



The EU Mutual Learning Programme in Gender Equality


Equal Pay

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Equal Pay in Latvia

Gunita Kakteniece
i-DEA Consult

Abstract:

Even though in 2019 the World Bank has named Latvia as one out of the six countries in the world where women and men have been granted equal rights and opportunities, the gender pay gap in Latvia in 2017 was still at 15.7% (just a bit below the EU average of 16%). While all the necessary de jure provisions on equal opportunities and the necessary institutional support have been introduced in Latvia, concrete mechanisms for stimulating equal pay among men and women are still to be developed. Public awareness raising campaigns changing the existing stereotypes on women and specifically targeted at employers would be beneficial for ensuring de facto equality among women and men.

1. Relevant country context

In 2019, the World Bank¹ has named Latvia as one out of six countries worldwide where women are provided with all of the same opportunities as men and legislating protections that promote gender parity, such as parental leave and equal pay laws. The report "Women, Business and the Law" that examined 35 indicators of legal equality in 187 countries, covering all areas from property ownership and inheritance laws to job protections and pension policies, along with rules governing marriage, movement and travel, pay, and personal safety concludes that "Six economies - Belgium, Denmark, France, Latvia, Luxembourg and Sweden - score 100 in the Women, Business and the Law index, meaning they give women and men equal legal rights in the measured areas. A decade ago none of these economies scored 100, indicating they all reformed over the past ten years."

The study is based on the analysis of legal framework and does not fully track its application and daily practice, therefore, the real life situation in Latvia in relation to equal pay among men and women is not that idealistic.

1.1. Policy context and legal provisions

Gender equality was first introduced in Latvia in 2001 with approval of the Concept for Gender Equality and the European Community Framework Strategy on Gender Equality 2001-2005 that formed the cornerstone of the policy framework. It has been

¹ World Bank's report Women, Business and the Law:
<https://openknowledge.worldbank.org/bitstream/handle/10986/31327/WBL2019.pdf>

further nourished by a chronological sequence of documents planning implementation of the national policy on gender equality in Latvia, such as²:

- Programme for Implementation of Gender Equality for 2005-2006;
- Programme for Implementation of Gender Equality for 2007-2010;
- Plan for Implementation of Gender Equality 2012-2014;
- Plan for Stimulating Equal Rights and Opportunities for Women and Men 2018-2020.

In 2014, a new policy document - Inclusive Employment Guidelines 2015-2020³ - promoting equal opportunities in the labour market has been introduced and adopted by the Cabinet of Ministers of the Republic of Latvia. Some of the most important aspects viewed in the Guidelines include equal opportunities in the labour market, promotion of employment of women and fight against gender segregation in the working environment.

The principle of equal pay for equal work has also been incorporated in the Law on Labour⁴, stating that an employer is obliged to establish equal pay for men and women for the same work or work of equal value (Article 60). In November 2018 the Law on Labour was amended by a regulation foreseeing that all job advertisements have to indicate either the gross monthly salary, yearly remuneration or the expected hourly rate for the position in question (Article 32).

The Law also stipulates the mechanisms, if an employer violates the rule of equal pay. In that case, an employee has the right to claim the remuneration that the employer usually pays for the same work or work of equal value. The law also provides that an employee may bring the case of violation of equal pay to court, within three months of the date s/he learned or ought to have known about a violation of the rule on equal pay.

The principle of equal pay in Latvia has been guarded by two institutions: (1) State Labour Inspection being responsible for supervision and control in the field of labour relations (stipulated by the Law on State Labour Inspection⁵), and (2) Ombud being responsible for respect of equal treatment and anti-discrimination (stipulated by the Law on Ombud⁶).

² <http://lm.gov.lv/lv/nozares-politika/dzimumu-lidztiesiba/1-politikas-planosanas-dokumenti-un-tiesibu-akti/1-latvijas-politikas-planosanas-dokumenti>

³ <http://likumi.lv/ta/id/273969-par-ieklaujosas-nodarbinatibas-pamatnostadnem-2015-2020-gadam>

⁴ <http://likumi.lv/doc.php?id=26019>

⁵ <https://likumi.lv/doc.php?id=177910>

⁶ <https://likumi.lv/doc.php?id=133535>

1.2. Statistics

Since the economic crisis in 2008, the gender pay gap in Latvia has been growing: from 11.8% in 2008 to 17% in 2016, according to Eurostat. The situation has started to improve in 2017 with the gender pay gap being at 15.7%, placing Latvia just a bit below the EU average of 16%⁷.

During the 1st quarter of 2018⁸, the highest gender pay gap has been observed in the sectors of Finances and Insurance, as well as Information and Communication where women earned 38.5% and 25% less than men respectively. At the same time, there are a number of sectors where the gross monthly salary between men and women differs in the range of 15-25 euro per month:

- with women receiving more than men in such sectors as Construction and Transportation;
- women receiving less than men in such sectors as Public administration and defence, compulsory social security (1.4%) and Administrative and support service activities (2.6%).

Also in the traditionally female-dominated sectors such as Education and Human health and social work activities men earn more than women at 6.8% and 11%, respectively.

