half of humanity and unjustly hold lower socio-economic positions compared to men while acting as full-fledged participants in the foreign trade system in the capacity of employees, consumers and human resource educators, are excluded from the decision-making process at the level of the WTO and have unequal opportunities to enjoy the benefits provided by foreign trade (Randriamaro 2006). The unequal women’s position based on stereotypes does not allow fully realizing their professional and intellectual potential. Hence, gender inequality, in its own turn, negatively affects the efficiency of foreign trade.

*Fourth*, at the micro-level, that is, in the labour market and business, the prevailing vertical and horizontal segregation shapes “feminine” and “masculine” areas of employment, which in turn, promote and develop gender asymmetry and determine the lower income of women compared with that of men. The vertical segregation of the labour market is described by the metaphor of “glass ceiling”, which stands for the

obstacles limiting women's rise in professional career. This includes the preconceived opinions of employers and colleagues, organizational barriers and informal constraints. The horizontal segregation of the labour market is illustrated by the image of "glass walls", which means that women hold less important, low-prestige positions and often work in flexible secondary labour markets.

Being particularly closely associated with the activities of family care and guardianship and thus experiencing double burden at work and in the household, women have less opportunities for self-realization in the labour market, business and decision-making process than men. In order to reconcile career and family responsibilities, women often face stereotypical evaluations essentially restricting their aspiration for self-realization. Employers often treat women as less valuable employees who may go on maternity leave, have limited possibilities of going on work trips or working overtime and are unable to fully devote themselves to improvement in qualifications. In light of such undervaluation, women face the effects of this stereotypical attitude both currently and in the long run:

- The gender pay gap acts to the detriment of women and determines a smaller old-age pension in the future (women are paid on average 20 per cent less than men for equal work and that of equal value);
- Uneven time use for housework and care activities within family significantly limits women's rest and leisure: women spend 80 per cent of family time on caring about children, the elderly and disabled, whereas men make as little as 20 per cent. Moreover, working women spend, on average, 39 hours a week on housework while men – as few as 26 hours (European Institute for Gender Equality 2014);
- The insufficient representation of women at top decision-making levels (both in enterprises and political institutions) limits their possibilities of ensuring the interests of the social group of women and equal access to socio-economic benefits provided by business and political bodies.

Ignoring the gender aspect in economic policy is caused by deeply-rooted stereotypes attributing the respective roles to femininity and masculinity and leads to gender asymmetry in the life of society. This, first of all, has an adverse impact on the economic development of the country and, second, on the quality of life of both social groups – women and men.

Macroeconomics and macroeconomic policy are not neutral in terms of gender equality. Gender asymmetry is manifested not only at the level of microeconomic policy, but also at the macroeconomic policy level, which has a negative impact on economic growth and state budget revenues. In this regard, decision-making in the area of economic governance must be adequate and accomplished in compliance with the principles of gender equality and, in its own turn – in order to achieve gender equality in the area of economic governance, the gender aspect must be also implemented at the macroeconomic level.

The authors present a conceptual model for assessing the impact of the gender aspect on economic policy (Fig. 2). The main idea raised in the model is that, regarding the economy, there is a third actor functioning on an equal basis with public and private sectors, namely, the care (or reproductive) sector that is dominated by women and creates added value in the form of educated human resources that make up workforce active in the public and private sectors of the economy and creating added value in the care economy.

