Why women tend to earn less than men?
Assessment based on the National Transfer Accounts

Summary

The study proved that the lack of balance between work and family life, childcare and house chores that are unevenly divided between women and men, has economic implications on one's life-cycle.

In Moldova, women's total life cycle deficit is 2.3 times greater than men's. Men's labour income is greater than their consumption in the 24-53 age range (30 years in total), while this is not the case for women at all. It's only when women reach the age of 40-41 that there's an insignificant increase in their labour income. In more advanced ages, men's life cycle deficit is 10.2%, while women's – 24%, which is more than double compared to men's, and is due to the women's greater life expectancy. Therefore, women are economically dependent for a longer time, and taking into account their higher life expectancy, they are at a higher risk of poverty.

Gender stereotypes sustaining that childcare is a key responsibility of women, not men, affect greatly women's labour market participation. Labour market inequalities are fuelled by women's housekeeping and child rearing responsibilities, which are time-intensive and are often a barrier to their engagement in professional life and to their maximum growth and development as professionals.

The gender gap in economic dependency is determined by the gender gap in labour income. Compared to men, women's the share of labour income in total income is smaller, constituting 43.8%. Women's nominal per capita indicator is 71.5% in relation to men's, their employment-related income representing 74.4%. Women's employment-related income is much lower than men's at reproductive and child-rearing age.

The labour market gender inequality is the key cause behind the gender gap in terms of economic independence. Women's employment rate is lower than men's. The presence of young children pulls this indicator down significantly. In the urban area, the employment rate of men who have at least one child is 76.2%, while that of women's is 41%, the gap being as wide as 35.1 p.p. This gap is narrower in the rural area – 23.1 p.p., where men's employment rate is 62.5%, while women's is 39.4%.

Women face wage discrimination. The overall gender pay gap per economy decreased by 14.1% in 2019. The greatest gender pay gaps are typical of areas such as finance and insurance (42.9%), information and communication technology (35.7%), manufacturing sector (20.9%), health and social work (19.6%). Women prevail in numbers in areas where wages are lower (gender segregation by field), such as health and social work, education, accommodation and public catering, services. Incomplete work schedules, typical of female labour force, are also a reason for lower wages. Because of reduced working hours (up to 40 hours) – 23.6% of employed men and 39.0% of employed women were paid lower wages.

Women's low labour income is also explained by their share in inactive population – 57.3% in 2019. There are 163.4 thousand housekeepers (13.0%) in total inactive population, and 95.7% of them are women. The shortage of nursery and preschool services and of employment opportunities, especially in the rural area, have forced women into housekeeping.

The analysis of overall consumption revealed small gender differences. The male to female ratio is 1.13. There is a gender gap in terms of consumption in the 18-30 age range, favouring women, because of greater expenses for education as a result of higher rates of women's enrolment in professional training. The next gap occurs at the age of 45 due to greater public and private spending on health.

Thanks to men's higher employment rates and labour income, they contribute more to public transfers and fund, to a greater extent, their children's consumption needs. Nonetheless, overall advantages are regarded as smaller for men primarily because of the gender inequality in terms of life expectancy, which is higher for women. Women are expected to live for more than 20 years after retirement age, while men – for about 13. Thus, women turn out to be net recipients of public transfers by about 11 years longer than men.

Transfers to the women's and men's pension fund (per capita indicator) differ significantly, favouring women. This indicator is 11.9% for men in the 30-55 age range, compared to the income of those who are more active economically (the 30-49 age group), while it is 14.3% for women. Men's nominal transfer amount was MDL 8.064, while women's was MDL 7.148. This is explained by a larger number of women working in the public sector and their transfers to the pension fund. Men in these age ranges prefer to engage in seasonal migration. They do not make any transfers to the social fund. Also, a larger share of men work in informal economy.

As earners of higher income, men make larger private transfers to other household members, women and children being the recipients thereof. Throughout their entire life cycle, women act as recipients of private transfers, men being the key senders of such transfers, especially in the 25-55 age range.

Policy recommendations to curtail gaps in women's and men's economic life cycle deficit:

- break stereotypes about women's and men's social roles, especially in the fields of education and career orientation;
- promote family-friendly policies to help strike a genuine work-family life balance, encourage the division of housekeeping and childcare responsibilities between men and women;
- address gender pay gap by taking measures to enhance women's professional skills; eliminate regulatory barriers to women who would like to choose a traditionally male occupation;
- introduce gender quotas; build leadership skills and carry out awareness-raising campaigns to prompt an increase in the number of women in managerial positions;
- facilitate the labour market reintegration of women after childcare leave;
- broaden the nursery and preschool services to cover parents' needs throughout their entire work schedule.