

What is 'Work of Equal Value'? Discussion on the Principle of Equal Pay for Equal Work or Work of Equal Value Report on SAAGE

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Introduction

The gender pay gap remains a significant marker of gender inequality in the EU and has only changed minimally over the past decade. The webinar sought to deepen knowledge and understanding of the concept of 'work of equal value', as it relates to the principle of equal pay for work of equal value. It aimed to generate new insights to inform policy and legislative responses to the gender pay gap.

The concept of 'work of equal value' reflects a complexity for policy makers, in a context that, for example, encompasses: a segregated labour market, where different sectors of the economy are valued differently; and companies with a diversity of payroll policy and job evaluation systems, where defining which jobs are of the same value is a challenge. Accurately defining and creatively addressing this complexity is central for gender pay gap policy and legislation to make an impact, including pay transparency legislation.

Policy Platform

Ingrid Bellander Todino, Head of the Gender Equality Unit in DG Justice and Consumers, opened the webinar with an introduction to the work being done by the European Commission in this field.

One priority of the European Commission Gender Equality Strategy 2020-2025 is to close the gender pay gap. The first set of measures to be implemented will be focused on legislative and non-legislative action on pay transparency, involving new legislation and a Commission Communication. This will build on the measures taken on foot of the Commission Recommendation of 2014 on strengthening the principle of equal pay between men and women through transparency.

There is a need to better understand the concepts of equal pay for work of equal value. This is challenging in that it goes beyond direct pay-related discrimination. There is no EU level definition of work of equal value. Enforcement mechanisms need to be improved to empower victims of pay discrimination to take cases, in particular the procedural aspects to the enforcement. It will be important to establish effective ways for employees to get more information on pay levels, and for companies to better report on pay information.

Undervaluation of Jobs in the Labour Market

Presentation

Dr. Anne Laure Humbert, Reader in Gender and Diversity and Director of the Centre for Diversity Policy Research and Practice at Oxford Brookes University, presented on gender segregation in the labour market and valuing work in women dominated sectors or occupations.

Indicators in relation to the gender pay gap need further consideration. The headline indicator is the unadjusted gender pay gap based on hourly earnings. However, the gender pay gap rises significantly when monthly earnings are considered, and monthly earnings are what matter to people when it comes to paying their bills. It rises even further when the overall earnings gap is considered, a synthetic indicator that combines average hourly earnings, monthly average number of hours paid, and the differing employment rates for women and men. Finally, there is a need to take a life-course perspective, capturing the impact of pay related inequalities and discrimination over time, which is captured by the gender gap in pensions.

An intersectional breakdown of the gender pay gap is lacking. The gender pay gap widens once further grounds are considered and combined. There is a need to explore how the different discriminatory grounds influence the gender pay gap. Data and indicators require further disaggregation.

A recent study on the health sector in the UK identified that: nursing professionals experience a low level of pay despite it being a graduate profession; the gender pay gap persists among nursing professionals, and between them and health professionals, whether calculated on an hourly or weekly basis; and the greater the levels of pay the greater the scope for a gender pay gap¹.

Decomposition analysis identified that for all health sector professionals, the pay gap was largely accounted for: by differences in hours worked which points to the need for a policy focus on equalising working time and doing so on the basis of

¹ Clayton-Hathway K., Heather Griffiths H., Humbert A. L., McIlroy R., Schutz S., Gender and Nursing as a Profession: Valuing Nurses and Paying them their Worth Royal College of Nursing and Oxford Brookes University, 2020.

more sustainable ways of living for women and men; then by sex (27%) which points to the issue of discrimination; and then by the gender composition of health professionals which points to the need for a policy focus on more women getting into medicine and getting on in this field. Decomposition analysis identified that specifically for nursing professionals the pay gap was predominantly due to differences in working hours (95%), with sex-based discrimination not being a significant issue. However, there are gendered problems in the level of pay set: women and men in nursing get paid equally badly.

The sociology of professions underscores three themes in the undervaluing of women dominated professions: occupational boundaries and closure, in terms of entry, how entry is structured, and who gets in; knowledge claims, in terms of what counts as knowledge and skills and the role played by technology; and autonomy and control over work processes and practices, in terms of service needs and assumptions held in relation to the ideal worker and the long hours culture.

The composition of nurses and medical practitioners in the UK, between 2000 and 2020 reflects that, while nurses have remained predominantly women, there is a slight feminisation of the medical field. Weekly pay for nurses has risen gradually for both men and women over this period, with men receiving slightly higher pay. In contrast, pay for medical practitioners has risen much faster up to 2015, particularly for men, and then suffered a sharp drop for both women and men, particularly for men. Relative weekly pay (weekly pay divided by the rate of inflation) hardly changed for nurses over the period. In the medical field, relative weekly pay rose initially and then began to decline from 2005, more sharply from 2015, particularly for men. This situation might be related to the feminisation of the profession, but there could also be other factors at play.

