

Closing the Persistent Gender Pay Gap:
Evidence-Based Solutions
Dialogue with Social Partners

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THE EVENT

The seminar aimed to inform, support, and mobilise the social partners at European, sectoral, and national levels to further evolve their roles in addressing the gender pay gap. It sought to:

- Present cutting edge and recent research on the drivers of the gender pay gap and of the efficacy of action by social partners and by companies in seeking to reduce the gender pay gap.
- Enable dialogue among the social partners on diagnosing, influencing and taking action on the gender pay gap at European, sectoral and national levels.
- Build agreement around causal factors for the gender pay gap, the issues that need to be addressed to reduce the gender pay gap, and further actions that the social partners could take on this issue.

The seminar was attended by thirty representatives of the social partners at European, sectoral, and national levels. Representatives from the European Commission Gender Equality Unit in DG Justice and Consumers participated.

The seminar was opened by Lucie Davoine from the Gender Equality Unit. She emphasised the persistence of the gender pay gap and welcomed the chance offered by the seminar to explore with the social partners how we can do better on this issue.

FIRST EVIDENCE

Presentation

Christina Boll, Research Director at the Hamburg Institute of International Economics, presented on the findings of a research paper she co-authored on 'Magnitude and Impact Factors of the Gender Pay Gap in EU Countries'. This was based on Structure of Earnings Survey data from 2010, covered 22 countries (21 EU Member States and Norway), and was confined to companies employing at least ten people.

She pointed to the heterogeneity in the magnitude of the unadjusted gender pay gap across the 22 countries, from as low as 3.6% in Poland to a high of 25.1% in Estonia. There are significant geographical particularities.

A trade-off appears between women's labour market participation and the gender pay gap. Countries with a low gender pay gap exhibited low levels of participation by women in the labour market. It would appear that in these instances there is positive selection, with only women with high earnings potential accessing the labour market. The care sector in these instances operates outside the market.

Countries with high levels of participation by women in the labour market evidenced a high gender pay gap. In these instances, there was greater diversity of work arrangements taken up,

alongside gendered occupational and sectoral segregation. Care work is partially paid and this contributes to the gender pay gap as it predominantly employs women and is low paid.

The average unadjusted gender pay gap for the 22 countries was 15.3%. The 'explained part' of the gap, due to differences in characteristics, accounted for 4.4% of this and the 'unexplained part' or adjusted gap for 10.9%. Countries with low total gender pay gaps evidenced low 'explained' gaps based on differences in characteristics between women and men.

She identified sectoral segregation of men and women as the strongest driver of the gender pay gap. This contributes to between 3% and 8% of the gap. Different take up of reduced working hours and flexible working hours by women and men is another key driver. There is a full-time premium at work that disadvantages part-time workers, who are predominantly women.

Another factor increasing the gender pay gap is the prevalence of temporary contracts, which are usually occupied by women. A higher share of public sector employment decreases the gap as do education factors and occupation factors. While her research data did not cover the actual employment experience of men and women, what actually happens in the workplace, she suggested this too could be a factor. Firm size emerged as a factor decreasing the gender pay gap, however when firms employing less than ten people are included, firm size emerges as a factor increasing the gender pay gap.

She identified four crucial strategies at the firm or sectoral levels to tackle the gender pay gap. These were to:

- Check prevalent work evaluation schemes.
- Reduce the cost of time flexibility.
- Increase family compatibility.
- Break glass ceilings.

Deliberation

The social partners debated the main drivers behind the persistent gender pay gap at separate tables, with each table reporting on the key drivers identified.

Labour market segregation by sector was identified across the tables as a key driver, in agreement with Christina Boll's findings. This issue was linked to gender segregation in education, working hours and occupation in driving the gender pay gap.

The challenges of combining work and care responsibilities was another driver identified across the tables. This was seen as particularly relevant where women sought more senior positions. This was linked to:

- Leave arrangements;
- Quality, affordability and accessibility of early age childcare and care for older people;
- Work-life balance arrangements including part-time work.

Cultural norms and expectations were seen as being relevant in driving the gender pay gap. This was linked to the unequal sharing of unpaid work between women and men, gender stereotyping and the expectations and choices that emerge from this, and issues of self-confidence and negotiating strategies. The issue of pay discrimination was also identified with some disagreement around this.

