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Exchange of good practices on gender equality

Reducing the gender pay gap

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Comments paper – FYR Macedonia

Capacities, obstacles and policy implications for promoting gender pay transparency in FYR Macedonia

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1. Introduction

1.1. Policy context, economic and institutional background, relevant to the good practice Under review

The gender equality is defined as giving women and men, de jure equal rights, equal opportunities, equal conditions and equal treatment in all fields of life and in all spheres of society. In FYR Macedonia, both the Constitution and the national laws guarantee complete equality between men and women. Despite that the law does not make any distinction between the legal capacity of men and women, many obstacles, both in terms of social status and access to available resources, remain present and prevent women from attaining gender equality.

1.1.1 Facts and other key findings

There are still important gender disparities with regard to wage earnings, with most unequal compensation, gap around 20% and higher (SSO data, Statistical book "Women and Men in the Republic of Macedonia", 2009, 2010). Direct discrimination, stereotypes, sectoral and occupational segregation, non linear careers due to the care for children, and traditional decisions regarding occupations for women, are identified as the main reasons for the wage differences between genders (Apostolova 2010) and according to the recent labor market assessment conducted in the country by the World Bank (Angel-Urdinola and Macias, 2008) 83% of the gender wage gap in FYR Macedonia is unexplained pointing to discrimination against female worker. Additionally, the GDI value for the country represents 99.4% of its HDI¹ value, and out of the 155 countries included in the ranking, 64 countries had better ratio than the FYR Macedonia. Also the country ranked 35th out of 93 countries in the gender empowerment measure² (GEM), with a value of 0.625.

¹ The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income per capita).

² GEM reveals whether women take an active part in economic and political life. It tracks the share of seats in parliament held by women; of female legislators, senior officials and managers; and of female

1.2 Initiatives, laws and legal provisions for gender equality

1.2.1. Principle of Equal Pay for Work of Equal Value

Macedonia's legal order has incorporated the principle of equal pay for work of equal value first into the Constitution, and subsequently into individual acts of law. The labor legislation stipulates equal pay for men and women; that is, it mandates that the employer guarantee equal pay for work of equal value to workers regardless of their gender.³ The novelty here is that unequal pay for men and women is now legally regarded as a form of discrimination, and as such is illegal and punishable.⁴

1.2.2 Laws and legal provisions

The prohibition of discrimination i.e. the principle of equal opportunities and equal treatment became operational for the first time with the new Labor code enacted in 2005. In 2006, the Parliament passed the Law on Equal Opportunities that defines discrimination, prescribes policies and measures for ensuring gender equality, without defining available mechanisms and bodies. In 2007, the Government adopted a National Action Plan for Gender Equality (NAPGE) 2007- 2012, based on the motto of the Beijing Declaration which invites the governments to include gender equality in mainstreams, policies, programs and practices. Furthermore, the Ministry of Labour and Social Policy (MLSP) in 2009 launched the implementation of a one-year programme for promotion and introduction of gender perspective in the social and budgeting policies and processes. Despite that the programme aimed to initiate the process of incorporation of gender perspectives in the budget policies, still no particular achievements are identified, in regards to gender responsive allocation of resources, and better transparency of the government's budget in terms of gender equality.

While the current legislation provides for the principle of equal remuneration for equal or same work, the principle of equal remuneration for work of equal value as enshrined in ILO Convention No.100 on Equal Remuneration is not fully implemented in the national labour law. In addition, it is not clear to what extent is the principle of equal remuneration for men and women for work of equal value implemented in the practice. Although no empirical evidence exists, it must be also noted that the current legal order does not provide mechanisms to inform employees how to exercise their right to equal pay for work of equal value, nor does it include protective measures to redress violations of this right. Also the legal framework does not provide any legal means to encourage workers to exercise their right to expect employers to comply with the equal pay principle, or to ensure smooth access to court protection in cases of violations.

Additionally, the institutional and the enterprise level dialogue remains undeveloped, with a lack of trade union organizations in many enterprises and a lack of understanding of the role of collective bargaining by many employers.

professional and technical workers- and the gender disparity in earned income, reflecting economic independence. Differing from the GDI, the GEM exposes inequality in opportunities in selected areas.

³Article 108 of the Labor Relations Act

⁴ Articles 6 and 7 of the Labor Relations Act, the Official Gazette, No.62, July 28, 2005

2. Transferability issues

2.1 Transferability of the good practices of Germany and Austria to FYR Macedonia

In order to narrow the differences between men's and women's earnings in FYR Macedonia, it is essential the government to implement mechanism that will enable the effect of corporate policies and practices on the extent of the gender differences to be monitored and to provide visible-transparent outcomes of the policies and practices that determine men's and women's earnings.

