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## Poverty, Gender and Coping strategies in Ukraine

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### 1. Introduction

There is a great deal of research evidence on the discrimination of women on the labour market. The impact of such discrimination can be mitigated by government policies, by redistributing household of resources and by individual efforts. This article focuses on the gender differences in individual coping strategies during the societal transition in Ukraine.

The labour market of the post-soviet Ukraine has the following typical gender-based features:

- *Decrease in female labour participation, women's forced or voluntary exit from the labor market.* While the unemployment among men is somewhat higher than among women (7% vs.6%), discontinuation of the economic activity is more common among women. According to data for 2008 compiled by the State Statistics Committee of the Ukraine, labour market participation among women ages 15-70 was 58 per cent, compared with 70 per cent among men. The share of women among the unemployed is higher than that of men: 54 per cent of all unemployed people are women. In addition, it is more difficult to find employment for women than for men (Strychak & Martyn 2008).

- *The discrepancy between individual incomes of men and women indicates a limited access to well-paid jobs for women.* While women have a higher average level of education than men, women's cash wages and salaries make up 69 per cent of those of men(UNDP 2008).Figure 1 demonstrates that a similar tendency is valid also for total individual income (incl. social benefits, income from sales and

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<sup>1</sup>Established in 1992, Kiev International Institute of Sociology (KIIS) is a private Ukrainian research organization, that works close collaboration with the National University of "Kiev-Mohyla Academy". KIIS is one of the leading research institutes in Ukraine, specialized on the design, management and implementation of large, complex, multi-year research projects in Ukraine in fields such as directions as socioeconomic, political, health care and marketing research.

barter income), and difference can be seen in all age groups. The total income for men is on the average 1.5 times higher than for women, and the gap is especially wide for the economically most active age group, that is, people aged 20-49.

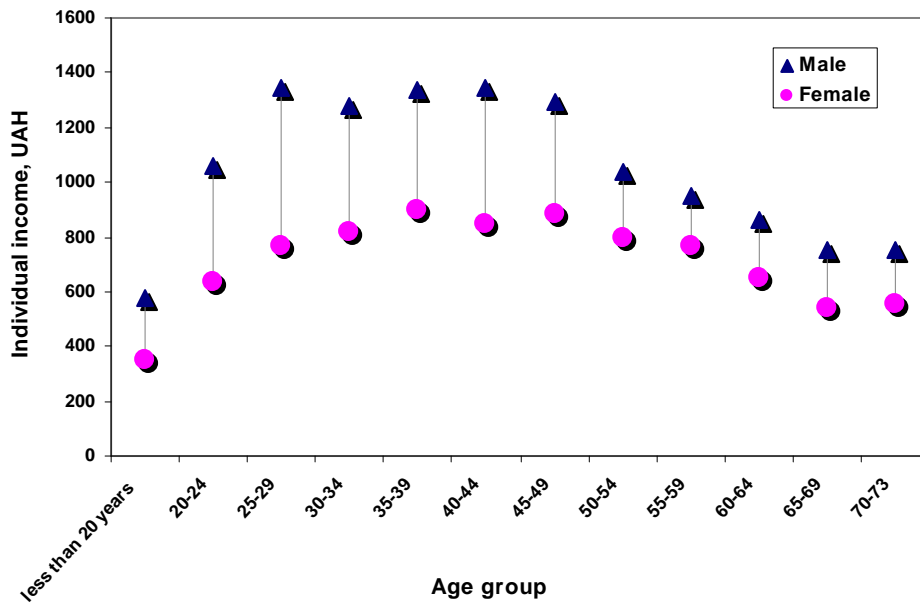


Figure 1. Individual income by gender and age group in Ukraine in 2007

Data source: ULMS 2007

- *Striking labour market Sector and professional segregation by gender.* There is an explicit tendency towards lower labour remuneration for the branches of industry where employment share of women is higher (Blyzniuk 2004). This is especially true in the public sector, for instance, in education and health care (see Figure 2).

