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Reducing the gender pay gap

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Gender pay gap: a non-existent topic in Croatia?

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Introduction

Due to the fact that data about gender pay gap in Croatia are not yet included at the Eurostat web page the comparison of Croatian situation with those in other EU countries faces some difficulties. Still, some data exist on the bases of which the issue of gender pay gap could be approached.

According to the Croatian Bureau of Statistics data (CBS, 2011) women's average salaries as percentage of men's stood at the level of 89.4% in 2009, which indicate that the pay gap was 10.6%. Similar values were obtained in previous years, i.e. from 2005 when the CBS has started to produce annual reports about women and men in Croatia. Data calculated by the CBS are based on average monthly gross earnings in legal entities (meaning that persons employed in a craft sector are excluded) and based on information about earnings reported by employers.

Two additional analyses performed by experts are also worth mentioning here. In a study based on data from the LFS (wages reported by employees, self-employed excluded), the unadjusted pay gap was found to be 14% in a public sector and 19% in a private sector in 2010 (Franičević, Matković, 2011). The most profound analysis was performed by D. Nestić (2010) who calculated (also on the basis of the LFS data) both the unadjusted wage pay gap and conditional (adjusted) gender wage gap. According to him, the unadjusted wage gap was 13.9% in 1998 and 10.5% in 2008.¹ The large difference between the public and private sector was observed, as the gap was 14.9% in the private sector, and only 6.9% in the public sector. The mean gender gap was lower for those with higher level of education. However, when calculating the counterfactual gender wage gap ("wages that would emerge if women were given men's labour characteristics but continued to receive rewards based on those characteristics as women", pp. 111) gender gap was even 20% in 1998 and further rose to 22% in 2008. These data suggest that women have higher-quality labour market characteristics, particularly because they are better educated, but are much less compensated for their characteristics.

Gender pay gap is connected with some features of the Croatian labour market which is in general characterised by low activity and low employment level. According to the Eurostat data the total employment rate (15-64) was 54.0% in Croatia in comparison to 64.1% in the EU27 in 2010. The female employment rate was 48.8% in Croatia and 58.2% in the EU27 in the same year. Total unemployment rate was 11.8% in Croatia, and 9.7% in the EU27 in 2010, while figures for women were 12.3% and 9.6% respectively. Thus, the sex distribution among inactive population in 2010 was 59.4% of women, and 40.6% of men. As expected, women are predominantly employed in health and social work (79.2% of employed), education (76.3%), and financial and

¹ The difference in pay gap between these two studies comes from the fact that the gap was in Franičević-Matković study calculated on the bases of wages of employees who work full-time, while in Nestić on the bases of hourly wage.

insurance activities (69.9%), while are rather poorly presented (less than 20% of the workforce) in mining and quarrying, water supply, and construction.

Labour market data are further conditioned by very deep economic crisis that is continuing to be profoundly present in Croatia. Though the GDP growth was positive in 2008 (2.4%), it turned to be negative in 2009 (-5.8%), and 2010 (-1.2%), while the sign of recovery has still been very fragile as the projected growth is only at the level of about 0.6-0.8% in 2011.

Gender equality is in general rather a new subject in Croatia, which has been started to be addressed seriously only in last ten years. The first National Strategy for Equality of Women and Men was adopted in 1997, the first Law on Gender Equality in 2003, while the first Anti-Discrimination Law in 2008. Nowadays, the Law on Gender Equality is in force and which was adopted in 2008, and The National Policy for Gender Equality for the Period 2011-2015, adopted by the Croatian Parliament in July 2011. The Law on Gender Equality explicitly forbids discrimination in areas of employment and work, and article 13, paragraph 4 stipulates that discrimination is forbidden in relation to employment and work conditions, in relation to all rights derived from work and on the basis of work, including the equal pay for the equal work and work of equal value. The new National Policy for Gender Equality analyzes in brief gender situation at the labour market, draws on data from the CBS about gender pay gap (10.6% in 2009), and points to the fact that women are predominantly employed and are at the same time poorly paid in certain sectors (textile industry, education, public administration...). The document lists many possible measures, but mainly those concerning a general improvement of women's position at the labour market. Still, two measures touch specifically gender pay gap: activities that will raise an awareness of all stakeholders involved in collective bargaining about the need for equal pay for work of equal values, and improvement of collection, analyses and distribution of data about gender pay gap. However, it has to be seen which activities will be actually undertaken in future. The National Policy for Gender Equality envisages also that Croatia will celebrate the European Equal Pay Day each year. There are also other relevant documents in that respect, such as the Labour Law, the Joint Inclusion Memorandum, and the Joint Assessment Plan of Employment Policy Priorities, etc.

