EGGE – EC’s Expert Group on Gender and Employment

Supplementary information regarding policies to promote gender equality and employment

Belgium

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Supplementary information regarding policies to promote gender equality and employment: Belgium

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1. **INFORMATION ON THE REFORM OF THE TAX SYSTEM AND ITS IMPACT ON WOMEN’S EMPLOYMENT**

Four axes support the reform of the Belgian income tax system proposed by the Minister of Finance, Didier Reynders. All concern women’s employment from a broad point of view as they also concern men’s employment. Some are more targeted on low incomes and / or lone parents, and therefore focus more precisely on women’s employment issues.

**Axis I. Lowering the tax pressure on earned incomes:**
- Gradual suppression of the additional crisis surcharge
- Decrease of the withholding tax on earned income
- Reinforcement of the tax credit on low wages (refundable tax), which causes the minimum taxable income to increase
- Increase from 20 to 25 % of the flat-rate deduction of professional expenses
- Modification of the tax brackets: lower tax rates on middle income
- Abolition of the 52.5% and 55% top tax rates

The introduction of the tax credit for low wages is the more innovative measure. At the root of this measure is the observation that the organisation of solidarity should go beyond passive income maintenance of unemployed people and embrace the situation of the low paid. It is both an employment incentive and an instrument to fight poverty.

Under a certain level of wages, the tax credit becomes an income supplement. It is similar to other negative tax systems as the Working Families Tax Credit (WFTC) installed in Great-Britain.

The tax credit leads to a substantial revaluation of workers’ earnings whose wages are close to minimum wages or who are part-time employed. This is mostly the case for women.

Beside this credit, the reduction of personal contributions of social security for low wages also takes on the character of an incentive to women’s employment.

**Axis II. Neutrality towards personal lifestyle choice:** suppress unfavourable measures for married couples and allow cohabitants to benefit from advantages linked to marriage.

Before the reform, there were two sorts of households, married couples and single persons ("isolés") while cohabitants formed a household of two single persons from a tax point of view.

Differences of treatment were upheld in both tax and social systems (which are linked by the deductions). Some tax rules discriminated against married couples, others against cohabitants or single people:
Differences in favour of singles and cohabitants:

- Untaxed amounts lower for married couples than for single persons
- The tax reduction for replacement income is awarded once and for all per household and is limited by the total household income (cumulated for spouses)
- Incomes other than professional are cumulated and tend to be taxed at the upper marginal rate

Differences in favour of married couples:

- This is mainly the application of the marital quotient: it is a fictive transfer of a part of the spouse’s earnings who has the highest income to the other, who has the lowest one. It is allowed only if the lowest earnings are not larger than 30% of the household’s total earned income. This transfer reduces the tax paid by the household, because the transferred amount is taxed at a lower marginal rate. A couple of cohabitants in which one member does not work or is low paid could not benefit from this measure.

These rules constituted an inactivity trap, mainly for wives, because they disadvantaged married couples in which both partners earned quite similar incomes (more heavily taxed).

The Reform will suppress those discriminations with the following measures:

- Same untaxed amounts for married couples and single persons.
- Tax reduction for replacement incomes (mostly old-age pensions) calculated on an individual basis
- Extension of separate taxation to all incomes (not only those stemming from employment as previously)
- Extension of the marital quotient to legal cohabitants (those who have signed a “contrat de vie commune”).

The individualisation of fiscal duties and social rights can reduce the inactivity traps for women.

Axis III. More favourable tax treatment for tax payers with dependent children:

- Make tax-lowering for dependent children refundable within certain limits
- Increase in the benefit ceiling for dependent children for single tax payers
- New tax deduction for one-parent families

Those measures encourage women’s employment as they reduce the tax pressure on these categories of people in which we find a majority of women.