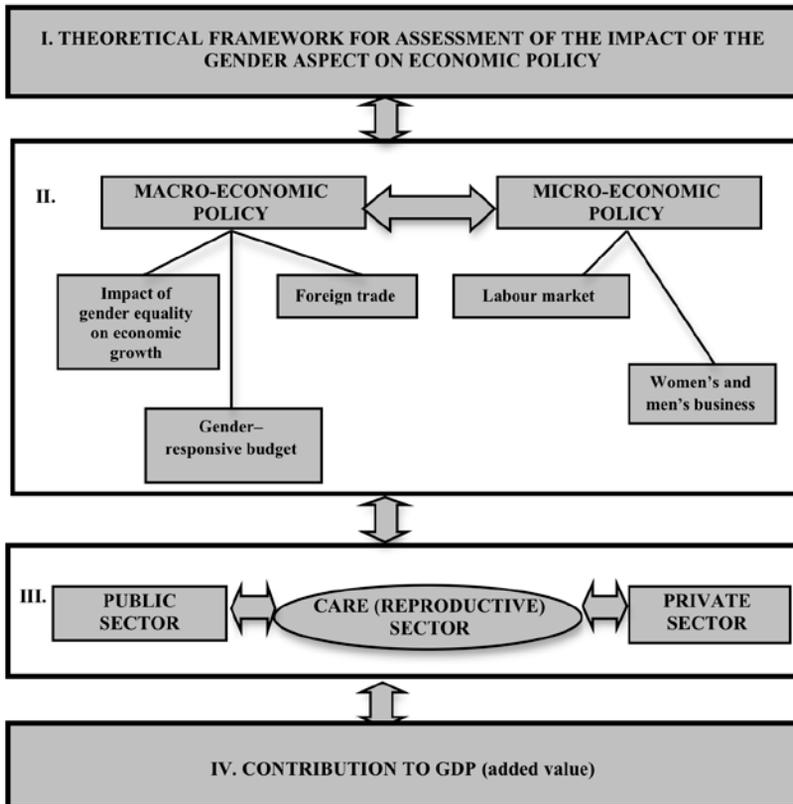


Fig. 2. Conceptual model for assessing the impact of the gender aspect on economic policy

A research methodology of gender equality presents two main levels of economic governance:

- Macroeconomic (assessment of the impact of gender equality on the economic growth of the country, gender-responsive budgeting and the impact of gender inequality on foreign trade);
- Microeconomic (the 3R method as developed in Sweden and the analysis of statistical data).

#### 4. Interpretation of the obtained results

The care economy constitutes an important part of national wealth in the country, but is not reflected in the structure of Lithuanian GDP. The care economy is responsible for the reproduction of the human potential where women perform the main functions, including housework, child-raising, care for the elderly and disabled family members, planning family leisure and recreation, etc. This work seems to be invisible in the economy, is not assigned to the category of an economic transaction, and hence is unpaid (women's unpaid work) and not assessed in any way. However, the care economy is an important branch of economic activity equivalent to any other economic activity that functions in the interaction with other key economic sectors – public and private sectors, creates added value in the form of educated human resources and makes a significant contribution to the country's GDP. If the care economy is assessed according to the methodology developed by the authors, Lithuanian GDP will increase by 7.87 per cent (according to data of 2011).

In view of the fact that the care economy is a full-fledged economic sector responsible for the development of human resources and the formation of workforce for public and private sectors, the country's economy and society face the result of the undervaluation of the care economy, that is, gender asymmetry, which leads to the following negative consequences:

*First*, women, as a rule, work in less productive and less profitable branches of the economy, earn less and have less equity and real estate, and for such reasons, their contribution to GDP and the national budget is lower than it could be;

*Second*, taking into consideration women's professional discrimination and segregation in terms of the gender, the country's budget fails to collect, according to different estimates, from 15 to 26 per cent of total tax revenue;

*Third*, according to the share of state budget expenditure, it is estimated that women and children, which make up about the two-thirds of the total population, receive from the state as little as approximately the one-third of the total expenditure, including public sector wages, pensions and other social benefits;

*Fourth*, when the care economy is not given a significant place in the country's economic system which it deserves and women's aspiration of reconciling family and work commitments is not supported, damage is done to the quality of educated human resources, which in a long term, may lead to a decrease in the country's effectiveness of economic governance and competitiveness.

Lithuanian state budget is funded according to the principle of gender discrimination: expenditure for male-dominated sectors (e.g. general public services, public order and security) is funded from the state budget on a priority basis, whereas expenditure for female-dominated sectors (e.g. education, social security, culture) – on a residual basis from municipal budgets (Table 1). Such a practice of budget funding promotes

gender inequality. Gender–asymmetrical distribution of public expenditure negatively affects the economy, public revenues in particular. There is a ground to believe that one of the causes of a decrease in state revenue in Lithuania is gender equality distortion in forming the country’s budget.

