

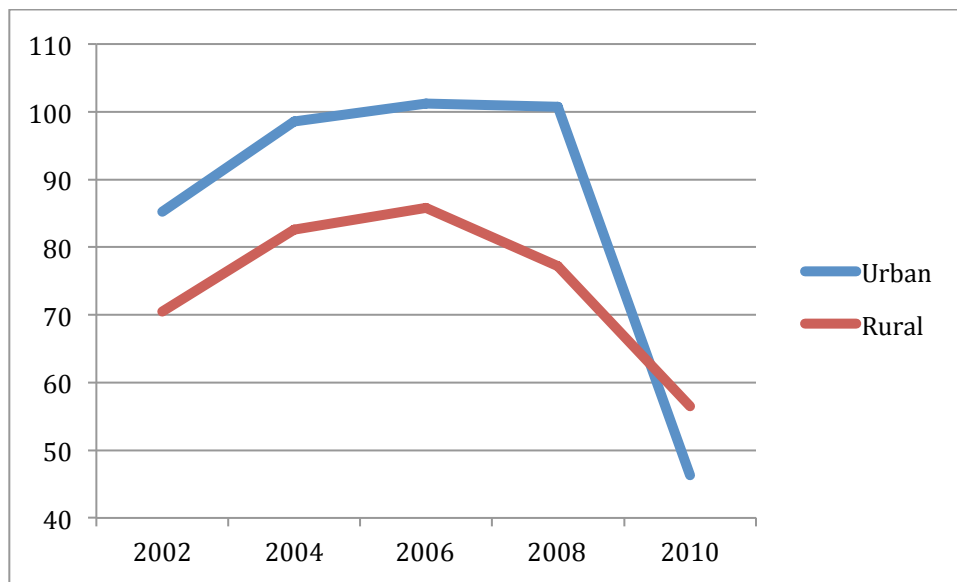
The recent economic success in Vietnam was largely driven by foreign direct investments (FDI). The majority of the new jobs created by FDI were filled by women living in urban areas (Ha and Ha, 2001; Jensen and Peppard, 2003; Doung, 2007; Thoi, 2012). As a result, while the rural gender income gap stayed relatively steady, the urban gender income gap between men and women in comparable occupations all but disappeared by 2008. However, this research shows that these gains were lost during the global recession, and that women in urban areas were most negatively affected by the recession and the flight of FDI from Vietnam. Using the Vietnamese Household Living Standard Surveys (VHLSS), we examine gender income inequality between rural and urban areas from 2002 to 2010. Furthermore, we use paneled data and multi-level modeling to study the effects of the global recession on female-headed households, in particular what variables influenced the likelihood of female-headed households to maintain relatively high-paying occupations past 2008.

To combat the effects of the Asian financial crisis of the late 1990s the Vietnamese government in 2000 passed multiple reform policies that opened markets to foreign investors and continued the Vietnamese economic transition from a socialist command economy to a more open market based economy (Thayer, 2002; Doanh, 2005; Binh and Haughton, 2008). Between 2002 and 2008, FDI fueled Vietnam's economic growth and the creation of millions of low skill manufacturing and garment industry jobs (GSO, 2011). The majority of the new FDI created jobs were filled by women living in urban areas (Thao, 2012; Ha and Ha, 2001; Jensen and Pappard, 2003; Duong, 2007). The increased economic opportunities for women in urban areas led to a dramatic

reduction in the overall gender income gap between 2002 and 2008(See Figure 1).¹

During this same period, the rural gender income gap also improved for women living in rural areas, going from 70.5% of the equivalent male income in rural areas in 2002 to 77.2% in 2008. Although there were modest improvements to the rural gender income gap, women living in rural areas did not experience the same growth in gender income equality as women living in urban areas.

Figure 1. Urban-Rural Gender Income Gap in Vietnam, 2002 – 2010



Source: VHLSS 2002, 2004, 2006, 2008 and 2010

Although the gender income improvements in Vietnam between 2002 and 2008 were significant, they were quickly erased with the onset of the global recession, during which risk adverse investors pulled investments from Vietnam. This, coupled with the continued sluggish global economy, led to a 96% increase in job loss between 2008 and

¹ VHLSS data is collected in the beginning of each year. Therefore, the data in the 2008 VHLSS do not reflect the full impact of the global recession.

2010. Women accounted for over 73% of the total number of workers who reported losing their jobs between 2008 and 2010 (GSO, 2012). At the same time, the gender income gap for women plummeted to 46.3% (See Figure 1). The gender income gap also increased for women living in rural areas, however this research shows that women living in urban areas were most negatively affected by the global recession.

To further understand the trends in the gender income gap, and the dramatic loss in gender income equality in urban areas, this paper uses multi-level modeling to examine how household and provincial level characteristics influence the change in income before and after the global recession. Using data from the 2008 and 2010 VHLSS, we examine household identification variables in the both datasets in order to track individuals and households before the recession in January 2008 through January 2010 to understand if the negative effects of the recession were greater for women, and what household and provincial characteristics help to account for shifts in income between 2008 and 2010.

Growing levels of gender inequality have been on the rise in many developing countries in Southeast Asia. Extensive research in this area shows that women are particularly vulnerable to rapid economic swings associated with globalization (Carr and Chen, 2004; Polluck and Aung, 2010, Phouxay, Tollefsen, 2011). Our research contributes to this important body of work by providing a detailed understanding of the effects of the global recession on women and gender income inequality in Vietnam.