

Pay transparency and a cultural shift for real gender pay equality

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Abstract:

This paper depicts a picture of the gender pay gap in Malta, which continued to increase to 12.2% in 2017. Recent years have seen an increase in the number of women in employment, but this has mainly been in the lower-end salary scales of the labour market and in part-time work, which have both partially contributed to a widening of the gender pay gap. Maltese women's traditional role has been as a housemaker: even for those who were in the labour market, the expectations usually were and possibly continue to be, that it is the woman who leaves her job to take up the responsibilities of the family - children, the elderly and other relatives. Although legislation in terms of equal pay has been in place since 1976, there are many issues, which continue to impede real gender pay equality, including a patriarchal culture, strong male networks, family-friendly measures mainly taken up by females, career breaks, lack of transparency in pay structures, job segregation, and societal gender biases.

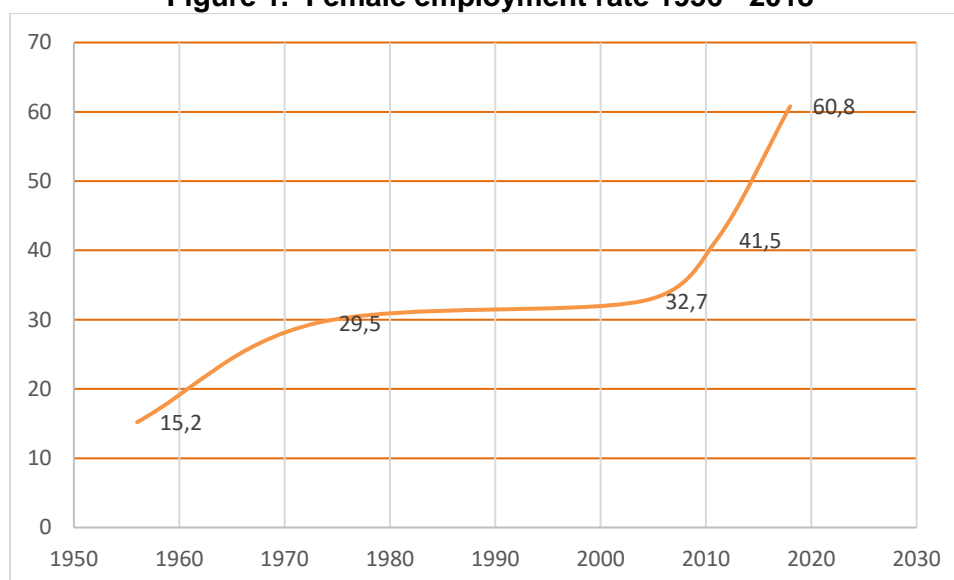
1. The Maltese Context

Malta gained its independence in 1964 and the principle of equal pay was included in the Declaration of Principles of the 1964 Constitution, which however was not legally binding. It was later in 1976 that legislation was enacted to secure equal pay for equal work in both the public and private sector (Azzopardi 2017). The current main legislative framework is Chapter 452, the Employment and Industrial Relations Act (2002) (EIRA) with Article 27 stating that "*employees in the same class of employment are entitled to the same rate of remuneration for work of equal value*". Chapter 456, the Equality for Women and Men Act (2003) further prohibited discrimination in pay on the basis of sex and family responsibilities, and shifted the burden of proof onto the employer (Prechal and Masselot 2006). However, legislation has not helped in actually providing for gender pay equality in reality. There are other hindrances, which contribute to the gap. These include a patriarchal culture, strong male networks, family-friendly measures and career breaks, which are mainly taken up by females, lack of transparency in pay structures, job segregation, and societal gender biases.

Maltese women have traditionally been first and foremost housemakers (Camilleri-Cassar 1997) and employment was generally considered as temporary until family responsibilities took over. Men who 'sent' their women to work were considered as

not being men enough to support the family and this stigma is still evident with a number of men even to this day. Society remains patriarchal even if there is the impression that the situation for women is slowly changing. Figure 1 shows the percentage of women in employment starting from 1956 where it was just 15.2%. This increased to 29.5% by 1973, when women became employed in factories, which mushroomed with the peak of manufacturing in the 1970s, but the figure remained practically at that level for 30 years. By 2004 it had risen to just 32.7% (Azzopardi 2011, p.55). Until 2011, Malta still ranked last when compared to the EU28, as it had the lowest number of women in employment at 41.5%. However, the past years have seen several policies, which try to encourage women to take up employment, and by 2018, this had increased to 60.8% and now shares 22nd place with Poland. It took 50 years for the initial rate to double, and then it doubled again in just 14 years.

