



Fair Income,
Fair Pension

Gender gaps in pay and pensions: the Czech Republic

By:

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1. Introduction: the context

1.1 The Czech Republic and accession to the EU: the “newly discovered” issue of gender equality

The Czech Republic (hereinafter as “CR”) has been a member state of the European Union (EU) since 2004. Its accession was preceded by a series of steps starting with the application for membership in 1996. A questionnaire about the state of the country at different levels was completed and submitted to the European Commission (EC). Subsequently, the EC formulated a number of recommendations (including in the field of gender equality) for each applicant country to fulfil prior to accession. Equal opportunities were included of a set of horizontal priorities that were covered by one of the Commission’s recommendations.

Unfortunately, prior to applying for EU membership, Czech government had never identified issues such as gender mainstreaming or equal opportunities as priorities. Gender equality had never emerged at the level of politics (in party programmes, legislative proposals etc.), public discourse (especially in public debates) or funding options (specific sources were not allocated to activities in that area). Nevertheless, leaders of the Czech women’s movement or gender equality experts had been pointing out issues of gender inequality throughout the 1990 s. Arguably, if it hadn’t been for the EU accession process, it would have taken much longer for issues such as equal opportunities or gender equality to become part of the country’s political agenda.

A number of EC recommendations drew attention to discrimination on the basis of sex, and as a result, the CR had to address that issue at the level of central government. In the course of their implementation, these anti-discrimination measures were criticized as inadequate. Křížková (2006) demonstrated that legislative amendments addressing gender equality were perceived as a “necessary evil” one had to undergo in order to make it to the EU. From the beginning, Czech government administration delegated these issues to officials without the necessary expertise, and NGOs or experts were rarely consulted about the legislative amendments.

As one of the central preconditions of its EU membership, the CR was required to harmonize its laws with the *acquis communautaire*. One of the first outcomes of that process was that the country banned discrimination on the basis of sex by enacting an amendment to the Employment Act (effective since 1999). The amendment committed employers to equal remuneration of men and women (the first of a series of attempts by Czech legislators to provide for equal pay). While mandated by law, equal pay was difficult to implement in reality. Due to the widespread dislike for top-down regulations inherited from the communist era, as well as other reasons, reducing the gender pay gap never became a top political priority. To this day, government policies, measures or programmes addressing the gap are difficult and extremely slow to push through. Issues such as unequal pensions or old-age poverty receive almost no attention at the level of central government. At present, EU funding (especially from equal opportunities programmes) has enabled

the civic sector or expert institutions to promote gender equality by raising awareness (about gender stereotypes etc.) or by conducting research studies and analyses.

1.2 Population of the Czech Republic: a gender perspective

1.2.1 General population characteristics

As of September 30, 2014, the total population of the Czech Republic amounted to 10,528,477. Women comprised slightly more than one half, and most people are in the 20–49 age group. Life expectancy in 2013 was 75.25 years for men and 81.13 years for women. As for marital status, most people were single (especially both men and women in the 25–29 age group; in the 40–44 age group, single men outnumbered single women by more than 50%).

There were important differences between widows and widowers. In the population of widows, the largest increase occurs at the age of 50–54 years, while a similar increase among men occurs in the 60–69 age group. An entitlement to a widow/widower pension arises in the following three cases: (a) the deceased spouse was a beneficiary of an old-age or disability pension, (b) the deceased spouse met the conditions to be entitled to a disability or old-age pension, or (c) the spouse died as a result of an occupational injury. In such cases, the widow/widower pension is granted for a period of one year. Once this period expires, the widow/widower may apply for additional periods of pension if any of the following conditions are met¹:



- she/he takes care of a dependent child,
- she/he takes care of a child dependent on the care provided by another person in levels II through IV,
- she/he takes care of her/his parent or parent of the deceased spouse, who shares the household with her and is dependent on the care provided by another person in levels II through IV,
- she/he is disabled with the third-degree disability,
- she/he has reached the statutory retirement age.

Upon meeting the conditions, the widow/widower pension is often granted indefinitely. This is because the beneficiary automatically becomes ineligible when the conditions are no longer met, he/she remarries, or he/she was involved in murdering the spouse). In order to grant an extension, one of the above conditions has to be met within two years after the expiry of widow/widower pension eligibility (this also applies to subsequent applications for widow/widower pension – in other words, a widow/widower may apply repeatedly). The last (fifth) condition of pension eligibility is the most problematic one. The statutory retirement age was defined as 58 years for men and 55 years for women who became widowed until December 31, 2009. For those who became widowed after that date, the age limit has been increased gradually (in line with amendments that increased the age of eligibility for old-age pensions) depending on the beneficiary's date of birth. For women, the age limit equals either (a) the statutory retirement age of a man born in the same year minus four years, or (b) the beneficiary's statutory retirement age, whichever is lower. This formula translates into a gender imbalance because women are faced with a number of unintended obstacles.

First, the very statutory retirement age is based on a mandatory period of insurance, on the length of one's employment, on the amount of one's pay etc., all of which affects women more negatively than men (see Section 3.3 on the country's strategies to fight GGP). Second, most women become widows at the age of 50–54 years, and those women are highly unlikely to be awarded a widow pension because their deceased husband probably never reached the statutory retirement age (given men's average retirement age of around 60 years). Neither are they eligible for a widow pension with regard to their children, because those are likely no longer dependent (women born in 1961–65 had their first child at the average age of 25 years, and when they retire at the age of 50, their child is 25 years old and likely economically independent)². And neither have they (at the age of 50–54 years) themselves reached the statutory retirement age (unless their deceased spouse had a disability pension or died at work, their statutory retirement age equals that of a man born in the same year minus four, i.e. 56 years, while an average woman retires at the age of almost 60 years). Recently, the Ministry of Labour and Social Affairs (MoLSA) established an advisory group on family policy and its effects. Although the group has been debating the disadvantages of widow pensions, no legislative amendments have been proposed to date.

1.2.2 Education

Some differences between men and women exist in the domain of education as well. 91,551 students graduated from college in 2013, of them 55,952 women (women comprise more than 50% of college

students). The highest proportions of women studied in fields such as education (82%), health care and social work (75%) or humanities and arts (68%). In contrast, men concentrated in fields of study like engineering, manufacturing and construction (73%) or science, mathematics and physics (68%).

The educational structure of Czech population has the following long-term characteristic: most women have attained secondary education with GCSE, while most men have attained vocational secondary education without GCSE (apprenticeship). According to data published by the Czech Statistical Office (hereinafter as "CZSO"), 37.2% of women (compared to 30.3% of men) had attained secondary education with GCSE in 2013. In contrast, 41.4% of men (but only 28.0% of women) had attained vocational secondary education without GCSE. 16% of women and 17% of men had a college degree.

1.2.3 Employment and the labour market

In 2013, most men were employed in manufacturing, construction, and transportation and storage. Most women were employed in manufacturing as well, followed by sectors like retail trade, health care and social work, and education. With regard to age, most employees of both genders were aged 30–34 years. Since 2010, women have had a higher proportion of college-educated employees than men.

Periods of economic inactivity are an important factor of employability. According to a 2010 CZSO sample survey on reconciliation of family and work life, women comprised the overwhelming majority

of carers in all categories (child care, care for seniors...) More importantly, age of child strongly affected economic activity among women (especially for children under 3 years). Parental/maternity leave was the most important factor of level of economic activity among women (who still comprise 99% of those leaving the labour market for that purpose). Women's economic activity was further affected by obstacles to returning to the labour market, including the necessity to care for preschool children, difficulties reconciling family and work, low access to flexible forms of employment, and unwillingness to hire mothers with small children (found by employers as unpromising candidates). All that affects the kind of job positions women can return to, their level of pay, and their potential career growth – the different aspects of their economic activity. Thus far, no correlation between age of child and economic activity has been observed among men. As another illustration of this trend, sociologist Hana Hašková (2003) demonstrated that a large majority of women are at risk of unemployment following parental leave (women comprise the majority of unemployed persons aged 20–35 years). For these reasons, women after parental leave as a category face one of the highest levels of risk of unemployment.

According to the CZSO, women comprised the majority of unemployed persons throughout the time period of 1993–2013. In 2013, they accounted for 52.5% of the unemployed population, while men accounted for 47.5%.

Some gender inequalities have been identified in self-employment as well. In 2013, there were 882

thousand women with a trade licence (only 32% of the total self-employed population). Only 13.5% of economically active women were self-employed, compared to 21.2% of men.

1.2.4 Gender pay gap

CZSO data for the years 2013–2013 shows considerable differences between men's and women's salaries. The mean wage amounted to almost CZK 30,000 for men, compared to less than CZK 25,000 for women (the gaps were similar in the years after 2010). The gender pay gap in the CR (22% in 2013) was considerably higher than the EU average (16.4%).

