



# The EU Mutual Learning Programme in Gender Equality

## Tackling the gender pay gap

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### Comments Paper - Malta



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# Tackling the gender pay gap in Malta

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## 1. Country context

Malta has the second lowest gender wage gap amongst EU states. At 4.5 % this is just 1.6 percentage points above the best performing country Slovenia – which has the lowest wage gap at 2.9 % – and 11.6 percentage points below the EU-28 average of 16.1 % (Eurostat, 2016). However, a study on the Gender Pay Gap in Malta commissioned by the National Commission for the promotion of Equality (NCPE), which was based on 587 randomly selected persons in gainful employment and on 20 qualitative interviews, suggests that the gap may be much higher, and at the time (2006) amounted to 23.25 % (Aquilina, Darmanin, Deguara, & Said, 2006). It must be noted that methodology adopted in this case was different to the one generally used by the National Statistics Office (NSO) and by Eurostat – but it gives an indication that the picture may not be as positive as it may first seem.

However, since 2008, the Gender wage gap overall has been decreasing, and when using Eurostat data, statistically this places Malta amongst the best performing EU states on this issue. In spite of this positive indicator, the low wage gap needs to be taken in a context of relatively low national female employment rates and low gender equality achievements overall – especially when it comes to political empowerment and decision-making in business organisations. On the other hand, Maltese women are faring much better in their educational attainment with close to 60 % of graduates being female in the last decade (University of Malta, 2015).

On the issue of women in the labour market, whilst noting a healthy increase in the number of working women in the last years, when looking at the overall female employment rate at 53.6 %, this places Malta with other Mediterranean countries like Italy (50.6 %) and Greece (46.0 %), towards the bottom end of the EU-28 employment table (Eurostat, 2016). Likewise, when it comes to the overall performance on Gender Equality, Malta also ranks towards the bottom end of the league at the 104<sup>th</sup> position out of 145 countries (Global Gender Gap Report, 2015).

When looking at the wage gap specifically and its causes, the study by Aquilina et al, (2006) indicated that career breaks have a big impact on career progression and the earning potential of workers. In general, Maltese women take on more breaks and their career breaks tend to be much longer than those of men. On the other hand, men tend to stay longer with the same employer and they are more likely to be offered a promotion than women, with fewer men than women refusing to be promoted (Aquilina et al, 2006).

## 2. Policy debate

### 2.1 Historical evolution of the wage gap in Malta and related policies

Historically, the earnings of Maltese women were always lower than those of men, and up until 1976, official differentiated wage scales existed for women and men (Callus, 1992). This meant that it was legal and acceptable to pay women less. Furthermore, up until 1980 Maltese women working with the state were forced to resign from work once they got married (Callus, 1992), thus bringing their career to a halt with disastrous consequences on their earnings.

With the accession of Malta into the EU in 2004, the country has since adopted all the EU Directives related to gender equality. Mothers are entitled to 18 weeks paid maternity leave (14 weeks of which are paid in full) and parents working in the private sector in Malta are granted a four months unpaid parental leave period – which is almost exclusively taken up by the mothers. On the other hand, Public sector employees enjoy a much longer parental leave period (up to one year), and can take a one-off five-year career break. Likewise, this is unpaid and is also largely taken up mostly by the mothers. In 2013, a free childcare scheme for children 0-3 was launched for working parents in order to facilitate the return of mothers to the labour market (Borg, 2015).

Although today the principle of Equal Pay and the Principle of Equal Pay for Work of Equal Value are enshrined in the Maltese law, unlike Belgium, Malta does not have a specific law which focuses on tackling the Gender Pay Gap. Likewise, awareness on the gender pay gap does not appear to be high amongst workers and the social partners (Borg & Bartolo, 2010).

In a national context where the gender pay gap is not considered to be problematic (Aquilina et al., 2006), this issue in the past has received very little attention by unions and employers alike and there is little, if any policy debate on how to close the gender pay gap. For example a seminar organised by the Equality Commission (NCPE) in March 2015 was reported as being the first public event of its kind on this subject (NCPE, 2015).

Occasionally, this issue is also raised in the media, but it is hardly ever followed up by any concrete action and often the low wage gap is used by politicians as a positive marker for the gender equality in Malta.

### 2.2. Collective wage bargaining in Malta

When it comes to wage negotiations, due to the small size of the country, most of the collective bargaining in the Private Sector is done on a one-to-one basis at the company level. On the other hand, common conditions are normally negotiated for public sector employees across a range of government workplaces. Workers who are not covered by collective agreements are covered through minimum conditions established through the “wage regulation orders” for specific industries (there are 31 separate industries) or through the “national standard orders”, which have a wider application. (Fulton, 2015)

Typically, collective agreements in Malta cover basic bread and butter issues like remuneration, working time, bonuses and disciplinary procedures, amongst others.

