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# THE GENDER PAY GAP IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Milka Kazandziska, Marija Risteska, Verena Schmidt



**The Gender Pay Gap**  
**in**  
**the former Yugoslav Republic of Macedonia**

**Milka Kazandziska, Marija Risteska, Verena Schmidt**

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## Preface

The Convention on Equal Remuneration (No. 100) adopted in 1951 has been ratified by 169 countries. The near universal ratification of this Convention clearly signals the importance countries in various stages of development place on achieving this goal. Nevertheless, gender pay inequality is one of the most resilient forms of discrimination in all countries of the world, and this phenomenon continues despite significant progress made in women's educational attainment and work experience in the labour market. Gender inequality in earnings and pay arise when women receive less pay than men for doing the same or similar work in same or similar conditions, or for doing work that is different but nevertheless of equal value in relation to skills, responsibility, effort required and working conditions. A job's value is still very much influenced by the gender composition of the workforce and traditional job evaluation criteria which demonstrate a tendency to reward skills associated with male work over those of female work.

The paper provides an important overview of women's employment in the former Yugoslav Republic of Macedonia in the last 15 years, and presents a picture of gender equality in today's labour market through data and the review of literature. The paper highlights how the majority of women occupy jobs in lower wage brackets compared to men. It also sheds light on how gender pay inequality is particularly stark for female workers with lower levels of educational attainment. Furthermore, it describes the various national mechanisms that have been set up to address gender based discrimination in the labour market and points to a curious, yet quite common, phenomenon- despite the laws and the institutions established to uphold gender equality (and despite the presence of a gender pay gap), the number of cases brought before these institutions is insignificant. This points to the importance of initiatives such as awareness creation on equality principles, laws and code of conduct to ensure equal opportunity laws and principles are applied fully and become the norm by which the labour market behaviours of women and men, workers and employers are shaped.

Finally, this study is timely, coming just as the country witnessed the passing of a law on minimum wage. Since women are among the low wage earners, implementation of an effective minimum wage should serve to increase female wages and narrow the gender pay gap. We hope that this study will stimulate discussion and the identification of appropriate policy instruments to move closer to the goal of equal pay for work of equal value.

We would like to express our gratitude to the authors for this timely study. We would also like to thank Emil Krstanovski, ILO National Coordinator in the former Yugoslav Republic of Macedonia and his assistant Marija Gjorgievska, and Ildiko Rigo, Programme Assistant at ILO-DWT/CO Budapest for their support. We are also very grateful to the many ILO officials who provided constructive comments and inputs which were essential in enabling this study to be published.

Mark Levin,  
Director,  
ILO Decent Work Technical Support Team and  
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## 1. Introduction

Significant gender differences with regard to wages and remuneration are prevalent in labour markets in every country of the world. In the former Yugoslav Republic of Macedonia, however, they seem particularly high. According to one study, women's average net wage in 2006 was 27.4 per cent lower than that of men (Mojsoska-Blazevski/Najdova/Stojkov/Asenov2009:74). The gender pay gap continues, despite considerable advances in women's education and skills.<sup>1</sup> By way of illustration, in 2008 women's average wages compared to those of men were 95 per cent in Italy, around 92 per cent in Slovenia and Romania and 83 per cent in the Euro area.<sup>2</sup> In Europe, Slovakia, Czech Republic, Austria and Estonia have lower female/male average wage ratios than the former Yugoslav Republic of Macedonia.

The causes of the gender pay gap are numerous. Two particularly important aspects are gender discrimination with regard to access to employment and remuneration. The Equal Remuneration Convention, 1951 (No. 100) – ratified by the former Yugoslav Republic of Macedonia in 1991 – is one of the eight fundamental labour standards. It addresses discrimination with regard to remuneration by ensuring that women and men receive equal remuneration not just for the same or similar work, but also for work of equal value. The concept of equal pay for work of equal value implies a comparison between jobs based on entirely objective criteria, free from gender bias. This principle is key to effectively implementing gender equality, as due to occupational segregation, men and women are concentrated in different sectors and occupations in the labour market.

The gender pay gap can further be explained by the traditional role of women in society and in the family whereby women take on most of the tasks related to the care of children, the elderly in the family and the household. Taking into consideration the limited possibilities for child and elderly care in public facilities, the traditional role of women is still very much present today.

The traditional role of women also explains occupational segregation whereby women dominate in the health care, social work and the education sector and men are mostly employed in construction, mining, transport, as well as in the energy and water supply sectors in the case of the former Yugoslav Republic of Macedonia. Occupational segregation leads to undervaluing of work typically done by women. In addition skills considered as “female” such as manual dexterity and caring often required in the health sector are undervalued or even overlooked compared with traditionally “male” skills such as heavy lifting. From the point of view of vertical segregation within sectors, managerial and senior positions in work places are in most cases occupied by men, while women are asked to perform lower-paid jobs.

This paper first analyses the general economic conditions and economic development in the former Yugoslav Republic of Macedonia between the years of transition in the early 1990s and today. It then analyses the labour market situation and wage development, looking more closely at the gender pay gap and its specific development in the former country. Last but not least, policy recommendations are provided on how the gender pay gap can be reduced.

A comprehensive analysis of the gender pay gap in the former Yugoslav Republic of Macedonia is still lacking. The purpose of this study is to change that. However, due to limited data on the pay gap in the

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<sup>1</sup> Female educational advancement can be illustrated by the following facts. The number of female graduates increased from 3,216 in 2004 to 6,397 in 2008 (compared to 1,782 and 4,254, respectively, for men). Masters' degrees were awarded to 233 female students and 179 males in 2009 and doctorates were obtained by 63 female students in 2009/2010 (compared to 28 in 2002/2003), but only 51 male students (23 in 2002/2003).

<sup>2</sup> For more information on the gender wage gap in EU member states see: European Foundation for the Improvement of Living and Working Conditions: <http://www.eurofound.europa.eu/eiro/studies/tn1004029s/tn1004029s.htm#hd4>

former Yugoslav Republic of Macedonia, we were unable to perform long-term time series data analysis.<sup>3</sup> Hence, the methodology used includes a review of the literature and the statutory framework, interviews with constituents and statistical data analysis.

This paper provides a thorough analysis of the gender gap in terms of employment and wages in the former Yugoslav Republic of Macedonia. It is also aimed at raising awareness of wage inequality between men and women, explaining the depth of the problem and engaging all the parties involved inactively putting the gender equality issue on the negotiating table. The paper focuses particularly on the principle of equal remuneration for work of equal value and the ways this principle is enshrined in national legislation and implemented. Based on an analysis of the gender pay gap, this study also offers suggestions on how to use the existing policy and institutional mechanisms to apply the principle of equal remuneration for work of equal value and what additional efforts are needed to achieve equal remuneration for work of equal value in the former Yugoslav Republic of Macedonia.

## 1.1. Research methodologies and research limitations

The information base for this report was produced using a number of methodological tools. The expert team first of all carried out a desk review of the existing literature on gender wage inequality in the former Yugoslav Republic of Macedonia. Statistical data was collected and analyzed thoroughly and interpreted. The review of the existing policy frameworks helped us to understand the mechanisms of enforcement, monitoring and implementation of the laws and legal provisions related to the labour market and gender equality. Several datasets were developed during the assessment mission, within the framework of which interviews were conducted with all relevant stakeholders (state and non-state) in the period February–March 2011.

Research of this kind inevitably faces a number of limitations that need to be taken into consideration when drawing conclusions and drafting recommendations. Sex disaggregated data have been published by the State Statistical Office since 2002, but the consistency of presentation of the various statistical categories varies. We came across discontinuous data reporting on wages disaggregated by gender.

The first limitation was that data on male and female remuneration (average wages) were available only for a few years,<sup>4</sup> which does not allow for thorough observation. Second, different correlations are examined in different reports, which means that data are not comparable over different years. For instance, in the reports of 2003 and 2006 sectoral employment structure by sex is provided, which is lacking in the other reports. Gross remuneration by sex is missing from all reports. These are only some of the obstacles we encountered when collecting the data we needed. Therefore, we would like to use this opportunity to emphasize the need for more comprehensive and continuous collection of data disaggregated by sex. This would certainly help to make the problem of gender wage inequality more visible for further analysis.

However, despite the lack of long-term time series data, the analysis undoubtedly shows that there is a gender pay gap in the former Yugoslav Republic of Macedonia.

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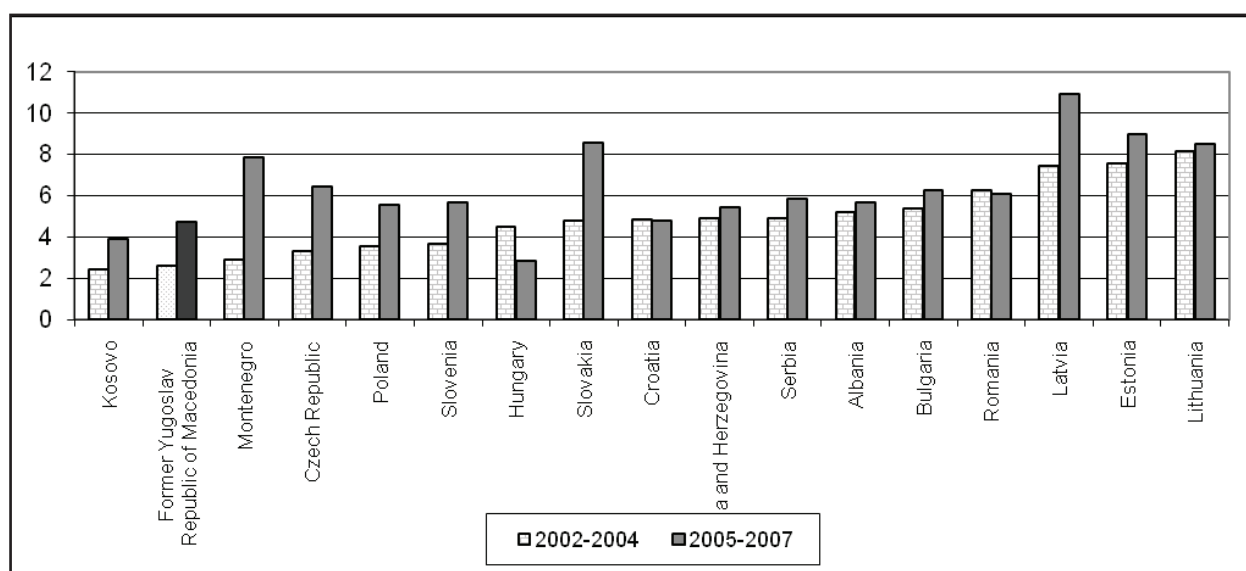
<sup>3</sup> The lack of data on the current earnings of men and women in government reporting was also pointed out by the ILO supervisory system (Committee for the Application of Conventions and Recommendations, 2011).

<sup>4</sup> Data are available only for 2000, 2001, 2002 and 2006.