2. Policy debate

The issue of equal opportunities including the gender pay gap traditionally comes to the top of the agenda of the policy makers and social partners as part of the preparation process for the next planning period of the EU Structural Funds. The discussions for 2021-2027 are about to start towards the second half of 2019.

The issue of equal opportunities among women and men including the gender pay gap is appearing more and more often in the national media, social networks and communications of companies. For example, one of the largest commercial banks in Latvia – Swedbank has devoted an article to the issue of equal opportunities in the labour market as part of its communication on the International Women's Day on 8 March. Recently, one of the largest national daily newspapers 'Diena' has published an interview titled "IT industry is not tailor-made to men"⁹ discussing the change of stereotypes of traditional male professions, such as IT, and encouraging women to involve in the well-paid jobs of the industry.

⁷ Eurostat, 07.03.2019

⁸ Central Statistical Bureau of Latvia, www.csb.gov.lv

⁹ <https://www.diena.lv/raksts/viedokli/latvija/it-industrija-nav-domata-tikai-viriesiem-14218699>

3. Good practice examples

3.1. National Platform for Social Dialogue

In 2004, the representatives of the Government of Latvia, employers and trade unions set up the National Trilateral Cooperation Council – the platform for social dialogue on social and economic issues between employers' organisations, state institutions and trade unions. It has a Sub-council devoted to Labour Affairs that brings together government representatives and social partners to discuss issues related to safety at work, legal aspects of employment and equal opportunities. The meetings take place on a regular basis with an average of one meeting every two months.

Since 2013, the Sub-council has initiated a prize of the most gender equal enterprise, i.e., the one taking targeted actions in implementing measures that promote equal gender balance in management structures and equal pay policies. Since 2015, the meetings of the Sub-council have discussed the issues of gender pay gap encouraging social partners to take actions in tackling the differences in wages among women and men.

3.2. Initiatives of an IT Company

One of the world's leading Information Technology companies - Accenture having branch offices in 52 countries, including Latvia, has put gender equality at the heart of its corporate values. By 2025, the company aims to achieve a balanced (50/50) proportion of women and men among employees and equal pay policy.

In 2018, Accenture has made a study “When she rises, we all rise. Getting to Equal 2018: Creating a culture where everyone thrives”¹⁰. It sets out 40 principles that could foster equal opportunities for men and women at work and concludes that in those companies that follow the principles of equal opportunities, 98% of employees are satisfied with their career growth and have positive effects on remuneration. The survey conducted in the framework of the study revealed an interesting fact: improved gender equality in the company also improves career opportunities for men.

4. Transferability aspects

While Latvia has made all the necessary policy framework and legal provisions, adequate institutional support mechanisms, platforms for social dialogue and has initiatives of private enterprises, concrete mechanisms for stimulating equal pay among men and women are still to be elaborated and would be beneficial. Therefore, the model of equal pay management system introduced in Iceland since 2018 could

¹⁰ <https://www.accenture.com/es-es/acnmedia/PDF-73/Accenture-When-She-Rises-We-All-Rise.pdf>

be considered and first discussed with the social partners during the meetings of the Sub-council of Labour Affairs.

Introduction of the equal pay system in Iceland by law is a brave and innovative initiative. However, it has put an extra administrative and financial burden on all employers having more than 25 employees and required extra arrangements for public institutions involved in supervision of the process. This would be the biggest constraint for transferring the Equal Pay Standard to Latvia as employers are already facing a rather heavy bureaucracy “stealing” a lot of time from the primary focus of the company or organisation.

Nevertheless, the equal pay system in Iceland could be promoted as an example of good initiative of implementation of the equal pay policy that could be chosen to follow by an employer – private company or public institution - on a voluntary basis. If more employers select equal pay policy as a corporate value, it would become a wind of change towards minimising the pay gap.

5. Conclusions and recommendations

Planning documents and **policy** measures on employment and wages do not sufficiently integrate the principle of equal opportunities and rights for women and men. Although one of the policy objectives is to reduce the pay gap between women and men, specific and targeted actions have not been planned sufficiently. Also, the principle of equal opportunities for women and men would need to be integrated in the policy documents for all sectors that directly or indirectly affect pay issues, e.g., business development, economic development, tax policy, etc.

The **factors and algorithms** that determine pay gap between women and men need to be further estimated and analyse the whole chain and its effects on calculation of remuneration (e.g. smaller base wages have smaller augmentation). This information would allow for a more targeted planning of policy measures and regulatory changes to foster equal pay.

Employers play a key role in reducing and preventing unequal pay, therefore a more targeted work and communication with employers need to be organised by spreading good practice examples and encouraging them to introduce equal pay policies thus becoming role models for others and improving their attractiveness for new employees. The communication could be especially targeted at larger companies and organisations that already have a high potential of developing a good image, as well as those in the sectors with high gender pay gaps.

General public awareness-raising campaigns need to be organised to **change stereotypes** of typical male and female professions (e.g., information technologies that offer diverse career opportunities also for women, etc.) and tackle employers' lack

of interest in **eliminating inequalities** and existing discriminatory practices in the labour market.

Data sources:

Websites:

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Interviews:

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Ilze Zvidrina, Ministry of Welfare, Department of Labour Market Policy