Figure 1. Female employment rate 1956 - 2018



Source: Azzopardi 2011 and Eurostat 2019a

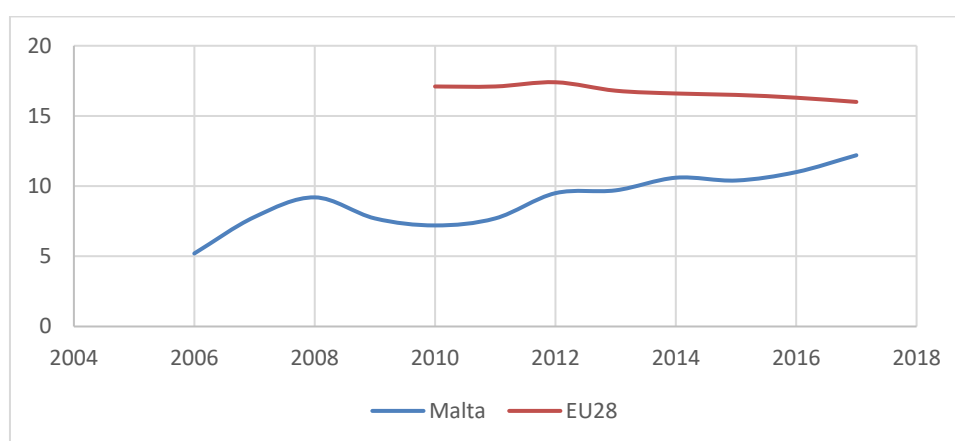
According to the Labour Force Survey by December 2018, out of 97,000 women working, 88,000 were employees and almost 6,500 were self-employed without employees (NSO 2019). Only around 2,500 were employers. Of those 97,000, almost 22,000 were working part-time. Employment is highest in the 25-34 age group: as women get older the number of women in employment decreases. Job segregation continues, in fact women are more likely to be working in public administration, education, health, social work and accommodation/food services. These jobs have advantages such as, shift hours, longer holidays, more flexibility and family-friendly measures, but they also tend to be at the lower and middle range of the pay scales. Thirty percent of women were employed as service and sales workers, while 22.9% were professionals (higher than 15.5% for men), and 15.6% were clerical support workers. Only 6.2% were managers, when compared to 13.2% for men. Family responsibilities were the reason for inactivity for 31.2% of inactive women (ibid.). This was especially the case for the older age groups who would

normally care for the disabled/older relatives and babysit grandchildren (Azzopardi and Bezzina 2014).

In every economic activity and every occupational group the average wage for women is lower than that for men, even in elementary positions. The gender pay gap stood at 12.2% in 2017, but was higher in certain economic sectors, such as: finance and insurance (28.3%); information and communications (23.7%); professional/technical (22.6%); and was lowest for administrative and support workers (4.5%) (Eurostat 2019c).

Discriminations in the economy continue to provide a basis for the gender pay gap. Not only is there a situation of segregation in jobs, often instigated by the school system itself and by the division of labour in society in general, but also even if there are more female graduates in the labour market, societal gender biases lean towards the promotion of men and thus it is usually men who occupy top positions in organisations. In fact in 2018, only 9.5% of top positions in the largest private corporations were occupied by women, 15.4% at the Central Bank, and 9.15% in the Supreme Court of the judiciary. The number of women in Parliament constituted only 14.5% and the highest female representation in decision-making positions stood at 39.3% as level 2 administrators within the public sector. But most chief executive officers are men. This diminished presence in top positions leads to decisions perpetuating the status quo and maintaining the current lower position of women in influential posts. Figure 2 provides the development of the gender pay gap in Malta compared to EU28. Malta's is lower than that of EU28 but it is increasing while that of EU28 is decreasing.

Figure 2 – The gender pay gap in unadjusted form in Malta and EU28



Source: Eurostat (2019b)

The gender pay gap also increases the more educated females are. In fact, the gap for persons with basic education is 10.3%, increasing to 12% for those having secondary and post-secondary education, and then rises to 18.7% for those with tertiary level education. Another distinction lies in the size of companies, the smaller the company, the wider the gap and this could be a reflection of individualised

negotiation tactics where men are more likely to be aggressive when negotiating pay, whilst larger companies are more likely to be unionised with more equitable pay structures. Moreover, the gender pay gap is pronounced within the private sector.

2. The Policy Debate

When the present government was first elected in 2013, it said it wanted to be the most female-friendly government in Malta's history. However, the real change-makers, with women in positions of power to affect decision-making, still need to materialise. Although there have been several policies over the past decade which encouraged women to enter the labour market, the onus of family responsibilities remains mainly on their shoulders. This then leads to women lagging behind, never able to truly catch up and exploit their potential and the positions they would have aspired to, without the full onus of family duties. The gender pay gap develops and continues to punish women as the gap then transforms into a gender pension gap.

