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MANIFESTATIONS OF GENDER INEQUALITY ON THE LABOUR MARKET: WAGE GAP SPECIFICITIES

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Abstract: *Even though data from the last few years on gender disparities on the labour market show significant improvements, a large number of gender-based differentiation practices can still be observed. Most of the differences noticed are not only reflected in the quality of working women's social and working lives, but also in quality of their life after retirement. The results achieved by applying the principles of good practice in equal opportunities and treatment between men and women on the labour market can translate into benefits not only for women but also for the society and the economy as a whole. The paper examines some of the typical occurrences of gender inequality in employment relations, with specific focus on the pay gap. In order to obtain the most relevant results, databases of several recognized institutions are used for documentation and analysis, as well as the results of previous research, reports, and studies published at national and international level. I believe that a multidimensional and unified approach to this kind of problem is still needed, as the potential results can stimulate further action in this field.*

Keywords: labour market, gender disparities, wage gap, wage transparency

1. Introduction

Gender equality, seen through the prism of equal opportunities and equal treatment of women and men, is seen as a fundamental human right and a pillar of sustainable development and democracy. Gender inequality, as opposed to equality, encompasses a range of behaviours and actions that diminish women's quality of life and development opportunities. Generally caused by stereotypes of masculinity and femininity, inequality generates social and economic hardships with severe effects for both the present and the future lives of women.

The crucial importance of gender equality for the development of the areas of social life and the structural causes of gender inequality, which are deeply rooted in the past, mean that the subject is constantly on the agenda of various international institutions and organizations (UN, ILO, EC, OECD, etc.), with the numerous regulations, reports, and actions carried out over time standing witness of the importance of this phenomenon. The issue is also intensively analysed by specialists and scientists who, using specific tools, try to establish the levels of gender inequality in various fields and identify possible solutions to help eliminate the causes of inequality. Ensuring gender equality is a challenge for each individual country, given that, as it will be shown below, the efforts made to eliminate/reduce inequalities do not translate into results that can be correlated with the expected levels.

This paper is a continuation of previous research, which was published in the article *"Equal Pay as an Objective of Gender*

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Equality", published in the 21st International Scientific Conference, KBO 2015. Gender gap, with its multiple dimensions, is permanent and hard to eliminate. Thus, in order to clarify the elements that contribute to achieving the proposed goal, various research methods were used, such as: deduction; analytical approach to concepts; documentation from open sources (reports, articles, national and international databases that monitor and analyse the evolution of the phenomenon); secondary analysis of data and making correlations to identify significant aspects.

Given that the gender gap constitutes a whole that includes the pay gap as an integral part, the first part aims to identify the key sub-domains that make up the whole and to identify both the level of gender disparity and the possible benefits of reducing it. The subsequent part of the article is dedicated to answering a series of questions related to the pay gap, namely: What does gender pay gap mean?; How can the pay gap be measured? (selected indicators); What is the level of the gap? (established according to certain criteria considered relevant in the context of the paper); What measures could be taken to reduce it?.

2. General aspects regarding gender disparity

2.1. Definitions, basic indexes, and developments

As the paper focuses on the "gender gap" in terms of wages, it is necessary to show that the scope of the gap is extremely wide and concerns the level of participation and access and the rights, pay or benefits granted to women and men, regardless of the field. The many facets of gender inequality have led to categorizing a number of areas that, with the help of internationally accepted indicators, facilitate measuring and defining the specific underlying causes and possible steps to eliminate the inequalities observed. Thus, the Global Gender Gap Index measures scores on a scale from 0 to 100, and the results show the distance travelled towards parity (i.e., the percentage of the gender gap that has been closed) [1]. The index used by the World Economic Forum to assess global gender gaps (WEF) relates to four key areas (sub-indices), namely:

- Health and survival;
- Educational level;
- Economic participation and opportunities;
- Political empowerment.

The index reported for the year 2022 shows that none of the 146 countries that have been evaluated has yet achieved full gender parity. The fact that the overall gender gap has been reduced by 68.1% leads to the conclusion that if the current rate of progress is maintained, full parity could be reached in 132 years [2].

In fact, the slow progress towards gender parity, as influenced by the similar evolution of the economic participation sub-indicator, led G20 leaders at the 2014 Brisbane Summit to adopt a target of reducing the gender gap in labour force participation by 25% by 2025 (the "25 by 25" target) [3].

The Gender Equality Index, used by the Institute for Gender Equality (EIGE), measures the gender equality situation at EU level and in each Member State, giving, like the global index, a score from 1 (full inequality) to 100 (full equality). Unlike the previous one, however, it assesses *six* core areas - work, money, knowledge, time, power, and health [4].

