




# The EU Mutual Learning Programme in Gender Equality

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# Equal pay for equal work in Slovakia: context, policies and initiatives

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## Abstract:

The gender pay gap represented 19.8% in 2017 in Slovakia, compared to 16 % in the EU as a whole. Gender-based occupational and sectoral segregation seems to play an important role. Gender occupational segregation index reached 29.4% and gender sectoral segregation index 23.2 % in 2016, which were among highest values in the EU countries. Principle “equal pay for equal work” is strongly embedded in the Slovak legislative system, mainly through the Antidiscrimination Act and the Labour Code. Nonetheless, the equal pay certification, applied in Iceland, represents an excellent example of social innovation in the field of gender equality, which provides an inspiration for Slovakia. It shows that important social changes may happen quite quickly, when responding to societal needs that are perceived as urgent and, at the same time, as justified and legitimate. On the other hand, some questions arise when it comes to its costs and application in different economic contexts.

## 1. A broader labour market context

Gender inequality is a persistent feature of the Slovak labour market. The gender employment gap, although decreasing in recent years, is still significant. In 2017, it represented 12.8 percentage points (the EU average was 11.5 p.p.).<sup>1</sup> Decline in the gender employment gap resulted from the fact that the employment rate of women grew faster than that of men: while the employment rate of women increased by 8.2 p.p. between 2012 and 2017, the employment rate of men increased by 4.7 p.p. However, women’s employment rate (64.7%) remains below the EU average (66.5%). Motherhood hampers participation in the labour market to a great extent. Employment rate for women with at least one child aged 0-14 represented 56.3 % in 2014.<sup>2</sup> The situation of mothers of very young children is very much worse. The employment rate for women with youngest child aged 0-2 years was only 16.7%. Long duration of paternal leave and lacking places in childcare facilities for young children are some of crucial factors behind the low labour market participation of mothers.

According to Eurostat, gender pay gap - measured as the difference between average gross hourly earnings of male paid employees and female paid employees<sup>3</sup> - stood at

<sup>1</sup> The gender employment gap represented 17.1 percentage points in 2008 and 15.5 percentage points in 2012. Statistical data in this report come from Eurostat’s website, unless otherwise specified.

<sup>2</sup> The latest data that are available. Data on maternal employment come from the OECD Family Database.

<sup>3</sup> This difference is expressed as a percentage of average gross hourly earnings of male paid employees.

19.8% in 2017 (16 % in the EU as a whole). In the previous years it fluctuated between 19% and 21%, reaching a peak in the middle of the economic and financial crisis in 2009 (21.9%). When median earnings of men and women are compared, the gender pay gap shows lower values. The gender pay gap in median earnings, provided by the OECD Family Database, may serve as an example.<sup>4</sup> In 2016, it amounted to 13.9% in Slovakia, compared to the EU average of 12.5% and the OECD average of 13.3%. Between 2010 and 2016 the gender pay gap decreased by one percentage point.

Regardless of definitions of gender pay gap, it is evident that a gender-related wage inequality exists in Slovakia to a significant degree. In general, factors that contribute to this form of inequality include different patterns of labour market participation among men and women, segregation in the labour market, or unequal division of unpaid household-related work/tasks. Not all factors are, however, relevant in Slovakia. For example, while gender differences in part-time employment usually affect the level of gender differences in earnings in many countries, it is not the case of Slovakia for at least two reasons. Firstly, an overall incidence of part-time work is quite low (5.7% of total employment in 2017).<sup>5</sup> Secondly, although women are more often involved in part-time employment than men (8% vs. 3.9%), the difference is not very large (31.1 % vs. 8.1 % in the EU as a whole). The same applies to the difference in temporary employment. There were 8.6 % of women aged 20-64 on temporary contracts, compared to 7.2% of men (12.4 % vs. 10.4 % in the EU).

On the other hand, gender-based occupational and sectoral segregation seems to play a more important role. The gender occupational segregation index, which reflects the proportion of the employed population that would need to change occupation in order to bring about an even distribution of men across occupation, reached 29.4% in 2016 in Slovakia.<sup>6</sup> It was the second highest value among the EU countries. Similar holds true for the gender sectoral segregation index, which refers to segregation across sectors: it reached the fourth highest value (23.2 %). For example, in 2017, women represented 85.7 % of employed persons in the sector of education and 79.4 % of employed persons in the sector of health and social work.<sup>7</sup>

However, a large part of the pay gap cannot be attributed to the differences in average characteristics of women and men such as education, occupation, industry affiliation, or part-time employment. This unexplained part of the gender pay gap might include career path breaks, career choices, career progression, or discrimination in hiring. In Slovakia, this unexplained part represents a large part of the gender pay gap. According to Eurostat<sup>8</sup>, only 9 % of the difference between (log) hourly earnings of

<sup>4</sup> Gender pay gap calculated for the purpose of the OECD Family Database has two distinct features it is based on comparison of median earnings and it takes into account only full-time employees.

