

WAGE DISCRIMINATION OF WOMEN IN THE CZECH REPUBLIC WITH A FOCUS ON MANAGERIAL POSITIONS

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Abstract

This thesis deals with the analysis of the gender pay gap, focusing on the situation of women in management positions in the last ten years. The starting point is the analysis of macroeconomic indicators since 2009, which are closely related to the development of general gender pay gap (GPG) and gender pay gap in management positions: development of unemployment rate and development of average and median wages. The female unemployment was getting lower in the period 2009-2018, but it was still higher than that of men, average and median wages increased, but in 2018 wage differences remained at 22.76% for all occupations and even 27% in managerial positions. The subject of interest is the gender pay gap for all occupations, where the Czech Republic ranks second behind Estonia with 22.76%, but the emphasis is on the gender pay gap in managerial positions. The GPG for managerial positions is the highest, but the positive fact is that it decreased by almost 13% in last ten years.

Key words: discrimination, unemployment, average wages, median wages, gender pay gap

JEL Code: J64, J71, J78

Introduction

In the Czech Republic, women account for 44.5 % of the economically active population, at the same time 56 % of university students and 61 % of graduates. In view of the above figures, the representation of women and men in decision-making positions is uneven. Although the share of women in management in the labor market in the Czech Republic has slightly increased in recent years, the Czech Republic still ranks among the countries with very low representation of women in hierarchically higher positions: as well as the European (23 %) average. The correlation between the higher share of women in management and their economic performance is confirmed by a number of researches. In the book *Women and Management*, Zdeněk Dytrt and his team (2014) cite, for example, Curtis, Schmid and Struber

(2012) who conducted research on women's representation in 2360 companies around the world or Smith, Smith and Verner (2005) who researched the 2,500 largest Danish companies. Research has also been conducted in the Czech Republic: Víšek, Dohnalová and Králová (2012) surveyed 60 companies with the highest turnover in 2010. The authors concluded that companies with a more balanced representation of women and men in management performed on average better than companies without women in charge. At the same time, in these 60 companies, only 4% of the members of the Board of Directors were women and 85% of the companies had no women in the top management (Dytrt et al., 2014). Research conducted by Phillips in collaboration with colleagues (2011) focuses on the impact of diversity, including gender, on cognitive decision making. Research shows that in working groups with greater diversity, group members are more likely to come up with the right solution to the problem than in a less diverse group. This is associated with greater efforts by members to prepare for negotiations in a more diverse team, but also with more experience and information than in the situation of more homogeneous teams (Phillips, Kim-Jun & Shim, 2011).

For example, Dudová, Křížková and Fischlová (2006) investigated conditions and inequalities in the Czech Republic. They found that most managers not only recognize the unequal representation of women, but also their discrimination in the labor market. Some believe that the unequal representation of women in managerial positions is a result of women's preferences: they say that women do not desire success so much and do not have the same high demands on their work as men. For women, family is a higher priority than high pay and a significant position in employment. As a result, women in the same managerial position have lower wages than men. The second group is of the opinion that discrimination against women is a consequence of specific management conditions. Managers are harder to convince of their competences, because men often question their skills and knowledge. (Dudova et al., 2006).

1 Background for evaluation of wage discrimination

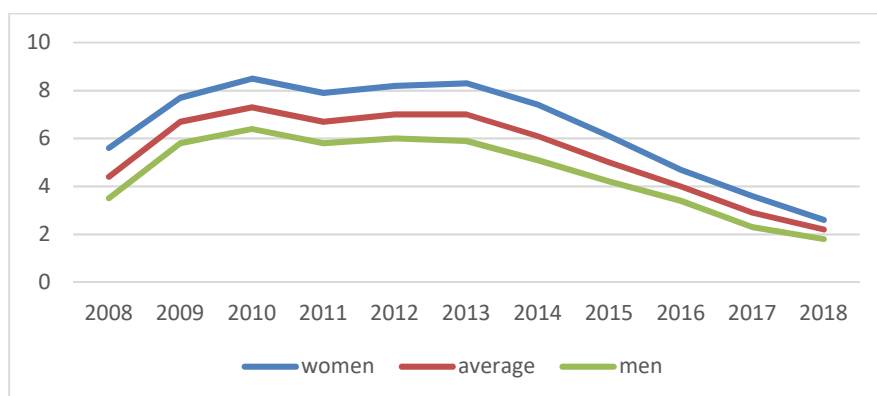
Equality between men and women is one of the most fundamental and most important values of the European Union and their application differs slightly in reality (Boll, Leppin, Rossen & Wolf; 2016). The Czech Republic has been for long one of the countries with the largest pay gap between men and women, along with Germany, Austria and Estonia (especially in comparison with the Scandinavian countries). However, even in comparison with post-

communist countries, the Czech Republic did not perform well: most post-communist countries reduce the pay gap over time, while the Czech Republic is stagnating in this respect.

