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Facts on Working Women

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What Women Need to Know About Downsizing

Corporate downsizing and worker displacement have captured headlines across the country. Although more jobs are being created than destroyed, many workers feel insecure. This feeling of insecurity may arise from both the increasing vulnerability of all workers, including professionals and managers, to job loss and the increasing likelihood that permanent dismissal rather than temporary lay-off will be the outcome of job loss. This fact sheet is the first step in a larger-scale effort by the U.S. Department of Labor Women's Bureau to understand how working women are affected by downsizing and displacement.

We've come a long way since policy makers, researchers, CEOs, and the media could ignore the impact of downsizing and displacement on women workers. As women's earnings have become central to their families' economic survival, we can no longer assume that a woman who loses her job as a result of corporate downsizing, factory closings, or job restructuring can afford to drop out of the labor force and rely on the stable earnings of a male worker. Like their male counterparts, women experienced job losses in the manufacturing sector during the 1980s. As structural realignment and downsizing spread to service industries as diverse as insurance and hospitals, a full range of so-called "women's" jobs have been affected.

This fact sheet provides information on the effects of downsizing and displacement on women workers in the civilian workforce. It answers four of the most important questions about what happens to women as a result of restructuring in the U.S. economy.

These questions are:

- o What is the magnitude of women's displacement?
- o How do women fare after displacement?
- o Do women move after being displaced?
- o What are the economic costs of dislocation for women?

The facts presented are based on information about workers who are at least 20 years old and who lost jobs because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished. This information has been collected every two years since 1984 by the Bureau of Labor Statistics (BLS). The BLS definition of displaced workers is limited to those workers who lost a full-time salaried job as a result of plant closure, abolition of shifts or positions, or insufficient work.

WHAT IS THE MAGNITUDE OF WOMEN'S DISPLACEMENT?

Between 1993 and 1995, almost 3.7 million women lost their jobs involuntarily. Women comprised more than four out of 10 workers displaced during that time period (43.5 percent of the total 8.4 million workers displaced).

Research on dislocated workers often focuses on those who have held their previous job for at least three years. These workers are called the "long-tenure" displaced workers. Table 1 shows the number of displaced women relative to the total number of displaced workers for 2-year periods between 1981 and 1994. Between January 1993 and December 1994, 42.2 percent of dislocated long-tenure workers were women.

Women's share of displacement has increased since the earliest survey years when they represented about one-third of all dislocated workers. Between 1993 and 1994, almost one million women were displaced from long-tenure jobs.

Although women's share of all displaced workers has increased, the displacement rate of long-tenure women is slightly below men's rate. The displacement rate for long-tenure women workers is derived by dividing the number of displaced women workers in this category by all women workers. Table 1 also shows that in 1991 and 1992, 3.5 percent of women who had held jobs for three or more years were dislocated. For men, the displacement rate was 4.1 percent. Women's smaller chance of being displaced may arise because the types of industries and occupations in which they are most active have been less likely to displace workers.

Table 1. Displaced Workers With 3 Years or More of Tenure On Lost Job, 1981-1994.

Years Displaced	Displaced Workers (Numbers in thousands)			Displacement Rates (Percent)	
	Total	Women	Women as % of Total	Women	Men
1981-82	2,362	811	34.3	3.4	4.3
1983-84	1,920	729	38.0	2.9	3.2
1985-86	1,995	728	36.5	2.8	3.3
1987-88	1,622	688	42.4	2.4	2.4
1989-90	2,192	862	39.3	2.8	3.2
1991-92	2,768	1,089	39.3	3.5	4.1
1993-94	2,197	927	42.2	*	*

Source: Based on unpublished data from the Bureau of Labor Statistics, Displaced Worker Surveys, 1984-1996. Due to changes in survey methodology, the last two surveys may not be directly comparable to earlier data. Displacement rates from 1981-1992 are from "Worker Displacement: A Decade of Change," by Jennifer M. Gardner, *Monthly Labor Review*, April 1996.

* Displacement rates from the most recent survey not available.

HOW DO WOMEN FARE AFTER DISPLACEMENT?

When long-tenure women workers are displaced, they often fare worse than their male counterparts. Women are less likely to be reemployed, and if reemployed, they are more likely to work at part-time jobs than men.