<sup>5</sup> Part-time employment refers to employment of persons aged 20-64.

<sup>6</sup> European Commission (2018): 2018 Report on equality between women and men in the European Union.

<sup>7</sup> Statistical Office of the Slovak Republic (2018): Gender Equality 2018.

<sup>8</sup> Leythienne, D., Ronkowski, P. (2018): A decomposition of the unadjusted gender pay gap using Structure of Earnings Survey data. Eurostat.

men and women can be attributed to the difference in average characteristics between male and female workers that is in favour of men. The remaining 91 % of this difference comes from other sources. Furthermore, decomposition of unadjusted gender pay gap shows that the estimated unexplained gender pay gap is 18 % against 19 % for the unadjusted gender pay gap. It means that women earn 18 less than men after correcting for the different average characteristics of men and women. Similar conclusions have been drawn by Institute for Financial Policy<sup>9</sup>. In addition, its analysis shows that family, career and region represent 60 % of unexplained part of gender pay gap.

## 2. Policy debate

The Slovak Republic is a party to number of international treaties on human rights, including the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). In 2004, the Anti-Discrimination Act<sup>10</sup> was adopted. It introduced definitions of equal treatment and discrimination into the Slovak legislation and leads to amendments of several laws. As regards grounds protected, the Anti-Discrimination Act goes well beyond the list of grounds covered by the Council Directives 2000/43/EC and 2000/78/EC.<sup>11</sup>

Equal pay for equal work is also protected by the Labour Code, which specifies the following principles:

- Employer shall be obliged to treat employees in labour-law relations in accordance with principle of equal treatment stipulated for the area of labour-law relations by the Anti-Discrimination Act (§ 13).
- In labour-law relations, discrimination shall be prohibited on the grounds of sex, marital and family status, sexual orientation, race, colour of skin, language, age, unfavourable health state or health disability, genetic traits, belief or religion, political or other conviction, trade union activity, national or social origin, national or ethnic group affiliation, property, lineage or other status (§ 13).
- Wage conditions must be agreed without any form of sex discrimination. This applies to all remuneration for work and benefits (§ 119a).
- Women and men have the right to equal wage for equal work and for work of equal value. Equal work/work of equal value is defined as a work of the same or comparable complexity, responsibility and urgency, which is carried out in the same or comparable working conditions and at producing the same or comparable capacity and results of work in employment relationship for the same employer (§ 119a).

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<sup>9</sup> Institute for Financial Policy (2017): Rovnaký plat za rovnakú robotu? (Equal pay for equal work?)

<sup>10</sup> The Act no. 365/2004 on equal treatment in certain areas and protection against discrimination.

<sup>11</sup> <https://www.gender.gov.sk/en/main-legislation/anti-discrimination-act/main-principles-and-definitions/>

However, practical application of legislative anti-discrimination measures is sometimes limited due to the fact that “people in general do not recourse to courts to litigate for their right not to be discriminated against”.<sup>12</sup>

In addition to specific legislative measures, there are two strategic documents on gender equality that address equal pay issues: National Strategy for Gender Equality in the Slovak Republic 2014-2019 and the related Action Plan for Gender Equality for years 2014-2019. The Strategy lists series of policy (operational) objective, including objectives regarding equal pay for equal work. Under the overall objective “Strengthening women’s economic independence through elimination of gender disparities in the labour market”, the following operational objectives are specified: to reduce the gender pay gap systematically, to eliminate horizontal and vertical segregation, to create conditions for reconciliation of work, family, and private life, or to strengthen the principle of equality and non-discrimination in labour market and social policies.

In public debate, the issue of equal pay for equal work attracts attention especially on the occasion of the Equal Pay Day. This awareness-raising measure encourages media to publish data on gender-based wage inequality, its causes and consequences. It is in this context that the indicator “gender pay gap” becomes publicly known and discussed. In addition, the activities of feminist NGOs and experts in the field are brought to the public attention on the Equal Pay Day.

In recent policy debates, equal pay has been addressed mostly indirectly. Several policy measures have been implemented which might affect the wage gap between men and women. An accelerated growth of minimum wage may serve as an example. As women are over-represented in lower-paid categories of employees, continuous increase in minimum wage floor may contribute to reducing gender pay gap. The rise of wages of public sector employees, which has occurred in 2018 and 2019, can act in similar way.

### 3. Good practice examples

Several good practices, related to equal pay, can be identified in Slovakia.

Under the auspice of the Ministry of Labour, Social Affairs and Family, an awareness-raising competition “*Family-, Gender Equality-, and Equal Opportunities-Friendly Employer Award*” is organised. The aim of the competition is to draw attention to companies that support gender equality, diversity, social inclusion, equal opportunities, and positive social changes in the position of women and men. The award is granted on yearly basis, based on the decision of the committee consisting of relevant experts.