Although the policy context has been more or less set out, there are no much activities in that respect and it is particularly not possible to trace any concrete measures aimed to reducing of gender pay gap so far. Activities that exist (in form of producing first data, first analyses, and some awareness campaigns) are mainly connected with in general unfavourable position of women at the labour market, about eliminating discrimination based on sex, and about position of women in establishments or in politics (like the ratio of women in management, and among top political positions). There are just a few exceptions which should be mentioned here but which do not change the image of the issue of gender pay gap as a non-existent topic in Croatia. Some trade unions and some NGOs have organised a few activities in last few years (in a form of seminars, round tables, or awareness campaigns) inside which the issue of gender pay gap has been mentioning. Six Croatian companies signed in 2011 the UN's Women Empowerment Principles, which basic aim is to empower women in business. That would maybe bring some change in future as these companies are obliged to produce communication on progress (COP) about empowerment of women. Up to now, companies which publish their reports on corporate social responsibilities (CSR) do not touch the issue of gender pay gap, although some of them present data on employees breakdown by gender and on position of women in different units inside the company. Gender pay gap has not been so far discussed in any way by the Croatian Employers Union, and through the process of social partnerships (like at official meetings of the Economic-Social Council of the Republic of Croatia). The only

exception in that respect is the last Annual Report of Gender Equality Ombudsman who in the Report for 2010 presented some results from the research undertaken about gender pay gap in three companies in Croatia (full research is not yet available). The report showed that there is a need to investigate gender pay gap not only at the level of the whole company but at the level of different units (where gender pay gap can vary significantly from the gap found at the level of company), and in relation to specific occupational structure. The general conclusion of the Report was that gap is not a result of intentional discrimination of women, but is mainly a result of horizontal segregation at the labour market. It, however, fully justifies the need for analyzing pay gap in Croatian companies.

Transferability issues

The situation about gender pay gap in Croatia described above implies fully that there is a huge need for a change. However, it is unrealistic to expect any quick change in that respect, so a kind of carefully planned timetable is needed. Changes could follow two main directions. Firstly, there is a need to initiate more awareness-raising campaigns, as the issue of gender pay gap is not only absent from the public agenda but is an issue which is not understandable by huge majority. There is a perception that this issue is not a relevant one (particularly in so harsh time of profound economic and political crisis), not something we should be preoccupied about (at least at the moment). Therefore, campaigns should be not reduced only to the level of simple public performance in connection with certain occasions (like celebration of the Equal Pay Day, or the Women's Day..), but should be much more content-based. That includes dissemination of existing research and any data that already exist, a careful analysis where and how the gap is visible, an extensive discussion about its meaning. Secondly, this issue has to be present among wide-range of key stakeholders, and not only among certain NGOs, or trade-unions. There is a need to "force" employers, and government organisations to deal with the issue of gender pay gap. How to do that is the major question and I do believe it could be done in connection with the topic of transferability.

On the basis of presented Austrian and German examples it can be concluded that the Austrian model is simpler, more understandable and relatively easy implemented, while the German one is a rather complicated, particularly for a wider audience. As Croatia does not have any experience in dealing with the issue of gender pay gap so far, the Austrian model is not only more easily transferable, but could be useful in revealing differences in gender wages that are not visible if analyzing only at the level of society or at the level of companies, but at the level of occupation groups, and / or different units inside companies. This I find highly important as a partial analysis done by the Croatian Gender Equality Ombudsman showed that differences in gender wages become visible only when digging inside a company.

The second question is how to make the transfer. The "pressure" from abroad is crucial and the transfer of any good practice could be done only by involving different stakeholders. In that respect contacts among social partners are essential, i.e. contacts between European employers and Croatian employers, between European trade unions and Croatian trade unions (or in a wider meanings of civil dialogue), contacts between European NGOs and Croatian NGOs. Of course, the willingness of the Government to initiate of debates and activities is also important. Still, I find highly important to particularly involve Croatian employers, to introduce the topic to them and to present it not as just an obligation (legal obligations), but as a necessary part of economic and overall social development.

Policy debate

Croatia is in a deep economic crisis but is also in a deep political crisis. As said, the economic recovery is still very fragile and there are no clear prospects in that sense. There is even a high possibility that the recession will continue. However, more important is an overall social and political climate which has been conditioned by big corruption scandals inside which even the former prime minister was deeply involved (now in a custody), but also large sections of the ruling party. General elections will be held on December 4, 2011 and there are expectations about change of the Government. However, the economy is not doing well at all, companies struggle to survive, many workers do not receive payments for work done, a grey economy is flourishing, and due to the political scandals an anomic feeling is widespread – these are social circumstances which very probably do not create preconditions for dealing with the issue of gender pay gap. Still, step by step, and by presenting and describing concrete examples about what gender pay gap means, how it conditions economic and social prospects for women and society in general, and if political changes open the public floor for new topics (including gender pay gap), then at least a limited prospect could be foreseen.

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HUP – Hrvatska udruga poslodavaca (Croatian Employers Union): <http://www.hup.hr/homehr.aspx>

NHS – Nezavisni hrvatski sindikati (Independent Croatian Trade-Unions): <http://www.nhs.hr/>

HZZ – Hrvatski zavod za zapošljavanje (Croatian Employment Service): <http://www.hzz.hr/>

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SSSH – Savez samostalnih sindikata Hrvatske (The Union of Autonomous Trade Unions of Croatia): <http://www.sssh.hr/>

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