Table 1. Lithuanian state budget and the expenditure of municipal budgets by function in 2010–2013, per cent from total expenditure (sources: Statistics Lithuania 2013a, 2013b; Ministry of Finance of the Republic of Lithuania 2014)

Function	2010		2011		2012		2013	
	State budget	Municipal budget						
General public services	28.0	12.2	30.0	11.2	18.2	11.2	19.0	7.0
Defence	4.0	0.1	4.2	0.1	4.4	0.1	4.2	0.1
Public order and safety	7.4	0.8	8.0	0.8	8.4	0.9	8.3	1.0
Economics	25.2	3.7	24.5	4.3	24.6	5.5	27.7	4.1
Environmental protection	4.3	3.3	3.0	3.3	3.2	3.5	2.8	1.8
Housing and public utilities	0.1	3.6	0.1	3.8	0.1	3.6	0.1	2.8
Health care	9.3	0.5	8.8	0.7	7.7	0.8	7.0	2.6
Recreation, culture and religion	2.1	4.8	2.3	5.9	2.3	5.5	2.2	6.6
Education	9.3	53.6	10.1	50.8	17.9	48.9	16.6	55.0
Social security	10.2	17.4	9.2	19.0	13.3	20.0	12.1	19.0
Total	100	100	100	100	100	100	100	100

Based on the best practices of foreign countries, it is appropriate to introduce gender–responsive budgeting in Lithuania. To this end, the authors offer the following recommendations:

- For implementing the Europe 2020 strategy for the socio–economic development of the EU and Gender Mainstreaming, it would be appropriate to analyse Lithuanian budget from a gender perspective and to designate the Ministry of Finance of the Republic of Lithuania to act as the competent authority to ensure the conduction of gender analysis on a regular basis at public institutions related to the allocation of economic resources and within the framework of the Lithuanian national budget. Based on the experience of foreign countries,

gender analysis helps with determining whether relevant financial allocations meet the specific needs of women and men. If opposite trends emerge, budget funds should be reallocated in such a way that the social groups of men and women could have equal access to benefits provided by the financial system of the state without discriminating any of the sexes. In this way, targeted steps would be taken towards social justice and bridging the gender gap, and in the long run, this would help with achieving stable and sustainable economic growth and would positively affect the collection of public revenues;

- It would be appropriate to designate the Ministry of Finance of the Republic of Lithuania and the Association of Local Authorities in Lithuania to act as competent authorities which, assisted by experts in gender equality and the representatives of women’s NGOs, could carry out the gender analysis of municipal budgets, submit recommendations to municipal councils concerning the restructuring of municipal budget expenditure based on the principles of gender equality and initiate gender-responsive budgeting in municipalities;
- In order to support gender-responsive budgeting, it is expedient to organise trainings and consultations for representatives and experts of the Ministry of Finance of the Republic of Lithuania to hold conferences.

The general analysis of the national budget in Lithuania has been carried out by the authors and allowed identifying three stages of budget development:

- The first stage of EU pre-integration (1999–2003) is characterised by a sharp division of budget expenditure into “male” and “female” sectors. Appropriations for male-dominated areas were provided on a priority basis from the state budget, whereas appropriations for female-dominated areas were decreasing and mostly allocated from municipal budgets, that is, on a residual basis. Such budget funding practices in Lithuania seem to have legalised and promoted gender inequality. The gender-asymmetrical allocation of public expenditure has a negative impact on the economy, public revenues in particular.
- The second stage of the Lithuanian economic boom (2004–2008) is characterised by changes in former trends: upon Lithuania’s accession to the EU in 2004 and with a view to implementing international commitments, greater attention is devoted to social policy and gender equality. As a result, state budget funding for female-dominated sectors began to grow while budget expenditure for male-dominated sectors decreased or changed only slightly.
- The third stage of the global economic and financial crisis aftermath (2009–2012) is characterised by a large-scale national economic decline that enabled the Government to introduce economic stabilisation policy involving a reduction in social costs. The policy hit particularly hard the most vulnerable layers of society – women, children and old-age population. This stage is also characterised by a significant increase in spending on goods and services of first necessity (food, health care, transport) and utilities. According to the data

provided by Statistics Lithuania in 2012, expenditure on utilities made up to 18 per cent of all the household consumption expenditure (Table 2). As for household economics, women are responsible for maintaining the usual standard of family well-being. Solving this problem becomes problematic when the prices of utilities, medical services and education are increasing while social support of the state is decreasing. This leads to deterioration in the quality of life of Lithuanian population and increases the care burden for women in households.