Policy implications include the need for:

- Stronger conceptual understandings of pay, earnings, and pensions from a gender and from an intersectional perspective.
- Better measurement, and indicators, to reflect these understandings with: expanded definitions of pay and earnings, and corresponding gender

indicators; more frequent reporting; and wider use of decomposition methods to inform on the structural and discriminatory elements.

- Support in applying systematic decomposition analyses at the EU level as well as at the organisational level to better inform policy and practice.
- Developing the evidence base to examine the devaluation of professions over time: considering the influence of external socio-economic contexts and societal attitudes to gender equality; and supporting and developing fair job evaluation frameworks based on data from pay audits, reporting, and transparency requirements.
- Raising awareness of the effects of the gendered construction of professions.

Themes for Discussion & Debate

It was suggested that the precision of classification influences decomposition analysis. This was not significant in the case of nurses, given the precise definition of the profession. However, in other areas such as education there are weaknesses in classification, as definitions of professions are not sufficiently precise.

There was an interest in pursuing comparable application of the devaluation theory in relation to the feminisation of professions. The health sector provides a valuable case study. There is a particular urgency, given its central role, to understand such dynamics in the technology sector.

There are issues with the hourly basis of the headline metric for equal pay. Indicators based on weekly or monthly pay would be more instructive. The metrics used for the gender pay gap might also depend on the audience, and what they need to know and act on. Decomposition methods might have a narrower audience but are needed to understand and respond to the different factors. There is a need to address the reality that discrimination is embedded in the process of segregation, and it is unhelpful to leave discrimination solely to the residual element of the gender pay gap. The relative pay of sectors and occupations are not independent of their composition. If there is to be adjustment, occupations and sectors should not be put in the adjusted or explained element.

There is no one single measure to solve the issues in relation to work of equal value, but measures can be pursued in stages with starting points identified. A strong job evaluation framework is an effective measure. It can suppress wages but it can be a good starting point. It needs to be used systematically across sectors and professions to work effectively. Wider measures such as a focus on fair pay are important. A focus on fair pay can include men, and look beyond the individual company, which is important given outsourcing approaches evident.

There are issues in relation to who pays for the changes and redistribution required for equal pay for work of equal value. Substantive change involves redistribution and cannot always be a win-win situation. Either consumers or employees end up paying. There are cases where, in effect, it is low paid men who end up funding the change. The higher paid need to be a focus. Collective bargaining has a role to play in this question, but it cannot do so if the group involved is narrowly drawn.

A challenge to greater ambition was expressed, with the need to start a debate that would go beyond current models. This could involve a shift in focus from getting women into sectors dominated by men, to get men into sectors dominated by women. It could involve a review of how work is organised and the drive to work more, to focus on less work. The experience of Covid-19 has usefully resurfaced many of these debates in relation to how we organise families and societies.

Job Evaluation and the Social Partner Role

Presentation

Jill Rubery, Professor of Comparative Employment Systems, the Director of the Work and Equality Institute at the University of Manchester, presented on wage regulations systems, wage inequalities, and collective bargaining.

In examining the overall system of wage setting, issues of wage inequality, legal minimum wage, and the nature of the labour market are relevant. Research has identified that overall wage inequality is a factor in the scale of the gender pay gap. Higher wage inequality among men is associated with a higher gender pay gap. With regard to a legal minimum wage, women are the main beneficiaries of

increases and a high minimum wage contributes to narrowing differences between sectors. However, minimum wages below a living wage contribute to women's economic dependency. The effectiveness of gender pay policy (for example gender sensitive job evaluation and limits on managerial discretion) is enhanced by labour markets that are:

- inclusive, with high wage-floors, limits on high pay, and wage standards that cover all forms of non-standard employment in all sectors and firms; and
- transparent, with wage differentials related to skills needed and experience, and with performance rewarded on transparent criteria.

While it can be a source of gender pay inequality, collective bargaining with a high coverage is positive for gender equality in contributing to lower wage inequality.

Possible measures to address sectoral or occupational undervaluation of work carried out by women include:

- Change in social choices such as the valuing of care work and how we value people providing public services. There is scope to improve pay.
- Provision for a high minimum wage to discourage company outsourcing, as a means of paying lower wages, by limiting the scope to pay lower wages.
- Raising women's pay and opportunities within all sectors and firms, so as to put pressure on low paying sectors.
- Introduce pay transparency measures as a means of raising awareness of undervaluation of work.

