



Gender Pay Gap in Estonia: Policy Recommendations

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Introduction

The gender pay gap in Estonia is a major problem, and there are numerous interrelated factors that generally influence the wage differences between women and men. Such impact factors are, for example, women's career breaks, gender segregation in the labour market, personnel practices in organizations, the legal environment in the state, as well as the attitudes and stereotypes prevailing in society. Since the gender pay gap is a complex phenomenon, it is not possible to have a concentrated application of just one particular policy measure resulting in a marked reduction of the wage differences between women and men. It is therefore recommended that measures directed at a number of impact factors be utilized in the future to reduce the gender pay gap.

This article covers recommendations regarding measures to reduce the gender pay gap for the following topics: a general change in attitudes, a more precise determination of rights and obligations, reconciliation of work and family life, reducing gender segregation in the labour market and education, organizational practices and monitoring the changes in the pay gap. The recommendations have been highlighted in the following subsections.

In recommending the measures, and the analysis, the authors used the empirical results of the three stages in the *Sooline palgalõhe Eestis* (Gender Pay Gap in Estonia) study, the experiences of other countries, statistics describing Estonia's situation and also earlier domestic studies, if available. The suggested measures are indirect, and directed primarily at the factors that have an impact on the pay gap.

1. Reducing the gender pay gap on the societal level

Eliminating the gender pay gap presumes the approval in society of the principles of equal opportunities and equal pay, and their provision in law. One of the human rights expected nowadays is to be treated equally. In the context of the labour market, equal treatment means paying employees equal pay for equal work, regardless of their sex (race, etc), as well as equal treatment in recruitment, promotion and training (Section 6, GEA¹). Also according to the Employment Contracts Act every employer must ensure the protection of employees against discrimination, follow the principle of equal treatment and promote equality in

¹ The Gender Equality Act is abbreviated hereafter as GEA.

accordance with the Equal Treatment Act (RT 2008, I, 56, 315) and the Gender Equality Act (RT 2004, I, 27, 181).

Estonia, therefore, has laws that forbid discrimination and oblige abidance by the principle of equal pay for equal work, but there are nevertheless big differences between women's and men's wages. Only a small part of the Estonian women's and men's pay gap can be explained by differences in human capital (education, job and seniority).

The experience of other European countries also demonstrates that comprehensive laws for the provision and introduction of the principle of equal treatment have not fully realized their goal amongst the population. It is also the reason why more specific measures have been utilized to put into practice the principles of equal treatment (Plantenga *et al.* 2007).

1.1. Rights and obligations accompanying gender equality

A number of studies have been carried out in Estonia on the legal awareness of the Estonian population, which have shown that legal awareness in general amongst the Estonian population is satisfactory (Saar Poll 2006) but that, for example, managers in the private sector have rather scant knowledge about gender equality² (Alas and Kaarelson 2007).

A number of comprehensive handbooks have been compiled in Estonia to increase people's legal awareness in the field of gender equality. For example, the gender equality publication with commentary for enterprises (Albi *et al.* 2010), *Kasu ja tasakaal – soolise võrdõiguslikkuse retseptiraamat Eesti ettevõtete juhtidele* (Donlevy *et al.* 2008) and *Naised ja mehed. Võrdsed õigused, võrdne vastutus. Ülevaade soolise võrdõiguslikkuse seadusest* (Sepper 2010). **These publications should be distributed and presented more actively so that the Estonian population could have a better understanding of their rights and obligations in relation to gender equality.**

1.2. Reducing unequal treatment

It is primarily employees and employers who are able to check, or who may have suspicions, regarding the obligation to pay equally for equal work being satisfied. According to Section 4 of the Gender Equality Act, the employee may turn to the court, the labour dispute committee or the Gender Equality and Equal Treatment Commissioner, to present the facts whereby he or she suspects discrimination. The employer must prove that he or she has not violated the principle of equal treatment. Sex discrimination disputes are resolved by the court or the labour dispute committee, as well as the Legal Chancellor by way of conciliation proceedings. Opinions can also be sought from the Gender Equality and Equal Treatment Commissioner and officials in the Gender Equality Department of the Ministry of Social Affairs. The fact that the unexplained pay gap between women's and men's wages in Estonia is markedly large³ demonstrates to some degree that the principle of equal pay for equal work is not prevalent in the Estonian labour market. **People should be encouraged to seek more assistance in gender equality issues, and they should also be informed of what opportunities and bodies have been created for providing assistance. Young people's**

² 49% of managers in enterprises are not familiar with the Gender Equality Act.

³ The unexplained pay gap constituted 24.3% of the average gender pay gap in 2000-2008, according to data from the Estonian Labour Force Survey.

awareness of equality should be increased through the study programmes for civics in general education schools, as well as by training career counsellors.

However, very few gender equality complaints regarding pay reach the court system in Estonia, or in other European countries. The reason could be both that it is difficult to identify cases due to the lack of sufficient information, that the compensations and sanctions that can be implemented are limited, and that the complainant (employee) fears the loss of his or her job, i.e. victimization. Victimization is a situation where, as a result of the complaint, rather than the pay of the employee being adjusted, he or she is discharged or falls into disfavour at work in some other way⁴. This means that suspicions regarding unequal treatment often may not be examined or resolved.

Although Section 5 of the Gender Equality Act protects employees against victimization, the employee would be in a stronger position if he or she could use the employee representative institutions for submitting complaints. Major systemic problems are generally not addressed based on a discrimination complaint brought by a single employee, which means that there could be a greater and more systemic effect if the equal pay claim is made through employees' representatives or trade unions (Fredman 2008), and in the long term this could also reduce the unexplained pay gap.

In Estonia, employees' representatives and trade unions have been stipulated by law as forms of representation for employees, and the rights and obligations to represent the employee in matters of equal treatment have also been stipulated in law. However, since employees' representatives and trade unions are not widely used forms for representing employees in Estonia, they are used relatively rarely for the purpose of submitting complaints to the employer. For this reason **the wider prevalence of representative institutions for employees should be fostered in order to strengthen the situation of employees, on the one hand, and on the other hand to increase the awareness of the employees' representatives, and representatives of trade unions themselves about gender equality and the pay gap.**

1.3. Reducing the gender pay gap through gender mainstreaming

An effective way of achieving gender equality is to implement the principle of mainstreaming gender equality, which means systematically analyzing various policy measures and laws from the aspect of ensuring the gender equality of women and men (European Commission 2008). The Estonian Gender Equality Act (Sections 9–11) stipulates that the different needs and social status of men and women must be taken into account at all levels in society, and for this reason **it is recommended that preliminary work should also be carried out during the formation of policy to analyze the impact based on the gender aspect of the measure.** The Gender Impact Analysis is an internationally valued and approved means of measuring the impact of policies and actions on the gender system⁵ (Norberg *et al.* 2006).

The following sections provide an overview of how the principles of gender mainstreaming should also be taken into account by civil society organizations and how public sector

⁴ The only more widely and publicly discussed case in Estonia was that of a woman working as an adviser in the Ministry of Defence, where the Gender Equality Commissioner provided the opinion (Opinion 12/2009 by the Gender Equality Commissioner) that it was a case of discrimination.

⁵ The gender system is an institutional system of structures that reproduces stereotypical gender roles and is often dominated by men, possibly also resulting in women being devalued and consequently being paid less.

institutions could provide an example for gender mainstreaming on the level of an organization, in addition to their everyday work.

1.3.1. *Civil society as a link between the state and the citizen*

Although the law stipulates the promotion of gender mainstreaming in state and local government institutions, civil society could also have an important role in implementing this principle – ranging from involving civil society organizations in the activities of state institutions to public debate on gender equality topics. Civil society organizations can also take the role of being 'critical friends' for state institutions, meaning that they could provide constructive criticism and feedback when needed.