For the year 2022, the EU Gender Equality Index score is 68.6 points out of 100, an increase of 0.6 points as compared to 2021. Compared to 2010, the increase is only 5.5 points higher, which means very slow progress, on average an increase of 1 point every 2 years [5]. The highest level of gender equality is found in Sweden with 83.9 points, while Romania dropped one place in the ranking to 26th out of 27 countries with 53.7 points. At the bottom is Greece with 53.4 points (Figure 1).

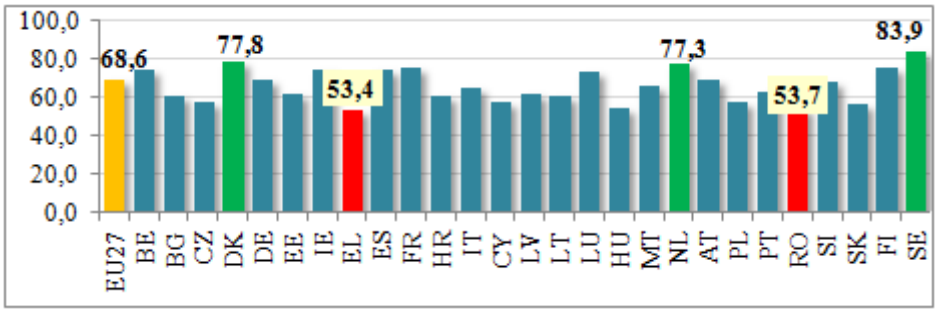


Figure 1: Gender inequality in EU 27,
Own representation, based on the Gender Equality Index, 2022

Based on these results, it is estimated that the European Union would need at least another 60 years to achieve full gender equality between women and men.

In addition to the gender equality index, regional gender equality monitoring is carried out at EU level using women's achievement and disadvantage indices. The Gender Equality Monitor comprises two composite indices capturing 33 indicators grouped into seven domains: 1. Work and money; 2. Knowledge; 3. Time; 4. Power; 5. Health, 6. Safety, security and confidence; and 7. Quality of life [6].

Among the findings of the 2021 edition of the monitor, I highlight the one according to which women in more developed regions are able to achieve more and are less disadvantaged, while most women in less developed regions face great challenges. The assessment is supported by data showing that the highest level of female achievement was recorded by the Nordic regions and the lowest index score was achieved by the South-East regions of Romania [7].

2.2. Possible benefits of gender equality

Most studies and publicly available data provide evidence of the positive effects of eliminating gender disparities, whatever their nature, on the economy and society as a whole. Thus, among those recognized are those that have a strong, positive impact on employment and well-being, on productivity and economic growth, and hence on GDP.

Regarding the impact on employment, a report by the International Labour Organisation (ILO) entitled "World Employment and Social Outlook - Trends for women 2017" estimates that, under certain assumptions, a 25 per cent reduction in the gender gap in economic participation by 2025 would increase global employment by 189 million, or 5.3 per cent [8].

The positive impact on GDP is demonstrated by numerous studies and reports, including the one by OIM, showing that if all countries matched the progress towards gender parity of the fastest improving country in their region, they could add up to $12 trillion (or 11 percent) to the global GDP by 2025. The positive impact on GDP is demonstrated by numerous studies and reports, including one by the International Labour Organization (ILO), which estimates that reducing the gap in participation rates between men and women by 25% by the year 2025, could increase global GDP by 3.9%, or US$5.8 trillion [9].

Across OECD countries, it is estimated that on average, a 50 percent reduction in the gender gap in labour force participation would lead to an additional GDP gain of around 6 percent by 2030 [10]. At European level, I am referencing the study by the European Institute for Gender Equality (EIGE) on the "economic benefits of gender equality". According to such data, achieving gender equality as a whole would have an impact on GDP that could outweigh the impact of other labour markets and education interventions. As a level of impact, it is suggested that improving gender equality would increase

Member States' GDP by around 12% by 2050 [11].
By narrowing down the gender equality gap, it is argued that closing the gap in activity rates would lead to an increase in the number of jobs at EU level by 3.5-6 million by 2050, which would reflect on the level of female employment as a result of women entering the workforce. By improving wage equality, it is estimated that an increase of 0-0.2% in GDP per capita would be generated in the period 2030-2050 [12].