## 2. Economic development of the former Yugoslav Republic of Macedonia

To understand wage inequality between men and women in the former Yugoslav Republic of Macedonia, it is important to know the background, in particular the macroeconomic conditions, from the break-up of Yugoslavia in 1991 until today. The transition from a centrally-planned to a market economy proved to be fairly severe for the country which predominantly based its growth and exports on the primary sector. Huge job losses and massive closure of companies, coupled with an enormous annual inflation rate of 230 per cent in 1993 and so-called internal privatization<sup>5</sup> were all characteristic of the country's transformation in the early 1990s. During the period of transition, the country underwent fluctuations in the level of economic growth, as well as high inflation, especially at the beginning of the 1990s. Similar developments took place in the other countries of Central and Eastern Europe, particularly in the Balkans. However, the former Yugoslav Republic of Macedonia could not achieve the growth levels and living standards of the other Central and Eastern European Countries (Figure 1). As the figure shows, after Kosovo<sup>6</sup>, the former Yugoslav Republic of Macedonia had the lowest growth rate in the region in the periods 2002–2004 and 2005–2007. In 2008 and prior years, the former Yugoslav Republic of Macedonia had the lowest living standards<sup>7</sup> in Central and Eastern Europe (together with Bosnia and Herzegovina and Albania) (IMF 2010).

Figure 1: GDP growth rates in Central and Eastern Europe



Source: International Monetary Fund (IMF2010).

<sup>5</sup> Internal privatization means that shares in public-owned enterprises were issued to its employees and managers.

<sup>6</sup> Within the meaning of UN Security Council Resolution 1244.

<sup>7</sup> Measured as GDP per capita in USD.

Table 1: Macroeconomic indicators, former Yugoslav Republic of Macedonia

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Real GDP growth rate (%)	-7.5	-1.8	-1.1	1.2	1.4	3.4	4.3	4.5	-4.5	0.9	2.8	4.6	4.4	5.0	6.1	5.0	-0.9
GDP per capita (growth rate in %)	401.7	154.1	14.6	3.2	4.7	4.2	6.7	12.6	-1.5	5.1	2.7	5.2	7.8	11.5	13.8	12.6	-0.8
Unemployment rate (%)	27.7	30.0	35.6	31.9	36.0	34.5	32.4	32.2	30.5	31.9	36.7	37.2	37.3	36.0	34.9	33.8	32.2
Inflation rate (%)	229.6	55.4	9.2	0.2	4.5	-1.0	2.3	6.1	3.7	1.1	2.6	-1.9	1.2	2.9	6.1	4.1	-1.6
Budget balance (% of GDP)	-13.4	-2.9	-1.2	-0.5	-0.4	-1.7	0.0	1.8	-7.2	-5.7	-1.1	0.0	0.2	-0.5	0.6	-0.9	-2.7
Public debt (% of GDP)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.1	55.5	48.6	44.9	42.6	46.9	39.9	33.3	28.2	n.a.
Current account balance (% of GDP)	-3.3	-7.8	-6.7	-7.7	-7.7	-7.8	-1.8	-2.9	-6.8	-10.1	-4.0	-8.4	-2.7	-0.4	-7.4	-12.6	-6.5

Source: National Bank of the Republic of Macedonia (2011), Ministry of Finance (2009).

The break-up of Yugoslavia and the transition to a market economy was the first shock that the country experienced after 1991. A year later, the United Nations imposed sanctions on Serbia and Montenegro, which seriously affected the country's trade, causing it to experience a loss of approximately 60 per cent in exports, as this region was the most important import partner for the former Yugoslav Republic of Macedonia. As a result, the country lost a major market for its exports and the current account started to deteriorate (Table 1). The earliest data available show that between 1993 and 1995 the country experienced negative GDP growth (in 1993 the real GDP growth rate was -7.5 per cent, the sharpest decline during the period of observation).<sup>8</sup> As for inflationary developments, the first years of the transition were marked by high inflation rates (229.6 per cent in 1993 and 55.4 per cent in 1994), but the government managed to get inflation under control, reducing it to 9.2 per cent by 1995 (National Bank of the Republic of Macedonia 2011). The rather restrictive fiscal policy based on cutting expenditure led to a significant fall in the budget deficit, which (except for 2001) was kept under control throughout the period.

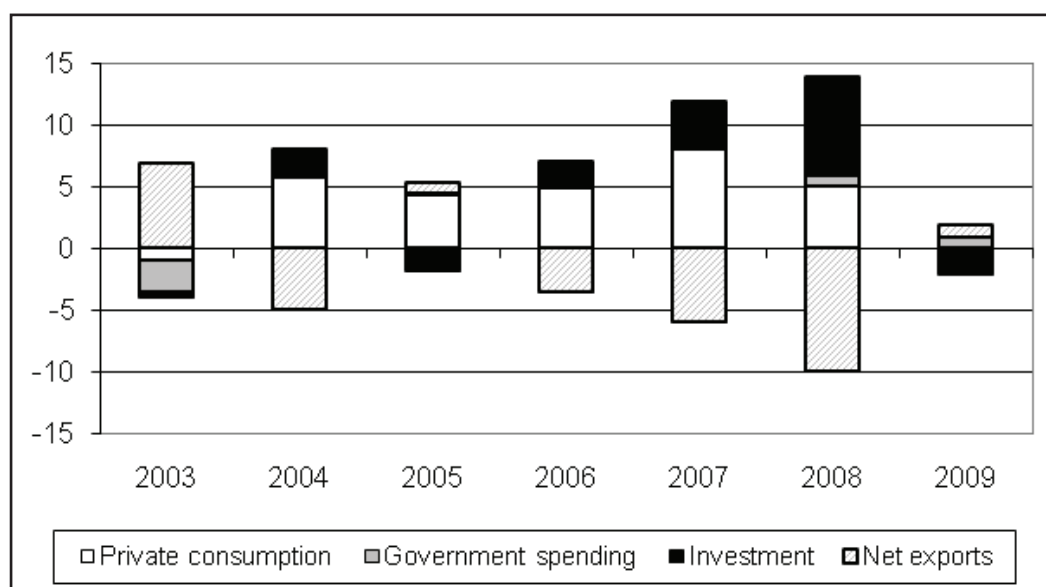
The privatization model which was applied favoured company insiders, with the majority of shares being sold to managers/employees, which also prevented the entry of foreign capital and hindered job creation. However, significant sectoral shifts did not happen until 2002. The fact that there was only a 1 per cent decline in employment in the manufacturing sector in 2002 compared to 1996 proves the point (Mojsoska-Blazevski/Najdova/Stojkov/Asenov 2009:45). The lethargic growth and the corrupt privatization process pushed people into poverty and attempting to find a way out via informal employment, accepting low paid or even unpaid jobs. Additional labour market adjustment took place through emigration, first of low-skilled young people, but in the later years of transition and due to the poor employment opportunities, also of people with better qualifications.

<sup>8</sup> The period of observation is 1993–2010 due to a lack of data for the preceding years.

The second shock came in 1994 when, as a result of the dispute with Greece over the name “Macedonia” and national symbols, Greece imposed a trade embargo on the country which lasted until 1995. The former Yugoslav Republic of Macedonia was severely affected by this. Thus, economic recovery did not come about until the mid-1990s and the institutional changes intended to support the opening up of markets and ensure fair competition did not correspond to the economic processes that were taking place (Commission of the European Communities 2002).

As a result of the embargo, the inflation rate in 1996 was 0.2 per cent, supporting the negative growth rates in GDP over this period. In 1996, the economy achieved a positive growth rate of 1.2 per cent, after which years of positive growth followed until 2000. In 2001, the economy slid into negative growth of -4.5 per cent due to the political and social instability initially caused by the Kosovo war and the NATO intervention in Serbia in 1999. The civic tensions and inter-ethnic conflict undermined the capacity of the government to implement the reforms needed to build democratic institutions and secure the rule of law and halted the privatization process, although in a rather unmonitored and unplanned way (Commission of the European Communities 2002:4). From 2003 until 2008 the economy grew relatively continuously, but in 2009 the first signs of the global financial crisis were also felt in, where GDP growth dropped to -0.9 per cent and the country experienced deflation of 1.6 per cent compared to the previous year.

Figure 2: GDP and its components (contribution to GDP growth in %)



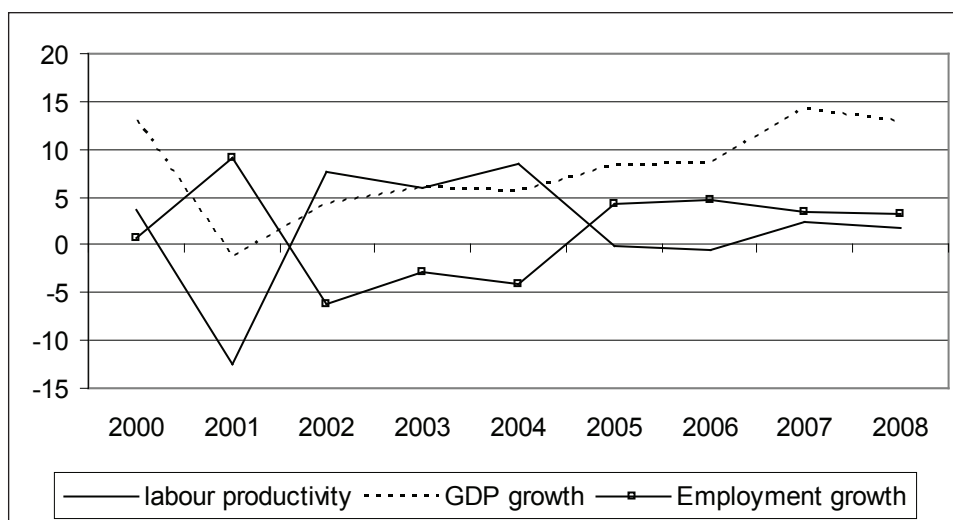
Source: Authors' calculations based on the State Statistical Office database, Ministry of Finance.<sup>9</sup>

On the demand side, the contribution of domestic demand – more specifically, private consumption – played the biggest role in GDP growth (Figure 2). Investment experienced a significant upswing between 2006 and 2008, but fell in 2009 due to the impact of the financial crisis. Net exports generally had a negative effect on GDP growth because of the continuous increase in imports over exports driven by high consumption demand. Only in 2005, because of the higher export rise did net exports show a positive development. In 2009, on the other hand, as a consequence of the financial crisis, import demand fell significantly, which was also manifested as an improvement in net exports.

<sup>9</sup> Available online at: <http://www.stat.gov.mk/pxweb2007bazi/dialog/statfile18.asp>.

Particularly alarming is the jobless growth the country has been experiencing for a long time. Economic growth has not corresponded to employment growth, which can also be seen in the development of productivity (for instance, between 2001 and 2004, the statistics show a very prominent productivity increase which in fact is merely due to the fall in employment) (see Figure 3).

Figure 3: GDP growth, productivity and employment (2000–2008)\*



Note: \* Year-on-year percentage change.

Source: Ministry of Finance (2009).

