

THE PROBLEM OF THE GENDER PAY GAP IN POLAND IN THE FACE OF THE CHALLENGES OF TODAY'S LABOUR MARKET

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Purpose: Analysis and assessment of the situation of women on the Polish labour market with particular reference to the gender pay gap in the face of the challenges of the contemporary labour market.

Design/methodology/approach: This study is an overview and attempts to analyse the gender pay gap in Poland, based on recent Polish and foreign reports.

Findings: The results of the research contained in the reports analysed indicate that inequality in the position of women and men on the labour market is perpetuated and that the distance separating Poland in this respect from the countries of the European Union is not being reduced. Actions taken on this issue at state level are insufficient, failing to move away from a patriarchal model of economic development to an equality model. In response to growing concerns about the gender pay gap, the Council of Europe has taken steps to create a common position on the issue.

Research limitations/implications: The paper points to the problem of the gender pay gap, which has serious consequences in today's labour market. The study points out the common misinterpretation of the GDP indicator (gender pay gap), which, unlike the adjusted pay gap, significantly understates the actual statistics.

Practical implications: The author points to the pro-equality measures contained in the Directive of the European Parliament and of the Council of the European Union on strengthening the application of the principle of equal pay for men and women for equal work or work of equal value through pay transparency and enforcement mechanisms.

Originality/value: The expected economic downturn and changes in the labour market, driven by digitalisation, flexible forms of employment and remote working, bring new challenges for pro-equality labour market policies. Harnessing the potential of women brings tangible results for economies and businesses, hence measures should be taken to eliminate gender disparities in various areas of the wider labour market, including closing the wage gap.

Keywords: pay gap, labour market, woman in business.

Category of the paper: The paper is an overview.

Introduction

Women in Poland, as in other countries, earn less than men, even if they do the same job. This is incompatible with the Constitution of the Republic of Poland (Article 33), the Labour Code (Chapter IIa, Article 18) and the provisions of international law that Poland has adopted as part of its membership of the UN (including the CEDAW Convention and ILO Conventions) and the European Union.

The lack of pay transparency and the difficulty in assessing the pay gap means that there is little knowledge of the subject in Polish society (Report of the Women's..., 2023, p. 20).

On average, women's lower wages have many causes. Women are more involved than men in running the home, caring for children and sick or incapacitated family members. The above means that they have less time and strength for professional development - not only are they overlooked for promotions, but they reach for them less often. A break from work due to maternity usually falls during the period of life when employees are climbing the career ladder the fastest. Women are more likely than men to work in lower-paid industries, are slower to be promoted, less likely to reach top positions, do not take as much overtime and are more likely to work part-time.

The World Economic Forum report examines the situation of women worldwide in terms of career opportunities, education, healthcare and political power. 132 years - that's how long it will take at the current rate of progress to close the global pay gap, according to the World Economic Forum's 2022 report (Figure 1).



Figure 1. Gender pay equality in perspective.

Source: Own work based on Report Global...

During the pandemic, women's unpaid care work increased, exacerbating the asymmetry in the combination of work-home responsibilities. Their incomes have also fallen as a result of the large price increase in 2022. Women felt it more than men due to lower wages and pensions. There is a low level of female labour force participation and a higher level of female inactivity (especially 50+) (Report of the Women's..., 2023, p. 4).

At the same time, it is becoming apparent how important women's work is to the economy. Countries with efficient health, education and welfare systems, where the majority of the workforce is female, have amortised the costs of the pandemic more quickly and started the economy earlier. Equality is becoming a key element of development, based on an economy of care and respect for the environment (Report of the Women's..., 2023, p. 4).

The aim of this paper is to analyse and assess the occupational situation of Polish women with a particular focus on the pay gap in the contemporary labour market.

1. Pay gap – definition and causes of occurrence

In Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023, the gender pay gap means the difference in average wage levels between female and male workers employed by an employer, expressed as a percentage of the average wage level of male workers (Article 3...). This means that the gender pay gap is the difference between the average gross hourly rates that women and men receive and is calculated on the basis of wages paid directly to employees before deducting income tax and social security contributions (The gender pay gap...).