1.2.5 Maternity and parental leave

According to CZSO data, men typically account for about 1% of persons on parental leave, while women comprise 99%. In the year 2012, parental allowance was drawn by 5,249 men and 301,163 women. According to a questionnaire survey on people's career pathways, the number of months spent by mothers on parental leave with their child has grown since the 1960s (in the 1960s, most mothers chose to go on parental leave for 0–12 months, but in 2010, almost 50% of Czech mothers chose the length of 25–36 months and one-third went on parental leave for 36 months or longer). The growth in the length of time spent caring for a child was allowed by rises in the statutory length of parental leave and in the amounts of parental allowance. As shown by Hašková (2011), the reason why Czech mothers stayed at home longer was not so much their desire to care for

their child, but rather their fear of unemployment, low access to childcare for under 3-year-olds, or simply the absence of other options.

1.2.6 Old-age pensions

The statutory retirement age has been growing in the CR. The latest reform in 2008 set it at 65 years for men and 62–65 years for women. A 2011 amendment abolished the target statutory retirement age and established only an indirect link between that age and current life expectancy. Starting in 2013, this accelerated the growth of the statutory age, especially for women (to 6 months annually for women and 2 months annually for men). The mean statutory retirement age in EU member states is 61 years for women and 61.8 years for men. The Czech figures are similar: 59.6 years for women and 61.5 years for men.

As of December 31, 2013, old-age pensions were drawn by 1,729,000 individuals (of whom 53.8% were women). Interestingly, women accounted for 90.1% of old-age pensioners aged 55–59, they continued to dominate the pensioner population up to the age of 64 years, and the trend reversed among pensioners aged 65+.

There is a gender gap in old-age pensions. According to CZSO data, 75% of women have a pension under CZK 11 thousand, while men account for most beneficiaries with CZK 12 thousand or more (70%). Most women get a pension in the interval of CZK 7,600–8,999, which is considerably lower than men's pensions.



2. Gender pay gap in the Czech Republic and the EU: a cross-cutting perspective

2.1 Causes and effects of GPG in the CR

Women in the Czech Republic consistently exhibit lower employment levels than men. CZSO data have documented the long-term trend since 1993. For instance, the proportion of economically active in 1993 was 52.3% among women and 71.3% among men. In 2013, 50.9% of women and 68.1% of men were economically active. The decline of economic activity among men is due to demographic ageing (level of economic activity equals the number of economically active persons in a defined age category as a percentage of the total population in that age category; and demographic ageing increases the relative size of the economically inactive population compared to the economically active). According to Eurostat data, the level of men's economic activity in the CR is comparable to EU average. In contrast, care for children or seniors who live in the same household is the main reason of women's economic inactivity (besides old-age retirement). In 2013, 319,600 women cared for children or cohabitating seniors, compared to only 3,200 men. Old-age retirement is the main reason of economic inactivity among men. In the EU context, the levels of economic inactivity due to care for children or seniors in the CR are highly above-average for women, and under-average for men.

Eurostat results from 2014 are similar: there is a correlation between number of children and wom-

en's employment. Since 2010, the employment levels among women with one, two or three children in the CR have not exceeded 50% (in 2013, the average employment level of mothers was 40.5% in the Czech Republic and 65.2% in the EU). There is no such correlation among men. In contrast, with an employment level of 96.6% in 2013, Czech men scored above the EU average (87.6%). The results suggest a deep-rooted traditional conservative model of a male breadwinner and a female carer, which also helps explain the gender pay gap. Through differences between men's and women's pay, the model affects families' decisions on who stays at home and takes care of a small child. The woman is the logical choice because her income would not cover the family's financial needs. This is also why the model forces to work those men who would like to

stay at home. The pay gap is not caused by women's lower qualifications or lower priority of work among life's important values (as often argued), but predominantly by gender stereotypes, norms and societal expectations that relegate both men and women into certain roles. As a result, women are often disadvantaged in the labour market. A number of studies (e.g., Hašková 2005, Hašková 2011, Formánková 2010) show that parenthood, and especially motherhood, represents a handicap in the Czech labour market (in terms of employment, reconciling work and care, wages and salaries).

Eurostat data show the same trend: in 2013, the Czech Republic displayed one of the strongest effects of parenthood on women's employment (*Figure 1*). Due to care for children, homemaking, or care for seniors,

Figure 1. Source: Eurostat 2013, LSF



Figure 2. Source: Eurostat 2013



women are unable to work as many hours (which affects their remuneration). Eurostat also shows a large and persistent gender gap in the number of hours spent doing household chores and caring, with women devoting more than 50% more time than men.

Further factors influencing the GPG include horizontal and vertical segregation in the labour market (see above), family commitments, household labour, and unpaid labour. At the same time, the CR has one of the longest parental leaves, driving women away from the labour market for several years (furthermore, according to the CZSO, families with two children as the most typical family arrangement often draw parental leave continuously for up to six years). Eurostat data (Figure 2) for 2013 show how

many men and women work part-time (the percentage of men in the CR is extremely low). At the same time, flexible forms of employment are a way of helping parents with small children better reconcile work with care and household labour (in other words, to take care of the child while keeping in touch with one's employer).

Women are more likely than men to work part-time. One of the reasons lies in the social pressure on women to be both good workers and good mothers. The burden of combining work with care rests primarily on women's shoulders, and part-time jobs are one way to accomplish that combination. Another reason why women are more likely to work part-time is that are associated with negative experience by employers (due to care for sick children

etc.) and thus perceived as "complicated". Part-time jobs only exist where the character of work allows so (while executive or other management positions typically require unlimited availability, i.e. "flexibility"). For that reason, part-time jobs tend to exist at lower-ranking and lower-paid positions. Moreover, part-time workers are normally not entitled to employee benefits and have limited (or no) chances to get a promotion, which, of course, demotivates men from working part-time.

In the past couple of years, part-time jobs have been debated in the context of so-called precarious (forms of) employment. This concept refers to jobs with low wages, fixed-term and/or part-time contracts, limited or no employee benefits, and low standards of statutory employment protection. Tables 1 through 3 show the proportion of individuals with part-time jobs in different age groups (as a percentage of the total employed population). The prevalence of part-time work in the CR is far below EU average, with 32.2% of women and 8.8% of men working part-time in 2014 (of the total employed population). Such low levels of part-time work are possibly caused by the above-mentioned negative aspects that make part-time work disadvantageous for workers, yet which are often accepted as a "necessary evil" by women with small children.

One interesting fact indicated by Tables 1-3 is that the number of part-time jobs grows among men aged 50+. Such an age may result in limited employability, fewer job positions to choose from, and consequently a decision to resort to part-time jobs (instead of unemployment).

As for other flexible forms of employment, namely fixed-term contracts, those are used more frequently by women as well. Tables 4 through 6 show the percentages of men and women in different age groups that are employed on fixed-term contracts. Compared to the EU, Czech employees are much less likely to use this form of contracts. In 2014, fixed-term contracts were used by 14.4% of women and 13.6% of men in the EU.

As shown in Tables 4-6, Czech men are more likely to use fixed-term contracts than part-time jobs. This is probably caused by the structure of supply in the labour market, with more employers offering an "Agreement to Perform Work", an "Agreement to Complete a Job", or a standard employment contract for a fixed term, rather than a part-time contract. Even men can become entrapped in precarious forms of employment. Also interestingly, the number of fixed-term contracts declines among women aged 50+. The likely reason is that women in this stage of life are often faced with a choice between keeping their jobs and staying at home to care for their elderly parents. The opinion that care for seniors should primarily take place in the family is relatively predominant in the CR. Therefore, women at this age are more likely to leave the labour market than work on fixed-term contracts (e.g., Přidalová 2007)³.

The word "precarious" itself suggests instability, temporality, absence of guarantee etc., and precisely these characteristics apply to precarious forms of employment. The above data illustrate that women are more likely than men employed in

Table 1: Part-time employees aged 15-64 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2014.

2005		2007		2009		2011		2014	
Men	Women								
1.6	8.0	2.7	7.9	2.0	8.5	1.8	8.5	2.5	9.5

Table 2: Part-time employees aged 25-49 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2014.

2005		2007		2009		2011		2014	
Men	Women								
0.8	7.8	0.8	7.0	1.1	7.5	1.1	8.0	1.5	9.0

Table 3: Part-time employees aged 50-64 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2015.

2005		2007		2009		2011		2014	
Men	Women								
3.2	9.6	3.2	10.1	3.3	9.1	3.1	8.8	3.8	9.4

Table 4: Fixed-term contract employees aged 15-64 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2014.

