

Inga Zalieniene<sup>1</sup>, Egle Krinickiene<sup>2</sup>ASSESSMENT OF THE CONTRIBUTION OF WOMEN'S CARE  
ECONOMY TO ECONOMIC GROWTH: LITHUANIA'S CASE \*

*The article analyses the impact of the gender aspect to economic growth and reveals the negative consequences of gender asymmetry that a country's economy and society face due to ignoring and undervaluing women's care economy. The conceptual model for assessment of the impact of the gender aspect on economic policy is presented. In line with the offered methodology the authors provide the evaluation of contribution of women and men to GDP and in particular – the contribution of women's care economy to GDP.*

*Keywords:* gender equality; women's care; economic growth; quality of life; GDP.

Інга Жаленієне, Егле Крінічкієне

ОЦІНЮВАННЯ ВПЛИВУ ГЕНДЕРНОГО АСПЕКТУ  
НА ЕКОНОМІЧНЕ ЗРОСТАННЯ КРАЇНИ: НА ПРИКЛАДІ ЛИТВИ

*У статті проаналізовано та оцінено вплив гендерного аспекту на економічне зростання країни, виявлено низку негативних наслідків гендерної асиметрії. У відповідності до запропонованої концептуальної моделі та розробленої методології надано оцінку внеску чоловіків та жінок у ВВП країни, а також розрахунок частки економіки з огляду у ВВП. Ключові слова:* гендерна рівність; економіка з догляду; економічне зростання; якість життя; ВВП.

*Форм. 2. Рис. 2. Табл. 3. Літ. 24.*

Інга Жалениене, Эгле Криничкиене

ОЦЕНКА ВЛИЯНИЯ ГЕНДЕРНОГО АСПЕКТА  
НА ЭКОНОМИЧЕСКИЙ РОСТ СТРАНЫ:  
НА ПРИМЕРЕ ЛИТВЫ

*В статье проанализировано и оценено влияние гендерного аспекта на экономический рост страны, выявлены негативные последствия гендерной асимметрии. В соответствии с представленной концептуальной моделью и разработанной методологией дана оценка вклада мужчин и женщин в ВВП страны, а также рассчитана доля экономики по уходу в ВВП.*

*Ключевые слова:* гендерное равенство; экономика по уходу; экономический рост; качество жизни; ВВП.

**Introduction.** Gender equality is recognised as one of fundamental values in the European Union and other developed countries. Practical implementation of the principles of gender equality and awareness of such principles in society allow determining a country's progress and the level of civilisation. It is of utmost importance that gender equality is considered as the key to eliminating effects of the recent global economic and financial crisis. Provision of conditions for the increased number of women fully engaged at the labour market creates a real opportunity to increase the overall employment rate and make use of the intellectual potential of women for the benefit of economic development.

<sup>1</sup> Mykolas Romeris University, Vilnius, Lithuania.

<sup>2</sup> Mykolas Romeris University, Vilnius, Lithuania.

\* This research is funded by the European Social Fund under the Global Grant measure (No. VP1-3.1-SMM-07-K-03-032).

Gender impact is seldom taken into account when shaping economic policies. Women's work in a family is not considered as an equivalent to economic activity, despite the added value that it creates and its significant contribution to the development of human resources for the public and private sectors; it is not subject to remuneration (women's unpaid work), not assessed and not included in GDP structure. State budgets in most countries are formed ignoring gender needs, especially those of women, thus leaving them without access to financial resources. Foreign trade policy also ignores the gender aspect. All these reasons determine a discrepancy between growing economic indicators and stagnating socioeconomic well-being of population in many countries worldwide and in the EU, including Lithuania in particular.

**1. Theoretical Background.** Gender equality issues, necessity to introduce the gender aspect into public and socioeconomic governance of a country, negative impact of gender stereotypes on women and their position at the labour market, stability of family institution, mental and physical health, transfer of negative phenomena of poverty, social exclusion and economic passivity to the growing generation have been studied by A. Bagdonas, R. Lazutka (2007), L. Beneria and B. Savitri (1999), M. Daly (2000), I. Kiausiene et al. (2011), M. Kimmel (2004), C. Moser (2002), O.G. Rakauskiene (2007; 2009), J. Reingardiene (2004), O. Reznik (2014), N.M. Rimasevskaja (2003) and others.