Given the low awareness and relatively low gender pay gap, this issue is unlikely to be raised in the first place during the negotiation process (Borg & Bartolo, 2010).

Companies are not obliged to report on any aspect related to gender equality and there is no specific obligation to narrow the gender pay gap. Likewise in Malta, companies are not forced to adopt gender-neutral job classifications and it is widely assumed that there is no need to do so.

### 3. Transferability aspects

When noting the required level of reporting and actions needed to fulfil the legal obligations, this measure is likely to raise a lot of objections from social partners in Malta. Considering that the Belgian experience showed that in some regions three quarters of the companies did not comply with the reporting system, and did not submit the requested Analysis Report on the pay structure, shows how difficult it is to implement this law.

Given the specific local practice of one-to-one collective bargaining, the lack of obligations on social partners to close the gender pay gap and the low awareness on gender equality in general, means that it is unlikely that elements of the Belgian experience can currently be adopted in Malta. This is because Malta does not have a long history of gender awareness and imposing the five practices listed, is most likely to be seen as an unnecessary imposition and burden on companies and unions alike. Furthermore, companies and unions do not seem to be actively concerned about this issue and they are not legally obliged in any way to screen for gender-neutral job classifications or to produce a social balance sheet. Hence, it is difficult to foresee how this could be implemented locally, especially when it is not considered to be a priority issue.

This does not mean we should forget this issue and assume that all is well in Malta. Having nearly half of the Maltese women (47 %) out of the labour market with zero income in itself suggests that economic gender inequalities are still rampant and we cannot be complacent about it. Furthermore, we should not assume that the gender pay gap in Malta will remain as low as it currently is, and as more women join the labour market, and people become more aware of the existing gendered inequalities between women and men, this is likely to increase. One needs to keep a close eye on this issue especially when knowing that backward revisions are expected soon across the EU after the Structure of Earnings Survey 2014 is validated. This suggests that the rates will change – including the Maltese wage gap.(J. Magro, NSO, Personal Communication, September, 2016,). Although the data is yet to be published by Eurostat, there are indications that Maltese Gender Pay Gap is set to increase by 6.1 percentage points, from the current 4.5% to 10.6% (M.Darmanin & J. Magro, NSO, Personal Communication, October, 2016). This will change the whole scenario, and Maltese authorities can no longer remain complacent on this very important matter.

## 4. Recommendations

**What can be done to tackle the wage gap and what is the role of the different players in this?**

### 4.1. The role of the EU

Caring responsibilities have a direct influence on the career prospects and the earning potential of workers. Noting that mothers in general still take the lion's share of unpaid care related work and also take on more unpaid leave from work to do so, the EU should press for a more equal sharing of unpaid work within families. This can be done, for example, by granting a fully paid parental leave period set exclusively for fathers. This should be equivalent to at least the maternity leave period granted to the mother. This would enable women and men to equalise their absence from work so that this does not have a detrimental effect on their career and subsequently on their income.

The EU should also push Member States to provide universal free childcare for all, so that parents, but especially mothers, are able to continue with their career without taking long career breaks for having to resort to part time work.

The EU should also encourage Member States to provide adequate before and after-school services so that school is more synchronised with the typical work day.

The EU should also continue raising awareness amongst employees on the detrimental effects of the gender wage gap and educating employers and unions alike about the need for equal and fair wages between women and men.

### 4.2. The role of unions

Unions can play a big role in reducing the wage gap. However, before doing so they need to look at their own organisational structures in order to ensure that the top posts are equally shared between women and men. Till now, the top posts of the most important unions in Malta are largely filled exclusively by men. Having more women in leadership during the negotiations process, can help raise gender awareness and ensure more gender equality between women and men.

During the bargaining process, unions can push for more Flexible Work Arrangements (FWAs). In doing so, they need to make sure that this is also open to men, especially fathers, in order to encourage them to work flexibly so that they can combine paid work with unpaid family work.

Unions can also help promote Telework so that more workers in specific jobs can work from home through ICT. This can be useful, especially for parents who are seeking to integrate paid work with their unpaid work, who otherwise may have to resign from work.

### 4.3. The role of Government

Government can create a well-funded organisation, or nominate a person within the existing gender equality machinery in Malta – the NCPE – to act as a watchdog that focuses on the wage gap. The aim behind this set up would be to receive claims of unfair gender based wage disparities and resolve them.

Government must also continue promoting the entrance of more women in the Maltese labour and ensuring that mothers and fathers can have a career with fewer breaks from paid work. Furthermore, there should be more awareness and enforcement to ensure that the principle of gender equality is adhered to by all.

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