Until the end of the 1990s the unemployment situation deteriorated continuously. In 1993, the unemployment rate was 27.7 per cent, while in 1997 it reached 36 per cent. The following years saw a reduction in the unemployment rate until 2001 when unemployment started increasing again as a result of the Kosovo crisis in 1999 and the influx of refugees from that region. The peak was reached in 2005 when unemployment stood at 37.3 per cent (Table 1). During the transition, the female population was especially hard hit. Women were continuously crowded out of the labour market, with participation rates falling from 47 per cent in 1985 to 41 per cent in 1998, remaining at this level until 2005 when it – only slightly – improved (42 per cent).<sup>10</sup>

There were also sector-specific shocks which occurred only late in the transition process (after 2002), followed by job destruction, particularly pronounced in the manufacturing sector. The most vulnerable group was young, semi-qualified workers.<sup>11</sup> As a result of the economic and political shocks and in particular the rise in unemployment poverty has deepened and intensified.<sup>12</sup> Job insecurity and unpaid jobs have increased,<sup>13</sup> especially in the primary sector (agriculture and mining) with very low productivity rates, a decline in consumption and a rise in the number of working poor (World Bank Report 2009:4). One indicator of low pay is the share of workers receiving below two-thirds of the median wage: in 2007, 18.5 per cent of workers received less than two-thirds of the median wage. Looking at the gender distribution, 25 per cent of women received lower wages than the median and 13.5 per cent of males (Mojsoska-Blazevski et al., 2009:58).

Furthermore, total poverty has stagnated over the past few years, but extreme poverty has worsened. The share of people living in extreme poverty, unable to satisfy their basic needs, increased from 5 per cent in 2002 to 7.4 per cent in 2006. What is more, there was a shift from moderate to extreme poverty, which signals a deepening of the latter (World Bank 2009:12). The so-called poverty gap index, calculated by the

<sup>10</sup> The participation rate is the share of the female population older than 15 active in the labour market out of the total working age female population (15+) (World Bank database). Male labour market participation was negatively affected only from the mid-1990s and until the early 2000s, but also during this period it remained much higher than female participation (ibid.)

<sup>11</sup> Indeed, around 46 per cent of the unemployed claim to have worked in the manufacturing sector in their last employment (Angel-Urdinola/Macias 2008a: 33).

<sup>12</sup> According to the World Bank Report (2009), the percentage of the population living in extreme poverty (which is not been able to satisfy basic nutrition needs) rose from 4.5 per cent to 7.4 per cent between 2002 and 2006. The Gini coefficient also increased from 0.38 in 2002 to 0.40 in 2006 (ibid.).

<sup>13</sup> For the period 2002–2006 it was found that around 36 percent of total new jobs created were unpaid jobs in the primary sector (ibid.). Unpaid jobs are those related to work in homes or in small family businesses.

State Statistical Office to measure the intensity of poverty, increased from 9.4 in 2003 to 10.1 in 2009 (State Statistical Office 2010a:549).<sup>14</sup>

Inequality also showed signs of deepening, particularly in rural areas. The Gini coefficient rose constantly from 0.32 per cent in 1999 to 0.38 per cent in 2002 and 0.4 per cent in 2006 (Kjosev/Mojsovska-Blazevski 2005:61; World Bank 2009:14). Regional differences are also pronounced. Thus, the Vardar and Northeast regions are most affected by increasing poverty and shrinking living standards (World Bank 2009:14–15). According to the same source, the most vulnerable groups in terms of the decline in purchasing power are large households with dependents, usually with low qualifications and skills.

The situation with regard to rising inequality continues to be a concern, and as such it was one of the important considerations behind the passing of a law on Minimum Wages in early 2012.

Minimum wages have the function of improving the living standards of the lowest-paid workers, thus reducing poverty and social exclusion. They also have an important role in preventing deflationary development, especially in a situation of increased decentralisation of collective bargaining and relatively weak trade unions. Additionally, with the flat personal income tax rate introduced in 2007 a widening of the wage structure can be expected. Hence, the effective implementation of minimum wages is recommended as a helpful instrument with the aim of achieving a more compressed wage structure (Herr/Kazandziska 2011).<sup>15</sup>

The high unemployment and low participation rates, especially of women, since the beginning of the 1990s have been the Achilles heel of the economy and a major challenge for every government in power as it was never significantly reduced. Because of the high unemployment rates, the informal economy started to increase rapidly. A study carried out by Schneider (2002:5) reveals that the size of production in the informal economy as a percentage of GDP rose from 35.6 per cent in the period 1990–1993 to 45.1 per cent in 2000–2001. By the same token, in 2009 the share of the informally employed in total employed was estimated at 27 per cent by the State Statistical Office.<sup>16</sup> The growth of the informal economy has had an impact on the public finances as the amount of social security contributions and taxes paid by companies operating in the formal sphere declined. This process led to the so-called “fiscalization of social contributions”, as part of the taxes and other duties collected from different areas had to be set aside for social assistance and other social funds (Puljiz 2007). We will develop the issue of unemployment and the characteristics of the labour market in the next section.

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<sup>14</sup> The higher the index the higher the average proportional expenditure shortfall over the total population.

<sup>15</sup> Herr, Kazandziska and Mahnkopf-Praprotnik (2009) provide the theoretical basis for the discussion on minimum wages, while Herr and Kazandziska (2011) focus on the questions of minimum wage setting, implementation and recommendations in practice.

<sup>16</sup> State Statistical Office (2010b:100).

### 3. Labour market and wage development

Wages are determined in a process of collective bargaining at national, branch and enterprise levels, as the Law prescribes. This means that where a trade union exists – that is, in the public sector – wages are regulated within the collective agreement.<sup>17</sup>

In the private sector, in sectors in which employees are not organized in trade unions and/or the employers are not organized in employers' organizations, collective agreements cannot be concluded.<sup>18</sup> This usually worsens the position of workers with regard to working conditions and remuneration because they negotiate their contracts and wages directly with the employer. In many sectors even if a collective agreement is concluded the employers still negotiate wages directly with employees, which can be to the detriment of the latter.<sup>19</sup> It is also not uncommon that employers directly determine employees' wages without negotiations. It is important to mention that about 94 per cent of firms in the former Yugoslav Republic of Macedonia are micro or small enterprises (with fewer than 9 employees) which in many cases do not participate in employers' organizations and do not abide by collective agreements. These sectors employ 28 per cent of the workforce (Felier/Holmes/Viertel 2009:8). Taking into consideration the fact that the number of male employers is 246 per cent higher than the number of women (see Table 2), it is clear that men predominantly decide on the remuneration level of employees, which might exacerbate the gender pay gap. Research has shown, however, that the difference in pay between men and women is lower for those covered by a collective agreement.<sup>20</sup>

The legal institutional framework for social dialogue constitutes the Labour Relations Law of 2005 and its amendments in 2009 and 2010.<sup>21</sup> Concerning social dialogue, the Economic and Social Council was re-established in 2010 and includes members from the representative trade unions, representative employers' organizations and the government.<sup>22</sup> There are no specific programs at national level that deal with social dialogue, but it is incorporated in programmes such as the National Employment Strategy 2010, which promotes bipartite, tripartite and social dialogue within the Economic and Social Council, and the National Action Plan on Employment 2009–2010 which promotes dialogue between the social partners at local level. There are no official data on union density in the former Yugoslav Republic of Macedonia. However, in the interviews with the three union federations it was established that membership density varies considerably in different sectors. In the metal industry it is 50 per cent, similar to health care (45 per cent), while in construction it is 30 per cent, in agriculture 35 per cent and in textiles a mere 9 per cent, the lowest. The highest trade union density is in education, at 78 per cent. The low union density rate in the textile sector is another indicator of the deterioration of women's wage bargaining power as they account for the bulk of employment in this sector.

At the level of the whole economy the average gross and net wage have moved very close together, except in 2007 and 2008 (the last two years for which we have data: see Figure 4). The reason for the slower growth in the gross wage is that in 2007 the government introduced a flat rate personal income tax of 12 per

<sup>17</sup> There are three larger trade union federations: the Union of Independent and Autonomous Trade Unions of Macedonia, the Federation of Trade Unions of Macedonia and the Confederation of Free Trade Unions of Macedonia. The largest employers' associations are: the Organization of Employers of Macedonia and the Business Confederation of Macedonia.

<sup>18</sup> For example, in the trade and energy sectors the employers are not members of an employers' association.

<sup>19</sup> Interview with Slobodan Antovski of the Union of Independent and Autonomous Trade Unions of Macedonia, Skopje, 23 February 2011.

<sup>20</sup> It is important to note that collective bargaining is not a sufficient guarantee of equal wages. Although collective bargaining coverage in the public sector is relatively high, the gender wage gap persists in the public sector. However, the gap is wider in the private sector.

<sup>21</sup> For the Law on Labour Relations and its amendments please see the Official Gazette of the Republic of Macedonia, No. 130/09 (<http://www.pravo.org.mk/documentDetail.php?id=285>).

<sup>22</sup> The Economic and Social Council consists of four members representing the Government (the deputy prime minister responsible for economic issues, the Minister of Labour and Social Policy, the Minister of the Economy and the Minister of Finance), four members representing the trade unions (two from the Federation Trade Unions of Macedonia and two from the Confederation of Free Trade Unions of Macedonia) and four members representing employers (all from the Organization of employers of Macedonia) (available at: <http://www.mtsp.gov.mk/default-mk.asp?ItemID=E3A36524A65DC64CBB4BFABF3D1CF8C5>).

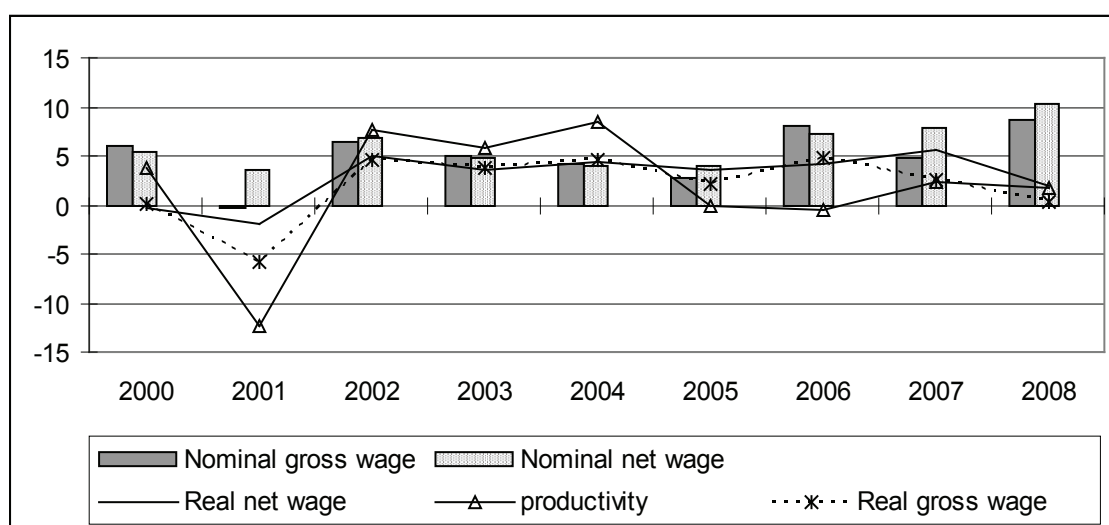


cent instead of the previous progressive taxation. One consequence that can be expected from this measure is certainly an increase in income inequality, as a flat tax rate favours higher earners more than the low paid.

