

# The gender pay gap – Origins and policy responses

## A comparative review of 30 European countries

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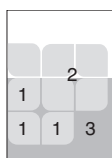
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## Country abbreviations

BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
IE	Ireland
EE	Estonia
EL	Greece
ES	Spain
FR	France
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	The Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
IS	Iceland
LI	Liechtenstein
NO	Norway

# Foreword

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It is unacceptable in a democratic and equal society that women continue to earn on average 15% less than men and 25% less in the private sector. The present report, carried out by a group of independent economic experts, highlights once again this well known and yet disturbing reality. The pay gap between women and men persists and there is little evidence of improvement.

The origins of the gender pay gap are to be found beyond the legal framework. Legal action is, therefore, not enough. Pay inequality is a reflection of various inequalities between women and men on the labour market, such as segregations in sectors, occupations and work patterns, access to education and training, biased evaluation and pay systems, and stereotypes. Women and men are legally equal, but they are not economically equal. Is the existence of a gender pay gap so surprising when five times more women than men work part-time? Should we not try to understand why only one in three managers is a woman? Is it acceptable that women work predominantly in sectors or occupations where wages are the lowest?

The authors of this report emphasise the need for multi-dimensional policies to address the underlying causes of the gender pay gap. The Commission fully subscribes to this approach. The Roadmap for equality between women and men adopted by the Commission on 1 March 2006 is the Commission's contribution to promoting equality between women and men in the European Union and abroad. Among the key actions planned for 2007, the Commission intends to present a Communication on the gender pay gap which will identify the factors behind unequal pay and define concrete actions to reduce the gender pay gap. The present report constitutes a very useful contribution to the preparation of the Communication from the Commission.

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# Executive summary

## Introduction

Reducing the gender pay gap is an important topic on the European political agenda. Since 1999 it has been part of the European employment strategy and policy efforts have intensified over the years. In 2003, Member States were called on to formulate targets in this respect in order 'to achieve by 2010 a substantial reduction in the gender pay gap in each Member State through a multi-faceted approach addressing the underlying factors of the gender pay gap including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness raising and transparency'. This report addresses the gender pay gap. Data will be provided on the extent and the development of the gender pay gap for 25 EU Member States (EU-25). In addition, the report contains information from three EEA countries (Iceland, Liechtenstein and Norway) and two candidate countries (Bulgaria and Romania). In particular, the report focuses on how public policies try to reduce wage differences between women and men.

## Facts

The gender pay gap refers to the differences between the wages earned by women and by men. In order to take into account differences in working hours and the impact of the income tax system, most estimates are based on differences in gross hourly wages. The gender pay gap is then calculated as the ratio of women's average gross hourly wage to men's average gross hourly wage, or as the difference between men's and women's gross hourly wage as a percentage of men's average gross hourly wage. Yet, estimates of the gender pay gap differ widely, depending on the data available, the specific sample, and the method used. As a consequence, there is wide variation in results over time, between countries and even among studies for a particular country. Despite all variation, there are a few regularities, however. In comparison to a random sample of the total population, the gender pay gap is much lower if only a sample of new entrants in the labour market is investigated; the gender pay gap thus tends to widen with age. Secondly, the gender pay gap is smaller in the public

sector and thirdly the pay gap is higher for married employees and significantly lower for singles.

The data presented in this report are based on the Structure of Earnings Survey 2002 (SES). This survey is considered the most reliable source with respect to harmonised pay data. Unfortunately, however, the data cover only employees in the private sector (NACE C to K), excluding the public sector, healthcare and education. This might influence the extent of the gender pay gap in two ways: women tend to be over-represented in the public sector and the extent of the gender pay gap is smaller in the public sector compared with the private sector. On the basis of the SES data, it appears that, at the level of the EU-25, the gender pay gap is almost 25% (data for Malta, Iceland and Liechtenstein are missing). The largest gap is found in the United Kingdom (30%), the smallest in Slovenia (11%). Comparing the development of the gender pay gap over time is a complicated affair, primarily because of data problems. Yet, the gender pay gap at the level of the EU-25 seems to be fairly stable over the last decade. The variation is, however, large, with some countries showing a decrease and others an increase.

## Origins

The gender pay gap is determined by several factors. Traditionally, within the context of human capital theory, differences in pay are explained by differences in individual characteristics like age, education and experience. Evidence suggests, however, that these differences only play a minor role in the persistence of the gender pay gap. The improved educational situation and the increased female participation rate have diminished gender-specific differences in individual characteristics, although in some countries gender differences in experience still play a role. Instead, the gender pay gap seems more related to the level of occupational segregation and the wage structure. Women tend to work in different occupations and industries than men and are penalised because of that. The extent of the penalty may differ, though, depending on the wage structure; a more compressed wage structure is likely to diminish the gen-

der pay gap. This implies that, in order to reduce the gender pay gap, not only differences in activity and employment rates need to be addressed, but also differences in the wage structure and differences in the remuneration between men and women.

The current trend towards a more decentralised and individualised system should in this respect be assessed as a rather worrying development. As wages are increasingly set at local or company level, inter-firm and inter-industry wage differences may increase, thereby potentially increasing the gender pay gap. In addition, the rise of a variable and performance-based pay system may increase the overall wage difference between men and women. In fact women seem to be swimming upstream: women with an improved educational background, fewer children and shorter periods of employment interruption are confronted with a labour market with growing wage differentials and a reduced share of collectively agreed wages and wage components. As a result, the differences in wages remain more or less the same. This conclusion emphasises the need for effective policies targeting both female labour market participation as well as institutional factors like wage formation systems and the overall wage inequality.

