EXPRESSION OF GENDER INEQUALITIES IN WAGE DIFFERENCES IN THE EUROPEAN LABOR MARKET

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Abstract

According to universal laws guaranteeing the enforcement of human rights, every individual has the right to equal opportunities to thrive in life and the job market, regardless of gender, ethnicity, religion, national origin, political or other ideological commitments, age, or whether they have any disabilities (United Nations 1948).

Gender inequalities exist in every society, which can manifest in gender pay gaps. Behind these gaps lies negative discrimination against women, resulting in women receiving lower wages in certain sectors for the same positions, qualifications, and skills on the job market. The lower wage levels represented by women also lead to lower pension levels after retirement, hence it is not surprising that there is a higher proportion of elderly women living in poverty.

Although in the European Union in recent decades there has been increasing emphasis on addressing gender inequalities, gender pay gaps persist in EU member states to this day, necessitating the implementation of new, comprehensive, integrated solutions.

With our publication, we aim to contribute to alleviating gender pay gaps by presenting theories underlying gender inequalities and perspectives, as well as guidelines for addressing the issue.

Keywords: Gender inequalities, gender pay gap, occupational segregation, European labor market, women’s empowerment, legislation ensuring equality in wages

Introduction

The socio-cultural determinants that fuel gender inequalities are deeply rooted in the structure of every society, creating different conditions and opportunities for men and women to succeed in society and the labor market. The concept of gender inequalities is based on real social phenomena and is linked to specific social values, norms, expectations, roles, functions, and stereotypes derived from them. These social constructs influence the participation of men and women in various aspects of life, such as education, the labor market, employment, career paths, as well as participation in decision-making and leadership roles (Chatillon et al 2018). The ideologies that provide frameworks for social constructs and promote gender inequalities significantly contribute to maintaining social and economic inequalities by disproportionately distributing incomes, wealth, power, and opportunities among members of society. The resulting social mechanisms can particularly disadvantage women and girls, both within the family context and in the realms of work or education.

One significant manifestation of gender inequalities is the persistent gender pay gap in the labor market. This inequality is prevalent worldwide and indicates a situation where women earn lower wages than men for the same work (Haan 2023). In developing
countries, this problem can be attributed to the dominance of social mechanisms perpetuating gender inequalities, along with the lack of policies and practices promoting and facilitating equality (S. Sharma–M. Sharma 2012). The existence of gender wage gaps in European Union member states is also undeniable (Boll–Lagemann 2018).

The disparities in the accumulation of human capital among countries further exacerbate the issue of gender wage gaps. Some women, adhering to societal expectations based on biological determinants, contribute to social reproduction by interrupting their careers during pregnancy and childcare periods. The responsibility assumed by women as mothers leads to periods of absence from the workforce, which also influences the perceived value of women in the labor market and contributes to maintaining lower wage levels compared to men (Polachek 2004). Employer organizations thus play a crucial role in perpetuating gender inequalities and wage gaps between women and men by discriminating against women, especially due to childbirth. They often exclude women from higher-paying positions, typically leadership roles, based on assumptions related to their social roles (childbearing, childcare, and family responsibilities) (Kalev–Deutsch 2018).

In recent decades, there has been an increasing emphasis in the European Union on addressing gender inequalities. In addition to ensuring equal treatment through legislation, decision-makers have sought to incorporate expectations that contribute to gender inequalities into various policy areas, resulting in increased female labor market participation. However, as EU studies indicate that these inequalities are still present in certain sectors, the European Commission has developed a gender equality strategy for the period 2020-2025. The main objective of the strategy is to provide guidance to ensure that women become equal players in European societies by 2025 through the practical implementation of equal opportunities. To achieve this goal, the European Commission has taken action to eliminate gender stereotypes, discrimination manifested in unequal pay, and low female participation in the labor market. The strategy not only aims to achieve general gender equality but also employs an integrated approach, applying an intersectional approach to improve the unique situation of multiple disadvantaged individuals. This approach, serving as a horizontal principle, impacts all policy areas. (European Committee 2020).

Thus, gender-based discrimination and the significant gender wage gaps pose serious challenges to European nations, demanding proactive approaches to address root problems and systemic barriers. Our publication aims to present strategic steps related to addressing the issue, focusing on mitigating gender wage gaps. It takes into account the social, economic, legal, and political factors that influence the practical implementation of solutions leading to gender equality.