The inseparable connection between the gender aspect and the effectiveness of economic governance is analysed by foreign classics of gender economics and has been developed in recent years by researchers, who note that provision, on a national scale, of equal conditions to the social group of women in realisation of their human and professional potential would benefit the economy, and thus its growth would be promoted (I. Bakker (1994), H.H. Balmori (2003), D. Budlender and G. Hewitt (2002), D. Elson and N. Cagatay (1999), N. Kabeer (2003), O.G. Rakauskiene (2007; 2009) etc.).

Gender equality challenges in the macroeconomic governance of a state, namely, in the areas of economic growth, gender-sensitive budget formation, and foreign trade policy, have been analysed by D. Budlender (2001), N. Cagatay (1998), D. Dollar and R. Gatti (1999), D. Elson (1999; 2001), Z. Randriamaro (2006), I. Van Staveren, D. Elson, C. Grown and N. Cagatay (2007) etc.

**2. Women's care economy assessment problem.** The research problem is determined by the following factors:

*Firstly*, the work performed by women in care economy is not attributed to the category of economic transaction; it is not visible, not assessed, not measured and not subject to remuneration (women's unpaid work).

*Secondly*, women's unpaid work, which is not reflected in any way in the national accounts system, does not occupy a deserved place in country's economic system, exacerbates the problem of gender inequality even further and has a negative impact on the overall macroeconomic growth.

*Thirdly*, women's unpaid work is not included in GDP, hence this significant indicator, which reflects the macroeconomic situation in a country, is lower than it could be.

The abovementioned factors together with stereotypical attitude to gender roles still deeply rooted in any society determine a discrepancy between growing economic indicators and stagnating wellbeing of population in many countries.

The research objective is to develop a conceptual model for assessment of the impact of the gender aspect on state economic policy and to assess the contribution of women and men to GDP and contribution of women's care economy to GDP.

**3. Methodology for assessment of contribution of women and men to GDP and contribution of women's care economy to GDP.** Gender equality research conducted by foreign researchers at the macroeconomic level suggests that *the problem lies in the prevailing economic model itself*. The main objects of macroeconomic research determining country's socioeconomic well-being, such as GDP, state budget and foreign trade, are characterised as *gender-neutral*. The classical economic theory views them as being separate from the human factor and, even more, from gender. Meanwhile, researchers of gender economics state that it is human identity, that is, sex, race, culture or ethnic group that determines socioeconomic behaviour. Gender occupies one of the most important positions on this scale, because *belonging to the social group of women or men essentially determines individual needs, interests and consumer motivation*. On this basis, it is claimed that *macroeconomic policy, which fails to take into account the specific needs of women and men, becomes gender-blind*.

Based on the fact that *the prevailing macroeconomic model ignores the gender aspect*:

*Firstly, the economy loses a significant impetus for growth*. The social group of women consists of over a half of humanity, and the stereotypical gender roles shaped by historical and cultural conditions create artificial barriers that do not allow fully exploiting the potential of women in promoting economic growth. Due to these principles women make up an unjustly undervalued and underused reserve of human resources within the global economic system.

The classical macroeconomic theory, while ignoring the impact of the gender aspect on economic development, does not recognise a significant and equivalent element of economic system, namely, the *care economy sector*. It is also referred to as "women's", "family's", "reproductive" and is special in that mostly women carry out all activities within the sector. This includes child raising and parenting, housework, tending to elderly and disabled family members, organisation of family leisure and recreation etc. *Taking account of the fact that the work performed by women in care economy is not attributed to the category of economic transaction, it is not visible, not assessed, not measured and not subject to remuneration (unpaid work)*.

In gender economics, the reproductive sector plays an important role, just as the productive (production or market) sector. Moreover, it is stated that *care economy is the foundation of the entire economic system of the state on which the formal, informal and household economy are built* (Kabeer, 2003). Taking account of the fact that the activities of women in care economy include education of human resources, at the same time being the workforce, for the formal economy, the care of the disabled and the elderly, non-formal education and health care of family members, the added value created by them constitutes a significant share of national assets. The inclusion of the added value created in care economy into GDP would lead to an increase of this indicator, according to various estimates, from 6% to 8%. *Currently, women's unpaid work, which is not reflected in any way in national accounts systems, does not occupy a deserved place in countries' economic system, exacerbates the problem of gender inequality even further and has a negative impact on the overall macroeconomic growth*.