## Policy responses

The European Member States indicate a rather diverse picture when it comes to tackling the gender pay gap. In quite a number of countries, the gender pay gap has little profile either in the public debate or on the policy agenda. In other countries, though, the persistence of the gender pay gap has initiated several policy initiatives targeted towards closing the gender pay gap. Some policies refer to improving the effectiveness of equal pay legislation aiming at tackling direct or indirect gender wage discrimination. More effective equal pay policy may demand additional legislation, for example the obligation on employers to justify pay differentials and to apply transparent and understandable systems of remuneration. Most countries are, however, rather reluctant to interfere in the wage-setting mechanism which is seen as the primary responsibility of social partners. The emphasis on deregulation and voluntary action by employers severely limits the support of an effective 'comparable worth strategy'. Although the principle of equal pay for men and women applies to work of equal value, most countries refrain from audits of

internal pay formation in order to identify discriminatory elements, or from introducing wide-ranging pay evaluation schemes that cross the boundaries set by companies and branches of industry.

Other policies targeted towards closing the gender pay gap try to enhance equal opportunities and aim at more continuous employment patterns. Available and affordable childcare is seen as an import precondition in this respect. In only a few countries is childcare seen as a social right and offered at highly subsidised prices. In other countries, public subsidies are limited and childcare services are only supplied through the private market at high prices; this no doubt affects the earning capacity of women negatively. Improving leave arrangements is another important part of equal opportunities policy. In order to improve the relative earnings of women it should be taken into account, though, that the leave should not be too long and should be equally divided between men and women. An equal division implies in any case that the leave should be paid, whereas reserving weeks for the father might also be extremely helpful. Another element of equal opportunities policy would be to encourage young girls to consider a wider range of occupational options. Breaking down occupational rigidities is important and may be part of the answer to the problem of unequal pay. Yet, remedies for the gender pay gap that promote a change in occupational choices leave unspecified who will take the important and growing jobs in the care and services sector. Too much emphasis on de-segregation without changing the wage structure may also leave room for a new segregation based on ethnic lines. In that respect, reassessing the relative wage of female-dominated jobs might be a more appropriate strategy.

A third lever refers to wage policies aimed at reducing wage inequality and improving the remuneration of low and/or female-dominated jobs. Actual policy initiatives in this respect vary from a general policy towards increasing the level of the minimum wage to a re-evaluation of low-paid jobs. The actual policy mix may depend on national particularities and the prevailing analysis of the origins of the gender pay gap. The emphasis on deregulation and voluntary action by employers may restrict national policy options in some countries, especially with regard to wages. In these circumstances social partners (especially trade unions) may take over and actively campaign for a more gender equal wage structure.



## Best practices

Taking into account the different socioeconomic backgrounds, the national reports present a broad range of innovative policy initiatives that may be gathered under the heading 'best practices'. The availability of relevant information is an important starting point when tackling the gender pay gap. Therefore, the dissemination of information among relevant actors such as employers and employees is an important tool to raise awareness of the extent and seriousness of the problem. Actual policy in this respect varies from initiating a study, to the organisation of a national Equal Pay Day and the introduction of legislative measures with respect to gathering data at the company level. In addition, social partners are important allies when tackling the gender pay gap. As the national reports show, social partners seem increasingly willing to take action to reduce the gender pay gap, especially with respect to providing information and awareness raising.

The establishment of gender-specific institutions is another important step to support the implementation of equal pay legislation. Initiatives in this respect refer to setting up an office for equal treatment, or improving the institutional mechanism for gender mainstreaming. In addition, some countries report the creation of equal pay task forces, with the main task to mobilise all relevant actors in the field of equal pay and to vitalise the debate on equal pay.

Another line of policy initiatives is directed towards a more integrated system of wage setting. According to EU legislation, men and women should be paid equally for equal work or for work of equal value. In order to determine the value of a job, job evaluation systems are often used, which, however, may be (in)directly discriminatory against women. It is therefore important that a critical assessment of system-specific characteristics and criteria is made. In several countries, policy initiatives are aimed at the development and application of gender-neutral systems of job evaluation (comparable worth strategy). In addition, some national reports provide good practices with respect to wage setting at the sectoral or company level.

Finally best practices refer to legal measures. As described above, the principle of equal pay for equal work or work of equal value is part of EU legislation

and all countries have included this principle in their national legislation. Countries may take additional legal measures to improve the effectiveness of the equal pay legislation. Best practices in this respect refer to the obligation posed on employers to bargain on equal pay, and 'gender duty' on public authorities, in order to promote equal opportunities between men and women.

Summarising the current state of affairs, it appears that most best practices refer to the availability and dissemination of information. That is: the best practices refer to actions undertaken to disseminate knowledge and raise awareness of the extent and seriousness of the problem. This is an important first step, yet still a long way from presenting actual solutions. Only a few countries provide examples of more offensive strategies like legal measures enforcing equal pay or policies directed towards strengthening the infrastructure.

