

## **EGGE – EC’s Expert Group on Gender and Employment**

### **National Reports on the Unadjusted and Adjusted Gender Pay Gap**

#### **Austria**

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## Gender Pay Gap: Report on Austria

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## INTRODUCTION

On the basis of the data available in Austria, it is rather difficult to measure people's earnings and, thus, gender pay gaps. Andrea Leitner (2002:1) sums up the situation as follows:

“Although there is a large variety of information sources that would be suitable for an evaluation of gender gaps, there is no representative income database large enough to provide valid data on people's earnings as well as on working time, qualification, profession, and other socio-economic characteristics. One is forced to choose between two unsatisfactory alternatives: either using the more valid administrative data and doing without the information on qualification and professional experience, or falling back on extremely biased survey data.”

Administrative data include the wage and income tax statistics compiled by the Ministry of Finance and the income data from the social insurance statistics of the Main Association of Austrian Security Institutions (Hauptverband der Sozialversicherungsträger). Both sets of data are not adjusted for differences in working time (!). This is all the more problematic as working time plays a key role in the creation of gender pay gaps. What is more, income data from social insurance statistics exclude both civil servants and the marginally employed as well as incomes above the highest assessment basis in social security, thus also excluding higher earners and the lowest paid. Also, no separate data are available on overtime pay as well as income for which no social security payments are due, such as subsistence and overnight allowances, dirt pay and severance pay (Schlager 2001:346). And while the wage and income tax statistics records all persons who have earned any income within the reporting period on which income tax was payable – independent of whether income tax was actually paid – and thus has the advantage of including highest and lowest incomes, social statistical information/analysis has only been included since 1996.

The available survey data include the microcensus data provided by *Statistik Austria*, the Structure of Earnings Survey (SES) carried out on behalf of Eurostat and data from the European Household Panel (ECHP) compiled by Eurostat. All these data allow for an adjustment of earnings and income differentials according to a number of characteristics, including working time, qualification, age, etc. Andrea Leitner and Angela Wroblewski (2000:30) have pointed out that the Austrian microcensus data “present a distorted picture because of the high percentage of people failing to respond (34% in 1997)”. Still, the available microcensus data in combination with income data from social insurance statistics form the basis for the small number of studies on the gender pay gap conducted in Austria. In future, however, income tax statistics can be expected to take on a more central role (Schlager 2001:346).

International data do not generally refer to Austria until the mid-1990s and have not had much impact on the Austrian gender pay gap discussion. SES data for Austria present an additional problem: they do not refer to enterprises employing less than 10 persons, thus failing to provide income data on a large part of (female) workers in Austria. The SES also fails to include the public sector and is only carried out infrequently. Another problem – especially for independent researchers – arises from the fact that the database is only accessible indirectly

and on an aggregate basis. The ECHP, on the other hand, collects information on net pay, whereas the principle of equal pay applies to gross pay because the influence of the tax and social security system is important.

## 1. ***NATIONAL MEASURES OF THE UNADJUSTED GENDER PAY GAP***

Owing to the problems with income data and the gender pay gap outlined above, the following sections can only provide limited information on certain aspects of income inequality on Austria. This paper will thus only present a very rough version of the requested outline of long-term income trends and the gender pay gap, with the differentiation between full-time and part-time work primarily taken from survey data and a study carried out by Gregoritsch et al. (2000). This study is mainly based on the income data from social insurance and thus subject to the limitations mentioned above (i.e., for instance, it only records enterprises of more than 9 employees). In order to adjust income data to working time, qualification, occupation, etc. these data were combined with other data sources (SES, wage and income tax statistics, etc.). In this context, Andrea Leitner (2002:3) notes that:

“Besides the inconsistent results of the study and deviations from other research findings, the ‘secretiveness’ about the exact methods used to combine social insurance data with other data sources have led to a lot of mistrust and criticism within the scientific community. Nevertheless, it still represents the most extensive and most frequently quoted study on the differences between women’s and men’s income.”

In some cases, the study also refers to international data to describe income inequalities, although - as mentioned before - non-domestic sources have hardly had any impact on the political discussion in Austria.

### 1.1. ***Review of pay trends (over time)***

According to Gregoritsch et al. (2000:14), in 1997 female employees (including civil servants and the marginally employed) earned a median gross monthly income of ATS 17,000 (€1,235), against male median gross monthly earnings of ca. ATS 25,000 (€1,816). Women’s pay was thus 31% below that of men. The gender pay gap even falls to 28% if the marginally employed are excluded.

Income inequalities rise considerably, however, once the analysis is based on wage and income tax statistics. In 1999, men had an average gross annual income of ATS 378,571 (€27,513), as compared to ATS 227,284 (€16,518) for women, pushing up the gender pay gap to as much as 40% (Traxler 2001:1). For persons in paid employment, the female gross annual income in 1999 was ATS 222,400 (€59,131) and thus 36% below that of male employees (ATS 349,800; €25,420) (Statistik Austria 2002:60, 197).

With regard to the long-term development of male and female incomes, income data from social insurance statistics (not adjusted for differences in working-time) show that in the period from 1980 to 1999 female incomes rose more sharply than those of men (cf. Table 1). “On average, women’s income went up by 216.36%, compared with a 209.25% increase for men” (Schlager 2001:351). The lion share of this increase goes back to the 1980s, however,

when women's pay generally grew faster than men's. From 1990 onwards, the data even show slightly lower growth rates for women than for men.

