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The Gender Pay Gap in Europe - Origins and Best Practices

The Gender Pay Gap is not only a problem in Germany, but in all European Member States. As the European Commission has stated: "The pay gap between women and men persists and there is little evidence of improvement". The EU Commission has also underlined the need for multi-dimensional policies.

Since the founding of the European Union, the principle of "equal work for equal value" is part of the European principles and treaties. This has resulted in numerous pieces of legislation and various decisions of the European Court of Justice.

However, despite this legislation, there is still on average a 15% gender pay gap for Europe (for 2005) for the 27 EU countries, despite the fact that more and more women are joining the workforce. The lowest gender pay gap can be found in Malta (4%), followed by Belgium (7%), Slovenia and Portugal. Cyprus (35%), Estonia (25%), Slovakia and Germany (22%) are the countries with the highest gender pay differences.

Characteristics of the gender pay gap

The gender pay gap

- is related to occupational segregation and wage structure,
- tends to widen with age,
- is smaller in the public sector,
- is higher for married employees and lower for singles

Policy responses and best practices

The EU Member States have different approaches to the gender pay gap. Unfortunately, in many countries the gender pay gap is not part of the public debate or political agenda. In order to change this, please find some examples on what could be done, and which Member States have been shining stars for gender equality in pay.

1. Political will to tackle gender pay gap

One best practice approach is to put it on the political agenda and to raise awareness about the problem. This can be done by introducing Equal Pay Days, as is the case in various Member States. France has set a clear target: by 31.12.2010 they want to have made the gender pay gap disappeared.

2. Commitment of employers

Employers play a decisive role in helping to eliminate the gender pay gap.

One way to tackle the pay gap is to increase the responsibility of employers, for example by an obligation to justify pay differentials or to apply transparent systems of remuneration.

According to the European Commission, EU legislation and jurisdiction requires employers to apply the same evaluation criteria to all staff, to ensure that remuneration arrangements are understandable and transparent, and that job criteria are free from discriminatory elements. However, the impact of these requirements depends on how effectively this legislation is enforced.

In **Sweden**, the Swedish Equal Opportunities Act requires employers who employ 10 persons or more to survey and analyse each year their pay practices and differentials and to prepare an action plan. In the **UK** employees can ask the employer questions about various aspects of their pay, whenever they feel underpaid and believe they are discriminated against. The employer is obliged to provide answers within eight days.

3. Fight gender segregated employment

The gender pay gap is also a reflection of the gender segregated labour market. In the European Union, women are concentrated in a much smaller number of sectors and professions than men. They tend to work in less highly valued jobs which are associated with lower pay levels. Only one third of all managers are women, whereas the majority of administrative assistants, shop assistants and low-skilled workers are female. The professions and jobs in which the majority are women are undervalued in comparison with those in which men predominate, without there being objective criteria to justify this.

This job segregation is reinforced by traditions and stereotypes and by problems with balancing work and private life. Overall, women have careers which are more disjointed, slower, shorter and less financially rewarding.

One solution to break up the segregated labour market is to re-evaluate low-paid jobs and increase the wage level of female-dominated professions. In **Finland** centralized wage agreements since 1971 usually include higher rises for female-dominated and low-wage sectors. Another approach is to increase the level of minimum wage, from which women would directly profit, or to introduce an EU minimum wage policy.

4. Collective bargaining for gender equality

Collective bargaining is a very important means to eliminate gender pay gap. Direct discrimination in collective agreements is almost entirely abolished, but indirect discrimination persists through job classification schemes, less favourable treatment of part time workers or workers with atypical work arrangements, or by extra payments and bonuses, from which male workers usually benefit more than female workers.

But there is in general no systematic or occasional monitoring or assessment of collective agreements by public authorities, that is left to the social partners themselves.

In **France**, it is compulsory to negotiate equality in companies and sectors. Equality has to be introduced in all bargaining topics, including pay. The law in **Luxembourg** requires that since 2004 social partners have to bargain on equal pay, and the results of collective negotiations have to be written down.

However, most EU member states are reluctant to "interfere" in wage-setting mechanisms, that is seen as the responsibility of social partners.

5. Better reconciliation policies

As could be seen above, and uninterrupted career is a significant factor for the gender pay gap. Therefore we need maternity leave, parental leave schemes and qualitative, affordable childcare to increase women's working life and to reduce the gender pay gap.

Links

Website of the EU Commission on the Gender Pay Gap

http://ec.europa.eu/employment_social/gender_equality/gender_mainstreaming/equalpay/equal_pay_en.html

Communication from the European Commission "Tackling the Gender Pay Gap"

http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=196021

EU-Report on the Gender Pay Gap (EU Commission)

http://ec.europa.eu/employment_social/publications/2006/ke7606200_en.pdf

Working in Europe: Gender Differences (Eurofund):

<http://www.eurofound.europa.eu/publications/htmlfiles/ef0834.htm>

Eurostat Data on Women and Men in Europe

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-80-07-135

Resolution of the European Parliament on the Gender Pay Gap (2008)

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0544+0+DOC+XML+V0//EN&language=EN>