The pay gap is measured by the GDP (gender pay gap) index, which is calculated using the formula shown in Figure 2. The value of the GPG index shows the percentage by which women earn less compared to men (or more if the index value becomes negative).

$x = \frac{m - k}{m} \times 100 \%$	<p>x - value of the pay gap m - gross pay rate for men k - gross pay rate for women</p>
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Figure 2. GDP index (gender pay gap).

Source: <https://wynagrodzenia.pl/luka-placowa>, 19.07.2024.

Adjusted gender pay gap takes into account, for example, age, experience, education or position held as important characteristics that affect pay. It is only when comparing the salaries of women and men in similar positions, with similar education and experience, that a true picture of gender equality in the context of pay is created. In a given country, a given organisation or a given sector. There is little to be gained from comparing absolutely all professions (and wages) that women and men do, e.g. nurses, teachers, drivers or finance directors, as there is when calculating the unadjusted pay gap (Pay gap...).

The gender pay gap is one manifestation of discrimination and can have many sources (Figure 3).

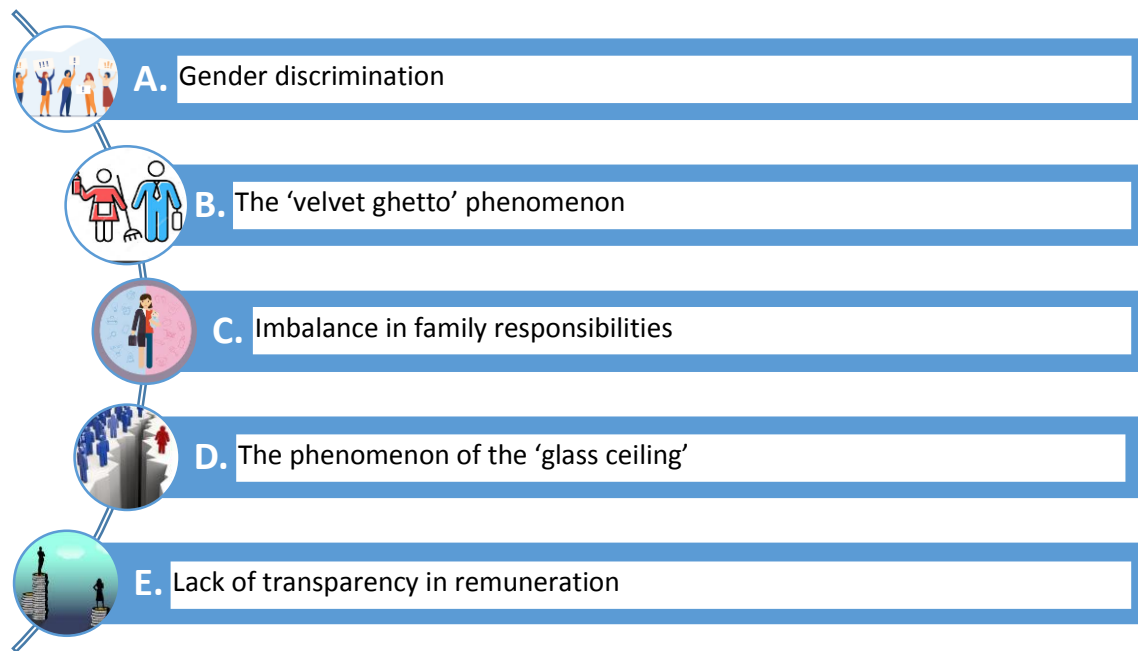


Figure 3. Main causes of the pay gap.

Source: Own work.

Gender discrimination

Women, compared to men, often face poorer employment conditions, less favourable contracts and limited access to promotion. It is often the case that a woman with similar qualifications and experience is paid less than a man doing the same job, which is explained, for example, by women's lower availability or breaks for pregnancy and maternity leave.