**Table 1: Development of wages and salaries between 1980 and 1999, according to gender**

	Year <sup>1</sup>	10%	20%	50%	80%	90%
Women	1990	156.82	158.04	159.73	164.38	164.69
	1995	191.44	195.22	203.31	212.77	213.73
	1999	202.30	202.64	216.36	229.91	231.43
Men	1990	149.14	151.35	152.95	156.98	-
	1995	186.45	191.02	191.81	198.61	198.55
	1999	198.61	207.47	209.25	218.67	223.00

Source: Hauptverband der Sozialversicherungsträger; Schlager 2001.

But as female earnings are generally well below those of men, even increases in relative terms cannot do away with income inequalities in absolute terms; the gender pay gap widened further.

According to Gregoritsch et al. (2000:24f), the gender pay gap (for all employees without the marginally employed and civil servants) grew from 29% in 1977 to 32.3% in 1997. Between 1977 and 1997 the income differential thus rose by 3.3%, with the increasing number of female part-timers greatly contributing to the rise in earnings inequality.

An analysis of the gender pay gap based on microcensus data of 1997 (which do account for differences in weekly working hours) shows that in 1997 the average gross annual income of male full-timers was still 23% above that of women working full-time (Boeheim et al. 2002:50).<sup>2</sup>

Gregoritsch et al. (2000:42f) show how in 1996 women in full-time work<sup>3</sup> earned about ATS 98 (€7.12) an hour before tax, compared to ATS 125 (€9.08) for men. On average, the female full-time gross hourly pay, excluding supplementary, was 22% below that of men working full-time. In 1996, the female full-time gross monthly income on average amounted to ATS 17,400 (€1,2645.10), that of men to ATS 21,800 (€1,584.27). For women, part-time work (without the marginally employed) usually means slightly above average hourly rates (if not a higher monthly income), while male part-timers earn less per hour. Nevertheless, at ATS 115 (€8.36) the median male part-time hourly pay in 1996 was still above that of female part-timers (ATS 100 (€7.27)). In the same year, female part-time gross monthly earnings averaged out at ATS 10,100 (€734.00), compared to the male equivalent of ATS 11,500

<sup>1</sup> 1980=Reference year=100%.

<sup>2</sup> Net pay for a standardized 40-hour working week.

<sup>3</sup> Gregoritsch et al. (2000:42) define full-time work as a working week of 30 hours or more.



(€835.74). The gender pay gap for part-time work thus amounted to 15%, and is lower than the pay gap for full-time work.

## 1.2. *Low pay and wage inequality trends (over time)*

With regard to the long-term development in the incomes of higher earners and the lowest paid (cf. Table 2), Christa Schlager (2001:355ff) thus sums up the main trends of her analysis based on income data from social insurance statistics (which exclude civil servants, the marginally employed and incomes exceeding the highest basis of assessment in social security):

“Compared to the average, the earnings of all persons studied in the lower income bracket have undergone a rather unfavourable development since the 1980s (...) Compared to male earnings, female income developed more dynamically. In general, the pay gap among women is much higher than average (...) The lower deciles are seeing a decline or stagnate compared to the median, while the top 25% have experienced a marked increase. This trend much more obvious for the 1990s than the 1980s.”

Table 2: Comparison of Median Values, 1980-1999

	Year	10%	20%	50%	80%	90%
Women	1980	51.88	68.35	100	141.10	173.59
	1990	50.93	67.62	100	145.21	178.98
	1999	48.51	64.01	100	149.94	185.68
Men	1980	61.52	73.57	100	139.24	162.39
	1990	59.99	72.81	100	142.91	-
	1999	58.40	72.95	100	145.52	173.06

Source: Hauptverband der Sozialversicherungsträger; Schlager 2001.

According to Gregoritsch et al. (2000:15ff), in 1997 145,600 women (income: ATS 40,000; € 2,906) and 195,000 men (income: ATS 57,900; € 4,207) accounted for Austria’s top earning 10% of employees, while among the lowest paid 20% of employees were 285,600 women (income: ATS 7,300; € 530) and 388.100 men (income: ATS 12,800; € 930). Accordingly, for the women in the highest decile, the gender pay gap amounted to 31% in 1996, while it was as much as 42% for the women among the lowest paid 20%.

In the context of the long-term trends in the gender pay gap among higher earners and the lowest paid, Gregoritsch et al. (2000:24) state that:

“The marked growth of the gender pay gap primarily affects women who earn higher or lower incomes than average. Over the past 20 years, the gender pay gap for higher earners has gone up by just under 4% (from 27.1% to 30.5%) (...) Similarly, the income situation of women in low paid jobs has also deteriorated. Due

to the growing number of female part-timers, the gender pay gap has widened by close to 7% (from 30.8 to 37.7%).”

In this context it is important to stress once again that the research conducted by Gregoritsch et al. (2000) only refers to persons in paid employment working in establishments with more than 9 employees, excluding the marginally employed and civil servants. In the context of the Austrian economy, which is largely based on small-sized companies and has a growing number of marginally employed, the significance of these findings is therefore limited.

A comparison of the median gross monthly pay of female full-time top earners (ATS 34,300) and of the lowest paid women in full-time work (ATS 12,500) showed a pay differential of 64% (cf. Table 3). Similarly, the income of the men among the lowest paid 20% (ATS 13,900) was 60% below that of the top earning 10% of women (Hieden-Sommer 2001:31).

