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Evaluation of the gender pay gap in Lithuania

Note by Statistics Lithuania*

Abstract

The paper presents an overview of the gender pay gap (GPG) and its estimation methodology in Lithuania. It also contains information on the ongoing work and future priorities in the field of gender pay gap statistics and ongoing dissemination of statistical information and metadata of gender pay gap indicators. The complexity of the issue and a variety of solutions to be addressed stimulate Statistics Lithuania to proceed with the improvement actions related to gender pay gap statistics and their integration into gender and labour market statistics and to consider it as one of the priorities of Statistics Lithuania for the coming years.

I. Introduction

1. The principle of equal pay for equal work is applied in Lithuania according to requirements of the Convention No 100 of the International Labour Organisation, Directive 2006/54 EC and the National programme on equal opportunities for women and men (2015–2021). To assess the implementation of this principle, the difference between men’s and women’s wages in Lithuania and other countries is observed, and a number of measures to reduce it are provided. The gender pay gap is the key indicator on the list of structural indicators and one of the indicators used for the monitoring of the EU Lisbon Strategy, European Commission working document “Strategic engagement for gender equality 2016–2019”.

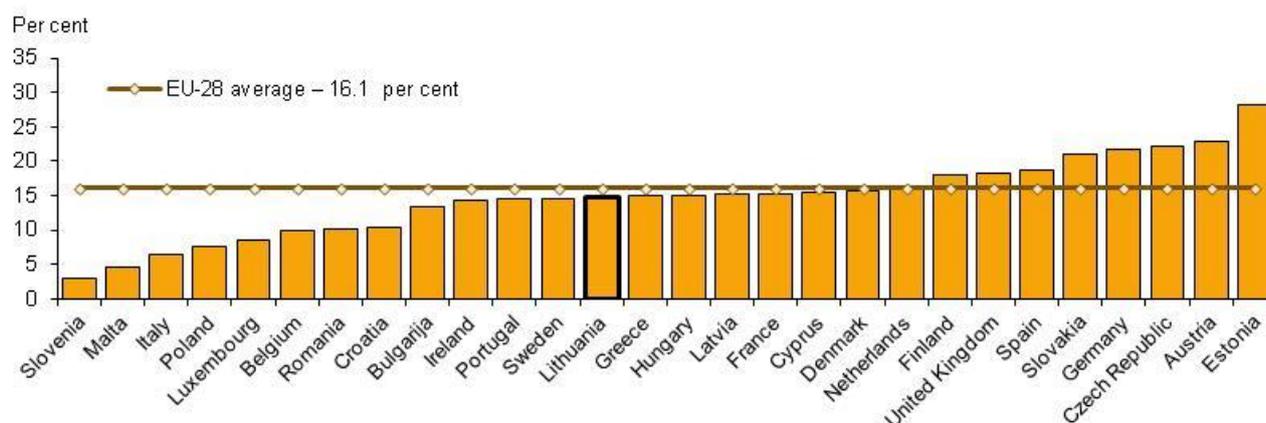
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2. The gender pay gap has been defined in unadjusted form because it should provide an overall picture of gender inequalities in terms of pay. This is a global indicator most often used to compare the pay of women and men and to calculate the pay gap between them.
3. One of the important tasks for Statistics Lithuania is to produce and provide to users high quality gender statistics, in particular – statistical information on the gender pay gap, required for a sound analysis of differences in the situation in the labour market of women and men. Statistics Lithuania calculates the gender pay gap on the basis of average gross hourly earnings of men and women working both full- and part-time. The indicator is calculated in the whole economy, by sector, economic activity, and age of employees and separately, for full- and part-time employees every year.
4. Statistics Lithuania produced and published gender pay gap indicators in news releases, a special regular annual publication Women and Men in Lithuania, in the Labour Market Yearbook, and in the Statistical Yearbook of Lithuania, and provided to Eurostat.

II. Gender pay gap indicators produced by statistics Lithuania

5. In Lithuania, the gender pay gap is smaller than the European Union average. In 2014, in the European Union (EU–28), women earned, on average, by 16.1 per cent less than men.

