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POLAND: GENDER ISSUES IN THE TRANSITION TO A MARKET ECONOMY

FINAL REPORT

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NOTE

Ernst & Young was the prime contractor for the Private Enterprise Development Support Project II (Project Number 940-2028.03) until October 1, 1991. On October 1, 1991, the project was transferred to Coopers & Lybrand, which is now the prime contractor. Because this study was prepared prior to October 1, it may contain references to Ernst & Young.

EXECUTIVE SUMMARY

The purpose of this study is to examine Poland's transition to market economy from a gender perspective, that is, from the perspective of how men and women might participate in and be affected by political and economic change in different ways. The ultimate objective is to help A.I.D. take gender considerations into account in the development of its programs in Central and Eastern Europe. This report was prepared by Coopers & Lybrand under contract to the U.S. Agency for International Development. The study was funded by the Office of Women in Development through a buy-in to the Private Enterprise Development Support Project of the Bureau for Private Enterprise.

Given the enormous challenges Poland faces, one might ask whether gender issues are really that important, and if so, why. There are several reasons why gender is important to consider in the context of Poland, including the following:

- Structural adjustment is not gender-neutral. There is evidence that economic adjustment has different impacts on men and women. The question is, as Poland undertakes major political and economic reforms, will women -- or men -- face particular costs in the adjustment process? And if so, what can be done to mitigate these costs?

- In no other region of the world do women play as active a role in the labor force as they do in Eastern Europe. In Poland, women make up more than 45 percent of the active workforce. However, in the transition to a market economy, the trends indicate that women will be disproportionately unemployed. Moreover, they face much lower rates of re-employment than their male counterparts. This is cause for concern.

- One of Poland's most valuable assets is its well-educated population. During the socialist era, the rate of female enrollment in the educational system increased significantly. In fact, women now comprise about 56 percent of all the students in higher education. Because of their strong educational backgrounds, women can be an extremely valuable resource in the transition to a market economy. Their knowledge and skills are a resource to tap and utilize in Poland's new economy.

- Conversely, many of the skills acquired under socialism will no longer be relevant in a market economy. Women have been the backbone of a number of professions that are central to private sector development, including accounting, banking, finance, and insurance. But unless women participate in business education and training programs, their skills in these professions will soon be of little value.

- While women often had educational credentials and skills that matched or exceeded those of their male colleagues, they rarely attained management level positions under socialism. For better or worse, few women made it to the ranks of the *nomenklatura*. As Poland attempts to develop a new cadre of managers, women will be a valuable resource because of their skills and their lack of association with the former managerial cadre.

The study examines gender issues in four areas: (i) the labor force; (ii) unemployment trends; (iii) private sector development; and (iv) institutional change. The key findings and conclusions of the study are the following:

1. *THE STRUCTURE OF THE LABOR FORCE*

- Women play a critical role in Poland's labor force, in large part, due to socialist policy which encouraged -- and obligated -- women to work. Currently, women comprise 45.7 percent of the labor force. However, while socialism was able to engender high levels of employment for women, it failed to engender equality in the workforce. Major differences between men and women persist in their skills, occupations, access to management positions, and income.

- Because of sharp differences in men and women's educational backgrounds, they enter the labor force with different qualifications and skills. This in turn has a significant impact on the types of jobs they acquire and the sectors in which they are employed. At the professional level, women make up a large percentage of the workforce in finance and insurance, as well as medicine, health and social services. They also comprise a large proportion of the labor force in light manufacturing, particularly textiles, clothing and electro-mechanical industries. A vast majority of the office administrative jobs are also held by women.

- Traditionally, women have represented only a small proportion of the individuals in management and supervisory positions. Management has been and still is primarily a man's domain. However, now that access to management is no longer tied to party affiliation, there appear to be greater opportunities for women to enter management.

- Women's earnings are estimated to be about 70 percent of men's earnings. Gender-based differences in income are attributed primarily to the lack of women in skilled technical jobs and management-level positions.

2. *UNEMPLOYMENT*

- Gender is a critical component of the unemployment issue. Women comprise 45.7 percent of Poland's labor force, but as of June 1991, they made up 52.1 percent of the unemployed. While this difference may not seem large, what is of greatest concern is that the proportion of women among the unemployed has been steadily increasing over time. In essence, a "gender gap" has begun to emerge among the unemployed.

- One of the factors which accounts for this gap is, as noted above, men and women work in different sectors and occupations. The sectors in which women are heavily employed, such as light industry, have been hit hard in the transition to a market economy.

- There are also significant differences in the number of new job openings for men and women. Only 23 percent of the job openings on file with the Office of Work are for women; 77 percent are for men. Job openings frequently specify the gender of the desired candidate.

3. PRIVATE SECTOR DEVELOPMENT

- Based on the team's interviews with a number of Polish women in business, as well as representatives of banks and private sector support organizations, the team found that there are no major legal or structural impediments specific to women in business. The problems faced by many new businesses, whether they are owned by men or women, are often so overwhelming that gender-related impediments pale in comparison.

- Nonetheless, this is not to say that gender is not an issue. There are major differences in the types of businesses owned by men and women. Moreover, women make up a much smaller portion of the participants in the newly-created business education and training programs; they comprise a small percentage of the newly-created business associations; and women-owned businesses comprise 15 to 30 percent of the loan portfolios of most banks.

4. INSTITUTIONAL CHANGE

- Polish women benefit from a number of generous maternity and child-care benefits. New mothers are eligible for sixteen weeks of paid maternity leave. In addition, either the mother or father may take up to three years leave from work to care for the child before the child is four years old. In practice, few fathers take child-care leave, though their numbers are growing.

- The key question is whether these generous maternity and child-care allowances will survive the transition to a private sector led economy. The team found that there is very little movement toward changing the laws at this time; they are considered to be virtually "untouchable" because any changes would be highly sensitive. Nonetheless, Poland's emerging private sector questions how these benefits can be maintained in a market economy. In light of these views, a gap may well emerge between law and its practice.

- Many of the day-care centers and pre-schools that were established under socialism are now beginning to close due to lack of financial resources. One alternative to state-run day care may be the development of private day care. But thus far, private day care has proven to be far too costly for the average Pole. Until affordable day-care becomes available, grandmothers or other family members will be the most likely alternative.

5. *POLITICAL PARTICIPATION*

- Women's representation in all of the newly elected parliaments of Eastern Europe dropped precipitously after free elections. Poland was no exception -- although the fall was less sharp than in other countries. Previously, women comprised 20 percent of the seats in Parliament; as of July 1991, women held 12 percent of the seats.

- Women are gaining opportunities for expressing their views and concerns through the creation of new institutions and associations. Among the more important groups is the Parliamentary Group on Women's Issues, a committee established in the Polish Parliament to protect and promote women's interests and to encourage women to play an active role in politics and the economy.

6. *CONSIDERATIONS FOR U.S. DEVELOPMENT ASSISTANCE*

- Training is the most important area for programming from a gender perspective. Four areas that are priorities for training are finance and banking; management and marketing; entrepreneurship; and job skills.

- Small business development is also an important area for integrating gender considerations into U.S. development assistance programs. While there are no major structural impediments to women in business, women's participation in credit programs, business training programs and business associations is far lower than that of men. As A.I.D. develops its new small business development program, we recommend that it seek out opportunities to encourage women's participation.

- Given the trends in unemployment, it will be important to collect gender-disaggregated data and monitor future trends from a gender perspective. As a starting point, we recommend that projects funded by the U.S. government include gender-disaggregated information. We recognize the importance of minimizing burdensome reporting requirements, but adding gender as a variable rarely encumbers a system. Indeed, it enriches the information available for making future decisions on projects and programs.

- A recommended area for policy dialogue is labor policy and law. Currently, job openings registered with the Office of Work frequently specify the gender of the desire candidates. U.S. development assistance can play an important role in sensitizing the government to the costs of maintaining this practice and encouraging the government to adopt alternative non-discriminatory practices.

- A number of institutions have been established recently, which offer women an opportunity have a role in the process of institutional changed in Poland. The team recommends that A.I.D. keep abreast of the development of these institutions, particularly the Parliamentary Group on Women's Issues, and as opportunities arise, provide support to strengthen these emerging institutions.

In conclusion, in order to help ensure a smooth and sustainable transition to a market economy in Poland, gender should be taken into account as a factor in the development of U.S. assistance programs. This report outlines broad areas for consideration for the U.S. development assistance program. The next step -- the more important step -- will be to move toward integrating gender considerations into the design and implementation of programs and projects in the region.

CHAPTER I

INTRODUCTION

The transition from a centrally-planned economy to a market economy has meant fundamental changes in all aspects of Polish society. The purpose of this study is to examine Poland's transition to a market economy from a gender perspective, that is, from the perspective of how men and women might participate in and be affected by political and economic reform in different ways. The ultimate objective is to help A.I.D. take gender considerations into account in the development of its programs in Central and Eastern Europe. Given the enormous challenges Poland faces, one might ask whether gender issues are really that important, and if so, why. There are four reasons why gender is important to consider in the context of Poland.

- Structural adjustment is not gender-neutral. There is evidence that economic adjustment has different impacts on men and women. The question is, as Poland undertakes major political and economic reforms, will women -- or men -- face particular costs in the adjustment process? And if so, what can be done to mitigate these costs?

- In no other region of the world do women play as active a role in the paid labor force as they do in Eastern Europe. In Poland, women make up more than 45 percent of the active workforce. However, in the transition to a market economy, the trends indicate that women will be disproportionately unemployed. Moreover, they face much lower rates of re-employment than their male counterparts. This is cause for concern.

- One of Poland's most valuable assets is its well-educated population. During the socialist era, the rate of female enrollment in the educational system increased significantly. In fact, women now comprise about 56 percent of all the students in higher education. Because of their strong educational backgrounds, women can be an extremely valuable resource in the transition to a market economy. Their knowledge and skills are a resource to tap and utilize in Poland's new economy.

- Conversely, many of the skills acquired under socialism will no longer be relevant in a market economy. Women have been the backbone of a number of professions that are central to private sector development, including accounting, banking, finance, and insurance. But unless women participate in business education and training programs, their skills in these professions will soon be of little value.

- While women often had educational credentials and skills that matched or exceeded those of their male colleagues, they rarely attained management level positions under socialism. For better or worse, few women made it to the ranks of the *nomenklatura*. As Poland attempts to develop a new cadre of managers, women will be a valuable resource because of their skills and their lack of association with the former managerial cadre.

This study examines gender issues in four critical areas in Poland's transition to a market economy: (i) changes in the structure of the labor force; (ii) unemployment trends; (iii) private sector development; and (iv) institutional change. The structure of the report parallels these issues. Chapter II of the report illustrates the different roles women and men play in the labor force in terms of the sectors in which they are employed, their roles in management, and their incomes. Chapter III looks at emerging trends in unemployment and re-employment from a gender perspective. Chapter IV describes the role of women in Poland's private sector. Chapter V examines institutional change from a gender perspective. By "institutional change," we mean not only the development or reform of institutions, but also changes in the broader institutional framework, including law, policy, administration, and decision-making processes. And finally, Chapter VI outlines conclusions and some considerations for U.S. development assistance.

This study was prepared under the aegis of the United States Agency for International Development (A.I.D.) through a buy-in to the Private Enterprise Development Support Project (PEDS) of the Bureau for Private Enterprise. The study was funded by A.I.D.'s Office of Women in Development in the Bureau for Research and Development. The Ernst & Young team was composed of Sydney Lewis, Aleksandra Braginski and Jolanta Strzelecka.

Approach

This study is part of a two-phase effort to look at gender issues in Eastern Europe. The first phase involved gathering and analyzing data available in the U.S. on women's participation in the labor force in Eastern Europe. All of the work was based in Washington, D.C., and included an intensive review of the literature on women's socio-economic roles and interviews with U.S. based experts on gender issues in Eastern Europe. A report summarizing the findings of the literature search was prepared by Ernst & Young in May 1991.

Not surprisingly, there were a number of limitations to the data-gathering effort in the first phase. Most of the information available in the U.S. on gender roles in Eastern Europe was published in the mid to late 1980s. As such, the data reflected gender patterns and roles prevalent under socialism, as opposed to recent trends. Because the information pre-dated 1989, the team was also unable to gather information on key areas such as unemployment and private sector development. The initial data-gathering effort examined gender issues in Eastern Europe as a region, but did not explore the differences between the various countries in the region.

Using the literature search as a launching point, the second phase of the study involved field research in Poland and Hungary. The purpose of the field work was three-fold: (i) up-date and expand the information gathered through the literature review; (ii) gather information in areas in which there was little to no information available in the U.S.; and (iii) validate and/or modify the findings of the literature review based on first-hand research.

The Ernst & Young team spent three weeks in Poland from July 8 through July 27 and conducted interviews with at least seventy individuals. During the first week of the mission, the team held meetings with key policy-makers in a variety of institutions, including the Ministry

of Labor and Social Policy, the Plenipotentiary for Women and Family Affairs, and Solidarity. During the second week, the team traveled to Malkinia, Łodz and Krakow to obtain a broader perspective on the impacts of economic reform from a gender perspective. The team met a number of institutions which support private sector development, including the newly-created chambers of commerce and private banks, as well as businesswomen themselves; profiles of some of these women are presented in the report, although their names have been changed to maintain confidentiality. The team also met with people that are currently carrying out research on labor force issues, including representatives of the regional Solidarity offices and the academic community. During the last week, the team conducted several field visits to rural areas surrounding Warsaw to meet with small-scale entrepreneurs. A complete list of the individuals contacted is included in Annex 1 of the report.

The team would like to thank the staff of the Office of Women in Development and the Bureau for Europe for its contributions to our research on gender issues in Eastern Europe. We would also like to extend our appreciation to the A.I.D. and Embassy staff in Poland for their support in conducting research in the field. We would especially like to thank all of the individuals in the Polish government and the business and academic communities, who so willingly gave their time and views to the benefit of this study.

CHAPTER II

THE LABOR FORCE FROM A GENDER PERSPECTIVE

This chapter explores the structure of Poland's labor force, particularly gender-based patterns and trends. The structure of the labor force is key to understanding many of the recent developments in Poland's transition to a market economy.

A. TRENDS IN LABOR FORCE PARTICIPATION

Over the past forty-five years, Poland has witnessed significant increases in women's participation in the labor force. At the end of 1989, more than 8 million women were at work in the Polish economy, comprising nearly 46 percent of individuals in the workforce. The growth in women's labor force participation is illustrated in the following table.

TABLE 1

WOMEN AS A PROPORTION OF THE LABOR FORCE IN POLAND 1950 - 1985

Year	Percent
1950	31.0%
1955	31.9%
1960	33.7%
1965	36.8%
1970	39.6%
1975	42.9%
1980	44.2%
1985	45.0%
1989	45.7%

Source: Central Statistical Bureau, 1988, as cited in (eds.) Gertrude Schaffner Goldberg and Eleanor Kremen, The Feminization of Poverty: Only in America?, Praeger Publishers, 1990, p. 187.

A number of factors account for these trends. With the death of nearly 6 million people in World War II, most of whom were men, women were critical to rebuilding the Polish economy. Moreover, "activation" of women was fundamental to economic development under socialism, not only because women were needed to compensate for the shortages in male labor, but because

it was believed that increased numbers of women in the workforce would eliminate many of the inequalities between men and women. Socialism carried an official commitment and obligation to ensuring women's equality with men. In many sectors of the economy, quotas were established in order to increase the number of women in the labor force.

Historically, women's labor force participation has also fluctuated in accordance with swings in the economy. During periods of high economic growth, women's participation in the labor force has tended to increase. For example, between the years 1970 and 1975, the proportion of women in the labor force increased by 3.3 percent. In contrast, in periods of economic stagnation, such as between 1975 and 1980, women's participation continued to increase but at a much lower rate (1.3 percent). These trends are important to keep in mind in light of the deep recession currently faced by Poland.

Currently, it is estimated that nearly 72 percent of all women between the ages of 18 and 64 work (Kuratowska, 1991, p. 16). However, two factors that have strongly influenced their level of participation in the work force are age and location in urban versus rural areas. Table 2 breaks down women's participation in the workforce by age for the years 1978 and 1988. This data represents women in the work force as a percentage of all women.

TABLE 2

PERCENTAGE OF WOMEN ACTIVE IN THE LABOR FORCE BY AGE

Age	1978	1988	Change from 1978 to 1988
Overall	58.7	57.0	decrease
15 - 17	5.2	2.4	decrease
18 - 19	43.2	41.7	decrease
20 - 24	68.4	64.0	decrease
25 - 29	75.1	70.0	decrease
30 - 34	79.5	76.7	decrease
35 - 39	81.9	83.0	increase
40 - 44	82.7	85.5	increase
45 - 49	78.5	81.2	increase
50 - 54	71.6	71.1	decrease
55 - 59	57.9	50.6	decrease
60 and over	23.3	23.6	

Source: Central Statistical Bureau, Women in Poland, November 1990, p. 20.

Overall, the percentage of working women fell slightly between 1978 and 1988. But it is particularly interesting to note where labor force participation increased or decreased by age. First, there was a notable decrease in women's labor force participation in the teenage and young adult ages; this was principally due to increased female enrollment in the educational system, which is discussed in greater detail on the following page. In contrast, there was a sharp fall in labor force participation between the ages of 25 and 34. Not surprisingly, this is also the age at which Polish women have children. In the early 1980s, Solidarity argued for and obtained more generous child care leave policies for women workers. It would appear that one of the results of these policy changes was a drop in labor force participation rates for women of child-bearing age.

For women between the ages of 35 and 49, participation in the work force increased. The increase during this age range is probably attributable to women's return to the work force after taking some leave to raise children. As the table indicates, this is also the age range in which the largest percentage of women work; nearly 86 percent of women between the ages of 40 and 45 are active in the labor force. For women above age 50, labor force participation rates fell during the 1980s due to policy changes in disability benefits and retirement packages. Retirement in most sectors of the economy is granted to women at age 55 and to men at age 60.

The urban versus rural dimension is also important to examine in terms of labor force participation. Overall, 53 percent of women in urban areas are active in the workforce, whereas more than 65 percent of women in rural areas work. But the interaction between age and urban/rural location is also key. Women in rural areas start to work at a much earlier age than urban women, spending less time in school to complete studies, hence there is a considerable gap in labor force participation rates at young ages -- nearly 22 percent among 18 and 19 year old women. As women get older, the difference between urban and rural women grows smaller until they reach their late forties. After age 45, the gap between urban and rural women begins to widen again. A large percentage of women in rural areas continue to work at a late age; nearly 72 percent of rural women between the ages of 55 and 59 are still active in the workforce, in comparison to 37 percent of urban women.

There is no doubt that women play a critical role in Poland's labor force, in large part, due to socialist policy which encouraged -- and obligated -- women to work. But while socialism was able to engender high levels of employment for women, it failed to engender equality in the workforce. Major differences persist in the women and men's educational background, which in turn affects their participation in various occupations. There are also significant differences between men and women's earnings and their participation in management-level positions. Each of these areas is explored further in this chapter.

B. GENDER-BASED DIFFERENCES IN EDUCATION

Much as socialism encouraged women's participation in the labor force, it also encouraged women's enrollment in the educational system. According to UNESCO data, women comprised only 36 percent of all students attending post-secondary school in 1950 compared to 56 percent in 1985. While women gained nearly equal access to education at all levels under socialism, gender-related differences remained strong. As discussed in the literature search on women in Eastern Europe, gender-related differences in the educational system emerge at the secondary school level and persist through higher education.