Table 2. The structure of Lithuanian household consumption expenditure for the period 2000–2012, in per cent (source: Statistics Lithuania 2013a, 2013b)

	2000	2004	2007	2008	2012
Food and non-alcoholic beverages	37.7	38.0	33.1	32.5	33.7
Alcoholic beverages	2.6	3.9	2.5	2.5	2.4
Tobacco	1.9	1.5	1.2	1.2	1.0
Clothing and footwear	7.5	8.1	9.2	8.3	6.6
Utilities	15.6	12.2	12.0	11.9	18.0
Household equipment	4.5	4.8	5.8	6.6	4.4
Health care	4.8	4.5	4.8	4.9	5.9
Transport	8.7	10.0	10.4	11.3	10.3
Communication	4.2	5.6	4.9	4.4	3.7
Recreation and culture	4.1	5.1	5.5	5.5	4.9
Education	0.7	1.0	0.8	0.8	1.0
Hotels, restaurants, cafes	4.5	4.3	5.2	5.1	3.1
Other goods and services	3.2	5.1	4.7	4.9	5.0
Total	100	100	100	100	100

Based on foreign scientific research, two important conclusions can be drawn: first, the liberalization of foreign trade increases gender inequality and, second, gender inequality in its own turn has a negative impact on foreign trade efficiency. The gender aspect is a particularly important factor determining foreign trade efficiency.

Foreign trade covers the strategic areas of economic development (agriculture, services, intellectual property, investment, etc.), and therefore cannot be regarded as a neutral object of macroeconomics. On the contrary, it must be treated as systemic activity having a significant impact on individual social groups. Due to gender role, stereotypes are still running rampant in society, men and women occupy different socio-economic positions and their possibilities of participating in foreign trade are not equal, just as the benefits (or losses) they receive from the multilateral trading system. The examination of the impact of trade liberalization on women and the gender balance reveals that trade liberalization promotes gender inequality and impairs the socio-economic situation of

women. For this reason, changing foreign trade policy from a gender perspective opens up opportunities for sustainable economic growth and mitigates the effects of globalization.

Taking into consideration the interaction between foreign trade liberalization, economic development and gender equality, the authors propose making use of the following recommendations:

- To initiate, at the government level, the gender analysis of foreign trade authorising the Ministry of Economy and the Ministry of Finance of the Republic of Lithuania to perform this task. This analysis would allow assessing the impact of foreign trade efficiency on economic growth and would help in seeking the achievement of gender equality goals so that the social groups of women and men could enjoy equal access to the benefits of foreign trade;
- Foreign trade efficiency and equal benefits for women and men would increase upon the introduction of a quota system thus increasing the representation of women in key organisational structures of the global trading system, and international trade agreements could be concluded incorporating the gender aspect at all levels and stages;
- The policy based on the principles of gender equality can help with preventing from discriminating women in the field of foreign trade, facilitating the use of women's stifled potential for contributing to the development of foreign trade and, at the same time, increasing women's contribution to the global economy.

The gender analysis of the labour market carried out in the context of microeconomic governance has allowed identifying that women and men have unequal (to the detriment of women) employment opportunities in seeking career and promotion. Discrimination against women existing in the labour market leads to lower income among women, exacerbates the problems of gender inequality and negatively affects the effective governance and development of a number of areas of the economy:

- Despite a relatively high female employment rate in Lithuania (in 2012 – 61.8 per cent), which exceeds the average of EU-27 by 3.2 per cent (EU-27 – 58.6 per cent), the social group of women often faces difficulties and discrimination in the labour market. As for Lithuania, the indicators of employment and economic activity of women are lower than those of men; women, far more than men (11.3 per cent and 7.5 per cent in 2012 respectively), work part-time (Statistics Lithuania 2013a, 2013b). Despite the fact that the unemployment rate for women is lower than that for men, long-term unemployment among women is growing, and the number of the unemployed educated women is steadily increasing. This leads to extremely dangerous social phenomena, such as an increase in poverty, social exclusion and emigration. The latter phenomenon, namely, emigration, and its rapid growth show that, on the one hand, women are unable to fully realise their potential in Lithuania and, on the other hand, the state fails to make the rational use of human resources;