**Table 3: Median gross income of employees 1996 – all employees, highest 10% and lowest 20%**

	All employees		Highest 10%		Lowest 20%	
	Number of persons	Income (in ATS)	Number of persons	Income (in ATS)	Number of persons	Income (in ATS)
Full-time: women	470,400	17,400	49,400	34,300	95,900	12,500
Full-time: men	1,142,300	21,800	113,400	49,900	227,400	13,900
Part-time women	121,800	10,100	9,900	19,700	22,500	6,800
Part-time: men	10,700	11,500	1,900	28,000	3,200	7,200

Source: Gregoritsch et al (2000:51ff).

Although both Austrian studies mentioned above tackle the questions of higher earners and the low paid as well as earnings differentials in these income brackets, one has to fall back on international data in order to establish the incidence of low pay in Austria. According to OECD statistics, in 1993 low pay affected 13.2% of all Austrian employees, with 22.8% of female employees and 7% of male employees in Austria earning less than two thirds of median earnings for all full-time employees (Council of the European Union 2001:48).

## 2. NATIONAL STUDIES OF THE ADJUSTED GENDER PAY GAP

In this context it should be noted that only one recent Austrian study specifically tackles the question of the “explained and unexplained gender pay gap”. So far, the results of this research have only been published in a short article (cf. Boenheim et al. 2002). The following section outlines the contents of this paper as well as trying to establish the “causes of the gender pay gap” (Gregoritsch et al. 2000) and the factors which – apart from working time – contribute to reinforcing income inequality between men and women in Austria.<sup>4</sup>

### 2.1. Gender pay gap by sectors, qualification/tasks, education and age

Franz Traxler (2001) and Andrea Leitner (2002) both use the Austrian wage and income tax statistics for their assessments of gender pay inequality by sectors and qualification/occupations. But while Franz Traxler refers to the 1999 data, Andrea Leitner relies on the data of 1998.

With regard to occupational sectors, “the wage gap between women and men is most pronounced in financial intermediation (i.e. banking and insurance) which is characterised by high pay in relation to most other sectors and at the same time by a high level of white-collar employment. Women earn only 54% (ATS 369,800, €26,875) per year of men’s income in this sector. At the other extreme of gender-related sectoral pay differentials are private households and hotels and restaurants, where pay is far below average and the share of blue-collar employment high. With an average annual wage in 1999 of ATS 153,969 (€11,190) in private households and ATS 136,006 (€9,884) in hotels and restaurants, women received 92% and 74% of men’s income respectively. (...) Overall, pay inequalities are accentuated by the fact that female employment tends to be concentrated in low-pay sectors. Aside from households and hotels and restaurants, a typical example is the manufacture of textiles and clothing” (Traxler 2001:2).

According to Franz Traxler (2001:2ff) and Andrea Leitner (2002:6), the comparison of different employment categories shows differences but no apparent qualification patterns. The pay differentials among manual workers in the private sector are larger in the case of high-skilled occupations. They are both high in low-skilled and high-skilled occupations among public sector employees. The pay differences among white-collar workers amount to 56% and are thus much higher than the differences in income among blue-collar workers (47%), whereas it is much lower in the public sector (28%).

Andrea Leitner and Angela Wroblewski (2000) further show how “in male-dominated occupations (i.e. belonging to the major groups of ‘craft and related trades workers’ as well as ‘plant and machine operators and assemblers’) differences in income are considerably higher

<sup>4</sup> In Austria research on this subject is limited and only few data are available. As one of the tasks of this paper is to outline the results of existing national studies, the structure of this section slightly digresses from the original “Outline for the national report” on the gender pay gap.

than in female-dominated areas. This is corroborated by the findings of Gregoritsch et al. (2000:15 and 30).

Andrea Leitner (2002:7) thus arrives at the following conclusion:

“Therefore, it is currently rather unlikely that women are drawn to male-oriented occupational fields for financial reasons. In spite of the fact that the earnings of people working in male-dominated professions are generally higher, women are hardly able to advance to higher-paid jobs in this domain. Typical female-oriented occupations don’t just seem to be better suited to combine work and family, but they also have financial advantages”.

Gregoritsch et al. (2000:17) investigated income differentials according to educational level. The authors show that while in 1997 female employees (discounting the marginally employed) on average earned 27.9% less than men, the pay gap was highest for women of primary education level (30.7%) and lowest for those who had attained secondary education level without “Matura” (A-levels) (20.9%). The Consumer Survey for 1999/2000, which bases its data on net full-time annual income, arrives at a much lower earnings differential for women of 18%, with particularly high, above-average pay inequality for women at the top and bottom education levels (tertiary education graduates/minimum mandatory education) (Statistik Austria 2002:204).

While, according to the tax and income statistics for 1999 (Statistik Austria 2002:60f), age has a positive impact on the incomes of all employees, the data also show a marked difference between men and women in income growth with age. Thus, between the age groups of 20-29 and 50-59, female median gross annual income rose by 25%, while in the same period male earnings went up by 53%. Seniority thus seems to be a particularly pronounced phenomenon with male employees: male incomes double in this period, while female earnings only rise by 34%. Blue-collar workers experience the smallest income growth rates according to age, with 4% for women and 19% for men.

## **2.2. *Determinants of the gender pay gap***

According to Andrea Leitner (2002:4f), “the following categories are likely to be the most important influencing factors: 1) Differences between women’s and men’s qualifications, workplaces, and working hours; 2) Different careers due to unemployment spells and individual prospects of promotion and 3) Discriminative behavior in companies in connection with hiring and career promotion”.