## Conclusions

The persistence of the gender pay gap, its low profile in a considerable number of European countries and the rather cautious attitude that is implied in the best practices emphasise the need for an effective policy framework at the level of the European Union. Setting targets might be helpful in this respect. As part of the European employment strategy in 2003, the Member States were called on to formulate targets to achieve a substantial reduction of the gender pay gap in 2010. In 2005, however, the EES has been revised with more emphasis on integrating employment policies with macroeconomic and microeconomic policies in order to maximise the synergies and to increase their efficiency. In the new set-up, the reduction of the gender pay gap is no longer formulated as a special target but included in two general guidelines. Moreover an explicit time frame is not stated. As a result, the attention on the gender pay gap seems to be lost in other employment issues. In order to increase the profile of the gender pay gap at the national level, it seems essential to formulate concrete objectives and timetables on the closing of the gender pay gap at the European level. Depending on the national situation these objectives should be implemented in the individual countries along the lines of the open method of coordination.



# o Zusammenfassung

## Einführung

Die Reduzierung des Einkommensunterschieds zwischen den Geschlechtern (Gender Pay Gap) ist ein wichtiges Thema in der europäischen Politik. Seit 1999 ist dieses Thema Teil der europäischen Beschäftigungsstrategie, und die politischen Maßnahmen wurden im Laufe der Jahre intensiviert. Im Jahr 2003 wurden die Mitgliedstaaten aufgefordert, diesbezüglich Ziele zu formulieren, „um bis 2010 eine wesentliche Reduzierung des Einkommensunterschieds zwischen den Geschlechtern in jedem Mitgliedstaat durch eine vielschichtige Vorgehensweise zu erreichen, bei der die zugrunde liegenden Faktoren des Gender Pay Gap, darunter die sektorale und berufliche Segregation, Ausbildung und Fortbildung, Arbeitsplatzbewertungen und Lohnsysteme, Sensibilisierung der Öffentlichkeit und Transparenz berücksichtigt werden“. Der vorliegende Bericht befasst sich mit dem Einkommensunterschied zwischen den Geschlechtern. Er enthält Daten über das Ausmaß und die Entwicklung des Gender Pay Gap in den 25 EU-Mitgliedstaaten. Darüber hinaus enthält er Informationen aus drei EWR-Ländern (Island, Liechtenstein und Norwegen) und aus zwei Bewerberländern (Bulgarien und Rumänien). Insbesondere konzentriert sich der Bericht darauf, wie die öffentliche Politik versucht, Einkommensunterschiede zwischen Frauen und Männern zu reduzieren.

## Fakten

Der Gender Pay Gap bezieht sich auf die Einkommensunterschiede zwischen Frauen und Männern. Um arbeitszeitbedingte Unterschiede und die Auswirkungen des Einkommensteuersystems zu berücksichtigen, basieren die meisten Schätzungen auf den Unterschieden beim Bruttostundenlohn. Der Gender Pay Gap wird dann als das Verhältnis des durchschnittlichen Bruttostundenlohns von Frauen zum durchschnittlichen Bruttostundenlohn von Männern bzw. als der Unterschied zwischen dem Bruttostundenlohn von Frauen und Männern als Prozentsatz des durchschnittlichen Bruttostundenlohns von Männern berechnet. Dennoch weichen die Schätzungen des Gender Pay Gap abhängig von den verfügbaren Daten, der ausgewählten Personengruppe und der

verwendeten Methode stark voneinander ab. Daher gibt es je nach Zeitpunkt, Land und sogar je nach Studie für ein bestimmtes Land oft völlig unterschiedliche Ergebnisse. Trotz aller Abweichungen sind jedoch bestimmte Regelmäßigkeiten festzustellen. Im Vergleich zu einer zufällig ausgewählten Gruppe der Gesamtbevölkerung ist der Einkommensunterschied zwischen den Geschlechtern viel niedriger, wenn nur die Gruppe der Berufsanfänger untersucht wird, während der Gender Pay Gap mit dem Alter tendenziell zunimmt. Zweitens ist der Gender Pay Gap im öffentlichen Dienst geringer und drittens ist er bei verheirateten Arbeitnehmern höher und bei ledigen Arbeitnehmern deutlich niedriger.

Die Daten in diesem Bericht basieren auf der „Verdienststrukturerhebung 2002“, Structure of Earnings Survey 2002 (SES). Diese Erhebung gilt als die verlässlichste Quelle für harmonisierte Daten in Bezug auf Löhne und Gehälter. Leider beziehen sich die Daten jedoch nur auf Arbeitnehmer in der Privatwirtschaft (NACE C bis K) ohne die Bereiche Gesundheitswesen und Bildung. Dies könnte sich auf das Ausmaß des Gender Pay Gap auf zwei Arten auswirken: Frauen sind im öffentlichen Dienst normalerweise überrepräsentiert, und das Ausmaß des Gender Pay Gap ist im öffentlichen Dienst im Vergleich zur Privatwirtschaft geringer. Auf der Grundlage der SES-Daten scheint es, dass der Gender Pay Gap auf der EU-25-Ebene fast 25% beträgt (die Daten für Malta, Island und Liechtenstein fehlen). Die größte Differenz ist im Vereinigten Königreich festzustellen (30%) und die kleinste in Slowenien (11%). Der Vergleich der Entwicklung des Gender Pay Gap im Laufe der Zeit ist hauptsächlich aufgrund von Datenproblemen eine komplizierte Angelegenheit. Dennoch scheint der Gender Pay Gap auf der Ebene der EU-25 in den letzten zehn Jahren ziemlich stabil zu sein. Es gibt jedoch große Abweichungen. So ist in einigen Ländern ein Rückgang und in anderen Ländern ein Anstieg zu verzeichnen.