From a broader point of view (larger scope than the tax reform itself), other measures have been taken to reconcile work and family life for women:
- the extension of the parental leave for fathers (10 days),
- the bonus related to child benefits (unemployed who find a job remain entitled to the child benefits during six months),
- bonus for single parents who after having been unemployed for a long time find a job,
- unemployed who worked part-time can regain entitlement to unemployment benefits,
- the extension of learning-leave paid to part-time workers (majority of women).

In Flanders, introduction of a bonus to women in training in order to avoid that they encounter difficulties when wanting to re-enter the labour market because of the rapid technological evolution. The Walloon and Brussels-Capital Regions have increased the child care facilities, to allow unemployed to follow a training course.

Axis IV. More advantageous tax treatment for ecological purposes

This last axis is less related to the issue of gender.

The first three axes of the Reform are focused on incentives for employment, and the people targeted by the measures are the more precarious socio-economic categories that comprise a majority of women (part-time and / or low paid jobs, unemployment, one-parent families…). The Reform is not explicitly in favour of women’s employment, but with the measures focusing on those categories, the government attempts to tackle gender and employment issues.
THE NEW JOB CLASSIFICATION SYSTEM IN BELGIUM

2.1 Introduction: the old system

To justify pay differentials between occupations, the Belgian social partners have long been content with lists of jobs which were classified relatively arbitrarily according to their apparent complexity. In many sectors, such as building, the rule in most firms is to transpose the occupational hierarchy into a scale of minimum pay levels established by the sector concerned. However, this tradition of occupational lists at industry level keeps alive outdated job titles and obsolete or vague occupational categories that may vary locally. Furthermore, "in-house" job classifications become even more fragmented in the absence of a sectoral system, as has been the case for blue-collar workers in the chemical industry.

Blue- and white-collar status

The rigidity of Belgian occupational classifications is due mainly to the fundamental distinction drawn between white-collar workers and blue-collar workers, which was written into the law and trade union organisation at a very early stage of industrial relations development. Any attempt to realign blue-collar with white-collar occupational classifications is costly for the employer (in the cases of redundancy or illness) and runs the risk of weakening the federations of blue-collar workers' unions, the members of which would be transferred to white-collar unions.

Yet the automation of production has blurred the distinctions between the intellectual tasks performed by blue-collar and white-collar workers. The most radical attempts at achieving single status were made in chemical and pharmaceutical firms. This is how in 1989, after a long dispute, the blue-collar workers in the pharmaceutical firm, Beecham, managed to gain progressive transition to the status of white-collar worker. But that gain later turned sour on them. The factory in Charleroi, after a merger with another firm, is being reorganised: the workers reclassified as white-collar whose jobs are under threat on this site cannot now be transferred to another flourishing site which recruits only blue-collar workers for its production. So the standardisation of status, even though technically justified, may be thwarted by the diversification of classifications amongst companies themselves. Such diversity is even more marked at multinational level, where the wage costs involved in such an experiment can become an argument for relocation.

However, the status quo of Belgian occupational classifications is now apparently being shaken up by two types of state intervention: equal opportunities policies and, above all, wage freezes.

2.2 Challenges to the old system

Equal opportunities and occupational classification

It is known that implementation of the principle of "equal pay for work of equal value" laid down by Collective Agreement No. 25 (and made compulsory by the Royal Decree of 9 December 1975) has not put an end to sex discrimination over pay. A new Royal Decree (31 December 1996) now bans
discrimination in relation to occupational classifications as well. The Employment Minister has launched an information and training campaign on this theme, followed up by the publication of a manual in February 1997. This manual, designed with the help of a private firm specialising in job evaluation, recommends generalising these techniques on the grounds that they meet the needs for objectivity and the neutralisation of prejudices. However, the implementation of job evaluation is not necessarily as effective as is suggested in the manual. Equal treatment between male and female workers may still be hindered by the diversification of occupational classifications - and hence pay levels - from one firm to another. Such diversification may be further reinforced by general moves towards the decentralisation of collective bargaining, noticeable in Belgium as elsewhere.