Wages fell in real terms in 2001 – the same year in which nominal wages were also cut as a result of the major economic, political and social turmoil – and in the years that followed increased in moderate terms. The fall in nominal wages certainly caused consumption to fall: it did not recover until 2003. Productivity almost over the whole period – the exceptions were 2001 and 2005 – developed positively.<sup>23</sup> This high increase was mainly because of the fall in employment while the economy was showing positive growth. Before 2005 unit labour costs generally fell, although this did not contribute to an increase in competitiveness or an improvement in the current account (see Table 1, Figure 4).<sup>24</sup> Between 2005 and 2006, as a result of a higher increase in wages over productivity, unit labour costs rose.

Another wage development indicator is the labour share of income. The available data show that the wage share (51.4 per cent of GDP) is below the EU average (58.6 per cent of GDP) (European Commission 2011).

Figure 4: Growth rates of average wages and productivity (year-on-year percentage change)



Source: Ministry of Finance (2009).

As mentioned in the previous section, the labour market in the former Yugoslav Republic of Macedonia is characterized by high unemployment, fairly low employment and very poor labour participation (Table 2).<sup>25</sup> The labour market participation particularly of young people and women fell significantly in the transition years and also afterwards. It was also common for young people to extend their studies in the face of high unemployment, especially since employers show very little readiness to take on the costs of training. Opportunities for apprenticeships or internships are limited and the education system has failed to respond to the needs of business with regard to skills and knowledge (Nesporova 2002).

The unemployment rate of the former Yugoslav Republic of Macedonia is more than three times the EU average.<sup>26</sup> Equally important is the duration of unemployment. The long-term unemployed constitute the largest part of total unemployed. It is striking that the proportion of those unemployed for more than four years was 64 per cent in 2009. In other words, anyone unlucky enough to become unemployed, especially the low skilled, finds it extremely difficult to find another job. In response to this, the Government introduced compulsory secondary education and made social transfers to households dependent on children's second-

<sup>23</sup> Productivity is calculated as output per worker by the State Statistical Office.

<sup>24</sup> Between 2002 and 2005 we see a decline in gross and net wages which, together with the rise in productivity, led to a fall in unit labour costs which did not help the export sector (Figure 3.1).

<sup>25</sup> Only 358,077 women were in the labour force in 2009; the number of men was 570,698.

<sup>26</sup> The latest data from Ameco, the database of the European Commission, show that the former Yugoslav Republic of Macedonia had an unemployment rate of 32 per cent in 2010, while the unemployment rate in Spain, the country with the highest unemployment in the EU, was 20.1 per cent.

ary school attendance. However, the challenge is to increase the participation of ethnic minorities, particularly of Roma and people of Albanian origin, in the education system and to reform the latter to include various types of vocational training. Not less important is for the Government to take steps to provide more pre-school childcare facilities so that women's employment participation can increase.

It is also worth examining the development of temporary employment during the years of transition.<sup>27</sup> The share of fixed-term contracts in the newly signed contracts increased in particular after 2003: from about 35 per cent in 2002, fixed-term contracts made up approximately 58 per cent of all contracts in 2008 (Mojsoska-Blazevski/Najdova/Stojkov/Asenov 2009:61).

The analysis of employment by sector shows that after 2002 there was a substantial increase of employment in construction, hotels and restaurants, health care and social work and public administration, while a major reduction was reported in agriculture, mining and manufacturing. Basically, this was a result of the sectoral shift from the primary and secondary sectors towards the tertiary sector.

Generally speaking, the unemployment rates of men and women do not vary much (in 2009 the female unemployment rate was 32.8 per cent, while that of men was 31.8 per cent). However, women's labour participation and employment are significantly lower (see Table 2): the employment rate for men in 2009 was 47.5 per cent, but for women it was only 29.4 per cent. The difference is even greater with regard to average employment rates between 2002 and 2009 (see Table 3).

Table 2: Participation, employment and unemployment in the former Yugoslav Republic of Macedonia

	Participation			Employment			Unemployment		
	Total in 2009	2008–2009*	2003–2009**	Total in 2009	2008–2009*	2003–2009**	Total in 2009	2008–2009*	2003–2009**
men	570,698	1.60	1.87	389,332	4.24	1.90	181,366	-3.64	2.16
women	358,077	0.10	1.55	240,569	2.14	1.46	117,508	-3.83	2.00

Notes:

\* Percentage change between 2008 and 2009.

\*\* Average percentage increase between 2003 and 2009.

Source: Authors' calculations based on State Statistical Office data (2010a).

Табела 3: Employment and unemployment rates (2002–2009)

	2002	2003	2004	2005	2006	2007	2008	2009	2002–2009
Employment rate									
Total	35,82	34,51	32,80	33,91	35,24	36,24	37,29	38,44	35,53
Men	43,49	41,34	40,17	41,18	43,53	44,05	45,73	47,51	43,38
Women	28,07	27,65	25,41	26,59	26,97	28,43	28,84	29,36	27,66
Unemployment rate									
Total	31,94	36,69	37,16	37,27	36,03	34,93	33,76	32,18	35,00
Men	31,71	36,96	36,74	36,52	35,28	34,54	33,51	31,78	34,63
Women	32,31	36,28	37,82	38,40	37,21	35,54	34,16	32,82	35,57

Source: Authors' calculations based on State Statistical Office data (2010a).

<sup>27</sup> Temporary employment includes fixed-term contracts, seasonal employment, agency work and other forms of irregular employment (for instance, freelance contracts). Freelance contracts carry no obligation on the employer's side to pay social security contributions and therefore are often used, even in the public sector (Mojsoska-Blazevski/Najdova/Stojkov/Asenov 2009: 61).

If we take a closer look we can see that both unemployment and employment for both men and women are highest in the age group 35–54 (Table 4). With regard to gender distribution, however, it is clear that for all age groups the share of men in total employment was over 60 per cent, which confirms that women face problems of access to employment (especially in the age group 15–24 and those with a low level of education). Compared to 2007, in 2009 the number of women in the labour force shrank and their inactivity rates increased, while for men it was the opposite. Thus, there is undoubtedly a gender gap in terms of women's employment and labour market participation.

Table 4: Employment and unemployment characteristics by age, education and sex in 2009

	Unemployment				Employment			
	Women		Men		Women		Men	
	Total	% from total	Total	% from total	Total	% from total	Total	% from total
Total	117508	39,3	181366	60,7	240569	38,2	389332	61,8
Age group								
15–24	24400	39,2	37856	60,8	16698	32,9	34041	67,1
25–34	37513	42,4	50956	57,6	63296	39,2	98049	60,8
35–54	47715	39,7	72603	60,3	133124	39,7	202409	60,3
55≥	7879	28,3	19950	71,7	27451	33,3	54833	66,6
Education								
Primary or less	37162	36,1	65860	63,9	55350	33,7	108908	66,3
Secondary*	62359	37,5	104116	62,5	134906	37,2	227325	62,8
University**	17987	61,2	11389	38,8	50313	48,6	53098	51,3

Notes:

\* Secondary education includes three , sometimes four years of education offered through high school followed by colleges and pedagogical academies.

\*\*University education includes BA, MA and PhD.

Source: Authors' calculations based on State Statistical Office data (2010a).

Table 5 presents type of employment by sex. Occupational segregation between men and women is evident. Most women work in dependent employment, as employees or as unpaid family workers (household, child care, care of elderly people in the family or helping out in a small family business, common in the agricultural sector). The available data show that since 2004 the number of women working as unpaid family workers has increased. Employment structure by sex shows clearly that men made up around 78 per cent of employers in 2009, and around 86 per cent of the self-employed, which is another proof of the existence of a gender pay gap. The government has launched an action plan to reduce occupational segregation between 2007 and 2012 (ILO 2011: 23).

Women's status in the labour market and their role in social dialogue also reflects gender inequality in terms of the division of tasks in the household, where women traditionally do most of the work related to care for children and the elderly. Women may thus feel pressured to work part-time or to accept alternative working arrangements. The share of women who work part-time in total women's employment has increased in recent years. The share of part-time female workers in total women's employment in 2008 reached 7.6 per cent, while the share of their male counterparts was only 4.9 per cent. Part-time employment is higher among women than men, while male full-time employment is 64 per cent higher than that of females. However, part-time employment has not increased dramatically because employers are obliged to use the statutory reference wage when calculating payroll taxes.<sup>28</sup>For this reason, the practice is also widespread among

<sup>28</sup> Even if a worker earns a lower wage than the reference wage, social security contributions will be paid on the basis of the latter.

employers of reporting a wage equal to the reference wage, but demanding that the employee return part of the wage “under the counter”.<sup>29</sup> Women were pushed into part-time employment when women’s statutory retirement age increased. Other reasons for part time employment among women is the the limited availability of elderly and child care facilities.<sup>30</sup>

In the former Yugoslav Republic of Macedonia part-time jobs are often associated with lower remuneration, lower career prospects and less chance of promotion, all of which worsen the position of women in society. ILO Convention No. 175 on Part-Time Work (1994) specifically prescribes the importance of protecting part-time workers from discrimination in employment and occupations.<sup>31</sup>

Table 5: Employment status by sex in 2009

	Total	Employee	Employer	Self-employed	Unpaid family worker
Men	389332	269092	25193	69100	25946
Women	240569	183939	7275	10953	38403

Source: State Statistical Office (2010a).

If we look more closely at distribution of female employment by sector we see that sectors such as fishing, mining, electricity, gas and water supply, construction, public administration, defence, transport, storage and communication are dominated by male employment. In sectors such as health care and social work, education and extraterritorial organizations (activities of international organisations), however, female employment prevails (Table 6). Market segregation therefore clearly exists.

<sup>29</sup> Interview with representatives of the Union of Independent and Autonomous Trade Unions of Macedonia (23 February 2011).

<sup>30</sup> There are public kindergartens and/or nurseries in only 33 out of 84 municipalities. Furthermore, the cost of childcare in kindergartens and nurseries is about 10 per cent of the average monthly wage: in private kindergartens the costs can go up to 50 per cent of the average wage. As regards facilities for elderly care, only four are available. With population aging this will pose a problem for women and harm their employment prospects (Mojsoska-Blazevski/Najdova/Stojkov/Asenov 2009: 78).

<sup>31</sup> Calculation based on State Statistical Office data (2010b).