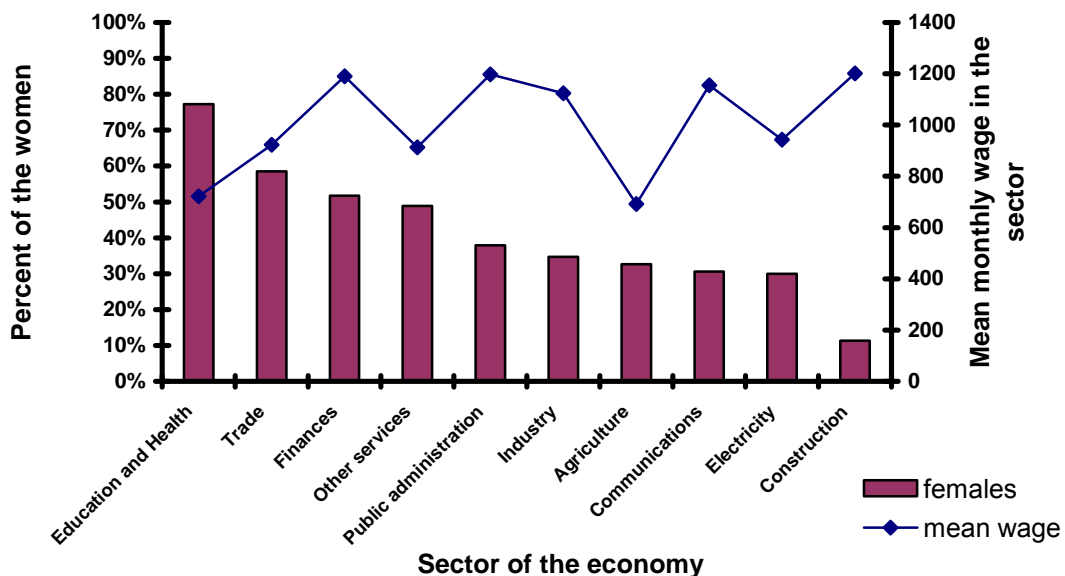


Figure 2. Mean monthly wage by sector and percent of women employed in

## Ukraine in 2007

Data source: ULMS 2007

In general, there is a rather strong negative correlation ( $r = -0,49$ ), between the share of women employed in industry and the average industry salary. There is also strong professional segregation. While among employees the shares of men and women are approximately the same, the share of men is considerably higher among the self-employed entrepreneurs/employees. According to data compiled by the Demographic Institute of the National Academy of Sciences of Ukraine, Ukrainian women comprise 38 per cent of all self-employed entrepreneurs, 26 per cent of those who manage small enterprises, 15 per cent of managers of medium-sized enterprises and 12 per cent of managers of large enterprises. Women clearly dominate among those who perform unpaid work or are employed in the agriculture (see Figure 3).

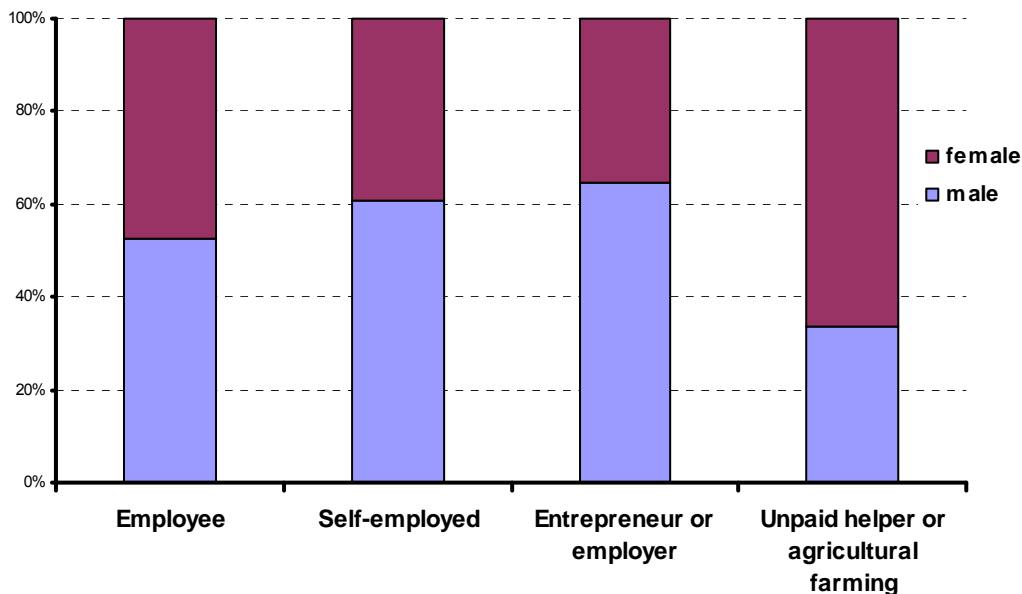


Figure 3. Current employment status by gender in Ukraine in 2007

Data source: ULMS 2007

- *Limited representation of women at higher in of administration and government.* Following the September 2007 elections women make up just over 8% of the Members of Parliament. With the figure, according to the indicator of the Inter-Parliamentary Union, Ukraine ranks 111th in the world (together with Samoa). Close to the Ukraine are countries such as Ghana and the Democratic Republic of Congo. Despite the fact that woman can become the Prime Minister of Ukraine, there have been few female ministers in the Government. Research shows that 58% of the adult population in Ukraine agrees with the statement that men age generally better politicians than women. In addition, 76% of Ukrainian men and 38% of Ukrainian women are in principle not ready to vote for a woman candidate.