## Ursprünge

Der Gender Pay Gap wird von mehreren Faktoren bestimmt. Traditionell, im Kontext der Humankapitaltheorie, werden Unterschiede bei Löhnen und

Gehältern durch Unterschiede bei individuellen Merkmalen wie Alter, Ausbildung und Berufserfahrung erklärt. Es ist jedoch erwiesen, dass diese Unterschiede in Bezug auf das Fortbestehen des Gender Pay Gap nur eine geringe Rolle spielen. Die verbesserte Ausbildungssituation und die gestiegene Erwerbstätigkeit von Frauen haben geschlechtsspezifische Unterschiede bei individuellen Merkmalen verringert, obwohl geschlechtsspezifische Unterschiede bei der Berufserfahrung in einigen Ländern immer noch eine Rolle spielen. Stattdessen scheint der Gender Pay Gap mehr mit dem Grad der beruflichen Segregation und der Lohnstruktur zusammenzuhängen. Frauen arbeiten oft in anderen Berufen und Branchen als Männer und werden dafür benachteiligt. Das Ausmaß der Benachteiligung kann unterschiedlich sein, obwohl abhängig von der Lohnstruktur eine komprimiertere Lohnstruktur den Gender Pay Gap eher verringert. Das bedeutet, dass zur Reduzierung des Gender Pay Gap nicht nur Unterschiede bei den Erwerbs- und Beschäftigungsquoten berücksichtigt werden müssen, sondern auch Unterschiede bei der Lohnstruktur und Unterschiede in der Vergütung von Frauen und Männern.

Der aktuelle Trend zu einem dezentralisierten und individualisierten System sollte in diesem Zusammenhang als eine eher Besorgnis erregende Entwicklung beurteilt werden. Da die Löhne zunehmend auf lokaler oder Unternehmensebene festgesetzt werden, könnten Lohnunterschiede zwischen Unternehmen oder Branchen zunehmen und dadurch möglicherweise den Gender Pay Gap vergrößern. Darüber hinaus könnte die zunehmende Anwendung eines variablen und leistungsabhängigen Lohnsystems den Gesamtunterschied zwischen den Löhnen von Frauen und Männern vergrößern. Frauen scheinen nämlich gegen den Strom zu schwimmen: Frauen mit einem besseren Bildungshintergrund, weniger Kindern und kürzeren beruflichen Auszeiten sind mit einem Arbeitsmarkt mit zunehmenden Lohnunterschieden und weniger tariflich festgelegten Löhnen und Lohnbestandteilen konfrontiert. Als Folge dessen bleiben die Unterschiede bei den Löhnen mehr oder weniger gleich. Diese Schlussfolgerung zeigt, wie wichtig effektive politische Maßnahmen sind, die sowohl die Beteiligung von Frauen am Arbeitsmarkt als auch institutionelle Faktoren wie Lohnbildungssysteme und die allgemeine Ungleichheit bei den Löhnen zum Gegenstand haben.

## Reaktionen der Politik

Die europäischen Mitgliedstaaten gehen ganz unterschiedlich vor, wenn es darum geht, den Gender Pay Gap in den Griff zu bekommen. In einer ganzen Reihe von Ländern hat der Gender Pay Gap nur einen geringen Stellenwert, sei es in den öffentlichen Debatten oder auf der politischen Agenda. In anderen Ländern hat jedoch das Fortbestehen des Gender Pay Gap mehrere politische Initiativen ins Leben gerufen, deren Ziel die Aufhebung des Einkommensunterschieds zwischen den Geschlechtern ist. Einige politische Maßnahmen beziehen sich auf die Verbesserung der Effektivität der Rechtsvorschriften über die Anwendung des Grundsatzes des gleichen Entgelts für Männer und Frauen mit dem Ziel, direkte oder indirekte geschlechtsspezifische Lohndiskriminierungen zu bekämpfen. Für eine effektivere Politik zur Anwendung des Grundsatzes des gleichen Entgelts für Männer und Frauen sind möglicherweise zusätzliche Rechtsvorschriften erforderlich, zum Beispiel die Verpflichtung der Arbeitgeber, Lohnunterschiede zu rechtfertigen und transparente und verständliche Vergütungssysteme anzuwenden. Die meisten Länder sträuben sich jedoch dagegen, in den Lohnfestsetzungsmechanismus einzugreifen, der als die Hauptverantwortung der Sozialpartner angesehen wird. Indem der Schwerpunkt auf Deregulierung und freiwillige Maßnahmen seitens der Arbeitgeber gelegt wird, wird die Entwicklung einer effektiven Strategie zur Förderung von Entgeltgleichheit von Frauen und Männern erheblich eingeschränkt. Obwohl der Grundsatz des gleichen Entgelts für Männer und Frauen für gleichwertige Arbeit gilt, weigern sich die meisten Länder, die interne Lohnbildung zu überprüfen, um diskriminierende Elemente zu identifizieren, oder weitreichende Lohnbewertungssysteme einzuführen, die über Unternehmens- und Branchengrenzen hinausgehen.