As far as the “determinants of the gender pay gap” are concerned, Andrea Leitner (2002:5ff) lists the following factors: wage formation, working time, extra pay and remuneration of overtime, education, qualifications and tasks, sectors and professions, working career, career breaks and discrimination. As her analysis of these determinants is largely based on the research by Gregoritsch et al. (2000:29ff) and Boenheim et al. (2002), both of which either has been or will be dealt with in more detail elsewhere in this paper, there is no need to present Andrea Leitner’s findings in detail here.

Franz Traxler (2001:3f) also refers to Gregoritsch et al. (2000) for his investigation of the gender pay gap, listing “working time, career breaks and employees’ first appointment after leaving the education system” as “possible determinants of gender-specific pay inequality”.

Gregoritsch et al. (2000:29ff) themselves determine the “causes of the gender pay gap” as status of first job (starting income), speed of promotion (rise in income during early career stages), working time and career breaks.

### 2.2.1. *Starting income*

Independent of the career they choose, women start off their working lives with a handicap, earning 18% less than men in their first jobs. Whereas the male starting income amounted to ATS 15,800 (€1,148.23) on average, women had to do with approx. ATS 12,900 (€937.48). Differences are highest for people without completed education (23.4%) and lowest for university or college graduates (6.4 or 8.4%) (Gregoritsch et al. 2000:29).

### 2.2.2. *Income growth during early career stages*

People experience the highest growth in income during the early years of their careers. During this period, women manage to somewhat reduce the gender pay gap. On average, women’s earnings rise by 39% within the first 5 years, compared with 37% for male pay. The pay gap thus declines from 18.3 to 17.3%. The most significant reductions in earnings differentials can be noticed in the area of “medium-to-high-level jobs in the service sector” (-2%). In other groups (e.g. unskilled workers) the gender pay gap actually widened further. Within 20% of employees receiving the lowest pay, incomes went down for women (-11%) as well as for men (-6%), thus reinforcing the gender pay gap (Gregoritsch et al. 2000:32f).

### 2.2.3. *Working time (Overtime and extra pay)*

Complementing the impact full-time and part-time work has on the gender pay gap, which has been dealt with in more detail above,<sup>5</sup> this section focuses on overtime and other supplementary payments. According to Gregoritsch et al. (2000:57), in the private sector overtime and supplementary amount to 3.9% of female and 10.8% of male median gross monthly earnings. Part of the gender pay gap (5.4%) thus can be explained by the fact that men work overtime (and receive overtime payments) more frequently and more often receive extra pay for the work they do. Nevertheless, the gender pay gap for basic wages without any extra payments still amounts to 24.2%.

### 2.2.4. *Career breaks*

According to Gregoritsch et al. (2000:64ff), career breaks due to childcare duties are definitely responsible for wage inequalities. While in 1997 women who had not interrupted

<sup>5</sup> For a more detailed analysis of these aspects, see above.

their careers earned 20% more than in 1993, the average income of women who had taken parental leave was 9% below its 1993 level. Women in higher-level positions (-17%), of secondary education level (-12.3%) and university and college graduates (-11.4% or -12.1%) were particularly penalised.

Career breaks due to unemployment on the other hand, do not seem to have much impact on income growth. On average, the increase in income falls by 3.9% (women: 2.5%; men: 4.3%) (Gregoritsch et al. 2000:66ff).

### 2.3. *Explained and unexplained gender pay gap*

The study by Boeheim et al. (2002), which has already been dealt with in some detail above, undertakes to identify those elements of the gender pay gap that cannot be traced back to so-called “productive features” (different levels of productivity) and can thus be explained as the effect of direct discrimination. For their investigation, Boeheim et al. (2002:51f.) compared female and male median incomes, using the “Blinder-Oaxaca decomposition” method to analyse the differential. Based on wage regression calculated separately for men and women, income inequality is explained in terms of qualification (“explained gender pay gap”) and differences in pay despite equal qualification (“unexplained gender pay gap”). Approximate calculations were carried out for 1983 and 1997, thus allowing for an analysis of the development of median gender pay gaps.

The researchers based their analysis on the earnings surveys of the microcensus of 1983 and 1997. According to Boeheim et al. (2002:52), these data can be used to take individual and job-specific characteristics into account while constituting representative samples of the Austrian labour force of those two years. In addition, they are adjusted to offset the impact of part-time work on the gender pay gap. As already mentioned above, the gender pay gap for 1997 – adjusted to a 40-hour working week – amounted to 23%.

The explaining factors comprise personal abilities (age, qualification, highest level of education, years of employment), characteristics of the workplace (sector, employment status) and of regional labour markets (size of the home town, province), as well as information on nationality, seasonal industry and marital status of the employees.

According to the study, 18% of the gender pay gap of 1997 can be explained in terms of the productive factors, whereas the unexplained gender pay gap, or discrimination, made up 82%. In 1983, 79% of the gender pay gap remained “unexplained”. According to Boeheim et al. (2002:53), the 3% difference is purely statistical and not significant; the authors thus do not spot an increase in discrimination between 1983 and 1997.

The analysis of pay differentials also shows that occupational segregation and career hindrances are two fundamental forms of discrimination against women. The higher the proportion of women in a given sector, the lower the average wage, with women suffering more extensive wage loss than men. In 1997 about 7% and about 6% of the discrimination in 1983 resulted from segregation. Another 10% in 1997 and 7% in 1983 of the discrimination can be put down to characteristics reflecting professional hierarchies. About 2 to 3% was thus

caused by the “glass ceiling”, i.e. forms of discrimination designed to block women from reaching top-level positions despite having the same qualifications as men (Boeheim 2002:53).