2005		2007		2009		2011		2014	
Men	Women								
6.9	9.2	6.5	9.4	6.1	9.3	6.7	9.3	8.4	11.3

Table 5: Fixed-term contract employees aged 25-49 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2014.

2005		2007		2009		2011		2014	
Men	Women								
5.3	7.2	4.7	7.1	4.3	6.8	5.7	8.3	6.9	10.5

Table 6: Fixed-term contract employees aged 50-64 years, by gender, as a percentage of economically active population. Source: Eurostat 2005-2014.

2005		2007		2009		2011		2014	
Men	Women								
7.0	10.9	7.0	12.5	6.9	11.8	5.7	8.1	6.1	7.3

one of these forms. Consequently, precarisation is more prevalent in sectors with higher concentrations of women. The effects of precarious forms of employment may be fatal: low levels of social and material security, disadvantage/discrimination in terms of remuneration, and higher risk of poverty (including in old age). Clearly, precarious forms of employment affect the standard of living of women as well as men. According to Eurostat data on at-risk-of-poverty rate by age and gender (where poverty is defined as income below 60% of equivalised income after social transfers), women are more often at risk of poverty than men. For example, the at-risk-of-poverty rate measured in 2013 for the age group of 25–49 years was 9.3% among Czech women (compared to the EU average of 16.1%), but only 6.8% among Czech men (compared to the EU average of 15.2%). In the same year, the at-risk-of-poverty rate in the age 50–64 group was 8.5% for Czech men (15.0% of men in the EU) and 8.2% for Czech women (15.2% of women in the EU).

Fortunately, the number of women and men at risk of poverty in the CR is generally below the EU average. On the other hand, women are still more likely at risk of poverty than men. All in all, the above data indicate that poverty may be caused by growing precariousness in the labour market (as indicated by growing numbers of men and women using non-standard contracts that are associated with higher risk of poverty) and, of course, it may be also caused by pay differences (which effectively prevent some individuals from accumulating financial reserves and make them economically dependent on others).

2.2 Calculation and levels of analysis of GPG in the CR and in the EU context

Long-time measurement of the gender pay gap in the CR (which has never been below 20%) indicates levels above the EU average (which has been oscillating around 16–17.5% since 2002). Indeed, the CR has one of the highest levels of GPG in the EU. This is clearly shown on Eurostat's comparative data for the year 2013 in *Figure 3* below.

GPG has been espoused by the European Employment Strategy (EES) as an important indicator of pay imbalances between men and women. It is defined as the difference between the average gross hourly earnings of men and women (in per cent).

There are several levels of GPG. For instance, GPG can be analysed with regard to full-time and part-time jobs. Unfortunately, Eurostat library does not contain specific information on the effects of full- and part-time jobs on GPG in the CR. Nevertheless, as shown above, women comprise the majority of part-time employees. Based on Eurostat data, the CZSO only informs us about the number of part-time workers by gender. In 2013, 10% of women and 2.5% of men (of the total employed population) in the CR worked part-time. 19.5% of these women and 8.6% of these men worked part-time involuntarily. The average number of voluntary part-time workers in the EU is higher for men and women alike (see *Figure 2*). In 2013, most part-time employees among Czech women were service and sales workers (62,800 women),

Figure 3. Source: Eurostat 2013

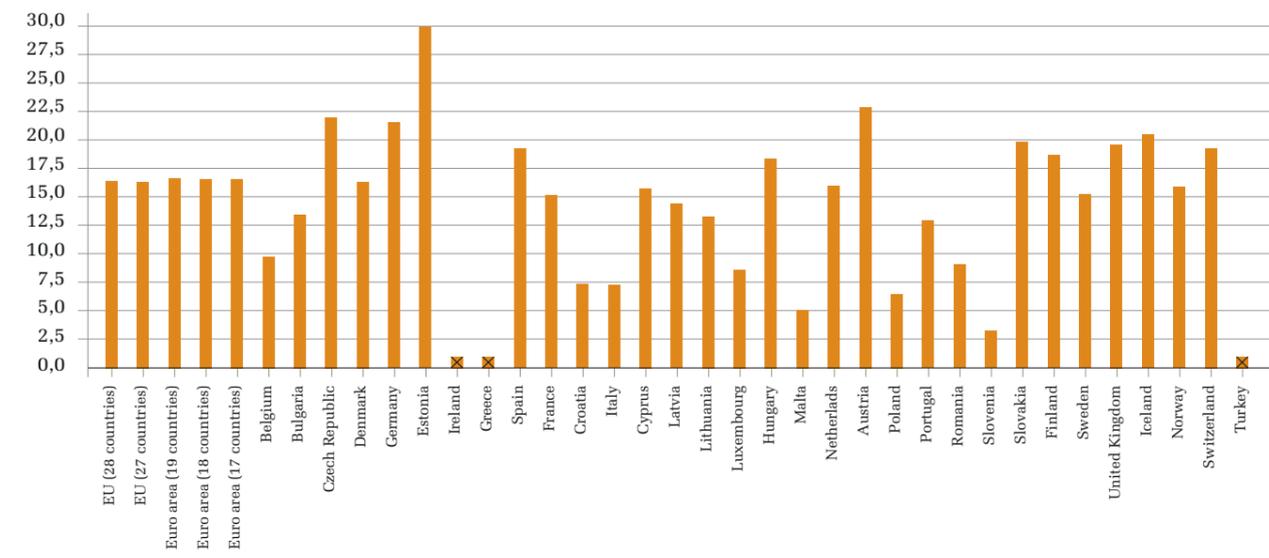


Table 7: Gender pay gap by age groups (percentages). Source: Eurostat 2010–2013

Age group	2010	2011	2012	2013
Under 25	7.6	8.7	9.8	11.2
25–34	13.3	14.2	13	11.9
35–44	29.7	30	29.4	29.2
45–54	21.2	22.9	23.2	23
55–64	15.2	16.3	16.5	16.3
65+	30.8	27.6	27.5	26.7

professionals (46,700 women), and clerical support workers (38,000 women). Men held part-time jobs primarily as professionals (20,500 men), service and sales workers (16,100 men) or craft and related trades workers (14,100 men). These results alone indicate the effects of part-time jobs on GPG. Working part-time automatically results in earning less money (compared to a full-time job), and part-time work is associated with other disadvantages in the CR as well: inability to get a promotion, low access to employee benefits, and low standard of statutory protection. Since part-time jobs are most frequently used by mothers with preschool children, they constitute yet

another barrier faced by women in the labour market and, at the same time, yet another factor of GPG.

With regard to age, Eurostat data shows that GPG grows with age (as a result of career breaks due to care for children and/or seniors). In the year 2013, the levels of GPG measured were 11.2% among individuals under 25 years of age (following a steady growth from 2010), and 11.9% in the 25–34 age group (following a minor decline from 2010). As shown in **Table 7**, the largest level of GPG in the CR (and in the EU as a whole) was measured in the age group of 35–44 years. This is the stage in which mothers of small children return to the labour market after a period of parental leave (women have their first child at the mean age of 28 years, a typical family has two children, and parental leave is typically drawn continuously for two times three years). GPG grows again among women aged 65+, which can also be explained by the long-term effects of career breaks due to care for children.

As yet another perspective, GPG can be analysed with regard to employment in different occupations.

For the year 2013, the largest gender differences in average gross monthly wage were observed among professionals (28%) and managers (27.3%) and the smallest, traditionally, in armed forces occupations (0.9%). Differences between men's and women's average gross monthly wages also existed with respect to educational attainment, as shown in **Table 8** (as a long-term trend, the largest GPG is among college graduates). The growing GPG can be interpreted as due to discrimination in the labour market: while the number of college-educated women is growing steadily, they have penetrated even some traditionally male fields of study, and they are increasingly colonizing so-called men's occupations (including management positions), they continue to be perceived as less competent, which results in lower remuneration. In contrast, men are viewed as more competent for some areas of the labour market as well as for management positions, which is reflected in their (higher) remuneration. At the same time, as for the kinds of college programmes studied by men and women, men tend to choose engineering (which is more prestigious and better paid), while women prefer the humanities (which are less prestigious and worse paid), which can partially explain the gender pay gap among college graduates.

Data collected by Eurostat for international comparison (**Table 9**) shows that the CR has the highest level GPG in the financial sector, and low levels in sectors with high concentrations of women (e.g., clerical support workers) or men (e.g., construction). As for the latter sector, while it is dominated by men, men work in different occupations (typically as labourers) than women (typically as clerks, who are paid better).