Since it is the more active part of the population that belongs to civil society organizations, and creates various initiatives (Uudelepp *et al.* 2009), it would also be possible for Estonian civil society organizations to help in reducing unequal treatment (including wage differences), and increasing the legal awareness of the population regarding gender equality. It is difficult, however, to predict the extent to which civil society organizations becoming gender sensitive could contribute to reducing the gender pay gap. Since the civil society organizations are often a link between local governments and citizens in the provision of public services⁶ (e.g. see Uudelepp *et al.* 2009), they therefore should consider the gender mainstream principle in their activities to the same extent as do local governments in their activities. Consequently, **the training and information-provision for civil society organizations in Estonia should be made more effective regarding how to act, in accordance with the principles of gender mainstreaming, in the provision of public services and more generally in their work, and how to promote gender equality through the services being offered.**

1.3.2. *Positive example of the public sector*

The positive example of the public sector has a vital role in gender mainstreaming. The results of the second stage of the pay gap study demonstrated that although the gender pay gap in the public sector is on average somewhat smaller than in the private sector it is nevertheless notably large – the unexplained pay gap is 18% (Anspal *et al.* 2010). In addition, a large proportion of female employees is employed in the public sector.⁷ **In addition to the obligation on all employers to ensure equal treatment for all in their organizations, public sector employers have also the moral obligation to be an example to employers in other sectors in abiding by the law. In the context of reducing the gender pay gap, setting an example would mean attempting to implement personnel practices that ensure gender equality, reduce unequal treatment and thereby also the wage differences between women and men in the organization.** For example, public sector organizations could regularly evaluate their jobs, analyze the wages data on the level of the organization, and make these public, also survey the equal treatment experiences of their employees in the workplace. On the one hand, the initiative and activity of the public sector employers should be an example for the private sector in fighting against the gender pay gap, but on the other

⁶ A public service, or a service provided by the public sector, where the direct beneficiaries are the residents or visitors of the local government, not the local government institution itself (e.g. providing transport for the disabled *versus* renting offices necessary for the activities of the local government).

⁷ According to Statistics Estonia, 36.1% of employed women worked in the public sector in 2009, but only 16.5% of the men.

hand, it would also be a direct impact factor in reducing the average pay gap since it would impact a large number of participants in the Estonian labour market.

The public sector must ensure that state policy does not work against the goal of attaining gender equality

In society, the public sector has a powerful role in forming and changing policies. As previously mentioned it has not yet been analyzed how well the principle of mainstreaming has spread in the formation of Estonian policy, which is why the organization of a study is recommended regarding the implementation and awareness of the principles of gender mainstreaming in the formation of Estonian policies. Another **recommendation is to regularly disseminate, with the help of training, the principles of gender mainstreaming for gender impact assessments in state and local government institutions.** The ability of policymakers to analyze whether certain measures and policies impact the situation of women and men in

society differently, as well as personnel practices in the public sector that also consider the gender equality aspect would help, if used systematically, to reduce the gender pay gap.

To summarize, it is recommended that, having the goal of increasing the awareness of the population regarding rights and obligations in the gender equality field, the gender equality publications prepared by the Ministry of Social Affairs should be distributed and presented; that employees be encouraged to seek more assistance in gender equality issues, and people should be informed about the available possibilities and institutions for receiving help in gender equality issues. It is also important, for the reduction of the pay gap, to systematically carry out the principles of gender mainstreaming. For this reason there should be more effective provision of training and information for the civil society organizations on the principles of gender mainstreaming, personnel practices that ensure gender equality should be implemented in public sector institutions, and state and local government institutions should be regularly trained in carrying out gender impact analyses.

2. Facilitating the reconciliation of work and family life to reduce the gender pay gap

Career breaks for women that are associated with having children and home duties have been considered one of the main factors in explaining the gender pay gap. According to the theory of human capital women invest less human capital since, compared to men, they concentrate more on the work done at home than on paid employment.

The article titled Gender Pay Gap in Estonia: An Empirical Analysis noted that the existence of children explains a part of the gender pay gap. The employment rate for women with small children in the period 2000–2009, according to Statistics Estonia, was 45–55%. This could be due to the 3-year duration of parental leave, the long period covered by the parental benefit, the fact that it is difficult to find child-care services for children under 3 years old, or that there are very few women who share parental leave with the child's father.

Obligations due to raising children and home duties may impact access by Estonian women to jobs through recruitment and promotion that is gender-related. Employers fear that women of child-bearing age are more likely to drop out of working life for some period, which means that their recruitment, promotion and also training may create extra work and costs for the employer. So, if women and men shared more equally the career breaks associated with

children, and the obligations due to raising children (e.g. staying home with an ill child), this would markedly reduce the impact of parental leave on women's incomes and the risk of discrimination for women.

The reconciliation of work and family life is an important topic that deserves to be handled in relation to reducing the gender pay gap. Estonia has a long period for parental leave and parental benefits. It is therefore recommended that future policy measures addressing work and family life are directed more towards easing the impact of mothers' career breaks.

2.1. Shared parental leave

Increasing men's participation in family life, and in raising children, reduces the gender pay gap

With the aim of treating women and men equally, men have been given the right in Estonia and in most other countries to take parental leave. According to the Social Insurance Board, 6.7% of the recipients of parental benefits in Estonia, as of December 2009, were men. Based on this information, and also on the experience of other countries it could be said that it is not enough to provide the right for parental leave. One of the important factors is the monetary benefit that comes with the parental leave. This is proven for example by the 10-day compensated paternal leave that was in

force in Estonia only in 2008 (cancelled later for budget cuts), which increased dramatically the number of men using paternal leave: in 2008, there were 6953 men on paternal leave, whereas in the following year (2009) there were only 485 (Social Insurance Board, request for information 11.11.2010). This means that it is easier for men, as well as for the mother of the child, to be temporarily away from work if there is sufficient compensation. Increasing the use of this leave could also be helped by the fact that it is a leave specifically meant for fathers, which provides men with a 'legitimate' reason for taking the leave. **As a result, it is recommended that the ten-day compensated paternal leave be reinstated.**

On the one hand, monetary compensation is an important factor for motivating men, but on the other hand, not many men in Estonia take parental leave, despite the parental benefit which generally covers fully the income not received from the job. Monetary compensation, however, is not a sufficient condition to markedly increase the number of men taking parental leave. Experience in other countries confirms this conclusion, which is why individual rights have been stipulated for the more effective organization of parental leave – a separate leave for the mother, and for the father ('father's quota'). This is a division whereby each parent cannot transfer part of his or her parental leave to the other parent. If one parent does not use the leave allocated for him or her, the family loses those parental leave days (and thereby the benefit). The Nordic countries enacted the individual right to parental leave already in the 1990s, and thanks to this fathers use the parental leave option more actively than in countries where the parents may voluntarily divide up the parental leave. According to European Council Directive 2010/18/EU⁸ that regulates parental leave, the recommended length of parental leave is a minimum of four months, from which at least one month should be allocated as individual parental leave for the father, and one month for the mother. This recommendation has been given with the aim of encouraging the use of a more gender balanced parental leave. **Estonia too could consider the implementation of a father's**

⁸ The full text of the Directive is available at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:068:0013:0020:ET:PDF>.

individual right to parental leave. An individual parental leave period for fathers would mitigate somewhat the long career breaks of Estonian women on the one hand, and on the other hand, this would mean valuing, on the state level, the role of the father as the raiser and carer of the child. On the level of state law, the redefinition of the father's role would also help to influence the attitude prevalent in society.

It should be noted that in Sweden extensive **media campaigns** were also organized after the laws were amended to kick-start the changes (Haas 1992). This is necessary both for **making the changes known and for breaking down attitudinal barriers**. The fathers' study carried out in Estonia in 2006 showed that fathers do not necessarily know or be aware of the fact that they have the option of staying home with the child (Karu *et al.* 2007).

Besides the monetary and formal possibilities to take parental leave it is important to **increase the readiness of men to raise young children**. One such possibility is parental education, which could be used to improve men's readiness to participate more actively in raising a child and taking parental leave. **Here the services of organizations that offer parental education could be used.**

2.2. A flexible parental leave system as a link in reconciling work and family life

A more flexible organization of parental leave would provide parents with the opportunity to keep in touch with their job, thereby reducing the impact of parental leave on the career, and consequently on the wage earned. A number of European countries are flexible in their parental leave regulations and enable the parents to take part-time parental leave, resulting in the parents also receiving part of the parental benefit, and the period for payment is longer. For example, in Slovenia, it is possible, regarding a child under three, to take leave of 260 days or the parental leave can be extended to 520 days, with half the parental benefit, and simultaneously working part-time. It is also possible to divide the leave during the same period between the child's mother and father, and take the parental leave and benefit over a longer period, for example, until the child turns eight (Stropanik 2008).