3. Perspectives on the gender pay gap

3.1. Conceptualization and influencing factors

The pay gap agenda has a long history, with the ILO referring to it as early as 1951 in the Equal Remuneration of Workers Convention (No. 100). The importance of the principle "equal pay for equal work or work of equal value", for development is reflected by its inclusion in the United Nations Sustainable Development Goal (SDG) 8 "Decent Work and Economic Growth". Thus, through target 8.5, it aims to achieve the goal of "equal pay for work of equal value" by 2030 (UN, 2017).
In order to better analyse the gender pay gap, we begin with a brief presentation of the meaning of the concept and continue by highlighting the possible forms of its manifestation and determining the recorded level.
Viewed dryly, without further connections, gender pay inequalities reflect practices of unequal pay for work of equal value. The literature reveals that gender differentials and inequalities become highly visible in relation to paid and unpaid work. Equal pay is part of the sub-indicator *"economic participation and opportunities",* which measures the gender gap in several economic areas globally (Global Gender Gap Report 2022, July 2022).
The European Commission states that "The pay gap measures the relative difference in average gross hourly earnings of women and men across the economy" [13]. The gender pay gap/pay gap refers to the difference in average gross hourly earnings between female and male employees [14].
The pay gap is influenced by a number of disadvantages faced by women, namely: lower hourly earnings; fewer hours worked in paid work; and lower employment rates due to taking time off work and taking on important unpaid tasks, such as housework and caring for children or family members (European Commission, November 2018).
These are supplemented by other interrelated factors such as: segregation in education and on the labour market; pay discrimination, career progression (existence of a glass ceiling - invisible barriers formed by prejudice that prevent women from taking up positions of responsibility); spending periods out of work through career breaks with effects on both hourly pay and future earnings and pensions, etc. As regards the causes of the gender pay gap for women in Romania, the reduction in women's economic activity due to maternity or parental leave for up to two years is a frequent occurrence [15].

3.2. Gender pay gap assessments

The gender pay gap, which is unequal across countries, leads to inadequate use of women's talents and skills and to reduced competitiveness and economic growth. Numerous studies in the field show that in most countries for which data are available, this gap has generally narrowed over time, but has not been eliminated in most countries [16].
The European Institute for Gender Equality (EIGE) captures aspects of employee income within the sub-domain "access to financial resources", part of the "money" domain, which measures gender inequality. To determine the level, the monthly earnings of women and men are assessed based on two indicators: average monthly earnings from work, average net correlated income, which, in addition to earnings from

paid work, includes pensions, investments, benefits, and any other source of income.

The unadjusted gender pay gap indicator measures the difference between the average gross hourly earnings of male and female paid employees as a percentage of the average gross hourly earnings of male paid employees. All employees working in firms with ten or more employees are included, without restrictions on age and hours worked [17].

An index with a positive value indicates a higher average gross hourly income for men and a negative index value means a higher income for women, as compared to men [18]. Some of the reasons for the existence of the gap are structural and relate to differences in the labour market, education level, and work experience. Excluding these factors results in what is called the adjusted pay gap [19].

Data for Romania from the National Institute of Statistics show a continuous decrease in the gender pay gap, over 10 years falling by 7.6 percent from 8.8 percent in 2010 to 1.2 percent in 2020 (Figure 2).

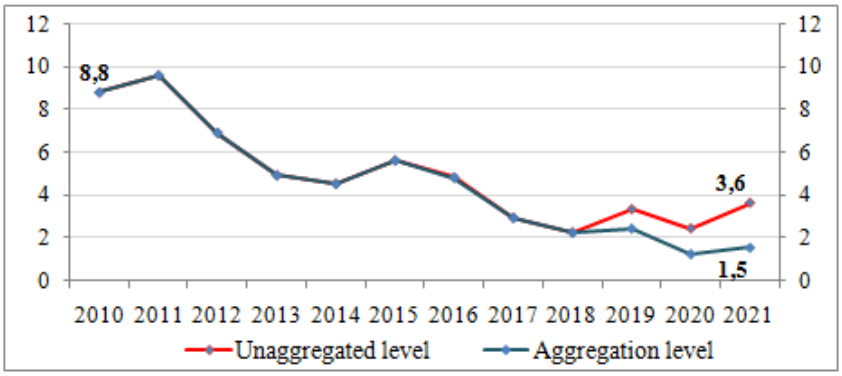


Figure 2 Gender pay gap in Romania, Own representation
Source INS, Investigating the structure of earnings.

For the year 2021, there is a slight increase in the wage gap, on both its levels, reflecting the influence of the COVID-19 pandemic on women's earnings.

The stronger impact reflects the fact that women are over-represented in the most affected sectors, such as education, accommodation, food services, and tourism. At EU level, the gender pay gap reached 12.7% in 2021 (Figure 3), which may mean that for every €1 a man earns, a woman will earn €0.873.