Figure 1: Gender pay gap¹ in the EU countries, 2014

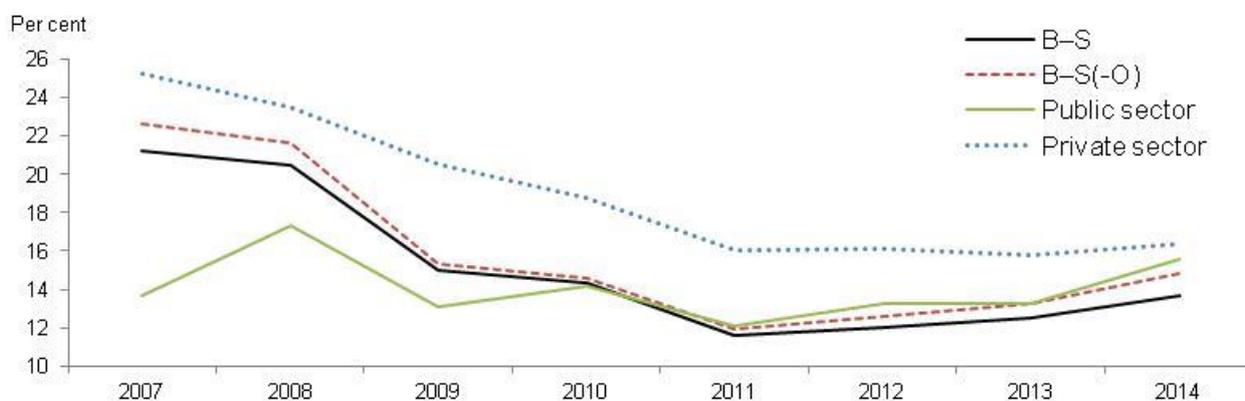


6. In Lithuania the gender pay gap is influenced by social and economic rather than by legal factors – the number of men and women in a certain economic activity, their occupation, education attainment, age, length of service, etc.
7. In 2014, the gender pay gap in Lithuania in the whole economy stood at 13.7 per cent. In 2014, the gender pay gap in the whole economy, except for public administration and defence, compulsory social security, stood at 14.8 per cent. In the private sector, the gender pay gap was

¹ Whole economy, except for public administration, defence, compulsory social security.
Source: Eurostat, SES (earn_gr_gpgr2).

by 0.8 percentage points bigger than in the public one and stood at 16.4 per cent; in the public sector, except for public administration and defence, compulsory social security, it stood at 15.6 per cent.

Figure 2: Trends in the gender pay gap in Lithuania by sector, 2007–2014



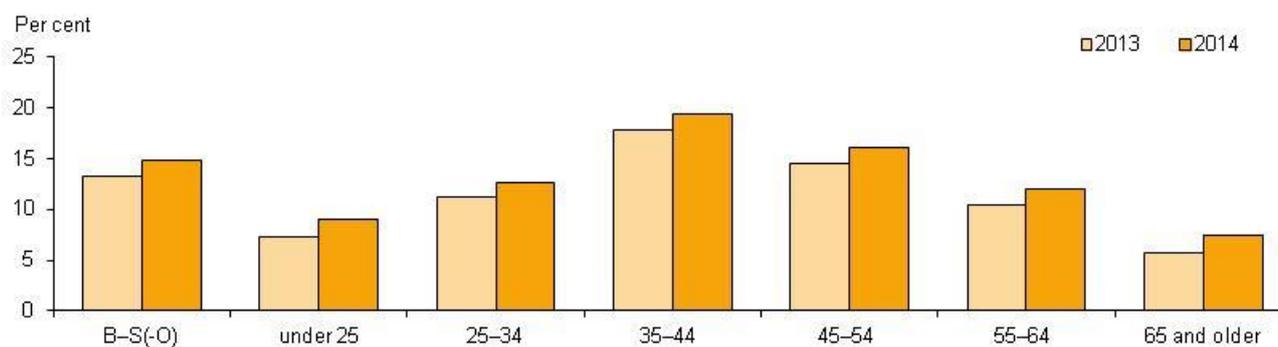
B-S – whole economy;

B-S(-O) – whole economy, except for public administration, defence, compulsory social security.

Source: Statistics Lithuania.