The clarity of both, the Austrian and the German model, in the concept of gender pay transparency, offer efficient solution for making better quality decisions about gender remuneration, and provide effective tool for collecting information about who gets paid what and why. Both models provide business a highly transparent framework for pay and performance and ensure that the linkage between performance and remuneration is made explicit. Whatever model is implemented in FYR Macedonia, there is a demand for practical guidance to improve the level of understanding of the issue and to ensure sharing of good practice among employers and workforce representatives.

2.1.1 Obstacles to the implementation of gender pay transparency model

Considering the lack of a clearly defined pay system, the lack of knowledge and experience of pay and gender issues, and the weak analytical capacities in FYR Macedonia, the Austrian model of income-report seems to be better transferable, and easier for implementation, than the Logib-D German model. The Austrian system of income-reporting, has easily understood metrics and provides enough flexibility, allowing for assessment of good practice. This model also provides a simple and easy transferable process of monitoring that allows companies to encourage and incentivize good practice. On the other side, accurately assessing the pay gap, as proposed with the German Logib-D instrument, requires more specific data that describe the characteristics of workers in order to explain differences in earnings, as well as requires more sophisticated mechanism to determine the extent to which these characteristics explain the pay gap. From Macedonian aspect, the lack of capacity as well as the lack of a proper instruments and mechanisms for data collection with a particular gender breakdown is the main barriers for implementation of this model.

Furthermore, the implementation of each of the proposed models, requires, companies to be open about how pay is made up between different elements, and to ensure that the basis for determining each element of pay is clear, for e.g. ensuring that employees understand what, on the basis of the pay parameters, can expect to receive. Regarding these requirements, the pay system in FYR Macedonia still does not reflect a similar values of a confident, ethical and inclusive culture, as well as the statutory national minimum wage, as one of the most essential elements, has not yet been implemented. Additional constrain of the labour market is the lack of efficient consultation that could

help identify the most appropriate way for employers to report on progress in recognising and challenging gender pay inequality.

3. Policy Debate

3.1. Relevant issues that are currently being raised and debated

Currently the gender pay gap in FYR Macedonia is 15, 20 or 25 % depending on the particular data base and the sectors included. Until now, policies targeted towards closing the gender pay gap have not been very successful and In order to narrow the differences between men's and women's earnings, it is essential the government to develop mechanisms which will enable the effect of corporate policies and practices on the extent of the differences to be monitored.

Integrating the gender perspective into the overall wage policy and improving the gender equality, is one of the strategic priorities of the Decent Work Country Programme (DWCP) that is currently put in place. The identified priorities and outcomes is expected to be realized during the period 2010-2013 through joint action of the Government and social partners on the one hand, and the ILO's constituents in the country, on the other.

The Ministry of Labour and Social Policy (MLSP) and the Employment Service Agency (ESA) have invested in the design and implementation of Active Labour Market Measures (ALMMs), but this system still does not provides valuable indications for employment policy design in general and in-depth information for the needs of the most vulnerable groups in particular. In addition, the capacity for active involvement of the social partners in the design and evaluation of the measures should be enhanced and strengthened.

Regarding the minimum wage benefits, it is well know that compressed wages and the introduction of minimum wage potentially improve earnings of women especially those who are low qualified. In this respect, this year for the first time, labour unions, employers and the government agreed to set a minimum wage, and this law is due to enter into force 2012.

In all, it is clear that we will remain ill-equipped to address and reduce the gender pay gap without a better understanding of its causes. Implementation of one of the proposed models, for higher gender pay transparency, is the most efficient key to unraveling these causes and removing misconceptions as to whether women and men are being paid equally. Additionally, further gender mainstreaming can requires changes in organizations-structures, procedures and culture- in order to create organizational environments, which will be conducive to the promotion of gender equality.

References

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Useful links

ILO Convention No.100 on Equal Remuneration
http://www.ilocarib.org.tt/projects/cariblex/conventions_4.shtml

FYR Macedonia, Decent Work Country Programme (2010-2013)
<http://www.ilo.org/public/english/bureau/program/dwcp/download/macedonia.pdf>

Law of equal opportunities FYR Macedonia:
<http://webapps01.un.org/vawdatabase/uploads/Law%20on%20Equal%20Opportunities%20of%20Women%20and%20Men%202006.pdf>

Ministry of Labour and Social Policy in FYR Macedonia (MLSP) <http://www.mtsp.gov.mk/>

National Action Plan for Gender Equality (NAPGE) 2007- 2012,
<http://rodovaramnopravnost.gov.mk/index.php/en/municipality-reports/21-national-actin-plan-?format=pdf>

State statistical office of Macedonia; <http://www.stat.gov.mk>