Overall, Boeheim et al. (2002:54) find that, depending on econometric specification, the unexplained part of wage differences, i.e. of discrimination, lies between 66% and 81%. The large proportion of discrimination corresponds to the results of earlier studies (e.g. Zweimüller/Winter-Ebner 1994).

The large “discrimination component” and historical constancy imply that traditional gender images continue to play a significant role in wage negotiations.<sup>6</sup> According to Boeheim et al. (2002:53f), one ought to be aware however that the used microcensus data reveal different levels in productivity only to a certain extent and thus may lead researchers to overestimate the discrimination factor. Thus for instance, the fact that women are not as flexible as far as working time is concerned and have less ambition to advance in their careers due to the double load of job and family life might turn out to account for quite a significant part of the unexplained gender pay gap.

## 2.4. Policy Recommendations

According to Boeheim et al. (2002:54), the commitment of both the state and employers and employers’ organisations are needed to successfully fight gender discrimination, which is prohibited Austrian law.

“It would however be just as important to identify and develop additional strategies to counter the informal mechanisms at work that contribute to wage discrimination. Amongst other things, such strategies should be aimed at aiding the better reconciliation of work and family life. The in-company measures already put into place in a number of enterprises could serve as a model here.” (Gregoritsch et al. 2002:55)

Gregoritsch et al. (2000:80ff) present a number of suggestions designed to reduce the gender pay gap by a fifth within 10 years. The authors identify three main types of measures: 1) the provision of equal career start opportunities for women and men, 2) increased flexibility within enterprises in the organisation of job description on company level, to help individuals to balance career performance and family carework) equal distribution of duties (work/family) among men and women (Gregoritsch et al. 2000:85).

The reduction of the gender pay gap thus hinges on two central framework conditions, which households and individuals are subject to in their attempts to shape their own professional careers and job. One of these conditions is the option to delegate carework (by means of creating sufficient childcare facilities, for instance). A second key requirement refers to the organisation of job description at company level.

“If work organisation in a company is flexible enough to allow individuals to reconcile job responsibilities and family carework, such people can evade suffering

<sup>6</sup> For more details, see below.

career disadvantages because of their carework duties.” (Gregoritsch et al. 2000:83)

Helga Hieden-Sommer (2001:32) notes in this context, however: “The huge economic differences between single person and family households cannot – and, it seems, are not supposed to – be reduced by means of equally distributing carework duties among men and women”.



### 3. NATIONAL INSTITUTIONAL FACTORS AND THE GENDER PAY GAP

#### 3.1. National wage-setting system

Austria's political system is often referred to as "democratic corporatism", as the social partners (the umbrella organisations of employers and trade unions) are not only in charge of collective bargaining for the vast majority of employees but traditionally play or have played a decisive part in shaping the country's economic and social policies. The Austrian government, on the other hand – while formally involved in the creation of income policies through the social partners network – does not exert any direct influence on the determination of wages and salaries. But despite the fact that pay is negotiated individually for each sector and without government intervention, macro-economic considerations play a considerable role in wage setting, so that, by international standards, Austria has a rather high rate of wage flexibility (Guger et al. 2001:180).

Since the early 1980s, the task of pay framework-setting has implicitly been left to the metalworking industry. This means that collective agreements in the metalworking industry set the scene for pay negotiation in all other sectors. According to Guger et al. (2001:183), collective agreements in the metalworking industry are not only known for their orientation towards general economic criteria but also for managing without policies for the establishment of equal pay structures. Wage determination in Austria thus combines two elements that are generally thought to be incompatible: "a high degree of coordination with general economic considerations and a high rate of pay differentials and wage flexibility".

In 1993, the parties involved in collective bargaining in the metalworking industry and other sectors agreed on a number of delegation clauses<sup>7</sup> to allow for more pay flexibility on company level (Guger 2001:164). At a gender pay gap conference in Vienna in April 2002, the women's representative of the Metalworking and Textile Union pointed out that – while the gender pay gap was reduced on collective agreement level – this led to a widening of pay differentials in real wages.

According to Franz Traxler (2001:4), two properties of the Austrian industrial relations system are likely to contribute to gender-related inequality: 1) "the fact that pay differentials are generally wide, not only according to gender but also in terms of sectors and employment status", and 2) "the irrelevance of solidaristic goals for wage setting", which has already been mentioned. "The unions have traditionally understood solidarity as a device for maintaining a maximum level of employment".

"Maintaining a maximum level of employment" first and foremost means maintaining a maximum level of male employment. Andrea Leitner (2002:5) notes in this context:

<sup>7</sup> Delegation clauses enable management and works councils to pass agreements in a company within a framework set by the collective agreement.

“This priority is based on the concept of the male breadwinner who is a full-time employee enjoying various benefits for his “dependents”. Women in this concept play only a minor role of an additional family-income-earner that is primarily in charge of the childcare and family work.”

For Franz Traxler (2001:4), a further factor to potentially contribute to gender pay inequality is “the lower unionisation rate of women, compared with men”. In 1999, the gross union density for women was 35%, compared to 57% for men. These differences between women and men are even larger in terms of representation on union bodies and works councils, although no figures are available on this topic (cf. Stueckler 2000). The under-representation of women on works councils is particularly relevant in the context of gender equality<sup>8</sup> as it occurs below the formal regulatory level of labour law and collective agreements, in the course of everyday practices in the company. The amendment of the Labour Constitution Act in 1999, which explicitly integrates works councils into positive action for women, thus certainly constitutes an important means of advancing gender equality in the future.