Gender stereotypes and the division of social roles (velvet ghetto)

One of the main causes of the wage gap is the so-called maternity penalty. Often after the birth of the first child, women's average earnings fall sharply, while men's earnings and promotions are not affected.

Furthermore, some professions are considered typically male, such as engineering or technology, while others, such as nursing or childcare, are considered typically female. This results in women often choosing lower-paid professions, while men have greater access to better-paid positions.

The overrepresentation of women in relatively low-pay sectors, such as care, healthcare or education, is responsible for around 24% of the total gender pay gap (The gender pay gap...).

Calculations show that women, on average, do more unpaid work (such as childcare or domestic duties). This leaves less time for paid work: according to 2022 data, almost a third of women (28%) work part-time, compared to only 8% of men. When both unpaid and paid work are taken into account, women work longer per week than men (The gender pay gap...).

Imbalance in family responsibilities

Typically, women take on the responsibilities of caring for the home and family. This leads to career breaks, reductions in working hours or the choice of less demanding but lower-paid jobs. These career breaks can affect women's continued earnings and career development.

In 2018, one-third of female employees in the EU had a break from work due to childcare, compared to 1.3% of men. Women make some career decisions under the influence of caring and family responsibilities (The gender pay gap...).

Under-representation of women in leadership positions - (glass ceiling)

Women are still under-represented in top management positions in many sectors of the economy.

Less than 8% of the CEOs of Europe's leading companies are women ([https://www.bankier.pl/...](https://www.bankier.pl/)). In 2020, they accounted for a one-third (34%) of managers in the EU, despite making up almost half of the workforce. If we look at the difference across occupations, female managers earn 23% less per hour than male managers (The gender pay gap...).

Differences in the assessment of discrimination in the workplace reveal opinions on promotion opportunities, with 69% of women and 41% of men agreeing with the statement that it is easier for men to get promoted than women (Report of the Women's..., 2023, p. 13). This results in them having less influence on pay and promotion decisions.

Lack of transparency in remuneration

Transparent and unambiguous remuneration systems in companies are often lacking. This can foster gender discrimination, as workers do not have access to information on the wages of other workers and are unable to compare their wages with those of people doing the same job.

The results of the qualitative research in the Women's Congress Association Report confirm that lower pay for female managers is mainly due to discrimination, but there are also times when women's expectations are underestimated (Report of the Women's..., 2023):

- Female and male HR professionals also believe that the pay gap in Poland is due to discretionary and unprocedural management and prejudice against women's work, perceived to work less well and be less secure in their employment.
- There is a greater risk of a pay gap in Polish, owner-operated, smaller and/or state-owned companies than in large, multinational corporations. This is also confirmed by scientific research (Magda, Sałach, 2019).
- Smaller companies, generally also Polish and owner-operated, do not have any payroll monitoring systems in place because they do not see the need - they manage it 'ad hoc'.

Large multinationals have imposed procedures to control wages, and they also carry out external audits.

- They expect larger gender pay gaps in conservative, hermetic, ‘crony’ industries where there is a lot of money and power: finance, banks, law firms.
- Some male and female HR professionals note that women are sometimes ‘financially penalised’ for having children, such as being deprived of bonuses for taking leave for a child.
- The pay inequalities relate to managerial, not executive, positions. In executive positions, women often work in lower-paying departments and/or industries.

2. Gender pay gap - Poland compared to the European Union

The average so-called gender pay gap, i.e. the difference between men's and women's hourly wages in the European Union in 2021, was 12.7% (The gender pay gap...). By contrast, according to the latest available Eurostat data, Poland is at 4.5% in 2021. Thus, against the background of the European Union, Poland presented itself as a very egalitarian country. Only three countries could boast a better result: Slovenia, Romania and Luxembourg (Why do women...).