With our study, we aim primarily to contribute to achieving gender equality and fostering dialogue aimed at eliminating gender-based discrimination.

Theories related to the gender wage gap

Conceptual theories

Several conceptual theories exist in the international literature regarding gender inequalities, including explanations for gender wage gaps. This topic is widely debated by researchers representing various cultures and nations. As a common, general finding, it can be mentioned that this is a problem that exists in every society and culture, based on discrimination between men and women, resulting in various inequalities or consequences associated with a lack of balance. Landmesser et al (2020), for example,
highlight the disproportionate representation of women in certain occupations as one of the factors contributing to gender wage gaps. In addition to those mentioned, there are numerous factors contributing to the development and perpetuation of gender wage gaps, indicating the complexity of the problem in both understanding and addressing it. European countries employ various approaches to address gender wage gaps, and researchers also use different theories and concepts to explain them. Let's now review some of these.

**Human Capital Theory**

According to human capital theory, investments in individuals, particularly in education, training, human services, social welfare, and healthcare, lead to tangible economic and social benefits for both individuals and society (Sweetland 1996). Both formal and informal forms of education and training are equally crucial for the formation of human capital.

The primary significance of training and education lies in providing individuals with the opportunity to acquire knowledge and skills that, when utilized as personal human capital in the labor market, ensure the livelihood of the individual and their family in society (Sodirjonov 2020). In other words, the application of education, training, and retraining can renew a country's human capital stock, leading to an improvement in the quality of life for individuals and families, and enhancing societal well-being.

In terms of addressing gender wage gaps, the role of education is also crucial in society. Different forms of education, training, retraining, and acquiring new knowledge, skills, and abilities, as well as relevant work experience, obtained through these processes, can significantly influence the level of wages attainable in various positions and roles within the workforce (Grybaitė 2006). In societies influenced by various socio-cultural, economic, political, and historical factors, women typically spend relatively less time in the labor market compared to men, influenced by factors such as marriage, intra-family division of labor, and motherhood. This means that these factors provide fewer opportunities for women to invest in human capital, resulting in a relatively lower accumulation of human capital for them and consequently lower wages in the labor market compared to men.

**System Justification Theory**

The origin of the System Verification Theory can be partly traced back to Karl Marx's concept of "false consciousness". According to Marx, those who control material and intellectual production shape the ideas of those who have no resources (Jost et al 2015). Using a psychological approach, system justification theory examines the tendency of individuals to support and reinforce the current situation or elements of various social, economic, and political systems of the status quo without knowing it (Jost–Toorn 2012).

This unconscious tendency to justify the system also extends to different demographic groups, including different socio-economic statuses, genders, age groups, sexual orientations, and different national, ethnic, and linguistic backgrounds. As a result, the recognition and maintenance of the existence of inequalities is generally present in society.

O'Brien et al (2012) highlight how the system justification theory influences gender wage gaps through the internalization of inequality. Women working in lower-paid positions may internalize the belief that they deserve lower pay, as gender stereotypes attribute higher intelligence, abilities, and confidence to men. On the other
hand, traditionally female-dominated occupations such as nursing, teaching, or social work are often perceived as women’s work and tend to come with lower pay, further reinforcing the notion that men deserve higher wages than women, thus contributing to gender-based wage disparities.

Thus, the System Justification Theory maintains gender-based wage disparities by reinforcing the belief that men deserve higher pay than women, based on societal stereotypes and the unequal distribution of occupations.

Segregation & Discrimination Theory

The Theory of Segregation and Discrimination sheds light on how stereotypes and biases lead to the unfair treatment of individuals or groups based on characteristics such as social class and gender. In the employment context, some managers may make decisions in the recruitment process based on stereotypes and biases, assuming, for example, that men are more suitable for leadership roles, while women may perform better as secretaries or administrative assistants, thereby perpetuating gender segregation (Chatillon et al 2018).

Social expectations often dictate gender roles, where women are expected to prioritize family care and motherhood, while men are expected to be leaders, reinforcing traditional gender roles. Characteristics associated with femininity, such as empathy and selflessness, contrast with those associated with masculinity, such as leadership and assertiveness, influencing career aspirations and contributing to gender segregation, particularly in STEM (Science, Technology, Engineering, and Mathematics) fields (Chatillon et al 2018).