The educational system in Poland is such that choices made at a very early stage determine future options for education ... and careers. After primary school, students enter either a three year "basic vocational track," a five year "advanced vocational track," or a general academic track. In general, girls choose the general academic track, whereas boys follow the vocational track. The differences between girls and boys' educational choices are illustrated in the Table 3 below.

TABLE 3

EDUCATIONAL LEVEL OF WOMEN AGED 15 AND OVER (1988)

Highest Completed Level of Education	Number of Females Per 100 Males	Percentage of All Females	
		Urban	Rural
Higher Education	89	8.3	1.8
Secondary Education	150	36.0	15.8
Basic Vocational Education	56	16.1	16.8
Primary School	126	35.9	51.5
Did Not Complete Primary School	181	3.7	14.1
		---	---
		100.0	100.0

Source: Central Statistical Bureau, Women in Poland, November 1990, p. 18.

Significant gender-related differences persist through higher education because women tend to concentrate in different areas than men. As the table below indicates, women comprise the majority of students in hotel and restaurant services, medicine, economics and education. In contrast, women make up a small percentage of the total number of students in engineering.

TABLE 4

THE EDUCATIONAL FIELDS OF WOMEN WHO HAVE COMPLETED SECONDARY OR POST-SECONDARY EDUCATION IN POLAND, 1988

	Women as a % of of All Graduates	% of All Women
Hotel and Restaurant Services	89.8	12.2
Medical Services	85.9	7.3
Economics	81.0	15.0
Education	80.1	23.1
Mathematics/Natural Sciences	60.6	1.1
Humanities	60.5	2.4
Agriculture	50.6	8.3
Law and Administration	39.7	0.7
Engineering/Technical Fields	25.6	28.4
Other		1.5
		100.0

Source: Central Statistical Bureau, Women in Poland, November 1990, p. 19.

There have been explicit attempts to shift the gender balance in some educational fields. For example, for some time, women had to earn a higher score than men in entrance exams for medical school so as to facilitate the entry of men into the medical profession. This policy was abandoned in 1989 because it was deemed discriminatory to women. Because of sharp differences in the men and women's educational backgrounds, they enter the labor force with different qualifications and skills. This in turn has a significant impact on the types of jobs they acquire and the sectors in which they are employed.

C. GENDER-BASED DIFFERENCES IN OCCUPATIONS

In theory, no type of work is reserved for men in Poland except work that is considered harmful to women of reproductive age. In practice, however, the labor market in Poland is characterized by a high level of occupational segregation by gender. Gender-based differences in occupations are not unique to Poland nor to Eastern Europe, but the sectors which have a high proportion of women in Poland are often quite different from those in Western countries. This is particularly true of finance and medicine, which are characterized by a high percentage of women and relatively low wages. The proportion of women in the workforce in selected sectors of the economy is illustrated in the table below.

TABLE 5

PROPORTION OF WORKFORCE WHO ARE WOMEN BY SECTOR (1989)

Finance and Insurance	85%
Health and Social Services	81%
Education and Training	77%
Government Administration and Administration of Justice	64%
Culture and the Arts	61%
Tourism	53%

Source: Central Statistical Bureau, Women in Poland, November 1990, p. 19.

The team was particularly interested in looking at the role of gender in sectors which are likely to undergo major change in the transition to a market economy. To better understand the current and future occupations of women in Poland, the team examined gender roles in the industrial and financial sectors.

Industry: Women make up a large proportion of the labor force in light manufacturing. In the textile sector, more than 80 percent of the labor force is female; in clothing industries, 60 percent of the workforce is female; and in electro-mechanical industries, an estimated 50 percent of the labor force is female. The predominance of women in light industry is due in part to regulations which prevent women from taking jobs that may be hazardous to their health. However, it also reflects the educational differences between men and women. As noted in the previous section, girls rarely obtain the same level of technical skills as do boys. Hence, they tend to obtain jobs in sectors where the demand for technical skills is low.

In sectors where both men and women work, men are more likely to be employed in the skilled manual positions, whereas women are employed in unskilled and semi-skilled jobs. For example, in Poland's meat processing industries, men are responsible for slaughtering the animals and cutting the meat, both highly skilled jobs which require training; women clean the facilities and process the meat. In steel and other heavy industries, men are the skilled technical workers; women are the book-keepers and clerks, positions which are far less lucrative than those held by men. Income-earning differentials are examined in Section E of this chapter.

The industrial sector is experiencing major change in Poland's transition to a market economy. Light manufacturing industries face stiff competition from foreign goods, and with poor management and out-dated technology, few businesses can survive. Production has dropped dramatically, enterprises are on the edge of bankruptcy, and major lay-offs are anticipated in the next few months. Because light industry is dominated by female labor, most of the unemployed will be women. The implications of these trends are examined in greater detail in the Chapter III of the report on unemployment.

Finance: Unlike the situation in most Western economies, women make up a large percentage of the workforce in finance. In fact, 85 percent of all individuals working in the financial sector in 1989 were women. Women's high participation in the financial sector was largely due to the fact that banking and finance under socialism entailed essentially administrative and book-keeping types of functions -- functions that were carried out by women in all sectors of the economy. Few banking jobs required qualifications beyond that of a clerk except those in top management, and these positions were held almost exclusively by men. Another reason women have traditionally dominated banking is that it was a low-paying field; salaries were considered adequate for "secondary" wage earners -- women -- but insufficient for men as the "primary bread-winners." Lastly, most banking jobs were easily contained within an eight-hour day, thereby enabling women to balance the demands of work and home more easily.

Finance under socialism had little to do with finance as it is understood in the Western context, but times are changing rapidly. New private banks have emerged, which are just beginning to provide financial services to Poland's budding private sector, and the sector as a whole will undergo major change in Poland's transition to a market economy. The key question is what are the implications of these changes for women's traditional mainstay in banking and finance. The team interviewed representatives from five banks to gain their perspectives on gender-related changes in banking.

At this early stage in financial sector reform, banking is still characterized by a high proportion of female employment. Women make up 80 percent of the 1,900 employees in Powszechny Bank Gospardarczy, a state-owned bank. They comprise the majority of employees in the newly-created First Polish-American Bank in Krakow and nearly half of the 46 employees in the Bank for Socio-Economic Initiatives. Nonetheless, important gender-related changes have begun to emerge. As the banking sector begins to undergo reform -- and new and more lucrative career opportunities emerge -- men have been increasingly attracted to the banking sector. Each of the banks interviewed by the team noted an increase in the number of jobs held by men during the past year. Fortunately, because of the rapid growth in the banking sector, new jobs for men are not substituting for those held by women. Indeed, reform in the banking sector seems to have proved equally beneficial for women. For the first time, women are moving into middle and senior management level positions in banking. The President of the Prosper Bank in Krakow, a newly-created private bank, is a woman. The Vice-President of the First Polish-American Bank in Krakow is a woman. Two of the four managing directors in the Bank for Socio-Economic Initiatives are women, and six of its seven operational divisions are headed by women.

D. GENDER-BASED DIFFERENCES IN MANAGEMENT POSITIONS

"Men manage and women work," stated the director of credit in one of Krakow's newly-created private banks. While she is an example of how women are beginning to break into the managerial ranks, management has been and still is primarily a man's domain. Traditionally, women represented a very small proportion of the individuals in management and supervisory positions in Poland. Of all the women who had completed higher education as of 1989, fewer than one out of five had ever held a managerial or supervisory position. Those most likely to be managers had majored in economics, agriculture, or engineering. Moreover, most women had held mid-level positions and very rarely top management positions.

The "glass-ceiling" phenomenon is not unique to Poland, and many of the causes of the phenomenon would appear to be similar in Poland and Western economies. However, a key difference is that until recently, management positions in Poland were closely linked to involvement in the Communist Party. According to some observers, women avoided management positions because of these party connections. The need to "take care of the home and the children" became a convenient (and valid) reason for avoiding involvement in the party, but for better or worse, it also restricted opportunities for entering management.

The shift to democracy in Poland will offer new opportunities to women now that management is no longer tied to party affiliation. The changes in the financial sector discussed above are illustrative of some of the new opportunities open to women -- if they are educated and have the kinds of skills in demand in Poland's new economy. One of the businesswomen interviewed by the team noted that a more "transparent" system will be particularly beneficial to women. If the rules of the game are clear, women in Poland will gain the necessary confidence to use the skills they have acquired through education and experience.

E. GENDER-BASED DIFFERENCES IN INCOME

Legally, there are no gender-based differences in pay for the same type of work in Poland. However, according to household budget surveys carried out by Poland's Central Statistical Bureau, women's earnings are estimated to be about 70 percent of men's earnings. Gender-based differences in income are attributed largely to the factors discussed above: (i) the lack of women in skilled technical jobs; and (ii) the lack of women in management. The Central Statistical Bureau also notes that, even when men and women do work in jobs with nominally the same status, women tend to have less authority and responsibility and hence are paid less. But the disparities between men and women's wages also vary by sector and type of employment. The Statistical Bureau's household budget surveys indicated the following patterns:

1. The disparity between women and men's income is greatest in industry and least in agriculture, commerce, finance and insurance. This reflects the fact that differences in remuneration of men and women in blue collar jobs tends to be greater than the differences in white collar jobs. Differences in income in the least disadvantageous sectors were in the range of 11 to 13 percent.

2. The greatest differences in income between men and women are in the 30-39 and the 40-49 age group. Once women return to work after taking off time to raise children, it appears that their incomes remain significantly lower than those of men until they reach at least 50 years old. In 1985, the difference between men and women's income in the 30-39 age group was nearly 38 percent.

3. The disparity in remuneration between blue-collar jobs and white-collar jobs is greater for women than for men. In 1989, men in white-collar jobs earned 16 percent more than men in blue-collar jobs; women in white-collar jobs earned 21 percent more than women in blue-collar jobs.

4. Lastly, education has different impacts on men and women's income-earning potential. As one might expect, women's income is closely correlated with the number of years in formal education, but this is not the case for men. Men that attend basic vocational education for three years after primary school earn more than men who have some general high school; men with basic vocational education obtain relatively high-paying positions such as that of a locksmith, a lathe operator or a repairman. In contrast, women with basic vocational education often obtain low-paying jobs in industry or nursing.

In May 1990, the Central Statistical Bureau carried out a survey of nearly 42,000 workers which provided information on the differences between men and women's earnings. The table on the following page summarizes some of the data collected in this survey. The data indicate that women earn consistently less than men, although the difference between men and women's earnings varies considerably depending on the professions in which they work.

TABLE 6

MONTHLY EARNINGS FOR WOMEN IN SELECTED OCCUPATIONS MAY 1990

Occupations	Women's Monthly Earnings (000 zlotys)	Women's Earnings as a Percentage of Men's Earnings
Attorney	1163	98.0
Administrator/Manager	1157	68.2
Physician	1136	87.2
Economist	1110	72.2
Mathematician	999	97.2
Laborer	701	90.2
Shop-Keeper	674	88.8
Skilled Office Workers	686	90.6
Agricultural Technician	684	74.3
Hospital Orderly	560	81.7
Unskilled Worker	522	79.3

Source: Central Statistical Bureau, Women in Poland, November 1990, p. 31-32.

In conclusion, there is no doubt that women play a major role in Poland's labor force. However, contrary to socialist ideology, increasing women's participation in the labor force did not necessarily engender equality in the workforce. Major differences persist in women's and men's educational backgrounds, which in turn affects their participation in various occupations. There are also significant differences between men and women's earnings and their participation in management-level positions. The transition to a market economy will alter many of the traditional gender-based patterns in Poland's labor force. For those women with education and marketable skills, the transition is likely to offer new opportunities for moving into management -- as we see happening in the financial sector. Unskilled women are likely to face difficult prospects in the transition period. As explored in the next chapter, it is these women that will be particularly vulnerable to unemployment during the transition phase.

CHAPTER III

UNEMPLOYMENT FROM A GENDER PERSPECTIVE

Unemployment has emerged in Poland for the first time in nearly forty-five years. The sudden lack of guaranteed employment has been a shock for many Poles. While most people acknowledged that unemployment would be inherent in the reform process, few predicted how quickly large-scale unemployment would emerge. In fact, in early 1990, the Ministry of Labor and Social Policy was projecting that 400,000 people would be unemployed by the end of year; in reality, over a million people were unemployed. As of June 30, 1991, the number of registered unemployed persons was 1,574,099, or roughly 10 percent of the labor force. While the numbers are already high, most people now recognize that this is just the beginning of unemployment. The main sources of future unemployment will be the following:

- The urgent need to restructure state-owned enterprises. Many large state-owned companies are heavily over-staffed and equipped with out-dated technology; in the transition to a market-based economy, these companies will be restructured or privatized, or in some cases liquidated all together, resulting in major "group lay-offs."[1] Many of the large-scale industrial enterprises are located in Łodz, Walbrzych and Katowice. While unemployment in these regions is not yet considered a major problem, it soon will be according to the Ministry of Labor and Social Policy.

- Weak and fragile economic structures in selected regions of Poland, particularly the north-east. While some regions such as Warsaw and Krakow have barely been touched by unemployment, the north-east provinces have experienced unemployment rates as high as 30 percent. The north-east region is characterized primarily by highly inefficient agricultural units. But it also holds a number of large factories based in small rural towns; these factories never were economically viable, and as Poland makes the shift to a market economy, they are rapidly going under, leaving their employees with desperately few alternatives for re-employment.

- The lack of jobs for new graduates. For the first time in many years, new graduates are faced with a competitive job market. Recent graduates represent a high proportion of the registered unemployed -- more than 9 percent according to June 1991 unemployment statistics. The largest number of unemployed is found among recent graduates from the vocational schools; more than 87 percent of unemployed graduates were from basic vocational school or vocational secondary schools.

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[1] Note: A "group lay-off" occurs when at least 10 percent of all employees in an enterprise are laid at the same time. People who are laid off in groups receive additional unemployment benefits.

Employment in the private sector is growing rapidly, and over time, will hopefully be able to absorb some of the unemployed. Nonetheless, there is also no doubt that many Poles are likely to face long-term unemployment as a result of economic restructuring. Key trends in unemployment from a gender perspective are examined below.

A. TRENDS IN UNEMPLOYMENT

Gender is a critical component of the unemployment equation. As noted in the previous chapter, 45 percent of Poland's labor force is women, but as of June 1991, women comprised 52.1 percent of the unemployed. While this difference may not appear to be large, what is of greatest concern is that the proportion of women among the unemployed has been steadily increasing over time. Moreover, Polish labor economists interviewed by the team indicated that women are likely to be disproportionately unemployed in the future.

TABLE 7

UNEMPLOYMENT IN POLAND -- DISAGGREGATED BY GENDER

Month in 1990	Unemployed Women (000)	Unemployed Men (000)	Women as a % of All Unemployed
January	22.7	33.1	40.7%
February	62.2	90.0	40.9%
March	114.0	152.6	42.8%
April	152.6	198.5	43.5%
May	201.6	241.6	45.5%
June	271.5	296.7	47.8%
July	341.9	409.0	48.9%
August	409.0	411.3	49.9%
September	469.2	457.2	50.6%
October	514.0	494.4	51.0%

Source: Central Statistical Bureau, Women in Poland, November 1990, pp. 24-25.

As the table above indicates, initially men were disproportionately unemployed; while men comprised nearly 55 percent of the labor force, they were nearly 60 percent of the unemployed in early 1990. However, with each successive month in 1990, the number of unemployed women grew more rapidly than the number of unemployed men. In essence, a "gender gap"

has begun to emerge among the unemployed, and as illustrated by the diagram on the following page, the gap is growing ever wider. One of the factors which helps to account for the gap is tied to our discussion in the previous chapter on the types of jobs held by women. Many of the hardest hit industries in Poland are clothing, textiles and electro-mechanical industries -- industries which are all dominated by female labor. Another key area of unemployment is unskilled and semi-skilled clerical staff, nearly all of whom are women.

B. TRENDS IN RE-EMPLOYMENT

Of even greater concern than the unemployment trends outlined above is the fact that relatively few women are re-employed. Re-employment data in Poland are generally presented in terms of the number of "job orders" for employees received by the Office of Work; through the job order system, enterprises specify the qualifications of the employees they wish to hire, including their gender. The index of the number of job orders per registered unemployed, or "the coefficient of hope" as it is often called, is indicative of re-employment trends -- although clearly not all people are employed through the Office of Work. If an enterprise wants to hire one or two individuals, they tend to use other channels; but if they intend to a hire a significant number of individuals, they often go through the Office of Work.

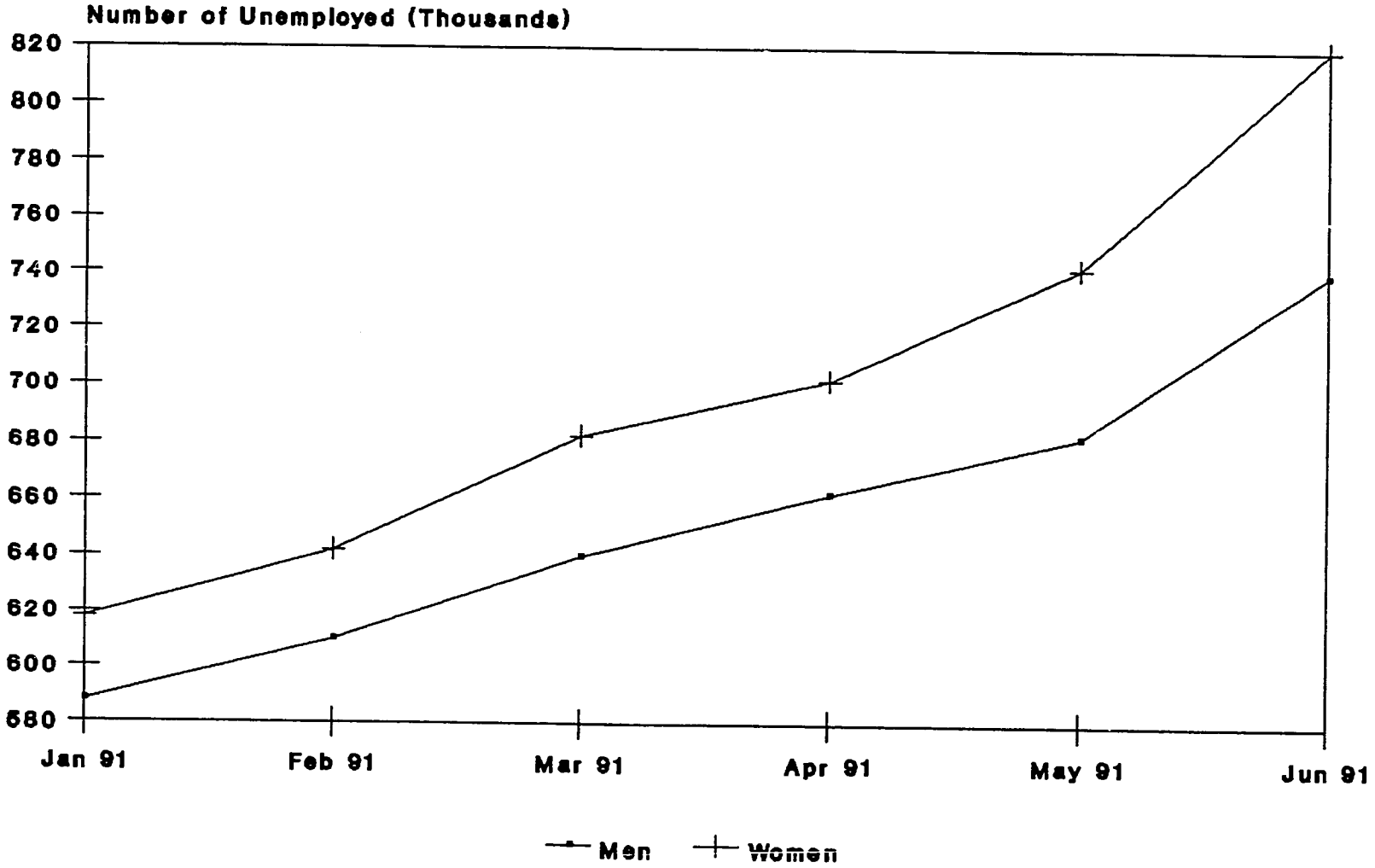
According to the latest statistics collected by the Ministry of Labor and Social Policy, there were 47,367 jobs orders on file for the nearly 1.6 million unemployed persons as of June 30, 1991. Only 23 percent of these job orders were for women; 77 percent were for men. There is also a stark difference between the number of unemployed persons per job order for women and men. Nation-wide, there are currently 74 unemployed women for every job order for women, whereas there are 20 unemployed men for every job offer for men.