“Hence, the extent to which women will actually benefit from the amendment is contingent on whether in the future they engage and participate in works councils more than they have in the past.” (Traxler 2001:4)

The question remains whether, as a singular measure, higher female unionisation can ensure that “women’s interests” are better represented. Both Angelika Stueckler (2000:2) and Birgit Buchinger et al. (2000), for example, show that labour representation in Austria is predominately male-oriented and represents male interests, while “women’s interests are marginalised within separate women’s organisations”:

“Women’s union work is still delegated to a women’s department of the Austrian Trade Union Conference and is thus a peripheral concern within the overall organisation. The nearly perfect record of exclusion or marginalisation of women clearly attests to the ongoing existence of this male bastion.” (Buchinger et al. 2000:275)

In the 1990s, a step-by-step plan was worked out by the Austrian Trade Union Conference’s women’s department, and in 1995 the Austrian Trade Union Conference Congress decided that women should be represented on Conference bodies according to membership share. Since then, female participation in trade unions has gradually improved. The Union of Salaried Employees (GPA) has taken a further step by implementing a positive action plan, which has established a women’s representation quota on all GPA bodies (Stueckler 2000:2).

Irregardless of whether, taken on their own, higher female unionisation rates actually represent a step towards more pay equality, it should be noted that the women’s department of the Austrian Trade Union Conference is increasingly focussing on gender pay equality and in recent years has drawn up a number of proposals and demands for the reduction of wage differences, including, for instance, information campaigns on income trends, the establishment of a social partners advisory committee and an investigation into the causes and motives of pay differentials (Leitner 2002:13).

<sup>8</sup> For details on this aspect, also see below.

Despite all these efforts, Andrea Leitner (2002:13), arrives at the following conclusion:

“Although the elimination of wage differences has been widely discussed by the Trade Unions, it has not been very successful up to now.”

### 3.2. *Low pay regulation and minimum income*

Typical of countries with powerful trade unions, Austrian law does not provide for minimum wage regulations. Instead of a centrally set national minimum wage, in Austria minimum wage is determined by various collective agreements, which tend to diverge substantially (Guger et al. 2001:187). Thus in mid-1998, minimum wage in the catering industry – which, together with the textile and cleaning industry, makes up the lowest paying sector in Austria – stood at ATS 12,200 (€886.61) per month, while in late 1997 workers in the metalworking industry earned a minimum of ATS 14,300 (€1,039.22). In 2001, a gradual increase of the minimum wage to €1,000 until 2003 was agreed on for the hotel and catering industries; the collective agreement for temporary work, which came into force in March 2002, also provides for a minimum income of €1,000. The collective agreement of the metalworking industry of late 2001 provides for a minimum wage of €1,196.92.

As already mentioned, during the 1980s female incomes rose much faster than men’s earnings. For Michael Mesch, this development is partly due to trade union pay policies and their efforts to introduce a minimum wage for all collective agreements of ATS 10,000 (€726.73) (quoted in: Schlager 2001:357). In the Nineties, on the other hand, wages and salaries at the lower end of the pay distribution went up much more slowly than the average.<sup>9</sup>

The referendum on women’s issues in 1997 also called for a reduction of gender pay differentials, suggesting a number of specific measures aimed at decreasing the discrimination of women in employment and social security. One of these suggestions, the introduction of a minimum income of ATS 15,000 (€1,090.09), was aimed at improving pay differentials. While the Minister of Women’s Affairs (SPÖ) at the time declared her support for the demands of the referendum and promised the speedy implementation of all measures, no concrete steps were taken towards introducing a national minimum wage. This may at least partly be due to the aforementioned non-intervention policy of the Austrian government, in union and income policy matters. Thus the vice president of the Austrian Trade Union Conference, herself a committed supporter of women’s policy, maintained at the time that income policy and, as a consequence, national minimum wage was the responsibility of the unions. For the Austrian Trade Union Conference, it seems, a minimum wage of €1,090.09 was too high a demand: it is currently lobbying in favour of a €1,000-minimum wage; also, pay equality and gender solidarity have never been very high up on the agenda of Austrian trade unions and their policies.

<sup>9</sup> For more detailed information, see above.

As a consequence, in 1999 more than 50% of women still earned a gross monthly wage of below ATS 15,000 (€1,090.09) or ATS 210,000 (€15,261.30) a year<sup>10</sup> (cf. Table 4).

**Table 4: Gross annual earnings of persons in paid employment, in ATS**

	Year	25%	50%	75%
Women	1997	94,181	199,822	308,075
	1998	93,185	200,226	312,972
	1999	93,756	203,280	321,380
Men	1997	223,162	323,943	454,473
	1998	223,998	330,324	465,630
	1999	224,970	338,700	479,279

Source: Statistik Austria 2002: 196

Working time, and especially the increasing number of women working part time, are likely to have a marked influence on these findings. Unfortunately, no working-time adjusted data are available for gross annual earnings. Based on net full-time annual income, the data of the Consumer Survey for 1999/2000 nevertheless show that, at €14,640, the median net annual income of women working-full time was still below the level of the minimum wage demanded in the referendum (Statistik Austria 2002:203).