Data from the Czech Statistical Office were used to analyze the development of GPG and wage indicators on the labor market in the Czech Republic, for international comparisons within the EU mainly data from the Eurostat portal were used.

An important indicator affecting GPG is the employment rate. The overall seasonally adjusted rate has been rising since 2009, from 65.3% to 75.4%. The same trend was observed for both men and women, but the proportion of men was higher (on average 16.8%). Another indicator affecting GPG is the unemployment rate. After a certain increase in the unemployment rate in response to the crisis in the Czech economy, the unemployment rate has been decreasing steadily from 2012 until 2018, when it reached 2.2 %. As a result, the Czech Republic has become the country with the lowest unemployment in the EU. Further reductions are out of the question as there is no longer room for further reductions. During the reporting period, women achieved higher unemployment rates than men: the lowest difference was in 2018 (when women unemployment was 2.6% and men unemployment reached 1.8%).

Fig. 1: Unemployment rate in the years 2009-2018 in the Czech Republic



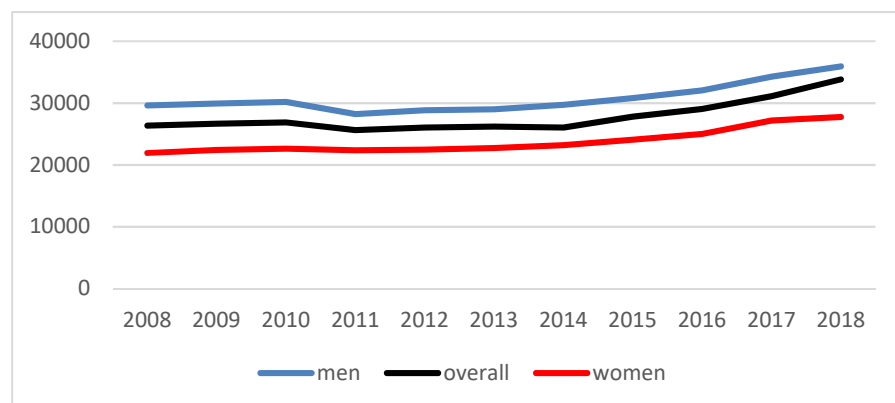
Source: CSO (2018), own calculation

The development of GPG is determined by wage indicators, namely the average gross wage and the median monthly average wage. According to the CZSO (2019), the average gross monthly wage of employees is represented by the ratio of individual wages without additional costs, which are attributable to a given employee in one month. In addition to basic wages and salaries, individual wages also include supplements and supplements, remuneration, wage and salary compensation, remuneration for the employee's availability, etc.

The graph shows the growth of the average gross monthly wage of employees in the Czech Republic, with the exception of a decline in the period 2009 to 2011, in connection with the global financial crisis. Wages and salaries were more sensitive to the economic

downturn during the recession than other components of household income (Růžička, 2015). The figure shows the evolution of the average monthly wages: the difference between women and men wages increased to CZK 7500 in 2009, then it fell to CZK 5800 in 2011 and steadily grew in the following years to almost CZK 8200 in 2018. Average wages of men increase significantly faster than wages of women. In 2018 the average gross wage of women reached 80% of the average wages of men.