It is difficult to know exactly why there is such a considerable gap in the indicators for re-employment rates between men and women. One factor may be that nearly 90 percent of all of the jobs-orders are for blue-collar workers, and women make up a smaller percentage of the unemployed blue-collar workers than men. However, people interviewed by the team attributed the gap in large part to the wide-spread perception that men are more flexible than women and are more willing to make a major change in their jobs. Moreover, many businesses are reluctant to hire women because of the generous maternity and child-care leaves women earn by law; few of the newly-created private enterprises could afford to provide sixteen weeks of maternity leave -- as currently stipulated by the law -- or guarantee a woman's job after three years of child-care leave. These issues are explored in greater depth in the next chapter.

Just as unemployment varies greatly by region, so does re-employment. For example, in Warsaw there is only one unemployed man for every job order; in contrast, 166 men compete for every free job in Sieradz. There are 9 unemployed women in Warsaw for every job offer, whereas in Rzeszow, Solidarity reports that there are 327 women for every job offer. A key factor which impedes re-employment of both men and women is the acute shortage of housing. Most Poles wait years before they obtain housing, often living with family in the interim. Until

UNEMPLOYMENT IN POLAND

January - June 1991



Source: "Informacja o Stanie i Strukturze Bezrobocia w Polsce," Ministry of Labor and Social Policy, July 1991

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housing becomes readily available in growth areas, the labor force will remain essentially immobile, thereby impeding re-employment.

C. ASSISTANCE TO THE UNEMPLOYED

Poland instituted unemployment benefits for the first time in January 1990. Initially, almost anyone who was unemployed could register for the benefits -- including those who had never worked or had not worked for years. A year later the government instituted one major change in eligibility: recipients of unemployment benefits must have worked at least 180 days during the past year. But there are many exceptions to the rule. Among the individuals who are eligible for unemployment are recent graduates, women returning to the work force after the three year leave for child care, single mothers and fathers, women who have worked at least fifteen years and men who have worked at least twenty years. In addition to issuing unemployment benefits, the Office of Work provides other benefits to the unemployed. It helps people find new jobs in response to requests from employers. It provides training when employers have a specific need for skilled employees that are not available on the market. Lastly, it provides small loans to assist the unemployed in creating new enterprises.

Given the sudden emergence of unemployment, the Offices of Work in most regions are overwhelmed. Rarely can they provide the kind of services that the unemployed so desperately need. Another source of assistance for the unemployed is Solidarity. Of course, one of Solidarity's key objectives is to protect labor from being unemployed, and the regional offices in both Łodz and Krakow noted that they are particularly concerned about protecting the jobs of single mothers. But given the scale of the effort to restructure the Polish economy, the trade union recognizes that unemployment is inevitable. In order to assist the unemployed, regional Solidarity offices provide counseling services, direct members to sources of training, or on occasion, organize training courses. They also provide a job referral service, which some claim is more heavily used than the job referral services of the Office of Work.

D. PROFILES OF UNEMPLOYMENT: MALKINIA, KRAKOW AND ŁODZ

In order to obtain a better understanding of unemployment in Poland, the team traveled to three areas outside of Warsaw: Malkinia, Krakow and Łodz. Each of these towns represents a unique dimension of the unemployment situation in Poland. Brief profiles of Malkinia and Krakow are presented below, as well as a more in-depth look at unemployment in Łodz. Łodz is one of the most important cities in Poland to examine from a gender perspective because a high percentage of its labor force is female; moreover, this is one of the regions where unemployment in Poland first emerged.

1. Malkinia

Malkinia is a small rural village located roughly 100 kilometers northeast of Warsaw. Similar to many small towns in the north-east region, Malkinia developed around a large state-owned company, Izolacja, which manufactures asbestos, cement and steel wool. There was little economic justification for locating the factory in Malkinia. Malkinia is far from markets, as well as good transportation and communication systems. Moreover, because of the lack of labor in the region, virtually all of the employees had to be brought in from other regions of the country. At its peak, the factory employed 1000 people. But at the time of our visit, no one was at work; all of the employees were temporarily on paid leave.

Izolacja is in the process of being liquidated due to a combination of excessive debt, obsolete technology and poor management. The company has already laid off nearly 400 employees over the past two years. By the end of July 1991, another 400 will be unemployed, and by the end of September, the remaining 200 will also lose their jobs. According to the director of the company, women were the first to lose their jobs. The director of the company could not give any solid reason for this decision. He noted that women can occupy themselves with household work, whereas loss of employment for men is a calamity.

The prospects for Izolacja's former employees are frightening. Not only will they lose their jobs, but after ten years of working directly with asbestos, their health is endangered. Ninety percent of the employees have chronic lung and throat illness; fifty percent have chronic skin infections. Once Izolacja closes its doors, unemployment in Malkinia is projected to rise to more than 37 percent. With only 67 jobs openings in the region, only seven of which are for women, residents of Malkinia face tough times ahead.

2. Krakow

Krakow illustrates a different side of the unemployment situation in Poland. Unlike the desperate situation witnessed in Malkinia, economic reform seems to have opened up new opportunities for the residents of Krakow. Two factors work in Krakow's favor: a highly educated population, particularly in the areas of science and technology, and a strong entrepreneurial spirit. However, this is not to say that unemployment is not an issue. Nearly 20,000 people are unemployed in Krakow, and according to Solidarity representatives, unemployment in the region has increased significantly in recent months. Steel, electronics and light industries are likely to be hit hardest. While the majority of employees in the steel industry are men, women hold administrative jobs -- making up nearly 20 percent of all jobs in the steel industry. In light industry, a major state-owned shoe company is planning to liquidate, leaving potentially 8,000 people unemployed. Total unemployment in Krakow is estimated to be 6 percent, quite a bit below the nation-wide average of 10 percent and considerably lower than unemployment in Malkinia and Łodz. In downtown Krakow, there is little sense of major economic or social tension arising from unemployment. The feeling may well be quite different on the out-skirts of Krakow, where residents of Huta and other industrial suburbs are no doubt feeling the shock of unemployment.

3. Łodz

The Economic Environment: As early as 1820, Łodz was officially designated the industrial center of the Congress Kingdom of Poland. Today, Łodz remains a key manufacturing center. Often referred to as the "Manchester of Poland," Łodz is characterized by a high percentage of unskilled and semi-skilled workers. Not surprisingly, the average wage in Łodz is lower than that of other regions in Poland. Łodz is also noted for its high proportion of women workers in the labor force; it is estimated that more than 80 percent of all women in Łodz work.

The textile and clothing industry has dominated the Łodz economy for many years. Prior to World War II, the textile industry in Łodz sold most of its goods to Germany; however, under socialism, markets were shifted to the Soviet Union and the former East Bloc nations. Over the past forty-five years, the efficiency of enterprises in Łodz diminished; the productivity of its workforce dropped; and the quality of its products fell. With the recent collapse of the Soviet market, Łodz desperately needs to recapture the markets it once held -- but in the near term, most industries have no place to sell their goods. The domestic market has been flooded by cheap imports from Asia, Western markets demand a better quality product than that produced in Łodz, and markets in the Soviet Union have collapsed. Many firms have already made dramatic cuts in production. Solidarity estimates that there has been a 40 percent drop in production across all sectors in Łodz and at least a 50 percent decline in textile production. Indeed, many enterprises are moving out of production and into commerce and trade, where there is still some opportunity to make a profit.

Businesses in Łodz have also been hurt by the uncertain and ever-changing policy environment. Over the past year, interest rates and taxes have sky-rocketed, bringing many firms to the verge of bankruptcy. As a result of the economic downturn, firms are beginning to lay-off employees ... although reluctantly. In a desperate attempt to "hang-on," some firms are granting temporary leave to their employees. Others are paying their employees at reduced wages or in kind, just to keep the business in operation. But most experts believe that it is only a matter of months before these businesses go under completely. According to the Chamber of Commerce in Łodz, the businesses that are most likely to declare bankruptcy first are the small, newly-created private firms since they have no possibilities for support from the government. In contrast, the government may continue to subsidize some of the large state-owned enterprises in order to reduce the social and political tensions which are bound to emerge as result of unemployment.

Unemployment: Currently, there are 75,000 registered unemployed people in Łodz, nearly 18 percent of the labor force. The Institute of Labor in Łodz projects that by end of this year, as many as 120,000 to 160,000 people will be unemployed. From a gender perspective, the trends in Łodz have been similar to those found nation-wide. Initially, most of the registered unemployed were men, but the percentage of women has increased steadily over the past year. Currently, women comprise 43 percent of the unemployed persons in Łodz. While this percentage may appear to be relatively low, it is important to remember that many of the clothing and textile firms have not yet closed, but are on the verge of doing so. Once they close, female employment will increase sharply.

There was also a high percentage of recent graduates in the initial wave of unemployment in Łodz. As a result, Solidarity planned to focus its programs on recent graduates and older workers, the people it considered most vulnerable to unemployment. Solidarity has since realized that it cannot limit its focus on these two groups because the problem is much more wide-spread. In fact, most analysts project that those most likely to experience long-term unemployment are unskilled and semi-skilled women over the age of 35 -- women that are the core of the textile and clothing industry. As the director of Solidarity stated, it will be very difficult for women over forty years old to find new work, and "women over fifty years old can forget it." Because these women have usually worked at the same job for perhaps as long as twenty years, they are perceived by employers as difficult to train for new jobs. The job orders received by the Office of Work in Łodz provide evidence for these views. Most of the job orders require women under the age of 35.

The key problem is that most women can ill-afford to "forget it." Łodz is also noted for its high rate of divorce and female-headed households. The Centers for Social Assistance, organized under the aegis of the Ministry of Labor and Social Policy, estimate that as many as 30 percent of all families in Łodz are headed by single mothers (as compared to 13 percent nation-wide). Because the situation of these women is potentially so grave, a group of labor economists recently initiated a study on single mothers in Łodz. But the problem of unemployed women is not limited to single mothers. Even in families which remain together, women can rarely afford to stop work at such an early age. In fact, as illustrated in Chapter 2, more than 80 percent of all women work between the ages of 35 and 45; this is in fact the age range in which are most active in the labor force. Moreover, it is estimated that women provide at least 40 to 50 percent of the family budget in Łodz, hence loss of their income is a serious blow to the household. Lastly, another reason women can rarely afford to drop out of the labor force is that men die at a very early age in Łodz due to high rates of alcoholism and work-related health problems. The highest rate of mortality for men is between the ages of 40 and 50.

Re-training: The concept of retraining is new in Łodz, as it is in all regions in Poland. The question most people are asking is in what areas should people be trained. The economy of Łodz is in such a state of flux that it's not clear what skills will be needed in the future. Understandably, most organizations don't want to retrain people that won't be rehired, hence the strategy for the time being is to provide training to a small number of individuals based on a request from an enterprise that is ready to hire additional people.

The development of training programs is often based on intuition. For example, the Office of Work in Łodz mentioned that it looks at the job announcements in the newspaper to see what skills employers want; it then develops training programs to provide people with the necessary skills for those jobs. While intuition is not always the best method for designing training programs, it may be the only option in Łodz for the time being -- moreover, it seems to be working! Thus far, their training programs have been quite successful in terms of job placement. A three-month bank training course generated new jobs for a hundred people, seventy percent of whom were women. A secretarial training course focusing on word processing created jobs for another hundred women. Solidarity provided training to fifty nurses.

Most of the retraining has been oriented toward young people. Both the Office of Work and Solidarity [illegible] that it is difficult to retrain someone who has basically worked at the same machine for most of her life. The psychological barriers to learning a new job are immense.

Social Safety Nets: In addition to the services provided by the Office of Work and Solidarity, the neighborhood-based Centers of Social Assistance also provide services to the unemployed. For examples, the centers recently launched a small grants program to assist the unemployed create new businesses. Not surprisingly, the number of people coming to the centers has increased dramatically over the past year. Social workers are over-stretched and note that they can barely keep up with the administrative parts of their jobs, much less provide the kind of services these people need. Danuta is one of the center's many clients, and the types of problems she faces day to day are illustrated in the following case profile.

PROFILE OF A WOMAN IN ŁODZ

Danuta is a single mother. She lives with her 15 year old son and an 80 year old grandmother in a one room apartment on the third floor of an old building. The bathroom is on the first floor. The roof is old and leaky, and in the winter she must carry coal to the apartment for heat. The living conditions are poor, but in fact, Danuta has few alternatives. She has been waiting for housing since 1975, and in the long interim, her grandmother's small apartment has been her only source of shelter. Finding housing in any location would prove equally difficult. The father of her son travels overseas and clearly has money to spare, but provides no support for the son and shows no interest in the child.

For the past eleven years, Danuta has been a book-keeper in an association of artisans. Nearly all of the employees in the association are women, except the cashier and a few managers. But these days artisans are closing their shops, and the association of artisans -- which had employed nearly a thousand people -- has been forced to make sharp cuts in its staff. Danuta was one of number of people laid off in a group last year. Much to her relief, Danuta was able to find another job in January, but it was only a temporary job for six months. Danuta thinks that short-term jobs may be her only alternative in the future; she notes that employers are usually more willing to hire people for short periods of time so they needn't pay severance and other benefits in the event of lay-offs.

Danuta can't help but feel sentimental about the past. She liked her work, and while the wages were not high, it gave her a sense of financial and psychological security. Being a single mother, she felt protected from losing her job because in the "old days" no one would think of laying off a single mother. These days, she notes, people live in constant fear that they will be laid off, and being a single mother is no longer a guarantee of protection. As a forty-year old woman with general secondary level education, Danuta worries whether she will ever find another job. She desperately wants to work and continues to search despite the odds.

In addition to Danuta, the team interviewed four other women that were clients of the Centers of Social Assistance and found that their profiles were remarkably similar to that of Danuta.[2] While these women may not be representative of women in Poland as a whole, their profiles are indicative of the kinds of problems unskilled women are currently facing. To summarize their profiles, all of the women we interviewed were between the ages of 40 and 50, and their educational backgrounds varied from primary school to five years of technical high school. They were all single mothers with either one or two children, which they raised single-handedly. In none of these families did the husbands assist in raising the children, other than providing basic alimony.

In the past, the women had all held quite different jobs: one had worked six years in a watch factory, assembling components by hand; another had worked in a plastics company, where she glued pieces of plastic together to make shopping bags; another was responsible for quality control in an enterprise that produced military uniforms and parachutes. Despite these differences, their jobs had one common element: low wages, which were often barely enough to pay the rent and purchase food. Moreover, nearly all of the employees in the enterprises in which they worked were women, except the management.

For three of the women, poor or unhealthy working conditions were a concern. For example, the woman working in the plastics company was constantly exposed to industrial glue. Few safety precautions were taken on the factory floor; moreover, women were not given medical examinations before being laid off from the company. The woman working at the firm producing military uniforms also pointed to poor working conditions, such as lack of heat in the winter. Two of the women had spinal problems which prevented them from taking certain types of factory jobs. Extremely high levels of noise was also cited as a key health hazard.

Despite the low wages and the hardships of their previous jobs, the women were unanimous on one point: they liked their jobs. Indeed, this was the most surprising -- yet consistent -- theme of our interviews with working women from Łodz. It wasn't merely the income that was important to them, but they also said they felt a sense of well-being from working. One woman asked rhetorically, "How can a person live without a job?" But unfortunately, all of these women have been forced to live without a job during the past year due to group lay-offs. The women were receiving unemployment benefits, as well as assistance from the neighborhood social assistance center ... but felt they had no recourse for assistance in finding a new job. In fact, they had little hope for finding a job because of their age and lack of marketable skills. Like Danuta, many of these women can't help but feel that they are losing out in the process of reform. In the past, their wages may have been low and their working conditions poor, but they knew they had a job they could count on. Suddenly, there is very little they can count on and they are scared.

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[2] Note: Initially, the team had hoped to meet with women at the factory level in Lodz. We were advised not to because the situation in most factories is highly volatile. Workers are understandably upset about the potential loss of their jobs.

There is no doubt that the process of adjusting to a market economy will be wrenching for many Poles. Unemployment is a new and devastating experience. The fact that women represent a growing percentage of the unemployed warrant concern, as do the low rates of re-employment for women. Given these trends, it will be important to monitor unemployment on a gender-disaggregated basis. It will also be important to work toward creating alternatives for the unemployed. Faced with the prospect of long-term unemployment, some women have found starting a new businesses is a viable alternative. The opportunities for creating new enterprises are explored from a gender perspective in the next chapter.

CHAPTER IV

PRIVATE SECTOR DEVELOPMENT FROM A GENDER PERSPECTIVE

For over forty years, large state-owned enterprises dominated virtually all sectors of the Polish economy but agriculture. Private enterprise was permitted to exist under communism, but was severely restricted in terms of its size and the range of its activities. The major economic reforms of the past two years have opened the door for private initiative, and new businesses have emerged with striking rapidity. But the transition to a market-based economy will take many years, and in the interim, there no doubt will be considerable flux and uncertainty.

Among the many unknowns is the role women entrepreneurs will play in Poland's budding private sector. While there has been considerable research conducted on gender issues in the labor force, few institutions or individuals have considered gender issues in the development of Poland's private sector. This is in part due to the fact that private enterprise is such a new phenomenon. However, it also reflects a view held by many businesspeople in Poland that gender is not an issue; many businesspeople note that men and women face the same opportunities and constraints in developing new enterprises.

In order to take a first cut at the question of gender and private sector development, the team conducted interviews with twelve women in business in a variety of sectors: agri-business, retail sales, textiles, and business services. A description of many of these women and their businesses is included in Annex 3 of the report. The team also interviewed representatives from five banks and five associations that support business development. Based on the information gathered in these interviews, the team would agree that <u>there are no major legal or structural impediments specific to women in business</u>. Indeed, the problems faced by many new businesses -- whether they are owned by men or women -- are often so overwhelming that gender-related impediments pale in comparison.

But this is not to say that gender is not an issue. According to bankers and the leaders of businesses associations, no more than 20 to 25 percent of the newly created private firms are women-owned or managed. There are also significant differences between the types of enterprises owned by men and women, as well as their participation in credit programs, business training programs and business associations. Moreover, because women are likely to be disproportionately laid off as a result of economic restructuring, it is critical to assess the extent to which private sector development can offer viable alternatives. These are some of the key issues to be examined in this chapter.

A. THE PROFILE OF WOMEN ENTREPRENEURS

While men and women entrepreneurs share many attributes, three key differences were pointed out in our interviews: (i) age; (ii) motives for creating an enterprise; and (iii) the sectors in which men and women create new businesses.