Although there are legislative provisions, such as Article 157 of the Treaty on the Functioning of the European Union, aimed at eliminating gender discrimination, inequalities persist in organizations regarding compensation for equal or comparable work, often favoring men. Women frequently face vulnerability due to part-time employment arrangements and limited access to benefits and advancement opportunities (Berry–Bell 2012).

In summary, gender segregation and discrimination continue to affect access to job opportunities, exacerbating the wage gap between men and women. These disparities highlight the need for ongoing efforts to address and eliminate gender biases in recruitment and hiring practices.

Contextualizing gender-based wage disparity in the European Union

In European countries, gender-based wage disparity continues to be a significant component of gender inequality, showing only marginal decreases over the past decade. Despite a reduction from 15.3% to 12.7% between 2010 and 2023, income disparities have remained significant, particularly in pensions, where the gap has increased to 29% (Boll–Lagemann 2018; Pillinger 2023). Structural issues contribute to this disparity, as women tend to concentrate in low-paying and part-time positions, reinforcing societal prejudices and undervaluing their human capital. Therefore, in EU countries, the principle of wage equality emerges as a fundamental element of social equality in addressing gender inequalities (European Commission 2020).

Occupational segregation further exacerbates the disparity, influenced by career choices, childcare responsibilities, negotiating skills, and instances of discrimination (Vasilescu et al 2019). Furthermore, performance-based compensation also plays a role, where male employees are more likely to receive higher amounts, contributing to the
widening of the wage gap (Arabadjieva–Zwysen 2022). However, this specific issue receives less attention from EU-level decision-makers, and it is not explicitly referenced in the Gender Equality Strategy for 2020-2025, contributing to the widening wage gap between men and women. Therefore, EU directives prohibit direct or indirect discrimination in compensation, emphasizing the need for proactive policies to address structural inequalities (European Parliament 2023).

Women often choose careers that are compatible with societal expectations regarding family roles, while those women working in male-dominated fields face obstacles and wage gaps (Chevalier 2007). In the ICT (Information and Communications Technology) sector, gender imbalance persists, with women receiving lower pay for equivalent roles compared to men. This is attributed to stereotypes stemming from gender ideologies, suggesting that women lack the necessary skills for technology and therefore cannot excel in the ICT field (In Statista 2023; Segovia-Pérez et al 2020). In the healthcare sector, women continue to be underpaid due to vertical segregation, which also contributes to the gender pay gap (Bergmann et al 2019).

Furthermore, other positive attributes related to empathy and communication often go unnoticed, assumed to be feminine traits, and these professional skills are undervalued, resulting in women receiving less compensation, thus perpetuating the gender pay gap. Not to mention that female employees must contend with career interruptions due to societal expectations like childbearing and possible reductions in work hours, all of which are frequently cited factors influencing the gender pay disparity (Bergmann et al 2019). In summary, gender pay gaps persist within and between occupations, driven by prejudices and discriminatory practices present in workplaces. Addressing these disparities requires comprehensive strategies aimed at changing societal stereotypes, promoting fair compensation practices, and creating inclusive work environments that properly value contributions from all genders.

Case Studies of the Gender Pay Gap

The gender pay gap continues to be a significant indicator of gender inequality in many countries, affecting not only current earnings but also future income and welfare prospects, particularly disadvantaging women in the labor market (Aavik et al 2023; Kramer et al 2016). Furthermore, research highlights two perspectives to understand the difference: the explained and unexplained components. The explained inequality takes into account measurable individual-level characteristics and work hierarchy, while the unexplained aspect encompasses complex factors such as indirect discrimination (Aavik et al 2023).

In the European Union, countries like Austria and Germany exhibit significant gender pay gaps, attributed to factors such as labor market segregation, career breaks, and non-transparent wage-setting processes (Bergmann et al 2019; Eurostat 2023). A similar situation exists in Estonia as well, where the gender pay gap is particularly pronounced due to various issues, including intentional employer practices, unequal compensation, and market dynamics (Aavik et al 2023).

In summary, these representations emphasize three overarching themes: the role of employers in perpetuating inequality, narratives that depict the gender pay gap as either insignificant or unsolvable, and framing the gender pay gap as an individual issue (Aavik et al 2023). Together, these reinforce labor market segregation, and direct and indirect discrimination, and legitimize opaque payment policies, highlighting the complexity and interconnectedness of factors contributing to the issue of the gender pay gap.
Ideas and Consequences for Addressing the Gender Pay Gap

The gender perspectives as horizontal principles - "mainstream approach"

Increasing women’s participation in the labor market brings significant benefits to the economy, especially in addressing gender inequalities such as the gender pay gap. However, this requires fair policies to ensure equal opportunities for all genders. Despite the growth in female employment rates in European countries, women face challenges such as the glass ceiling, occupational segregation, and the gender pay gap (Council of Europe 1998).