Table 9: Gender pay gap in different sectors of the labour market (percentages). Source: Eurostat 2010–2013

Economic sector	2010	2011	2012	2013
Industry, construction and services	21.6	22.6	22.2	22.1
Business economy	16.1	16.1	15	15
Mining and quarrying	22.6	22.8	21.9	21.1
Manufacturing	28.1	27.8	27.2	27.2
Construction	6.1	8.5	7.9	7.3
Accommodation and food service activities	8.3	6.9	5.2	6.7
Financial and insurance activities	42.1	44.3	45	41.3
Human health and social work activities	25.6	27.7	29	29.8

The way GPG is calculated and the assumption of international comparability can be problematic. While different countries may use different data sources (household surveys, business surveys etc.), Eurostat gathers all its data through the uniform EU-SILC household survey. However, the very definition of GPG is problematic: while Eurostat defines it as the ratio between the gross hourly earnings of male and female employees working at least 15 hours a week, the official Czech definition compares the median monthly wages of male and female employees working at least 30 hours a week. These conceptual differences may result in different measurements. Due to the use of median values in line with the CZSO tradition, the resulting value of GPG is less affected by extreme values and tends to be lower. In contrast, the use of monthly wage instead of hourly wage tends to increase the resulting value (because it is unclear how many hours exactly men and women work in a month, the same number of hours is imputed for both genders even if women tend to work fewer hours). Finally, the calculation may be

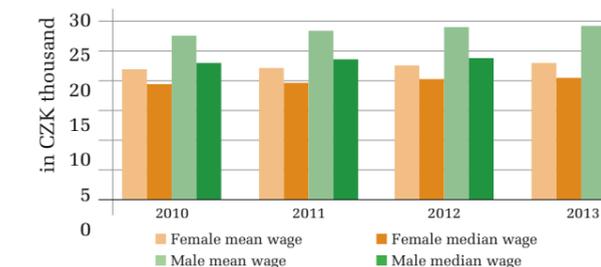
affected by the preferred threshold number of weekly hours. The minimum of 30 hours results in ignoring part-time workers (no matter if one's hourly or monthly gross wage is taken into account) who are more likely women and who tend to have considerably lower earnings. Thus, the resulting GPG may be underestimated. **Figure 4** shows the differences between results based on median and mean values.

Different levels of GPG have been observed for the public and private sectors, too (as yet another level of analysis of GPG). As shown in **Table 10**, since 2010, the public sector has consistently had a few percentage points higher GPG, which means the private sector is more gender-egalitarian with regard

Table 10: Gender pay gap in the private and public sectors (percentages). Source: Eurostat 2010–2013

Sector	2010	2011	2012	2013
Private	20	21.4	21.2	21.2
Public	23.3	23.3	22.9	22.7

Figure 4: Evolution of mean and median wage by gender, 2010–2013 (in CZK thousand). Source: Struktura mezd zaměstnanců 2010–2013; CZSO



to pay. Interestingly, though, some parts of the public sector are subject to a universal pay scheme, in which remuneration depends on educational attainment, difficulty of work, and length of professional experience. As long as women comprise the majority of college graduates as well as the majority of public officials, it remains unclear why the resulting GPG in the public sector is higher; the most likely reason lies in individual bonuses (Velčovský 2011) that are more often awarded to men.

Let us elaborate on the level of GPG in the public sector. On one hand, applicable laws seek to eliminate discrimination, not only in terms of pay, and remuneration should depend on defined character-



istics such as education or professional experience. On the other hand, women working in Czech public administration are considerably disadvantaged in terms of pay. In 2011, a questionnaire survey collected information from the headquarters of 26 public authorities in order to analyse the state of human resources policies in the public administration. The questionnaire covered the areas of pay, motivation, gender composition of staff etc. Although women comprise the majority of public officials in the CR, the analysis showed that men occupied the majority of management positions. Moreover, there was a gap between the salaries of men and women in equal positions: the GPG was 3% among heads of unit and heads of department, 12% among section directors, and 7% among deputy directors. The gap could possibly be explained by the seniority principle, which links pay to the length of one's professional experience: while the mean age of men in management positions was 46 years, women in such positions were a few years younger. Nevertheless, the gender gap remains when one compares relative age and relative pay in specific positions (excluding individual bonuses, which were not covered by the questionnaire). Unfortunately, there is no statistical evidence in the CR available for analysing and describing GPG in the business sector.

Equal pay in businesses controlled/owned by the state or in which the state holds the majority of shares

In accordance with Act No. 106/1999 Coll., the team of Open Society, p.b.c., turned to a number of businesses controlled/owned by the state or in which the state holds the majority of shares and applied

for data on remuneration of men and women in top, middle and lower management positions for 2014. Of the 60 businesses that received the application, nine responded, yielding a response rate of 15%. The remaining 85% which did not share information on the wages of its employees will be subject to follow-up contact in line with Act No. 106/1999 Coll. and related provisions.

In most of the businesses that shared the information, women enjoyed a financial advantage at one or more levels of management. As an exception, two businesses had only women or only men at all levels of management. In three of the nine firms, there was a GPG in favour of women in top management that amounted to 1%, 12% and 19.5%, respectively. However, in the latter firm with a 19.5% GPG in top management, the GPG in middle management was 15% in favour of men.

In contrast, in two other firms with a top management GPG in favour of men (both 31%), there was a GPG in favour of women in lower management (2% and 10%, respectively). The ways remuneration policies in these businesses are designed do not automatically favour men, which can be considered positive, but neither do they reflect the principle of equal pay for men and women.

2.3 What are the CR's strategies to fight GPG?

One of the ways the Czech Republic strives to mitigate the GPG is by organising and implementing the Equal Pay Day since 2010. The event comprises scholarly lectures, women-to-women mentoring

programmes, or workshops for sharing information and advice on career growth. It is held by the Czech subsidiary along with a couple of other subsidiaries of Business and Professional Women (BPW), a federation of clubs from more than 95 countries of the world. The most recent Equal Pay Day took place on April 17, 2015.

Relevant laws are primarily shaped by EU directives on pay equality. Like all member states, the country has been bound by the EU's founding treaties from the moment of accession. As early as in 1957, the Treaty of Rome formulated an explicit requirement to abolish gender inequalities in a number of areas, including wages. At present time, equal pay and gender equality in general are among the EU's priorities. Furthermore, the new Europe 2020 strategy seeks to fight the risk of poverty among women by creating high-quality jobs and increasing women's employment.

In the domain of law, the CR's measures against GPG are inspired by a number of European directives. In the process of harmonization with European Communities rules on equal pay, the Czech Republic has transposed Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, and Council Directive 75/117/EEC on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women (as amended by Council Directive 76/207/EEC). In 2000, the CR enacted a key amendment that transposed practical-

ly all of the requirements of European law, namely Act No. 155/2000 Coll. amending the Labour Code. The second “euro-amendment” of the Labour Code was enacted in 2004, when Act No. 46/2004 Coll. explicitly committed employers to ensuring equal working conditions for men and women, including equal pay. Conditions of pay are further governed by Act No. 1/1992 Coll., on wages, remuneration for stand-by and average earnings, which applies to the business sector, and Act no. 143/1992 Coll., on salary and remuneration for stand-by in budgetary and some other organizations and bodies, which applies to the public sector. The other important directive governing equal pay, Council Directive 75/117/EEC, has been transposed by the CR in Act No. 1/1992 Coll., on wages, which establishes the principle of equal pay for equal work for men and women and prescribes that the conditions of remuneration must be equal for men and women. Thus, employees doing the same work or work of equal value are entitled to equal wages. The principle of equal pay for equal work or work of equal value is enshrined not only in Act No. 1/1992 Coll., on wages, but also in the Labour Code and in Act No. 435/2004 Coll., on employment. Of relevance in this respect is a statutory system of work evaluation which applies dimensions such as difficulty of work, length of professional experience etc. The law also commits employers to reflect the principle of equal pay for equal work in individual bonuses. Other important directives include Directive 2006/54/EC and Directive 2002/73/EC (which amends Council Directive 76/207/EEC), which mostly provide for equal treatment and equal opportunities in general terms, but also contain references to equal pay.

Little attention has been paid to pay inequality at the national level, a fact also emphasised by international comparative studies on GPG such as *The gender pay gap — Origins and policy responses. A comparative review of 30 European countries*. The issue of pay inequality between men and women is rarely voiced in public debate, too (with the exception of awareness campaigns by NGOs or academic publications). There are no uniform guidelines to apply across different economic sectors. As a result, managers have no information on the situation of GPG in their sector and cannot avail themselves of any strategies to solve the situation.