1. Age

Most women in business in Poland are at least 35 to 40 years old. Age is a critical factor for women entrepreneurs because of their responsibilities in caring for children and the home. Indeed, nearly all of the businesswomen interviewed by the team noted that they would have been unable to start their businesses earlier -- even if the opportunity had been available -- because of the need to spend time at home raising children. With their children now grown, they can afford to devote the long hours required to start a new business. Age also comes into play in terms of access to credit. Banks note that they are usually unwilling to lend to either men or women below the age of 35 because of their lack of work experience.

2. Motives for Creating an Enterprise

The fear of losing a job or actual loss of employment is often the key factor motivating women to start an enterprise. Faced with the prospect of long-term unemployment, women find that starting a new enterprise may be their only alternative to generating income. The businesses they create are not necessarily informal sector types of businesses -- as one might anticipate in many developing economies undergoing major structural change -- but include a broad range of formal and informal sector businesses. For example, one businesswoman interviewed by the team bought out a recently privatized pharmacy where she had been an employee for years. She is certain that, had she not purchased the pharmacy, she would be facing unemployment with few alternatives for finding a new job. Privatization opened the opportunity; however, fear of losing her job was the primary impetus for starting her own business.

3. Business Sectors

According to the banks interviewed by the team, there is a clear distinction between the types of businesses owned by women and men. Women-owned businesses are most often found in commerce, trade and service-oriented sectors. In contrast, businesses created by men tend to be concentrated in production. These types of patterns are similar to those found in most developed and developing economies. What is surprising, however, is that these patterns have emerged so quickly in Poland, where the private sector is essentially starting anew.

Within these broad sectors, the banks identified specific sub-sectors in which their clients tend to start businesses. Again, there were significant differences between the types of businesses initiated by men and women. Some of the key sub-sectors in which men are starting new businesses are:

- construction and housing development
- building services, such as electricity or renovation
- transportation
- production of plastics and other man-made materials
- food processing, particularly meat processing and packaging

In contrast, the key sub-sectors in which women are starting new businesses include the following:

- textiles and clothing
- pharmacies
- agri-business
- service-related businesses including restaurants, hotels and business services

Each of the sub-sectors in which women are active is examined below.

Textiles and Clothing: As noted in the previous chapter, textile and clothing production is facing gloomy prospects in Poland. Cheap imports from Asia have flooded the domestic market, and with the decline of the Soviet market, there are few opportunities for exporting Polish goods. In fact, textile and clothing production is the one area where most banks have decided to stop lending all together. As women begin to lose their jobs in textiles, they have begun to open small sewing businesses, often on an informal basis. Clearly, such enterprises will be unable to absorb the numbers of women to be laid off in the textile and clothing industries over the next year. Nonetheless, the demand for the services of these small businesses -- such as tailoring and mending -- seems to be increasing, as the decline in purchasing power squeezes consumers' ability to buy new clothes. In sum, while production-oriented enterprises will decline precipitously over the next year, service-oriented microenterprises are likely to grow.

Another phenomenon that has emerged during the past two years has been the creation of many new clothing boutiques -- and virtually all of these businesses are women-owned. The prospects for these businesses appear to be mixed, however, depending on their market niche. Surprisingly, those that cater to the upper end of the market will probably do best in the transition period. Not only are these stores less affected by the decline in purchasing power, but rarely do they have to confront the stiff competition that has emerged from informal traders. In contrast, retail stores that cater to the lower or middle end of the market are losing their customers to informal traders and are upset that no regulations have been established to control this flourishing industry. Trends in the clothing industry are further illustrated by the following case profile of an entrepreneur interviewed by the team.

WOMEN IN BUSINESS: CLOTHING PRODUCTION AND SALES

Unlike most entrepreneurs in Poland, Anna entered private business nearly fifteen years ago. She began by opening a small clothing manufacturing firm in collaboration with her husband, and at its peak the firm employed twenty people. However, like most clothing firms in Łodz, Anna's business has plummeted over the past three years. She has cut production by 80 percent and laid off nearly two-thirds of her employees, all of whom were women.

Anna finds that the current business environment is more conducive to commerce than production. While her husband continues to produce clothing on a small-scale basis, Anna has opened a new clothing store that caters to the small, up-scale market in Łodz. The proceeds from down-sizing the production facility generated the necessary start-up capital for the new clothing store. While competition is stiff, Anna has no doubts that there is a market for her goods and that this business will be a success.

Pharmacies: From a gender perspective, pharmacies are particularly interesting to examine because of the dramatic shift in their ownership over the past fifty years. Before 1945, most pharmacies were owned and operated by men; now, nearly all private pharmacies are owned and managed by women. What accounts for this phenomenon are changes in the employee structure of pharmacies over the past forty-five years. Under socialism, pharmacists came to be perceived as "glorified sales-people" (despite their five years of demanding post-secondary education). As the prestige and wages of pharmacists declined, men left the sector for more lucrative opportunities and women assumed an increasingly significant role. By 1989, nearly all employees in Poland's state-owned pharmacies were women.

With economic restructuring, the Polish government has been quick to privatize small pharmacies. Women entrepreneurs have taken the lead in buying the pharmacies in which they have been employed for many years. But while pharmacies are now owned primarily by women entrepreneurs, this may well change in the future. Privatization and new commercial opportunities have made the pharmacy business increasingly attractive, and in response, men are beginning to re-enter the profession. Indeed, nearly 50 percent of all applicants to pharmacy schools are now male -- a dramatic shift from the enrollments under socialism.

Agribusiness: Women are also increasingly active in agribusiness, but often as part of a family-business. All of the rural women interviewed by the team started their businesses as a result of family ties; they either inherited their farms or worked the farm with their husbands and children's assistance. While family farms are fundamental to rural Poland, it is also important to note that not all "family farms" have the support of men; this is particularly true in the case of small farm units located near urban industrialized communities, where men often leave the farm to seek better paying jobs in industry. The exodus of men has left women virtually in

charge of the small farming sector. Barbara Tryfan, an expert in rural issues, estimates that about 70 percent of small private farms are run by women. Among the women who run small farms, many are unmarried, widowed or divorced.

The agricultural sector is experiencing major adjustments and dislocations in Poland's transition to a market economy. Some of the key problems mentioned by rural businesswomen interviewed by the team include the following:

- The high cost of credit. Access to credit in the rural areas is not a major problem, but the dramatic increases in interest rates over the past two years have been crushing. Interest rates have increased at least four-fold, forcing many small farms to the edge of bankruptcy.

- The high cost of agricultural inputs. As subsidies are lifted on agricultural inputs, the cost of fertilizer and pesticides has increased significantly.

- Low producer prices. Over the past two years, the price of many agricultural products has either remained stable or fallen. Many rural farms cannot hope to survive given increasing costs and declining revenues.

- Lack of markets. With the collapse of the Soviet market, Polish farmers desperately need to seek alternative markets. This is one area where farmers are particularly eager for assistance from the West.

- Lack of storage, refrigeration and packaging. The shortage of storage and refrigeration is a major constraint to Poland's ability to export agricultural products. Lack of packaging also limits Poland's export potential; moreover, it restricts the possibilities for creating value-added in agricultural production.

- Lack of infrastructure. This is a major impediment to the development of rural-based enterprises. Rural Women's Circles, an organization which represents and promotes the interests of rural women in Poland, notes that only 46 percent of rural villages have running water, and only 14 percent of rural villages have modern sewer systems. Villages experience regular brown-outs in rural areas due to insufficient electricity.

A number of the women-owned businesses in agriculture have been successful despite these considerable constraints. For example, the team visited an apple orchard in which the entrepreneur -- a young single woman -- has been successfully exporting apples and is planning to expand to dry and process apples. A Krakow bank cited several successful agribusinesses launched by women, including a mushroom farm and a Christmas tree farm. But many other enterprises have been unable to withstand the major adjustments taking place in the agricultural sector, as illustrated in the following case profile.

WOMEN IN BUSINESS: AGRICULTURE

A number of years ago Teresa inherited a five hectare plot of land in the rural areas surrounding Warsaw. While the plot was relatively small, she and her family made maximum use of the land, often reaping as many as three harvests of vegetables and flowers per year. All of their produce was for export, primarily to Hungary, the Soviet Union, Czechoslovakia, and Bulgaria. A little more than two years ago, Teresa made a critical decision to expand into vegetable drying and processing. She planned to process the vegetables grown on her own farm, as well as much of the produce from other farms in the region, and built an enormous building for processing and storing the vegetables. She also constructed living quarters for future employees and made all of the other necessary plans to put the new enterprise into operation. The new plant would have created employment for about 200 people.

Building the drying and processing facility was a sound decision ... at the time. But now the buildings for Teresa's agro-processing facility are merely a hollow shell. In the brief two years since Teresa began her project, the prospects for vegetable processing changed dramatically. Now, vegetable farmers have no markets in which to sell their goods. Teresa's vegetables have been left in the fields to rot. She has been forced to cut production from three harvests to one per year and switch production from vegetables to cereals.

Teresa stopped construction of the facility as soon as she realized that she would never be able to sell what she produced in the "new economic environment." She cites three key problems. First, during the past year, the Polish market has been flooded with subsidized produce from Europe. Polish goods cannot compete with the low-cost produce from Europe. Secondly, Poland has lost its traditional markets in the Soviet Union because of the switch from ruble to dollar-denominated trade. Lastly, interest rates have sky-rocketed; for example, the interest rates on one of Teresa's loans jumped from 45 percent to 98 percent within a four-month period in 1990. In sum, times have changed and her plans for agro-processing have shriveled, as have her fields of vegetables.

Teresa has been seeking opportunities to use the agro-processing facility for a new project. Her criterion for starting a new project was finding a financially-viable foreign partner that would give her a balanced share of the business. She has since concluded an agreement with a major European newspaper publisher to establish a printing press. The press is scheduled to print eight of Poland's newspapers, as well as selected government publications and textbooks. The overall investment for the new project is $7 million, and twenty new jobs will be created in the factory. Teresa's new job? Chief Accountant.

Services: The transition to a market economy is beginning to create demand for service-oriented businesses and in many cases these businesses are being created by women. A burgeoning area is the development of new food-related businesses: restaurants, cafes, bakeries and coffee shops. While many of these aim to serve the tourist industry, Poles are also welcoming the convenience of the new array of pizzerias and "fast food" restaurants.

Another growth area is the development of firms that can provide advice or services to new businesses, including advertising, marketing, business training, or legal and tax advice. While both men and women are entering this field, women are likely to stand in good stead because of their educational backgrounds. Women comprise a large proportion of the students in economics, education, law and foreign language degree programs. Moreover, these types of businesses are often conducive to more flexible hours, enabling women to balance home and work more effectively.

B. OPPORTUNITIES AND CONSTRAINTS TO ENTREPRENEURS

The problems faced by many new businesses -- whether they are owned by men or women -- are significant. Perhaps the issue of greatest concern to Polish entrepreneurs is the overall economic environment. On the one hand, the regulations governing the creation of new businesses in Poland are quite liberal; the paperwork requirements are minimal and documents are processed quickly. On the other hand, the loss of traditional export markets and rising competition in the domestic market pose considerable challenges to the creation of new businesses. Policies regarding taxes, prices, credit and key business variables are in constant flux, creating an environment of uncertainty and constant adjustment for the businessperson. While all entrepreneurs are deeply affected by constraints within the overall business climate, the team identified four areas which are important to examine from a gender perspective. These are: credit, business education and training, attitudes toward risk and new business creation, and participation in business associations. Each of these factors is examined below.

1. Credit

The cost of credit is a major issue for nearly all new businesses in Poland, whether owned by men or women. As interest rates have soared over the past year, some businesses have been forced to close. At the very minimum, many new businesses have been forced to limit their new borrowings. The impact of rising interest rates was outlined by a pharmacist interviewed by the team. She noted that when she first looked into obtaining a loan, the interest rate was 36 percent; by the time she made the decision to go forward with the loan, the interest rate was 56 percent; and by the time she signed the loan agreement, the interest rate was 78 percent. In the end, she was forced to reduce the amount of her loan, which enabled her to buy just barely enough inventory to open the pharmacy.

Access to credit is equally difficult for many entrepreneurs. The first hurdle is developing a business plan -- a foreign concept for many Poles and an area where training is in great demand. A second problem is the length of time required to receive approval on loan requests. Several businesswomen we met noted that they have been waiting for as long as six months for a response on their loan applications. This is often long enough for a business to go under -- as in the case of The Insider, a Warsaw-based newspaper published in English. Over the past six months, the newspaper has tried desperately to obtain credit, but to no avail. The editor of the newspaper submitted four iterations of a business plan to one bank, but in the end was told that the bank had lost her file -- and if she were serious about obtaining a loan, she would have to submit yet another business plan. The end result is best illustrated by a letter that appeared on the front page of the final edition of The Insider (July 4, 1991):

To Our Readers:

Like many new businesses in Poland, our newspaper has encountered financial difficulties. We began our initiative in February with a small investment. Our hope was that we could quickly find another backer who could ensure our survival until we became self-sufficient. We projected that would happen in the fifteenth month of our operations. The initial investment was intended to keep The Insider going for three months. Thanks to the dedication of our editorial staff who worked without salaries, and the determination of our administrative team, we managed to make that money last six months. At this point, however, we cannot continue operations without a more secure financial base. For this reason, we are temporarily suspending publication. We expect to return to the market in the near future.

Jane Dobija
Editor-in-Chief
The Insider

Clearly, the cost of credit and access to credit are concerns for all business-people, regardless of gender. However, in interviewing representatives from five credit programs, the team identified three patterns in lending that are important from a gender perspective.

- Only 15 to 30 percent of all borrowers are women-owned businesses. The loan program sponsored by the Office of Work is an exception in that the percentage of women-owned businesses exceeded 50 percent of its loan portfolio. This may be due to the fact that the

Office of Work offers very small loans, which are ideal for the micro and/or home-based enterprises that women often start.

- The amount borrowed by women-owned businesses is generally less than that borrowed by men. This is attributed to the fact the type of businesses women own are often less capital-intensive than the types of businesses owned by men. For example, the Polish-American Enterprise Fund in Krakow notes that the average size of loans to women-owned businesses is $10,000; loans to enterprises owned by men are nearly double this amount.

- Bankers note that, because women have traditionally earned less in the wage economy, they have fewer accumulated assets. This has an impact on women's ability to borrow in two ways: (i) they have fewer resources for collateral, and (ii) they rarely have the start-up capital required by banks. (Most banks require that the borrowers provide at least 30 percent of the start-up capital for a new business). As a result, banks must reduce the amount they lend to women-owned businesses since they are able to present fewer guarantees.

The credit programs of each of the five banks interviewed by the team are examined below in more detail.

a. The Polish-American Enterprise Fund

The Polish-American Enterprise Fund, established with the assistance of A.I.D., has created a window for small enterprise lending. Through this program, the Fund extends dollar-denominated loans for a period of no more than three years at 12 percent interest. The maximum amount of any loan has recently been increased from $20,000 to $35,000. The terms of the program are considered very favorable, particularly in light of the fact that most Polish banks are currently charging 60 to 70 percent interest on zloty-denominated loans.

At this time, the Polish-American Enterprise Fund does not maintain data on its loans by gender. The small-enterprise window in Warsaw was unable to provide even a rough estimate of its portfolio by gender. In contrast, the small enterprise window in Krakow was not only able to tell us that 20 percent of its loans were extended to women-owned businesses, but was certain that we would find gender-disaggregated data in the Warsaw-based headquarters of the Fund. Unfortunately, this was not the case. In order to facilitate quick start-up, many of the reporting reporting requirements normally associated with A.I.D.-funded projects were not applied to the projects in the Eastern Europe portfolio. Nonetheless, the Fund does maintain a computerized data-base of all of its loans, and gender could easily be entered into the system as a variable.

b. Bank for Socio-Economic Initiatives (BISE)

The Bank for Socio-Economic Initiatives has a unique agenda. Its mission is to encourage the establishment of small and medium-scale enterprises, particularly those created by the

unemployed or those that can create jobs for the unemployed. The Bank was legally established in July 1990 and was created with the assistance of a French bank, La Caisse Centrale de Credit Cooperatif. BISE provides primarily medium-term loans in the range of two to three years. The interest rate is variable, but always one percent above the interest rate on loans from Poland's central bank to commercial banks; this rate is also considered very favorable given that most Polish banks charge about fifteen percent above the Polish central bank rate. Furthermore, the collateral requirements are extremely low compared to most banks in Poland.

BISE estimates that 15 percent of its loans are extended to women-owned businesses. This percentage seems somewhat low. However, the General Secretary of the Bank -- a woman -- notes that this percentage reflects the relatively small number of women applying for loans; rejection rates on loan requests from men and women-owned businesses are roughly equivalent.

c. First Polish-American Bank in Krakow

The First Polish-American Bank is one of three newly-created private banks in Krakow. The head of the bank's credit department -- also a woman -- estimates that 30-40 percent of the loans in the bank's portfolio are extended to women-owned businesses. This is surprising in light of the fact that the bank's lending terms might be considered relatively unfavorable for small businesses: interest rates are currently approximately 60 percent and borrowers must provide collateral equivalent to the value of their loan request.

d. Powszechny Bank Gospodarczy

Powszechny Bank Gospodarczy is a state-owned bank. The director of credit in Łodz -- also a woman -- estimates that the bank's portfolio includes 4,000 businesses; in roughly 30 percent of these businesses, woman play a leading role. Many of these businesses are family-owned businesses, where neither the man or the woman is the owner *per se*. Often the loan is taken out in the name of the husband, yet the wife is closely involved in the operations of the business.

e. Office of Work in Łodz

The Office of Work has also established a small enterprise program, which provides loans to the unemployed for new enterprise creation. The maximum amount of any single loan is 30 million zlotys ($2,600). In the Łodz region alone, the Office of Work has extended more than 1,800 loans during the past year, and nearly 60 percent of the borrowers have been women -- clearly, a much higher percentage than the formal bank credit programs.

Borrowers from the Office of Work Program in Łodz are generally between 30 and 40 years old and have a high school level education. Few have formal work experience in the area in which they are starting the new business. However, in order to obtain the loans, they must meet three criteria. Borrowers must already have a locale for the new business. Moreover, because the loans are quite small, borrowers must demonstrate that they have other sources of capital to start up the new business. They must also submit a plan for the use of the loan.

Thus far, most of the loans have been used to create new businesses in commerce; production-oriented businesses were the second most common enterprise, followed by service-oriented enterprises. In commerce, women-owned businesses range from street vendors to well-established stores, most often in the areas of food or textiles. A rather new phenomenon has been the emergence of wholesale traders. Most of the production-oriented enterprises continue to be in the textile and clothing sector (though the Office of Unemployment is also trying to discourage new borrowers from entering this area). Most of the service-oriented enterprises have focused on repairs; new areas include advertising, as well as legal and financial consulting for new entrepreneurs.

2. Business Education and Training

Business education and training has been virtually unavailable in Poland for the past forty years. Since business knowledge or aptitude was rarely the basis for advancement in management, there is currently a tremendous gap between the business skills available and the skills needed. Lack of business skills is usually cited as the second most important constraint to new business development, following lack of capital and credit.

At the university level, the academic program which most closely paralleled business education was economics. Degree programs in economics included courses in either theoretical or applied economics, finance, foreign trade, accounting and "management." As noted in Chapter II, economics programs were traditionally dominated by women and lead to fairly low-prestige administrative jobs. Through the 1980s, nearly 70 percent of all applicants to the Warsaw School of Economics were women. With economic reform, however, these programs have gained renewed prestige and the proportion of applications from men has been increasing.