Andere politische Maßnahmen, deren Ziel die Schließung des Gender Pay Gap ist, versuchen die Chancengleichheit zu verbessern und streben eine größere Kontinuität der Beschäftigungsmuster an. Das Angebot einer erschwinglichen Kinderbetreuung gilt hierfür als eine wichtige Voraussetzung. Nur in wenigen Ländern wird Kinderbetreuung als soziales Recht angesehen und zu stark subventionierten Preisen angeboten. In anderen Ländern sind die staatlichen Subventionen beschränkt, und Kinderbe-

treuungsleistungen werden nur auf dem privaten Markt zu hohen Preisen angeboten. Dies wirkt sich zweifellos negativ auf die Verdienstmöglichkeiten von Frauen aus. Die Verbesserung der Regelungen betreffend Mutterschutz, Elternzeit und Erziehungsurlaub ist ein weiterer wichtiger Bestandteil der Politik zur Förderung der Chancengleichheit. Um die relativen Einkommen von Frauen zu verbessern, sollte jedoch berücksichtigt werden, dass die Erwerbsunterbrechung nicht zu lange dauern und zwischen Männern und Frauen gleichmäßig verteilt sein sollte. Eine gleichmäßige Verteilung setzt auf jeden Fall voraus, dass die Auszeit bezahlt sein sollte, wobei es auch sehr hilfreich sein könnte, einige Wochen für den Vater vorzusehen. Ein weiteres Element der Politik zur Förderung der Chancengleichheit wäre, junge Mädchen dazu zu ermutigen, ein breiteres Spektrum beruflicher Optionen in Betracht zu ziehen. Die Auflösung starrer beruflicher Muster ist wichtig und kann ein Teil der Lösung des Problems der ungleichen Entlohnung sein. Allerdings lassen Lösungsvorschläge für die Bekämpfung des Gender Pay Gap, die eine Änderung der Berufswahl von Männern und Frauen befürworten, offen, wer die wichtigen und immer mehr werdenden Stellen im Pflege- und Dienstleistungssektor besetzen wird. Wenn der Schwerpunkt zu sehr auf die Aufhebung der Geschlechtertrennung gelegt wird, ohne die Lohnstruktur zu ändern, könnte dies auch zu einer erneuten Segregation auf der Grundlage ethnischer Unterschiede führen. In dieser Hinsicht könnte eine Neubewertung des relativen Einkommens bei Arbeitsplätzen, die von Frauen dominiert sind, eine angemessenere Strategie sein.

Eine dritte Strategie besteht in einer Lohnpolitik, deren Ziel es ist, die Ungleichheit bei den Löhnen zu reduzieren und die Bezahlung bei Niedriglohnarbeitsplätzen oder von Frauen dominierten Arbeitsplätzen zu verbessern. Die gegenwärtigen politischen Initiativen in diesem Bereich reichen von einer allgemeinen Politik zur Erhöhung der Mindestlöhne bis zu einer Neubewertung von Niedriglohnarbeitsplätzen. Der tatsächliche Politikmix kann von den nationalen Besonderheiten und der maßgebenden Analyse der Ursprünge des Gender Pay Gap abhängen. Indem der Schwerpunkt auf Deregulierung und freiwillige Maßnahmen seitens der Arbeitgeber gelegt wird, können die Möglichkeiten der nationalen Politik in einigen Ländern, insbesondere in Bezug auf die

Löhne, eingeschränkt werden. Unter diesen Umständen sollten die Sozialpartner (insbesondere Gewerkschaften) das Ruder übernehmen und sich aktiv für eine Lohnstruktur, bei der mehr auf die Gleichstellung von Männern und Frauen geachtet wird, einsetzen.

## Beste Praktiken

Berücksichtigt man die verschiedenen sozio-ökonomischen Hintergründe, enthalten die nationalen Berichte ein breites Spektrum an innovativen politischen Initiativen, die unter der Überschrift „beste Praktiken“ zusammengefasst werden können. Die Verfügbarkeit relevanter Informationen ist ein wichtiger Ausgangspunkt für die Bekämpfung des Gender Pay Gap. Deshalb ist die Verbreitung der Informationen unter den beteiligten Akteuren wie Arbeitgebern und Arbeitnehmern eine wichtige Voraussetzung, um das Bewusstsein für das Ausmaß und die Tragweite des Problems zu schärfen. Die gegenwärtige Politik in diesem Bereich reicht von der Initiierung einer Studie über die Organisation eines nationalen „Equal Pay Day“ bis zur Einführung gesetzlicher Maßnahmen zur Erhebung von Daten auf Unternehmensebene. Darüber hinaus sind die Sozialpartner wichtige Verbündete bei der Bekämpfung des Gender Pay Gap. Wie aus den nationalen Berichten hervorgeht, scheinen die Sozialpartner zunehmend bereit zu sein, Maßnahmen zur Reduzierung des Gender Pay Gap zu ergreifen, insbesondere wenn es um die Bereitstellung von Informationen und um Sensibilisierungskampagnen geht.

Die Errichtung geschlechterspezifischer Institutionen ist ein weiterer wichtiger Schritt auf dem Weg der Förderung der Einführung von Rechtsvorschriften über die Anwendung des Grundsatzes des gleichen Entgelts für Männer und Frauen. Diesbezügliche Initiativen haben die Einrichtung einer Gleichbehandlungsstelle oder die Verbesserung des institutionellen Mechanismus für die Gleichstellung von Mann und Frau (Gender-Mainstreaming) zum Gegenstand. Zusätzlich berichten einige Länder über den Einsatz von Arbeitsgruppen für Entgeltgleichheit von Frauen und Männern, deren Hauptaufgabe es ist, alle beteiligten Akteure im Bereich der gleichen Entlohnung von Frauen und Männern zu mobilisieren und die Debatte über Entgeltgleichheit von Frauen und Männern zu beleben.