8. The gender pay gap is generally much lower for new labour market entrants and tends to widen with age. The gender pay gap by age group has been on the increase. In 2014, the biggest gender pay gap was recorded in the age group of 35–44 (19.4 per cent) and 45–54 (16.1 per cent), the smallest – in the age group of 65 and older (7.4 per cent) and under 25 (9 per cent).

Figure 3: Gender pay gap² in Lithuania by age of employees, 2013 and 2014



² B-S(-O) – whole economy, except for public administration, defence, compulsory social security.

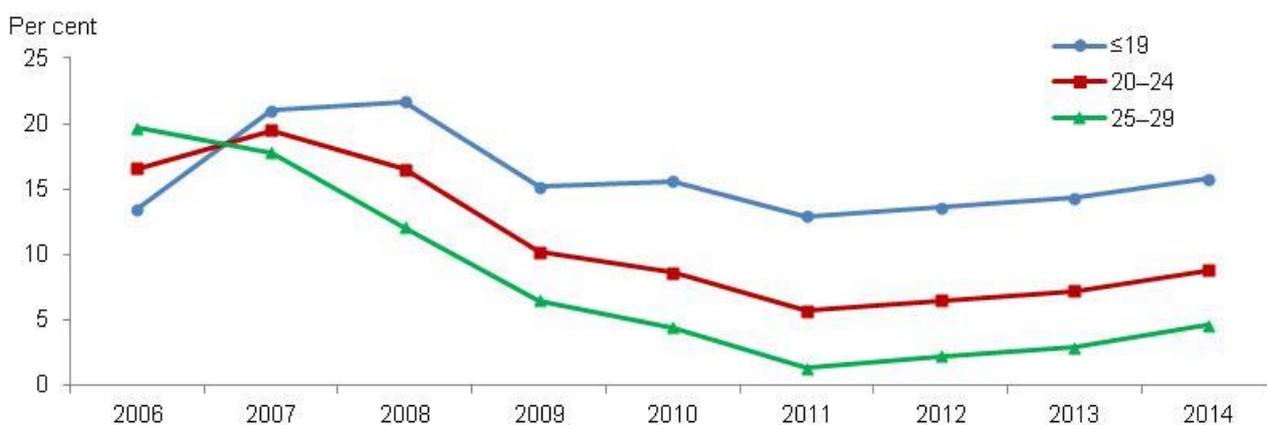
Source: Statistics Lithuania.

9. Since 2015, Statistics Lithuania has started compiling and producing more indicators of gender pay gap statistics. Basic statistical indicators to assess the youth situation in Lithuania were produced according to the request from the Department of Youth Affairs under the Ministry of Social Security and Labour and the Lithuanian Youth Council.

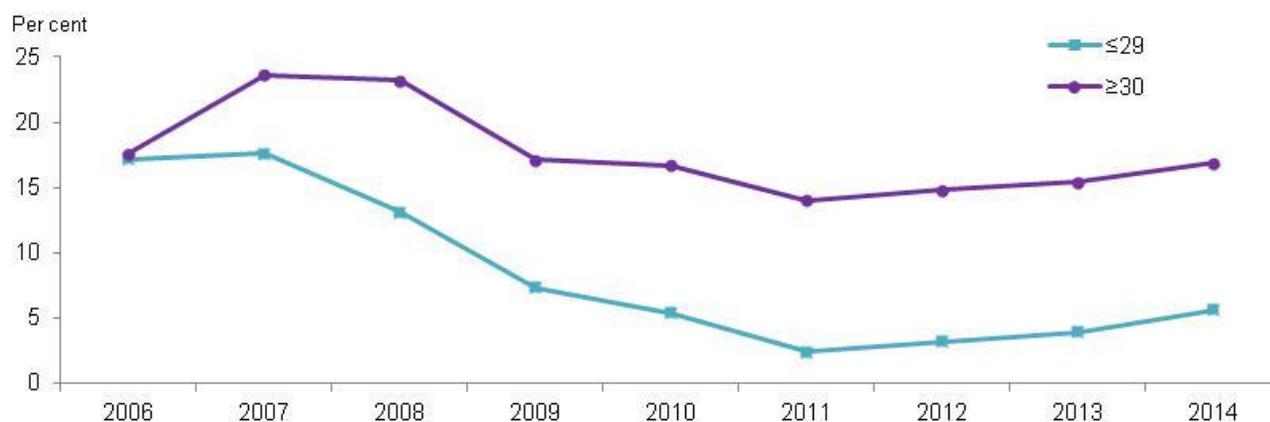
10. Over the past decade, the situation of young people in Lithuania has changed: their emigration increased, the unemployment of young people was quite high (in 2014, unemployment rate in the age group of 15–29 was 14.7 per cent) and their economic activity has changed. During the period of 2005–2014 about 438.5 thousand persons emigrated from Lithuania, of whom young people aged 14–29 made up 47.1 per cent. Thus, to evaluate the situation of and policy-making related to young people in Lithuania, the demand for statistical information about different young-age groups increased. To reach this aim, in 2015, the coverage of gender pay gap indicators was extended by more detailed young-age groups.