**Wage freezes and classification**

The recent wage freezes (1993-7) imposed by the Government seem to have led directly to the introduction of even more occupational classifications.

Some trade unionists take the view that "when people are at a standstill, when it is impossible to take the path of quantity then the only way left is to take the path of quality, which means moving classifications". They do not expect a general rise in pay, but aim instead at raising the level of the lower classifications. This is the strategy adopted in the food sector, a sector which also shows how different constraints weigh down upon attempts to reform the system.

To replace obsolete and disparate job titles at sectoral level, the social partners in the food industry have opted for an analytical method of job evaluation. The complete lists submitted by the main consultants used (Orba and Berenschot) could be applied to both blue- and white-collar workers. This solution was adopted by the subsector representing hotels, restaurants and public houses (horeca) which is governed by a joint committee. In the food industry, on the other hand, the division between blue- and white-collar workers, which had been incorporated into the collective agreement structures, could not be overcome. As a result, two different methods have been used: the Orba system, since 1993, for white-collar workers; and the Berenschot system, which is still under negotiation, for blue-collar workers. In the baking industry subsector, the consultant did not succeed in analysing the know-how of the suspicious professionals. Here, at the beginning of 1997, the social partners agreed on a simple list which they have themselves used as the basis for modernising the 16 categories.

The case of the food industry also illustrates the problems arising from the "privatisation" of certain classification operations and the compromises reached. It is not in the interests of consultants to publicise the details of their methods, particularly the formulae used to quantify job values. But these formulae affect pay negotiations, which are a prerogative of the social partners. A protocol was agreed between the two main consultants and the two main unions which set up the job evaluation system and the appeals procedures. According to this compromise - which remains restricted to the signatories and has no legal force - knowledge of the details of the methods used is restricted to the union experts working at sectoral level and is to be kept confidential.

Such restrictive use of a technique which is meant to explain the basis of pay scales has contradictory results. On the one hand, such access, when restricted to experts, reinforces the division in union activities; on the other hand, if exercised at the sectoral level, it helps to standardise regional and local variations. In the food industries, where many large firms already have their own job evaluation
systems, publicising the evaluation criteria might further reinforce the variations across the systems used. In the horeca subsector, on the other hand, this very publicity could help to spread the unifying "scientific" model to the great number of small firms. As we can see, what is at stake in occupational classifications is not so much the method chosen as their repercussions on collective interests

### 2.3 CO.BR.A.: a skills-based classification system

**Introduction**

The CO.BR.A. project on the Directory of occupations and skills for the labour market, modelled on its French counterpart ROME (Operational directory of occupations and jobs), has been underway within the Flemish Employment and Vocational Training Service (VDAB) since mid-1999.

CO.BR.A. is a classification system which correlates skills, knowledge, abilities and attitudes with occupational groups (550 files). An occupational group is comprised of occupations with similar basic requirements. The classification of the occupational groups is based on a sectoral break-down into 22 categories which are in turn divided into 63 domains.

**Objectives**

The objectives of the CO.BR.A. project are as follows:

- to make an effective contribution to the placement of jobseekers;
- to deliver an instrument encompassing all the customary occupations and functions to be found in the labour market;
- to develop a community 'language' for both jobseekers and recruiters with a view to promoting mutual communication;
- to reflect the manner in which skills are used and managed within industry;
- to offer a system as a basis to define occupational mobility. CO.BR.A. is also a useful instrument for careers guidance practitioners.

**Organisation**

*The professional card*

The card is structured in a way to allow the representation of the different variants of occupational or functional performance.

**Skills**

The accurate valorisation of a skill occurs only when it is coupled to the right occupation or function and in the appropriate context. For example, linguistic skills are of more value to a secretary than to a
lorry driver. However, CO.BR.A has to approach the whole of the labour market in an as good as possible way and therefore has to take some distance from ‘context’. Skills are thus gathered as if they were not attached to a particular occupation. They are then treated while allowing a certain extent of abstraction. Within the CO.BR.A system, skills need to have significance on their own (outside the occupational context). The skills structure is a basic table that serve for various applications such as screening, orientation, matching with vacancies, matching with trainings, etc. The tables has a structure in three stages. The first stage are the primary domains, the second the secondary domains (subdivisions of the primary domains) and the third the corresponding skills.

