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Reducing the gender pay gap in the Czech Republic

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1. Introduction

Czech Republic has the highest gender pay gap among the EU-27 countries – 26,2 percentage points in 2008.¹ Women make up most state and public sector employees and also most of the labour force in services, mainly public services such as healthcare, education and social care. These fields are those with low wages compared to the private sector. Also, Czech women compared to men are disproportionately more often working in precarious jobs and even though the unemployment rate of men is currently higher (for the first time) compared to women due to the economic crisis, women still make up most of the long-term unemployed.

In the introductory part of this report I first bring the historical and policy context for gender equality issues important to understand where the Czech Republic stands concerning gender pay gap. Also analysis of the gender pay gap on the company level is presented including presentation of a high quality data source on individual wages. In the second chapter on the transferability issues I describe briefly the legislative background and the activities on the company level by NGOs and trade unions and I assess the chances and constraints of the transfer of the German and Austrian good practices in the Czech Republic. In the third chapter I highlight the importance of gender equality infrastructure which is underdeveloped in the Czech Republic and the need for a political commitment to transparency.

1.1 Historical and policy context

The Czech labour market has experienced extensive changes since 1989 which are very relevant for the gender pay gap issue. Despite proclamations of equality and women's emancipation, the full employment system,² which was maintained and enforced under a state-socialist system that centrally controlled wages and prices, was characterized by its horizontal and vertical segregation and wide gender wage gaps.³ Unequal conditions resulted from the double burden of paid and unpaid work that women carried; women were viewed primarily as mothers and caretakers, even though two incomes were necessary for a household to maintain an average standard of living. Thus, while all women and men were working prior to 1989, women were in charge of

¹ Indicators of monitoring the Employment Guidelines including indicators for additional employment analysis. 2010 compendium. (<http://ec.europa.eu/social/BlobServlet?docId=4093&langId=en>)

² In socialist Czechoslovakia employment was mandatory and thus officially there was no unemployment. From 1962 to 1989, it was a criminal offence not to work. This labour market model involved a high level of job security and low labour productivity.

³ Kuchařová, V. 1999. "Women and Employment". *Sociologický časopis/Czech Sociological Review* 7 (2): 179–194.

Wágnerová, A. 1996. "Emancipation and ownership. To the discussion on the lack of conditions for the rise of feminism in Czechoslovakia before 1989". *Sociologický časopis/Czech Sociological Review* 4 (1): 101–108.

the household and were viewed as secondary earners,⁴ and were thus not viewed as having careers to the same extent as men. Despite massive restructuring of the labour market during the 1990's these gender stereotypes did not change significantly but on the contrary even inspired some family policies with the result of significant pressure to pull women mothers out of the labour market. At the same time contrary to expectations, Czech women did not leave the labour market permanently in large numbers to become housewives; rather, throughout the transition period and afterwards, Czech women represented almost half of the labour force. It is also relatively rare for women in the Czech Republic to be employed part time.⁵ Changes in Czech family and employment policy seeking to pull mothers of small children out of the labour market and cuts in public expenditures have resulted in a severe lack of childcare facilities for children under three. Combined with the extension of parental leave to three years, there is a clear turn to familism.⁶ As a result, parenthood in the Czech Republic has a larger impact on women's employment than in other EU countries.⁷ This system producing gender discrimination and insecure labour market position for all women largely contributes to perpetuation of gender inequalities including gender pay gap

1.2 Gender pay gap at the company level

Using job-level data it is possible to examine the degree to which men and women doing the same work for the same employer earn the same wages. Firm-level register data of an unusually good quality is available in the Czech Republic. The Information System on Average Earnings (ISPV) is administered by the Ministry of Labour and Social Affairs and conducted by Trexima s.r.o. every quarter since 1992. Provision of wage data about all employees is legislatively binding for chosen companies over 10 employees in size and for all companies over 1000 employees in size. Results of ISPV are published every quarter but not always disaggregated by sex. The opportunity to use this source of data and its legislative basis to monitor or tackle the gender pay gap remains unused. The analysis of the gender pay gap using the ISPV data remains on the academic level.⁸

Using ISPV data Křížková, Penner and Petersen investigated whether the gender-equality legislation introduced in the Czech Republic since 1999 brought less discrimination within occupations and establishments, that is, equal pay for equal work.

