

## THE NEED FOR WAGE TRANSPARENCY TO COMBAT DISCRIMINATION IN THE WORKPLACE

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*At a time when the dynamics of human resources are very high and access to the labor market is wide, the need for transparency of all aspects related to the factors influencing the choice of a particular service is natural. Among the most important motivating factors is the salary. The more tender it is, the greater the stimulation of human resources. However, the salary is confidential. Salary confidentiality can be equated with the company's lack of transparency towards its own employees, which can lead to stress, distrust of one's own performance, lack of medium and long-term vision of human resources in terms of professional career. In this regard, I will analyze wage transparency in the European context, as well as the direction that the European Union will take, especially in the context of the Sars Cov2 pandemic.*

**Key words:** human resources, wage transparency, salary, evolution

**JEL Classification Codes:** K12, K31

### 1. INTRODUCTION

J. Stacey Adams is the psychologist who developed this theory based on the premise that the source of motivation lies in comparing one's efforts in a particular position and the rewards it obtains with the efforts or rewards of another person or group. .

In essence, he says:

- employees want to be treated equally.
- equity in this context is defined as the balance between the employee's contribution to the workplace and the rewards he receives.
- the employee's contribution includes experience, education, special qualifications, effort and actual time in which he works.
- rewards include not only remuneration, but also benefits, recognition of merits and more.

As it is known, in any activity, be it of an economic or any other nature, the employee has always been the driving force of its continuity, and the salary – a catalyst of his activity, being perceived as a permanent motivation. Because the employee's contribution and the rewards he receives are measured in different units, they are difficult to compare. Consequently, employees, subjectively, according to their own criteria, determine the ratio, the reward received for the effort spent and compare this proportion with that achieved by other people who perform a similar job or task. Thus, in terms of benefits and incentives, employees have the impression that "others" (or some of them) work less and receive more. The more important the opinion, the more the "others" receive - maybe what the employee in question would have wanted and did not receive.



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That is why the study - through questionnaires - of the factors that motivate employees now shows its value: the state of balance, equity can be restored either by changing the level of effort, or by changing the reward. From here, things get trickier, and this is where the true meaning of life lies.

The applicability of equity theory has also been verified in practice. For example, employees' desire to be treated equally often led to thefts, when they concluded that they were not being paid accordingly for their efforts. In a recent study, the theft rate was measured before, during and after a period of time in which the employees' pay was reduced by 15 percent. It was found that thefts increased during the period of reduced employee pay and returned to the previous level as soon as the 15 percent reduction was canceled. The conclusion? It is better to offer benefits and incentives, even of a non-salary / extra-salary nature, than to "offer them" to the employees themselves!

The question that arises is why in Romania there is such a lack of transparency in communicating the income obtained, since in the European Union there is a current of opinion that tends towards salary transparency.

In this regard, we consider it useful to analyze the trends related to this issue in the European Union.

## **2. REGULATION OF SALARY TRANSPARENCY IN THE EUROPEAN UNION**

In Romania, the law that refers to salary transparency is the Framework Law no. 153/2017 on the remuneration of staff paid from public funds provides in art. 33, Transparency of salary income:

(1) All public authorities and institutions listed in art. 2 para. (1) and (3) shall publish at their headquarters and on their website, on 31 March and 30 September of each year, and shall keep published a list of all functions in the respective public authorities or institutions falling into the category staff paid from public funds, including the following:

a) the basic salary, the balance of the basic position / the salary of the basic position, the employment allowance or the monthly allowance, as the case may be;

b) the type, calculation basis, percentage share, gross value of the bonuses, compensations, additions, bonuses and prizes eligible for each position, as well as the legal basis for their granting;

c) the annual value of the holiday vouchers to be granted for a period of one year, as well as the legal basis for their granting;

d) the annual value of the food allowance to be granted for a period of one year, as well as the legal basis for its granting;

e) any other rights in cash and / or in kind, if applicable, as well as the legal basis for their granting;

f) any information regarding the possible limitations of the salary income, as well as their legal basis.

The European Commission has put forward a proposal on wage transparency to ensure that women and men in the EU receive equal pay for equal work, according to a press release from the institution.