The feminisation of the low-paid jobs and the insufficient representation of women in high societal positions can be explained by the reproductive behavior and additional burden of housekeeping, which traditionally-and according to the existing stereotypes-is the woman's responsibility. We also see that considering women inferior on the labour market is typical not only of the majority of men, but is also common among women themselves (M. Myshchenko & O. Gnatiukov 2002).

These tendencies on the labour market and in the socio-political sector have been extensively studied by Libanova (2004), Blyzniuk(2002) and Zhurzhenko(2008) for instance. Considerably less attention is drawn to the gender peculiarities of the microstrategies of coping with economic difficulties and gender-specific adaptation to changing economic conditions. We shall now focus on these issues neglected by social research in Ukraine.

Firstly, we shall describe the general dynamics of the poverty in Ukraine and define the household types that are most vulnerable to poverty.

Secondly, we shall consider multidimensional deprivation among Ukrainian households.

Thirdly, we shall describe the most common coping strategies of the Ukrainian households and their specifics by gender.

Finally, we shall compare levels life satisfaction among men and women, which we consider one integral indicator of the social wellbeing and un/successful adaptation to social change.

## **2. Poverty in Ukraine**

### *2.1 Data source*

The main data source of this analysis is the Ukrainian Longitudinal Monitoring Survey (ULMS). The survey was conducted by KIIS at the request of the consortium consisting of IZA (consortium leader), the Centre for Economic Reform and Transformation, the Economics Education and Research Consortium (EERC) Ukraine, and the German Institute for Economic Research DIW, Berlin. The scientific head and initiator of project is Professor Hartmut Lehmann. The goal of ULMS is to obtain information about employment, the reasons of unemployment and job-seeking strategies, education, migration, and the health of the active adult population in Ukraine. The survey gathers information about household income and its sources, including cash and in-kind earnings, as well as household expenditure.

The survey population consists of the working-age population (aged 15-72). The baseline ULMS survey was conducted in spring-summer of 2003. The second wave was implemented in May-October, 2004 and the last wave in May-December 2007. The final data set includes 3100 of household questionnaires and 6700 individual questionnaires.

In addition, this article uses the results of Household Budget Survey by the State Statistical Committee of Ukraine as well as regular KIIS monitoring surveys, which are conducted quarterly.

### *2.2 Indicator welfare*

For many years, household budget surveys conducted in Ukraine demonstrated significant differences between household income and expenditures (Kharchenko & Paniotto 2000). In ULMS 2007 household expenditures exceeded the reported income by nearly 150 per cent on average.

This suggests that the incomes are underreported due to three factors: a) respondents involvement in informal employment (incl. shadow income, and informal income from private land plots, etc); b) respondent's doubts about confidentiality for reasons of security; c) a lack of time and problems in terms of memory, since respondents tend to minimize their cognitive efforts. Accordingly, consumption expenditure is a better indicator of material wellbeing in Ukraine-as well as in other countries in transition- because it covers everything that a household has at its disposal, such as savings, stocks and self-production. In addition, the questions concerning expenditure are less sensitive than those concerning income.

### *2.3 Poverty measure*

The following three poverty criteria based on statistics or research are most common in Ukraine:

*Absolute poverty* is measured by the World Bank based on data from the Household Budget Expenditure Survey, which is conducted on a regular basis by the State Statistics Committee of Ukraine (e.g. World Bank 2007). Here, the indicator shows the share of poor people by a minimum consumption basket consisting of basic food and non-food goods and services<sup>2</sup>.

*Relative poverty* is measured by the Ukrainian Institute of Demography and defines the poor by those whose per-capita expenditure is less than 75% of the median expenditure level. This indicator is also calculated based on data from the Household Budget Expenditure Survey and is used in the analysing poverty in Ukraine. The calculations are based on the scale of household-equivalent coefficients, which are 1.0 for the first household member and 0.7 for all other members, irrespective of their age.

*Subjective poverty* is based on self-rated poverty where the satiation is often compared to that of a reference group or own past experiences. In the KIIS monitoring surveys, the interviewed respondents are asked to define which statement best reflects the financial situation of their household with the scale "We do not have enough money even to buy the food "; "We have enough money to buy food, but it is difficult to buy clothes or shoes"; "We have enough money for food and clothes and we can save, but this is not enough to purchase a refrigerator, for instance"; " We can purchase some expensive goods (a.g. a television or refrigerator), but we cannot afford everything we want", and "We can afford everything we want".