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<sup>12</sup> Porubánová, S. (2017): Gender equality policies in Slovakia. Study for the FEMM Committee. Directorate General for Internal Policies. Policy Department C: Citizens’ rights and constitutional affairs.

The second good practice example also comes from the Ministry of Labour, Social Affairs and Family. It is represented by regular “*Report on gender equality*”, which is prepared by the Department of Gender Equality and Equal Opportunities. The report provides a comprehensive overview of progress and changes in many aspects of gender equality, including data on equal pay. It also offers an overview of implemented policy measures, projects and initiatives and as such, it serves as an important source of information in the field of gender equality.

The *Diversity Charter* (Charta diversity), an initiative aimed at supporting, sharing and disseminating principles of diversity management, is another good practice example. This initiative, supported by the European Commission, has been launched in 2017 by Pontis Foundation and is ran by the Business Leaders Forum (at the Pontis Foundation).<sup>13</sup> The Diversity Charter expresses commitment of employers to respect diversity and to create inclusive culture, trust, and empathy at the workplace. The charter was originally signed by 16 companies and 2 non-governmental organisations. To date, 53 subjects signed the charter, covering more than 48,000 employees. A Diversity Day is celebrated on 30 May (30 May 2017 the Diversity Charter was launched), encouraging various activities in companies that support diversity and its public awareness.

The last example emphasises transparency as an important principle of policies aimed at reducing wage inequalities and supporting the equal pay for equal work principle. In 2018, the legislative norm was approved that obliges companies to publish the wages offered for jobs in job advertisements. The reason behind was that making the published wages obligatory will increase employees’ awareness of their value to employers and will lead to increasing pressure for wage growth.<sup>14</sup> (It is noteworthy that employer cannot “later” offer lower wage than wage that was previously published). This step may have, however, consequences also for equal pay. Mandatory publication of wages in job advertisements (i.e. transparency) puts pressure on employers and hampers discrimination.

## 4. Transferability aspects

Before the description of transferability aspects of equal pay certification, it is important to appreciate the fact that the paper on this topic pays attention to broader context, including detailed description of policy development and its socio-economic context. It really helps to understand motives, choices that have been made, as well as circumstances in which they occurred.

The equal pay certification itself represents an excellent example of social innovation in the field of gender equality. It combines known approaches and perspectives into

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<sup>13</sup> <https://www.chartadiversity.sk/>

<sup>14</sup> <http://www.azzz.sk/en/2017/11/job-ads-inform-basic-salary/>

single unique measure, which has a strong potential to become a “game changer”, both at national as well as at the EU level.

Three aspects of equal pay certifications, that represent its greatest strengths, deserve special attention.

- Firstly, it is based on a standard in the strict sense of the word. It provides a solid basis for its application in different contexts, with comparable “results”.
- Obligation of regular renewal is another strength, as it ensures that principle of equal pay will not deteriorate.
- Relying on wage data analysis makes the certificate transparent and empirical based measure.

On the other hand, it seems that the equal pay certification faces some unsolved conceptual and practical difficulties. Especially, when we consider its application in another country. Here are the most important of them.

- Private “ownership” of the standard is a problem. Public policy should use public measures, which are not sources of benefits for private actors and are under the public control.
- Costs of obtaining and renewing certification may represent a big problem. Companies might argue that these costs undermine all previous policy effort to reduce administrative barriers and burdens for firms.
- Effects of such measure in different economic context is unclear. It is not clear what kind of problems will arise in an economy with different sectoral composition of economy, different structure of firms, or different level of regulation.
- An introduction of equal pay certification requires a consensus among relevant stakeholders. Especially in countries with strong emphasis on social dialogue.
- It should be clarified which components of earnings/wages are taken into account when analysing wage situation in the companies. What about wage-related bonuses (conditioned by an excellent job performance)? And what about in-kind benefits? Are they taken into consideration when value of equal jobs is calculated?

## 5. Conclusions and recommendations

As stated above, equal pay certification is a great example of social innovation and potential “game changer”. This initiative shows that important social changes may happen quite quickly, when responding to societal needs that are perceived as urgent and, at the same time, as justified and legitimate.

The standardisation of accreditation process and the “full coverage” by equal pay certification represent two factors that should be examined more closely as possible sources of inspiration. On the other hand, there are significant effects, which have to be taken into account, when considering its application in other economic and social contexts.

Based on previous notes, following recommendations can be identified:



- At the EU level, more analytical effort is needed in order to understand (various) ways how wage inequalities persist and how they can be tackled.
- At the EU level, to call for an EU-wide cost-benefit analysis of introduction of legally binding certification of equal pay in the Member States.
- At the EU level, a stronger focus should be on horizontal and vertical segregation, its causes and consequences, including initiatives in the field of education and vocational training.
- At the national level, idea of proof or review of equal pay at company level should be discussed with experts and relevant stakeholders.
- At the national level, the process of review or proof of equal pay should be supported through granting “awards” (based on completion of employers, under the auspice of authorities in the field of gender equality).