### ***3.3. Regulation of pay (and other benefits) for part-timers and recent changes in parental leave regulation***

Labour and social law treat part-time and full-time work as equal; marginal employment has been covered by labour law since 1993. Thus, part-timers are subject to mandatory insurance with regard to all employment-related aspects of the Austrian social insurance system (pension insurance, health insurance, accident insurance, unemployment insurance) and are entitled to all benefits in kind and to proportionally claim all social security transfers. For the marginally employed, on the other hand, only accident insurance is mandatory. Since 1998, they have been able to voluntarily “opt in” for health and pension insurance and thus acquire the right to claim benefits in their own right, but they are still not covered by unemployment insurance.

Parental leave benefit was replaced by a childcare benefit in 2002, separating transfers during parental leave from paid employment and social insurance payments. Childcare benefit can thus also be claimed by marginally employed women. The negative effects of childcare benefit – e.g. incentives for women to extend career breaks; negative incentives to share childcare work equally among partners; negative incentive to opt for part-time leave instead of a career break – have already been dealt with in more detail in Report 1 (Mairhuber 2002:11ff). What

<sup>10</sup> To arrive at the gross annual income, the gross monthly earnings is multiplied by 14, as in Austria employees are generally paid 14 monthly wage per year.

is more, with the introduction of the childcare benefit not only has the returners' assistance – an allowance paid to employers who take on returners to the labour market – been scrapped but also any commitment towards a further extension of childcare facilities has been abandoned. While the introduction of childcare benefit swallowed enormous sums of money, the lack of interest in improving childcare facilities in Austria has been obvious since NAP 2001.

In Austria, the different treatment (and thus pay inequality) of part-timers has been regarded as indirect discrimination since 1993.<sup>11</sup> Pay inequality also contravenes the Act on Equal Treatment for Men and Women as well as European legislation and jurisdiction. The Act on Equal Treatment for Men and Women covers the private sector, while persons employed in the public sector are covered by the Act on Equal Treatment for Women and Men in the Public Sector, plus a number of different Acts on Equal treatment on province level. The Act on Equal Treatment for Men and Women prohibits any direct or indirect discrimination against an individual on the grounds of sex as regards: the formation of an employment relationship; the determination of pay; the award of discretionary company benefits; training and further training schemes; promotion, all other employment conditions; and termination of the employment relationship. The Act on Equal Treatment for Women and Men in the Public Sector and province-level acts on equal treatment go even further, laying down a general requirement for positive action, which is translated into detailed provisions for the preferential hiring of women and preferential treatment concerning promotion, training and further training.

### **3.4. *Economic prospects for the major low paying sectors and public sector restructuring***

No studies subject are available on the question posed in the “Outline for the National Report” with regard to the “economic prospects for the major low paying sectors in terms of national trade and industrial policy, pay and employment conditions” nor are there any statements/papers on the subject on the part of the unions or the government.

Only the recent merger of the metalworking and textile unions gives reason to hope – at least in the long run – for improved working conditions and better pay for those employed in the textile industry. The Working Programme of Union Day 2000 of the Metalworking and Textile Union notes in this context:

“The merger of the trade unions of the metalworking and textile industries unites the representative bodies of two sectors that have widely different collective agreement cultures. It is thus a declared aim of the Metalworking and Textile Union to gradually implement more similar structures and subject matters. One must not forget however that the economic framework conditions in the metalworking and textile industries differ substantially. It would be unrealistic to believe that equal pay and equal framework regulations can be accomplished in the medium term.”  
(<http://domino.metaller.at/gmbe/gewtag.nsf/>)

<sup>11</sup> The concepts of “indirect discrimination” and “equal pay for equal work or work of equal value” were only incorporated into the Act on Equal Treatment for Men and Women in 1992.

With regard to female pay, the same Working Programme presents a separate chapter on “fair pay for women”, which only states:

“The collective bargaining policy of the Metalworking and Textile Union will try to find ways of initiating collective steps towards pay equality or of setting binding targets on company level with employers, in order to be able to provide an impulse towards equality in real terms of male and female wages.” (<http://domino.metaller.at/gmbe/gewtag.nsf/>)

Similarly, there is no research available on “public sector restructuring and its impact on the gender pay gap”. Austrian experts (e.g. Leitner 2002, Hieden-Sommer 2001, Rosenberger 2000) however believe that the attempt to cut the labour force in the public sector (due to the government savings plan) has led and/or will lead to a widening of the existing gender pay gap. Helga Hieden-Sommer (2001:32) feels sure that privatisation of the public sector, such as within the areas of health and education, including kindergartens, will have a negative impact on the income situation as well as the social security provisions of many women. Sieglinde Rosenberger (2000:420) takes a dim view of the performance of both the unions and other political actors:

“What is conspicuous is that while the planned cutbacks in public sector staffing are being criticised by the union, this critique does not extend to any aspects of female employment. An actual debate in Austria on the gender-specific components of the reduction of the public sector is missing.”

### 3.5. *“Non-discriminatory analytical work evaluation”*

Having worked on the subject of “equal pay for equal work” for many years, Edeltraud Ranftl (2002:11) concludes that while a number of causes contribute to gender pay inequality in Austria, it can be largely traced back to the unequal evaluation of “men’s work” and “women’s work”.

“The fact that women’s work is generally less valued and as such less well-paid is to be seen as the product of long-standing and unquestioned social practice. Gender pay discrimination exists primarily because in general women and men do different jobs (...) One of the reasons why female work is undervalued is the procedure of work evaluation.”