NGOs have been the most active part of Czech society to fight against GPG, namely by pursuing different projects and activities. For example, Gender Studies, p.b.c., has implemented an equal pay campaign and is currently implementing a research study on unequal pay and gender gaps in pay and pensions. The present publication is an outcome of the participation of Open Society, p.b.c., in an international project on “Fair Pay, Fair Pensions”, funded by the EU under Progress Programme.

2.3.1 How does the EU intend to fight GPG in near future?

Besides *acquis communautaire*, the issue of GPG has been reflected in EU policies, including the European Pact for Gender Equality adopted by EU leaders in 2011 and the Framework of Actions on Gender Equality adopted by European social partners in 2005. In 2007, the European Commission adopted a Communication on “Tackling the pay gap between women

and men” which not only analysed existing situation but also identified possible solutions. Among its recommendations were ensuring that the legal existing framework is implemented and applied in full, fighting pay inequalities through employment policy, encouraging employers to respect and promote equal pay, and exchanging good practices. Last but not least, in its Strategy for Equality between Women and Men 2010–2015, the European Commission identified necessary measures in five areas: economic independence and the labour market, equal pay, equality in decision-making, tackling gender-based violence, and promoting gender equality in external actions outside the EU. In the area of equal pay, the Strategy recommended the following activities: to improve the transparency of pay, to support equal pay initiatives at the workplace such (equality labels, awards...), to hold the European Equal Pay Day each year, and last but not least, to encourage women to enter “non-traditional” (men’s) professions. The Strategy attests to how important the European Union finds it to tackle the pay gap through non-legislative measures as well.

In the near future, it will be one the European Commission’s priorities to monitor the correct implementation of the principle of equal pay for equal work as enshrined in Directive 2006/54/EC. To that end, it will promote awareness of the principle among employees, member states and other stakeholders. In December 2013, the EC published a report on the implementation of Directive 2006/54/EC. In March 2014, the EC published a Recommendation on pay transparency and the gender pay gap. It proposed measures such as promoting the entitlement of employees to request information on pay

levels, introducing systems for regular reporting of remuneration, promoting gender-neutral job evaluation and classification systems in the business sector, and conducting pay audits in large companies.

3. Gender gap in pensions in the Czech Republic and the EU: a cross-cutting perspective

3.1 Causes and effects of GGP in the CR

First we are going to mention two important points: (1) a pension calculation formula is never neutral and necessarily depends on a number of factors, and (2) the gender gap in pensions (hereinafter as “GGP”) is a relatively new issue.

The pension formula in the CR includes the following variables: (a) the basic assessment of CZK 2,400 monthly and (b) the percentage assessment which is a proportion of one’s individual assessment base, which in turn depends on the number of insurance years completed⁴.

Section 3.3 below discusses in detail the ways specific situations are taken into account in the pension formula. What kind of strategies does the CR implement to fight GGP? Generally speaking, Czech pensions depend on the following three main factors:

- long-term structural changes – above all, population ageing (with more seniors reaching the retirement age and fewer children born, the pension system is facing an imbalance);

- previous pension reforms – today’s pensioners lived and worked under a different social insurance scheme than that in which their pensions were calculated; there is no compensation mechanism to protect seniors from emerging risks in the pension system; postponing retirement (however, individuals with fewer insurance years completed are disadvantaged); contributions to the funded pillar (again, some individuals are unable to accumulate enough money in the funded pillar); and
- short-term changes/pressures – for example, economic crises.

These variables that enter the pension calculation formula show us how complicated it is to account for GGP and analyse it correctly. While pay gaps are calculated from here-and-now data on how much people currently earn, the pension calculation formula may change before one reaches the statutory retirement age. That is why it is important to take into account the different factors, both statutory and other, that affect the level of pensions.

As stated above, GGP has emerged as an important issue during the past couple of years. Compared to all the different ways to analyse GPG (according to level of interest), we are faced with relative scarcity of statistics and analyses on GGP. Current sources of data on GGP include two EU surveys, namely Statistics on Income and Living Conditions (SILC) and Survey of Health, Ageing and Retirement in Europe (SHARE). The latter only samples individuals aged 50+. The concept of GGP is defined as a percentage difference between the mean pensions of men and women, showing how much women “fall behind”

men in terms of average retirement income. Again, it is not easy to decide which data GGP should be based on. Typically it is calculated for the entire population aged 65+, but the resulting GGP may be overestimated in some EU countries that have large percentages of women with no pensions. Therefore, it would be more adequate for each country to collect its own statistical evidence. That would yield more specific information and help us better control for extreme values.

Of course, the GGP value is affected by other factors affecting men’s and women’s pensions as well. One of those factors lies in labour market disadvantages accumulated in the course of men’s and women’s careers, including long periods of parental leave, continuous drawing of parental leave for several children, pay inequalities, number of hours worked etc. There are three main factors that influence inequalities in pensions and are collectively referred to as a lifetime earnings gap: (a) hourly wage, (b) hours worked annually (with differences between part-time jobs, full-time jobs, and self-employment), and (c) years of employment completed (fewer among women due to care for children or seniors). These factors show us that while the pay gap is influenced by a number of variables, GGP is primarily affected by men’s and women’s employment biographies.

Closer examination of the divergent effects of career courses on men’s and women’s pensions in the CR reveals the fact that women are disadvantaged. All pension systems pursue one of the following two goals: (a) to ensure the same or similar standard of living as before retirement, (b) to prevent poverty in old age.

A number of European pension systems, including the Czech one, prioritize the former goal (so that the retired individual gets back what he/she paid into the system in the course of his/her career). However, such a system may effectively disadvantage women with children. Czech women's employment biographies and experiences demonstrate that parenthood is a handicap in the labour market (for example, employers are unwilling to hire mothers with small children; due to low access to flexible forms of employment, women are forced to accept lower-qualified jobs or fixed-term contracts; difficulties reconciling work and care; lengthy career breaks due to parental leave; etc.) The effects of parenthood on women's career courses are rather harsh. Indeed, at 52%, the employment level of mothers with children under 15 years in the CR is one of the lowest in the EU. The apparent effects of parenthood on economic activity, especially among women, are illustrated by **Figure 1**. This, combined with the considerable gender pay gap (see figures and tables on GPG), gives rise to women's disadvantage in pension benefits linked primarily to employment careers. Czech laws provide for certain redistributive measures to compensate for these differences. However, the effects of such measures have been restricted by a series of changes and amendments (see Section 3.3 on legislative amendments).

Table 11 below shows men's and women's pensions since 2005. Women's pensions are traditionally lower than men's, suggesting an unequal distribution of risk of poverty.

Higher occurrence of precarious forms of employment translates into higher risk of poverty among

women. There is a range of Eurostat statistics on pensions, with data analysed by different indicators, by median or mean pensions, by age groups and by gender. One of the indicators captures gender differences in the at-risk-of-poverty rate⁵.

Tables 12 and 13 below show the percentages of men and women at risk of poverty in the age groups of below and above 65 years (they indicate the absolute difference in the at-risk-of-poverty rates of men and women living in single households; risk of poverty is defined as net equivalised income/pension below 60% of the median value for the given gender and age group). The results indicate high levels of risk of poverty among people aged 65+ (and even higher ones among elderly women, who suffer from

the disadvantage accumulated throughout their job careers). Eurostat results also show that women are much more often than men at risk of poverty in old age. However, with 14.7% of women and 7.0% of men aged 65+ at risk of poverty in 2013, the CR is under the EU average of 22.4% of women and 16.3% of men. In the Czech population under 65 years, 19.2% of women and 14.3% of men were at risk of poverty, compared to the mean values of 26.9% for women and 26.5% for men in the EU as a whole.

Interestingly, the risk-of-poverty rate of men under 65 is not only almost equal to that of women, but also higher than that of men aged 65+. One of the main goals of pensions is to ensure the same or similar standard of living as during periods of

Table 11: Level of pensions in the CR (in CZK thousands). Source: MoLSA; Czech Social Security Administration; CZSO.

2005		2010		2012		2013	
men	women	men	women	men	women	men	women
8,660	7,016	11,239	9,182	11,947	9,777	12,149	9,551

Table 12: Differences in at-risk-of-poverty rate of men and women aged 65+ (percentages). Source: EUROSTAT 2005–2010; EU-SILC 2005-2010.

2005		2007		2009		2011		2013	
women	men	women	men	women	men	women	men	women	men
16.0	5.1	15.7	5.6	22.4	10.9	20.9	6.0	14.7	7.0

Table 13: Differences in at-risk-of-poverty rate of men and women under 65 years (percentages). Source: EUROSTAT 2005–2010; EU-SILC 2005-2010.