Figure 4, shows that absolute and subjective poverty in Ukraine have decreased significantly since 2002, while the rate of relative poverty<sup>3</sup> remains

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<sup>2</sup> More details about KIIS monitoring surveys are available at <http://kiis.com.ua/index.php?id=13&sp=1>

<sup>3</sup> The data on absolute poverty are from the World Bank report "UKRAINE: Poverty Update" ( 20 June 2007, 1). The data on relative poverty are presented in «Poverty in Ukraine: methodology and analysis practice», Institute of Demography and Social Surveys, Kyiv-2008, 14. The data on the dynamics of subjective poverty have been calculated by the authors, based on the data of the KIIS monitoring surveys.

unchanged. According to World Bank experts, the main cause of these decline, measured by two key criteria, is an increase in labour productivity, driven by an increase of capital assets and both domestic and foreign investment. In addition, generous increases in public-sector wages and social transfers have also played an important role in poverty reduction (World Bank 2007).

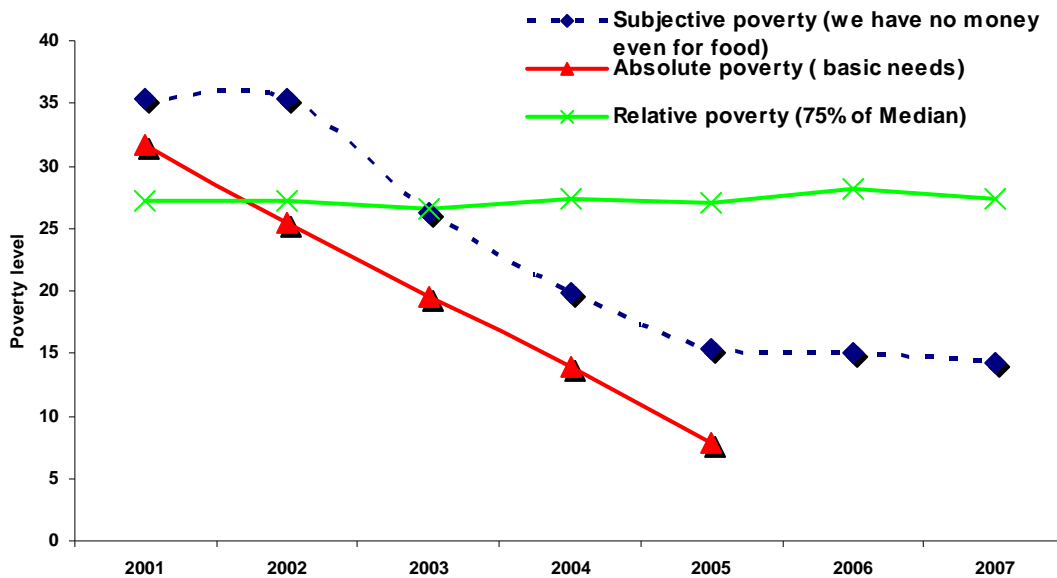


Figure 4. Dynamics of the poverty situation in Ukraine

The research results show that the position of the poor people is not stable and has not remained unchanged. Only 12% of all households (approx. 40% of those who were indicated as poor in 2004 or 2007), were poor in both 2004 and 2007, while quite a considerable part of the population has fluctuated around the poverty line.

### 3. Poverty risk, vulnerability and gender

#### 3.1 Socio-demographic types of the most vulnerable households

In Ukraine, the prevalence of poverty varies by socio-demographic group, and poverty is for the most part a problem for older people, children and people with disabilities. People of working age may be poor, but it is often primarily due to a large number of dependents. As shown in Figure 5, children increase the poverty risk and the risk is the especially high if a person has two or more children, in spite of a considerable increase in child benefits as of 2005. It is worth noting that the pension age in itself is not a poverty risk, unless it is linked to other factors (e.g. bad health and inability to work). In general, the poverty level among women (37%) is almost the same as among men (36%).