Flexible forms of parental leave, whereby it is possible to dedicate oneself to a young child but to also preserve contact with the employer provide parents with the possibility to combine their work and family lives. This could also encourage men to take parental leave since this does not mean completely dropping out of working life (Karu *et al.* 2007).

Before initiating flexible parental leave the employer's perspective must also be analyzed. It may be useful for the employer if employees are not away from their jobs for long periods, but if the employee has the option of using parental leave as she or she wishes at various times and in various durations, a situation may occur where the recruitment of young women becomes a nuisance in the eyes of the employer because the organization of work becomes complicated and difficult to forecast. This may indeed worsen the unequal situation between women and men on the labour market, and thereby also the pay gap. However, if men are given the individual right to parental leave, the situation for women and men on the labour market should become more similar, and flexible forms of work would be of use to all parties. **Therefore, in order to enact flexible parental leave, the possible impact on employers must be analyzed (there should also be a study of what the timing for prior notification could be, and how often the parents could change their organization of leave and work), and care should also be taken that the measure supports the greater participation of men in parental leave.**

2.3. Part-time work as a link in reconciling work and family life

In Estonia, the period for paid parental leave is long, and the scheme for paying parental benefits is quite rigid, meaning that there is a danger that the employee on parental leave misses out on career development, and is unable to keep up with changes in the organization. This makes the employee's return to work difficult for both the employer and the employee, and may also impact the parent's wage and career opportunities. In order for employees to have a smoother return from parental leave, it is important for employees to be able to work part-time. According to the results of the father's study carried out in Estonia in 2006, employers also thought it would be simpler if women retained at least some kind of contact with their jobs during parental leave (Karu *et al.* 2007).

In order to encourage part-time work, employers should also take steps to include the employee on parental leave in the organization's training, and ensure that the employee who returns to work is able to quickly adapt with the help of applicable training and information.

Part-time work is not particularly common in Estonia. In the period 2000–2008 only 6–8% of all employees worked part-time⁹. Of employed women during the same period, an average of 8–12% worked part-time, but only 3–5% of men (Statistics Estonia). Since it is not known why part-time work is not sufficiently common in Estonia, or how to encourage the use of part-time work, the topic is in need of in-depth analysis.

It is apparently the lower monthly wage for part-time work, compared to the pay for full-time work that is one of the main reasons why part-time work is used so rarely in Estonia. The reason could also be that the labour costs for part-time work are greater for the employer than the labour costs for a person working full-time. There is a minimum social tax that must be paid in Estonia for each employee, and even if the wage of the employee is less than the minimum wage the tax is still 33% of the minimum wage (Section 2, Social Tax Act (RT I 2000, 102, 675)). It is therefore more advantageous for the employer to hire full-time employees. There is now, however, a recent provision in law setting categories of employees for whom social tax is paid on the actual wage that they are paid. One such category is an employee or official who is raising a child under three years old, or three or more children under the age of 19.

Having parents of young children working is also negatively impacted by the rigid parental benefit scheme, which does not encourage working part-time since the amount of the parental benefit is reduced if the income from work exceeds a certain amount. For example, a situation could occur where for a certain wage the total income (parental benefit + wage) would be lower than just the parental benefit on its own (Võrk *et al.* 2006).

In order for the parents of young children to be also able to work part-time during the period of receiving parental benefits, the amount of parental benefit could indeed be reduced by half but the period of paying the benefit should be extended accordingly. This would facilitate the lives of those parents who stay at home with children for longer than the period that the parental benefit is paid, or where a number of children are born over a short period. The latter situation, however, is also fostered by the parental benefit scheme that pays the parental benefit, under favourable conditions, for consecutive births. This measure has the

⁹ By 2009 the share of persons working part-time had increased to 9.4% but this was mainly due to the increase in underemployed persons. During the financial crisis, employers also reduced the working hours of employees.

potential to increase births, on the one hand (Vörk *et al.* 2009), but on the other hand it may considerably endanger, due to long career breaks, the high employment rate of women (and men) and also the ensuring of equal opportunities on the labour market.

A number of measures have been implemented in the UK to encourage continued contact between the employee on paternal leave and the employer, and also to simplify the return of the employee from parental leave. For example, all parents of under-age children (as well as other persons with care obligations) have the right to request part-time work, and the employer can refuse to provide this only if he or she can justify it (*Who...* 10.09.2010). The organization of work in Estonia is currently an issue of negotiation between the employer and employee, and the employee does not the legal right to work part-time, be he or she a parent with a young child or not. **This is why the possibility should also be considered in Estonia to give the parents of young children the right to ask the employer for part-time work, and to obligate the employer (except for justified reasons) to enable this arrangement.**

2.4. Flexible and need-based childcare services

The return of parents to the labour market and the reduction of career breaks presumes available childcare services. Compared to the European Union average, childcare services in Estonia are generally accessible. In 2009 over 90% of children aged 4–5 were registered in pre-school child institutions (Statistics Estonia 2010). However, the younger the children, the lower the proportion attending kindergartens and nurseries. In 2008, 39% of local governments had a kindergarten waiting list but this proportion has been decreasing (Ainsaar and Soo 2009). With the birth rate remaining stable over recent years, being almost 80% of replacement level (Statistics Estonia), the availability of child care services has improved, and preconditions have been created for a reduction in career breaks due to child-raising.

Estonian children generally spend the whole day in kindergartens (Leetmaa 2008). Full-time childcare services with traditional work hours suit parents who work standard hours, but this may not suit employees who work part-time and/or non-standard hours. 67% of kindergartens are opened at 7 am or earlier, and half the kindergartens are closed at 6 pm (Ainsaar and Soo 2009). It has not been analyzed whether the **opening hours of Estonian childcare facilities meet parent's needs**, although this is an important aspect from the standpoint of using part-time work and flexible forms of work to benefit the employment of parents. Alternative childcare services, rather than municipal care facilities, are generally not used much. For example, in 2008 there were private kindergartens in only 9 towns and 32 rural local governments (Ainsaar and Soo 2009). **Therefore alternative childcare services could be developed in local governments, and the provision of childcare services in enterprises could be supported and simplified.** Offering childcare services is often complicated for employers, as well as costly due to various requirements (Karu *et al.* 2007). To what degree childcare services match parents' needs, and how these services could be diversified, need more detailed analysis.

To summarize, in order to reduce women's career breaks and also to change outdated gender roles, increasingly more men must be included in matters relating to the reconciliation of work and family life. Opportunities associated with parental leave must also be updated to include the working life (in addition to raising a young child), and the availability, flexibility and quality of childcare services must be improved.

3. Gender segregation impacting pay gap

3.1. Women's and men's educational choices

The reduction in gender segregation in the labour market is considered to be one of the measures to reduce the gender pay gap. It is also a generally held belief that the reason for the different job choices made by women and men is their different educational background: it is presumed that men's wages are considerably higher than women's because more men have studied those fields that later provide a higher income.

On the basis of the empirical analysis in this study it can be said that although there are more women amongst those with higher education, the men receive on average a higher wage than women with the same level of education and the same background characteristics (occupation, sector of activity, age etc). The qualifications held by women and men only impact the gender pay gap to a small degree, which in turn increases the unexplained pay gap. This result indicates that encouraging women into higher-paid fields, a popular measure for balancing the labour market, would not provide the desired result if the aim were to reduce the gender pay gap.

The gender gap in educational choices plays a larger role in the formation of occupational segregation in the case of subject fields with a limited spread or fields that lead to a specific occupation. Therefore, the different subject field choices of women and men need not necessarily definitely correspond overall to the gender-differentiated choices in the labour market, which also means that in the formation of the gender pay gap the acquired qualification plays a relatively minor role compared to other factors.

