Why Do Women Have Longer Unemployment Durations than Men in Post-Restructuring Urban China?

by Fenglian Du, Jian-Chun Yang and Xiao-Yuan Dong

In the past decade, China’s public enterprises underwent dramatic labor retrenchment. The reform has affected men and women differently. Studies show that women have been laid off at much higher rates than men and experienced greater difficulty seeking reemployment, see figure 1, which shows that women's non-employment rate is higher than men's conditional on any given unemployment duration. The deterioration of the employment status of women has made the feminization of urban poverty a real possibility in post-restructuring China. The incidence of female poverty will also be more likely to transfer from one generation to another through the declining investment in education and health given the evidence from a diverse set of countries that increasing a woman’s share of income in the household significantly increases the share of the household budget allocated to children’s education, health, and nutrition-related expenditures. Gender discrimination in labor markets also creates new resource misallocation issues in that highly productive female workers are unemployed or forced to leave the labor force altogether.

Figure 1: Kaplan-Meier Survival estimates by gender (male is represented by gender=0 and female by gender=1)

This paper provides the first systematic analysis of the reasons why women endure longer unemployment durations than men in post-restructuring urban China using data obtained from a national representative household survey. Rejecting the view that women are less earnest than men in their desire for reemployment, the analysis shows that women’s job search efforts are handicapped by lack of access to social networks, social stereotyping (that married women are unreliable employees), unequal access to social reemployment services, and higher earnings losses of job separation borne by women.

The results of our analysis have important policy implications. The main message is that policy measures must be taken to address the external constraints and structural features of China’s urban labor market if the state hopes to reduce gender inequality in employment. Key measures include public interventions for reducing gender segmentation and discrimination in the labor market, narrowing the gender wage gap in the emerging private sector, making active labor policies such as skill-training and job replacement services more widely accessible and more sensitive to the needs of unemployed female workers, and helping women develop connections to social networks. Beyond the concern about gender inequality, policies designed to provide skill training and a social safety net for unemployed urban workers and special assistance to individuals in poor health and the households with multiple unemployed members are also warranted in order to ease the pain borne by these workers in the face of labor market turbulence.

This Policy research brief is based on the Working paper PMMA 2007-23