Policies in the past have included tax credits for women returning to the labour market, since 2014 free childcare centres for those parents who start working or studying, breakfast clubs, summer schools, 3-16 Klabb (Club) for extra-curricular activities, and national insurance credits for women who previously had taken time off to take care of children, with the result that they had missing NI credits towards their pensions. Policies focusing on family-friendly measures, such as flexi-time, reduced hours, telework, increased maternity leave and career breaks are provided for in the public sector but less visible in the private sector. Family-friendly measures are in reality a misnomer as they are taken up mainly by women, and should instead be called '*women-career-inhibiting measures*'.

More recently the focus has been on a strategy of Making Work Pay and therefore two policies – 'the tapering of benefits' and 'the in-work benefit' - have tried to wean persons off social assistance and into jobs. These have attracted several women including lone parents. Such policies have helped increase the number of women in the labour market as shown above, but it has done nothing to provide capable women with decision-making power. In fact there are few women as executive directors on boards and the present proposal being discussed will only increase women in non-executive positions, which will increase the percentage of women on boards but which means nothing in terms of positions of power. This will not therefore mitigate the increase in the gender pay gap but will only artificially increase the women on boards in non-executive positions.

The increase in women in the labour market has mainly been in the lower-paid jobs and even those professionals who after their career break return to their jobs, have done just that, taken a break from their career. Therefore, while their male counterparts have moved on with their careers, they find themselves in inferior positions. This is particularly poignant considering that since 1996 the University of

Malta (the main university) has seen more female than male graduates. After more than 20 years, these women should therefore be more evident in the higher echelons of organisations and in decision-making positions.

Whilst the policies to increase female labour market participation have been successful, they have also increased the gender pay gap, particularly since the female employment rate started from a low level (Azzopardi 2017). During the past few years, there has been an increase in activities related to the discussion surrounding this gap. However, this discussion is not backed by researched peer-reviewed academic work. In fact, the available work includes a short article in a business magazine in 1977, a report published by the Commission for the Promotion of Equality in 2006, and a Eurofound factsheet on this report in 2010. One does not even find comparable official data prior to 2006. Whilst the NSO in 2004 estimated the gap to be 3.6%, the NCPE report of 2006 found this much higher at 23.5%, due to different methodologies used (ibid.) Azzopardi (2017) provides data analysis on the gender pay gap and also the reasons for this gap.

The recent discussion on the gap has given rise to a new EU-funded project launched in 2018 by NCPE, titled 'Prepare the Ground for Economic Independence', which covers all gender gaps over the life-cycle of a person and targets students, working age adults and organisations. Part of the research to be conducted is to look at tools utilised by other countries to mitigate against the gender pay gap. The topic is also discussed within the Consultative Council for Women's Rights (made up of NGOs focusing on female issues and set up in 2017) under the auspices of the Ministry for European Affairs and Equality (MEAE). However, this Council is not legally established and therefore may have meagre power to influence meaningful and effective decisions. In March 2019, the MEAE launched a consultation paper titled 'Towards a Gender Equality Mainstreaming Framework', which is expected to produce a Strategy and Action Plan later on this year. To address the gaps as highlighted by EIGE it is designed around eight pillars, with Pillar 2 focusing on 'equal access to the workplace and the combatting of the gender pay gap' (MEAE 2019).

The next years are likely to witness several policies dealing with gender issues, including gender quotas to increase the number of women in politics, a pink quota to provide for more non-executive women directors on boards, and legislation for more equality in pay structures, possibly shaped and inspired by recent legislation in Iceland. Icelandic representatives have already been invited to speak at several conferences held in Malta in the past year. Recent analysis has also turned to the Canadian Pay Equity Act enacted in December 2018, which is trying to be proactive and redress "*the systemic gender-based discrimination in the compensation practices and systems of employers*", (Government of Canada, 2018). However, whether these are sufficient to shake and eradicate the thinly veiled misogyny remains to be seen.

3. Good Practice Examples

Within a context where there has been much talk and debate, but no direct policies, it is not possible to find any good practice examples directly linked to the gender pay gap, either in the public or in private sector. In this section, there will be a focus on the National Commission for the Promotion of Equality (NCPE), established in 2004. It is an independent government-funded body, whose aim is to ensure non-discrimination of any sort. Most of the research conducted is EU-funded, but policies which actually ensure pay transparencies and equal pay for equal work have not been put into practice.

The current gender pay gap project has already been referred to above. Another project, the PayM€qually campaign, was media-based, intended to raise awareness on the problem of the gender pay gap and similar to other EU member states, it marked the European Equal Pay Day. The NCPE participated in TV and radio programmes and provided data and updates on its Facebook page. However, this was a campaign, which did not lead to effective policies to be enacted. The NCPE is in fact undergoing further research in this regard.

The NCPE also encourages entities to adopt an Equality Policy, which is a prerequisite for such entities to apply for the NCPE's Equality Mark. This is awarded to organisations for their commitment towards gender equality in working conditions, including equal pay. By 2018, there were 91 entities who had been awarded this Equality Mark.