In seeking to address undervaluation of work done by women in organisations, legal rights to equal pay for work of equal value suffer where there is no male comparator or limited scope for comparison across organisations. There is a need to consider arguments for a right to pay being proportional to job value, to ensure a man does not get paid a great deal more for a job of limited greater value.

Pay transparency measures can encompass rights in relation to information and data, and responsibilities in relation to diagnosis and explanation. However, change will only come where there are requirements to act through changing wage setting systems, including through: changes to collective bargaining; hiring practices; job grading; or formalising informal pay systems.

Gender equality bargaining is important but has been more focused on work-life balance than on pay, and, where there has been a focus on pay, more active on low pay than on gender sensitive job evaluation. Gender sensitive job evaluation is important, but is not widely used across the Member State, though more so in the public sector than the private sector. It may not be the main determinant of pay if combined with discretionary starting salaries and/or bonuses or performances awards, and/or if used with broad bands of job families rather than specific jobs.

While gender inequality may be embedded in formal criteria for pay setting, formal pay systems are important in being more transparent and easier to challenge than informal systems, which can involve discretionary judgements by many managers. Particular problems with informal pay systems include: variations by gender in starting salaries which ends up being maintained throughout a woman's career; retention payments given market value is not a guide to work of equal value, and men being more likely to bargain for a higher salary to match external factors; and within performance assessments any focus on potential including promotion to management which may bring gender bias and stereotypes into play.

Presentation

Ines Wagner, Senior Researcher in the Equality, Integration and Migration Research Group at the Institute for Social Research in Oslo, presented on the case of Iceland in relation to workplace pay systems and job evaluation, job classification, and payroll policy.

In 2018, Iceland legislated for an Equal Pay Standard. This new obligation applies to companies and institutions with twenty-five or more employees. It is focused on gender and, in principle, applies to all minorities as well. It shifts the burden of proof onto companies to show that there is equal pay for work of equal value, is subject to independent certification by external agencies, and significant sanctions for non-implementation are applied.

Companies must first define their equal pay policy and evaluate all jobs, independently of personal criteria. They can then evaluate personal attributes and move on to implement equal pay for work of equal value across the company.

This is then subject to independent verification. The certification body carries out an audit, suggests revisions or approves the company, and sends its reports to the Centre for Gender Equality, the statutory body responsible for gender equality.

Employers find it difficult to disentangle the personal attributes from the job itself in the evaluation. Key elements are identified for this job evaluation, with further elements identified within each of these: knowledge (35%); competencies (30%); responsibilities (25%); and work environment (10%). Managers suggest this involves a lot of red tape, but found it a good tool to see how they valued a job and to bring more order to this process in the organisation.

The process is repeated every three years. It is flexible in allowing different wages, if based on relevant considerations, and providing for bonus systems and market factors, if set out clearly in the equal pay policy. The standard enables transparency and is found to contribute to a positive organisational culture and to render the company attractive to talent.

In larger organisations difficulties have been encountered where job definitions had become very broad and tighter definitions were required for particular jobs. The process does not address the underlying value of jobs segregated along gender lines. Initially there were difficulties in securing the certification bodies and government training was provided to the bodies. Preconceived notions as to the value of certain tasks and jobs are not addressed. Forms of atypical work are difficult to resolve within the standard.

Themes for Discussion & Debate

The process of engagement of the social partners in addressing the gender pay gap needs consideration. This should not exclude trade unions on the basis that wage setting has now become a technical issue, with the process the sole preserve of the employer. Where pay audits throw up issues, trade unions need to be involved in their resolution. Job evaluation should not serve as an excuse for dismantling collective bargaining. In seeking a gender sensitive focus in collective

bargaining, there could be benefits in asking for gender equality bargaining more generally, rather than specifically in relation to pay.

There are barriers to job evaluation systems in the private sector. Collective bargaining has traditionally been the approach to setting pay. Companies have moved away from a focus on individual jobs to a focus on job families. Employers fear a raise in pay as a result of engaging in such systems, and trade unions fear a loss of influence.

The case to be made for social partner engagement in addressing the gender pay gap needs consideration. Pay transparency can be beneficial for companies as it drives a more systematic approach to pay. There is evidence that this is lacking in many companies. There is, therefore, a cost to not pursuing such an approach. Fairness and transparency in pay has been found to stimulate a positive and productive organisational culture and to make companies attractive to talent.

Given country specificities in wage setting mechanisms, rather than requiring a particular job evaluation and classification system, the requirement could be that whatever system is in place would be gender sensitive. While policy language uses the term gender neutral job evaluation and classification systems, it was suggested that gender sensitive might be a more useful term, or even gender transformative.