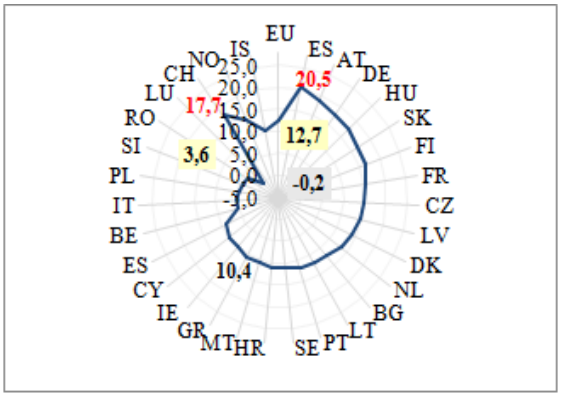


Figure 3: Unadjusted remuneration gap at EU level, 2021
Own interpretation, Source https://ec.europa.eu/eurostat/statistics.

The highest gender pay gap in the EU was recorded in Estonia and the lowest in Luxembourg. The low level of the gender pay gap in Romania can be perceived as encouraging when compared to other countries. It is important to note, however, that the lower difference is the effect not only of the reduction measures adopted at state and employer level, but also of the lower level of wages paid to employees (compared to other EU Member States) and the establishment by law of the obligation to pay the minimum gross wage. The fact that a significant proportion of the female workforce is employed in the public sector, where the provisions of the Unified Wage Act apply, is also a factor in this respect.

With regard to the high level of the pay gap at EU level, it is necessary to analyse what lies beyond this, as the effects transmitted affect the quality of life (during and after the working period) and increase the risk of women's exposure to poverty, as well as perpetuating the gap between women's and men's pensions, which according to published data at EU level is 33% [20].

Therefore, the pay gap reported at EU level can also be a warning signal with regard to gender equality, as it cannot be achieved without equal pay, which in turn cannot be achieved without changing structural imbalances in society.

3.3. Measures with an impact on reducing the pay gap

Reports and studies produced by specialist institutions, and results of research analysing gender equality, including through the prism of gender pay inequalities (as described above), lead to the conclusion that gender pay gaps are the result of a combination of interlinked factors and overlapping situations faced by women employees at certain points in their careers. An example of this is the "maternity pay" which is one of the factors in the gender pay gap. In 2021, the OECD estimated that maternity pay accounted for 60% of the gender pay gap in 25 European countries. The pandemic has amplified and highlighted more clearly some of the inequalities faced by women, including those generated by childcare tasks (in 2020 women will spend on average eight hours more than men caring for children each week) [21].

The implications and scale of the problem and the slow progress in closing the gap show that more effective, better coordinated, and faster action is needed. This is all the more necessary, given that the World Economic Forum's estimate of 151 years to phase-out, based on the current rate of progress [22].

Past experience shows that measures that have proven their effectiveness need to be generalized and further implemented, but for faster progress multidimensional approach and innovative methods that deliver the desired results are needed. Increasingly, governments, trade unions and employers' organisations are therefore discussing and recognising the benefits of international regulation and looking at best practice in the field.

The most recent initiative has come from the European institutions in Directive (EU) 2023/970 of 10 May 2023, which calls on Member States to take measures, including through adjustment of the legal framework, to eliminate pay inequalities and promote social justice through pay transparency. In the Directive pay transparency is considered *"an essential tool for removing doubts about equal pay for men and women and for supporting the elimination of gender bias in pay practices"* (Directive, 2021) [20, p. 2] .

Measures that can increase pay transparency include: mandatory reporting of pay differentials between female and male workers for employers with at least 250 workers (Directive, 2023, Art. 9); the obligation for states to establish specific sanctions for repeated breaches of rights and obligations related to the principle of equal pay for men and women - an example of a sanction is the withdrawal of public benefits or exclusion, for a certain period of

time, from any further award of financial incentives or credits (Directive, 2023, art.20) [23].

The benefits of pay transparency include: detection of gender pay discrimination and the possibility to challenge it; increased job satisfaction and worker engagement (reflected in higher productivity and loyalty); increased employer attractiveness; enhanced trust between employers and workers; and attracting and retaining the best talent for the future.

Other measures can be added to the above, but it is important to identify methods of implementation that do not create tensions between employees, on the one hand, and between employers and employees, on the other.

4. Conclusions

Gender inequality (embedded areas including pay inequality) remains a "hot potato" that can only be extinguished through joint efforts by: international institutions and organizations; governmental and non-governmental authorities; employers and employees and civil society. The extent of the gender pay gap in the economy as a whole depends on the labour-specific legal framework and on the institutions that build the wage systems and wage policies applied.

Wage discrimination is still widespread to varying degrees across countries and sectors, and the secrecy surrounding pay levels does not make it easy to identify cases of discrimination. Efforts made, even if large and long-lasting, reflected in reducing/eliminating inequalities, would bring numerous benefits (some of which cannot be measured financially) to each party. The level of disparities, as measured by value indicators, must be highlighted and acknowledged, and measures to eliminate them must be taken in good faith, with a view to respecting human rights and achieving development objectives. In all of this, education and engagement play a crucial role.

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