Table 6: Industrial distribution of workers by sex (2002–2009)

Sex	2002			2006			2007			2008			2009		
	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men
Agriculture	100,0	40,4	59,6	100,0	38,7	61,3	100,0	37,2	62,8	100,0	38,9	61,1	100,0	37,6	62,4
Fishing	100,0	8,6	91,4	100,0	12,7	87,3	100,0	n.a.	100,0	100,0	48,2	51,8	100,0	26,9	73,1
Mining and quarrying	100,0	6,7	93,3	100,0	8,0	92,0	100,0	5,0	95,0	100,0	5,8	94,2	100,0	6,9	93,1
Manufacturing	100,0	44,8	55,2	100,0	47,5	52,5	100,0	48,3	51,7	100,0	47,3	52,7	100,0	45,6	54,4
Electricity, gas and water supply	100,0	13,8	86,2	100,0	14,1	85,9	100,0	15,5	84,5	100,0	15,3	84,7	100,0	17,8	82,2
Construction	100,0	8,8	91,2	100,0	6,8	93,2	100,0	7,0	93,0	100,0	4,9	95,1	100,0	6,0	94,0
Wholesale and retail sale, servicing of motor vehicles, motorcycles and items for personal and household consumption	100,0	38,6	61,4	100,0	38,3	61,7	100,0	41,7	58,3	100,0	40,7	59,3	100,0	39,9	60,1
Hotels and restaurants	100,0	35,2	64,8	100,0	32,0	68,0	100,0	32,5	67,5	100,0	33,3	66,7	100,0	33,2	66,8
Transport, storage and communication	100,0	19,5	80,5	100,0	14,7	85,3	100,0	16,6	83,4	100,0	16,7	83,3	100,0	13,4	86,6
Financial intermediation	100,0	60,4	39,6	100,0	53,1	46,9	100,0	49,8	50,2	100,0	60,0	40,0	100,0	57,0	43,0
Real estate, rental and business activities	100,0	40,8	59,2	100,0	51,5	48,5	100,0	47,6	52,4	100,0	41,0	59,0	100,0	44,9	55,1
Public administration and defence, compulsory social security	100,0	26,9	73,1	100,0	29,8	70,2	100,0	28,9	71,1	100,0	27,5	72,5	100,0	28,3	71,7
Education	100,0	59,5	40,5	100,0	56,1	43,9	100,0	61,5	38,5	100,0	57,9	42,1	100,0	58,1	41,9
Health care and social work	100,0	70,6	29,4	100,0	70,0	30,0	100,0	70,9	29,1	100,0	73,9	26,1	100,0	71,8	28,2
Other public utilities, cultural, general and personal services	100,0	36,7	63,3	100,0	30,8	69,2	100,0	35,0	65,0	100,0	37,5	62,5	100,0	35,3	64,7
Private households employing domestic staff and undifferentiated production activities of households for own use	100,0	n.a.	n.a.	100,0	71,3	28,7	100,0	39,3	60,7	100,0	62,9	37,1	100,0	60,1	39,9
Extraterritorial organisations and bodies	100,0	66,5	33,5	100,0	72,1	27,9	100,0	58,2	41,8	100,0	27,5	72,5	100,0	70,8	29,2

Source: Authors' calculations based on State Statistical Office data (2009, 2010).

This is not surprising as society is still very traditional. Women are often found in jobs that are considered to be close to the work they perform in households, such as textiles, services, education and social work). Hence, there is horizontal segregation (across sectors), as well as vertical segregation (within sectors) where the bulk of women are employed to perform lower level jobs, while better-paid and senior positions are almost exclusively filled by men. Jobs such as sales assistants, technicians, professionals and clerks are mostly delegated to women. Women's share in managerial, legislative and senior job positions was only around 27 per cent in 2009 (Table 7). In the public sector, there has been some improvement, especially in women's participation in parliament, mainly due to affirmative action (30 per cent quotas for the underrepresented sex) laid down in the Election Law. However, only two out of fourteen ministers are women, and there is no female mayor in the country.

Table 7: Occupational distribution of workers by sex, 2009

	Total	men	women
Armed forces	100,0	99,6	0,4
Legislators, senior officials and managers	100,0	73,2	26,8
Professionals	100,0	48,5	51,5
Technicians and associate professionals	100,0	48,2	51,8
Clerks	100,0	46,9	53,1
Service workers and shop and market sales workers	100,0	59,4	40,6
Skilled agricultural and fishery workers	100,0	90,0	10,0
Craft and related trades workers	100,0	91,7	8,3
Plant and machine operators and assemblers	100,0	55,3	44,7
Elementary occupations	100,0	62,1	37,9

Source: Authors' calculations based on State Statistical Office data (2009).

### Case study: Women and ethnic groups in public administration

In the public administration, it is evident that among ethnic Macedonians, the presence of women is higher than men (Table 8). and that the number of women in high positions in the central public administration is reported to be on a par with men. However, this is not the case for the other communities (ethnic Albanian and Turkish), where the participation ratio is 2:1 (for the former) and 1.7:1 (for the latter).

Table 8: Composition of central public administration by sex and ethnicity

	Total number	Male	Female
Macedonians	7857	3561	4296
Albanians	2630	1801	829
Turks	165	101	64
Roma	54	25	29
Vlachs	88	42	46
Serbs	166	77	89
Bosniaks	59	26	33
Other	111	51	60
Total	11130	5684	5446

Source: CSA, Central Registry of Civil Servants (2009).

According to the 2009 data from the Central Registry of Civil Servants, no ethnic Albanian female civil servant holds the highest rank in the public administration (secretary general or state secretary). This also applies to the other minorities. Also, only two ethnic Albanians are state advisors and eight are heads of sector. No such positions have been awarded to female civil servants of Turkish origin, in contrast to Vlachs (one head of sector), Roma (one state advisor and two heads of sector), and Serbs (two state advisors and three heads of sector). This puts them in a much more inequitable position than male representatives of the same ethnic group. If, on the other hand, one looks at the lowest positions in the hierarchy, the number of women and men is equitable, but the proportion between males and females decreases significantly in higher positions where the proportion favours men.

It is also worth mentioning that women are also underrepresented as active participants in social dialogue. In trade unions and employers' organizations, the number of female staff is significantly smaller than male staff. For example, in the Central Board of the Confederation of Free Trade Unions of Macedonia, which represents the interests of around 80,000 workers in the public sector, the majority of whom are women, only two seats out of a total of 10 on the Board are occupied by women. In the Federation of the Trade Unions of Macedonia, the participation of women in the management body (the Presidency) is even weaker, at two out of 17. Finally, women are underrepresented in the Organization of Employers (only three of the 21 members of the management board are female). The same situation can be observed in the Economic and Social Council (hereinafter, ESC), the tripartite body responsible for social dialogue.<sup>32</sup> The ESC is also a "men's club" (all 12 members are male, with only three female deputies for the next three years). Female underrepresentation in leadership positions is not limited to the social partners, however, but can be observed in society as a whole. Gender concerns are often treated as "women's issues" rather than labour and employment issues.

International organizations play an important role: several initiatives for raising awareness and building capacity for mainstreaming gender equality in social dialogue are being implemented (mostly by the ILO and the Dutch Development Organization, SNV International).

## 4. Gender pay gap

Pursuant to the ILO Equal Remuneration Convention No. 100 (1951), which was ratified by the former Yugoslav Republic of Macedonia in 1991, men and women are entitled to equal remuneration for work of equal value. There are two types of work of equal value:

- equal or identical work in equal, identical or similar conditions; and
- different kinds of work that, based on objective criteria, are of equal value.

The key point about "equal value" is that jobs that at first sight may be very different can turn out to be of equal value when analysed in terms of skill, effort, responsibilities and working conditions. The concept of equal pay for work of equal value implies a comparison between jobs based on entirely objective criteria, free of gender bias. If the criteria are not entirely free of gender bias, dimensions of jobs typically performed by women risk being disregarded or valued lower than those typically performed by men. This would result in a continuation of the undervaluation of women's jobs and the reinforcement of the gender pay gap (ILO 2008). Comparison between two jobs is not limited to comparing the same or similar jobs, the same employer or the same sector. In other words, jobs of equal value can be compared, whether with different employers or in different sectors. Determining whether two jobs that differ in content – for example, jobs in two different sectors – are of equal value requires a methodology to compare them. Job evaluation methods are the tools that help to establish the relative value of jobs and thus determine whether their corresponding pay is just<sup>33</sup>.

According to the ILO Equal Remuneration Convention, remuneration includes the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether

<sup>32</sup> Interviews with trade unionists (23–25 February 2011).

<sup>33</sup> See ILO (2008) for a detailed description of job evaluation methods

in cash or in kind, by the employer to the worker and arising out of the worker's employment. It is, therefore, important that in determining whether remuneration is equal the widest range of pay, benefits and allowances are taken into account, whether in cash or in kind.

Implementation of the principle of equal remuneration for work of equal value is particularly important in the former Yugoslav Republic of Macedonia, where there is a high degree of horizontal division of labour.

## 4.1 Review of the research so far

Research shows that around 83 per cent of the difference in remuneration between men and women in the former Yugoslav Republic of Macedonia is unexplained. In his paper Angel-Urdinola (2008:2) argues that there are differences in remuneration between men and women who work in similar sectors, and have a similar education and similar jobs. According to Angel-Urdinola (2008) and Angel-Urdinola/Macias (2008b), the gender pay gap between men and women in 2006 is estimated to be between 25 and 27.3 per cent. Their analysis shows that around 17 per cent of the gender pay gap is explained by different education levels, but the rest –approximately 83 per cent – is unexplained, which points to wage discrimination in the labour market. They found that women were predominantly employed in sectors such as health care, social work and education and, in the manufacturing sector, the textile industry. In 2004, 82.5 per cent of all employees in the textile industry were women (State Statistical Office 2004). Sectors such as construction, manufacturing, electricity, gas and water supply and transport, storage and communications have much higher male employment. However, this analysis emphasized that there was a significant pay gap in both segregated and non-segregated sectors (Angel-Urdinola 2008:5).

Another aspect analysed was the pay level of women versus that of men in the private and public sectors. The results show that the gender pay gap in the public sector, with a relatively high level of collective bargaining coverage, is fairly small (6.3 per cent). The significant difference between the wages of men and women occurs in sectors and job positions where many low-skilled workers are employed. As our paper also shows, low-skilled male workers in fact receive higher wages than low-skilled female workers, which is mainly a result of low trade union density in the sectors in which most employees are low-qualified women (textile industry).

Apostolova (2010) found that gender wage inequality in the Western Balkan countries is due to several factors, including labour market segregation, work pattern and occupational segregation, unequal access to education and social stereotypes (Apostolova 2010:5). She argues that differences in age, education and professional experience explain only a small part of the gender pay gap. Factors such as occupational segregation and vertical job status play a more important role. Women tend to be employed as technicians, salespersons, teachers and nurses, and they tend to be in lower job positions, where as senior and managerial positions are almost exclusively occupied by men. As already mentioned, another important factor is the traditional role of women in taking care of the household, children and the elderly. For that reason women may feel obliged to accept part-time jobs, with some flexibility in working hours, which inevitably means lower wages and other benefits. The biggest pay gap– 20 per cent and more –between men and women is in agriculture, wholesale and retail, manufacturing, hotels and restaurants and health and social work.

Our study complements the above cited studies by focusing on the factors that cause the gender pay gap to expand, the consequences for the economy as a whole and the mechanisms and policies that the government has at its disposal to combat this problem.



## 4.2 Is there a gender pay gap? Facts and figures

According to the ILO Equal Remuneration Convention No. 100 women and men should receive equal remuneration if they perform work of equal value, regardless of the nature of the work, company, sector or job position. Our analysis looks at the facts and figures concerning men's and women's remuneration. The statistical analysis presented clearly shows that there is a gap in remuneration between men and women which will be elaborated further in this section.

The Human Development Report (2009) shows that estimated female to male earned income in the former Yugoslav Republic of Macedonia is 0.49, in Serbia 0.59, in Bulgaria 0.68 and in Hungary 0.75 (see Table 9). As the table shows, among the Central Eastern European countries the former Yugoslav Republic of Macedonia has the lowest female to male earnings ratio: in other words, the gender pay gap is the highest in this country.