It would therefore be meaningful in Estonia, in order to reduce the gender pay gap, to use measures to disperse the gender segregation of education only in the case of subject fields that lead to certain occupations, where gender segregation has been ascertained to be linked to wage differences. The case studies carried out in the context of this study also indicated that there are subject fields in Estonia where the gender segregation in education could be linked to the gender segregation in the labour market and therefore contribute to the formation of the pay gap¹⁰. For example, one employer indicated that the reason that their organization has only men in high-paying IT positions was that women do not apply for these jobs.

In order to consider the **implementation of the measures described below to influence subject field choices, those fields first need to be identified that lead only to specific occupations in the labour market, where the correlation between gender segregation and male-female wage differences has been ascertained.** This means that analysis should be carried out on the spread of employed persons who have completed studies in various fields on various educational levels, according to occupation and field of study, as well as a analyzing the correlation between the gender segregation of subject fields with a narrow spread and the pay gap, on the basis of a maximum amount of detailed data¹¹.

Gender segregation of the labour market may in turn impact the gender segregation of education, since young people's subject field choices reflect society's traditional gender

¹⁰ The case study stage looked at the gender pay gap at the level of the organization.

¹¹ Finnish data demonstrated that in the case of a detailed division of subject fields, the impact of the subject field on the gender pay gap was twice as great as in the case of aggregated subject field divisions (Napari 2006). Napari also referred (2006) to another two studies (in UK and Germany), where the use of detailed data on educational choices resulted in a closer correlation.

roles¹². Encouraging young people to make untypical educational choices is one of the more common policy measures in many countries to reduce gender segregation. The aim is that young people's choices be not restricted by gender stereotypes and that they could choose a subject field that would best suit their expectations, and which would provide the best opportunity to best use their potential. Encouraging young people to make untraditional educational choices in other countries has been done in various ways: introducing subject fields through projects or campaigns, paying stipends to those selecting untraditional subject fields, or creating study programmes especially for one sex, implementing gender quotas or preferring the under-represented sex in admission to gender segregated subject fields in schools or higher education institutions. Iceland could be brought as an example, where the local nurses' association introduced men to various aspects of nursing that could be of interest to men as well (working in war zones) (Mósesdóttir 2008). Similarly, the Finnish MIRROR project motivated girls to study mathematics, science and technical subjects on all educational levels (Sutela 2008).

In the case of subject fields where a correlation has been ascertained between the choice of subject field and the pay gap, it is recommended that projects be encouraged and implemented that introduce and advertise the so-called other sex's subject fields. It is also **important to utilize measures that can help to increase the effectiveness of the role of career counselling, and of quality career information, in the educational and job choices of young people**. The availability of detailed and current career information, and the work of career counsellors who are aware of gender equality topics would contribute to the reduction amongst young people of attitudes based on gender stereotypes, and thereby also contribute to a reduction in the gender pay gap in the future. The primary precondition for a gender-aware career counselling service is the existence of information on the reason for differences in the educational and career choices of girls and boys (if these reasons are different¹³). **Also including correlations according to sex in the educational choice studies that are presented** would be a simple opportunity for Estonia to take a step towards gender-aware career counselling.

A stronger form of intervention than information and encouragement projects to reduce gender segregation is **preferring candidates from the under-represented sex in admission to certain subject fields** or positive special treatment (also positive discrimination, affirmative action). The impact of applying affirmative action has been a controversial topic over the years: supporters consider it a good opportunity to remedy the earlier discrimination of society's minorities, whereas opponents claim that it results in the achievements of the persons in the minority group being valued less than the fact that they belong to a minority, and that discriminating against someone with the aim of reducing discrimination against others is not justified. In Estonia, vocational and higher educational institutions have the right by law to positively discriminate against either sex if the aim is gender balance¹⁴. In the light

¹² According to EURIDYCE, the subject field choices of European learners generally reflect traditional gender roles, which is why it is considered necessary in career counselling to particularly look at gender career choices (Gender Differences... 2010). According to the Estonian Gender Equality Monitor surveys (2005, 2009) there is still the understanding in Estonian society that there are women's and men's jobs, i.e. that women/men manage better in their own jobs, and less in the other sex's jobs (Pilk töö... 2008, Vainu *et al.* 2010).

¹³ For example, the educational choices of Estonian young people are reflected to a degree in the 2008 study of the educational and work values of Tallinn learners (Taru *et al.* 2008). It showed that girls and boys value different learning goals and activities, and there is also a comparison of the changes of young people's values over time.

¹⁴ According to the Gender Equality Act (RT 2004, I, 27, 181), the 'application of temporary special measures which promote gender equality and grant advantages for the less-represented gender or reduce gender inequality' (Paragraph 5 of Subsection 5 (2)) is not considered to be sexual discrimination in Estonia.

of the results of this study there is reason to believe that in Estonia the negative side effects (restricting someone's basic rights) of using a positive discrimination measure in education would markedly exceed the possible value as regards reducing the gender pay gap in the future (the limited value is indicated by the known weak correlation between gender segregation in education and the gender pay gap). In order to use positive special treatment for the purpose of reducing educational gender segregation and the gender pay gap, there must first be a comprehensive legal analysis¹⁵, regardless of the provision in the law permitting the use of positive special treatment, as well as an assessment of all the effects of applying the measure, with the presumption that the milder measures used for the same purpose have been unsuccessful.

Making the educational system more gender-sensitive would help to reduce stereotypical thinking in society

Gender stereotyped thinking in society can be reduced by **making the educational system more gender-sensitive**, since young people develop mainly in educational institutions and the influence of teachers on their attitudes and preferences is great.

This means that **teachers from all educational levels should be trained in gender equality topics that relevant handbooks should be compiled, and the gender equality topic should be integrated into study programmes and materials.**

3.2. Equal distribution of women and men in various activities in the labour market

As can be seen in the first chapter of the collection, horizontal segregation describes the phenomenon where the types of activities dominated by women are on average lower paid than the activities that are traditionally dominated by men. The gender pay gap study also showed that if women's wages were equal to men's wages in every occupation the gender pay gap would be halved (Anspal *et al.* 2010). It also was clear in the case studies that wage differences within an organization can be mainly explained by both vertical and horizontal gender segregation. The jobs dominated by women in these cases were generally lower paid. Such a situation may be caused by women and men selecting different work, or also by the fact that the work done by women could be undervalued. (Kallaste *et al.* 2010)

Biological differences or the advantage of physical strength is one of the more traditional justifications for the occurrence of segregation. However, thanks to the development of technology, there are no longer as many occupations where it would be necessary to utilize strength without aids and appliances (Bettio and Verashchagina 2009). Also, as regards biological differences, there are no definite rules because physical form and strength varies for women and for men. The case studies also proved that in many organizations, it was the need to use physical strength that was used to explain job segregation: certain jobs are considered to be unsuitable for women due to the need to lift heavy weights (Kallaste *et al.* 2010).

Another justification from the human capital theory indicates that home duties and child raising result in differences in human capital. To what extent such an effect restricts women's options is not known, but since being a parent in Estonia generally has a major impact on

¹⁵ The published commentary on the Gender Equality Act (RT 2004, I, 27, 181) provides a comprehensive overview of the legal possibilities and limitations of applying positive discrimination measures in Estonia.

employment, measures targeting the reconciliation of work and family life, and the increased participation of men, may reduce horizontal segregation in particular.

Women's and men's job preferences are also considered to be causes of horizontal gender segregation. However, sociologists are of the opinion that preferences are formed in the course of socialization, and they are influenced markedly by the stereotypical thinking that is common in society (Bettio and Verashchagina 2009). The case studies also proved that the stereotypical belief in men's greater physical strength, and women's family obligations, is reflected in employees' job choices, and that there is a tendency to be afraid of jobs that are untypical for one's sex (Kallaste *et al.* 2010). Stereotypical thinking, therefore, impacts both employers and employees themselves.

Organizational practices, or those related to recruitment, promotion and training can also cause horizontal gender segregation. The gender pay gap case study showed that as a result of sufficient motivation, employers may make decisions that are not in accordance with stereotypes (Kallaste *et al.* 2010), but this presumes someone of the untypical sex with the relevant qualification applying for a job, which in turn indicates the need to make the educational system more gender-sensitive.