Eine andere Richtung politischer Initiativen strebt ein integrierteres Lohnfestsetzungssystem an. Gemäß den Rechtsvorschriften der EU sollten Männer und Frauen für gleiche oder gleichwertige Arbeit gleich bezahlt werden. Um den Wert eines Arbeitsplatzes zu ermitteln, werden oft Arbeitsplatzbewertungssysteme benutzt, die jedoch (in)direkt Frauen diskriminieren können. Daher ist es wichtig, die systemspezifischen Merkmale und Kriterien kritisch zu beurteilen. In mehreren Ländern zielen politische Initiativen auf die Entwicklung und Anwendung von geschlechtsneutralen Systemen der Arbeitsplatzbewertung (Strategie zur Förderung von Entgeltgleichheit von Frauen und Männern) ab. Darüber hinaus enthalten einige nationale Berichte gute Praktiken für die Lohnfestsetzung auf Sektor- oder Unternehmensebene.

Schließlich beziehen sich die besten Praktiken auf rechtliche Maßnahmen. Wie oben beschrieben ist der Grundsatz der gleichen Bezahlung für gleiche oder gleichwertige Arbeit Teil der Rechtsvorschriften der EU, und alle Länder haben diesen Grundsatz in ihre nationalen Rechtsvorschriften aufgenommen. Die Länder können zusätzliche rechtliche Maßnahmen ergreifen, um die Effektivität der Rechtsvorschriften über die Anwendung des Grundsatzes des gleichen Entgelts für Männer und Frauen zu verbessern. Die diesbezüglichen besten Praktiken beziehen sich auf die den Arbeitgebern auferlegte Verpflichtung, über Entgeltgleichheit von Frauen und Männern zu verhandeln und die den staatlichen Behörden auferlegte Verpflichtung zur Gleichbehandlung der Geschlechter, um die Chancengleichheit zwischen Männern und Frauen zu fördern.

Fasst man die aktuelle Lage zusammen, scheint es, dass sich die meisten besten Praktiken auf die Verfügbarkeit und Verbreitung von Informationen beziehen. Das bedeutet, dass sich die besten Praktiken auf Maßnahmen beziehen, die ergriffen werden, um Wissen zu verbreiten und das Bewusstsein für das Ausmaß und die Tragweite des Problems zu

schärfen. Obwohl dies ein wichtiger erster Schritt ist, liegen tatsächliche Lösungsvorschläge noch in weiter Ferne. Nur wenige Länder geben Beispiele für offensivere Strategien wie rechtliche Maßnahmen, die die Entgeltgleichheit von Frauen und Männern durchsetzen, oder politische Maßnahmen, die auf die Stärkung der Infrastruktur ausgerichtet sind.

## Schlussfolgerungen

Das Fortbestehen des Gender Pay Gap, sein geringer Stellenwert in vielen europäischen Ländern und die eher vorsichtige Haltung, die in den besten Praktiken deutlich wird, zeigen, wie wichtig effektive politische Rahmenbedingungen auf der Ebene der Europäischen Union sind. Hierbei könnten konkrete Zielsetzungen hilfreich sein. Im Rahmen der europäischen Beschäftigungsstrategie 2003 wurden die Mitgliedstaaten aufgefordert, Ziele zu formulieren, um eine wesentliche Reduzierung des Gender Pay Gap bis zum Jahr 2010 zu erreichen. In 2005 wurde die europäische Beschäftigungsstrategie jedoch überarbeitet. Dabei wurde der Vernetzung der Beschäftigungspolitiken mit makroökonomischen und mikroökonomischen Politiken mehr Bedeutung beigemessen, um die Synergien zu maximieren und ihre Effizienz zu steigern. In der neuen Fassung ist die Reduzierung des Gender Pay Gap nicht mehr als eigenes Ziel formuliert, sondern in zwei allgemeinen Leitlinien enthalten. Außerdem ist kein genauer Zeitrahmen angegeben. Daher scheint die Aufmerksamkeit für den Gender Pay Gap angesichts anderer Beschäftigungsprobleme in den Hintergrund getreten zu sein. Um den Stellenwert des Gender Pay Gap auf nationaler Ebene zu erhöhen, scheint es wesentlich, konkrete Ziele und Zeitrahmen für die Schließung des Gender Pay Gap auf europäischer Ebene zu formulieren. Abhängig von der nationalen Situation sollten diese Ziele in den einzelnen Ländern entsprechend einer offenen Koordinierungsmethode umgesetzt werden.

# ○ Résumé

## Introduction

La réduction des écarts salariaux entre les hommes et les femmes est un thème important de l'agenda politique européen. Depuis 1999, il fait partie de la stratégie européenne pour l'emploi (SEE), et les efforts en termes d'adoption de politiques se sont intensifiés depuis lors. En 2003, il a été demandé aux pays membres de définir des objectifs dans ce domaine pour «obtenir, d'ici à 2010, une réduction significative, en vue de leur élimination, des écarts de rémunération entre les hommes et les femmes dans chaque État membre, grâce à une approche diversifiée des facteurs sous-jacents de l'écart de rémunération, notamment la segmentation sectorielle et professionnelle, l'éducation et la formation, la classification des emplois et les systèmes de rémunération, la sensibilisation et la transparence».