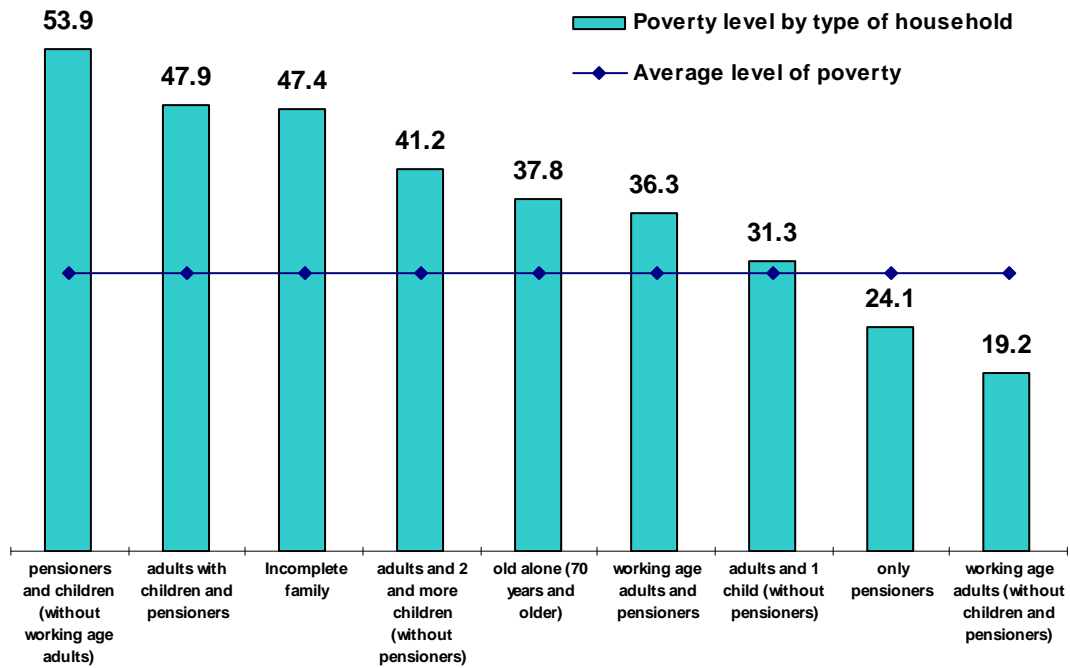


Figure 5. Poverty level by the household type in Ukraine in 2007

Data source: ULMS 2007

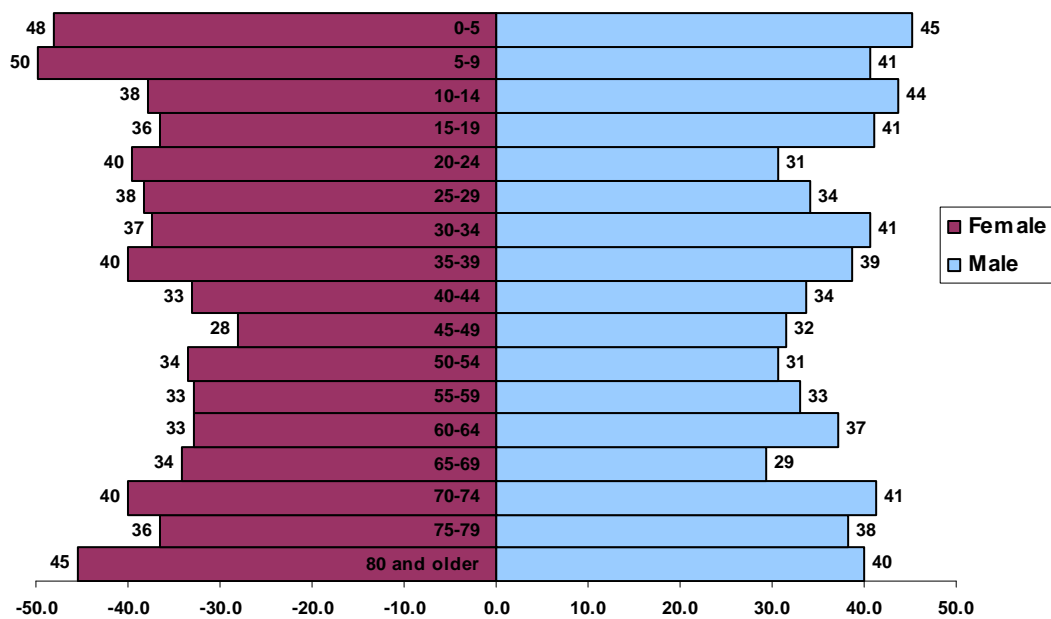


Figure 6. Gender-age pyramid of the poor population of Ukraine, share of poor by age group (%)

Data source: ULMS 2007.

Irrespective of this insignificant gender differences in poverty, other data indicate a higher poverty risks in the female subgroups. This is due to the high