*Coupling skills to occupational clusters*

For each occupational cluster, the skills are divided in four categories:

1. the basic requirements
2. specific skills
3. products and coverage (sectors, targeted consumers, etc.)
4. specific employment conditions (place, working-time, etc.)

*Collaboration between the VDAB and economic sectors in the framework of the Flanders' Social and Economic Council (Sociaal Economische Raad Vlaanderen - SERV)*

The Flanders' Social and Economic Council (SERV) has for several years been involved in developing occupational profiles which are then translated into training profiles in education. It has already made considerable progress in this field. Since SERV also has a consultation structure linked up to the economic sectors, collaboration between the two projects (i.e. the SERV occupational profile project and VDAB's CO.BR.A.) seemed to be a logical step.

A joint VDAB-SERV protocol was therefore drawn up at the beginning of 2000 concluding a number of mutual agreements.

The objectives of the SERV occupational profile project are to collect and disseminate parent data relating to occupational structures and profiles.

The objective of the VDAB's CO.BR.A. project is to develop a skills-based occupational classification system with a view to its application within the context of VDAB services. A joint VDAB-SERV technical working party has been set up to harmonise the parent data of the two partners at the level of content with the following tasks: programming the SERV action as a function of missing data within CO.BR.A., testing the CO.BR.A. project in collaboration with the social partners, incorporating the SERV parent data into CO.BR.A., updating the SERV parent data and subsequently updating the CO.BR.A. project on the basis of the latest parent data.
Database

The use of a web-based database is a further advantage of the CO.BR.A. project. Occupations are in a constant process of development, their content varies, they change in comparison with each other, some disappear while others see the light of day. This development is even more true of skills - their limited life span renders their day-to-day management essential. Thanks to the use of a database and the opportunities offered by the web, these changes can be reacted to very quickly and the necessary adaptations carried out on-line. A database moreover offers much more scope for individual application by users and facilitates the rapid development of new applications.
3. RESULTS OF A STUDY ON STATISTICS AND INDICATORS AGREED UPON IN THE NAP

« Gender indicators in the field of wage equality between women and men »

3.1 Introduction

This study was performed in 2001 by the Federal Ministry for Employment and Work of Belgium in collaboration with the Department for Applied Economics (Professor Robert Plasman of the DULBEA) and the Centre of the Sociology of Work, Employment and Training, both at the Free University of Brussels, and in collaboration also with Manchester University (UMIST) and the University of Paris I, SET-MATISSE.

3.2 Objective

The objective was not to compare the countries with respect to their wage gaps but rather to establish for each country which factors among the ones identified in the study explain the wage inequality or even enlarge it. Once the decisive factors can be isolated, reflection or even straightforward action can be undertaken.

3.3 Indicators

The indicators have been divided into four groups: global indicators of wage inequality, factors of inequality, contributions to inequality (Oaxaca-Blinder decomposition) and qualitative indicators. With respect to the quantitative indicators (the first three groups), computations are based on two European data sets (despite their shortcomings): the European Structure of Earnings Survey and the European Community Household Panel.

The first group is made up of two indicators. The first one contains a description of the wage inequality based on different statistical concepts. The second indicator is rather macro-economic and reflects the importance of female employment in the waged population and in the total wage aggregate.

The second group comprises three indicators which describe wage inequality according to different factors. The first one briefly describes the double discrimination faced by women working part-time. This indicator should always be considered jointly with the more analytical indicator based on the OAXACA decomposition. Other indicators belonging to this group are based on age, education and professional and sectoral concentration of men and women. This ensures that due consideration is given to the problematic issue of labour market segregation.
The third group contains the indicator based on the OAXACA decomposition. The inclusion of this indicator is a great achievement. Indeed, this indicator allows a rigorous analytical view by making it possible to compute for each country the proportions in the wage gaps that are generated by the explaining factors.