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

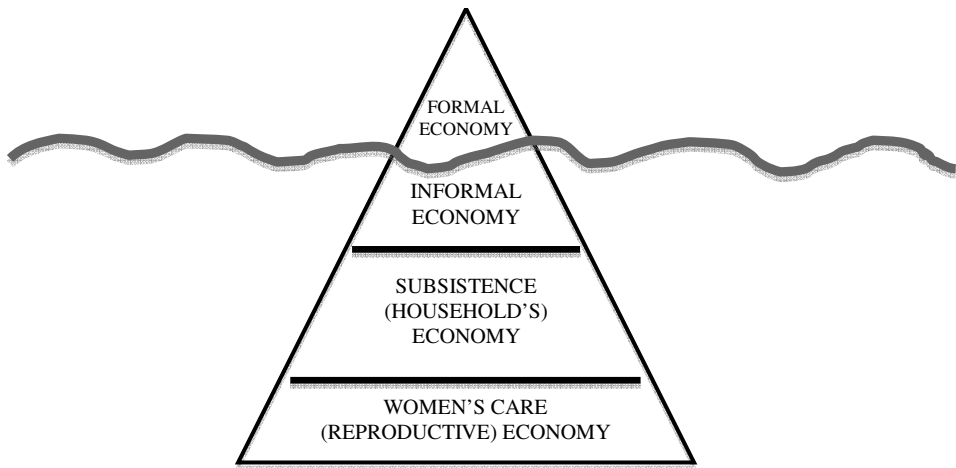


Figure 1. **The "iceberg" view of country's economy, according to** (Kabeer, 2003)

*Secondly, women have unequal and much poorer, as compared to men, access to financial and economic resources.* Most states' budgets are actually formed ignoring gender equality provisions – they are also characterised as gender-blind. Budget revenue is formed and expenditure is allocated disregarding the specific needs of both genders. As a rule, the social group of women experiences the greatest social injustice – its interests, first and foremost related to family care functions, are addressed inadequately, which has a negative impact on the quality of life and stability of women themselves and family institution.

*Thirdly, foreign trade – one of the strategic elements of macroeconomic development – particularly strongly influences social groups of women and men, therefore it cannot be considered as a gender-neutral field. Women, who make up over a half of humanity and unjustly hold lower socioeconomic positions compared to men while acting as full-fledged participants in the foreign trade system in the capacity of employees, consumers and human resources educators, are excluded from the decision-making process at the level of the WTO and have unequal opportunities to enjoy the benefits provided by foreign trade.* The unequal position of women, which is based on stereotypes,

does not allow full realization of their professional and intellectual potential, hence gender inequality, in turn, negatively affects foreign trade efficiency.

*Fourthly*, at the microlevel, that is, at the labour market and business, the prevailing vertical and horizontal segregation shape "feminine" and "masculine" areas of employment, which in turn promote and develop gender asymmetry and determine lower incomes of women as compared to men.

The authors, upon analysing scientific approaches to gender equality and gender mainstreaming, provide here a *conceptual model of assessment of the impact of the gender aspect on state economic policy* (Figure 2). The main idea of the presented model is that *in the economy there is a third actor functioning on the equal basis with public and private sectors, namely, the care (or reproductive) sector, which is dominated by women and which creates added value in the form of educated human resources*. These educated human resources make up a workforce active in the public and private sectors of the economy and creating added value in care economy.

Based on gender equality theoretical background and foreign scientific research the authors claims that women's job in family households is an important branch of economic activity equivalent to any other economic activity, which also *creates added value* in the form of educated human resources and which *contributes to GDP*. *Care economy is not reflected in GDP structure, its contribution is not measured in any way, not evaluated and not calculated*.

With the view to evaluate the shares of GDP created by women and by men in Lithuania the authors suggest applying the statistical data of employment by gender in particular economic activities. Calculating the contribution of women and men to GDP the assumption is that each representative of both genders (i.e. each employee) contributes an even share to GDP, i.e. the general contribution of women and men to GDP is being calculated proportionally the share of employed women and men in each economic activity, expressed in %.

According to the 2012 statistics for Lithuania *economic activities dominated by men* (men's occupation is more than 55%) were: agriculture, forestry and fishing; mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply, sewerage, waste management and remediation activities; construction; transportation and storage; real estate activities.

*Women dominated economic activities* (women's occupation is more than 55%) were: accommodation and food service activities; wholesale and retail trade; repair of motor vehicles and motorcycles; financial and insurance activities; professional, scientific and technical activities; education; human health and social work activities; arts, entertainment and recreation; other service activities; activities of households as employers; undifferentiated goods- and services- producing activities of households for own use.