However, the above figures are misleading. They refer to the so-called raw pay gap, which does not take into account differences in the employment structure between men and women. Researchers of labour market inequalities prefer to use adjusted gap data, i.e. a gap that takes into account the pay-relevant characteristics of workers (e.g. age, occupation, experience, education, family situation) and the characteristics of the workplace (position, sector, form of employment, type and size of employer).

The pay gap between men and women calculated in this way is, according to various estimates, between 12 and even 20% in Poland (Why do women...). This means that Poland is in the group of countries with a pay gap above the EU-27 average (ranking 13th out of 27 countries) (Leythienne, Perez-Julian, 2021).

Sectors and professions in which women predominate include less well-paid ones such as education, social care and health care, but also ones such as cashiers, beauticians and hairdressers. As opposed to: finance or new technologies. The CSO's biennial report ‘Survey of the Structure of Wages in Poland’ allows for more detailed monitoring of this aspect of work in Poland. As the CSO states in the chapter ‘Gender pay gap index’ - ‘the gender pay gap index reports the gross hourly wage gap between men and women, but does not indicate the reasons for it’. However, a few conclusions, on closer examination of the CSO data, are puzzling to say the least: the wage gap is narrowing only in low-paid sectors - ‘the lower the average pay,

the more similar the average pays of men and women are to each other” (<https://stat.gov.pl/...>). The amount of the gender pay gap in some sectors, especially in finance and insurance, is very worrying: The GPG here is 27.6%, an industry that employs half as many women as men (it is worth noting that, in construction, for example, the ratio is negative - women earn more, but only account for about 15% of employees). Analysis of GPG by length of service shows that among those employed for more than 20 years, GPG is only 0.6%, although women's pay is lower in all groups of employees, with the highest value of 13.5% GPG in the group with length of service between 10 and 15 years, the age group of women who usually have childcare responsibilities. An analysis of the GPG rate by education shows differences to the disadvantage of women at every level. Although the best-educated women among the working population are the most numerous at 64.9%, the GPG is 22.2% in this group; at primary education level, this difference is 15% (Pay gap - does it...).

The lack of systematic data on the adjusted wage gap and other aspects of women's situation in the labour market, as well as in-depth analyses by gender, make it difficult to increase knowledge on equal opportunities in the labour market.

The results of a survey carried out in Poland, contained in the Women's Congress Association's Report ‘Women, the labour market and wage equality’, show that three quarters of respondents believe that the pay gap is not fair, but most have not encountered the term ‘pay gap’. While the problem of the pay gap is noticeable for women, 44% of men consider it too exaggerated. The significant difference between responses by gender confirms that men in particular do not perceive the problem of pay discrimination:

- 75% of people (83% of women and 67% of men) do not think that the gender pay gap is fair, while 15% (11% of women and as many as 19% of men) do.
- Less than 25% of Polish women and men have encountered the concept of a pay gap. Knowledge is equally low among both men and women.
- 51% of respondents (and 64% of women) do not agree with the statement that the problem has been artificially exaggerated, however, almost 1/3 of respondents agree with this statement, including 44% of men.
- Yet there is a perception, especially among women, that they earn less than men doing the same job. The majority of women surveyed (67%) agree with the statement that women in Poland earn less than men in the same positions and with the same responsibilities. In contrast, only 39% of male respondents hold this view.

The above indicates that there is a definite lack of awareness and knowledge of equal rights for women and men in Poland.

3. The pay gap – determinants and consequences for the modern labour market

According to the CSO, in 2021, 26.9% of women will have a university degree, compared to only 19% (Wysocka, 2023, p. 13) of men, and yet there is a 4.5% pay gap for the same position (<https://www.gigroupholding.com/...>).

A correct diagnosis of the sources of the pay gap is important in order to look for solutions to it in the context of the challenges of today's labour market, which mainly concern the strong competition for workers related to their increasingly scarce availability. Women's potential is still not being adequately harnessed in many industries, and without their knowledge and skills it will be impossible to provide a skilled workforce.