- Vertical segregation prevailing in the Lithuanian labour market (described by means of the “glass ceiling” metaphor) indicates there are structural and institutional barriers to the development of women’s career and undertaking own business. Despite the existence of the laws securing gender equality, due to prevailing stereotypes among employers and in society, women are less frequently offered top management positions. Even in strongly feminised areas, women make up the minority in executive ranks:

*First*, although the overall education level of women is higher, they are under-represented in leadership and decision-making positions. According to data provided by Statistics Lithuania, in 2011, the number of women who completed all levels of university education significantly exceeded that of men: women accounted for 63.5 per cent of graduates with a Bachelor’s degree (men – 36.5 per cent), 67.1 per cent of graduates with a Master’s degree (men – 32.9 per cent) and 57.2 per cent of graduates with a Doctor’s degree (men – 42.8 per cent). Nevertheless, in the same year, women accounted for merely 39 per cent of all top executives (legislators, senior officials, heads of enterprises, institutions, organizations and other managers) (Statistics Lithuania 2012);

*Second*, the higher is the scientific degree (Doctor, Doctor Habilitatus) and pedagogical title (assistant, lecturer, associate professor, professor), the lower is the number of women holding such a degree or title. In 2010, the majority of researchers were women making 54.2 per cent; meanwhile, as little as 19.7 per cent among them, were habilitated doctors, and the women holding the title of Professor accounted for 18.7 per cent (Statistics Lithuania 2011).

- In Lithuania, the pronounced horizontal segregation of the labour market (described by means of the metaphor of the “glass walls”) – a marked division into “male” and “female” professions is observed. Men dominate the areas of construction, transport and agriculture, while women occupy those of health care, education, accommodation and catering, social services. This has a negative impact on the development of these spheres, reduces their innovative potential, determines relatively lower wage levels among women and further reinforces the stereotypes of “male” and “female” roles in society;
- In Lithuania, the gender pay gap is still prevailing. Despite the principle of equal pay for equal work or that of equal value as established in the EU and Lithuanian legislation, women earn 15–20 per cent less than men. These differences are determined by both the vertical and horizontal segregation of the labour market. In addition, women earn less than men in almost all sectors of the economy. The largest pay gap in 2012 was observed in the financial intermediation market and accounted for as much as 40 per cent (Statistics Lithuania 2013a, 2013b). Relatively lower wages lead to the phenomenon of the feminisation of poverty and social exclusion.

## 5. Conclusions

1. Gender bias is deeply rooted at global, international, national and local (municipal) levels leading to gender asymmetry in economic policy.
2. Macroeconomic policy is not neutral in terms of gender equality. Gender asymmetry is manifested not only at the micro-, but also at the macroeconomic policy level, which adversely affects economic growth and state budget revenues. In this regard, decisions on the economic policy of the state must be adequate and adopted in compliance with the criteria for gender equality.
3. Women's care (or reproductive, family) economy is an important branch of economic activity equivalent to any other economic activity that also creates added value in the form of educated human resources and contributes to GDP. The care economy is not reflected in the structure of GDP, its contribution is not measured in any way, not evaluated and not calculated.
4. The national budget in Lithuania is formed by ignoring the principle of gender equality: expenditure is allocated to male-dominated sectors from the state budget on a priority basis, while to female-dominated sectors – on a residual basis. The gender-asymmetrical allocation of public expenditure promotes gender inequality and negatively affects the economy, particularly public revenues. This is one of the causes of a decrease in public revenues in Lithuania.
5. Foreign trade policy is not gender-neutral, as gender equality is an important factor in the policy. Gender inequality adversely affects the efficiency of foreign trade.
6. Women and men have different access to economic resources, employment, career and promotion. For these reasons, women's contribution to GDP and the national budget is lower than it could be.
7. Women's creativity and business potential are a hidden source of economic growth and job creation.

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