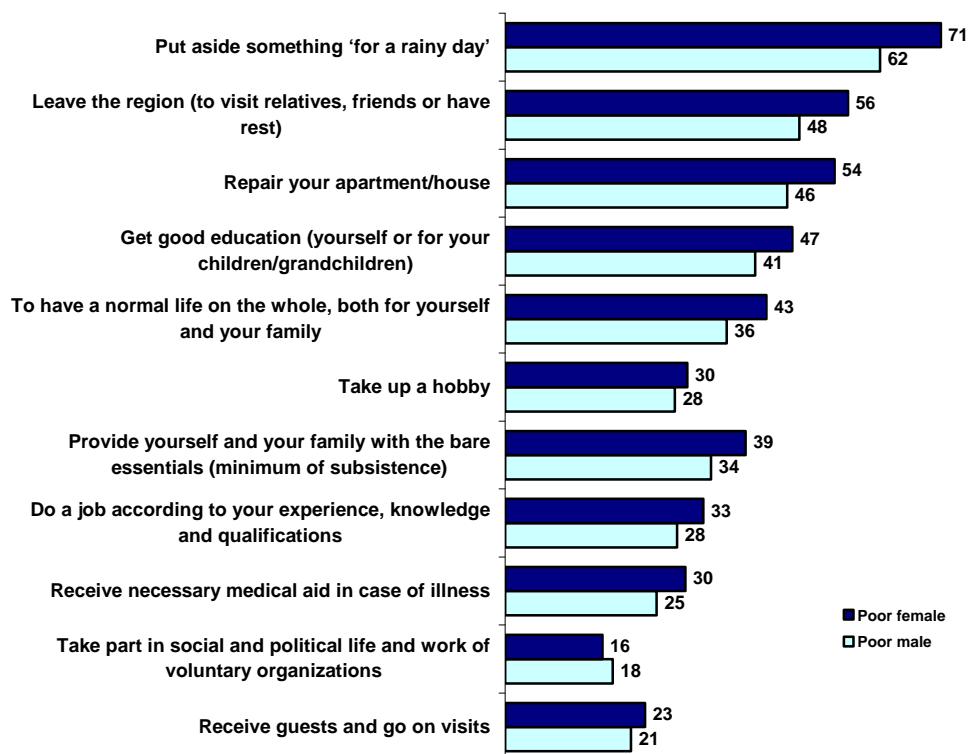
mortality level of and an increased divorce rate among working age men. A high male mortality rate is typical for Ukraine, and many other post-Soviet states, and it has resulted in a large gap of almost twelve years in life expectancy at birth between women and men. Some of the reasons for such a high male mortality are alcohol abuse, drug addiction, occupational health problems, including culturally induced behaviour in traffic, and a higher probability of men to get dangerous diseases such as HIV/AIDS, cardiovascular diseases and tuberculosis. As a result, we see that about 2/3 of older people are women, who are susceptible to poverty if they live alone and are not able to work. In Ukraine, children usually stay with their mother after a divorce, and incomplete families are also very vulnerable to poverty as shown in Figure 5. This is another factor increasing the poverty risk for women.

### *3.2 Multidimensional deprivation*

Average per-capita household indicators are not adequate for studying poverty by gender, since they do not take into account the distribution of financial resources in the family. Available data from Ukraine do not allow for studying this subject in greater detail. In order to assess gender-specific differences in poverty or other vulnerability, we should focus on various life dimensions and look for differences by gender. This multidimensional deprivations approach is a product of international research into social exclusion (a. g. Townsend & Gordon 2006, Atkinson et al. 2009). Ukrainian (and Russian) interest in social exclusion is of rather recent origin (a .g. Ovcharova 2004 and authors such as Prokofieva, Holovaha, Panina, Khmelko, and Oksamytna). Below we describe poverty defined as social and material deprivation by gender in Ukraine by using a list of activities that may be hampered due to a lack of money. (Figure 7).



Figure 7. The share of poverty i.e. material and social deprivation by a number of activities and by gender in Ukraine in 2007.



The results show that practically by all indicators women experience more deprivations and, for some very basic needs, the share of deprived women is very high. Strangely, the only field of activity where women seemed to have more opportunities was participation in political and social life. These findings could be interpreted so that the gender differences are caused by an distribution of household resources, as well as voluntary choice by women to sacrifice their own needs for the sake of other family members, first of all children. According to the KIIS monitoring survey "Omnibus 2006", children's success was considered very important by women but not by men.

### 3.3 Material coping strategies of Ukrainian households, by gender

There are some typical material coping strategies by which people attempt to maintain or improve their satiation in Ukraine (Table 1).

According to our data, work on private land plots ("the dacha economy") is the most wide-spread coping strategy in Ukraine. More than 70% of the economically active populations are engaged in this activity to some extent, including more than half of the urban population who own plots of land for growing vegetables for personal consumption and sale. This strategy is very common among both poor and non-poor households. Nevertheless, for a considerable part of the population, this poverty mitigating strategy leads to a self-subsistence economy, which in today's society is very questionable. (e.g. Piiraien 1997)

Table 1. Coping strategy of Ukrainian households; the shares of poor and non-poor population utilizing each strategy (%)

	Non-poor	Poor	Total
Work on private land plots	69	74	71
Additional job	6	3	5
Labor migration	6	8	6
Renting a dwelling, assets, land, etc	6	4	5
Sale of property, durables	2	1	1
Borrowing of money, postponing of obligatory payments	33	26	31
State social assistance	32	29	31
Informal help (NGOs, social networks)	11	10	11
None of above	4	5	4

Data source: ULMS 2007

Another very common coping strategy is applying for state social assistance. The results show that the share of social subsidy recipients is somewhat higher for non-poor households. It is therefore important to work towards a better allocation of state social assistance. The results also revealed an interesting trend: in comparison to poor households, non-poor households are significantly more likely to delay necessary payments and borrow money. In addition, migration was more popular among poor households. According to State Statistics Committee data most migrants from Ukraine have a lower educational level than the general population, and Ukrainian labour migrants overseas are engaged into low-qualified manual labour, mainly in private households and the construction industry (Libanova 2008). Resorting to various coping strategies has a clear-specific character (see Figure 8).