*Women's contribution to GDP (by production approach)* is expressed by the formula:

$$C_{GDPw} = \sum_{1}^n \frac{GDP_{EAn} \times E_{Wn}}{100}, \quad (1)$$

where  $C_{GDPw}$  – women's contribution to GDP (mln Litass);  $n$  – the number of economic activities (in the case currently analysed the official list of economic activities by Statistics Lithuania is used, i.e. 21 economic activities);  $GDP_{EAn}$  – gross value

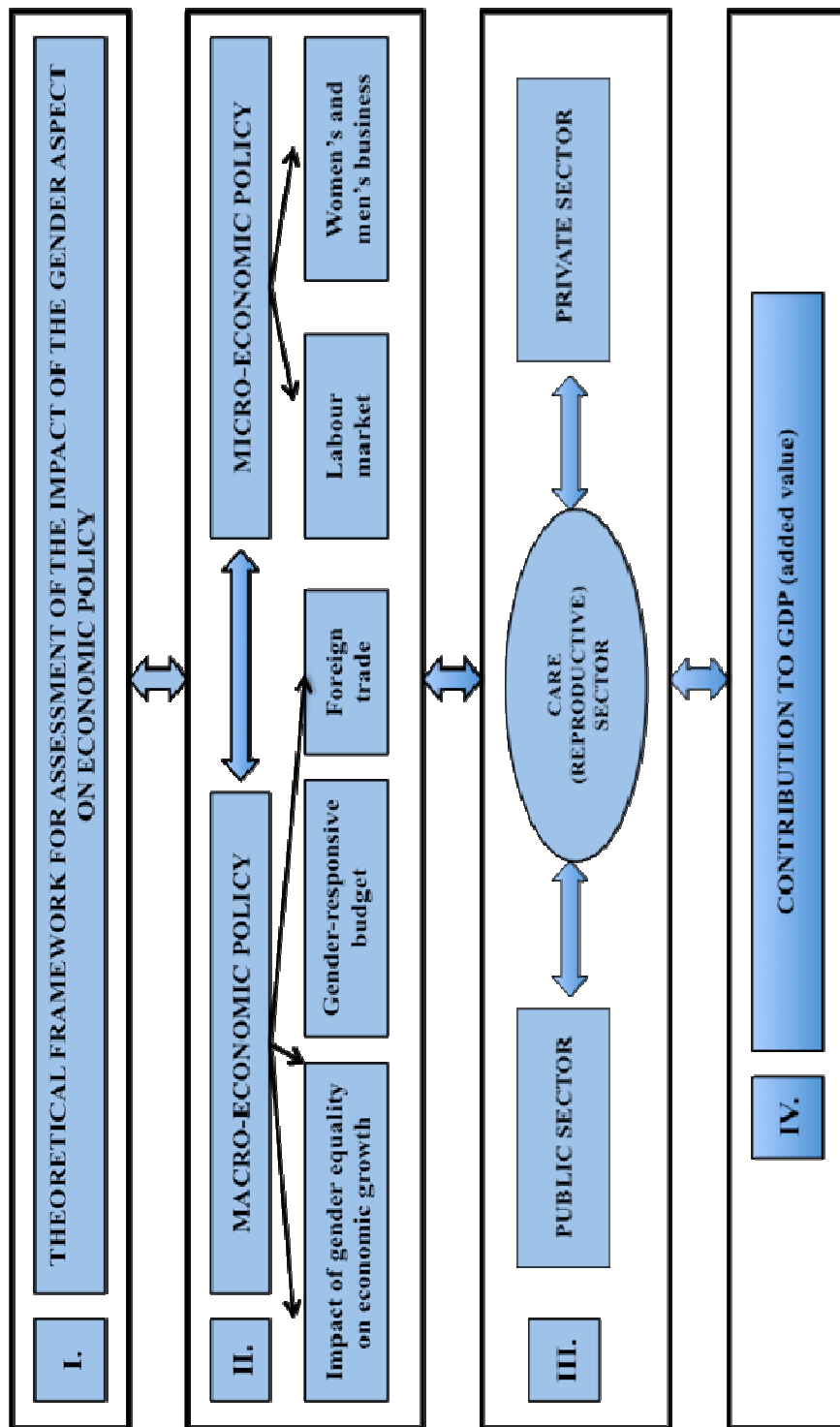


Figure 2. Conceptual model of assessment of the gender aspect impact on economic policy, authors'

added of the corresponding economic activity (mln Litass);  $E_{Wn}$  – % of women employed in a corresponding economic activity.