Universities are struggling to create business degree programs, but of course, a critical constraint is the lack of faculty with business backgrounds. To meet the great demand for business education and training, twenty-eight private business schools have emerged during the past two years. Most of these schools purport to offer MBA-equivalent training, as well as executive training programs for professionals. Looking at these programs from a gender perspective, one finds that most of the executive training programs are dominated by men. This is linked to the admissions criteria for these programs, which emphasize previous managerial experience. Since relatively few women were able to penetrate the managerial ranks under socialism, rarely do women have the experience required to enter these programs.

To obtain a better sense of gender issues in business education and training, the team interviewed Suzanna Kalisiak, the managing director of the International Business Services and Management School. She and her husband jointly established this school two years ago in order to address Poland's critical needs in business training. In October 1989 the school launched its first program, an 8-week course for working professionals. The program provides training in management, professional skills and English language to groups of managers from state-owned enterprises and to groups of managers from small businesses. Women represent anywhere from

two to ten of the thirty participants in each training session. The course for managers of state-owned enterprises has far fewer women than the course for managers of small enterprises.

The school is in the process of developing a "distance learning" program in collaboration with a British university. The program will enable students to develop business skills at their own pace through a combination of self-teaching, as well as seminars and workshops. The flexibility inherent in this program would appear to make it quite attractive to women, and Kalisiak anticipates higher female participation in this course than those offered previously by the school.

Recently, there have also been several initiatives to provide training specifically for women entrepreneurs, most notably a course jointly sponsored by Women's World Banking (WWB)[1] and The Foundation for the Development of Polish Agriculture (FDPA)[2] in June 1991. The aim of the five day course was to give women basic information on how to start and operate a small enterprise, and included information on the legal requirements to setting up a new business, as well as credit, management, marketing and tax law. In addition, a half day was devoted to environmental issues. Nearly 112 women attended the course, half of whom are entrepreneurs who own small businesses or who plan to start a businesses in the near future; the other participants were instructors from Agricultural Advisory Centers, who plan to work with FDPA to organize similar workshops on a regional basis in the future.

This training program was FDPA's first major initiative in providing training to women entrepreneurs. Based on the success of this first effort -- and in recognition of growing unemployment among women -- FDPA is working toward expanding its program for rural women. The goal of the program is to create new opportunities in rural towns and villages where unemployment is increasing and where new enterprise development might provide viable alternatives for women. In the future, FDPA hopes to provide start-up loans for micro and small enterprises owned by women, as well as additional small business training on a regional basis. As one might anticipate, the critical constraint at this point is funding.

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[1] Another one of the objectives of this training course was to assess the demand for a Women's World Banking affiliate. Among the women in the course, as well as participating organizations such as Rural Women's Circles and Rural Solidarity, there was great interest in creating an affiliate in Poland and it appears that discussions will move forward in the near future.

[2] The Foundation for Polish Agriculture is a non-profit, Polish foundation established in February 1988. The FDPA was the first foundation in Eastern Europe to focus specifically on the development of private agriculture.

3. Attitudes

Attitudes are also a major constraint to new business development in Poland. Nearly everyone interviewed by the team believed that psychological and socio-cultural factors are a particularly significant constraint for women. Women -- much more than men -- were "protected" by socialist law and policy; they were protected from dangerous positions, protected against loss of employment, and provided generous maternity and child-care benefits. Moreover, rarely did women assume management or leadership positions. Now, they are suddenly expected to take risk ... in a very risky environment.

In addition, one cannot deny the pervasive influence of the Catholic church on attitudes in Poland. The "business-woman" is not a role promoted by the church; indeed, to the contrary, the church has strongly encouraged women to assume full-time their roles as wives and mothers in the home.

The key question is how to get beyond attitudinal barriers. Part of the problem is that there are so few role models of successful women. To counteract this problem, one of the major newspapers in Warsaw has published a regular series of articles on women in business. In addition, a group of women parliamentarians is planning a conference in September which will focus on successful women in a variety of fields: business, politics, sports and others. These initiatives are a start, but much needs to be done in the future.

4. Business Associations

A number of new business associations have emerged in Poland's transition to a market economy. Because of their critical role in shaping policy and representing the interests of the business community, the team felt it was important to examine the extent to which women participate in some of these new institutions.

a. The Krakow Industrial Society

The Krakow Industrial Society was informally created in 1983-1984 and formally established in 1987. Its primary objective is to influence government policy vis-a-vis the business community. It is currently attempting to create an high-technology economic zone, which would encourage new businesses to draw upon the city's strong resources in science and technology. Currently the society has 190 members, only five of whom are women. While women are clearly not actively involved in the society's activities, the society was nonetheless very instrumental in helping the team meet women in business in Krakow.

b. Łodz Chamber of Commerce and Industry

The Łodz Chamber of Commerce and Industry was created one year ago in order to serve as a source of information for new business development in the region. Its orientation toward providing services to members is completely new in Poland -- yet desperately needed. Thus far, the chamber has created a data-bank of information on all of its members. The chamber has 400 members, ranging from small private firms to large state-owned enterprises. The data-base includes all kinds of information on each of the firms; however, because gender is not one of the variables included in the system, the chamber had no idea how many of their members are women. The chamber estimated that less than 12 percent of their members are women.

c. Industry Associations

In contrast to the relatively low rates of female participation described above, a number of the newly established professional associations do have significant numbers of women in their membership. The association of retailers in Warsaw has over 500 members, most of whom are women. The association of pharmacists has close to 100 members, 70 percent of whom are women. Most of the women in business that we interviewed noted that they would be eager to join a business association, as long as they could see some clear benefits from doing so.

The needs of women in business are no different than those of men. But their involvement in programs which are important to creating new businesses in Poland is different. As illustrated in this chapter, women make up a much smaller portion of the participants in the newly created business education and training programs; they comprise a very small number of the members of the newly-created business associations; and women-owned businesses comprise only 15 to 30 percent of the loan portfolios of most banks. In an effort to integrate women in the business community, it will be important to encourage women's involvement in programs that provide valuable services. It will also be critical to create an institutional infrastructure which is conducive to women's participation in the business community. A number of institutional issues have an important bearing on women's participation in the labor force and the business community. These issues are examined in the next chapter.

CHAPTER V

INSTITUTIONAL CHANGE FROM A GENDER PERSPECTIVE

The development of a new institutional framework will be a critical dimension of the transition to democracy and a market-based economy. This chapter examines institutional change in Poland from a gender perspective. By "institutional change," we mean not only the development or reform of organizations, but also changes in the broader institutional framework, including law, policy, administration, and decision-making processes. The first part of the chapter examines key legal and policy issues which have a direct impact on women; we were particularly interested in examining changes in law and policy which are likely to have an impact on women's participation in the workforce or the business community. The second part of the chapter looks at women's ability to influence institutional change. We examine their leadership roles in the Polish Parliament, government ministries and Solidarity. We also look at the development of new organizations which are giving women a voice in the process of institutional change.

A. KEY LEGAL AND POLICY ISSUES

1. Equal Rights for Men and Women?

The Polish Constitution of 1952 guarantees equal rights for men and women. Until recently, equal rights were assumed to be ensured by the Communist system itself. The theory was that women's increased access to education and participation in the workforce would ensure their "equality" with men. Hence, there were -- and still are -- no legal mechanisms for enforcing equal rights in practice. In fact, under the current legal structure, anti-discrimination suits on the basis of gender cannot be brought before the Polish courts.

Claims regarding discrimination of any type can be presented to the Commissioner for Civil Rights Protection, also referred to as the Ombudsman. Since the Commissioner's Office was first established in January 1989, it has been led by Ewa Letowska, a highly-respected attorney and former professor of civil law. The mandate of her office is to respond to cases of perceived discrimination -- but only those cases emanating from the administration of state and local institutions. The Commissioner cannot address questions of discrimination within private institutions or between private citizens. Hence, if a woman employed in the private sector believed that she were being discriminated against in the workplace, she would have no legal recourse. During the past two and half years, the Commissioner's Office has received over 90,000 letters, some of which have focused on equal rights issues. The following case is particularly interesting because it illustrates the interpretation of equal rights in Poland.

EQUAL RIGHTS TO RETIREMENT BENEFITS?

On February 4, 1983, the Polish Parliament passed new legislation regarding the retirement rights of employees in the mining industry. The law states that an employee is eligible for retirement when he/she is 55 years old and has worked in the mining industry at least 20 years in the case of women and at least 25 years in the case of men. In order to obtain preferential retirement benefits, employees must work at least 25 years.

Women in mining took this case to the Commissioner because they believed that women should obtain preferential retirement rights at the time they are eligible to retire, as is the case for men. The Commissioner brought the case before the Constitutional Tribunal and argued that the law violated Article 67.2 (equal rights for men and women) and Article 78 (equal payment for equal work) of the Constitution. The basis of the Commissioner's argument was that equal rights does not mean identical rights under the Polish law. In fact, a basic principle of Polish law is that women are not able to work as many years as men because of "biological differences." But just because they can retire at an earlier age does not mean they should receive fewer benefits.

The Constitutional Tribunal agreed with the Commissioner's argument. In its justification, the Tribunal noted that women must be protected because of their biological functions, and that justice cannot be fulfilled if the biological and social differences between people are not taken into account. Equality means that men and women should be treated differently, and by giving a women additional rights, the law makes her equal to a man.

The need to "protect women" permeates Polish law. Protective legislation was introduced as early as 1924, preventing women from working in jobs which might endanger their health. New legislation was passed in 1974 and 1979 to further protect working women. Currently, women are banned from at least 90 jobs. They cannot work as miners, in many jobs which require physical strength, or in jobs where there is any danger of poison, radiation, or vibration. Women dominate the textile industry, where the work conditions are notoriously dangerous to women's health, but cannot be employed as bus drivers due to risk of excess vibration.

Reality is that riskier jobs pay better, and hence, women often want these jobs. In times of economic hardship, women have protested against protective legislation. In a well-publicized case, women were to be transferred to lower paying jobs because of the danger posed to their health in the manufacture of thermometers; women protested vociferously. In 1989, the Solidarity trade union attempted to protect women from night shift work in the Warsaw Steel Works; women protested strongly and the proposed measure was dropped. In a recent study of women in Łodz, it was found that most women preferred the night shift. Not only were they better paid, but the night shift enabled women to combine work with the care of their children. In sum, while protective legislation may have been well-intentioned, the issue for many Polish women seems to be one of individual choice and decision-making -- or lack thereof.

2. Labor Law: Maternity and Child-Care Benefits

Socialism created the opportunity -- and the obligation -- for women to work; nonetheless, it did not ignore women's responsibilities as mothers, and in fact, encouraged women to assume both roles. Due to declining fertility rates in the 1960s and 1970s, the Polish government enacted a number of generous maternity and child-care benefits. The aim of these benefits was to reduce the conflict between women's roles as economic producers and as mothers. The key laws governing maternity and child-care benefits are the following:

♦ Maternity Leave

As of July 1, 1972, new mothers became eligible for sixteen weeks of fully paid maternity leave for the first birth and eighteen weeks for the second and subsequent births; maternity leave for multiple births is twenty-six weeks. In addition, women receive a fixed amount at the birth of any child; as of March 1991, this amount was 230,000 zlotys (or roughly $20).

♦ Child-Care or Educational Leave

Either the mother or father may take up to three years leave from work to care for the child at any time before the child is four years old. In practice, relatively few fathers take child-care leave, although apparently their numbers are growing. It is important to note that the three year leave period counts toward eligibility for retirement benefits. Moreover, the parent is guaranteed the same or an equivalent position upon returning to his/her site of employment. On August 17, 1990, the Council of Ministers voted to establish a new exception to this rule. Now, women on maternity leave and child-care leave can lose the right to return to their jobs if the company in which they were employed is in the process of rationalizing employment or liquidation. The mother would continue to receive her paid benefits during maternity leave, but would be unable to return to her job.

♦ Child-Care Allowances

In order to be eligible for child-care allowances, the income of the family must be less than 25 percent of the average employee's income in the Polish public sector. In March 1991, this amount was 157,409 zlotys per month. The eligibility requirements are so low that in practice very few families benefit from these allowances. If eligible, a married mother receives 25 percent of her salary for up to two years; a single mother can receive 40 percent of her salary for up to three years.

♦ Sick Leave for Child Care

Only women are also eligible for paid leave to take care of sick children under age 14. As of January 1, 1982, sick leave for child care was extended from thirty to sixty days. Previously, fathers were also eligible for sick leave for child care, but this policy was changed in 1975; now, fathers may only take sick leave for child care if both the mother and child are ill!

These benefits are generous -- in fact, so generous that they are becoming increasingly difficult to maintain. The Solidarity Trade Union Research Center recently conducted a study to examine the causes of unemployment in 99 enterprises in the Mazowsze region. The Center found that 48 percent of the cases involved terminations of contracts by the employees themselves. One of the main reasons women terminated their contracts was that their company could not offer them the same job when they returned from maternity or child-care leave. While this is clearly a breach of the Polish Labor Code, a women interviewed by the team in Łodz had a similar story, as told below.

CHILD-CARE BENEFITS -- IN PRACTICE

Renata was a supervisor in the warehouse of a major department store. With the birth of her second child, she opted to take two months of maternity leave (less than half of the amount allowed under Polish law). Upon returning to work, however, she found that she had been replaced by another colleague in the firm; she was told that she could be re-employed on a part-time basis, but for a job that paid considerably less than her original job. Rather than work part-time, Renata chose to take child-care leave and raise her children at home. After three years, she returned to work. This time, she was able to obtain full-time employment as a low-level clerk. Although she earned 40 percent less than what she had earned previously, she took the job feeling that she had no alternative.

In retrospect, Renata wishes she had never taken maternity leave; indeed, had she known she would have lost her job, she would have never chosen to take leave. She also realizes that she should have gone to the Court of Work and Social Benefits to lodge a complaint against her employer. But because she had worked for him for many years and trusted him, she had no desire to confront him in court.

The key question is whether these generous maternity and child-care allowances will survive in the transition to a private-sector led economy. Few people in Poland believe that the laws will change in the near future. These laws are considered to be near "sacred," and any changes would be considered much too sensitive at this time. On the other hand, none of the businesswomen we interviewed felt that they could provide these types of benefits to their employees; in fact, they noted that such benefits are often a powerful disincentive for private companies to hire women, particular small companies who can ill-afford to do without employees for up to three years at a time. It is equally difficult to imagine how large companies could provide such benefits and survive in a market economy. In Huta, Krakow's enormous state-owned steel company, the accounting department employs 210 women. Each year more than one hundred of the women are absent due to maternity and child care leaves. Could a private company withstand 55 percent turnover in its staff -- and remain profitable?

As the private sector grows increasingly important as an employer, we anticipate that the gap between law and practice will grow ever wider. The social benefits described above were created in the context of a socialist economy. Their viability in a private-sector led economy is doubtful. This is confirmed by recent research conducted by Solidarity's Trade Union Research Center. The Center found that even though private businesses are supposed to provide the benefits outlined above, they rarely do so. Moreover, at this time, there are no mechanisms for enforcing the provision of social benefits in private companies.

3. Day-Care Policies

Under socialism, state-supported day care also helped women juggle work and home responsibilities. In fact, all work establishments employing more than 100 women were obliged to provide nurseries. Nonetheless, there were wide-spread shortages in public day-care facilities; single mothers who worked were accorded the highest priority in securing a place for their children, followed by working women. Although the quality of state operated day care facilities was considered poor, it was the only alternative for many women.

Many of the day-care centers and pre-schools that were established under socialism are now beginning to close. In the late 1980s, the responsibility for managing and financing day-care centers was transferred to local governments. With increasingly tight budgets, local governments have been unable to fully subsidize the schools and have been forced to charge tuition. Now the tuition is so high that families cannot afford day care. The average cost of public day care in Łodz is 500,000 zlotys per month -- more than a third of the average monthly income. Furthermore, the recent increase in unemployment among women has lessened the demand for day care facilities, thereby creating a vicious circle. On the one hand, unemployment and the high tuition have cut demand for day care. On the other hand, lack of affordable day care will prevent women from seeking new job opportunities.

Day care centers are closing at a rapid pace. At the end of 1990, only two percent of all day care facilities had been closed. Six months later, estimates of closures are as high as thirty percent. Day-care in Łodz has virtually collapsed in the past six months. Centers first began to close in January of this year; by July, a third of all kindergartens and half of all day care facilities had closed their doors. One alternative to state-run day care may be the development of private day care, but thus far, private day care has proven to be far too expensive for the average Pole. Private kindergartens in Łodz cost approximately one million zlotys per month -- more than two-thirds of the average monthly wage in July 1991. Until affordable day-care becomes available, grandmothers are probably the most likely alternative.

In the absence of day care, increased opportunities for part-time work would also help women balance work and home responsibilities. According to 1989 statistics, approximately 9.6 percent of all women employed in the public sector worked part-time; many of these women were older women, who took part-time jobs to supplement their pensions. For the time being, however, the opportunities for part-time work are on the decline. Part-time employees are usually the first to be laid off as state-owned companies are restructured.

4. Laws and Policies on Contraception and Abortion

Changes in laws and policy on contraception and abortion are important to examine in the context of this report for two reasons. First and foremost, they have a direct impact on women's choices regarding child-bearing, which in turn, have an impact on women's participation in the labor force. In addition, abortion has become a major rallying point for women. Many new organizations -- composed almost exclusively of women -- have emerged to debate the proposed changes in abortion rights. While some of these organizations focus almost exclusively on contraception and abortion issues, a few have been examining women's concerns in the broader political and economic framework. Some of these institutions are examined in greater detail in the second part of this chapter.

At this time, it is estimated that only 26 percent of married women use modern methods of birth control. Condoms are sold at pharmacies throughout the country, although they are more difficult to obtain in rural areas. Oral contraceptives are somewhat more difficult to purchase, and there have been times when they have been virtually impossible to obtain. For example, in the spring of 1991, the Government decided to withdraw from the market birth control pills manufactured in Poland because they were deemed unsafe. There was a period of time in which no oral contraceptives were available in Poland. Because contraceptives are now imported from foreign markets, the problem has been resolved for the most part. Pills appear to be readily available in Warsaw, although are still difficult to purchase in many of Poland's smaller towns and rural areas.

According to many observers, the key impediment to increased contraceptive use is not access, but rather, lack of information and education. A group of well-known teachers and psychologists wrote a book on sex-education for teenagers, but its distribution was strongly opposed in Catholic circles. Despite these hurdles, fertility rates in Poland continue to decline over time. According to data provided by the U.S. Bureau of the Census, the average number of children per family in 1950 was 3.7; this declined to 2.2 in 1970 and 2.1 in 1990. It is estimated that the number of children per family will fall to 1.8 by the year 2010 (U.S. Bureau of the Census, Briefing Materials on East Europe Population Issues).

The primary substitute for contraception in Poland has been abortion, which has been legal since 1956. During the past two years, the Polish Parliament has been engaged in an acrimonious debate over whether to reverse the abortion law. There appears to be little popular support for changing the law, but again, the church has applied considerable pressure on parliamentarians. For the time being, the abortion debate has been suspended, but it is certainly likely to return.