Le présent rapport porte sur les écarts salariaux entre les hommes et les femmes, tant du point de vue de leur ampleur que de celui de leur évolution. Outre les vingt-cinq États membres, le rapport inclut des informations sur trois pays de l'Espace économique européen (EEE) — l'Islande, le Liechtenstein et la Norvège — et sur deux pays candidats — la Bulgarie et la Roumanie. Le rapport se concentre en particulier sur la manière dont les politiques gouvernementales s'efforcent de réduire les écarts salariaux entre les hommes et les femmes.

## Les faits

L'écart salarial de genre est constitué par la différence entre le salaire perçu par les femmes comparativement à celui perçu par les hommes. Afin de tenir compte des différences en termes de durée du travail et de l'impact des systèmes et barèmes fiscaux, la plupart des estimations sont calculées à partir du salaire horaire brut. L'écart salarial de genre exprimé en pourcentage du salaire horaire brut masculin est égal au rapport du salaire horaire brut féminin sur le salaire masculin ou à l'écart entre le salaire horaire brut des femmes et celui des hommes. Les estimations sont cependant très sensibles au type de données disponibles, à la population représentée dans les données et à la méthode utilisée. Cela peut se

traduire par des variations considérables des résultats d'une période à l'autre, d'un pays à l'autre, et même, pour un pays donné, selon les différentes sources. On observe cependant certaines constantes. Par rapport à un échantillon aléatoire de la population totale, l'écart salarial de genre se resserre considérablement lorsque seuls sont pris en compte dans l'échantillon les nouveaux entrants sur le marché du travail. Cet écart tend donc à se creuser avec l'âge. En outre, l'écart salarial est inférieur dans le secteur public et il est plus élevé pour les salariés mariés que pour les célibataires.

Les données utilisées dans ce rapport proviennent de l'enquête sur la structure des salaires (ESS) de 2002, considérée comme la source la plus fiable en matière de données harmonisées sur les salaires. Malheureusement, seuls les salariés du secteur privé (NACE C-K) sont couverts, excluant notamment les soins de santé et l'éducation. Cela peut influencer sur l'étendue de l'écart salarial mesuré pour deux raisons: les femmes ont tendance à être surreprésentées dans le secteur public, et l'écart salarial y est moins prononcé que dans le privé. Sur la base des données de l'ESS, l'écart salarial de genre atteint presque 25% pour l'EU-25 (il n'y a pas de chiffres pour Malte, l'Islande et le Liechtenstein). On enregistre le plus grand écart au Royaume-Uni (30%) et le plus faible en Slovénie (11%). Une comparaison de l'évolution de ces écarts est difficile, compte tenu des données disponibles. Il semble cependant que l'écart salarial au niveau de l'Europe des vingt-cinq soit resté relativement stable au cours de la dernière décennie, mais les variations entre les pays sont importantes, certains ayant enregistré une baisse et d'autres une augmentation.

## Origines de l'écart salarial

De nombreux facteurs déterminent les écarts salariaux de genre. Dans le cadre de la théorie du capital humain, on a eu tendance à expliquer les écarts de rémunérations par les différences de caractéristiques individuelles telles que l'âge, le niveau de formation et l'expérience. Les faits indiquent cependant que ces différences n'ont qu'un faible impact sur le maintien de l'écart. Les progrès enregistrés en matière de

niveau d'éducation et le taux d'activité accru des femmes ont atténué les différences en termes de caractéristiques individuelles, bien que, dans certains États membres, les différences en termes d'expérience sur le marché du travail jouent toujours un rôle dans l'écart salarial. Par contre, ce dernier semble plus étroitement lié à l'importance de la ségrégation professionnelle et à la structure salariale. Les femmes exercent généralement d'autres professions et travaillent dans d'autres secteurs que les hommes, ce qui les défavorise. L'importance de cet élément peut varier en fonction de la structure salariale: une distribution plus comprimée tend à réduire l'écart salarial de genre. Cela signifie que, pour réduire les écarts salariaux, il faut s'attaquer non seulement aux différences en termes de taux de participation et d'emploi, mais aussi aux différences dans la distribution des salaires et dans les modes de rémunération.

Dans un tel contexte, la tendance à une décentralisation et une individualisation accrue de la formation des salaires est inquiétante. Étant donné que les salaires sont de plus en plus fixés au niveau local ou à celui de l'entreprise, les écarts interentreprises et intersectoriels peuvent se creuser, ce qui peut contribuer à augmenter l'écart salarial. De plus, l'accroissement des salaires variables et des systèmes liant salaires et performance risque d'accentuer l'écart salarial. En fait, les femmes se retrouvent dans une situation contradictoire, alors que leur niveau d'éducation s'est sensiblement accru, que le nombre d'enfants a diminué et que leurs interruptions de carrière sont moins longues et moins fréquentes; elles font face à un marché de l'emploi caractérisé par des différences salariales croissantes et un affaiblissement des conventions collectives. Au final, les écarts salariaux de genre ont tendance à se maintenir. Cela souligne la nécessité de politiques et de mesures destinées simultanément à accroître la participation féminine au marché du travail et à jouer sur les facteurs institutionnels déterminant la formation des salaires et influençant l'inégalité salariale.