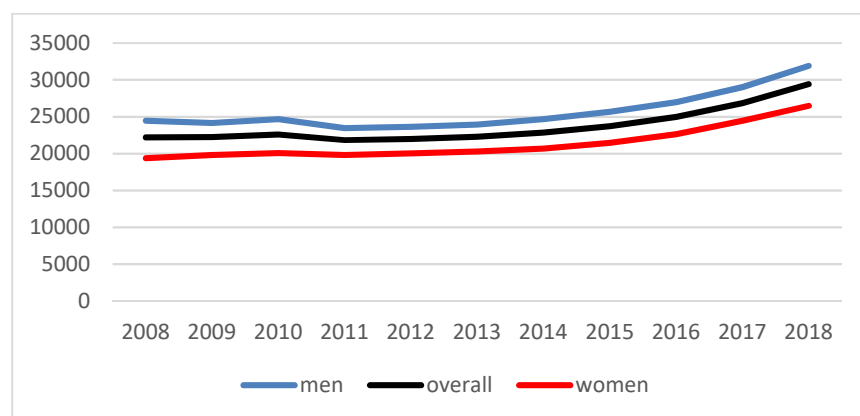
Fig. 2: Average wage in the Czech Republic in 2009-2018



Source: CSO (2018), own calculation

A similar trend is observed in the development of the median wages in the period under review, but the development jumps are more pronounced and the differences between the wages of men and women are smaller. As with the average wage, the median of wages decreased after 2009 (at a time of economic recession). Since 2011, it has been growing steadily until the end of the reporting period. The difference between wages of women and men increased to CZK 4360 in 2009, then it fell to CZK 3650 in 2011 and steadily grew to almost CZK 4530 in 2018. The median wage of women is on average 83% of men's wage.

Fig. 3: Median wages in the Czech Republic in 2004-2018

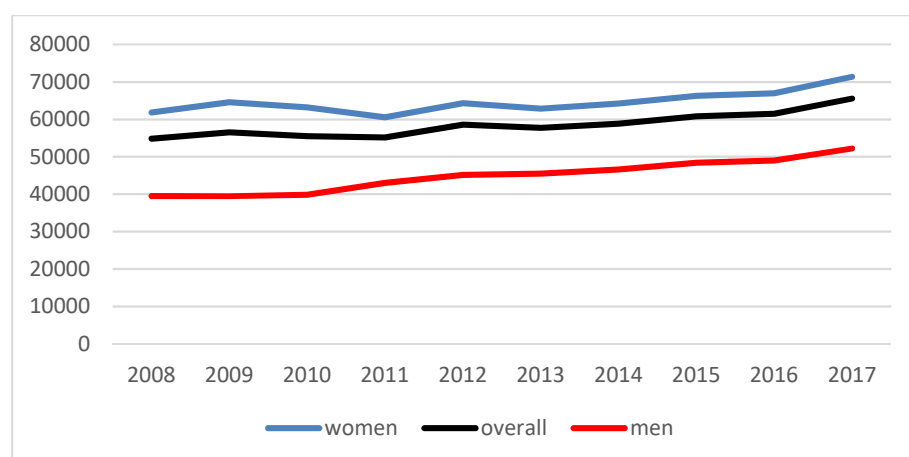


Source: CSO (2018), own calculation

Overall, it is clear that comparisons based on average gross wages are inadequate and misleading, since the pay gap between men and women is not as great for employees receiving average value as arithmetic means. Men's wages are more differentiated. Women and men have a significantly different structure of employment, they study other fields that predetermine even unequal gender representation and cause lower wages. The proportion of women is significantly higher in the health and social care, veterinary and education sectors. Wages are mostly lower in these sectors. Interestingly, women have a slight superiority in representation and financial intermediation, where wages are high, but the highest level of disparity is in this field.

The average gross wage of managers has been relatively stable in recent years, with the exception of 2010 and 2011, when wages overall fell by an average of 2% due to the financial crisis in the national economy. The decrease was recorded for men's wages, where wages decreased by 6%, while for women, wages increased by 8.3%.