SECOND EVIDENCE

Presentation

Damian Grimshaw, Professor of Employment Studies at Manchester Business School and Director of EWERC (European Work and Employment Research Centre), presented on diverse theoretical approaches on examining wage formation. These included:

- Economic approaches.
- Sociological approaches.
- Institutional approaches.
- Organisational approaches.

An economics perspective raises questions about the relationship between pay differentials and productivity. Women are concentrated in low paid, low productivity sectors. A question arises as to how to raise productivity in these sectors. There is evidence to suggest that raising pay raises productivity. This suggests an issue for the social partners in promoting investment in higher pay as a spur to productivity.

This perspective also raises questions about how to value women's experience and expertise in ways that balance with the worker's economic and social needs, the over-qualification of women in job roles, and the poor fit for women's situations with the demands of more senior roles. This suggests an issue for the social partners of the need to audit women's roles to assess such things as reward against experience and expertise, and balance between social and economic needs; to expand flexible working hours, and to establish worker-centred flexible working schemes.

The sociological perspective raises questions in relation to horizontal and vertical segregation as a causal factor of the gender pay gap and the need for a targeted strategy of raising pay in women dominated sectors. This suggests an issue for the social partners of the need to monitor the relative level of pay of all workers in women dominated sectors and trends in the employment of women and men, and to work towards raising the pay relative to the economy average in sectors dominated by women.

This perspective also raises questions about the over-representation of women in the public sector. Current policies of outsourcing, privatisation, pay restraint, and downsizing in the public sector have, as a result, impacted more on women than men. This suggests an issue for the social partners to defend pay and jobs in the public sector.

An institutional perspective raises questions in relation to wage-fixing mechanisms, in particular systems for regulating the wage floor. This suggests an issue for the social partners of monitoring women's share among minimum wage earners and promoting above average wage growth.

This perspective also raises questions in relation to collective bargaining where more coordinated and integrated systems are seen to be positive for gender pay equality. This suggests an issue for the social partners of auditing and monitoring decentralised wage bargaining for effects on the gender pay gap, and to sustain employer membership of sector wide associations.

An organisational perspective raises questions about the impact of employer practice on women's wage and career prospects. This relates to the growing use of insecure forms of employment and to discriminatory pay practices. This points to issues for the social partners in monitoring and addressing precarious work and ensuring pay transparency.

Deliberation

The social partners explored the issues they are currently addressing in relation to the gender pay gap and debated further issues that need to be addressed at separate tables, with each table reporting on the key issues identified.

Issues of gender segregation in the labour market and in education emerged with some priority. This included a focus on increasing women's participation in non-traditional higher paid occupations, including in the STEM fields (science, technology, engineering and mathematics). The need to develop equal career paths was mentioned.

Collective bargaining emerged as another significant issue. The outcomes of collective bargaining could be monitored for gender pay gap outcomes. Pay transparency in collective bargaining would identify whether men or women benefit more in pay terms, in particular from fringe benefits.

Issues of raising wage levels, gender neutral job classification, and gender proofing job evaluation were raised. The implementation of policy such as equal treatment legislation was named and, in particular, the value of securing acceptance for the rule of equal pay for work of equal value. The importance of stimulating leadership on this issue from those in senior positions was stated.

It was noted that diverse approaches can be and often are taken by the different social partners

THIRD EVIDENCE

Presentation

Johanna Kumlin Senior Expert with the Equality Ombudsman in Sweden, presented recent research on legal requirements on Swedish employers to take active measures in relation to gender equality and pay at work. This requirement is alongside further requirements on employers to implement active measures for gender equality in relation to working conditions, parenthood, harassment, recruitment, and education and training.

In relation to pay, the active measures should:

- Equalise and prevent differences in pay and other terms of employment between women and men; and
- Promote equal pay growth opportunities for women and men.

Employers must survey and analyse their provisions and practices regarding pay and other terms of employment, and report the results of this in preparing an action plan for equal pay. This approach contributes to pay transparency.