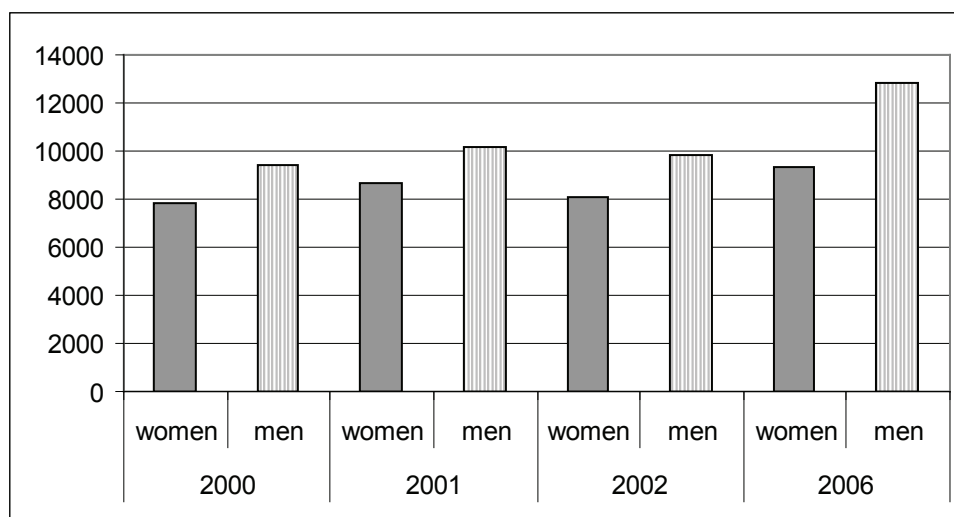
Table 9: Senior and legislative positions held by women and the female to male incomeratio in 2009

	Seats in parliament held by women (% of total)	Female legislators, senior officials and managers (% of total)	Female professional and technical workers (% of total)	Year a woman became Presiding Officer of parliament or of one of its houses for the first time	Women in ministerial positions (% of total)	Ratio of estimated female to male earned income
The former Yugoslav Republic of Macedonia	28	29	53	-	14	0,49
Albania	7	-	-	2005	7	0,54
Czech Republic	16	29	53	1998	13	0,57
Montenegro	11	20	60	-	6	0,58
Slovakia	19	31	58	-	13	0,58
Serbia	22	35	55	2008	17	0,59
Poland	18	36	60	1997	26	0,59
Bosnia and Herzegovina	12	-	-	2009	0	0,61
Slovenia	10	34	56	-	18	0,61
Estonia	21	34	69	2003	23	0,65
Croatia	21	21	51	1993	24	0,67
Latvia	20	41	66	1995	22	0,67
Bulgaria	22	31	61	-	24	0,68
Romania	10	28	56	2008	0	0,68
Lithuania	18	38	70	-	23	0,70
Hungary	11	35	60	1963	21	0,75

Source: Human Development Report (2009).

Gender wage discrimination is also evident in Figure 5. The wage difference in absolute terms was 1,655 denars in 2000, 1,474 denars in 2001, 1,724 denars in 2002 and 3,511 denars in 2006, which indicates a rise of the gender pay gap over the years.

Figure 5: Average net wage by sex, selected years



Source: State Statistical Office (2003, 2008).

Table 10 shows the distribution of employees by sex and average net wage in 2009. The table clearly shows that in absolute terms more male workers are employed in all wage brackets.

In the wage bracket 5,001–8,000 denars the gender structure is almost even (51 per cent of employees in this wage bracket were male and 49 per cent were female). In the other wage brackets the structure is fairly uneven in favour of male employees. It is especially alarming that in the 16,001–20,000 denars wage bracket the share of male employees increases. The most uneven structure can be observed in the wage bracket 40,001 denars and more, in which the share of male employees is 76 per cent compared to 24 per cent for females. We would also like to stress that looking at the structure by net wage shows that women are concentrated in the lower wage brackets, while men tend to be in the higher wage brackets.

Table 10: Employment by sex and wage bracket, 2009 (denars)

	Share of workers by net wage bracket		Distribution of workers by net wage	
	Men	Women	Men	Women
Up to 3,000	73,4	26,6	1,5	1,0
3,001–5,000	66,1	33,9	3,5	3,2
5,001–8,000	51,0	49,0	12,2	20,9
8,001–12,000	63,4	36,6	30,9	31,9
12,001–16,000	66,9	33,1	22,5	19,9
16,001–20,000	68,8	31,2	15,3	12,4
20,001–30,000	69,3	30,7	11,2	8,8
30,001–40,000	71,0	29,0	1,5	1,1
40,001 and more	76,3	23,7	1,5	0,8

Source: State Statistical Office (2010a).

Table 11: Average net wage by sector and gender

	2002 (in denars)		2006 (in denars)		2002-2006 (% change)		2002	2006
	Women	Men	Women	Men	Men	Men	Female/male net wage ratio <sup>34</sup>	
Agriculture	5308	6775	6014	13,30	31,88	8935	78,3	67,3
Fishing	7000	8029	n.a.	n.a.	43,29	11505	87,2	n.a.
Mining and quarrying	8880	9673	12671	42,69	35,68	13124	91,8	96,5
Manufacturing	7015	9317	8149	16,17	19,96	11177	75,3	72,9
Electricity, gas and water supply	11776	12390	13877	17,84	20,72	14957	95,0	92,8
Construction	8273	11514	10330	24,86	77,59	20448	71,8	50,5
Wholesale and retail sale, servicing of motor vehicles, motorcycles and items for personal and household consumption	7901	9798	9405	19,04	16,30	11395	80,6	82,5
Hotels and restaurants	8628	10170	10129	17,40	97,90	20126	84,8	50,3
Transport, storage and communication	10274	9839	13623	32,60	25,32	12330	104,4	110,5
Financial intermediation	13744	16955	16177	17,70	5,17	17831	81,1	90,7
Real estate, rental and business activities	11881	11903	11331	-4,63	11,01	13213	99,8	85,8
Public administration and defence, compulsory social security	9269	12719	13242	42,86	7,48	13670	72,9	96,9
Education	8601	9167	10997	27,86	31,95	12096	93,8	90,9
Health care and social work	9058	12293	10999	21,43	9,24	13429	73,7	81,9
Other public utilities, cultural, general and personal services	8269	10392	10667	29,00	7,12	11132	79,6	95,8
Private households employing domestic staff and undifferentiated production activities of households for own use	8875	n.a.	6155	-30,65	n.a.	7664	n.a.	80,3
Extraterritorial organisations and bodies	22000	24667	20219	-8,10	37,80	33990	-8,10	37,80

Source: State Statistical Office (2003, 2008), authors' calculations.

The data presented in Table 11 shows in almost all sectors (except transport) men's average wage was higher than women's. Comparing female and male net wages as an indicator of a gender wage gap, we observe that the gap widened in 2002 and 2006 in the following sectors: agriculture, manufacturing, electricity, construction, hotels and restaurants, real estate and education. The difference in net wages between men and women is highest in construction and hotels and restaurants (10,118 and 9,997 denars, respectively): indeed, this is almost as high as the average wage in these sectors. One explanation for this extremely pronounced difference in men's and women's wages in the hotel sector is that women are mainly employed in lower paid

<sup>34</sup> Female/male net wage ration is computed as female net wage divided by male net wage times 100.

positions, and their representation in the category of “employers” is low, , for example in 2008 the share of women as employers was a mere 1 percent (25 female employers out of a total of 247 employers in this sector) while the number of female unpaid family workers was higher than the number of males (State Statistical Office 2010b:109). Another important observation is that in 2007 the share of seasonally employed women in agriculture was 63 per cent (State Statistical Office 2008:58).

The situation is similar in the wholesale and retail trade where 68 per cent and 60 per cent of the employers and own account workers, respectively, are men, while 60 per cent of salespersons and sales assistants are women. In the construction sector – due to its growth in recent years – the wages of skilled technical workers have gone up, while the wages of other workers have not changed significantly.<sup>35</sup>

From the data presented in the State Statistical Office report ‘Women and Men in the Republic of Macedonia’ from 2008, it is to be concluded that in 2007 men tended to occupy higher positions in the education system (professors, senior lecturers, docents), while women outnumbered men in positions such as assistant, junior assistant, lecturer and other staff. It is also worth pointing out that the gender pay gap is significantly higher among persons with a lower level of education: women with four years’ secondary education earn, on average, 20 per cent less than men, while women with a primary education earn between 35 and 40 per cent less than men with the same level of qualifications (Table 12). The female part of the population without an education earned only 62 per cent of their male counterparts in 2001, although this rose significantly to 76 per cent in 2002.

Table 12: Gender pay gap and ratio of female to male earned income (2000–2002)

Description	2000		2001		2002	
	Gender pay gap	Female to male earned income	Gender pay gap	Female to male earned income	Gender pay gap	Female to male earned income
<b>Total</b>	-17,5	82,5	-14,5	85,5	-17,5	82,5
Without education	54,0	154,0	-38,0	62,0	-23,7	76,3
Incomplete primary education	-43,3	56,7	0,2	100,2	-26,8	73,2
Primary education	-34,7	65,3	-40,9	59,1	-32,9	67,1
Secondary education (3years)	-27,0	73,0	-25,8	74,2	-27,5	72,5
Secondary education (4years)	-18,1	81,9	-21,5	78,5	-20,8	79,2
Higher education	-19,3	80,7	-13,8	86,2	-17,0	83,0
University education	-11,0	89,0	-4,5	95,5	-15,6	84,4
Master’s degree	-20,9	79,1	-11,6	88,4	34,1	134,1
Doctorate (PhD)	4,7	104,7	-7,5	92,5	-14,1	85,9

Note: The unadjusted gender pay gap used in the table above is calculated as the difference between women’s average net monthly wage and men’s average net monthly wage expressed as a percentage of men’s average net monthly wage. The ratio of female to male earned income is calculated following the methodology used in the Human Development Report 2009 (female average net wage divided by the male average net wage).

Source: Authors’ calculations based on State Statistical Office data (2003).

<sup>35</sup> Interview with a representative of the Federation of Trade Unions of Macedonia (25 February 2011).

## 4.3 Policy framework for equal remuneration

### 4.3.1 Employment policy

The former Yugoslav Republic of Macedonia has gone some way towards transposing articles from the ILO Equal Remuneration Convention No. 100 in the Constitution, the Law on Labour Relations, the Law on Equal Opportunities for Women and Men, the Criminal Code and collective agreements.<sup>36</sup>

The principle of gender equality is enshrined in the Constitution. The country signed the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) in 1994, but it was not until 2003 that a precise anti-discrimination provision was included in any specific law. The Law on Equal Opportunities for Women and Men was adopted in 2006, harmonizing domestic law with the EU's *acquiscommunautaire*.<sup>37</sup> The Law laid the basis for building a state infrastructure for gender-aware policymaking. As a result, gender focal points in line ministries and equal opportunity commissions in every municipality were appointed.