Work evaluation can either be summary – that means that the overall value of a type of an occupation is estimated, i.e. criteria such as knowledge and responsibility are determined “summarily” – or analytical. In Austria work evaluation is predominantly summary. Analytical work evaluation systematically and individually assesses all skills and abilities needed to do a job. Non-discriminatory analytical work evaluation can thus present an option to determine the value of “typically female occupations” more fairly by including and evaluating criteria (such as empathy and dexterity) that are typical of and required for female occupations but very often do not figure in evaluation systems (Ranftl 2002:11ff).

The women’s secretary of Austria’s Union of Salaried Employees (GPA) points out, however, that extreme caution is necessary for the implementation of new of work evaluation systems.

“Of central importance for non-discriminatory work evaluation is the weighting of the features. There is a danger of collective agreements being undermined, as the selection and weighting of criteria depends on the interests behind. Such pay policy decisions are often used to re-establish old hierarchies.” (Kromus 2002)

Thus, Edeltraud Ranftl (2002:17), in correspondence with the women’s secretary, states that in order to successfully implement non-discriminatory work evaluation,

it is essential that women are represented on all decision-making bodies, both on union and company level.

In 2000, the Austrian Federal Ministry of Economic Affairs and Labour commissioned a research project which is to examine the system of non-discriminatory work evaluation and work organisation tested in two institutions (an Austrian bank and Volkshilfe Oberösterreich, an Austrian charity). The findings of this projects have recently been published in a volume of conference proceedings (Meggeneder/Ranftl 2002, Gschwandtner/Buchinger 2002). Information is also available through a website on the subject: <http://www.dabo.at>.

Among the positive effects of the project, one might note that Volkshilfe Oberösterreich decided to fully implement non-discriminatory work evaluation after the project was completed (Meggeneder/Ranftl 2002:114).

In addition, Austrian trade unions are considering the introduction of additional criteria for the collective agreement for industrial wages, expected to lead to fairer evaluation and thus a reduction of the gender pay gap.

#### 4. *POLICY REVIEW AND THE GENDER PAY GAP*

As already described in more detail in the report on the “Assessment of the NAP 2002 from a Gender Perspective” (Mairhuber 2002a), NAP 2002 – in contrast to NAP 2001 (Mairhuber 2001:7) – presents a number of policies to fight the gender pay gap. Most of these measures however are not designed to reduce the gender pay gap and may even serve to widen the pay gap further in future (e.g. introduction of the childcare benefit). Among the key measures that could lead to a reduction in the gender pay gap are: the “women in technology programme”, the project already included in NAP 2001 on “Non-Discriminatory Work Evaluation and Work Organisation”; subsidies for policies within the ESF programmes and the EQUAL community initiatives aimed at reducing the gender pay gap; projects whose objective is to “foster novel, non-traditional careers for women” (e.g. FIT – Women in Technology, and MUT – Young Women and Technology) as well as a new research project commissioned by the Federal Ministry of Economic Affairs and Labour to identify the potential for skilled part-time jobs.

To a large extent, these policies are very selective measures which can be expected to bear results only in the long term and which will not directly or explicitly contribute to a reduction of the gender pay gap.

Andrea Leitner (2002:15) thus describes the government’s position:

“It seems rather as if the government rarely feels responsible for this matter. In its evaluation of the “Effects of the Implementation of the European Employment Strategy 1998 to 2002 in Austria”, for instance, the Federal Ministry of Economic Affairs and Labour comes to the conclusion that the extent and the development of wage discrimination against women and/or the preferential treatment of men is mainly due to internal, company-related reasons and thus passes on the responsibility to the companies.”

The measures of the Public Employment Service (AMS) and the policies within the ESF programmes and the EQUAL community initiatives mainly aim to reduce horizontal and vertical segregation by means of specific qualification measures or further training programmes. But although the reduction of horizontal and vertical segregation certainly does contribute to closing the gender pay gap, it is definitely not sufficient. As described above, the unexplained gender pay gap in Austria accounts for a substantial part of pay differentials; thus in order to really accomplish a reduction in pay inequality, the measures listed above would have to be incorporated into a far more comprehensive and in-depth policy strategy. Unfortunately, discrimination has so far not played much of a role in the debate on the gender pay gap in Austria; instead, pay differentials are, if at all, attributed to specific criteria, which sometimes might even lead one to hold certain “deficits” on the part of women responsible for unequal pay.

A key concept in this context is the ‘male breadwinner and female caretaker’ model, which is still deeply rooted in Austrian society and social policies. As this model regards women, if at all, as “additional family-income-earners” rather than “regular employees”, measures that help



to prolong or even promote the continued existence of this model subvert the efforts undertaken to reduce vertical and horizontal segregation as well as the implementation of non-discriminatory analytical work evaluation. The introduction of the childcare benefit, the lack of plans to extend childcare facilities in Austria and the cutbacks within the social security system of women's entitlement to claim benefits in their own right (Mairhuber 2002) are but a few examples of this strategy in Austria.

In conclusion, Andrea Leitner (2002:16) perfectly sums up both the situation in Austria and the problem of the gender pay gap:

“One could also say that Austria is still in the process of analysing wage differences and that the reduction of pay differentials through gender mainstreaming is a long-term process which will only show an effect after along period of time. This argumentation is justified, insofar as there has been a lack of knowledge and awareness of these differences in income. (...). Analysing the problem and its causes would thus certainly be an important step towards initiating a gender mainstreaming process, which could in turn be used as a basis for concrete targets and measures.”

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