The research found broad variations in employer procedures in implementing this requirement. This variation includes: which employee's wages are included; how pay differences are measured; how equal work or work of equal value is distinguished; how the analysis of whether pay differences are gender related is conducted; and the content of the action plan. These variations influence the effectiveness and outcomes of the active measures required.

About 30% of employers discover pay differences associated with gender. These differences are mainly to the disadvantage of women. The action taken includes pay corrections for those disadvantaged, integration of certain types of work, and work-life balance initiatives. There is evidence that there is a value in coordinating employer actions in combating the gender pay gap with the other active measures required under the legislation.

Deliberation

The social partners explored the issues that need to be addressed by the social partners at a company level at separate tables, with each table reporting on the key issues identified.

Pay transparency was the dominant issue from across the tables. This included a focus on the individual level and the sub-group level. It noted issues of confidentiality and dangers of wages being corrected downward. One suggestion was for companies to gather and analyse their pay data for men and women and to give consideration to responding to the results of this analysis.

Issues of changing organisational culture, flexible work arrangement, and promoting women role models were raised. The need to get companies to define this as a strategic priority was suggested and to use action on the gender pay gap in some form of positive image branding for companies. The issue of pay redistribution was also raised.

DELIBERATIONS ON FUTURE ACTION

Deliberation on Social Partner Action

The social partners explored possible reasons for giving some priority to the gender pay gap in their work at separate tables, with each table reporting on the key rationales identified.

Women's economic independence was cited as a key reason for action. A concern for fairness was raised as motivating action. Addressing the gender pay gap was seen as an intrinsic part of securing the wider cultural change required for gender equality. New mind-sets need to be stimulated among men and women in achieving equal pay and gender equality.

An economic case for action was suggested with companies standing to benefit economically from reducing the gender pay gap. At a societal level action on the gender pay gap is required to address future social problems from a growing gender pension gap.

The social partners explored the actions that could be taken by the social partners on the issue of the gender pay gap at separate tables, with each table reporting on the key actions identified.

Gender equality and equal pay could be promoted within collective bargaining in forms of equality bargaining.

Pay equity plans at company level could be promoted and ensured. Processes for and practices of gender neutral job classification could be promoted and supported within companies. The availability of flexible working time in companies could be promoted and implemented. Initiatives could be taken to support company cultures that value gender equality. Processes of linking gender pay equality to company reputation could be pursued, including a naming and shaming element. Best practice on gender equal pay could be identified and promoted.

Action by social partners at all levels could focus on promoting and establishing wage transparency within companies. The social partners could promote and support the implementation of equal treatment legislation within Member States, in particular provisions in relation to equal pay for work of equal value. The social partners could promote and pursue research and data collection on the issue of equal pay.

At a broader societal and policy level the social partners could take initiatives that seek to change mind-sets and contribute to a broader culture that embraces and values the goal of gender equal pay. They could address the issue of gender sectoral segregation in promoting women into non-traditional sectors. They could advance take up by fathers of parental leave and underpin a more equal sharing of caring responsibilities.

Deliberation on Supporting Social Partner Action

The social partners explored the supports that could be put in place to enable social partner action on the gender pay gap at separate tables, with each table reporting on the key supports identified.

Actions were identified that would enable social partner action. In the short-term stimulating action on awareness raising, campaigning and negotiating on the issue could be important to give visibility to the issue and to make it a shared and widespread concern. In the longer-term actions to address gender roles through education and role models could be valuable.

The European Commission's work-life balance package could usefully underpin and offer a focus for social partner action contributing to reducing the gender pay gap. An impetus for the improvement of the childcare and care of older people infrastructure and for action on educational segregation could also assist. A focus on the gender pay gap in the European semester process could further enable ongoing action by the social partners.

Clarity of data and terminology and data collection, analysis and dissemination at all levels would allow for informed and directed action by the social partners. Procurement procedures that included a focus on the tendering company's action on and achievement in gender equal pay could also assist.

Actions were identified to directly support social partner action. Support could be provided for effective and equality based collective bargaining. This could encompass both political support and capacity building. The participation of women in collective bargaining could be a specific focus within this. Fiscal incentives for action could also assist. There was a concern expressed that there should be no legislation in this field without social partner consultation.