By February 1996, 76.1 percent of long-tenure women who lost full-time wage and salary jobs in 1993 and 1994 had been reemployed, versus 81.9 percent of men, as shown in Table 2. Although race and ethnic groups are not shown on the table, there are differences in the experiences of women of different races to dislocation. Hispanic women were the least likely to be reemployed in every time period shown: only 51.1

percent of Hispanic women displaced in 1993 and 1994 were reemployed in February 1996. African American women were slightly more likely to be reemployed than white women during the recent time period (with 78.2 and 75.4 percent reemployment rates, respectively).

Table 2. What Do Displaced Workers Do After Dislocation? Distribution of Displaced Men and Women by Outcomes, 1981-1994.
(In Percents)

Year Displaced	Reemployed		Unemployed		Out of Labor Force	
	Women	Men	Women	Men	Women	Men
1981-82	56.4	68.8	18.1	21.9	25.5	9.0
1983-84	64.9	76.2	12.1	13.4	23.0	10.2
1985-86	74.2	79.5	7.2	10.9	18.6	9.7
1987-88	78.3	80.9	6.3	8.9	15.4	10.1
1989-90	70.9	75.2	10.6	15.6	18.0	9.2
1991-92	70.7	79.4	10.9	11.8	18.4	8.9
1993-94	76.1	81.9	5.9	8.2	17.8	9.8

Source: Based on unpublished data from the Bureau of Labor Statistics, Displaced Worker Surveys, 1984-1996. Table shows the distribution of long-tenure workers displaced during the years shown, by their employment status in January or February of the survey year. Due to changes in survey methodology, the last two surveys may not be directly comparable to earlier data.

Women who lost full-time jobs and were reemployed, were more likely to be reemployed in part-time positions than displaced men. By February 1996, 8.9 percent of women displaced in 1993 and 1994 were working part time, versus only 5.1 percent of displaced men. For workers displaced between 1991 and 1992, 13.1 percent of women and 4.8 percent of men were reemployed in part-time positions by early 1994. (Part time employment is not shown on the table.)

Table 2 shows that despite their lower likelihood of going back to work after dislocation, long-tenure women are less likely than men to be unemployed after many months of displacement. This seeming discrepancy is explained by the fact that in the early 1990s, displaced women were twice as likely as displaced men to have dropped out of the labor force. Almost 18 percent of women displaced in 1993 and 1994 were neither employed nor actively looking for work in February 1996, while less than 10 percent of displaced men dropped out of the workforce during the same time period. Yet the table also shows that the percent of women who dropped out of the labor force after displacement has declined since the 1980s, while male rates have remained relatively stable. This is likely because women's earnings have become more important to their families' economic survival, and a smaller share can afford to drop out of the work force.

DO WOMEN MOVE AFTER BEING DISPLACED?

Part of the explanation for women's lower reemployment rates may be their more limited ability to relocate to find another job. Table 3 shows the percent of displaced workers who moved to take or look for another job. In the most recent period, 1993-94, long-tenure displaced women workers were only about 60 percent as likely to move as their male counterparts. The data also show, however, that relatively few men or women move after displacement and that the rates have declined over time.

Table 3. Displaced Workers by Whether They Moved to Take or Look For Another Job, 1981-1994.

Year Displaced	Percent Who Moved		
	Total	Women	Men
1981-82	11.9	8.1	13.9
1983-84	14.7	11.0	17.0
1985-86	17.5	10.5	21.6
1987-88	15.2	10.6	18.5
1989-90	16.7	10.4	20.8
1991-92	10.5	6.6	12.9
1993-94	8.7	6.3	10.4

Source: Based on unpublished data from the Bureau of Labor Statistics, Displaced Worker Surveys, 1984-1996.

WHAT ARE THE ECONOMIC COSTS OF DISLOCATION FOR WOMEN?