The value of care economy by the expenditure approach is expressed by the following formula:

$$CE_{ea} = \sum_{i=1}^n p_i q_i, \quad (2)$$

where  $CE_{ea}$  – care economy by the expenditure approach (mln Litass);  $q_1, q_2, \dots, q_i$  – the number of persons or households in the country in the current year;  $p_1, p_2, \dots, p_i$  – the average market price of the appropriate service in the current year;  $n$  – the number of services attributed to care economy.

**4. The assessment of contribution of women and men to GDP and contribution of women's care economy to GDP.** Though the general part of employed women is a little bit higher than that of men (more than 50%), the value added produced by women and calculated proportionally to the employed part of women, is lower than 50%, i.e. women's contribution to GDP is a bit lower than that of men. This fact points that women are employed in less profitable economic activities that makes a negative influence on their payment for the job. Despite the fact that during the recent years the GDP share created by women increased in its value, the percentage share of it has reduced due to increased employment rate of men (Table 1).

Table 1. Contribution of women and men into Lithuanian GDP in 2010–2012

	2010		2011		2012	
	Female	Male	Female	Male	Female	Male
Distribution of the employed by gender, %	52.6	47.4	51.8	48.2	51.6	48.4
Contribution to GDP, %	48.4	51.6	47.2	52.8	46.8	53.2
Contribution to GDP, mln Litass	41611.8	44302.5	45377.6	50688.6	48059.4	54618.3
GDP, mln Litass	85914.4		96066.1		102677.9	

Resource: calculated by authors according to the data of Lithuanian Statistics, 2013.

However this calculation does not reflect the important economic activity such as women's care economy, i.e. everyday women's job in child raising and parenting, housework, tending the elderly and disabled family members etc. Therefore, according to the above-presented methodology the contribution of women's care economy to GDP in 2011 is suggested (Table 2).

*Conclusion: upon the assessment of women's care economy, which is mostly dominated by women, and with reference to the data of 2011 the increase of Lithuanian GDP would comprise 7.87% (Table 3).*

#### Conclusions:

1. *Macroeconomics and macroeconomic policy are not neutral in terms of gender equality. Gender asymmetry is manifested not only at the level of microeconomic policy, but also at the macroeconomic policy level, which has a negative impact on economic growth and state budget revenues.*

2. *Women's care (or reproductive, family) economy is an important branch of economic activity equivalent to any other economic activity, which also creates added value in the form of educated human resources and which contributes to GDP. Care eco-*

Table 2. The contribution of women's care economy to GDP in Lithuania, 2011

The area of expenditure	Sum per month in Litas (at current prices)		Families with 1 child under 18 years, ths	Families with 2 children under 18 years, ths	Families with 3 or more children under 18 years, ths	Household comprised of two or more families, ths	General expenditure of household per year, this of Litas	
	Minimum tariff	The average market price <sup>1)</sup>					Minimum wage	Average earnings
Care of small children (under 2 years)	800	1400	20				192000	336000
Care of children from 2 to 18 years	120	350	211,1	122,2 (x2)	29,4 (x3)		782928	2283540
Housekeeping	400	800	211,1	122,2	29,4		1740960	3481920
Care for the elderly and disabled	900	1500				14,6	157680	262800
<b>TOTAL:</b>							<b>2873568</b>	<b>6364260</b>

<sup>1)</sup> The average market price is determined according to the public sector tariffs with reference to the corresponding activity area and upon questioning not less than 5 representatives of the private sector working in the appropriate activity sphere in various regions of Lithuania (for example, in case of children care the state and public kinder gardens were questioned as well as the enterprises providing nanny service and individually working nannies).

Table 3. Lithuania's GDP, women's care economy (by expenditure approach) and GDP increase, 2005–2012

	2005	2009	2010	2011	2012
GDP, mln Litas	72401.9	75103.4	76302.5	80918	83879
CE, mln Litas				6364.3	
GDP increase, evaluating CE (contribution of CE into GDP), %				<b>7.87</b>	

Resource: calculated by the authors according to the data of Lithuanian Statistics 2013, and the average market prices.



onomy is not reflected in the structure of GDP, its contribution is not measured in any way, not evaluated and not calculated.