5. Access to Other Goods and Services

Establishment of free-market policies have enabled Poles to gain access to many new goods on the market. Under socialism, women waited for as long as two to three hours a day to purchase basic necessities; now, a wide variety of goods are readily available -- for those that have the

money to buy. Over the past two years, purchasing power of Poles has dropped significantly. The Solidarity Research Unit in Łodz estimates that purchasing power fell by over 30 percent in 1990 and is likely to fall even more in 1991. During the past six months, there has already been a 40 percent increase in the cost of living, due in large part to the high cost of energy-related expenses. The charts on the following two pages illustrate the change in the allocation of household expenditures between 1989 and 1990 and projections for 1991. The charts demonstrate that the percentage of expenditures for basic necessities such as food and clothing is rapidly increasing at the expense of other areas of the family budget.

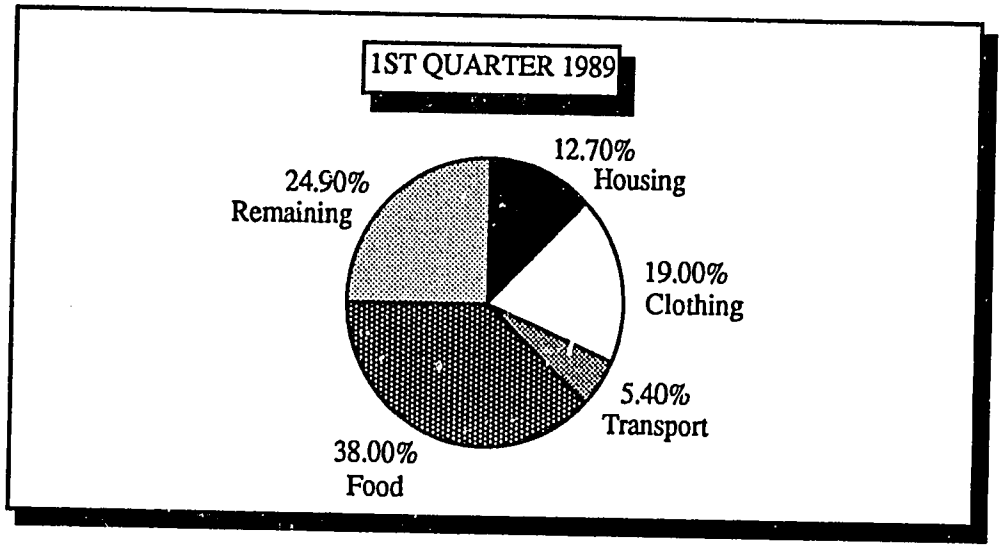
For those that have the money to buy, the ready availability of goods in the market has been a time-saver. Now women do not have to wait in line, and they can buy many new products, including frozen, canned and processed foods. New restaurants are opening daily, including -- for better or worse -- fast-food establishments. Repair stores are also beginning to emerge. But for many people, the newly available goods and services are merely a temptation. For those who cannot afford all of the new goods and services, the recent economic changes may mean less free time. In order to save money, they are spending their time making things from scratch.

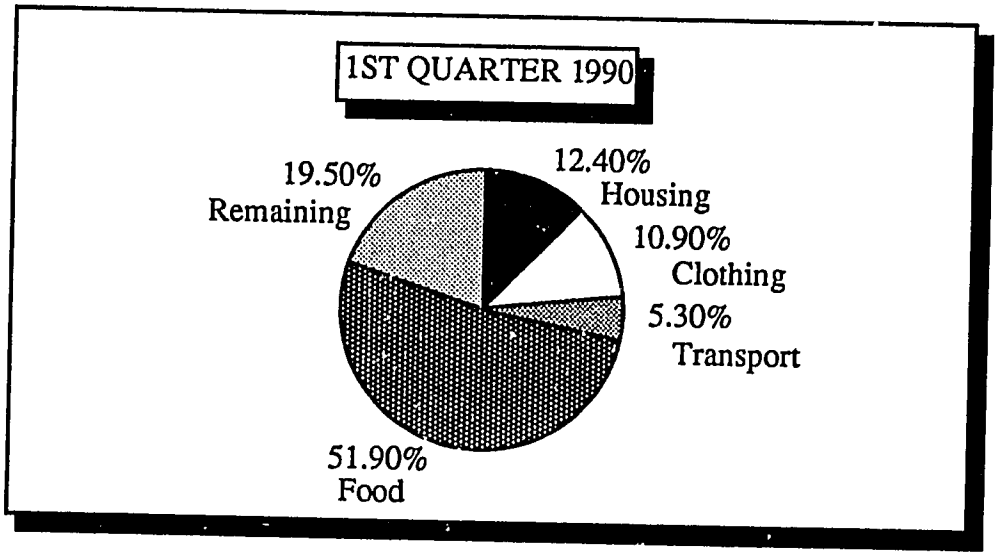
* * * *

In conclusion, these are some of the key areas in which changes in law and policy have begun to affect women. The results are mixed. On the one hand, because of increased access to goods and services, some women have gained a valuable resource -- time -- which will enable them to pursue new opportunities in Poland. On the other hand, the infrastructure which has traditionally enabled women to balance responsibilities at work and home is beginning to crumble. Day care facilities are closing down at a rapid pace. Maternity leave and child-care policies are changing -- in practice, if not in law. Women's ability to make choices about child-bearing may also change.

If women are to be active players in Poland's development, it will be critical to create institutions that (i) enable women to balance home and work responsibilities and (ii) are viable in a market economy. The first step toward ensuring that institutions change in ways that are sensitive to the needs of the women is to ensure that they have a voice in their creation and implementation -- be it through leadership in government, voting, participation in grass-roots organizations, or other means. The next part of this chapter takes a closer look at the voice women have and their ability to influence institutional change.

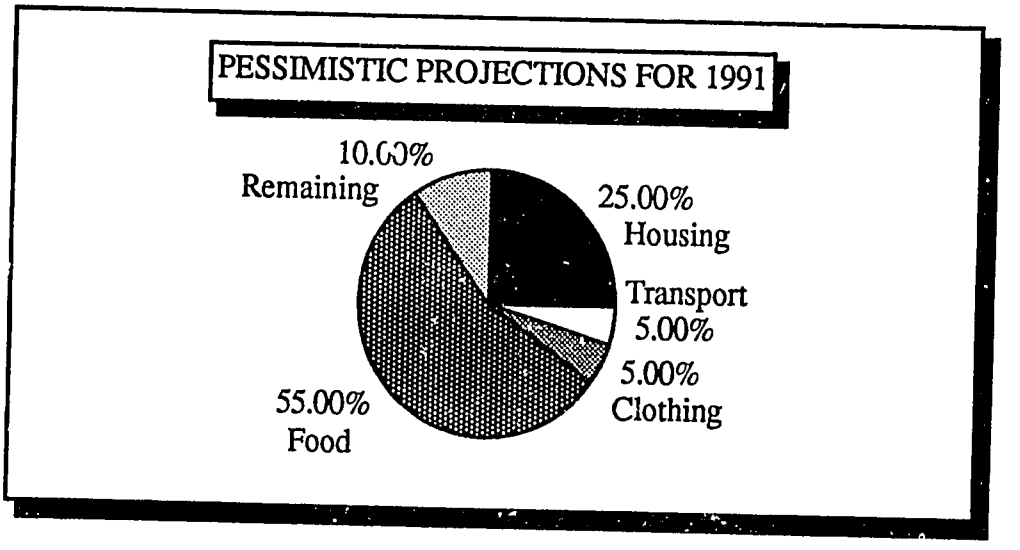
Structure of Household Expenses of Salaried Workers

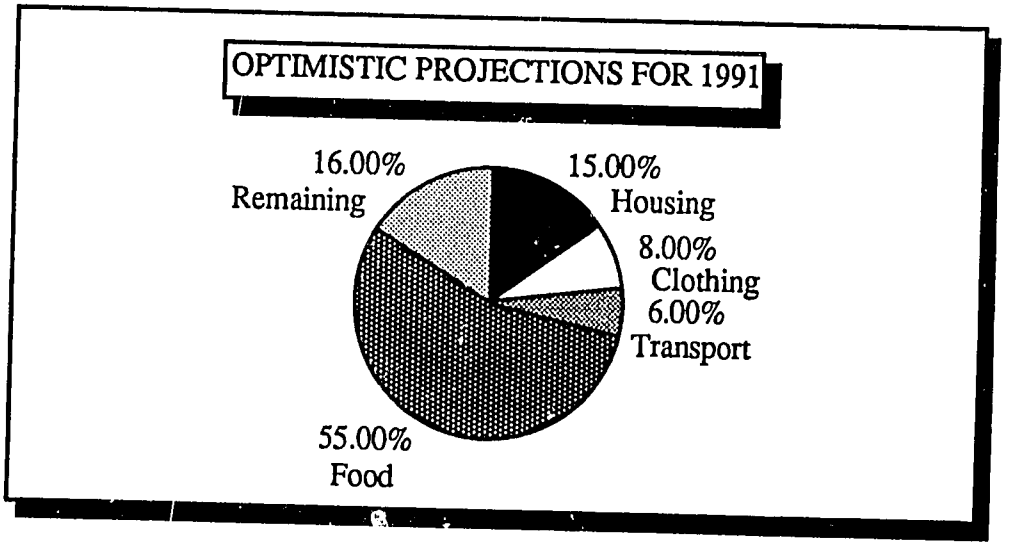




Source: Solidarity Research Unit in Lodz

Structure of Household Expenses of Salaried Workers





Source: Solidarity Research Unit in Lodz

B. WOMEN'S ROLES IN THE LEGAL AND POLICY REFORM PROCESS

Women are having an impact on the legal and policy reform process -- both as leaders in government and politics, as well as through the creation of new organizations which have given them a say in the process of institutional change. The leadership roles women play in the Polish Parliament, government ministries and Solidarity are examined below, as are several of the most important organizations that emerged since 1989 to represent women's concerns.

1. Women in Leadership Roles

The Polish Parliament: Women's representation in all of the newly elected parliaments of Eastern Europe dropped precipitously after free elections. Poland was no exception, although the drop in female participation was not nearly as sharp as in the other countries. Previously, women comprised 20 percent of the seats in Parliament; currently, women hold 12 percent of the seats. However, it is important to note that not all seats in the Polish Parliament have been open to free election. The 1989 Round Table Agreement provided for free elections for all of the seats in the Upper House of the Parliament (the Senate) and only 35 percent of the seats in the Lower House (the Sejm). The first full and open democratic elections for both the Senate and the Sejm will be held this coming October. It will be particularly interesting to see how women's representation changes in these elections. Currently, thirteen percent of the 460 deputies in the Sejm are women, and seven percent of the 100 Senators are women.

Although women's representation in the Parliament is lower now than it was under socialism, this may not be an accurate reflection of the change in women's voice in parliament. Under socialism, candidates were nominated and selected by the Communist party, and women were essentially figureheads in the system, chosen solely because of their party loyalty. In contrast, women who currently hold public posts are much more active and the role they play in parliament is important. Of the six deputy speaker posts in parliament, three are held by women.

Government Ministries: When the new government was formed at the beginning of 1991, the percentage of women employed in senior positions in government administration also decreased. The team was unable to obtain complete gender-disaggregated data on the composition of the new government. However, the tables below provide an indication of the role of women in senior government positions through the end of 1990.

TABLE 8

WOMEN'S REPRESENTATION IN SENIOR GOVERNMENT POSITIONS SEPTEMBER 1989 - DECEMBER 1990

Position in Government	Number of Women	Percentage
Secretary of State	1	6.2%
Undersecretary of State	6	8.0%
Director General	2	11.1%
Director	25	9.7%
Vice-Director	60	20.7%
Counsellor	33	9.9%

The highest rate of female representation in managerial positions is found in the following ministries:

- Ministry of Culture 35.4%
- Ministry of Health and Social Welfare 34.6%
- Ministry of Labor and Social Policy 30.6%
- Ministry of Finance 17.7%
- Ministry of Education 17.6%

In contrast, the lowest rate of female participation in management is found in these ministries:

- Ministry of Defense 0.0%
- Ministry of the Interior 0.0%
- Ministry of Foreign Affairs 0.5%
- Ministry of Foreign Economic Cooperation 2.3%
- Central Planning Office 5.0%
- Ministry of Justice 7.1%

Source: Zofia Kuratowska, "Present Situation of Women in Poland," Paper prepared for the Regional Seminar on the Impact of Economic and Political Reform on the Status of Women in Eastern Europe and the USSR, April 8-12, 1991.

Solidarity: As the leading political force, it is also important to examine the role of women in Solidarity's leadership. Women were engaged in Solidarity from the very beginning and continued to be active during martial law. When men were imprisoned for their involvement in Solidarity, it was often their wives that took on their responsibilities in the movement. Women often took great risks, but were rarely considered leaders in their own right. Now, only one of the 96 members of the National Solidarity Committee is a woman; in contrast, women make up 10 to 25 percent of the leadership at the regional level, and 20 to 50 percent of Solidarity's leadership at the enterprise level. Despite Solidarity's democratic idealism, women have not played proportionate leadership roles, but rather have provided mainly technical help and support.

2. Institutions Representing Women's Concerns

Before 1989, there were only three institutions which ostensibly represented women's interests: the League of Women, Rural Women's Circles, and the National Committee of Women in Cooperatives. The latter has been dissolved since most central cooperative unions have been liquidated during the past two years. The League of Women was the most visible institution during the socialist era because it was in fact a creation and an instrument of the Communist Party. While the League is unpopular with most women, one historian interviewed by the team noted that the League did make at least one positive contribution. It held conferences and seminars to focus on the role of women in various historical events, such as World War II and the Warsaw Uprising; in this way, it not only demonstrated women's important roles in history, but also tried to acknowledge and discuss certain historical events which were considered essentially taboo in other fora.

The legacy of the League makes some women hesitant to create women's associations. But as noted earlier in the chapter, the potential loss of abortion rights has resulted in a proliferation of small associations. Moreover, a number of important institutions have emerged during the last year to encourage women's participation in the new political and economic framework. Some of the key institutions are examined below.

♦ The Plenipotentiary for Women and Family Affairs

The Plenipotentiary for Women and Family Affairs was created in the spring of 1991. A similar office focusing on women's affairs had been housed previously in the Ministry of Labor and Social Policy, but a number of factors led to the creation of a separate unit for women and family issues. First, within the Ministry of Labor and Social Affairs, no one wanted to assume direction for the office of women's affairs. Simultaneously, there was pressure to create a separate ministry that would report to the Prime Minister. Poland's newly emerging women's groups argued for the creation of a "women's ministry", whereas the Catholic church urged the government to create a "family ministry." In the end, women and family issues were subsumed under a single ministry -- needless to say, to the dissatisfaction of both women's groups and the church. Another important factor leading to the creation of the Plenipotentiary for Women and Family Affairs was a series of conferences within parliament focusing on the changing status of

women. The first conference was held in December 1990. The most recent conference was held on June 29, during which parliamentarians had an opportunity to present their views to President Walesa.

The Plenipotentiary for Women and Family Affairs is primarily a coordinating body; indeed, the office has no executive powers and no budget for initiating and implementing programs. As a member of the Council of Ministers, the minister in charge of the office is able to propose and influence legislation that concerns women and family issues; however, she does not have voting powers in the Council. The minister also coordinates closely with other ministries to conduct research and develop programs that benefit women and children. But as the minister noted candidly, how much can you intervene in the affairs of other government ministries? Without its own budget, the ministry is essentially limited to liaison and advisory functions.

- The Parliamentary Group on Women's Issues

Perhaps most noteworthy of all the new groups focusing on women's issues is the Parliamentary Group on Women's Issues. This group was launched two months ago in recognition of the critical economic and social problems women face in the transition to a market economy. The group was intended to be non-partisan, and all women from the Polish Senate and the Sejm were invited to be members. In the end, political differences over-ruled. With the exception of the group's founding members, women from Solidarity refused to join because they did not want to be associated with a group where the majority of members are from the former Communist party. One of the women that refused to join the group told the team that it was too early to create a women's group in Parliament; such a group should have been created only after free elections are held for all the seats in Parliament. And indeed, the composition of the group is likely to change dramatically after free elections are held this coming fall.

Despite political frictions, the group has been launched and meets about once a month. There are roughly 45 members, eight of whom are from Solidarity. The aim of the group is two-fold: (i) to protect and promote women's interests in Parliament, and (ii) to encourage women to play an active role in the new Poland, including the political arena. In June 1990, the group held a conference focusing on mother-child issues. They invited representatives from the Ministry of Health and the Ministry of Labor and Social Policy to find out how the government ministries intend to promote the well-being of mothers and children. Issues that were particularly important were infant mortality, the status of women's health, access to contraception and abortion rights. The Parliamentary Group of Women's Issues intends to organize a second major conference in September 1991, which will focus on successful women in Poland. Women who have been successful in a variety of fields -- politics, business, athletics -- will be asked to describe their path to success. The aim is to show the women of Poland that they can be successful leaders and that there are role models to follow.

- Solidarity Women's Commission

Within Solidarity, there have been various informal efforts to address women's issues. But the first concrete initiative to integrate women's issues into the structure of the trade union was launched by the regional Solidarity office in Krakow. The Solidarity office in Krakow claims to be the only branch of Solidarity which has created a women's commission (although there is also a unit in Warsaw which focuses on women's concerns). The leadership of the Solidarity Women's Commission in Krakow hopes that the institutional structure they have created will be a model for other regional offices. If the concept is widely adopted by other regions, this should lead to the development of a women's commission at the national level.

According to its mandate, the Solidarity Women's Commission focuses primarily on three activities: (i) prevention of women's unemployment; (ii) development of training and new employment opportunities for women; and (iii) assistance to institutions that work on behalf of women and their families. In March 1991, the Commission organized a meeting in collaboration with the Equal Opportunity Section of the Canadian Union of Public Employees to discuss women's issues. The Polish participants identified a number of needs, including training in computers, accounting, and secretarial and administrative skills.

- Rural Women's Circles

Rural Women's Circles is the oldest and one of the few apolitical women's organizations in Poland. Created over 130 years ago, its primary goal is to represent and promote the interests of rural women. The organization currently has over 1,300,000 members in nearly 36,000 "circles." According to the vice-president of the association, Zofia Grzebisz-Nowicka, there is a representative of the Rural Women's Circles in nearly every rural village in Poland, and few decisions are taken in villages without some involvement of the local circle. A similar network has been created for men.

The strength of the Rural Women's Circles lies in its grass-roots political orientation. While there is a national association of circles, its goal is to create a network of communication for the rural circles. The activities of each circle are initiated at the local level and are based on the specific needs of each village. Moreover, its apolitical stance has enabled the organization to withstand the vagaries of major political upheavals in Poland ... including Communism. Rural Circles is one of the few institutions that was able to maintain its independence during the Communist era, and indeed, is one of the few institutions that need not be restructured in the transition to democracy.

As a network of community development associations, Rural Women's Circles promote the social and economic interests of rural women and their families. Traditionally, many of their activities have focused on improving rural children's access to schools and libraries, raising funds for improved maternal-child care, teaching women sewing and cooking, and organizing cultural events and excursions. The problems facing rural communities have sparked the circles to become involved in promoting the creation of small-scale women-owned enterprises.

Developing alternative sources of income is critical because so many farms are run by single women, usually widows or women whose husbands work in other areas of the country. Rural Women's Circles believes that some of the key opportunities for farm-based enterprises are in storage/refrigeration of produce, as well as repairs and other services. Lack of credit is usually the critical constraint to the start-up of these businesses. For this reason, the association strongly supports the creation of a Women's World Banking affiliate in Poland that would assist in the creation and expansion of women-owned enterprises in rural areas. The circles have also been working toward teaching women how to save and build capital. In fact, each of the 36,000 circles across the country maintains an account which could potentially serve as a source for the creation of a Women's World Banking affiliate.