11. Data on earnings of women and men and gender pay gap indicators were released in a special publication, which reflect situation of young women and men in the Lithuania. In 2014, the smallest gender pay gap was observed in the young employees' age group of 25–29 (4.6 per cent), the biggest – in the age group under 19 (15.8 per cent). In 2014, the pay gap between women and men younger than 30 stood at 5.6 per cent and was by 11.3 percentage points smaller than between those older than 30 (16.9).

Figure 4: Trends in the gender pay gap³ in Lithuania by age of young employees, 2006–2014



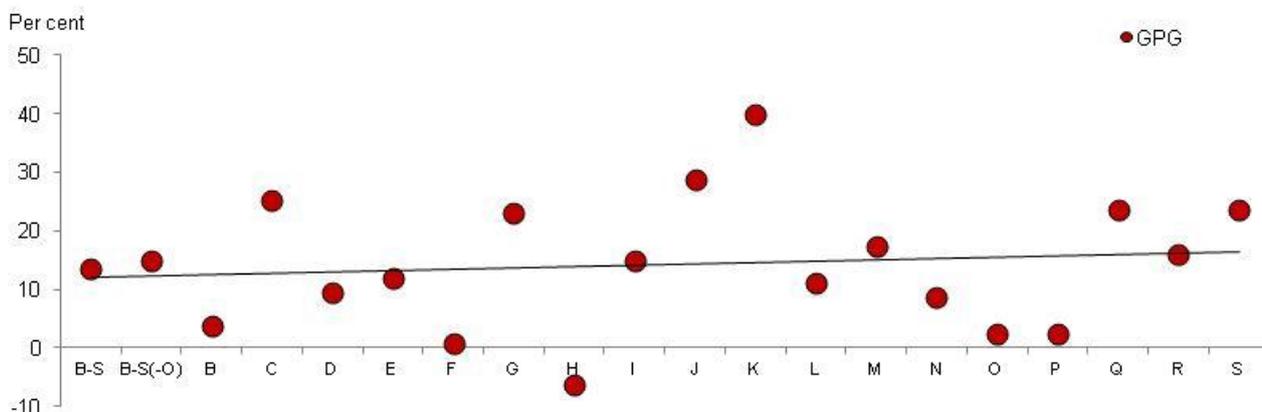
³Whole economy, except for public administration, defence, compulsory social security.
Source: Statistics Lithuania.

Figure 5: Trends in the gender pay gap⁴ in Lithuania by age of employees, 2006–2014

12. To monitor the existence of equal opportunities in the labour market for women and men, data on women's and men's economic activity are required to analyse. The gender pay gap by economic activity varies widely. In 2014, the largest gender pay gap was observed in enterprises engaged in financial and insurance (39.9 per cent), information and communication (28.8 per cent), manufacturing (25.2 per cent), other service (23.7 per cent), human health and social work (23.6 per cent), and wholesale and retail trade, repair of motor vehicles and motorcycles (23 per cent) activities. The smallest gender pay gap was observed in enterprises engaged in construction, education, and public administration and defence, compulsory social security activities. A negative gender pay gap (fig. 6) was observed in enterprises engaged in transportation and storage activities because most men working in the said activities are craft and related trades workers, and earnings in this occupational group are lower than in others.