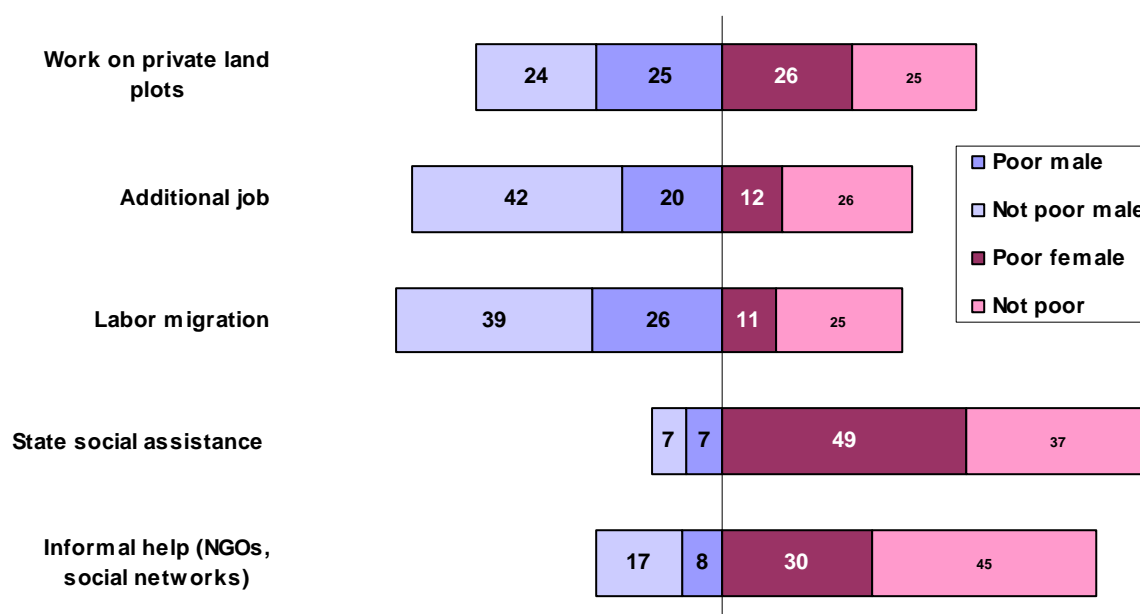


Figure 8. Gender structure of people utilizing various coping strategies (% out of all using this strategy) in Ukraine in 2007

Data source: ULMS 2007

As we can observe, gender parity is found only for the work on private land plots. Finding supplementary work emigrating are predominantly male strategies: female perspectives are rather limited in this respect, due to discrimination on the labor market and a cultural tendency towards housekeeping and family. Women's strategies are more often oriented towards receiving external help, applying for social benefits or privileges as well as towards relying on various informal sources such as seeking assistance from NGOs relatives and friends.

### 3.4 Gender differences of the social wellbeing sense

Life satisfaction can be considered to be an integral measure of social wellbeing an indicator of the successful adaptation to ongoing of social changes. For Ukraine and post-Soviet societies, the European Social Survey demonstrates (ESS 2006)<sup>4</sup>, shows a lower level of life satisfaction as compared to other European societies. According to data gathered for this article, only 6% of people defined themselves as completely satisfied with their lives, while 34% – felt rather satisfied. It worth noting that there is significant negative relationship between life satisfaction and age: older people are less satisfied with the lives than young people. The older the people are, the deeper they stick to Soviet norms and values, and the radical changes of the 1990s affect such people in a more negative way .

Gender differences in life satisfaction may be more difficult to interpret. The share of those completely happy with their lives was statistically higher among men than women, and the share of those who were dissatisfied with their lives was statistically significantly higher among women. To elaborate these findings, we first looked at life satisfaction by age group and gender, and then at the importance of various life components by gender and age group.(see Figure 9).

