

**Specific Solutions to Specific Problems:
The Gender Pay Gap
Report on Dialogue between European Commission Staff Members
and SAAGE Country Experts
held in Brussels on 4th October 2018**

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Background

The 2018 annual seminar of the SAAGE initiative used five country examples to explore in detail possible policy implications and responses to specific situations and causal factors with regard to the gender pay gap.

The seminar provided up-to-date information on the phenomenon as it arises in particular national contexts with a view to identifying specific solutions to specific problems and enabled a wider dialogue between European Commission staff members and SAAGE Country Experts, picking up selected Member State experiences as a starting point to discuss the gender pay gap, its scale, composition, and causal factors. It enabled a dialogue between European Commission staff members and SAAGE Country Experts on these issues, their implications and possible mitigating policy actions. The seminar also provided the opportunity for bilateral meetings between Country Experts and Country Desk Officers.

1. Gender Pay Gap – Germany

Presentation

Alexandra Scheele-Baer presented the German situation focusing on the causes of the gender pay gap.

- The difference between the high employment rate for women and low full FTE employment rate, due to high level of female part time work. The difference between the German FTE employment rate for women and the respective EU average is lower than the corresponding difference in the employment rate.
- Marginal time employment of women (mini-jobs do not guarantee social security) is another cause and joint-taxation is an incentive for married women to enter this form of employment.
- Segregation, both horizontal and vertical: gender stereotypes play a major role in this.
- Similarly, stereotyping influence the distribution of care work within families, and reinforce the role of women as primary carers for small children, who are generally cared for at home.
- Under-valuation of low grading of female-dominated jobs by collective agreements.
- Intransparent wage setting process.

In the Eastern part of the country the magnitude of the phenomenon is lower than in the Western part of the country: this might be partly due to the higher availability of childcare services in the Eastern part.

As possible solutions, the expert suggested to increase the availability of childcare, and to re-evaluate typical female professions and agreed with the most recent CSRs from the Commission (years: 2016, 2017, 2018) on reducing disincentives (including taxation) to work for second earners. The expert also presented the recently enacted policy measure on pay transparency for which the evaluation is expected in July 2019. This measure is in force since 2017 and applies to both public and private large companies, but the conditions under which

reporting of infringement is allowed is so difficult, that the expectations regarding impacts are low.

Dialogue

- Measuring the GPG: There is an issue about measurement when it comes to the gender pay gap, as it is based on hourly wage, calculated as an average that does not account for the differences in total working time per month. The relation between working time and the gender pay gap is influenced by many factors, because a reduction in the total amount of time that can be devoted to work in a week might influence the adoption of part-time work by women (this was the case of 35 hours law in France).
- Cultural factors and care responsibilities: Women leaving their jobs after having children often re-enter the labour market with a less prestigious and low paid position. Cultural factors play a major role in this: in Germany women are supposed to look after children as formal childcare for small children is not so much used. The culture is changing slowly affecting especially youngsters.
- Segregation: Influencing factors that cause horizontal segregation might be more important than influencing factors that cause vertical segregation. Enacting policies to counteract the latter might also be easier than combating the former, but horizontal segregation affects the major number of women.
- The impact of disadvantageousness for other groups:
 - Besides the different propensity of using formal childcare, another factor for the East-West differential in the gender pay gap is the lower income level of men in East Germany compared to that of men in West Germany.
 - Swedish women are trying to enter male dominated sectors but they are also losing their positions in low paid sectors where they used to be the majority, due to the entrance of migrant men in those sectors, a new chasm in the Swedish labour market worth signalling.
- Usefulness of transparency laws: The transparency law in Germany is worth to be implemented although it is a soft measure. Transparency measures should be encouraged in countries where more resistance to publish

payrolls is found (for instance in Poland), due to a tradition of keeping them secret (privacy protection is sometimes used as an excuse). They will always have limitations though. Even in Sweden, the only country with a regulation on pay transparency applying to whole sectors and all types of companies,, the effectiveness is hampered by the fact that comparison is allowed within the same company.

- Similarly, in Slovenia the gender pay gap is not much debated in the public sphere, as by tradition the country has a low level for this indicator. However, things are different if we consider the individual company level. So aggregated indicators are still not able to measure the phenomenon in its complexity.

2. Gender Pay Gap – Slovakia and Austria

Presentation Slovakia

In Slovakia the employment rate for women is high but the gender pay gap is high. However a decreasing trend can be identified over time. The issue has never been mentioned in CSRs . The main causes identified are: lack of childcare services; gender segregation in employment; Deep horizontal segregation ; concentration of women and men in certain jobs with a gender pay gap that significantly varies across and within economic sectors, occupations, level of educational attainment, age, income components, regions. Women dominated sectors are less valued sectors and the GPG in the private sector is higher than in the public sector, the highest gender pay gap being in the best paid occupations i.e. financial and insurance occupations. If this trend will continue the gap will close in 40 years only. There is very little public attention to the issue.