Clearly, downsizing is costly for those women who are not reemployed, or who can only find part-time jobs, or who face wage loss after displacement. For a substantial minority of workers who are dislocated, the economic losses are minimal. More than a third (36.2 percent) of all long-tenure workers who lost full-time wage and salary jobs in 1993 and 1994 were reemployed by February 1996 in a full-time job with earnings that were the same or greater than those on the lost job. However, a greater percentage (38.4 percent) were reemployed at a job that paid less than the job they lost -- and a large portion of these workers suffered earnings losses of 20 percent or more. The remaining workers were either unemployed or had dropped out of the labor force. The average wage loss for women displaced from and reemployed in full-time jobs was slightly greater than the loss for men in the most recent survey. For full-time workers displaced

between 1993 and 1994 and reemployed in full-time jobs by February 1996, the average man was paid 13.3 percent less on the new job than he made on the old job, while the average woman was paid 15.4 percent less (data not shown on tables).

Assistance with retraining from the Job Training Partnership Act (JTPA) helps many workers recover from dislocation. Another new initiative is established by the Department of Labor America's Job Bank-- an Internet-based listing of employment opportunities across the country. Assistance with job retraining and job search is only a part of the solution. Corporations we also increasingly discovering that downsizing is not the smartest way to increased profitability. Recent studies have shown that fewer than half of firms that downsize reduce expenses or increase profits, in part because they end up replacing the very people they had dismissed. New initiatives on the part of employers and unions to enhance economic security, create jobs, and provide on-the-job retraining may be more likely than downsizing to increase the firm's bottom line. Such initiatives could ease the costs of downsizing borne by women workers.

Ida L. Castro
Women's Bureau

**U.S. DEPARTMENT OF LABOR
WOMEN'S BUREAU
REGIONAL ADDRESSES**

Region I: Boston

Ms. Jacqueline Cooke, RA
John F. Kennedy Federal Building
Room E-270
Boston, MA 02230
Phone: (617) 565-1988
Fax: (617) 565-1986
(Connecticut, Maine, Massachusetts,
New Hampshire, Rhode Island, Vermont)

Region II: New York City

Ms. Mary C. Murphree, RA
201 Varick Street, 601
New York, NY 10014-4811
Phone: (212) 337-2389
Fax: (212) 337-2394
(New Jersey, New York, Puerto Rico,
Virgin Islands)

Region III: Philadelphia

Ms. Cornelia Moore, RA
Gateway Building, Room 2450
3535 Market Street
Philadelphia, PA 19104
Phone: (215) 596-1183
1-800-379-9042
Fax: (215) 596-0753
(Delaware, District of Columbia,
Maryland, Pennsylvania, Virginia, West Virginia)

Region IV: Atlanta

Ms. Delores L. Crockett, RA/Field Coordinator
1371 Peachtree Street, Room 323
Atlanta, GA 30367
Phone: (404) 347-4461
Fax: (404) 347-1755
(Alabama, Florida, Georgia, Kentucky, Mississippi
North Carolina, South Carolina, Tennessee)

Region V: Chicago

Ms. Sandra K. Frank, RA
230 S. Dearborn Street, Room 1022
Chicago, IL 60604
Phone: (312) 353-6985
1-800-648-8183
Fax: (312) 353-6986
(Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Region VI: Dallas

Ms. Evelyn Smith, RA
Federal Bldg., Suite 735
525 Griffin Street
Dallas, TX 75202
Phone: (214) 767-6985
Fax: (214) 767-5418
(Arkansas, Louisiana, New Mexico,
Oklahoma, Texas)

Region VII: Kansas City

Ms. Rose Kemp, RA
Center City Sq. Building
1100 Main St., Suite 1230
Kansas City, MO 64105
Phone: (816) 426-6108
1-800-252-4706
Fax: (816) 426-6107
(Iowa, Kansas, Missouri, Nebraska)

Region VIII: Denver

Ms. Oleta Crain, RA
1801 California Street, 905
Denver, CO 80202-2614
Phone: (303) 391-6756
1-800-299-0886
Fax: (303) 391-6752
(Colorado, Montana, North Dakota,
South Dakota, Utah, Wyoming)

Region IX: San Francisco

Ms. Barbara Sanford, Acting RA
71 Stevenson Street, Suite 927
San Francisco, CA 94105
Phone: (415) 975-4750
Fax: (415) 975-4753
(Arizona, California, Guam, Hawaii,
Nevada)

Region X: Seattle

Ms. Karen Furia, RA
1111 Third Avenue, Room 885
Seattle, WA 98101-3211
Phone: (206) 553-1534
Fax: (206) 553-5085
(Alaska, Idaho, Oregon, Washington)