Although European treaties have allowed for positive actions since 1957 under Article 157 to strengthen women’s position in the labor market, the gender pay gaps persist. Mainstreaming gender emerges as a strategy aimed at integrating gender perspectives into all policies, combating biases, and promoting equality (Lombardo 2016). This approach aims to transcend previous limitations, emphasizing political will, data accessibility, understanding gender dynamics, and women’s participation in leadership roles (Council of Europe 1998).

To strengthen women’s position in the labor market, mainstreaming gender considerations should be adapted as gender-sensitive practices that align with the norms and cultural contexts of a given society. This means implementing top-down approaches to change policies, behaviors, and attitudes toward women, thereby reinforcing gender equality (Tiessen 2004).

Mainstreaming gender considerations is not a one-time strategy but a guiding principle that needs to be integrated into policymaking at all levels. While the European Union plays a prominent role in this, local authorities are also crucial in implementing gender mainstreaming as they are directly connected to individuals through the enforcement of political decisions (Council of Europe 1998).

Exactly, ensuring the horizontal mainstreaming of gender considerations should be an ongoing process, integrated into political endeavors, and executed with the involvement of various stakeholders to ensure the most comprehensive gender equality possible for everyone in society.

Strengthening the labor market interests of women

Empowering women is a key framework for addressing gender inequality along various dimensions, including economic and social status, access to education, and political participation (Taneja et al 2012). To this end, the European Commission defines strategies to promote gender equality, aiming to bridge the wage gap between men and women in the labor market and address the related problems (European Commission 2020).

In the EU, women earn an average of 16% less per hour than men, which also has a significant impact on pension income (Landmesser et al 2020). This wage gap adversely affects women’s lifetime earnings, career development, pension rights, and their exposure to poverty in their older years.

Empowering women in the labor market can promote career development, increase education rates and reduce the wage gap (Mandal 2013).

Therefore, women’s empowerment initiatives are vital for social development and are supported by various organizations, including the UN and the EU (Mandal 2013). Organizational initiatives to reduce the gender pay gap must ensure gender-sensitive human resource management processes and fair compensation systems for work of
equal value for both men and women, as reward systems are an essential part of gender equality (Pološki Vokić et al 2019).

In conclusion, strengthening the interests of women requires many actors and stakeholders, which requires commitment and specific policies, especially from leaders and institutions, organizations in order to recognize the social contribution of women, allowing them to develop their abilities in different fields.

**Equal pay legislation and workplace policies**

Empirical studies in European countries show that workplace dynamics have a large influence on the gender pay gap, underscoring the need for significant progress to close the gap (Rubery et al 2005). Gender pay discrimination is embedded in institutional structures and compensation policies.

Equal pay policies, such as those set out in Article 141 of the Treaty establishing the European Community and the Equal Pay Directive, place obligations on employers to ensure transparent and impartial pay setting practices (Plantenga–Remery 2006). For example, legislation such as the Swedish Equal Opportunities Act requires organizations or companies with more than ten employees to conduct annual salary surveys. Similarly, the French law of 9 May 2001 made it mandatory for companies and sectors to negotiate equality, including the issue of equal pay as a regular negotiation topic.

Organizations can mitigate gender inequality by measures such as implementing inclusive policies, employing designated diversity managers, and promoting women to leadership positions (Diversity Management n.d.). By doing so, women leaders in particular can advocate for diversity programs, reduce pay gaps, and promote systemic change (Kalev–Deutsch 2018).

In summary, equal pay legislation and workplace guidelines are essential tools for promoting gender equality in European countries, addressing issues such as the gender pay gap and promoting equality regardless of gender.

**Discussion and Conclusions**

Gender inequality, particularly the gender wage gap, is a systemic problem that affects women’s earnings. This limits their full potential to contribute to social and economic development in all societies. This problem is often related to gender roles, behaviors, activities and stereotypes about women that can be associated with gender inequality. When it comes to paid work, women always identify with predominantly female-dominated sectors such as healthcare, education, customer service, etc. (World Economic Forum 2023). While the gender pay gap has narrowed to 12.7% in European countries over the past decade, the pension gap remains much wider at 29%, as women generally earn less over their lifetimes than men.