At the same time, the widespread digital transformation and automation are creating opportunities for advancement, including by increasing or changing professional qualifications, also providing the opportunity to increase female employment. This trend is reinforced by the increasing focus of companies on integration and the growth of technical and engineering competence among women.

According to the study 'Manufacturing industry - Global HR trends 2023' Gi Group Holding, Polish entrepreneurs see great opportunities for company development in this area. More than half assure that they will increase the employment of women in their organisations over the next five years. The good news is that, compared to other European women, Polish women are more likely to choose STEM (science, technology, engineering, mathematics) fields of study, which means that in a few years' time there will be far more female engineers and programmers on the labour market than at present. The development of digital competences will become a guarantee of continued employment with satisfactory remuneration. Workers without the right skills will struggle to find work or be condemned to low-paid jobs (<https://www.gigroupholding.com/...>).

The persistent disparity in earnings between men and women is costly for the economy. 'The issue has to do with the resource efficiency of society. If women do not have the same opportunities to participate in the labour market or participate unequally, labour and knowledge resources are wasted' (Why do women... (– as written by the Nobel Committee in 2023 in its justification for the award to C. Goldin - an economist who has researched key factors affecting the gender gap in the labour market.

The gender pay gap increases with age - with career progression and increasing family demands - while it is rather low when women enter the labour market. With less money to save and invest, gaps accumulate, making women more vulnerable to poverty and social exclusion in old age. In 2020, the gender pension gap in the EU was around 28%. Reducing the gender pay gap results in greater gender equality, while reducing poverty and stimulating the economy, as the higher the pays, the greater the purchasing power of women, the more to tax and the lower the burden on welfare systems. Research shows that reducing the gender pay gap by 1 percentage point would increase gross domestic product by 0.1%.

4. Conclusion

This study gives many examples of research results indicating that inequality in the position of women and men on the labour market is perpetuated and that the gap between Poland and the countries of the European Union in this respect is not narrowing. Government action is often a sham - there is still a lack of concrete action, political will and a move away from the patriarchal model of economic development towards an equality model.

In response to growing concerns about the gender pay gap, the Council of Europe has taken steps to create a common position on the issue. In 2022, it agreed on joint actions, through which it highlighted the need to monitor, identify and eliminate pay gaps and committed Member States to take concrete action to ensure pay equality.

The new provisions include, among other things, the right of employees to information on their individual level of remuneration and the average level of remuneration, broken down by gender, for categories of employees performing the same work or work of equal value. Employers with 100 or more employees will have to publish information on the gender pay gap. Under the new directive, those who are victims of gender-based pay discrimination will be able to receive compensation, including full recovery of back wages and related bonuses or payments in kind.

Access to justice for victims of pay discrimination is also to be improved. EU countries will have three years to implement the changes in their countries.

Improving the situation of women in the labour market also depends on women themselves, who very often have lower financial expectations and underestimate their competences when applying for higher positions.

The expected economic downturn and changes in the labour market, driven by digitalisation, flexible forms of employment and remote working, bring new challenges for pro-equality labour market policies.

In addition, the skills gap that prompts companies to create flexible workplaces provides an opportunity for people representing social groups characterised by lower labour force participation, including women raising children. Education and the development of competences, both digital and soft, are key to improving the situation of women in the labour market. Due to the rapid development of digitalisation and automation, the demand for specialists in this area is increasing. Skills in technology, data analysis, project management or negotiation can help women to stay in the labour market and secure stable employment.

In addition, systemic childcare arrangements are needed to facilitate women's return to the labour market after maternity leave. Currently, it is not only the high cost of private facilities that is keeping women at home, but also, especially in smaller towns, the insufficient number of crèches and kindergartens or their complete absence.

Further research direction should also include identifying good practices of companies themselves in ensuring equal pay for women. The above activities should be developed taking into account standardization of positions, analysis of critical points and regular audits.

Harnessing the potential of women brings tangible results for economies and businesses, hence measures should be taken to eliminate gender disparities in various areas of the wider labour market, including closing the wage gap.

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