Enterprise practices are relatively difficult to monitor or influence on the state level. **Although the law forbids favouring employees on the basis of their sex, but in order to increase people's awareness of these principles, the provision of such information should be made more effective, and stereotypical ways of thinking should be reduced.**

3.3. Equal distribution of women and men in various jobs in the labour market

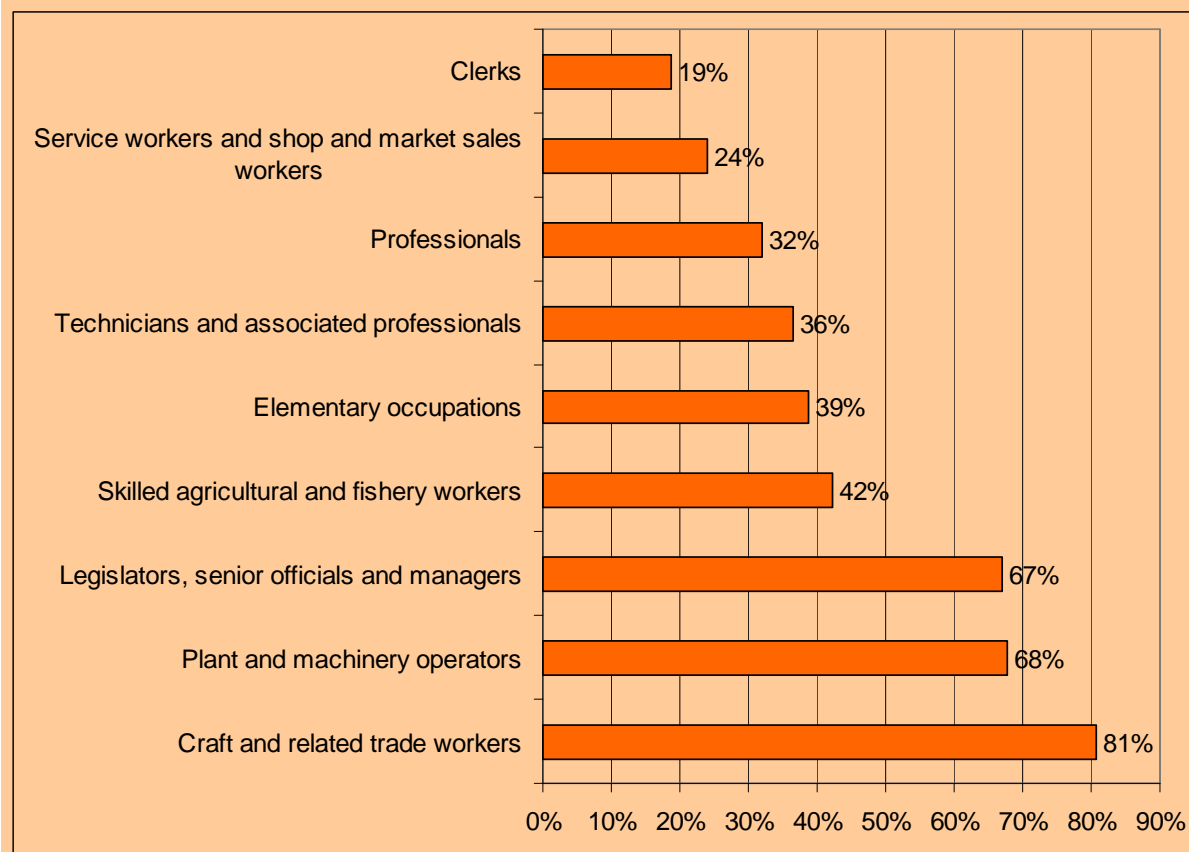
Vertical gender segregation means that women and men converge at different levels in the job hierarchy, and this also impacts the formation of the gender pay gap – women form the majority in lower positions in the job hierarchy (e.g. office workers) and therefore are paid less on average than men (e.g. top managers). The causes of vertical segregation partially overlap with those of horizontal segregation (e.g. gender stereotypes, socialization, the unequal distribution of care obligations). Personnel practices, such as in promotion and recruitment, also determine vertical segregation, if these are not for some reason gender balanced.

One of the forms of vertical gender segregation is the so-called glass ceiling effect. The glass ceiling signifies artificial, invisible barriers that prevent women from reaching senior levels in their careers. The term refers to artificial barriers for women as a group, not situations where progression at work is hindered by the person's own lower abilities (Morrison *et al.* 1987). The existence of a glass ceiling results in a situation where the proportion of women in senior or higher-paid jobs is lower and because of this their average wage becomes lower than men on the average. The other manifestation of the glass ceiling is a greater gender pay gap amongst highly-paid persons, because if it is more difficult for women to rise to senior positions, a more modest expectation regarding salary mitigates their career progression. Both vertical gender segregation and the glass-ceiling effect regarding wages are also present in Estonia – this is also demonstrated by the data from the Estonian Labour Force Survey that has been analyzed in the empirical part of this study, which showed that the differences in wages between highly-paid women and highly-paid men is greater than between the female and male employees earning the average wage.

The glass ceiling need not derive only from intended discrimination, but also from the assumptions made by employers and makers of personnel decisions about women's career preferences, outdated personnel policies and non-formal behavioural models, which have been in force for a long time, and where the justness or appropriateness has not been doubted (Townsend 1997). For example, women may be placed in a more unfavourable position if it is presumed that management positions require such characteristics and behaviour that are considered to be intrinsic to men.

Figure 1 illustrates vertical gender segregation in Estonia. Looking at the gender distribution of wage-earners based on the ISCO classification for the hierarchy of occupations, we can see that for the highest occupational group – the group of legislators, senior officials and managers – men comprise two-thirds of the wage-earners. Gender segregation occurs in a further four occupational groups.

Figure 1. Proportion of men amongst wage-earners according to occupational group, 2007



Source: Statistics Estonia, authors' calculations

A more detailed examination of the occupations in the occupational group of legislators, senior officials and managers shows that the proportion of men as top managers (directors and managers, managers of small enterprises) is higher than the average for the occupation. The

picture is more varied for managers of other subject fields, where there are jobs strongly dominated by both women and men¹⁶, as well as jobs that are relatively gender-balanced¹⁷.

It is generally agreed that reducing vertical gender segregation in the labour market is an important step in ensuring equal opportunity in working life, and not only from the standpoint of reducing the wage gap. It is also meaningful in Estonia to consider measures targeting the reduction of vertical gender segregation. **In addition to direct measures promoting female entrepreneurship and increasing the proportion of women amongst managers, all measures that help in better reconciling work and family life and reducing the double burden carried by women are definitely appropriate for reducing vertical segregation and the effect of the glass ceiling.** Also measures that reduce horizontal segregation may simultaneously reduce vertical segregation in the labour market.

3.3.1. Advantages and dangers of gender quotas

Quotas, a relatively radical measure, have been used to increase the proportion of women in high positions, by setting a mandatory minimum participation for women on the boards of enterprises or institutions. As a result of imposing quotas, the share of women on boards increases rapidly. Quotas have been imposed in many European countries, primarily in the management of large or listed companies (e.g. in Norway, Spain, The Netherlands, France and Iceland). Gender quotas in management, as a measure to reduce vertical gender segregation, have their advantages and dangers.

Keeping in mind the aim to reduce the gender pay gap it would not be meaningful to impose gender quotas on management in Estonia since the impact of the measure would be low. The large proportion of men amongst managers is primarily due to the gender differentiation amongst top managers, which would not be affected by imposing a gender quota on a management board. Amongst managers on the lower level, however, the share of women is already approximately 40%. Imposing quotas is also only conceivable for larger enterprises, but in Estonia it is the managers of small enterprises in particular who comprise a large share of the managers, where in order to increase the proportion of women, a different type of measure is required, for example, measures encouraging female entrepreneurship. Based on the experiences of other countries, the support of female entrepreneurship would anyway be one of the fundamental preconditions for the effectiveness of imposing gender quotas, since the labour supply of qualified female candidates for top managers, matching the demand created by the quotas, should be ensured. Consequently, there should also be concentration in Estonia on increasing the supply of female labour with management qualifications, which would create preconditions for both a greater inclusion of women in management positions, as well as for the development of female entrepreneurship. There also may be a benefit from actions that break stereotypes since men are currently considered to be better managers than women¹⁸.