⁴ Čermáková, M. 1997. "Postavení žen na trhu práce". *Sociologický časopis/Czech Sociological Review* 33: 389–404.

⁵ Only about 8% of women (and about 2% of men) work part time in the Czech Republic, compared to more than one third of women in western European societies (i.e., Germany, Netherlands, and the UK).

⁶ Saxonberg, S., T. Sirovátka. 2006. "Failing family policy in post-Communist central Europe". *Journal of Comparative Policy Analysis* 8 (2): 185–202.

⁷ The difference in employment rates of women 20–50 years old with and without children under six years of age (the employment impact of parenthood indicator) for the Czech Republic is for a long time, the highest in the Czech Republic of all the EU-27 countries. In 2008 it was 43.4 and in 2009 it was 41 percentage points, mainly due to the long parental leave with no alternatives in combining work with childcare (there are no services available for children under 3 years of age and no flexible and part-time arrangements) (see Indicators of monitoring the Employment Guidelines including indicators for additional employment analysis. 2010 compendium. (<http://ec.europa.eu/social/BlobServlet?docId=4093&langId=en>))

⁸ Jurajda, S. 2003. 'Gender wage gap and segregation in enterprises and the public sector in late transition countries', *Journal of Comparative Economics*, 31 (2), 199-222.

Jurajda, S., T. Paligorova. 2009. 'Czech female managers and their wages', *Labour Economics*, 16 (3), 342-51.

Křížková, A., A. M. Penner, T. Petersen 2010. "The legacy of equality and the weakness of law: Within-Job Gender Wage Inequality in the Czech Republic" *European Sociological Review* 26: 83-95.

We also examine how these gaps vary across different groups in the workforce and whether they changed between 1998 and 2004 in response to the introduction of equal-opportunity legislation. The main results are: (1) There were practically no changes in the gender wage gap at any level between before and after the passage of equality legislation making within-job wage discrimination illegal. (2) Personal characteristics such as age, education, and tenure with employer explain very little of the gender wage inequality at any level, overall, establishment, occupation, or occupation–establishment. (3) Segregation on establishments explains some of the gender wage gap, while segregation on occupation and occupation–establishment explains substantial portions of the wage gaps. The introduction of gender-equality legislation did not change the gender wage gap. Women continue to earn significantly less than men even when working in the same occupation and establishment. While it was assumed that the democratisation process would manifest itself in increasing security in the face of the law⁹, the legal system in the Czech Republic still lacks enforcement mechanisms and legitimacy.¹⁰

2. Transferability issues

There are no specific initiatives or policies to tackle the gender pay gap in the Czech Republic. The gender pay gap is not even recognized as an important issue at the political level and therefore there is no agreement about the need to tackle it which are the important preconditions for the transferability of the good practices.

2.1 Legal background

One of the main conditions for the Czech Republic's entrance to the European Union (EU) in 2004 was the harmonisation of Czech legislation with the directives of the EU *Acquis Communautaire*. The first step towards this was the prohibition of employment discrimination based on sex, which came into effect as an amendment to the Act on Employment in 1999. This was the first time that the equal remuneration of men and women was codified in Czech law; under state socialism this principle existed only on the level of ideological proclamations and was never addressed by the legal system. In 2000 the Law on Wage, Salary for Work Readiness, and Average Earnings was amended to include the principle of equal pay for equal work (and work of equal value) for men and women. In addition, other principles stipulating equal treatment for men and women in labour relations came into force in 2001 with the new Czech Labour Code. The process of integrating EU directives into Czech legislation was perceived as a formal political task by Czech politicians and officials, and has led to only a marginal change in practice.¹¹ Because the elimination of the gender wage gap has not been a political priority,¹² there have been no mechanisms, policies, measures, or action

⁹ Kuchařová, V. 1999. "Women and Employment". *Sociologický časopis/Czech Sociological Review* 7 (2): 179–194.