- Association of Professional Women

The Association of Professional Women is one of about twenty to thirty small women's organizations that have emerged within the past two years. Many of these new institutions were created in order to protest the proposed changes in abortion law. While members of the Association of Professional Women also took part in pro-abortion demonstrations, it focuses primarily on professional improvement, networking and contacts. The group was initially launched in Poznan, and has since spread to several other major urban centers in Poland. The Warsaw chapter of the Association meets about once a month.

The development of these institutions and others offer women an opportunity to have a voice in the process of institutional change. With the exception of Rural Women's Circles, most of these organizations are less than a year old, and understandably, are still wrestling with how to establish themselves as institutions. Nonetheless, their mere creation is a positive sign. They are concrete evidence of the fact that, in the process of moving toward democracy, new institutions will emerge to encourage women's participation in political and economic affairs.

CHAPTER VI

CONCLUSIONS AND CONSIDERATIONS FOR U.S. DEVELOPMENT ASSISTANCE

The transition to a market economy in Poland has not been gender-neutral. Despite socialism's attempt to legislate equality, men and women have played different roles in the country's political, economic and social institutions. Because of these differences, men and women will face different opportunities and constraints in the transition to a market economy. As A.I.D. and other U.S. government agencies develop programs to assist Poland in this transition phase, it is important to recognize that gender is a factor that makes a difference.

This chapter outlines the conclusions of the field work conducted in Poland, as well as some considerations for U.S. development assistance. As noted in the introduction to the report, the field research was the second part of a two-phase study. The first part involved carrying out an intensive review of the literature available in the United States on gender issues in Eastern Europe. The second part aimed to: (i) up-date and expand the information gathered through the literature review; (ii) gather information in areas in which there was little to no information available in the U.S.; and (iii) validate and/or modify the findings of the literature review.

This chapter begins by re-visiting the conclusions of the literature review in light of the field work conducted in Poland, and assesses the extent to which they reflect current trends and developments. The literature review pointed to seven areas that were important to examine from a gender perspective. They included: unemployment, social benefits, flexibility in the workplace, private sector development, political participation, creation of independent associations, and attitudes toward work and home. These issues became, in essence, the agenda for the team's field research in Poland.

There proved to be a wealth of data and information available in Poland that was not readily available in the United States, particularly on post-1989 trends. The most important areas for new data collection were trends in unemployment and private sector development, both of which have emerged in the last two years. Moreover, while the literature review looked at the region as a whole, the field research enabled the team to focus on country-specific data, and thereby, explore some of the gender issues that are unique to Poland's transition to a market economy. Indeed, one of the key conclusions emerging from this study is that it is very difficult to generalize across Central and Eastern Europe. While there may be some common themes, they play out in very different ways in each of the countries. How these themes play out in Poland is discussed below.

A. SUMMARY OF FINDINGS AND CONCLUSIONS

The findings and conclusions of the literature review and the field work in Poland are as follows:

- *UNEMPLOYMENT*

An important hypothesis emerging from the literature review was that women would be disproportionately unemployed as a result of economic reform in Central and Eastern Europe. While this trend was reported in a number of academic papers, there was virtually no supporting data. Some researchers also expressed concern that re-employment would be a problem facing women in the near future.

Poland has been collecting data on unemployment since January 1990. As described in Chapter III, **the number of unemployed women has grown more rapidly than the number of unemployed men in every month since January 1990.** Women now make up more than 52 percent of the unemployed, whereas they comprise 45 percent of the labor force. Labor analysts interviewed by the team believe that the gender gap in unemployment has only begun to emerge. As textile, clothing and electro-mechanical firms begin to close their doors, **unemployment among women is likely to surge.**

One factor which helps to account for the growing disparity between the numbers of unemployed men and women is that the Polish labor market -- as most other labor markets -- is highly segregated by gender. Women have traditionally made up the majority of employees in the textile and clothing industries, as well as electro-mechanical industries. They were also heavily employed in clerical and administrative jobs to meet the bureaucratic requirements of a centrally-planned economy. In the transition to a market economy, the number of jobs in these areas is falling dramatically. Women are losing their jobs and have few alternatives for new employment.

The data also indicate a considerable gender gap in re-employment in Poland. Only 23 percent of the job openings on file with the Office of Work are for women; 77 percent are for men. But it is also important to recognize that measures of re-employment in Poland are generally weak. The only indicators of re-employment the team could identify were the numbers of "job orders" received by the Office of Work. To use these data as accurate measures of re-employment, one would have to assume that all of the unemployed go through the Office of Work to obtain jobs, and that the Office of Work can successfully fill the job orders it receives. These are no doubt faulty assumptions. Moreover, as the private sector grows -- particularly in terms of new job creation -- such measures of re-employment will grow increasingly obsolete. **New measures of employment are urgently required to reflect the growing importance of the private sector in Poland's economy.**

♦ *LABOR LAW AND SOCIAL BENEFITS*

According to the literature, many of the Eastern Europe nations are beginning to retract some of the generous benefits that were extended to mothers and families under socialist rule. Moreover, as maternity leaves, child-care allowances, and free day care are withdrawn, women may be forced to quit their jobs to care for the children.

The future of labor law and social benefits is not nearly as cut and dry in Poland. The team found that there is very little movement toward changing the laws at this point in time. Indeed, **the laws governing maternity and child-care benefits are considered virtually "untouchable" because any changes would be too sensitive.** Nonetheless, Poland's emerging private sector questions how these generous benefits can be maintained in the context of a market economy. Is it really feasible for a small company to grant an employee a three year leave for child-care? In light of the increased emphasis on private sector development, the team believes that **a gap may well emerge between labor law and its practice.** Labor law may eventually change in response to the changes in practice in the business community, but not in the near future.

The situation regarding day care is stark in Poland. **Day care centers are closing rapidly because of the lack of financial resources to provide fully-subsidized care.** In addition, recent increases in unemployment among women have lessened the demand for day care facilities. Nonetheless, the team found no data to indicate that women might be quitting their jobs in order to care for their children. To the contrary, most women are desperately holding on to their jobs in order to have sufficient resources to care for their children. Few women can afford to make the choice to quit their jobs. They manage to find alternatives to the state subsidized day care, most often asking a grandmother or another family member to care for the children. Unfortunately, the high cost of private day care makes it an unacceptable alternative for most Polish women.

♦ *FLEXIBILITY IN THE WORKPLACE*

According to the literature on gender issues in Eastern Europe, labor markets were highly rigid under socialism, offering few opportunities for part-time work or other flexible work options. With advent of economic reform, the literature pointed to the fact that opportunities for part-time work, job-sharing and other flexible employment options were beginning to surface in some of the countries of Central and Eastern Europe.

Unfortunately, in Poland, **opportunities for increased flexibility in the workplace have not emerged. In fact, the opportunities for part-time work are declining and, as state-owned companies restructure their operations, part-time employees are often the first to lose their jobs.** Moreover, most women still need to have the income generated by full-time employment to support their families. Part-time work and other flexible employment options may be the wave of the future, but for now, they are barely a consideration.

♦ *PRIVATE SECTOR DEVELOPMENT*

Because private sector development is such a new phenomenon in Poland, the literature contained little data or information. In carrying out the field research, the team found that **few institutions or individuals are looking at gender issues in the development of Poland's private sector. Most research tends to focus on gender issues in the labor force.** Given the importance of private sector development to Poland's future, this is an area where additional data is needed.

Based on the team's interviews with a number of Polish women in business, as well as representatives of banks and private sector support organizations, **the team found that there were no major legal or structural impediments specific to women in business.** As described in Chapter IV, the problems faced by many new businesses, whether they are owned by men or women, are often so overwhelming that gender-related impediments pale in comparison. Credit and lack of business skills are major constraints for both men and women in business.

Nonetheless, this is not to say that gender is not an issue. There are major differences in the types of businesses owned by men and women. Moreover, women make up a much smaller portion of the participants in the newly-created business education and training programs; they comprise a small number of the members of newly-created business associations; and women-owned businesses comprise only 15 to 30 percent of the loan portfolios of most banks. In sum, women are not major players in the institutional network which supports private sector development.

♦ *POLITICAL PARTICIPATION*

The literature review highlighted the fact that women's representation in legislative bodies has dropped precipitously since the elections of 1990. As discussed in Chapter IV, the situation is no different in Poland (although the drop in female participation was not as sharp in Poland as in other countries). Previously, women comprised 20 percent of the seats in the Polish Parliament; as of July, they held 12 percent of the seats. It will interesting to see what changes will emerge once fully-free elections are held in October 1991.

Despite the drop in representation, the results of both the literature review and the field research indicate that **women's voice in parliament may not have changed significantly.** Under socialism, women were essentially figureheads in the system, chosen solely because of their party loyalty. They did not necessarily represent women's views. Now, the few women who are members of the Parliament play a very active and significant role. Moreover, many of them do attempt to address the concerns of Polish women in Parliament.

♦ *INSTITUTIONS REPRESENTING WOMEN'S CONCERNS*

One of the hypotheses emerging from the literature review was that open political systems would create an opportunity for new women's organizations to grow. This has certainly been the case in Poland, where **there has been a proliferation of small associations created since 1989.** Many of these associations have been created in response to the potential loss of abortion rights. But now that the abortion debate has quieted down for the time being, these associations are beginning to focus on women's roles in the new political and economic framework. While most of these new associations are fledgling institutions, their mere creation is a positive sign. They offer Polish women an opportunity to have a voice in the process of political and economic reform.

♦ *ATTITUDES TOWARD WORK AND HOME*

According to the literature, one of the legacies of socialism was women's sense of disillusionment with working. Maria Lado, one of Hungary's leading industrial labor analysts, stated in a recent paper that "even in the 1980s a great number of women (mainly those in industrial jobs) consider their paid employment as only a necessary evil. Their orientation to paid work often was rather instrumental: work meant only a means in the daily struggle to make ends meet.," (Lado, 1991, p. 8). Swasti Mitter, a researcher at the Brighton Business School in the United Kingdom, contends that many East Central European women are accepting unemployment for the time being, looking forward to the opportunity to spend more time with their children (Mitter, 1991, p. 17).

In the case of Poland, there is no doubt that women shoulder a heavy double-burden. Not only do they hold full-time jobs in the workplace, but they are also responsible for nearly all of the child-care and household work. According to some of the women interviewed by the team, there have been some changes in the sharing of home responsibilities among young couples. The fact that food and other basic necessities are more readily available has also mitigated the impact of the double burden on women in Poland.

The team found no evidence to support the contention that women are willing to accept unemployment in the near term. For most women, there is no choice about the need to work, and in the face of unemployment, women desperately continue to search for new jobs. Their income is crucial to the family budget, and they can ill afford to take time out to care for the children. With constant increases in the cost of living, the need to work grows ever stronger.

In summary, the data gathered through field research confirmed some of the findings of the literature review, particularly in the area of unemployment trends. On the other hand, the field research also highlighted areas where Poland is different from other Eastern European countries. Field research will be conducted in Hungary in September/October 1991.

B. CONSIDERATIONS FOR U.S. DEVELOPMENT ASSISTANCE

The process of moving from a centrally-planned economy to a market-oriented economy will pose challenges. The United States focuses the major part of its assistance effort on areas that are crucial to the success of political and economic reform. Assistance programs for Central and Eastern Europe fall within three broad categories:

> Democratic initiatives support the development of institutions and practices of democratic, pluralistic societies.
>
> Economic restructuring involves the transformation of centrally planned economies to market-based economies led by the private sector.
>
> Quality of life programs aim to improve the basic quality of life while countries undergo the process of political reform and economic restructuring.

Gender is a factor to consider in all of these areas. This report has focused on exploring economic restructuring from a gender perspective, looking at the impacts of restructuring and privatizing state-owned enterprises, unemployment, and private sector development on both men and women. Gender issues relating to the creation of a democratic society were explored in Chapter V of the report. Based on the information gathered through the field work in Poland, the team proposes the following considerations for U.S. development assistance programs.

♦ *DEMOCRATIC INITIATIVES*

Increasing choice and voice -- for women and men -- is a fundamental part of the process of political and economic reform. For women, choice is a particularly critical concern because they have had so few choices over the past forty years. Work was a political obligation, as well as a financial necessity; full responsibility for the care of the home and children was also in women's hands. Until recently, neither men nor women had many opportunities to express their views freely. Political and economic reform will create opportunities for greater choice and voice, and development assistance can assist in the creation of these new opportunities. Specific areas which have clear gender implications include the following:

1. Labor Policy: Currently, job vacancies that are registered with the Office of Work in Poland frequently specify the gender of desired candidates. While there are few job vacancies for either men or women relative to the number of unemployed, the practice of specifying the gender of eligible applicants works to women's disadvantage. As noted in Chapter III of this report, women were eligible to apply for only 23 percent of the job vacancies on file with the Office of Work in June 1991. U.S. development assistance could play an important role in sensitizing the government to the costs of maintaining this practice and encouraging the government to adopt alternative non-discriminatory practices.

2. Labor Law: As described in Chapter V, "protective legislation" permeates many facets of Polish labor law. The primary aim of protective legislation is to prevent women from working in jobs which might endanger their health. While this goal may be laudatory, in practice, protective legislation has deterred women from obtaining the better-paying jobs. More importantly, protective legislation places the decision about what is "appropriate" or "inappropriate" work in the hands of the state, as opposed to women themselves. Protective legislation is a sensitive issue and will not be changed quickly. However, through sensitive dialogue with the government, U.S. development assistance could help the government recognize the costs of this policy and seek out alternatives for protecting the health of workers without restricting individual choice.

In other respects, Polish labor law fails to protect the rights of workers. As outlined in Chapter V of this report, the Commissioner for Civil Rights Protection responds to cases of perceived discrimination -- but only those cases emanating from the administration of state institutions. The Commissioner cannot address questions of discrimination within private institutions. Indeed, at this time, there is no legal mechanism to address cases of perceived discrimination within the private sector. As the role of the private sector grows in Poland, the need to develop systems for protecting the rights of workers employed in the private sector will become increasingly importantly.

3. Institutional Strengthening: Chapter V of this report notes that a number of institutions have emerged during the past two years which represent women's concerns. These institutions offer women an opportunity to have a voice in the process of institutional change. With the exception of Rural Women's Circle, most of these organizations are newly-created and fledgling institutions. Nonetheless, their mere creation is important. The team recommends that A.I.D. keep abreast of the development of these institutions, particularly the Parliamentary Group on Women's Issues, and as opportunities arise, provide support to strengthen these emerging institutions.

- *TRAINING*

Based on the results of the field research, the team believes that management and skills training is the most important area for programming from a gender perspective. Indeed, training is a key vehicle for creating new opportunities for choice. As noted previously, women have traditionally had educational credentials that matched or exceeded those of men. However, if they do not obtain the skills they need to function in a market economy, both women and Eastern European economies stand to lose. The team has identified the following four areas as priorities for training:

1. Finance and Banking: At this early stage of financial sector reform, banking is still characterized by a high percentage of female employment, but changes have begun to emerge. As the banking sector begins to undergo reform -- and new and more lucrative career opportunities open up -- men have been increasingly attracted to the banking sector.

Fortunately, because of the rapid growth in the banking sector, new jobs for men are not substituting for those held by women. However, in order to move beyond the administrative and book-keeping functions which characterized banking in the past, women will need a whole new set of skills in finance, banking and accounting which reflect Western approaches and standards.

2. Management and Marketing: Most of the participants in the newly-created management training programs are men. In part, this is because many programs require a certain level of management experience as a prerequisite to training. Such requirements inadvertently exclude women since they rarely made to the managerial ranks. While Polish women may not have the same level of experience as their male colleagues, they also lack a close association with the former managerial cadre. In the development of a new managerial cadre, women can therefore be a valuable resource.

3. Entrepreneurship Training: The course offered by the Women's World Banking and the Foundation for the Development of Polish Agriculture in June 1991 is illustrative of the demand for training among women entrepreneurs. A series of courses have also been offered to women entrepreneurs in Hungary, which have been highly successful in breaking down some of the attitudinal barriers to women's participation in the business community. We would encourage the development of additional courses in entrepreneurship which provide women with concrete business skills. According to the women we interviewed, the most important skill they need to develop is how to write a business plan.

4. Job Skills Training: Many of the sectors in which women work, such as the textile and garment sectors, will be those hit hardest by economic reform. As described in Chapter IV of this report, retraining programs for displaced workers are at a nascent stage of development. This is particularly true in Lodz, where employment and labor analysts repeatedly told the team that no one has a clear vision of what jobs will be created in the future, and hence, what kind of job training should be provided. Assistance in the design and development of job training programs is critical -- from the perspective of addressing unemployment, as well as meeting the new needs of Poland's private sector.

♦ *SMALL BUSINESS DEVELOPMENT*

While there are no major structural impediments to women in business, women's participation in credit programs, business training programs and business associations is far lower than that of men. As A.I.D. develops its new small business development program in Poland, we recommend that it seek out opportunities to encourage women's participation in small business development. This may involve expanding upon some of the suggested areas for training mentioned above, or encouraging the design of small business credit programs that reach out to both men and women entrepreneurs. A.I.D. might also seek to encourage Women's World Banking to establish an affiliate in Poland.

♦ *COLLECTION OF GENDER-DISAGGREGATED DATA*

This report points to a number of trends that are important to monitor on an on-going basis. The unemployment and re-employment trends are of special concern. Women, especially those that are unskilled and over the age of 35, are vulnerable to adverse changes in economy. As unemployment grows and resources for social services decline, it is not clear what will happen to these segments of Polish society. Given these trends, it will be important to monitor unemployment, as well as other economic, political and social trends, on a gender-disaggregated basis. The team recommends that USAID engage a local firm or institute to monitor these trends and provide information on issues affecting women on a regular basis. These issues might include legislative and policy changes, economic recession, inflation, changes in social benefits and social welfare measures, and trends in private sector development.

Poland has developed relatively good systems to collect gender-disaggregated data in the state sector. These systems measure a whole host of variables, including gender, and were appropriate for the needs of a centrally-planned economy. However, in the transition to a market economy, whole new sets of data needs have emerged. Better data on unemployment and re-employment is critical. Data on the private sector and its workforce is also an important area for development. As the U.S. Department of Labor and other U.S. agencies assist Poland develop systems to gather data, they should recognize the value of gender as a variable.

Lastly, on a smaller scale, nearly all of the projects funded by U.S. development assistance involve some amount of information gathering and reporting. However, to our knowledge, none of the information is disaggregated by gender. We recognize the importance of minimizing burdensome reporting procedures, but adding gender as a variable would rarely encumber a system. For example, in the case of the Polish-American Enterprise Fund, the Fund maintains a computerized data-base of all of its loans, and gender could easily be entered into the system as a whole. In fact, because the Fund is currently restructuring its data-base, now is the time for A.I.D. to collect valuable gender-disaggregated information at virtually no cost.

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In conclusion, in order to help ensure a smooth and sustainable transition to a market economy in Poland, gender should be taken into account as a factor in the development of U.S. assistance programs for Central and Eastern Europe. This chapter outlines broad areas for consideration for the U.S. development assistance program. The next step -- the more important step -- will be to move toward integrating gender considerations into the design and implementation of programs and projects in the region.

ANNEX 1

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ANNEX 1

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The team attended a conference on unemployment sponsored by the Office of the President on July 17, 1991. Speakers at the conference included President Lech Walesa, the Minister for Labor and Social, Michal Boni, as well as representatives from the Ministry for Ownership Changes, the Ministry of Industry, the Plenipotentiary for Women and Family Affairs, Solidarity and a number of other institutions. In addition, the team also interviewed five women that were recently unemployed from factories in Łodz, as well as the employees of several firms. Their names are withheld to ensure confidentialty.