¹⁶ E.g. IT managers, research and development managers are predominantly men, and personnel, finance and administration managers primarily women.

¹⁷ E.g. government officials and administrators in civil society organizations, and marketing, sales, advertising and public relations managers.

¹⁸ According to the Gender Equality Monitor survey, this is the opinion of 43% of the Estonian population. On the other hand, half the Estonian population agreed with the statement that it would be useful for enterprises if there were more women in management positions (Vainu *et al.* 2010).

3.3.2. *Developing and encouraging female entrepreneurship*

Since the managers of small enterprises comprise a large share of employees in management positions, it would be appropriate to emphasize a group of measures that encourage female entrepreneurship. Women's entrepreneurial activity is lower than that of men due to both gender-specific barriers and also factors that make the general obstacles associated with initiating entrepreneurship more difficult for women to overcome. According to the OECD (2004), such obstacles are difficulties in acquiring start-up capital, the lack of role models and relevant networks, as well as less time to deal with, or begin, entrepreneurship. The latter two obstacles are associated with the unequal distribution of the obligation of home duties between women and men, and the difficulties in finding start-up capital could be a consequence of the gender pay gap.

In developing measures within entrepreneurship policy the special situation and problems of potential female entrepreneurs therefore should be kept in mind, and measures targeting them should be developed if needed. The various measures, projects, cooperation networks, and organizations in European countries that encourage female entrepreneurship are more than can be listed here.¹⁹ Those particularly deserving mention are mentoring and coaching programmes and funding measures.

Mentoring and coaching programmes, which bring together experienced female entrepreneurs, business consultants and women who wish to start up a business, help to overcome the obstacles specific to women in starting up a company: role models are provided in the form of mentors, assisting in the creation of social networks that support entrepreneurship, and making female entrepreneurship more visible. The advantage of such programmes is personal counselling and training, proceeding from the specific situation and problems of the person starting an enterprise. **There are two networks for female entrepreneurship in Estonia²⁰ so these could be evaluated and supported in the implementation of mentoring and coaching programmes.**

Various **funding measures** target the problems specific to women in obtaining the necessary start-up capital to begin a business. **Offering micro-credit products targeting women entrepreneurs could be considered, particularly in regions where the low value of property security inhibits the ability to take a loan**, as was discovered by PRAXIS (2007).

The measure supporting female entrepreneurship, however, need not only directly target women. An example is Enterprise Estonia (EAS) offering in Estonia start-up loans, start-up and expansion support, as well as support for a training share, which help in the creation of micro enterprises and small enterprises generally. It is important to consider the opinions and standpoints of women entrepreneurs and potential women entrepreneurs themselves. Even a measure that is suitable in itself may not succeed if it results in divisions amongst female entrepreneurs as a group, and their receiving unwanted attention in society. Therefore, **analysis should be carried out on the needs of female entrepreneurs and the specifics of their activities, as well as on the possible gender effect of the existing measures, in order to find both direct and indirect measures to encourage their activities.**

¹⁹ A longer list with descriptions of the best European practices can be found in the report by the European Commission (2002) at:

<http://ec.europa.eu/enterprise/entrepreneurship/craft/craft-women/documents/study-female-entrepreneurship-en.pdf>.

²⁰ In Estonia, cooperation between women entrepreneurs is fostered by Eesti Naisettevõtjate Liit (Estonian Association of Business and Professional Women) and Ettevõtlikud Naised (Entrepreneurial Women), which is concentrated in rural areas and is also a member of the European Network of Women Resource Centres, WINNET.

In conclusion it can be said that, in order to reduce horizontal segregation, better access to the study of untypical occupations should be enabled through further training and retraining opportunities, stereotypes reduced, employees encouraged to make untraditional job choices, and relevant media campaigns should also be organized. Supporting female entrepreneurship should be used to increase the proportion of women in management positions, and thereby reduce vertical gender segregation.

4. Changing organizational practices to reduce the gender pay gap

One source of the gender pay gap is gender discrimination in the labour market and unequal treatment. It could already be seen in the chapter dealing with empirical results that the major share of the general gender pay gap in Estonia would not disappear even if, in assessing the pay gap, the fact is taken into consideration that women and men concentrate in different occupations and economic sectors, they have different educational backgrounds, and that they also differ as regards other background factors. There is therefore reason to believe that discrimination plays a sufficiently major role in the formation of wage differences to attract specific attention. In order to reduce the sexual discrimination that can manifest itself in various forms in the labour market, it must be assessed to what degree the wage formation on the level of the organization is gender balanced, and how it could be better balanced.

On the organizational level, discrimination in determining the wages can be manifested in two forms:

1. the wages of the women and men doing the same work are different:
 - a. the wages of women and men with the same job title are different,
 - b. the wages of women and men with different job titles but with the same job content are different;
2. the wages of women and men doing different work, but work to which equal value is attributed, are different.

Although both forms of discrimination are banned by law in Estonia (Subsection 6 (3), GEA), it is not easy to recognize them, and the discrimination is also often not a conscious activity. Whereas the first type of discrimination is relatively easy to discover, the second type of discrimination is very difficult to determine.

One main cause for the existence and persistence of the pay gap is the asymmetry of information²¹, which means that without knowing the productivity of each individual belonging to a group, previous knowledge and experience of the average productivity of all the employees in the group are generalized, and this average is used to determine the wages of individual employees (although the productivity of the individual employee may actually differ considerably from the group average). Such discrimination is generally not recorded in the wage policies for the enterprise, but takes places rather on an intuitive level and unconsciously. The main reason for its use is the speed of making decisions and cost effectiveness. Determining the exact productivity of each person is notably more time consuming and costly than using known approximate approaches. This means, however, that an individual may suffer (or also win) due to his or her group characteristics.

²¹ For more detail, see Anspal *et al.* 2010: overview of the theories for the first stage of the study.

The more the wages system is based on the subjective decisions of managers, the more the asymmetry of information and the presumptions of decision-makers impact on the decisions being made in wage formation. The cases examined in the course of this study reflected situations where although employers considered it important to have fair proportions in wages between the various jobs, and a wage that corresponds to how the work is carried out, but they had not directly thought of the gender fairness aspect in the formation of the wage systems²². If employers are not aware of the fact that in paying for the work, different treatment on the basis of sex could take place in their organizations, then they also cannot take any steps themselves to change their discriminatory behaviour. Therefore, **there should be consideration of how to motivate Estonian employers to assess wages in their organizations according to sex, and if needed, change personnel policies and wages systems such that the wages would be gender balanced.**

Based on the experience of other countries, measures whereby employers identify in their organization gender-unequal wages could range from a simple collection of statistics to annual mandatory audits, where the wage received is assessed according to the principles of equal work and equal treatment²³.

4.1. Data collection and analysis in an organization

The awareness of employers can be raised, regarding possible gender differences in the personnel policies and wage systems in an organization, through an **obligation to collect data according to sex**. This ensures that employers deal with the topic of the gender difference in wages, thereby becoming aware of possible unequal treatment, which then provides the basis for correcting the activity if needed. At the same time, the mere obligation to collect data does not mean that the employers also analyze these results and make the relevant adjustments. It is therefore more meaningful, with the aim of reducing the gender pay gap, to use such measures that **obligate the employers to analyze the situation to see whether there is equal pay for equal work**.

According to the Gender Equality Act (RT 2004, I, 27, 181), the employer must collect gender-based workplace statistics, which if needed enable the relevant institutions to monitor and assess compliance with the principle of equal treatment in employment relationships. A ban has also been enacted for the employer regarding discrimination against those who carry out equal work but are paid, or provide or receive benefits in connection with participation in their work, based on sex. This provision presumes the ability and skill of the employers to assess the values of the jobs in their organizations, to identify equal work and ensure the compliance of their activities with the law. The commentary on the law published in 2010 indeed provides substance for the relevant provisions with the obligation of the employer to carry out an audit on gender wage differences in the organization. In practice, however, the Government of the Republic has not adopted a regulation that would provide the employer with direct instructions on what data must be collected, and how to determine equal work (Albi *et al.* 2010). It therefore cannot be hoped that employers be particularly active in abiding by this obligation. Of the six organizations that participated in the cases of the third stage in this study only one had previously analyzed gender-based wage data.