Pollert, A. 2003. "Women, work and equal opportunities in post-Communist transition". *Work, Employment and Society* 17 (2): 331–357.

¹⁰ Křížková, A., A. M. Penner, T. Petersen 2010. "The legacy of equality and the weakness of law: Within-Job Gender Wage Inequality in the Czech Republic" *European Sociological Review* 26: 83-95.

¹¹ Hašková, H., A. Křížková. 2008. "The impact of EU accession on the promotion of women and gender equality in the Czech Republic" P.p. 155-178 in S. Roth (ed), *Gender Politics in the Expanding European Union. Mobilization, Inclusion, Exclusion*. Oxford, UK: Berghahn Books.

¹² This can be seen, for example, in the political documents and programmes (National Action Plans of Employment or, since 1998, yearly published action plans for gender equality "Priorities and Procedures for

programmes designed to combat it. In July 2009 the Czech Republic finally passed the Antidiscrimination Act (ADA), which had already been referred to in the Labour Code since 2006. After very critical discussions, the Act was finally approved in 2008 by the Parliament of the Czech Republic, but it was vetoed by the president. Subsequently Parliament outvoted the presidential veto. The lack of this piece of vital legislation during the 2006-2009 period meant that protection against discrimination was entirely inadequate. The Czech Republic did not meet the European standard and was lacking protection against discrimination on the basis of gender and additional characteristics affecting access not just to the labour market but also to services, etc.¹³

2.2 Activities towards the company level

Committee of the Czech-Moravian Confederation of Trade Unions for Equal Opportunities for Women and Men claims to promote the principal of equal pay for equal work. However, the gender gap in wages is not a high priority. The unions, like the law, suffer from a legacy of distrust from the socialist period, and have not provided methods, policies, or measures for monitoring and combating the gender pay gap, or even guidelines on how to include the issue of equal pay in collective bargaining.

The information campaign against the gender pay gap appeared in the form of posters on some places (for example train stations) but without political discussion. The NGO Gender studies o.p.s. organised a two-day course on gender pay gap for the wider audience in April 2010. Among the participants were policy makers, women's NGOs and students. Gender studies o.p.s. also organises yearly contest for the Best company with equal opportunities. While it is not focused on the gender pay gap primarily but gender equality generally, it created some interest in the business sector in the award as a part of a positive image.

2.3 Transferability of the Austrian good practice

In the Czech Republic there is a great need for measures to tackle the gender pay gap. There is an opportunity to use the legal obligation to provide data for the ISPV survey under the supervision of the Ministry of Labour and Social Affairs (see chapter 1. 2.). The survey is compulsory by law for the selected establishments and firms.¹⁴ The individual-level data contain information on occupation, sex, wages, hours worked, education, and more. The information on occupation is quite detailed distinguishing more than 3000 occupations and the data is provided quarterly. Therefore if the gender

Promoting the Equality of Men and Women"). The gender wage gap is only mentioned within the very general framework of equality in the labour market and equal opportunities for men and women.

¹³ The first draft of the Antidiscrimination law was prepared and discussed in the Czech Parliament in 2004. The draft law implemented Article 21 of the Charter, directive 76/207/EEC as amended by directive 2002/73/EC, directives 75/117/EEC, 79/7/EEC, 86/378/EEC (as amended by 96/97/EC), 86/613/EEC, 97/80/EC, 2000/43/EC and 2000/78/EC. In 2009, the Czech Republic was the last member state of the EU where it was not possible to obtain effective protection against discrimination, although the Czech Republic should have already adopted the anti-discrimination law before its entry into the EU.