ANNEX 2

LIST OF REFERENCES

ANNEX 2

LIST OF REFERENCES

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ANNEX 3

PROFILES OF WOMEN IN BUSINESS IN POLAND

WOMEN IN BUSINESS: RETAIL CLOTHING

Melita is the co-owner of a fashionable clothing store in Warsaw. She opened the store in December 1990 because it was "a chance to do something for herself -- a chance to see the results of her own work." Prior to launching the business, Melita worked in a cultural center, where she was the only female supervisor. Melita is about 45 years old now. She notes that with her children fully-grown, she finally has the time to start a business, something she could not have done ten years ago with her responsibilities at home.

Melita encountered no difficulties in opening the store. Indeed, she obtained all of the necessary documentation within a day (in part, she says, because she knew the right people). However, the store was broken into a mere four days after opening day, and nearly all of the inventory was stolen. Despite this major set-back, Melita has business plans far beyond the store itself. Eventually she hopes to design and produce clothing and develop a chain of clothing stores.

Currently, Melita employs eleven people in the store, half of whom are women. Initially, she wanted to hire only male employees. She had always supervised men in the past and felt that men were more reliable than women and more willing to work the overtime required by her business. Ironically, she has since discovered that women are often better salespeople, particularly for men's fashions. Another factor which comes into play in hiring decisions are the types of benefits offered to women through the Labor Code. The Labor Code enables women to take three months of paid leave after the birth of her child and guarantees employment for women after a three year period of leave to care for the child. Melita notes that if she had to comply with all aspects of the Labor Code, she would not employ any women with children. She knows of few businesses that would be able to comply with the Labor Code -- and indeed, feels that business practices regarding benefits will change long before the law changes.

The major problem Melita faces is competition. Informal traders on Warsaw's streets are a major source of the problem, even though she believes the prices in her store and those offered by the informal traders are about the same. Competition from the informal sector is likely to grow as the purchasing power of low to middle-income residents continues to decline. In the face of such competition, Melita is trying to change her merchandise to appeal to the high-income market; she is confident that she will have sufficient clientele if she shifts her marketing strategy. With respect to training, Melita identified two critical areas: English language training and business training, particularly marketing. A number of business training programs have emerged recently, but she feels that they are often offered by people that know less about business than she does.

WOMEN IN BUSINESS: A PHARMACY

Renata and Zofia opened their pharmacy four months ago. Previously, Renata had been employed by a state-owned pharmacy in the same location, which specialized in the distribution of medicines donated from overseas. With donations running dry, there was no need for the pharmacy. Renata and Zofia had worked together previously; living in the same neighborhood, they kept in contact even though they worked in different pharmacies. When the opportunity rose to buy their own pharmacy, they decided to go into the business together.

Renata and Zofia purchased the equipment and furniture from the state and launched one of the many new privately-owned pharmacies in Warsaw. The co-owners openly admit that they plunged into the pharmacy business "completely in the dark." They had little sense of the demands of the market, but knew that they wanted to try to set up a business on their own. They obtained a 200 million zloty loan (equivalent to $18,000) from the Bank for Economic and Social Initiatives to order to purchase the equipment and inventory. This loan was the bare minimum needed to open the store with a reasonable inventory, however, they quickly found that this was the most they could afford. When they first looked into obtaining a loan, the interest rate was 36%; by the time they made the decision to go forward with the loan, the interest rate was 56%; and by the time they signed the loan agreement, the interest rate was 78%.

The most critical stumbling block to launching the business was purchasing the inventory. The central supplier was able to fill only a third of their order for pharmaceuticals. Hence, they owners were forced to spend nearly three weeks driving all around the Warsaw area to purchase their supplies from a variety of private wholesalers. Another problem facing the owners of new private pharmacies is the amount of time it takes for the government to reimburse the pharmacies for subsidized medicines, which is often as long as two months. The overall economic environment is also of concern to the pharmacists. On the one hand, pharmacies are finally able to offer a number of good-quality medicines from Europe and even the U.S.; new products such as dental floss and imported oral contraceptives are now available in pharmacies. However, purchasing power has declined significantly and is likely to worsen in the future. Whether Poles will be able to afford the newly-available medicines -- at market prices -- is yet to be seen.

The pharmacy employs four individuals including the two owners. While they would like to hire additional staff in order to reduce their own hours, they feel they need to repay some of their existing debts before doing so. With respect to training, the only specific areas identified by the owners were book-keeping and accounting. Outside of training, there is a great need to clarify the many "grey areas" in the regulations guiding the operations of pharmacies; this is particularly true with respect to taxes.

The owners are optimistic about the future of their business, but fully recognize that it will require long hours and plenty of work. They were able to pay salaries to themselves for the first time in July, four months after opening the store. The fact that their children are grown gives them the freedom to spend long days at the pharmacy; with day care facilities crumbling, they feel that starting a new business would have been impossible if they did have young children.

WOMEN IN BUSINESS: FASHION DESIGN

Regina and Jolanta's firm is a good example of how the private sector can step in once the state has stepped out. For the past forty-five years, a central agency of the state provided all of the patterns and colors for clothes to be manufactured in Poland. While clothing manufacturers relied on the agency for all designs, the operations of agency were nonetheless heavily subsidized by the Ministry of Industry. The agency employed about 170 people, nearly all women -- except top management.

About two years ago, the Ministry of Industry cut subsidies to the central agency; simultaneously, markets began to dry up for many of Poland's textile companies. The agency was forced to close its doors and lay off its employees, many of whom were skilled designers. Indeed, one of them was Jolanta, a textile engineer with 13 years of experience in the central agency. Regina had 15 years of experience working for state-owned clothing manufacturers that used the agency's services. Jointly, they recognized that whatever problems the central agency might have had, it provided a service that was still in demand among many Polish enterprises: fashion design. They decided to tackle that market niche.

In September 1990, Regina and Jolanta were encouraged by several investors to start their own business. Moreover, the Polish-American Enterprise Fund provided assistance in developing a business plan, and by April 1991, they were in operation. The firm is jointly owned by the Polish-American Enterprise Fund, a Polish-Dutch joint venture in textiles and the International Wool Secretariat in Gdansk. The starting capital of the firm was $100,000. Both Jolanta and Regina hold a one percent share in the business. After a mere four months in operation, Regina and Jolanta are still in the start-up phase of the business. To launch the business, they organized a presentation on new fashions for spring 1992, and representatives from nearly 100 firms attended the show. Based on this successful turn-out, Regina and Jolanta plan to hold another fashion show in the fall, this time requiring an entrance fee.

Regina and Jolanta are the sole full-time employees of the firm. They employ three women on a part-time basis to make the patterns for their new designs; should their business expand, they would hire these three women on a full-time basis. When queried about the type of benefits they could offer to future employees, Regina noted that she could ill afford to let an employee go for a three year period, particularly in such a small firm. However, she would encourage her employees to work flexible hours and at home. Indeed, when Regina had her son several years ago, she took off only a half-year. She wanted to return to work on a part-time basis and arranged for an elderly woman to care for her child. Her salary was just enough to pay for child-care.

The co-managers have in-depth knowledge of the industry in which they are working. However, they are the first to admit that they know little about business. Regina recently attended a basic business course sponsored by the International Executive Service Corps (IESC). Most of the participants in the course were directors of firms facing privatization and had considerably more

experience in management than she. Her lack of experience made the course that much more valuable to her.

Regina and Jolanta have also considered branching into the design of packaging for consumer products, largely at the suggestion of the Polish-American Enterprise Fund and the IESC. But thus far, they have found that most Polish firms do not yet seem to understand the value of packaging. Marketing will be critical to stimulating demand for packaging -- an area where both Regina and Jolanta have little experience or knowledge. Nor do they feel that there are many places where they can turn to for advice. Another need they identified was information on businesses in Poland; currently there is no central source of information on all of the new firms that are being created. A list of newly-created firms would be an asset to their marketing efforts.

WOMEN IN BUSINESS: LEGAL CONSULTING FOR NEW BUSINESSES

Aleksandra recently created a consulting firm to provide legal and business legal services to small and medium-scale enterprises. While she has a full-time job as a legal advisor at a hospital, she earns only 1,500,000 zlotys per month (roughly $132). She started the consulting business to supplement her income. She has the potential to earn up to 4 million zlotys per month in legal consulting, nearly three times what she is currently earning at the hospital. As a single woman with no children, Aleksandra has the flexibility to carry out her full-time job and her consulting work simultaneously.

The business is only two months old, but even Aleksandra has been surprised by the high demand for her services. In early June, she placed an announcement in the local press for one day; the advertisement generated fifteen clients, four of whom want legal counseling on an on-going basis. One reason her services are in such demand is that few people can follow the many changes that are taking place in Poland's tax law; moreover, many new entrepreneurs want assistance in obtaining the documentation needed to start a new business, even though the process is relatively streamlined. Three of her fifteen new clients are women entrepreneurs.

Based on the apparent demand for her services, Aleksandra plans to expand her business in the fall, perhaps enabling her to leave her job at the hospital if she develops a base of steady clients. But despite the promising results thus far, she recognizes that she is likely to face stiff competition in the near future. Indeed, two other attorneys recently opened similar consulting practices in her neighborhood.

Aleksandra openly discussed her views on the impacts of economic reform on women. Working in the health sector and the legal profession she has had an opportunity to see many of the impacts first hand. She believes that the changes will be beneficial for professional women such as herself who have a skill that is readily marketable in new economic environment. She does not believe there are any specific legal or structural impediments to the creation of women-owned businesses. However, for women that have a general education with no professional skills *per se*, the picture is gloomy. For example, a number of the clerks in the hospital in which she works were recently laid off. The women are angry. The fact that Poland is undergoing a major economic transformation means little to these women who are facing lack of job security and unemployment for the first time in their lives. They want their jobs.

Aleksandra points to a particularly thorny situation: unskilled and semi-skilled women over age 30. These women are most vulnerable to unemployment and the least likely to find new jobs in the private sector. The problem appears to be two-fold. Not only do employers state a preference for men or women below the age of 30, but women over 30 have often been working at the same machine in the same factory for years and it is extremely difficult for them to face the prospect of change.

WOMEN IN BUSINESS: CLOTHING PRODUCTION AND SALES

Unlike most of the women interviewed by the team that started their businesses within the past year or two, Danuta entered private business nearly fifteen years ago. Prior to opening her business, Danuta was a buyer for the state's central purchasing agency for shoes. The job gave her valuable contacts with foreign buyers, but she felt she could earn more in her own business. She left the agency after four years on the job.

While the business is registered in her name, Danuta and her husband work as a team. They began by opening a clothing manufacturing firm which employed as many as twenty people at its peak. However, like many textile and clothing firms in Łodz, Danuta's business has plummeted over the past three years. With the recent loss of markets in which to sell goods, she has cut production by 80% and laid off nearly two-thirds of her employees, all of whom were women. The key problem in many textile and clothing businesses, according to Danuta, is poor technology. In the early 1980s, firms bought out-dated technology and few changes have been made since then; poor technology results in poor production.

Danuta finds that the current business environment is more conducive to commerce than production. Hence, she has reoriented her entrepreneurial spirit to opening a new business -- this time, a clothing store that caters to the up-scale market in Łodz. This has become her full-time endeavor, while her husband continues to manufacture clothing on a small-scale basis. The proceeds from down-sizing the production facility generated the necessary start-up capital for the new clothing store.

Danuta identified two critical needs for this business to survive: training, particularly in marketing and sales, and capital. For the first time, consumers can choose what to buy, and in a place like Łodz, the competition is keen. Alas, consumer goods are available, but fewer and fewer people have the money to buy. Hence, now more than ever, Danuta and her employees must understand how to market and sell merchandise. With respect to capital, Danuta was able to obtain credit using the machines from her production facility as collateral. However, the interest rates on her loan are very high, and she would like to pay off the loan as soon as possible. Capital remains a critical constraint.

WOMEN IN BUSINESS: AGRI-BUSINESS

Elzbieta has always viewed her household as a private business. Nearly sixteen years ago, she inherited 7 hectares of land from her parents. Since then, she and her husband have expanded the family farm to 23 hectares and developed a vegetable seed business. In a region where the average farm size is 7 to 8 hectares, their farm stands out as a model of success. As many farms in rural Poland, this is a family business; neither Elzbieta nor her husband consider themselves to be the owner *per se*. Nonetheless, gender roles on the farm are well-defined. Her husband and two sons operate the machinery and manage the finances of the business. She and her daughters-in-law do the weeding and "whatever else the machines can't do;" they also manage the household. According to Elzbieta and her husband, this division of labor is typical of most family farms in Poland.

Despite their relative success, they too have faced difficulties during the past two years. In fact, Elzbieta's husband commented that they are lucky they got into private business before capitalism came to Poland -- because they sure couldn't make it now. Some of the key problems are the high cost of credit, the high cost of agricultural inputs, low producer prices, and lack of markets.

Elzbieta and her husband's farm have been shielded from some of the changes because of the long-term contracts they have with a local purchasing agent. Despite this added measure of security, they feel the "middle-man" reaps excessive profit. Eventually they would like to package and distribute their own seeds. Elzbieta began to develop a potential network of seed distributors at a recent training course for rural entrepreneurs sponsored by Women's World Banking and the Foundation for Polish Agriculture. Developing these contacts was the highpoint of the course. But overall, she felt the training was not very relevant. After all, the key problems described above have little to do with lack of knowledge or skills, but are more closely tied to policy and institutional constraints. Some of the key policies of concern to Elzbieta and her husband are interest rate policies, which have greatly increased the cost of credit, as well as trade policies, which have enabled the European producers to flood the market with produce at the expense of Polish farmers. Training is simply not the problem for most rural farmers.

WOMEN IN BUSINESS: A PHARMACIST

On paper, Maria is the owner of this newly privatized pharmacy in Krakow. In practice, this is very much a family business in which she and husband work long days and long nights. Prior to acquiring the pharmacy, Maria had been an employee in the pharmacy for years. Her primary reason for buying the pharmacy? Fear of unemployment. If someone else had purchased the pharmacy, she is certain that she would be now facing unemployment.

For nearly twenty years, the pharmacy had been owned and operated by the state. Transfer of ownership from the state to Maria required slightly more than a year. In February 1990, she wrote a request to purchase the pharmacy, and about a year later, she obtained approval from the state. She needed another two months to obtain the necessary permits to operate the pharmacy, including an agreement to rent the building from the municipality. In late May 1991, she was finally ready to open the pharmacy for business. Maria employs five people in the pharmacy, all of whom are women. The staff includes three pharmacists, a part-time accountant and a cleaning woman. Maria's husband is responsible for managing the finances of the business; he also travels to warehouses to purchase their stock because deliveries are often too slow. Maria is responsible for deciding what medicines should be purchased.

While the business has just been launched, Maria and her husband have plans for expansion. Most of the space in the building they rent is currently not used; hence, they plan to create a warehouse and a doctor's office within the complex. Also, because the store is hidden from the road, they plan to increase their advertising and marketing. The key constraint to expansion? Lack of credit. Maria and her husband applied for credit from the Polish-American Enterprise Fund nearly six months ago, but they still have no response. They have been told that their application is still under review. In the interim, lack of credit is not only a constraint to expansion, but impedes them from maintaining an adequate inventory. Indeed, at this point, all of the revenues generated by the pharmacy are used to purchase additional inventory.

Finding adequate supplies of medicine is also a problem faced by many pharmacists. Maria's store is oriented toward the local community, primarily elderly people that need a variety of medicines for heart problems. It is becoming increasingly difficult for the elderly to purchase medicines on their limited income, particularly as Poland begins to reduce the number of subsidized medicines. In order to succeed, Maria will need to expand her market niche beyond the local community.

While there have been many changes in Maria's life over the past two years, the most significant one has been the change in her work habits. Owning the pharmacy has given her motivation for work, and at 45 years old, she has nearly doubled the amount of time she spends at work. The recent and sudden death of her only son has also been a factor in Maria's desire to work hard. Because he had encouraged to buy the pharmacy, she wants to make sure it is a success. Both Maria and her husband recognize that they face a major challenge, but it is one that they find invigorating. Their only regret is that they couldn't have started the business many years earlier.

ANNEX 4

BIOGRAPHICAL INFORMATION ON THE TEAM MEMBERS

ANNEX 4

BIOGRAPHICAL INFORMATION ON THE TEAM MEMBERS

SYDNEY LEWIS, TEAM LEADER

Ms. Lewis is a Managing Associate of Coopers & Lybrand. She was the team leader and the primary author of Hungary: Gender Issues in the Transition to a Market Economy. She was also the team leader for the field work in Poland, and wrote Poland: Gender Issues in the Transition to a Market Economy. For the past five years, Ms. Lewis has been one of the principal managers of the Private Enterprise Development Support Project (PEDS), an A.I.D.-funded project which provides assistance to foster the creation of strong business communities in developing countries. Under this project, she has carried out a broad array of assignments, including analyses of private sector training needs in Thailand, Morocco, and Tunisia; assessment of alternative methods for financing infrastructure projects; and the design and development of private sector initiatives. Under the R&D/WID buy-in to the PEDS Project, Ms. Lewis developed a guidebook to help private enterprise officers integrate gender considerations into their projects. She also examined the role of women in the business community in Mali, and helped the mission develop activities to benefit women entrepreneurs. Lastly, she has also worked closely with the African Development Bank to institutionalize women in development concerns.

From 1984-1988, Ms. Lewis was a private sector officer with the U.S. Agency for International Development. She holds a Masters of Public and International Affairs from the Woodrow Wilson School at Princeton University, and a Bachelor of Arts from Bucknell University.

ALEKSANDRA BRAGINSKI-DIEBOLD

Ms. Braginski-Diebold is a consultant to Coopers & Lybrand. She has eight years of experience in international economic development focusing primarily in project design and evaluation, project management, and cross-cultural communication and training. From 1987 to 1991, Ms. Braginski-Diebold was a project development officer for the U.S. Agency for International Development. While serving in Morocco, she participated in the design of numerous projects in diverse fields such as private sector development, family planning and child survival, training, and agriculture. In addition, she conceptualized and write the Women in Development Strategy for USAID/Morocco. Prior to joining A.I.D., Ms. Braginski-Diebold was a program officer for the U.S. Catholic Conference Migration and Refugee Service, as well as Planning and Development Collaborative International (PADCO).

Ms. Braginski-Diebold holds a Masters in Public Administration from George Washington University and a Bachelor of Science in Foreign Service from Georgetown University. She is tri-lingual in Polish, French and English.

JOLANTA STRZELECKA

Currently, Ms. Strzelecka is a member of Coopers & Lybrand's legal department in Warsaw. From 1989 to 1991, she provided technical advice to a number of American firms regarding foreign investment and trade in Poland. Born in Poland, Ms. Strzelecka was a journalist in the legal department of *Tygodnik Powszechny* from 1982 to 1983, and a journalist with *Tygodnik Solidarnosc*, the main national publication of the Solidarity trade union, from 1981 to 1982. She was the co-author of the law on censorship, which was adopted by the Solidarity trade union, negotiated with the communist government of Poland, and finally proposed to the *Sejm*. This law was one of the first of its kind in Eastern Europe.

Ms. Strzelecka obtained her law degree from Harvard University in 1986. She also obtained a Master of Law from the University of Warsaw, where she focused on administrative and economic law.