3. The authors present the *conceptual model for assessment of the impact of the gender aspect on economic policy*. The main idea of the model is that in the economy there is a third actor functioning on the equal basis with the public and private sectors, namely, *the care (or reproductive) sector, which is dominated by women and which creates added value in the form of educated human resources*.

4. *A research methodology of gender equality at the macroeconomic level is presented*: the assessment of the impact of gender equality on a country's economic growth and assessment of contribution of women's care economy to GDP.

5. *Women's care economy constitutes an important part of the country's national wealth, but is not reflected in the structure of Lithuanian GDP*. If care economy is assessed according to the methodology developed by the authors, Lithuanian GDP would increase by 7.87% (according to the data of 2011).

#### References:

- Римашевская Н.М.* Человек и реформы. Секреты выживания. – М.: РАН, 2003. – 392с.
- Bagdonas, A., Lazutka, R., Vareikyte, A., Zalimiene, L.* (2007). Skirtingi, bet lygus visuomeneje ir darbuotoje. VU Specialiosios psichologijos laboratorija.
- Bakker, I.* (1994). The Strategic Silence (Gender and Economic Policy). Ottawa (Canada): The North-South Institute.
- Balmori, H.H.* (2003). Gender and Budgets: Overview Report. In Bridge (Development-Gender) // www.ids.ac.uk.
- Beneria, L., Savitri, B.* (1999). Gender and Poverty: An Analysis for Action. Gender and Development Monograph Series #2. N.Y.: UNDP.
- Budlender, D.* (2001). Review of Gender Budget Initiatives. London: Community Agency for Social Enquiry.
- Budlender, D., Hewitt, G.* (2002). Gender Budgets Make More Cents: Country Studies and More Practice. The Commonwealth Secretariat.
- Cagatay, N.* (1998). Engendering Macroeconomics and Macroeconomic Policies. United Nations Development Programme, WP 6.
- Daly, M.* (2000). The Gender Division of Welfare. The Impact of the British and German Welfare States. Cambridge University Press, Cambridge.
- Dollar, D., Gatti, R.* (1999). Gender Inequality, Income and Growth: Are Good Times Good for Women. Policy Research Report on Gender and Development, Working Paper Series No 1. Washington D.C., World Bank.
- Elson, D.* (2001). Gender Responsive Budget Initiation. University of Essex.
- Elson, D., Cagatay, N.* (1999). Engendering Macroeconomic Policy and Budgets for Sustainable Human Development. Paper presented at the First Global Forum on Human Development, 29–31 July 1999. UNDP, New York.
- Grown, C., Elson, D., Cagatay, N.* (2000). Introduction. World Development, Introduction to the Special Issue on "Growth, Trade, Finance, and Gender Inequality", 28(7): 1145–1156.
- Kabeer, N.* (2003). Gender Mainstreaming in Poverty Eradication and the Millennium Development Goals: A handbook for policy-makers and other stakeholders. London/Ottawa.
- Kiausiene, I., Streimikiene, D., Grundey, D.* (2011). On Gender Stereotyping and Employment Assimetries. Economics and Sociology, 4(2): 84–97.
- Kimmel, M.S.* (2004). The Gendered Society. New York: Oxford University Press.
- Moser, C.* (2002). Gender Planning and Development: Theory, Practice and Training. Routledge.
- Rakauskiene, O.G., Chlivickas, E.* (2007). Public finance of Lithuania: gender perspective. Journal of Business Economics and Management, 8(1).
- Rakauskiene, O.G., Krinickiene, E.* (2009). Lyciai jautraus biudžeto koncepcija ir jo formavimo prielaidos Lietuvoje. Socialiniu mokslu studijos: mokslo darbai (Mykolo Romerio universitetas), 1(1): 223–243.
- Randriamaro, Z.* (2006). Gender and Trade. Overview Report. IDS/BRIDGE, Brighton.

*Reingardiene, J.* (2004). *Lyciu lygybes strategija ir uzimtumo politika Europos Sajungoje*. Mokomoji knyga. Kaunas: Vytauto Didziojo universitetas.

*Reznik, O.* (2014). Economic Factors of Marriage and Cohabitation in European Countries. *Economics and Sociology*, 7(1): 131–141.

*Staveren van, I., Elson, D., Grown, C., Catagay, N.* (2007). *The Feminist Economics of Trade*. Routledge, London.

The Global Gender Gap Report 2012. World Economic Forum // [www3.weforum.org](http://www3.weforum.org).

Стаття надійшла до редакції 15.12.2014.