⁴ Whole economy, except for public administration, defence, compulsory social security.
Source: Statistics Lithuania.

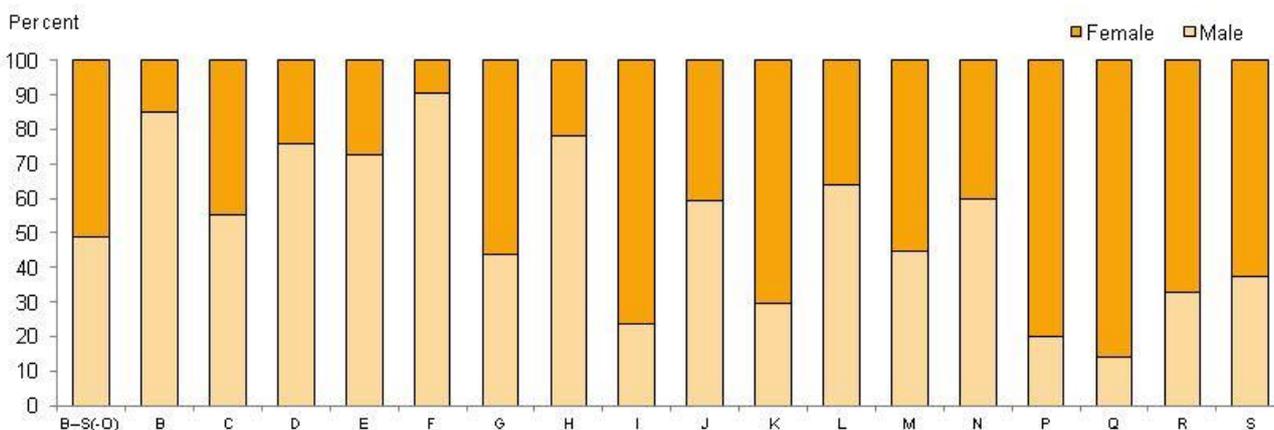
Figure 6: Gender pay gap⁵ in Lithuania by economic activity, 2014



13. The gender pay gap is influenced by the number of men and women in a certain economic activity and their occupation. In most cases, women work in so-called feminine occupations, and their wages are lower than in so-called male occupations.

14. In Lithuania women mainly work in human health and social work, education, arts and entertainment. Meanwhile, men usually work in economic activities with higher salaries – financial and insurance activities, construction, manufacturing. Therefore, while analysing the gender pay gap by economic activity, one cannot unequivocally state that the principle of equal pay for equal work is not adhered to. In this case, one could also assume that wages of employees are simply higher in those economic activities where men work.

Figure 7: Number of full-time employees⁶ in Lithuania by gender and economic activity, October 2014

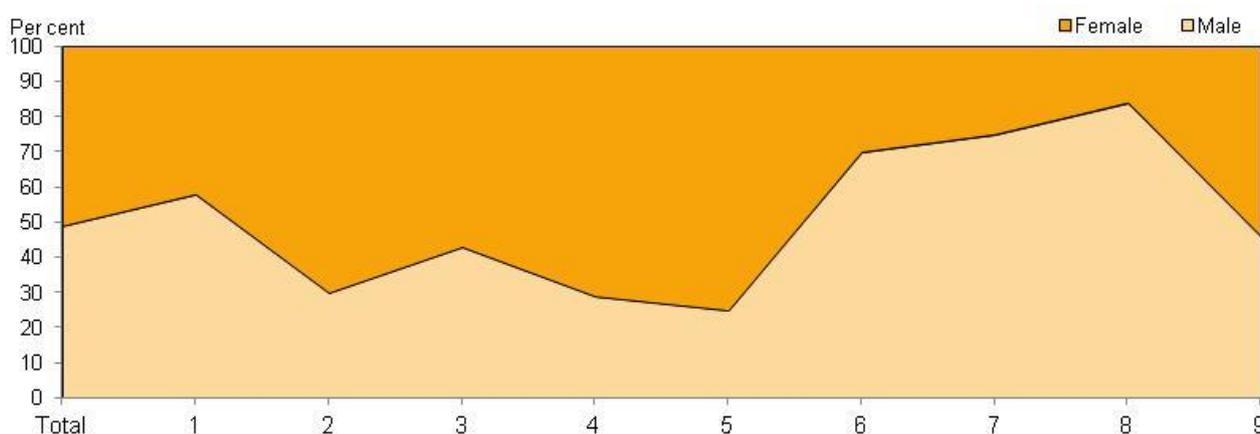


⁵ Whole economy, except for public administration, defence, compulsory social security.
Source: Statistics Lithuania.