2005		2007		2009		2011		2013	
women	men								
17.1	20.0	19.3	17.2	22.0	16.8	21.5	16.8	19.2	14.3



Table 14: Percentages of Men and Women aged 65+ at risk of financial poverty

2005		2007		2009		2011		2013	
Men	Women								
2.1	7.5	2.0	7.9	3.0	10.3	2.0	10.1	2.7	8.1

Table 15: Percentages of retired Men and Women aged 65+ at risk of poverty

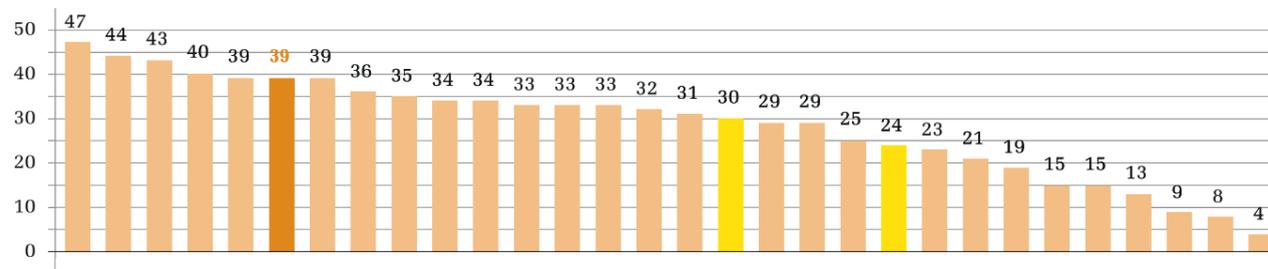
2005		2007		2009		2011		2013	
Men	Women								
1.7	7.4	2.0	7.9	2.8	10.4	2.0	10.1	2.8	8.3

economic activity. In other words, a pension should prevent poverty after retiring from the pension market, when one can only rely on his/her savings and state pension. However, pensions apparently do not protect women from poverty to the same extent as men. At the same time, due to their lower levels of income, women are unable to compensate for their small pensions by accumulating savings or paying contributions for supplementary pension insurance. Another possible reason is that the minimum mandatory period of insurance has changed. Men and women who retired before the age of 65 years

were awarded pensions based on the new formula, although their individual employment biographies took place under different regimes of family and social policy.

The at-risk-of-poverty rate of older people is another important indicator. It shows the number of seniors who find themselves at risk of financial poverty (i.e. their income is below 60% of the nation's median equivalised income after social transfers). **Table 14** demonstrates the percentage of elderly people (aged 65+) at risk of financial poverty. Again, the long-

Figure 5. Gender Gap in Pensions (GGP); Pensioners aged 65+. Source: EU-SILC 2010; European Commission



term trend is that women aged 65+ are more often at risk of poverty than men. Nevertheless, Czech seniors are much better off than the average senior in the EU, which had an 11.4% at-risk-of-poverty rate among men and 15.6% among women.

The above indicator shows the risk of financial poverty among seniors aged 65+. Another interesting indicator, “at-risk-of-poverty rate for pensioners”, measures the number of retired persons at risk of poverty as a percentage of the retired population as a whole. **Table 15** demonstrates the percentages of retired women and men who find themselves at risk of poverty. Retired women are much more often at risk of poverty than men. This is confirmed by CZSO data on pension levels – in the long term, women have lower pensions than men. In this regard, too, the CR is below EU average, which amounted to 11.2% of retired men and 14.0% of retired women at risk of poverty in 2013.

3.2 Calculation and levels of analysis of GGP in the CR and in the EU context

According to **Figure 5**, GGP in the CR is far below the EU average. While pensions among European men are, on average, 39% higher than those among women, Czech men's pensions are only 13% above those of women.

Figure 6 compares the indexed gender gap in pensions among EU member states. Each national GGP is expressed as a percentage of the mean value of GGP in the EU.

As discussed in the previous chapter, the use of median values has an impact on the resulting value of GPG. **Figure 7** shows the differences between GGP values based on median values (as opposed to the figures above that are based on mean values).

As shown above, men's and women's employment biographies affect the level of pensions considerably. However, comparison between GPG and GGP should be interpreted with caution because it is one between a retired population and an economically active population. Nevertheless, at present, different sources suggest that pay inequalities are one of the sources of a gap in pensions. CZSO data show that GPG is a long-term phenomenon and the generation that is retired today exhibits relatively large differences between men's and women's average pensions. As shown in some of the graphs and tables above, GPG is a problem in the CR and, at the same time, women receive lower remuneration than men in the long term.

Furthermore, EU documents inform us about the relationship between GGP and educational attainment, or the extent to which education affects GGP. Eurostat, EU-SILC and CZSO data equally demonstrate that wage level is positively associated with educational attainment (the higher one's education, the higher the wage), and this is also the case of the CR. As noted above, employment biographies and especially lifetime earnings have strong effects on pension levels and, in turn, GGP. **Figure 8** shows the GGP percentages among retired individuals aged 65+ in different education categories (red line marks the average GGP). The above-average level of GGP among college-educated individuals (higher level

Figure 6. Indexed Gender Gap in Pensions; Pensioners aged 65+ (EU-27=100). Source: EU-SILC 2010; European Commission

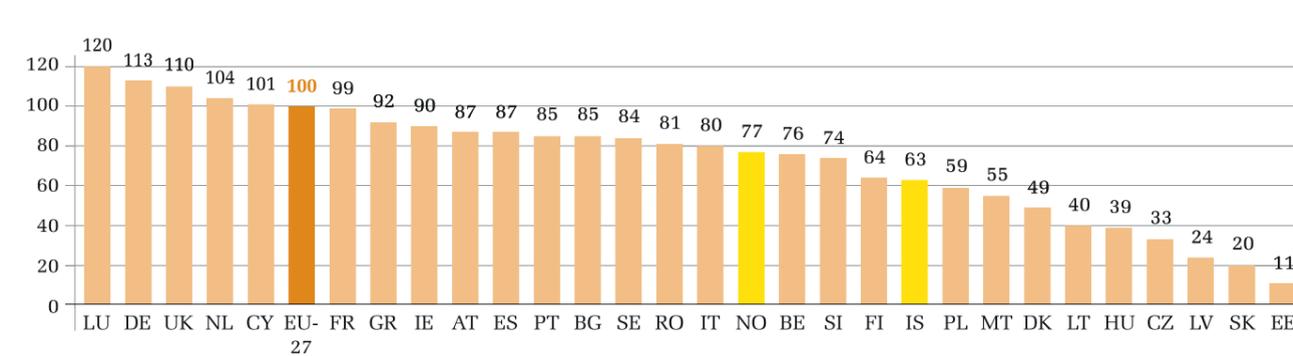
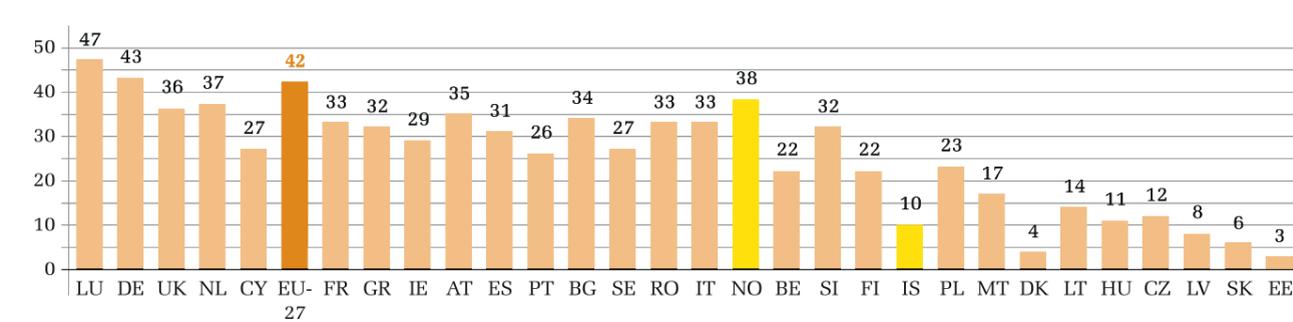


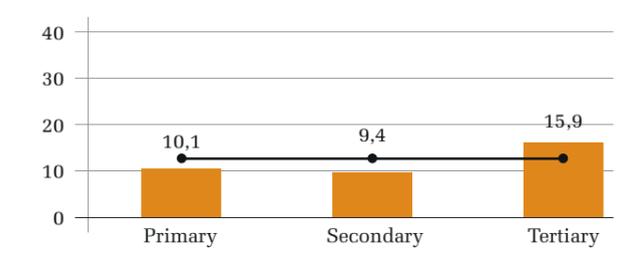
Figure 7. Gender Gap in Median Pensions: Pensioners aged 65+. Source: EU-SILC 2010; European Commission



of inequalities) corresponds with some details stated above (higher levels of GPG in the same group, and also, according to CZSO data, higher inequalities in management positions). Compared to other EU countries, the CR is doing relatively well, with slightly under-average levels of GGP (including that in the college-educated population).