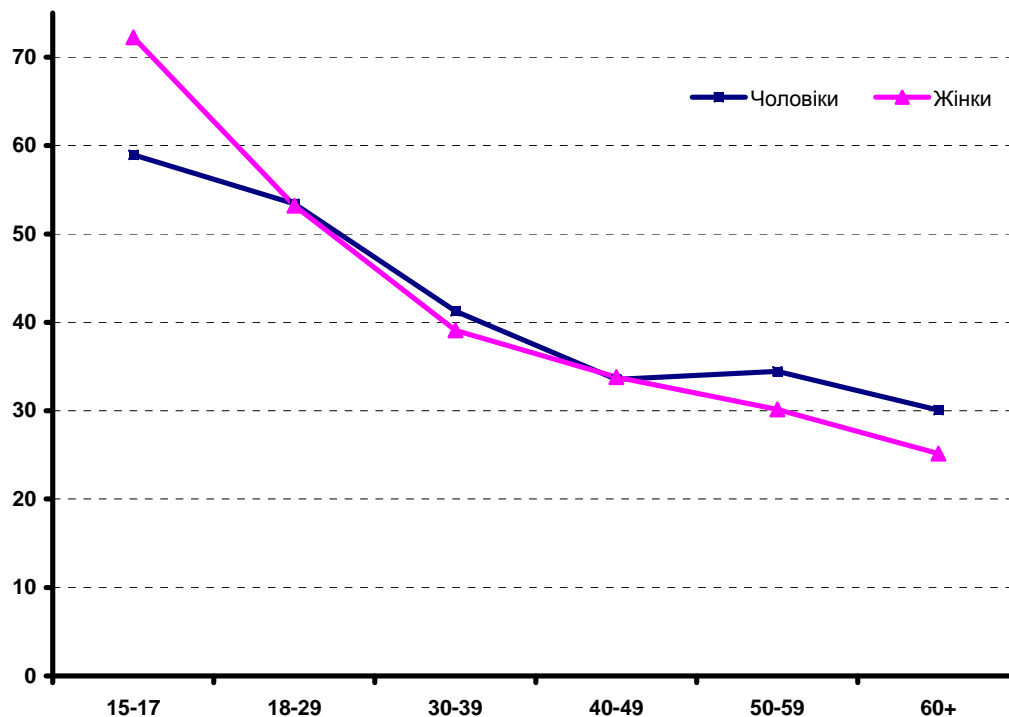


Figure 9. Life satisfaction by age groups and gender in Ukraine in 2007

We carried out a multiple regression analysis looking for various aspects of life satisfaction for contrasting age groups where the difference in life satisfaction between men and women was most significant: young people (aged 15-17) and older people (age 50 and over). We found that material aspects of life, such as income, the stability of material wellbeing, future financial perspectives and housing, were more important to young men than to young women. It is evident that it is easier for young people to satisfy various non-material than material needs in today's Ukraine. Therefore, it is understandable that young women, with less material orientation, were more satisfied with their lives than young men. The relative importance of income increases considerably for older people of both genders. In addition, for women, the stable material conditions and future financial perspectives grow in importance. Nevertheless, the options of real improvement are limited, in particular for women. In general, gender differences between the main components of life largely dissolve with age.

#### 4. Conclusions

It can be argued that women on the Ukrainian labour market experience both segregation and discrimination. As a result, women tend to work in the less profitable sectors of economy and have lower-paying jobs. Their access to financial and other resources- such as political power-is also very limited. A possible conclusion is that this must lead to a feminization of poverty data. Female poverty is mainly associated with two subgroups where women dominate: incomplete families

with at least one child (i.e. single mothers ) and pensioners living in single-person households (this is typical in tradition countries, see Braithwaite & al. 2000).

Nevertheless, looking at a range of indicators we see some evidence indicating a higher material and social deprivation among women than among men. According to our interpretation, the reasons for this lie include an unjust distribution of household resources for the benefit of men and the voluntary choice of women, who often sacrifice their needs for the sake of other family members, above all their children.

Poverty can be mitigated by various coping strategies. Still in 2007, the dominant strategy in Ukraine was to work on private plots of land, which 2/3 of all households—both poor and non-poor households—relying on it. Men mostly use market-based strategies poverty situation on the individual level takes place with the help of utilizing. Our analysis demonstrates that the most popular coping strategies are those that dwell on individual resources. is work on the land plots, engage into it,. Gender differences of the individual strategies become most apparent in the fact that strategies (looking for supplementary earnings, labour migration) while women rely more on social benefits, assistance from NGOs and social networks.

An integral indicator of the wellbeing is overall life satisfaction, which in Ukraine is considerably lower compared to most other European countries. Life satisfaction depends on age: the older the person, the less satisfied with he/she will be.. Gender differences are observed among young people and –to a lesser extent – also among older people. Young girls (age 15-17) were the most satisfied with their lives, while older women (aged 60 and over) were the most unhappy of all gender/ age groups. These findings can be explained by young girls emphasis immaterial aspects of life and increased importance of material wellbeing, financial stability and perspectives for ageing women, in a situation where the possibilities to improve personal wellbeing are critically limited.

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