²² For more detail, see Kallaste *et al.* 2010: report on the third stage of the study.

²³ For more detail on the methodology for equal pay audits/reviews, see Kallaste *et al.* 2010.

Following the principle of equal pay for equal work is facilitated by job evaluation

In order to follow the principle of equal pay for equal work the value of work carried out in all the jobs in the organization should be evaluated, i.e. the jobs should be reviewed analytically. The gender pay gap will then be reduced due to the adjustments following the job reviews, ensuring more gender-balanced wages. On the basis of the experiences of other countries, as well as the analysis in the third stage of this study, it is clear that this obligation should be accompanied by very detailed and comprehensive guidelines on what is equal work,

how to assess it precisely and in a gender-balanced way, and how to achieve equal pay. If this is not done, the collection of data on its own will not be sufficient to improve the situation.

A depreciation analysis, whereby feminine skills and jobs are generally less valued in society than masculine skills and jobs, also refers to the need for detailed guidelines. For example, if employers usually value the work done by women, or work or skills associated with women (e.g. communication, work with clients), lower than masculine skills and characteristics (e.g. physical strength), the consequence could be a situation where women's jobs are seen as being of lesser value, and this is also reflected in women's wages²⁴. Since job evaluation is value-based and as a method contains a great degree of subjectivity, then without separate attention being paid to gender balance there will be the danger that the evaluation method reproduces a gender pay gap and the undervaluation of women's jobs. In the methodology for the analytical evaluation of jobs there is always a certain play in the determination and valuing of the factors that describe jobs, which can be used if desired. It is not possible, however, to develop very clear and completely unambiguous guidelines for evaluation since organizations and values are different.

Taking into account the various arguments, it would probably not be practical in Estonia to make such measures compulsory. As demonstrated by other countries' experiences, employers do not make fundamental changes in the wage systems on the basis of obligatory evaluation. Therefore, making mandatory such a measure with its heavy administrative burden, and with results that can be manipulated as a result of the subjectivity of the reviewers, cannot be considered reasonable. It has also become apparent that even in those countries where job evaluation is voluntary employers do not make widespread use of it, although there is extensive availability of guidelines, training, etc. This has been mostly due to the opinion of employers that their wages are gender-equal. Their attitude is also supported by the fact that there have not been extensive cases before the courts of employee complaints regarding gender inequality at work.

Nevertheless, those employers in Estonia who wish to carry out job evaluations should have sufficient information about equal pay audits and the methods for assessing jobs, as a general means for forming the wage system and personnel policies, which can also be used to assess and ensure the gender fairness of wages. In addition, it is important to help enterprises form means of assessment that would be gender-balanced and would not (re)produce gender equality.

²⁴ One example is when in the assessment of the value of a job involving physical work, it is the weight of the item being lifted that is generally considered, not, for example the frequency and duration of the movement. Yet, in the case of carers and nurses, whose job responsibilities include lifting patients, but also cashiers in supermarkets who have to physically lift goods all day, the amount of total physical work could be greater than that done by warehouse workers (Donlevy *et al.* 2007).

Increased awareness for employees regarding wages

Another asymmetry of information may also play a role in the persistence of the gender pay gap: employees do not know the wages of other employees and cannot therefore during wage negotiations bring to the attention of the employer situations where, for example, statistical discrimination results in unequal pay. When the wages of employees are confidential they do not have the information to decide whether or not they are receiving a fair wage for their work.

Making wages public could result in a situation where employees are more informed, and can also use this information in wage negotiations. This is particularly important in a labour market where the role of collective negotiations is minor (as in Estonia generally), and in organizations where pay is not particularly regulated or is not based on the assessment of jobs, but is dependent on individual negotiations and subjective decisions.

Measures for better awareness of wage information in the organization would therefore be such that would not forbid the employees to freely exchange information between themselves on wages, and which would obligate employers to make these data public. Information confidentiality clauses in employment contracts prevent employees from exchanging pay information amongst themselves. In Estonia's current Employment Contracts Act, it is up to the employer to determine the information for which there is an obligation for the employee to keep production or business confidentiality. Since such a clause is open to interpretation, and it is not known how widespread such a confidentiality requirement is in the contract for Estonian employees, it is difficult to assess the number of employees whose awareness would be improved due to such an amendment.

The results of the case studies also show that removing the ban on sharing wages information does not necessarily result in the employees also actually discussing pay²⁵. **This is why this measure to reduce the gender pay gap can only work in Estonia if, after banning in law the confidentiality of wages information, employees are encouraged to also share between themselves and analyze this information.**

Measures that **obligate employers to inform** employees directly (or their representatives) of wages information, have been implemented for example in Denmark and Austria. **Such an obligatory measure could work somewhat better in Estonia than just a provision in the law that forbids the confidentiality of wages.** When the wages of employees holding the same job are publicly available, it is markedly simpler for an employee to use this information in negotiations with the employer and as a result this would also be more probable. The employer would have less opportunity to treat the employees unequally, which makes it necessary to make the wages system more transparent, to explain to the employees the reasons for the differences between the wages for particular jobs, and the position of the jobs in the job hierarchy.

The awareness of both employees and employers regarding wages information is also restricted by a more general lack of information on average wages for detailed occupations in the labour market. Estonia does not have reliable and sufficiently detailed information on job

²⁵ One of the case studies was a public sector organization where all the wages were public but there were still people who did not know how much their colleagues were paid. The survey of the organizations' employees showed that they do not publicly discuss their wages. For more detail, see Kallaste *et al.* 2010.

wages. Statistics Estonia publishes the collected data with such a long delay²⁶ that these cannot be used as input to wages negotiation in a changing labour market.

The gender pay gap could be reduced with the help of more comprehensive and timely wage statistics that are public and available to all

The availability on the national level of wages information for occupations would have a wider impact than the elimination of discriminating practices only on the enterprise level. There is a more general need for such information than only in the gender equality context, for example in forecasting labour force requirements and in career counselling. **Therefore, possibilities should be ensured in Estonia to collect gender-differentiated wages statistics, which would contain more detailed and current information** (i.e. wages data detailed for occupation and sectors of activity, also taking into account the particularities of working time and workload. One possibility

could be to extend the wages data, collected in the income tax and social tax declarations by the Tax and Customs Board, with the ISCO code for the job, and information on the working hours of the employees, for which a relevant technical solution would also need to be developed²⁷. Although this measure would result in a major administrative burden for both the employers and the Tax and Customs Board, it would be mostly a one-off burden. The data entry of working hours would mean a continuous monthly administrative burden, however, which could result in being too great for the employer.

In conclusion, it could be presumed that better information on wages, and on how work is carried out, for all parties would enable the reduction of gender differences, and is also necessary for the development of other areas in the country. This is why the administrative burden of this measure should be compared not only with the benefit gained from the possible reduction of the gender pay gap, but also from the benefit gained from other areas.

4.2. Job design

The difference between women's and men's wages may be due to how the jobs are constructed (Kallaste *et al.* 2010). The way in which various tasks and works are matched with a particular job is generally constructed using various reasoning. Work tasks are divided up amongst the jobs, and the value of a job in the organization depends on what tasks the job contains, and the degree to which these tasks are valued.

The case studies indicated the possibility that common gender roles have been taken into account in constructing certain jobs (e.g. assistance tasks were considered to be more suitable for women and going on business trips or the requirement for using physical strength were attributed to men's jobs). Such job construction may reproduce gender roles and segregation, and the result may be a gender gap.

The systematic analysis of jobs is one possibility to reduce the lesser valuing of women's jobs using job design. The assessment of jobs is suitable for this since the aim, besides

²⁶ Wages statistics is currently collected by Statistics Estonia, but at the start of 2011 the newest available data were only for 2007.

²⁷ Possible added value to the employer: Once the employer had submitted the data, or according to a certain schedule, a programme would automatically compile a brief overview of the submitted data that would then be provided to the employer.

comparing the value of tasks, is to also determine the reasoning behind the formation of jobs in the hierarchy.