Achieving gender equality in all areas of society is important, particularly in employment, which necessarily has a strong effect on women's economic independence. In accordance with Article 32 of the Constitution, everyone has the right to work and to free choice of employment; every job is open to all under equal conditions; and the rights of employees and their positions are regulated by laws and collective agreements. Every employee also has the right to appropriate remuneration.

In the former Yugoslav Republic of Macedonia the employment policy framework encompasses the Law on Labour Relations, the Law on Employment and Insurance, the Law on Civil Servants, the Law on Public Servants, the Law on Tax Officials, the Law on the Army and collective agreements. These laws regulate employment in the various areas of the public sector (civil service, public service, the army, the tax office) and in the private sector.

There are three types of collective agreement: general collective agreements which cover the whole economy or part of it (public and/or private sector), branch collective agreements (within one of the above-mentioned sectors at branch level: metal industry, textile industry, energy, construction) and special agreements concluded at the enterprise level. Collective agreements regulate the minimum wage for the sector or branch. They also provide procedures for wage setting and remuneration of night work, overtime or work during holidays. They regulate the right to breaks, holidays and other benefits.

The 1993 Law on Labour Relations went through several revisions (1995, 1997, 1998, 2000 and 2001) and was finally replaced by a new Law on Labour Relations adopted in 2005. Within the 2005 revisions, as already mentioned, specific reforms were introduced as part of the state gender mainstreaming strategy and in line with international Conventions<sup>38</sup> and European Directives.<sup>39</sup> The new framework prohibits sexual harassment and provides equal opportunities as regards access to employment for both sexes, including promotion, training and wages. The Law bans and defines direct and indirect discrimination on the grounds of sex in conditions of employment and working conditions, and also defines acts not considered as discrimination based on sex. The law includes provisions to protect female workers from discrimination relating to

<sup>36</sup> Report on the implementation of the Equal Remuneration Convention by the Government of Republic of Macedonia (reporting period 1991-2007).

<sup>37</sup> Law on Equal Opportunities for Women and Men [former Yugoslav Republic of Macedonia], 6 June 2006, available at: <http://www.unhcr.org/refworld/docid/44b26f664.html> [accessed 15 March 2011].

<sup>38</sup> C 87: Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); C 98: Right to Organize and Collective Bargaining Convention, 1949 (No. 98); C 100: Equal Remuneration Convention, 1951 (No. 100); C 111: Discrimination (Employment and Occupation) Convention, 1958 (No. 111); C 135: Workers' Representatives Convention, 1971 (No. 135); C 144: Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144); C 156 Workers with Family Responsibilities Convention, 1981 (No. 156).

<sup>39</sup> Directive 76/207/EEC implementing the principle of equal treatment between men and women as regards access to employment, vocational training and promotion, and working conditions; Directive 2002/3/EC amending Directive 76/207/EEC which comprises a definition of the term 'indirect discrimination', harassment as a form of discrimination; Directive 97/80/EC on the burden of proof in cases of discrimination based on sex; Directive 75/117/EEC which refers to the principle of equal salaries for women and men; Directive 92/85/EEC on the safety and health at work of pregnant workers and workers who have given birth or are breastfeeding, Council Directive 86/613/EEC of 11 December 1986 on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood; Directive 96/34/EC on parental leave.

pregnancy, childbirth and parenthood. The Law also makes discrimination in job advertisements<sup>40</sup> unlawful in terms of recruitment, the Law explicitly bans discriminatory requirements based on sex (Article 24): “the public announcement for a job should not suggest that the employer gives preference to one sex over the other except if gender is necessary for the job advertised”.<sup>41</sup> However, the principle of equality of access to work is not stated among the criteria for the establishment of a labour relationship. The absence of a specific provision prohibiting inquiries into the marital or family status of women by the employer puts job applicants in an unequal position. Evidence shows that employers do inquire about the marital or family status of applicants.<sup>42</sup> The legal framework provides protective measures for women related to their reproductive function in a special chapter (Chapter XII). It is unfortunate that the law does not provide protective measures for men related to their reproductive functions. While it regulates paid maternity leave and other protective rights (such as return to the same working position after parental leave), the Law also provides that a female worker during the period of pregnancy or having a child less than one year old cannot perform additional working hours or undertake night work (Article 164). While this protective measure may be acceptable with regard to “pregnant women, whose ability to perform their work duties may be affected by their particular physical state, [its usefulness] for women parents is disputable” (Stojanoska2008), except when mothers are breast feeding. Currently, this provision jeopardizes the gender equality of male and female workers as they do not have the opportunity to choose whether to work more or during night shifts.<sup>43</sup> The Law in this manner allows further inequality to develop because employers aware of this option might decide not to recruit or promote female workers in anticipation of possible limits to their work engagement (occasional or continuous) for extra hours or at night, when that is needed. What is more, with this article the Law suggests that women are the primary child carer within a family. The possible role of the father “in caring for the child while the mother works extra hours or at night is completely overlooked by the law” (Stojanoska2008). This provision is a blueprint for preserving the accepted role of female members of society as mothers, as opposed to males who are considered the main breadwinners in the family. The Committee of Experts on the Application of Conventions and Recommendations which is part of the ILO supervisory mechanism has recommended that the rights under Section 164 be extended to women and men on an equal footing (Committee of Experts on the Application of Conventions and Recommendations 2010). Stereotypes appear to be a strong reason for female inactivity and low participation in the labour market, especially with regard to rural women and those belonging to ethnic minorities.<sup>44</sup> However, it should be recognized that the law on Labour Relations of the former Yugoslav Republic of Macedonia as amended in 2005 introduced a number of transformative policies directed towards changing the aforementioned stereotypes. The reformed concept of parental leave allows for the “father of the child to use the right to paid leave if the mother does not use it, or in the event of the death of the mother, if the mother abandons the child or if there are justifiable reasons that prevent her from exercising these rights” (Article 167). Nevertheless, the wording itself suggests that women are the primary child carers and the fact that the parental right is transferable does not transform the stereotypical roles of mothers and fathers in society of the former Yugoslav Republic of Macedonia.

### 4.3.2 Equal remuneration policy

The Law on Labour Relations (Chapter VII) stipulates that employees are entitled to earnings in accordance with legislation, collective agreements and employment contracts. The wage comprises the basic wage, performance-based wage and bonuses, unless otherwise stipulated by relevant laws. The principle of equal remuneration for work of equal value is transposed in Article 108 of the Law on Labour Relations as follows: “the employer is obliged to pay equal wages to employees for equal work with equal responsibilities

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<sup>40</sup> The law provides for the possibility of allowing distinctions, exclusions or preferences in respect of a particular job based on the inherent requirements thereof, this exception is to be applied very narrowly.

<sup>41</sup> Law on Labour Relations, Official Gazette no. 62, 2005, Article 24.

<sup>42</sup> Risteska (2009) states that up to 13 per cent of women applicants were asked about their plans to have a family or get married at a job interview and 7.3 per cent report that they were not offered the job because of those plans.

<sup>43</sup> Law on Labour Relations, Official Gazette no. 62, 2005, Article 164, paragraph 4.

<sup>44</sup> The last Labour Force Survey (2000) that presented disaggregated data by ethnicity showed that only 11.3 per cent of women of ethnic Albanian origin were employed compared to 62.3 per cent of men in the same ethnic community (State Statistical Office 2003).

in the same job position, regardless of gender”. However, this is more restrictive than the principle of equal remuneration for men and women for work of equal value as enshrined in the Equal Remuneration Convention, as it does not address the situation in which men and women perform different work, with different responsibilities, but which is nevertheless of equal value (Committee of Experts on the Application of Conventions and Recommendations 2010 and 2011). It is also unclear whether the full range of payments, including payments in kind, are included in the term “wages” as used in the provision (Committee of Experts on the Application of Conventions and Recommendations 2010 and 2011). The Committee of Experts on the Application of Conventions and Recommendations invited the Government to:

*„consider including in its legislation provisions that give full expression to the principle of equal remuneration for men and women for work of equal value, with a view to addressing situations where men and women perform different work, with different responsibilities, that is nevertheless of equal value, and to provide information on the measures taken or envisaged in this regard“. (Committee of Experts on the Application of Conventions and Recommendations 2011)*

Provisions of employment contracts, collective agreements and/or general enactments of employers that run contrary to abovementioned provision shall be invalid. However, research shows that stakeholders interviewed in the process of writing this report, both state and non-state actors, generally do not have a clear understanding of the principle of equal remuneration for work of equal value. Those interviewed for this report understood equal remuneration to mean equal wages for the same job position in the same enterprise, organization or institution rather than also for positions of equal value. In the former Yugoslav Republic of Macedonia, the classification and systematization of jobs are practiced in both the private and the public sectors, but do not include job descriptions that usually encompass terms of reference for a job or the competences and skills needed, not to mention expected results. In this way, variations in value (different demands of jobs) among the same job positions are not recognized within the same enterprise. This makes it difficult to compare jobs that are the same, alike, equivalent or represent work of equal value in the same sector or across sectors. However, objective job evaluation methods are key to comparing skills, efforts, responsibilities and working conditions. Such job evaluations are still missing in the former Yugoslav Republic of Macedonia.

Collective agreements implement the “effort, skill and decision” approach (referenced in the application of the principle of equal pay for work of equal value) when classifying various jobs in a job hierarchy in relation to their complexity coefficient. The general collective agreement for the private sector<sup>45</sup> encompasses nine complexity groups (Table 13). Article 16 of the agreement regulates that the basic wage is to be based on the demands of the job position (education, skills and responsibilities and complexity of the work) and is arrived at by multiplying the minimum reference wage (which in the private sector is determined by each individual branch) by the complexity coefficient.<sup>46</sup>

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<sup>45</sup> The general collective agreement for the private sector was concluded in 2009 and covers all branches. It was concluded between the Federation of Trade Unions of Macedonia (which is representative of private sector employees) and the Organization of Employers of Macedonia (which is representative of private sector employers).

<sup>46</sup> In the public sector, Article 15 of the General Collective Agreement lays down that complexity groups are to be determined in individual branch collective agreements, as is the minimum wage to be multiplied by the complexity coefficient in order to determine remuneration for each job position.

Table 13: Forms of work grouped by degree of complexity

Private sector	
Group	Degree of complexity
I – simple, repetitive and varied tasks	1.00
II – moderately complex, repetitive and varied tasks	1.20
III – complex, repetitive and varied tasks with occasional introduction of new work tasks	1.30
IV – more complex and varied tasks for which independence and initiative are required	1.50
V – more complex and varied tasks for which considerable independence and initiative are required	1.70
VI – considerably complex tasks for which independence and initiative are required	1.90
VII – considerably complex tasks for which a high degree of independence, creativity and initiative are required	2.30
VIII – Considerably complex tasks for which a high degree of independence, creativity, initiative and specialization are required	2.70
IX – the most complex, specialized and independent tasks	3.00

However, these agreements do not include a mechanism to ensure that the assessment of complexity is conducted using an objective criteria. Job evaluations are not compulsory and therefore are not implemented. In any case, they leave employers a lot of room for subjective interpretation. As a result, one cannot track gender wage discrimination; evidence cannot be generated to present before the various institutions established to protect workers from such discrimination.