⁶ Whole economy, except for public administration, defence, compulsory social security.
Source: Data have been calculated by Statistics Lithuania using administrative data of the State social security.

15. One of the reasons for unequal pay between men and women is labour market segregation by gender and occupation. The distribution of women and men by occupational group is uneven. The higher the position, the lower the number of women, compared to that of men. Company heads, for example, directors, presidents and other leaders, are mostly men, and the level of executive's pay is higher than for other occupational groups.

Figure 8: Number of full-time employees⁷ in Lithuania by gender and occupational group, October 2014



16. Statistics Lithuania analyses the possibility to estimate the gender pay gap by occupation every year. It is not possible to calculate the gender pay gap by occupation on the basis of gross hourly earnings data. Therefore, Statistics Lithuania analyses the possibility to assess the gender pay gap by occupation using the Structure of earnings survey methodology and administrative (the State social security) sources at an individual level. Under the Resolution No 1232 of the Government of the Republic of Lithuania, 10 October 2012, all companies were for the first time required to provide information about occupations of employees in Lithuania at the 4-digit level of the Lithuanian Classification of Occupations, prepared on the basis of International Standard Classification of Occupations (ISCO-08). Statistics Lithuania uses administrative the State social security data for the preparation of official labour and other social and business statistics.

17. The unadjusted gender pay gap is influenced by the different number of hours worked by women and men and part-time employment of women; therefore, it makes sense to analyse the gender pay gap only for full-time employees separately. In 2014, the gender pay gap of full-time employees in Lithuania stood at 15.2 per cent, of part-time employees – 4.5 per cent.

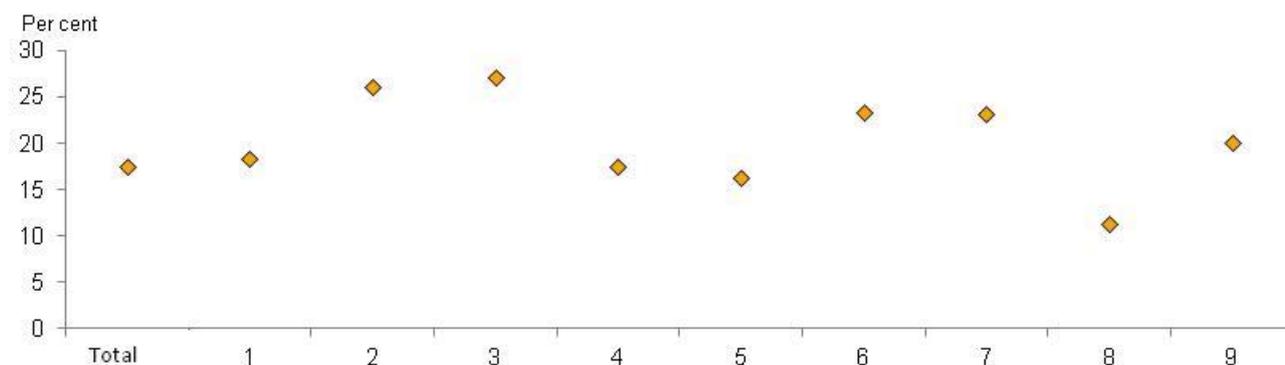
18. To prepare a methodology for the calculation the gender pay gap by occupation, data as of October 2014 were analysed. The gender pay gap by occupation was analysed using data on full-time employees' earnings by economic activity and occupational group as of October 2014.

⁷ Whole economy, except for public administration, defence, compulsory social security.

Source: Data have been calculated by Statistics Lithuania using administrative data of the State social security.