Actions should be taken to make up for:

- The lack of debate among stakeholders (state authorities, social partners and relevant public representatives
- Ensure a regular high-quality monitoring and analyses of wages in all economic sectors
- Increase transparency in hiring and wage bargaining
- Enhance female employment opportunities by extending affordable, quality childcare and flexible forms of work
- Strengthen from the early stages the role of education to overcome stereotypes of “male” and “female” professions and to mitigate the gender division into certain groups of professions
- Intensify the control role of the National Labour Inspectorate on the remuneration, particularly in the private sector

Presentation Austria

Austria is characterised by high female (and male) employment rate (women: 71.4%, men: 79.4%; figures 2017) and by one of the highest female part-time rates.

There is a relevant unequal distribution between paid and unpaid labour, and a low participation of men in caring activities (19% fathers are taking parts of the parental leave, but mainly rather short periods). At the same time there is a lack of child-care-facilities.

Most of the gender pay gap is explained by the difference in working time between women and men. Women work less and receive inferior hourly wages compared to men. This is related to a strong horizontal and vertical segregation so that low-paid segments are highly feminized. This is related to the undervaluation of «female» work and work tasks (care, personal service, food and accommodation etc.).

Minimum wages are not set by law, only in some collective agreements. Secrecy about income is a taboo in the industrial relations culture, but also by law when it comes to income reports.

The gender pay gap decomposition exercises show that there is a wide part of the gender pay gap that remains unexplained by econometric models and that might be considered as an indicator of discrimination.

The gender pay gap varies largely within sectors. In health it is small, while in education it is high. It seems that the entrance of women in a sector lowers the average hourly wage for all.

There are several projects and initiatives dealing with the issue and a concrete action has been taken to promote more equality. The most relevant is the Equal Treatment Act that includes since 2014 compulsory income reports: income reports are compulsory for companies with more than 150 employees. However, employees are not able to use the instrument, as they do not have access to complete information.

Dialogue

- Child care facilities: In Slovakia there is a high motherhood penalty. Although the communist cultural heritage includes a distrust of the quality of childcare facilities), the main issue is the lack of availability. Parents look for alternative solutions, i.e. private childminders that are very expensive that can be afforded

only by high income families, especially in Bratislava where the cost of living is quite high. In addition, , these private providers do not guarantee good quality.

- The issue of elderly care should also be taken into account when referring to care responsibilities, especially in view of the ageing European population. Parental leave: Something more can be done for promoting parental leave take up by father. It was done in Sweden but several initiatives exists elsewhere too (e.g. Piedmont Region In general awareness raising campaigns are important but they should be conducted on a continuous basis.

Social partners: In Austria the role of social partners and in particular trade unions seems interesting: they are losing importance in general but they are trying to focus on the gender pay gap issue However, social partners are not always good allies when it comes to discuss gender pay gap related topics as pay secrecy is considered as a tool to protect workers' privacy.

Statistics do not consider the situation of non-standard workers.

Not all countries have a minimum wage and this is another relevant difference that may influence the gender pay gap.

Another issue is calculation: statistics do not consider the situation of non-standard workers.

- Segregation: labour market segregation is the result of gender stereotyping in education, which means that learning materials should be adapted for children of all ages. Segregation is also related to the better protection that is guaranteed to women choosing some sectors for a better work life balance. In other words, not only the choices women make, but also working conditions in different sectors should be targeted. Finally, the glass-ceiling remains important.

3. Gender Pay Gap – Portugal and Finland

Presentations Portugal

Portugal shows the steepest increase in the GPG in the EU: 9.4 p.p. since 2009. In addition, the explained gender pay gap is one of the lowest (Boll and Lagemann, 2017). Between 2011 and 2016, wage gaps increased the most in Portugal, by 4.6%

In sectors such as consulting, scientific, technical and similar activities the gender pay gap in part-time employment is very high.

The causes of the gender pay gap are related to:

- Segregation of workers across firms
- Job segregation.
- the “glass ceiling effect”, which in Portugal operates mainly through worker allocation to firms rather than occupations.

Public employment used to mitigate the phenomenon but the reduction of civil servants reduces the mitigating effect of this sector of employment.