The proposal, which is a political priority for President von der Leyen, sets out measures to ensure wage transparency, such as informing jobseekers about the salary they are to receive, the right to know the levels of pay of workers performing the same work, as well as obligations to report the pay gap between women and men for large enterprises.

The proposal also facilitates access to justice and strengthens the means by which workers can claim their rights. Employers will not be allowed to ask their jobseekers for their salary history and, at the request of employees, will be required to provide anonymised pay

information. Employees will also be entitled to compensation for wage discrimination. The EU wants to combat wage discrimination in the workplace. Women and men should win the same.

The new measures, which take into account the impact of the COVID-19 pandemic on both employers and women, who have been severely affected, will raise awareness of the remuneration conditions in companies and provide them with workers more means to combat wage discrimination in the workplace. The measures will address a number of important factors that contribute to the existing pay gap and are particularly relevant in the context of the COVID-19 pandemic, which exacerbates gender inequalities and exposes women to a higher risk of poverty.

Ursula von der Leyen, President of the European Commission, stated: “Equal work deserves equal pay. And in order to ensure equal pay, transparency is needed. Women need to know if their employers are treating them fairly, and when they are not, they need to be able to fight and get what they deserve. ”

### **3. PAY TRANSPARENCY AND BETTER COMPLIANCE WITH THE PRINCIPLE OF EQUAL PAY**

The legislative proposal focuses on two key elements of equal pay: measures to ensure wage transparency for workers and employers, as well as better access to justice for victims of wage discrimination.

Salary transparency measures:

- Salary transparency for jobseekers - employers will need to provide information on the initial level of remuneration or the related interval in the vacancy notice or before the job interview. Employers will not be allowed to ask potential workers questions about their pay history;

- the right to information for employees - workers will have the right to request information from the employer on their individual level of remuneration and the average level of remuneration, broken down by sex, for the categories of workers performing the same work or a work of equal value.

- Reporting the pay gap between women and men - employers with at least 250 employees must publish information on the pay gap between female and male workers in their organization. For internal purposes, they should also provide information on the pay gap between female and male employees by categories of workers who perform the same job or work of the same value.

- joint assessment of remuneration - if the reported data on remuneration show a difference in remuneration between women and men of at least 5% and the employer cannot justify the difference on the basis of objective and gender-neutral factors, employers they will have to carry out an assessment of remuneration in cooperation with the workers' representatives.

- workers' compensation - workers who have been victims of gender pay discrimination can receive compensation, including full recovery of outstanding payments and related premiums or payments in kind;

- the burden of proof lies with the employer - the employer, not the worker, will implicitly be the burden of proving that there has been no discrimination in remuneration;

- sanctions including fines - Member States should set specific sanctions for breaches of the equal pay rule, including a minimum level of fines;

- equality bodies and workers' representatives may act on behalf of workers in legal or administrative proceedings and may bring collective actions on equal pay.

- the proposal takes into account the current difficult situation for employers, especially in the private sector, and maintains the proportionality of the measures, while providing flexibility for small and medium-sized enterprises (SMEs) and encouraging Member States to use available

resources for data reporting. Annual costs related to the reporting of remuneration by employers are estimated at between EUR 379 and EUR 890 for companies with more than 250 employees.

#### 4. CONCLUSIONS

The proposal will now be forwarded to the European Parliament and the Council for approval. After adoption, Member States will have two years to transpose the Directive into national law and to transmit the relevant legislation to the Commission. The Commission will carry out an evaluation of the proposed directive after eight years.

The right to equal pay for men and women for equal work and work of equal value has been a fundamental principle of the European Union since the Treaty of Rome of 1957. The requirement to ensure equal pay is laid down in Article 157 TFEU. and in the Directive on equal opportunities and equal treatment for men and women in matters of employment and occupation.

In March 2014, the European Commission adopted a recommendation on strengthening the principle of equal pay for men and women through transparency. Despite this, the effective implementation and enforcement of this principle remains a major challenge in the European Union. The European Parliament and the Council have repeatedly called for action in this area. In June 2019, the Council invited the Commission to develop concrete measures to increase wage transparency. President von der Leyen announced that mandatory measures to ensure wage transparency are one of his political priorities for the current Commission. This commitment has been reaffirmed in the Gender Equality Strategy 2020-2025, and the Commission is presenting a proposal to that effect.

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