The EU also combines GGP with the distribution of pension income. For that purpose, men's pensions

Figure 8. Source: EU-SILC 2010; European Commission

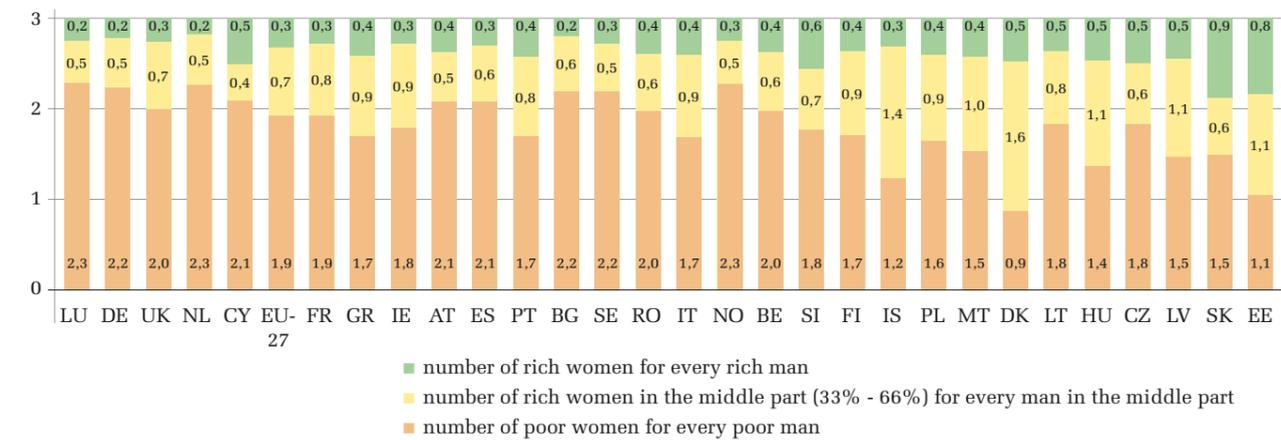




are divided into three categories, namely poor pensioners (up to the 33rd percentile), middle-income pensions (34th to 67th percentile), and rich pensions (the top 33 percentiles). Women's pensions are shown in relation to that distribution. The question was how many women have a pension below a given men's percentile. If the distribution of women's pensions was equal to that of men's, the answer would always be equal to that men's percentile; in contrast, if women got more money than men, then the answer would be lower than that. **Figure 9** indicates that most retired women in the EU are included in the category of poor, with 1.9 poor retired women for every poor retired man. Women are under-represented among rich pensioners (with less than one rich woman for every three men). In this comparison, the CR is close to the EU average.

Another interesting question is to what extent GGP reflects women's career breaks due to care for children. It has been stated above as a premise that women's career breaks are one of the factors behind GGP. However, an effort to make a comparison across all EU member states is faced with different lengths of maternity/parental leave, different levels of acceptability, and different social norms around it. Therefore, women were divided into categories: (a) those who had worked for 0–14 years, (b) those who had worked between 15 years and their national median value, and (c) those who had worked longer than the median value. In two age cohorts (65–80 and 85+ years), GGP values (relative to men in the same cohort) were calculated for each of those categories. **Figure 10** shows the results for the CR. The most pronounced GGP was

Figure 9. The distribution of women's pension income vis-a-vis men's. Source: EU-SILC 2010; European Commission

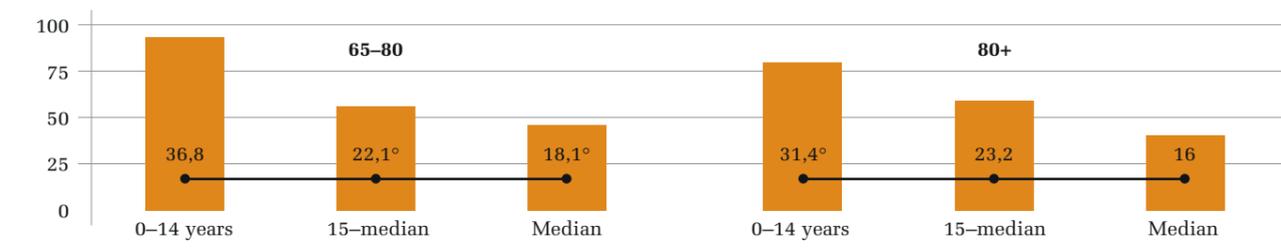


found among women who had worked for 0–14 years (i.e. with long career breaks due to care for children). Despite the comparison between two age cohorts, a slight increase in GGP can be observed in association with career breaks. This suggests that today's mothers are going to face higher levels of GGP due to their career breaks.

3.3 What are the CR's strategies to fight GGP?

Thus far, Czech governments have not exhibited a tendency to taking legislative measures to reduce inequalities or the risk of poverty in old age (especially among women). Amendments to Czech laws over the past couple of years aimed at improving the

Figure 10. Source: EU-SILC 2010; European Commission



situation of retired persons, but one has to assess those changes from the gender perspective and discern their actual effects on men and women.

Some elements of the Czech legal framework have positive effects on women's level of pensions, retirement age etc. Parental/maternity leave are counted in for pension entitlements (as so-called substitute insurance time). This may have positive effects in balancing the amendment which extended the necessary insurance time from 25 to 35 years as of 2010. The fact that periods of care for children are counted in for the purpose of old-age pension entitlements also suggests some level of coordination between the government's family and social policies. Of course, there are negative aspects to the extension of insurance time, too: women leave the labour market more frequently to care for children or dependent family members (which should also be reflected in old-age pension entitlements), and thus find it more difficult to complete the required insurance time, although the counting in of such periods is a kind of compensation. However, as pointed out by a number of authors (e.g., Dudová 2013), even this measure cannot achieve to align women's pensions with men's (Dudová 2013).

With respect to gender inequalities in old age, statutory retirement age is of primary importance in the legal framework of Czech pension insurance. As an exceptional provision in the European context, women's retirement age in the CR depends on the number of children (since 1965). Nevertheless, according to the European Court of Justice, gender differences in retirement age are in violation of EU rules on equal

pay. Therefore, the Czech Republic has introduced a number of changes: not only gradual alignment of men's and women's retirement age, but also, since 2011, retirement age is no longer fixed and instead is indirectly linked to current life expectancy. However, these reforms have primarily affected women. Changes to the statutory retirement age may effectively reduce women's work careers and leave them with insufficient time to accumulate savings for retirement or achieve such levels of income that would guarantee higher pensions (Dudová 2013).

Women were also affected by legislative changes to the minimum number of years during which one works and pays contributions to pension insurance. The year 2010 saw an important change when the necessary insurance time was extended from 25 to 35 years (Act No. 305/2008 Coll.) The amendment had more pronounced effects on individuals with an insecure position in the labour market, and especially women (even though the global economic downturn also drove more men into fixed-term contracts). However, since 1996, individuals have been able to pay a financial compensation for years of economic inactivity. On one hand, this may be useful for women caring for children or seniors; on the other hand, a person in financial need who is unable to pay contributions to pension insurance is not entitled to pay the compensation (Dudová 2013).

In the Czech system, women benefit from certain redistributive elements built into the pension calculation formula. For example, due to so-called reduction limits or bend points in the formula, higher income does not automatically guarantee higher

pension (higher income is reflected to a reduced extent, while lower income is reflected in full). However, a recent reform increased the bend points and reversed the trend in the Czech system. Furthermore, it is relevant which parts of one's employment biography are taken into account by the pension formula. Since 2011, the decisive period has been relatively lengthy, spanning from the insured person's 18th birthday to the time he/she is awarded a pension. Taking the entire work career into account may have negative effects on women insofar as they are more likely to have career breaks, use precarious forms of employment etc. Women would benefit more if the pension formula was based merely on the so-called best years (Dudová 2013).

Last but not least, there have been legislative changes to the ways periods of full-time care for children are counted in for pension entitlements. Such periods are treated as so-called substitute insurance time. Also taken into account are periods of care for a disabled person, including since 2001 care for one that is not a close relative or does not live in the same household (Dudová 2013).