Fig. 4: Development of average gross wage of managers since 2009-2017



Source: CSO (2018), own calculation

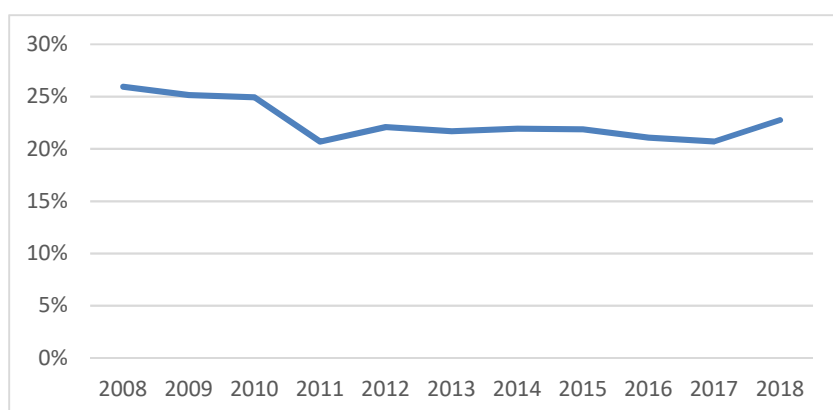
2 Results

Gender pay gap (GPG) is a globally recognized mathematical expression of the gender pay gap, so-called wage gaps. The Czech Statistical Office (CSO) describes this term as the relative difference between the median wage of men and women, which is related to the median value of men and expressed as a percentage. The development of the wage gap in 2009-2018 in the Czech Republic is shown in the following figure: which shows the percentage difference between the average gross earnings of a woman and a man.

The average value of GPG in the EU is 16%, the Czech Republic with its 22.76% ranks second behind Estonia. (GPG in this country reaches a record 25.6%.) According to the European Commission, this situation is due to the high segregation of women in the labor

market in the less profitable sectors (Osila, 2015). Germany came third behind the Czech Republic. The cause of the large wage gap is probably the general social inequality and the marked differences between the poor and the rich. Last but not least, gender segregation again has a major impact on the unequal pay of men and women, and women are often employed only on a part-time basis, with low earnings (Pavésková, 2017).

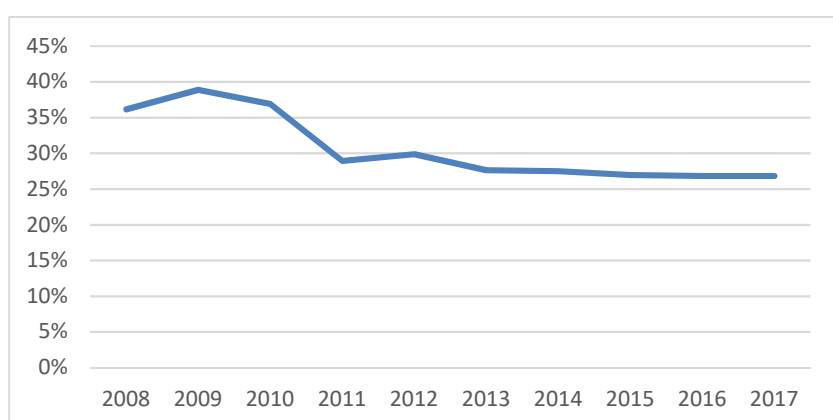
Fig. 5: Wage gap in the Czech Republic in 2009-2018



Source: CSO (2018), own calculation

We will now focus on comparing the average gross wage of managers. It is generally known that GPG is the highest in this sector, as there is the lowest proportion of women (only 9% of women). GPG in management positions had a volatile trend over the period under review, but the positive fact is that the wage gap between men and women has decreased by almost 13%. At the beginning of the reporting period, GPG was 40%, but dropped to just 27%.

Fig. 6: GPG in management positions in 2009-2017



Source: CSO (2018), own calculation

Conclusion

Through the cultural progress and socio-economic development in Czech Republic women have obtained the same rights as men in the labour market. However, they still face discrimination and difficulties resulting from their traditional role in finding or maintaining a job and are rated worse than men in the same profession. The results showed that in the period 2009-2018 the female unemployment was getting lower, but it was still higher than that of men. Both average wages and median wages increased, but in 2018 wage differences remained at 22.76% for all occupations and even 27% in managerial positions.

In 2016, the Government adopted the Action Plan for Balanced Representation of Men and Women in Decision-making Positions in 2016-2018, which includes recommendations and specific tools to improve the equalization of the share of women and men in decision-making positions. Probably thanks to this measure, the representation of women in decision-making positions has increased by 5% since 2016 compared to previous years (Deloitte, 2017). The Norwegian experience (the Norwegian government introduced mandatory quotas for the representation of women on the boards of listed companies in 2003) with the introduction of regulation has clearly shown that quotas lead to a rapid increase in the representation of women in decision-making positions. Opinions on this approach are very different, but there is a substantial argument for greater gender diversity in the management of society, and this is justice based on the moral nature of the issue Dytrt (2014).

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