The aforementioned situation in which collective agreements do not take into account the need to have an infrastructure/environment for enforcement of the principle of equal remuneration for work of equal value results from the interplay of various factors: (i) the low awareness of the meaning of the principle (as already mentioned, stakeholders understand the principle to mean equal pay for the same job); (ii) non-implementation of the principle of equal remuneration for work of equal value in collective bargaining.

Women remain underrepresented in decision-making; their participation in trade union activities is also limited. The main reason for this is the perceived primary role of women in society as wives and mothers,<sup>47</sup> and the amount of unpaid care work they do which diminishes their opportunities to engage in civic activities, including active membership of trade unions or employers' organizations. None of the trade unions keeps a record of their membership by sex and therefore it is difficult to determine women's participation rate.

The level of awareness of gender discrimination in workers' and employers' organizations is fairly low. Interviewees reported that they had not raised the issue of gender-based discrimination in their deliberations. The collective agreements they had concluded do not contain specific gender provisions. With regard to the equal remuneration principle, the dominant perception among stakeholders is that employees receive the same wage for the same job, regardless of gender.

#### 4.4 Enforcement of equal remuneration

There is no institution that deals exclusively with disputes relating to equal remuneration. Instead, cases must be brought to the attention institutions dealing with broader discrimination and equal employment opportunities. There are separate programmes for promoting gender equality and equal opportunities for women and men, and national employment programmes that contain measures concerning gender-based discrimination.

<sup>47</sup> Interview with Gordana Bukrevska, president of the women's' section of the Confederation of Free Trade Unions of Macedonia, 23 February 2011.



The Law on Equal Opportunities for Women and Men<sup>48</sup> provides the specific framework for legal protection and enforcement of the gender equality principle. The Law is enacted through the separate National Action Plan on Gender Equality 2007–2012.<sup>49</sup> It clarifies the mechanisms for regulating equal opportunity provisions, the jurisdictions, tasks and obligations of the parties responsible for ensuring equal opportunities, the procedure for identifying unequal treatment of women and men and the rights and duties of the Advocate/Attorney for Equal Opportunities for women and men, which is a function that has been set up in the Ministry of Labour and Social Policy to implement the Law on Equal Opportunities for Women and Men.

With regard to employment policy, there are Active Labour Market Programmes (ALMP) to address the unemployment problem. These measures are directed towards creating more employment opportunities for the following groups: long-term unemployed, young unemployed, rural unemployed, single parents, disabled and orphans, redundant workers and victims of family violence. Women are not targeted separately by any active employment measure except for the one dealing with victims of family violence. The monitoring data on the implementation of all measures show that men are the primary users of the active employment measures. This suggests that gender related targets need to be set in order to distribute active employment measures more equally among users of both genders.

Finally, with the adoption of the Law on Antidiscrimination in 2010 work in the area of equal opportunities and diversity will receive another dimension, as so far it has been focused mainly on gender equality. The institutional structures at central, local and municipal levels, however, need to be strengthened so that their staff understand the law and are able to implement protection against all forms of discrimination. A special Antidiscrimination Commission was established to facilitate this process.

Specific enforcement mechanisms that may also be used with regard to unequal remuneration include the following:

#### **4.4.1 Advocate/Attorney for equal opportunities**

In compliance with Article 23 of the Law on Equal Opportunities for Women and Men, since December 2009 a legal representative – an Advocate for Equal Opportunities – has been employed in the department of equal opportunities within the Ministry of Labour and Social Policy. The Advocate implements a procedure for identifying unequal treatment between men and women. This procedure can address unequal treatment in the public and the private sectors and is coordinated with the work of other institutions, such as the inspectorates and the Ombudsman. Only two complaints related to gender-based discrimination have been received since the end of 2009, both filed by male sand concerning family law. No employment-related complaint had been filed by the time of writing (February 2011).<sup>50</sup>

#### **4.4.2 Antidiscrimination Commission**

The Law on the Prevention of and Protection against Discrimination lays the ground for the establishment of an independent seven-member non-professional Antidiscrimination Commission (Official Gazette No. 50/2010). The competences of the Commission partly overlap those of the Ombudsman, as well as those of the Advocate/Attorney for equal opportunities. If a person feels they are the victim of any form of discrimination they can complain to the Antidiscrimination Commission, which then discusses and provides advice and recommendations on the available measures in the courts and other institutions. So far (by February 2011), only one case related to gender-based discrimination has been brought before the Commission, a complaint brought by a man who challenged the right of a mother of three to claim child benefits.<sup>51</sup>

<sup>48</sup> Law on Equal Opportunities for Women and Men of Republic of Macedonia (Official Gazette of the RM No. 66/06, 117/08).

<sup>49</sup> National Action Plan on Gender Equality 2007–2012 (available at [www.mtsp.gov.mk](http://www.mtsp.gov.mk) – accessed on 3 April 2011).

<sup>50</sup> Interview with Elena Grozdanova, State Advisor on Equal Opportunities and head of the Equal Opportunities section at the Ministry of Labour and Social Policy, Skopje, 8 March 2011.

<sup>51</sup> Interview with Jovan Ananiev, member of the Antidiscrimination Commission (28 March, 2011).

#### 4.4.3 Ombudsman

The Law on the Ombudsman was amended in 2009, paving the way for the establishment of the Department of Antidiscrimination (Official Gazette No.60/2003). Since then, additional staff have been employed to strengthen the office of the Ombudsman to act on cases of unequal treatment in the public sector based on gender. One of the deputies of the Ombudsman has jurisdiction to proceed in cases of gender discrimination. In 2010, the number of citizens' complaints increased by 11 per cent compared to 2009.<sup>52</sup> In the area of labour relations the number of complaints is 9 per cent of total complaints made to the Ombudsman. So far, no complaints concerning gender discrimination have been made to the Office of the Ombudsman. Although advised that their cases came in the category of gender discrimination no applicant wanted to file them under the heading of discrimination.<sup>53</sup>

#### 4.4.4 The Courts

Labour disputes are dealt with in the regular courts in the Units for Civil Disputes. Special units for labour dispute resolution do not exist, although some judges may be assigned to work only on labour disputes in some courts. Gender-based discrimination in labour relations has so far not been dealt with in the courts.

According to the Law on Labour Relations (Article 182) in individual or collective labour disputes the employer and the employee may agree that the dispute be settled by a special mediation council consisting of three members: one member appointed by the employer, one by the employee and one appointed by the two together. Also, according to Article 183 collective agreements may stipulate arbitration for settling collective labour disputes. If the employer and the employee agree to this, the arbitration decision is final and binding on both parties. This is effected through the Law on the Amicable Settlement of Labour Disputes (Official Gazette No. 87/2007) and the Law on Mediation (Official Gazette No. 60/2006, as amended 2007 and 2009). Unfortunately, the Law on the Amicable Settlement of Labour Disputes is still not being implemented, although it has been in force for more than three years and thus there is no possibility for recourse to peaceful settlement in disputes of the kind mentioned in the Law.

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52 Annual Report of the Ombudsman's Office, 2010. (Available at: [http://www.ombudsman.mk/comp\\_includes/webdata/documents/Izvestaj%202010-MK.pdf](http://www.ombudsman.mk/comp_includes/webdata/documents/Izvestaj%202010-MK.pdf)).

53 Interview with Uranija Pirovska, State advisor on international cooperation and public relations.

## 5. Conclusions and policy recommendations

The gender pay gap in the former Yugoslav Republic of Macedonia means that women have poorer living standards and are more prone to poverty. It is also a factor in women's dependency on men to provide for them and their families. This is especially marked in rural areas where unemployment and inactivity rates are high, and the wage negotiating power of women and awareness of the gender pay gap are low. Women are more likely to be unpaid family workers than men, particularly in the case of women who are inactive. This is especially prevalent in families involved in agricultural activities.

Women belonging to ethnic minorities (especially Albanians and Roma) and also those with low qualifications tend to be stay-at-home mothers, looking after the children, the household and the elderly in their families. It is striking that the former Yugoslav Republic of Macedonia has both the highest unemployment and the highest inactivity rates in Europe. Further research would be needed to assess the extent to which this is due to lack of access to education, vocational training and the labour market.

The employment rates of women are much lower than those of men. Furthermore, female labour market participation is considerably lower than that of males. Women tend to be concentrated in sectors closely related to the tasks they perform in households (social work, health care, education and, within manufacturing, the textile sector). The work they perform is often undervalued. Women are overrepresented in the textile sector, where international competition is fierce, working conditions are often very poor and workers often work overtime. Women are strongly represented in dependent employment, mainly as employees or even unpaid family workers. There are few women employers or own-account workers, which adds to the problem of gender wage inequality.

There is very strong gender discrimination in terms of vertical distribution of jobs, as women are more likely to be in low-paid or even unpaid family jobs than men. The more traditional the community to which they belong, the more striking is the vertical distribution of job places among men and women. Although opportunities for women to actively participate in political life have improved in recent years – mainly due to affirmative measures taken by the Government – their participation in political and economic decision-making is still very limited.

In order to respond to these factors, further empowerment of – especially rural – women is needed. This will involve raising their educational level and improving the education system so that it meets the requirements of business, as well as supporting on-the-job training and lifelong learning. As women increasingly become active in the labour market the state will have to step in to close the gaps which will open up with regard to traditional home-care work, for example, in childcare and elderly care. Further reform of the legal system – which commenced with the introduction of parental leave – might also contribute to reform of the traditional roles of men and women in families, aiming at a more equal division of tasks in the household between men and women and a sharing of the burden of care work. However, for this policy to be transformative men must be positively encouraged to take parental leave, not merely enabled, so that women will be able to dedicate more time to career advancement and obtaining (further) qualifications. The Government should also promote more equitable sharing of family responsibilities by means of legislation, as well as by raising awareness. Family-friendly working arrangements are important for achieving higher labour market participation and a higher employment rate among women. Given the recent passing of a Minimum Wage Law, assessing the “bite” of the minimum wages in female dominated sectors, particularly on women with low educational attainment, remains a matter of policy interest..

The policy environment and institutional framework need to be strengthened in order to create the necessary conditions for implementation of the principle of equal remuneration for work of equal value. First of all, the Law on Labour Relations must be amended so that employers are required to formulate job descriptions for every job position in their company/organization. Such job descriptions will have to include terms of reference for the job, competences and skills needed, as well as expected results/outputs. This will make it possible to describe variations in value (different demands of different jobs) among job positions within the same company/organization and will make possible the comparison of jobs that are the same, alike, equivalent or constitute work of equal value in the same sector or across sectors. Second, the Law

must provide job evaluations that should further be regulated by collective agreements, so that evidence of unequal remuneration can be generated for use within the framework of the various mechanisms established to deal with discrimination and unfair treatment.

The publication of regular statistics and surveys is crucial if the gender pay gap is to be closed. Labour inspectors and the Public Employment Service must be trained in equal remuneration issues.

Finally, in order for all this to take full effect there must be investment in capacity-building and awareness-raising with regard to the principle of equal remuneration for work of equal value among policymakers and public alike.

We hope that this paper will raise awareness of the importance of promoting a proper understanding of the problem of the gender pay gap. We hope that the issue will be addressed by all the relevant constituents and that the social partners will become actively involved in promoting labour market participation among women and, more generally, a more equitable approach to women's employment, remuneration and career advancement.

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