Worth mentioning is also the so-called second pension pillar (launched in 2013) which is funded and consists of individual retirement savings, partly opt-out transfers from the state pension scheme. Entering the second pillar is especially advantageous to higher-income individuals with a long-term employment record, who are able to accumulate sufficient savings, mostly men. The second pillar is less useful for women, given their employment biographies. Moreover, the second pillar does not reward care for

children or other dependents. And last but not least, it comprises individual investment accounts which provide rent to each person from the amount he/she has accumulated, and many women would have difficulty accumulating sufficient amounts to compensate for traditional state pensions (Dudová 2013).

Early retirement is another factor of the level of pension. A 2013 study by Alternativa 50+ demonstrates that people above the age of 50 tend to keep their positions in the labour market until they reach the statutory retirement age. Unfortunately, when people in that age category lose their job, they are faced with age discrimination, are often unable to find another job, and may find early retirement as the only way out, despite its financial disadvantage. Early retirement may reduce one's pension by up to CZK 1,160 monthly (the earlier one retires the larger the reduction)⁶.

Of course, such a reduction of pension may be fatal for those whose pensions are low anyway (including women). The number of people who choose to retire early has been growing steadily. For example, 301,986 women and 221,900 men retired early in 2012⁷.

There have been some attempts to improve the situation of pensioners without changing the legal framework. For example, the Czech-Moravian Confederation of Trade Unions, through its Committee on Equal Opportunities for Women and Men, published a press release on International Women's Day 2015 calling for a more vigorous implementation of the gender equality policy. A Europe-wide campaign

targeted inconsistencies between different policies such as equal pay and equal pensions, namely the fact that unequal conditions of pay are not reflected in social welfare or pension benefits.

3.4 The EU and the GGP

At the European level, the issue of unequal pensions is addressed by campaigns and policies to promote equal pay in general. The rationale is that a gap in pensions is caused by the accumulated disadvantages faced by women in the labour market.

For example, an EC campaign launched in 2009 sought to raise awareness and provide advice on unequal pay. The campaign also argued that unequal pay is reflected in unequal pensions and that women are more often at risk of poverty in old age.

4. Summarizing the effects of gender gaps in pay and pensions on men and women in the Czech Republic

The most important effects of gender gaps in pay and pensions are as follows:

- worse ability to accumulate a financial reserve (for emergencies or retirement),
- worse ability to pay contributions for different kinds of insurance (including supplementary pension insurance to reduce the risk of poverty in old age),
- lower levels of economic independence,
- division of roles in families and couples as a result of power negotiation (lower income is regard-

ed as supplementary and the lower-income earner has fewer decision-making powers),

- higher levels of vulnerability in case of long-term illness or job loss,
- lower-income earners more often find themselves in precarious forms of employment, entering the vicious circle of high labour insecurity and low wages,
- lower pensions and higher risk of poverty in old age.

5. Recommendations and example good practices

There are numerous positive examples of good practice in fighting GPG and GGP. As mentioned above, Czech governments have been, unfortunately, rather unwilling to adopt top-down policies. The country has had a negative experience with the "socialist" regime which dictated, on the basis of an official ideology, conditions to all areas of people's lives. This is why attempts to implement top-down policies for gender equality have not been met with positive response in the CR (e.g., Křížková 2006; Křížková, Penner, Petersen 2008). Specific measures introduced by firms and businesses are another recommended means to achieve better conditions of pay and in turn reduce the gender gap in pensions. While such measures do not have universal application, they provide examples of good practice in our cultural and social context that can be built on by other institutions and organisations, help raise awareness on issues of unequal pay, and help find solutions to those issues. In particular, though, such examples can show that gender equality is a way of improving both one's corporate image

and the economic situation within the firm. As self-defined goals, they rely on the best kind of motivation. For example, a major Czech bank, *Česká spořitelna*, has introduced several programmes to help women acquire management positions or to support parents. The internal objective set by the bank's management is to have at least 35% of men and women in the top management by 2020. One of the projects entitled, "Gender – Equal Opportunities", promotes activities such as networking, good practices and mentoring to identify talented women and help them enter management positions. A project named, "Stork", assists employees on parental leave in keeping in touch with co-workers and clients and provides for financial benefits and extra days of leave for babysitting. *Česká spořitelna*, as one of a few organisations in the CR, exemplifies a positive way of reducing the pay gap by helping women enter management positions (which are still mostly occupied by men) and helping parents return after parental leave ⁸.

Social dialogue is another recommended means of removing GPG. There has been some involvement of social partners in the CR, but other EU member states have gone further and demonstrated how such good practices can reduce pay inequalities. For example, following negotiations between social partners at the national level, Finland introduced the so-called equality allowance. It helps reduce GPG in sectors with high concentrations of women and with lower pay levels. As another example, Luxembourg prescribes that collective agreements must contain equal opportunities objectives (including equal pay) and plans of action to achieve them.

Over the past couple of years, the CR has introduced legislative amendments that might help reduce the pay gap. For example, since 2004, parental/maternity allowance beneficiaries have been allowed to earn additional income from employment, which improves the financial situation of women caring for small children (as primary caregivers) and reduces their economic dependence. Moreover, since 2006, parental allowance beneficiaries can place their child in a crèche or kindergarten for a few hours. This helps them keep in touch with their jobs and avoid being completely absent from the labour market for several months.

On one hand, the emergence of such laws is certainly a positive development. On the other hand, the question remains to what extent they are complied with, how "harsh" the measures are, or how they effectively help or alleviate one's situation. Unfortunately, the challenge of reconciling work and care continues to rest primarily on women's shoulders, and fathers are not encouraged to take parental leave. Perhaps just that would be a major contribution to gender equality.

As stated above, Czech legal system has transposed EU directives on equal treatment and equal pay for equal work. In spite of that, pay inequalities continue to persist. This is why the CR should draw inspiration from other countries' legislative measures as cases of good practices to fight GPG. For example, in Austria, a National Plan of Action for Gender Equality in the Labour Market introduced an obligation for corporations to issue a report on gender equality in the firm every two years. Each

report must detail the number of staff by gender and management level, the median pay, the number of hours worked. In 2014, the obligation was extended to all firms with more than 150 employees. The Action Plan prescribes penalties for non-compliance.

The transparency of pay is another factor that reduces GPG (it is also promoted by the Strategy for Equality between Women and Men 2010–2015, and the European Commission called for it in one of its recommendations in 2014). Not only does transparency increase people's awareness of the possible pay they can get (including the basis from which wages are calculated, comparison with others at the same job level, etc.) but such actual data can help target specific actions where they are most needed. Unfortunately, there have been no measures to increase the transparency of pay in the CR to date, even if the lack of transparency is certainly one of the major causes of GPG.

As for the gender gap in pensions, the pension system in the CR has its pros and cons (as discussed above). Pensions are primarily based on one's employment career and financial contributions. Of course, the best way to reduce inequality in pensions is by reducing inequalities that occur throughout men's and women's employment biographies. Some recommendations have been outlined above. An additional recommendation to reduce both GPG and GGP is to support women in the age group of 50+ and to implement age management policies in Czech businesses. This lies in the focus of a project by Gender Studies, p.b.c.⁹



Difference can also be made through changes to the pension system. As shown above, such changes should always take into account the impacts on men and women. Therefore, the principles of gender mainstreaming should be implemented in all plans, decisions and policies at different policy levels, including those that appear to be gender-neutral (such as changes to the pension system).

The last recommendation is to raise awareness in the general public. Issues such as women's poverty in old

age or unequal pensions continue to receive marginal attention and many future pensioners do not realize the consequences of the decisions they make throughout their employment careers on life in retirement.

For example, the state pension agency in Sweden has instituted so-called orange envelopes that inform each individual who has reached a defined level of income about the amount of money accumulated in the scheme, the amount of pension premiums and the estimated amount of future pension.

This measure makes the pension formula transparent, gives an early warning to individuals with estimated low pensions, and above all, gives them enough time to address the situation.

For that purpose, it appears practical to implement the so-called pension calculator, which helps individuals realize the consequences of their job decisions on their pensions by estimating their future pension income from indicators such as date of birth, income, hours worked, career breaks etc.

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⁴ Detailed information about the pension formula are available at: <http://goo.gl/arXJac>.

⁵ Risk of poverty is a threshold level of income applied to individuals or households. In the EU, it is defined as 60% of the median income. Such a measure does not indicate absolute poverty, but rather the proportion of people who might find themselves at risk of poverty because their income is below the threshold value.

⁶ For more on the Alternativa 50+ study, see <http://goo.gl/KRjp4s> and <http://goo.gl/EuVVQq> (in Czech).

⁷ Source: <http://goo.gl/rRSXI3> (in Czech).

⁸ For more details on the projects, see <http://goo.gl/gWXZ11> (in Czech).

⁹ For more details on the project, see <http://goo.gl/GcSg8j> (in Czech).