Among the policy measures currently in force the most relevant is the law on pay transparency. The law comprises four types of mechanisms to promote equal pay for work of equal value:

- The state will release annually statistical information on wage differences by company and by economic sector;
- Companies with 250 or more employees should use annually updated data from the labour authority to calculate their gender pay gap to be submitted to authorities;
- In case of unjustified pay gaps, companies shall submit to the authorities an action plan for the coming year, and a report on their progress.
- Any worker, or a representant, is entitled to apply to the Commission for Equality in Labour and Employment (CITE) to issue an opinion on the existence of pay discrimination on grounds of sex.

Noncompliant companies face penalties and two-year ban on tendering for public contracts.

The law is not very effective because:

- It applies to less than 30% of workers in the private sector (in enterprises with 250 or more employees).
- The processes are complicated, long and very demanding for several public bodies.

Some policy proposals to improve the situation with regard to the GPG:

- Completely non-transferable family leave for both men and women with the same duration;
- Decrease the youth unemployment rate, precariousness and low-waged jobs;
- Re-evaluate jobs mainly occupied by women by promoting more professionalisation;
- Promote gender desegregation in education and employment;
- Prevent in-work poverty.

Presentations Finland

The causes of the gender pay gap are:

- Highly gender-segregated labour market (women in female-jobs in the public sector) so it is a structural problem
- Women's work is undervalued and underpaid often fixed-term
- By tradition different pay scales for men and women until early 1970s.
- In the centralized collective bargaining system, notoriously difficult to raise wages of any group more than others
- Uneven distribution of parental leaves and care responsibilities that favour discriminatory practices of employers
- Increasing part time work

Finnish legislation foresees that all Finnish organizations employing at least 30 people must regularly conduct gender equality planning focusing on equal pay (pay survey) and conditions of work, and this should be monitored constantly.

This measure has not been as effective as hoped due to the lack of concrete advice and the fact that organizations mainly compare among similar jobs, thus missing the "bigger picture" of wage inequality.

Finland enacted also an Equal Pay Programme included in the social dialogue since 2006, that aims at narrowing the gender pay gap. The programme focuses on, among the others:

- Collective bargaining
- Reducing gender segregation
- Developing pay systems
- Supporting women's career progress
- Increasing fathers' uptake of longer periods of parental leave
- Decreasing in fixed-term employment
- Improving quality of gender equality planning of organizations

Policy proposals to ameliorate the situation in Finland should focus on:

- Improve the level of ambition of existing measures.
- Targeting welfare state employment
- Renewing parental leave systems, especially getting rid off home care allowance.
- In the Finnish case, giving the social partners less power over labour market policy, social policy and gender equality policy.

Dialogue

- Measurement issues :It is important to use monthly earnings instead of hourly earnings in order to have a clearer picture for all.
- In disentangling single factors causing the explained gender pay gap, sector affiliation, hours of work and temporary work are the most important factors across countries and should be accounted for.
- Public sector: The Finnish case raises the issue of wages in the public employment, which typically employs many women. In Austria they are well paid while in Czech Republic and Hungary public employment is not well paid and people move to better paid sectors. In the healthcare sector this has even triggered a immigration movement from Ukraine in these countries to cover nursing positions that are low paid.

- Parental leave for men: There is a general agreement on the fact that men should be encouraged to take parental leave more.
- Private sector action: Pay transparency seems to be better implemented in the public sector than in private sector.
- De-segregation in occupations should involve both women and men. The promotion of women in STEM should be coupled with the promotion of men in care occupations by contrasting deeply rooted stereotypes on the division of work. There is an adherence to traditional roles among girls and boys that should be challenged. An interesting example is the promotion of gender equality in pay in Slovenia.

4. Overall conclusions

The commonalities in the issues raised during the presentations and the dialogues relate to technical issues in measurement and policies, the way to involve other parts of society in decreasing the GPG, and areas for further policy development.

Technical issues

- For the measurement of the GPG monthly or annual wages are to be used rather than hourly wages to reflect the impact of part-time work;
- Transparency legislation should be more specific and demanding with regard to the unit of comparison, avoiding the easy road of comparing similar jobs with too few possibilities for comparison or ignoring wider issues of pay inequalities.

Stakeholder involvement

- Social partners: while trade unions are the natural allies when addressing the GPG, in practice they often side with employers for fear of jeopardising the interests of male colleagues;
- Measures should target men as well as women, especially if cultural values and traditions are challenged.

Policy issues

- Labour market segregation remains a key issue for reducing the GPG. Horizontal segregation is not mentioned and addressed as much as would be logical in view of the large number of women it concerns.
- Cultural values and traditions play a key role in furthering the GPG though their impact on qualitative (jobs, sectors) and quantitative (number of hours worked, career breaks) career choices of women and men. Positive role models and 'family models' are needed, besides sufficient child care and abolishment of tax advantages for staying at home.
- The development with regard to low paid jobs are worth examining further, in particular the substitution of (im)migrants for women.