Important is to include a ‘contextual’ indicator. For this purpose, a table with a limited number of questions was used. The analysis of the questionnaires completed by the EU member states has lead to the selection of three such indicators. These relate to:

- Laws, reglementations and other instruments in the battle against discriminations and professional inequalities.
- The influence of public authorities in the field of wage negotiation.
- Part-time work and temporary career interruptions

These indicators are constructed according to a same model containing three parts: two static parts (situation and dissemination indicators) and one dynamic part describing development.

These three indicators are not meant to describe laws, policies and the like as a whole but rather to identify those particular elements in their functioning and development that are linked to wage inequalities between men and women.

The indicators are strictly limited to public policy. For example, the indicator concerned with wage negotiations is limited to the influence of the public authorities on the social partners or on individuals in the field of wage equality.

### 3.4 Recommendations for the improvement of the available statistics

**European Structure of Earnings Survey (ESES)**

This data set is undoubtedly the best source for information on wages. However, it can be improved in various ways.

The SES data sets of Finland and the Netherlands should be considered as examples of good practice. Their advantage is that they also englobe the public sector. The inclusion of the public sector is rendered possible through a combination of the employers survey and administrative data. The Finnish and Dutch data sets were also combined with other surveys in order to gather data on households. As a result, it is possible to compute all global indicators, by group, and indicators of wage distribution. Furthermore, these data sets are annual so that the indicators can be constructed every year. If all member states were to make similar modifications to their SES data sets then international comparisons would become possible.

In conclusion, the authors of this report recommend that all member states include the public sector from 2002 onwards.
For a detailed analysis of wage inequalities, the ISCO classification of occupations by two digits is not satisfactory. However, the larger the level of detail of such a classification, the more the data loose in quality. That is why the authors of the report propose an inbetween solution. For certain occupations, they recommend the 3-digit ISCO (ISCO 1-5) while for others the 2-digit ISCO remains sufficient (ISCO 7-9).

The SES’ restriction to firms with less than 10 workers should be abolished in order to allow a detailed view on the wage inequalities between the sexes.

Finally, the authors recommend that the SES be held on a yearly basis. However, they are aware of the fact that it is impossible to achieve this in the short or even medium run. In the meanwhile, they therefore propose a greater degree of harmonisation between the various national Structure of Earnings Surveys.

Statistics on Income and Living Conditions (SILC)

Eurostat is working towards the replacement of the ECHP by a survey entitled « Statistics on Income and Living Conditions » (SILC). This new survey should be operational in 2003. It will be held on a yearly basis and a part of it will be longitudinal (panel). This new survey will mean be a great improvement compared to the former ECHP. However, series based on the SILC will be quite short. Therefore, the authors recommend that longer series be constructed were possible by combining national surveys using the same concepts with the ECHP or the SILC.

OAXACA

For the decomposition of the wage gap (OAXACA), it is possible to use the ECHP despite its too restricted setoral decomposition : the ECHP gives only net wages and the quality of the wage data and the working-time data is poor compared to the ESES. Results tend to be not very robust. It is to be seen to what extent the new SILC will solve these inconvenient.

Another solution is to use the ESES for the decomposition. Despite all the shortcomings of this survey, such a choice can be justified by the quality of the wage data it contains and by the important degree of breaking up of professional occupations and activity sectors in the ESES.

From an operational point of view, it is necessary that in a first phase one single team, that has access to the ESES data and disposes of the necessary expertise in the field, realises the decomposition for the whole of the member states. A study based on the one that is being realised by Prof. David Marsden should be organised and should allow to establish the decomposition as well as a permanent instrument to realise new decompositions based on the ESES in the future.