In the labor market, men have many advantages, for example due to gender bias in hiring procedures, as men are overrepresented in higher management positions, because there are certain skills, such as decision-making or leadership, in which men, according to social expectations, usually do better. Thus, women are significantly affected by the gender wage gap and this issue needs to be addressed through proactive policies and practices to impact the various dimensions of deep-seated structural inequality.

In order to narrow the gender wage gap, the "mainstream approach" to gender was introduced in the European labor market as a framework designed to promote the inclusion of gender aspects in all phases of policy-making, involving a wide range of tools
and participants. Implementing gender mainstreaming requires a top-down approach to transform social policies, behaviors and attitudes that reinforces gender mainstreaming. Thus, gender mainstreaming affects local governments, where political decisions are implemented under the supervision of the national government.

Likewise, empowering women is an approach that can prove to be an effective strategy to address the wage gap. Strengthening women’s interests in social, educational, economic, political and psychological dimensions becomes essential. This empowers women with self-confidence, high self-esteem and independence, contributing to the creation of positive and sustainable effects in society. Equal pay legislation and workplace guidelines provide a legal framework for organizations and employers, ensuring equal opportunities and eliminating discriminatory elements against women. Finally, these frameworks offer practical implications for comprehensively addressing gender inequality, including issues such as the gender pay gap.

In summary, gender inequality in the European labor market, especially the gender wage gap in the same profession, has had a significant impact on women, such as the income gap, the pension gap and a higher chance of poverty compared to men. These difficulties have forced women to become socially and economically dependent on their partners, which can lead to additional problems such as domestic violence, gender discrimination, sexism, etc. Therefore, in order to address the issues of gender inequality, everything must be taken into account, whether it is empowerment of women, education and training to spread awareness of gender equality, or policies and legislation that can eliminate all forms of gender inequality, especially for the benefit of women. To move forward, similar studies in areas such as social policy, human resources, gender studies, etc. can offer opportunities to bring positive solutions and ensure gender equality for the benefit of not only women but also society as a whole.

References


A NEMEK KÖZÖTTI EGYENLŐTLENSÉGEK BÉRKÜLÖNBSÉGEKBEN VALÓ KIFEJEZŐDÉSE AZ EURÓPAI MUNKAERŐPIACON

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Az emberi jogok érvényesülését garantáló univerzális jogszabályok szerint minden embernek joga van ahhoz, hogy egyenlő esélyek alapján boldogulhasson az életben, illetve a munkaerőpiacon, függetlenül nemi, etnikai, vallási vagy nemzeti hovatartozásától, politikai vagy más nézetbeli elköteleződésétől, az életkorától vagy attól, hogy rendelkezik-e bármilyen fogyatékossággal (ENSZ, 1948).

A nemek közötti egyenlőtlenségek minden társadalomban megtalálhatók, amelyek kifejeződhetnek a nemek közötti bérkülönbségekben is. A nemek közötti bérkülönbségek hátterében a nőkkel szemben fennálló negatív diszkrimináció fedezhető fel, amelynek eredményeként a nők bizonyos ágazatokban ugyanazon munkakörökben, ugyanazon felkészültség és képességek mellett alacsonyabb bért kapnak a munkaerőpiacon. A nők által képviselt alacsonyabb bérszínvonal a nyugdíjában követően alacsonyabb szintű nyugdíjat is eredményez, így nem meglepő, hogy az időskorban lévő nők között magasabb a szegények aránya.

Bár az Európai Unióban az elmúlt évtizedekben egyre jelentősebb hangsúly terelődött a nemek közötti egyenlőtlenségek kezelésére, a nemek közti bérkülönbségek mind a mai napig fennmaradtak az európai uniós tagországokban, ami új, átfogó, integrált megoldások alkalmazását teszi szükséges.

Publikációinkkal a nemek közötti egyenlőtlenségek hátterében meghúzódó elméletek és a probléma kezelésére irányuló szempontok, valamint irányelvek bemutatásával kívánunk hozzájárulni a nemek közötti bérkülönbség enyhítéséhez.

Kulcsszavak: nemek közti egyenlőtlenségek, nemek közötti bérkülönbség, foglalkozási szegregáció, európai munkaerőpiac, nők megerősítése, egyenlőséget garantáló jogszabályok a bérezés terén