19. Statistics show that the biggest gender pay gap (based on average monthly gross earnings) was in the following occupational groups: technicians and associate professionals – 27.1 per cent, and professionals – 26.1 per cent; meanwhile, the smallest gender pay gap was recorded in the occupational group of plant and machine operators and assemblers – 11.4 per cent.

Figure 9: Gender pay gap⁸ based on average monthly earnings of full-time employees in Lithuania by occupational group, October 2014

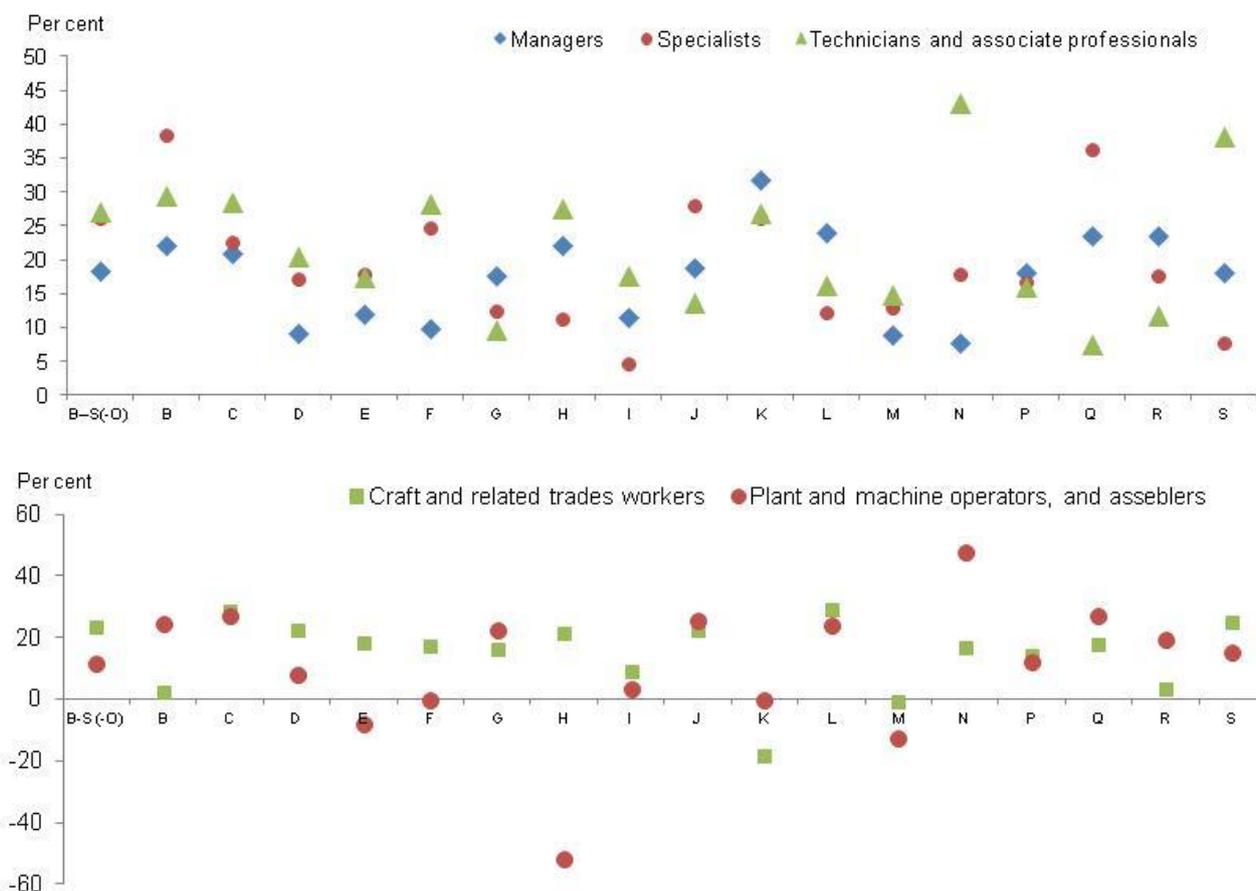


20. The gender pay gap by occupational group is influenced by the uneven distribution of women and men across economic activities because earnings of the same occupation in different economic activities differ. To analyse these data, gender pay gaps by economic activity and occupational group as of October 2014 were considered. As a result, the largest gender pay gaps for managers were observed in financial and insurance (31.7 per cent), real estate activities (24.0 per cent), human health and social work (23.5 per cent), and arts, entertainment and recreation (23.4 per cent) activities. The largest gender pay gaps for specialists were observed in mining and quarrying (38.5 per cent) and human health and social work (36.4 per cent) activities. In the group of craft and related trades workers, the largest gender pay gap was observed in real estate activities (28.9 per cent) and manufacturing (28.4 per cent).