There are occupations where the requirements set for the employees and the working conditions depend to a large degree on the technical equipment of the job. **Therefore, one possibility is to offer enterprises monetary support to update their work organization systems, equipment or fittings, if this means a reduction in the use of physical strength and makes it also possible to hire women for the jobs.** There is also the possibility that jobs are restructured during periods of economic growth and labour force shortages where, for example, female employees are retrained for jobs which had been held mostly by men (Kallaste *et al.* 2010).

Having understood the usefulness of encouraging and supporting the restructuring of jobs, **a comprehensive analysis is recommended to examine the extent to which the gender segregation of the labour market is due to the formation of job design.**

This is why possibilities must be found on the organizational level to reduce discrimination and reduce the gender pay gap, how to motivate employers to assess wages in their organizations according to sex, and to make the wages systems more gender-balanced. Such possibilities include collecting wages statistics and job assessment. The collection of statistics is also important from the standpoint of increasing the awareness of (possible) employees, so the level of detail in the state wages statistics could be increased, with an added requirement of timeliness. In addition to the analysis of wages, and the assessment of jobs, it is also recommended for employers to analyze job design from the gender aspect, i.e. analyze the work duty content of jobs.

5. Monitoring the changes in the pay gap

For the reduction of the gender pay gap using various policy measures, one must observe its change over time. In order to understand the dynamics of the size of the pay gap, it is necessary to simultaneously monitor how society and the labour market is developing in those aspects that are behind the emergence and persistence of the gender pay gap. For this purpose, the following Tables 1 and 2 have indicators which can be used to follow in a timely manner the changes in the differences in paying for work, and the role of (structural) factors in this. The indicators suggested as a result of the gender pay gap study have been presented below, taking into account the existence of the data and the current situation regarding availability.

Table 1. Indicators reflecting changes in the average gender pay gap

Indicators reflecting changes in the average gender pay gap			
Indicator	Source data	Active/Passive	Recommendation for the future
Average gender pay gap	Hourly wage statistics	Active, but with a long delay	For a rapid evaluation of the pay gap, use the difference between the net wages of women and men working full-time (from the Estonian Labour Force Survey) as a percentage of the net wage of men, which has a time delay of approximately six months
Explained and unexplained pay gap	Estonian Labour Force Survey	Not calculated on a regular basis, according to existing information	Examine using a regular study, and also a time series of indicators

Table 2. Indicators reflecting changes in the structural factors impacting the pay gap

Indicators reflecting changes in the structural factors impacting the pay gap			
Indicator	Source data	Active/Passive	Explanation
Segregation index (Duncan and Duncan Index)		Not calculated on a regular basis, according to existing information	Shows the percent of women who should change jobs in order for the proportion of women and men to be equal in all sectors of activity
Share of women amongst managers	Estonian Labour Force Survey	Not calculated on a regular basis, according to existing information	Can be calculated using ELFS data by treating the ISCO classification category of 'Legislators, senior officials, managers' as managers
Share of female entrepreneurs amongst entrepreneurs	Estonian Labour Force Survey	Not calculated on a regular basis, according to existing information	Can be calculated from annual ELFS data, treating as entrepreneurs those employed persons who have defined themselves as sole entrepreneurs, entrepreneurs with employee(s) and farmers with a paid labour force
Share of enterprises founded by women amongst start-ups	Commercial Register data	Not made public, according to existing information	
Share of part-time workers amongst female and male employed persons	Estonian Labour Force Survey	Not calculated on a regular basis, according to existing information	An additional indicator is the share of women amongst persons working part-time, which shows the feminization of part-time work. The time series is available from Statistics Estonia's online database

Passivity due to lack of child care services	Estonian Labour Force Survey	Active	
Share of men amongst recipients of parental benefits	Social Insurance Board statistics	Not calculated or made public on a regular basis, according to existing information	Since the period that men receive the parental benefit is on average markedly shorter than for women, the number of men who have received the parental benefit during the year should be calculated, a number which is considerably larger than the number of men receiving the parental benefit at any one time
Number of parental benefit days taken by men	Social Insurance Board statistics	Not calculated on a regular basis, according to existing information	1) What percentage of all parental benefit days taken have been taken by men? 2) How long, on the average, is the period of parental benefit that has been taken by men?
Use of parental leave, according to the sex		Does not exist	In order to find out how long the parental leave periods are for women and men, and the accompanying career breaks, statistics on the use of parental leave, broken down by sex, would be needed
Use of paternal leave	Social Insurance Board statistics	Statistics are not publicly available, and they are not calculated on a regular basis	The number of men who have taken paternal leave during the year, per the number of children born during that year, could be used as an indicator
Paid and unpaid work, according to sex	Statistics Estonia's time use survey	Active	
Impact on employment of being a parent	Estonian Labour Force Survey	Active	

6. Conclusions

This article has provided an overview of recommendations on how Estonia could form policies targeting the reduction of the pay gap. Wages are for most people the primary and sole source of income, which have an impact on not only the daily income but also on the size of other benefits and the pension. Women's lower incomes also indirectly impact children. The gender pay gap, therefore, has a wider impact on the whole of society.

The emergence of the pay gap is associated with a number of inter-related factors. The following is a brief summary of the above-described recommendations regarding measures that can be used to reduce the gender pay gap.

The Gender Equality Act has enacted the principle of equal pay for equal work. In addition, keeping in mind the aim of reducing the pay gap, gender equality must be promoted more widely in society, **in order to have a better implementation of equal pay for equal work.** For this reason, it is recommended to increase the awareness of the population of the rights and obligations deriving from the Gender Equality Act and the Equal Treatment Act, to

implement more actively the principles of gender mainstreaming by using the potential of the civil society, as well as to more effectively take into account the principle of gender mainstreaming in the public sector.

A more equitable division between women and men in the **reconciliation of work and family life** would increase equal treatment in the labour market and as a result would also be an important impact factor in the reduction of the pay gap. With this aim in mind, the participation of men in parental leave should be increased by setting an individual part for the leave, the parental leave system should be made more flexible by increasing the ways that work and parental leave can be combined, part-time work for the parents of young children should be encouraged, the flexibility of child minding services should be increased if needed, and the development of alternative private child minding services (e.g. child minding services provided by enterprises for their own employees) should be encouraged.

In Estonia, encouraging young people to choose education in fields that are untraditional for their sex would not provide the desired result as regards reducing the gender pay gap. But there are fields of study in Estonia where, for the graduates, the gender segregation may be linked to the gender segregation of the labour market, and contribute to the formation of the gender pay gap. **The reduction of gender segregation in education and the labour market** presumes the analysis of the dispersion of occupations and sectors of activity, by sex, of employed persons who have graduated from various fields of study and educational levels in order to ascertain, on the basis of more detailed data, the correlation between the gender segregation of fields of study and the pay gap. Only for these fields of study would projects to introduce young people to so-called opposite-sex fields of study be meaningful as measures. **More gender-aware career counselling** would contribute to a reduction of attitudes based on gender stereotypes amongst young people. Stereotypical thinking in society can be reduced by making the **education system more gender-aware**, which is why the gender equality topic should be integrated into study programmes and study materials.

For the **reduction of horizontal segregation** the population should be provided with better access to studying untypical occupations, with the help of opportunities for further training and retraining. In addition, it is recommended that possibilities be analyzed and implemented on how to encourage employees to make untraditional job choices.

In order to **reduce vertical segregation** focus should be placed on measures to **increase the supply of a female labour force with management qualifications** as well as entrepreneurship-themed measures; the extension for new women entrepreneurs of mentoring and coaching programmes should also be considered for the **development of female entrepreneurship** and also the analysis of whether women who are starting up enterprises face specific financial problems.

In order to **reduce the gender pay gap in the organization** employers should be obligated to analyze whether there is actually equal pay for equal work. For the gender-balanced analytical evaluation of jobs it should be ensured that the evaluation guidelines and training are easily accessible. It is also important, in order to target a reduction in the gender pay gap, to **increase employee awareness of the average wages for jobs** and to improve the level of detail and timeliness of the national wages statistics that would make this possible. **Confidentiality clauses in employment contracts should be made illegal or employers should be obligated to make wages data public. Organizations should be encouraged to analyze their job design from the gender aspect, and if necessary to redesign the jobs, i.e. the work tasks that comprise the various jobs.**



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