4. Transferability Aspects

The legislation recently enacted by Iceland is a beam of light in a dark global space. Yet even in a country considered as the beacon for gender equality, the gender pay gap, patriarchal culture norms, misogyny, gender stereotyping and other barriers to women's empowerment are alive and kicking in the 21st century, so much so that feminism has had to raise its head again.

This is also happening in Malta, where feminism, long considered as something of the mid-20th century is starting to flourish again. Yet not every woman wants to be called a feminist because it can have a negative and old-fashioned flavour.

Azzopardi and Bezzina (2014) in a study analysing inactive homemakers found that respondents could be tempted to work if there were more supportive working environments and more equal opportunities in the workplace. According to Rubery et al. (1997) three characteristics of pay determination systems favour equity in gender pay and these include “*centralised or universal minimum standards, narrow pay dispersion and transparency of pay structures*” (p, 145). But the more individualised

and decentralised pay systems become, the more subjective and non-transparent they turn out, which then perpetuates more discrimination.

The Equal Pay Certification Law in Iceland took ten years to develop, and had a solid base of support from across the country and social partners. Commitment was strong. In contrast, in Malta, during related conferences, employers' associations have often stated that they do not believe that the gender pay gap is as bad as the data suggests. Therefore getting them on board any reforms will be more complicated.

The Icelandic legislation is aimed at creating more transparency in pay structures, without actually revealing the figures. This is definitely something, which could be taken on board in Malta, since employers would not need to adopt a policy of full disclosure of pay structures. This is in view of the current situation when unemployment is very low, economic growth is high, skills are in short supply and people-poaching is happening across the country, particularly in highly skilled areas. This means that salaries had to increase in certain sectors in order to entice the best people. Such a policy could make a significant and positive impact on gender equity. Particularly interesting is the fact that it is illegal to have contractual provisions, which prohibit employees from revealing their salaries and other perks. But the actual expense the process entails will find opposition from employers who have already voiced their concerns on the recent EU proposal to increase paternity and parental leave and stated that it should be the state which pays for this additional leave (Times of Malta 2019).

Since 97.3% of entities in Malta are micro, that is employing less than ten persons, even Canada's legislation requiring transparency in pay structures for companies with more than ten employees, would only be applicable to 2.7% or 2,844 entities (NSO 2018). Icelandic law focusing on companies with more than 25 employees would affect even less entities. Therefore, legislation in Malta would need to be devised in a manner where a higher number of entities are impacted, particularly including smaller entities where the gender pay gap is wider.

Countries interested in adopting the Icelandic policy should learn from the inherent weaknesses pointed out in the discussion paper. For example, the fact that it is a private company which 'sells' the paperwork makes this a monopolistic activity. Moreover the expensive nature of the whole process will be opposed by employers, particularly the smaller employers since the cost is similar to all entities regardless of size.

Whilst the policy is to be lauded as a first globally, equal pay policies on their own are unlikely to solve the gender pay gap. Other issues such as job segregation, discriminatory hiring policies, societal gender biases, the division of labour at home, and the non-sharing of family-friendly measures need additional policies to bring a more equitable situation in life: at home, in the labour market, the economy, politics

and society. Moreover, in patriarchal Malta pay transparency needs to be accompanied by a cultural shift in all spheres of life.

5. Conclusions and Recommendations

Malta has always been and remains a male-dominated society, with women having meagre influence in decision-making positions throughout the economy and politics. Whilst the number of tertiary-level educated women is higher than men (and has been for over twenty years), and the percentage of women in the labour market is increasing, the impact of these facts have not made any reasonable dent on the situation of women in general. Legislation regarding equal pay has been in place for over 40 years yet the gap continues to increase because women and men do not share family responsibilities equally, therefore, more women in the labour market has only meant that women now need to juggle and take on the duties of more work, in and outside the house. Male networks help to sustain a status quo where women cannot penetrate top positions. Until a woman truly has the same opportunities as a man to be promoted to the highest posts in the country, where societal-changing decisions are taken, no actual legislation which somehow is seen to transfer power from men to women will be enacted. As the present legislative proposals indicate, these are superficial, mollifying strategies and appeasing tactics, which do not change the existing power relationships between men and women.

In a country where a more qualified woman gets paid less than a male subordinate needs earth-shattering changes and a derailing of the present male-oriented gravy train. Women need to have access to the same opportunities as men, but also more than men if they are more qualified than men. Unless society changes and women and men are respected in the same manner at work, legislation ensuring equal pay can only do so much. Transparency will help to uncover anomalies but such legislation is only the first positive step in a long process of societal adjustments to a gender-free attitude in the labour market and an equal sharing of family responsibilities at home.

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