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Exchange of good practices on gender equality

Reducing the gender pay gap

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Austrian staff income report and German Logib-D: good practices in gender equality. Lessons to be learned and transferability circumstances

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1. Background and general policy context

Gender pay gap almost halved between 2000 (17%) and 2009 (8%), but still characterises the salary distribution in the majority of economic areas. At the level of the national economy, women's average gross monthly wage represented 92% of the amount paid to men both in 2008 and 2009. The average women's pay is considerably lower than the national average in industry (72 %) and financial transactions and insurance (73%). Important wage differences persist in the highly feminised activities: education (88%), retail and gross trade (82%), health care and social assistance (88%). Considering the size of the pay gap, the publicly owned sector is a less friendly employer towards women than the private sector is: 16% in the state owned institutions and enterprises compared to 11% in the private entities. While big sized units (250 employees and over) have the lowest wage gap (10%) in the private sector, they condone high income differences in the publicly owned sector (20%). Gender pay gap is at its lowest level (2%) in the public medium sized units (50-249 employees) (INS, 2010: 67-71).

Official reports, such as the ones published by the National Institute of Statistics state that („in general“) wages are equal for equal work. Disparities between women's and men's average earnings are caused primarily by differences in their respective qualifications and women's reduced presence in the managerial positions (INS, 2010: 67). Existing data indicate indeed that men are 2.2 times more numerous than women in the category of highly paid top positions (INS, 2010: 58). However, official statistics do not provide any data about adjusted gender pay gap or document the influence of differences in qualification on current wage disparities.

The principle of equal pay for equal work or equal value was legislated in 2002 as part of the equal opportunities policy. Similarly, the Labour Code stipulates in art.6. that employees have the right to equal pay for equal work and it proscribes any discrimination based on gender, which affects the conditions and elements of the remuneration system (Codul Muncii, 2011: 24). In addition, the 2009 frame law on the public sector unitary wage system (Ministerul Muncii, 2011) restates the equal pay principle, but neither methodology of assessing equal work nor mechanisms to enforce it are provided.

From 2005 to 2010, the main responsibility for designing and monitoring the policy of equal opportunities belonged to the National Agency for Equal Opportunities between Women and Men. Under the austerity measures, the Agency was reduced to a directorate fully integrated in the Ministry of Labour, Family and Social Protection. The National Council for Combating Discrimination has the power to penalise all forms of discriminations, including the one in the area of wage practices.

2. Transferability issues

Tools similar to the German Logib-D or to the Austrian staff income report neither exist in Romania nor are considered among topics of public interest. Both the German and the Austrian approaches are relevant for Romania.

2.1. Logib-D

The implementation of this initiative is legally founded by a parliamentary resolution. In spite of its voluntary character the procedures of its utilisation are clearly stated. The Logib-D instrument targets personnel managers and managing directors who are motivated to analyze remuneration structures and the factors of the pay inequality. Social partners can also benefit from using the tool in the preparation of a gender sensitive collective bargain.

Logib-D is scientifically sound and it results in a relatively complex analysis of the within-firm remuneration structure, particularly focusing on the gender pay disparity and its driving factors. The counselling component is essential in achieving the equality of pay goal. It aims at increasing transparencies with regard to wage differences while granting the confidentiality of the reports.

Logib-D is a valuable tool which can be replicated in Romania. It is very useful for several purposes:

- To increase awareness and transparency with regard to gender differences in pay within an enterprise /establishment and in the larger society.
- To motivate management and social partners with respect to gender pay equality;
- To provide a self-assessment tool of the wage system;
- To create data base and complex analysis of pay gap factors;
- To provide counselling in achieving change, namely in reducing the pay inequality between women and men.

There are some important obstacles and constraints in implementing such an instrument in Romania. The main obstacle is the actual lack of concern for equal opportunities issues in general both at the societal level and at the political level.

While the voluntary nature of the Logib-D practice is an advantage, it may result in a low participation of enterprises. Motivations for participation that have been identified for Germany might not work in Romania. To stimulate the utilisation of the self-assessment instrument, a stick and carrot approach is needed.

Given the reduced expertise of the human resources personnel, it is necessary to include a preliminary training component in the package. Lack of professionals in a specific type of counselling limits considerably the implementation of this component.

Therefore, the possibility to adopt just the pay calculator should be examined. In a first phase, the procedure might focus on raising awareness and transparency about remuneration structures. In addition, the use of the tool will create a critical mass of data on within- firm gender pay disparities. They will pave the way to the next phase: building and implementing the counselling block.

2.2. Staff salary report

Gender discrimination on the labour market and particularly in the wage structure are often hidden by the lack of transparency. The Austrian legislation requires the compliance of employers to the income transparency principle. In addition, it provides the instrument (staff income report) and improves the capacity of Ombud for Equality to support the victim of discrimination. Access to and transparent income data are keys to this approach.

The compulsory nature and sanctions (fines) are important levers, but they mostly target for employees who break the confidentiality. Positive motivation for the cooperation of employers, employees and works councils are entrenched in the system.

The on-line wage calculator is a useful instrument for both employers and employees, but for dissimilar reasons. While transparency and confidentiality can be reasonably regulated, there is a potential conflict between them. For both principles, the measurement of the degree to be allowed and its control are matters of debate.

The loose nature of the regulation, namely the lack of sanctions for employers who do not achieve the reduction of disparities might be compensated in the long run by other enforcement measures.

The implementation of a similar policy in Romania is possible and beneficial for the reduction of pay inequality between women and men. Too often, the confidentiality norm blocks the job-seeker's access to information about wage structure in the enterprise. I find the obligation to provide the income interval in the job-ads particularly important. It is valuable for the potential employee and plays a dissuasive effect against gender discrimination.

For Romania, both the very existence of an Ombud for Equality is a valuable practice and even so the actions taken to enhance the Ombud's capacity in demonstrating income discrimination.

The Austrian package fosters a debate on gender pay differences in the firm/organisation and promotes a culture of cooperation between employers and employees (WC) in this respect. Both could smooth the progress of gender equity in the long term.

The funding for implementing such projects (best practices) is critical during the times of crisis and therefore transferability is impeded by the financial restrictions.

3. Policy debate

National Strategy and the National Action Plan 2010-2012 are the main documents pertaining at equal opportunities policy. Reduction of the wage differences between women and men constitutes one of the specific objectives of the Strategy and it is supported by a review of structural factors that cause gender inequality. Despite that, policy is relegated to raising awareness events. The Action Plan refers to several activities, which aim at enhancing the dialogue between government representatives, social partners and the business milieu. Actually the activities consist of conferences policy solutions to the gender pay gap, publication of informative flyers and dissemination in the media (Ministerul Muncii, 2010). As the Strategy does not envisage any substantive policy change or monitoring procedure, activities included in the National Action Plan are far from positively influencing the current gender pay inequality.

The new legislation favours extensively the flexibility of the labour market, including the increase of atypical work arrangements. Among changes brought to the Labour Code in 2011, one might be particularly detrimental to women and amplify the gender pay disparities. According to this new regulation, the wage of persons employed through the intermediary agencies is no longer linked to the level agreed for employees with long term contract, but to the minimum wage (Codul Muncii, 2011).

During the economic crisis priority was given to austerity measures without any consideration for their effects on the gender pay gap. Moreover, the gender equality principle is marginalised or relegated to ceremonial statements rather than actively translated in policy measures.

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