¹⁴ Information units for the survey are economic entities with 10 or more employees. An exhaustive survey is completed by economic entities with 1,000 or more employees and a sample survey by economic entities with 10 to 999 employees. The selection of organisation with up to 1000 employees is a stratified sample according to sector, organisation size, and region. The Czech Statistical Office's registry of economic entities forms the base of the sample. The employers in the sample are obliged by law to provide wage data for all employees.

pay gap is considered an important problem to be tackled on the political level, the Austrian good practice is transferable to Czech Republic. The employers would have to provide the data not only to Trexima/Ministry of Labour and Social Affairs but also to the unions and employees. Some change would be needed in the legislation but the important basis – the obligation to provide the data if selected – is already there.

One possible constraint is the Czech culture of confidentiality about income, similar to the Austrian culture. This would have to be overcome as in the Austrian case. This is connected to the other elements of the good practice – publication of the minimum and maximum wage in the job advertisements and the broadening of the Ombud's rights. It is possible to transfer them to Czech Republic but it seems that at the moment there is no political will to tackle the gender pay gap which is connected to the still lacking interest in a transparent political culture.

2.4 Transferability of the German good practice

The voluntary LOGIB-D consultation presented as a good practice in Germany is one of many activities led by various actors including governmental bodies in the aim to lower the gender pay gap in Germany. This good practice is formally transferable to Czech Republic however in the existing culture of low transparency and no political support for this issue it is not likely to raise high interest among employers to go through the consultation voluntarily. The introduction of this instrument would have to be accompanied by an information campaign and support of relevant actors to motivate the employers to use it. This good practice is somehow similar to the competition for the best company with equal opportunities organised every year by the Gender studies NGO. It takes lot of effort to motivate companies to get involved and various actors have to be active in this effort and financial resources are needed.

The main constraint for implementation of these good practices to the Czech Republic is the missing political will and missing commitment and cooperation of actors. In post-1989 development, the values of emancipation and gender equality were widely refused as “the legacy of the Communist political system”. In that period (1948- 1989) the emancipation of women was promoted from the top political level and the lived practice (of gender inequalities and unavailable services) contrasted with the ideology. With the rejection of Communism after 1989 any aim for gender equality is considered as something coming either from the past, from the top or from outside, therefore “unnatural”, foreign and external to Czech society.

3. Policy debate

Gender pay gap is not a political issue in the Czech Republic. It is not considered an important problem to be tackled. The economic crisis is used as an argument not to deal with gender equality issues as “there are other more important problems.” Post-socialist societies already have a negative experience with the neglect of gender inequality during the transition period. EU countries that did not go through this history might learn a lesson here not to make the same mistake as economic crisis might bring tendencies to backlash.

With the right wing, neo-liberal, government there has been a significant slow down in development of activities towards gender equality in the Czech Republic in the last couple of years. The infrastructure for gender equality is very limited, it lacks any

decisive power, is dependent on the government decisions and exists only on the central level. Regional infrastructure for gender equality does not exist. The government office for equality of women and men administering the work of the Council for Equal Opportunities of Women and Men (Council) has been diminished to two people/staff. Moreover it is transferred to the Ministry of Labour and Social Affairs from 1st December 2011. The Council that did not meet for about a year is only an advisory body and does not have any real power.

The action plan Priorities and Procedures of the Government for Promoting Equal Opportunities for Women and Men in the Czech Republic (Priorities), has been issued every year since 1998. The Priorities contain tasks for every ministry to fulfil during the respective year. The tasks are defined very generally and do not change each year. The Priorities do not contain any new policies, but rather they define priority areas and the tasks are formulated in terms of analysis requests, monitoring and the promotion of equality, etc. In the last Priorities for 2011 there is a point that might bring some positive development: "Based on a unified methodology provided by the Office for equality of men and women to monitor and keep track of anonymous statistics on wages of employees in grade by sex and by specific means to ensure transparency in wages within the ministry." This task is targeted to all the ministries but why it is not targeted to the labour market in general?

Corruption is currently an issue often debated on the political level in the Czech Republic but there are no steps towards more transparent political culture which could somehow bring also a debate on wage transparency.