⁸ Whole economy, except for public administration, defence, compulsory social security.

Source: Data have been calculated by Statistics Lithuania using administrative data of the State social security.

Figure 10: Gender pay gap⁹ based on average monthly earnings of full-time employees in Lithuania by occupational group and economic activity, October 2014



III. Conclusions

21. The gender pay gap is influenced by socio-economic rather than by legal factors – the number to of men and women in a certain economic activity, their occupation, education, age, length of service, etc. To ensure equal opportunities for women and men in earnings, gender pay gap indicators are required to analyse. The integration of the gender perspective at the policy level required data and analytical background to evaluate and monitor changes on the labour market by gender. The gender perspective is incorporated in statistics reflecting the situation on the labour market.

22. Estimation of the gender pay gap differs widely depending on the data source, the calculation method (use of the mean or median to calculate average wages), and the type of wages (hourly or monthly wages). The gender pay gap based on hourly wages is generally much

⁹ Whole economy, except for public administration, defence, compulsory social security.

Source: Data have been calculated by Statistics Lithuania using administrative data of the State social security.

lower than the one based on monthly wages. If the focus is on differences in pay for work of equal value, the indicator should be calculated separately for different occupations.

IV. Future plans for Statistics Lithuania

23. According to the Strategy of Statistics Lithuania, covering the period of 2013–2017, social statistics should be analysed in respect to gender equality issues. The gender pay gap is an important indicator, used to monitor the inequality in pay between men and women. Statistics Lithuania will pay further attention to gender pay gap statistics, timely producing gender pay gap indicators.

24. Gender pay gap statistics are produced to respond to the needs of policy-makers and other users. Statistics Lithuania devotes significant attention to the improvement and dissemination of gender pay gap statistics.

25. The plans of Statistics Lithuania for the nearest future are as follows:

- (a) To continue the estimation and development of gender pay gap indicators by more age groups;
- (b) To continue the analysis of data used for the estimation of the gender pay gap by occupation;
- (c) To analyse of possible methods for the estimation of the gender pay gap using administrative data of the State social security sources and statistical surveys data;
- (d) To continue the estimation and development of gender pay gap indicators by occupational group;
- (e) To produce and disseminate high quality gender pay gap statistics.

V. Definitions and Methodology

26. Gender pay gap is the difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings.

27. The gender pay gap has been defined in unadjusted form (e.g. not adjusted according to individual characteristics that may explain part of the earnings difference) because it should provide an overall picture of gender inequalities in terms of pay. This indicator is calculated for all full- and part-time paid employees for all sectors. Average hourly gross earnings are used for the calculation of the gender pay gap by the methodology of the Structure of Earnings Survey (SES), using data from national sources.

28. It covers enterprises with 10 or more employees in the industrial, construction and service sectors (except for public administration, defence, and compulsory social security) according to NACE Rev. 2 (aggregated sections B to S).

29. The SES data cover all EU Member States, with the most recent data available for 2006 and 2010. Data of SES for 2014 will be available in July 2016. This survey is organised every four years according to an EU-wide harmonised methodology. Statistics Lithuania estimates figures based on the SES and makes national estimates based on the national and administrative data of the State social security.

30. The main indicators of earnings of women and men by economic activity and sector were obtained from a sample quarterly earnings survey, excluding individual enterprises. Quarterly earnings surveys provide basic statistics on earnings and hours of work.

31. A ratio estimator is used for the calculation of annual indicators of earnings and hours of work of women and men, using sample quarterly earnings survey data and administrative data of the State social security. Data on individual enterprises are estimated based on administrative social security sources and statistical survey data.

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