## Les politiques adoptées

Les États membres de l'Union européenne (UE) diffèrent dans la manière dont ils abordent l'écart salarial de genre. Dans un certain nombre de pays, il est peu présent dans le débat public et ne figure pas à l'agenda politique. Dans d'autres pays, en revanche, le maintien de l'écart des salaires entre les sexes est à l'origine de plusieurs initiatives visant à l'éliminer. Certaines

mesures prévoient de rendre plus effective la législation relative à l'élimination des discriminations sexuelles directes ou indirectes en matière de rémunération. Pour être plus effectives, les politiques d'égalité des salaires peuvent nécessiter une législation supplémentaire, par exemple pour obliger les employeurs à justifier toute différence de salaire et à appliquer des systèmes de rémunération transparents et cohérents. Il n'en demeure pas moins que la plupart des pays hésitent à intervenir dans la fixation des salaires, considérée comme étant du ressort des interlocuteurs sociaux. L'accent mis sur la déréglementation et le volontarisme des employeurs en matière de fixation des salaires limite considérablement l'impact potentiel de la stratégie du salaire égal pour un travail de valeur comparable. Bien que le principe de l'égalité des salaires entre les hommes et les femmes s'applique pour un travail de valeur égale, la majorité des pays hésitent à pratiquer des audits des modes internes de formation des salaires, alors que ceux-ci permettraient de mettre en évidence les pratiques discriminatoires, tout comme ils s'abstiennent de mettre en place des mesures d'évaluation des emplois dépassant les limites des entreprises et des branches.

D'autres mesures visent à renforcer l'égalité des chances et à promouvoir des parcours d'emploi plus continus. Dans ce contexte, la disponibilité de services de garde d'enfants à un coût acceptable est une condition sine qua non. Ce n'est que dans quelques pays que la garde des enfants représente un droit social et est fortement subventionnée. Dans d'autres pays, les subventions publiques sont limitées et les services de garde sont privés et coûteux, ce qui a indubitablement un impact négatif sur leurs rémunérations moyennes. L'amélioration des systèmes de congés et d'interruption de carrière est un autre aspect important d'une politique d'égalité des chances. Cependant, dans une optique d'augmentation du salaire relatif concernant les femmes, l'interruption d'activité ne doit pas être trop longue et devrait être équitablement partagée entre les parents, ce qui implique en tout cas que le congé doit être rémunéré. Par ailleurs, le fait de réserver un certain nombre de semaines au père peut également y contribuer considérablement. Un autre aspect des politiques d'égalité des chances serait d'encourager les jeunes filles à élargir leurs choix d'orientation professionnelle. Il est important de faire tomber les barrières professionnelles, et cela pourrait résoudre en partie le problème de l'inégalité des salaires. Cependant, les mesures qui visent à combler l'écart salarial de genre en encourageant un changement dans les



choix professionnels ne résolvent pas la question de savoir qui occupera les nombreux emplois de services et de soins aux personnes qui sont en pleine expansion. Si l'on met trop l'accent sur la déségrégation sans modifier pour autant la structure salariale, on risque d'aboutir à une nouvelle forme de ségrégation, par exemple en fonction de l'appartenance ethnique. Aussi, une stratégie mieux appropriée pourrait être de réévaluer le salaire relatif des emplois et des professions fortement féminisés.

Les politiques salariales destinées à réduire l'inégalité de rémunération et à augmenter les taux de salaire des emplois peu rémunérés et à prédominance féminine constituent un troisième levier. L'éventail des mesures possibles est large, partant de politiques générales destinées à augmenter le salaire minimal et allant jusqu'à la réévaluation des emplois peu rémunérés. Les combinaisons de mesures peuvent varier selon les particularités nationales et selon l'analyse qui prévaut pour expliquer les origines de l'écart salarial. Les possibilités d'adoption de politiques nationales à cet égard sont cependant, pour certains pays, difficiles, du fait de l'accent mis sur la dérégulation des marchés du travail et sur les initiatives des employeurs en matière de formation des salaires. Dans ces conditions, c'est aux partenaires sociaux (et en particulier les syndicats) d'intervenir et de promouvoir activement une structure salariale plus égalitaire entre les hommes et les femmes.

## Meilleures pratiques

Compte tenu des différents contextes socio-économiques, les rapports nationaux présentent une gamme importante d'initiatives politiques novatrices que l'on pourrait regrouper sous la rubrique des «meilleures pratiques». La disponibilité d'informations pertinentes est un point de départ important pour réduire l'écart salarial. Par conséquent, la diffusion de ces informations parmi les acteurs, tels que les employeurs et les salariés, représente un outil important pour sensibiliser l'opinion par rapport à l'amplitude et à la gravité du problème. Les politiques suivies dans ce domaine vont du lancement d'une étude à l'organisation d'une journée nationale sur l'égalité des salaires et à l'introduction de mesures législatives relatives à la collecte de données au niveau de l'entreprise. Par ailleurs, les partenaires sociaux sont des alliés importants dans la promotion de l'égalité salariale. Comme l'indiquent les rapports nationaux, les

partenaires sociaux semblent de plus en plus disposés à agir pour réduire l'écart des rémunérations entre les hommes et les femmes, notamment par la sensibilisation au problème et la dissémination de l'information.

L'établissement d'institutions spécifiquement en charge des questions d'égalité entre les hommes et les femmes constitue une autre étape clé pour que la législation relative à l'égalité salariale soit effectivement mise en vigueur. L'instauration d'un service pour l'égalité de traitement, le renforcement d'un mécanisme institutionnel visant à intégrer une perspective d'égalité entre les hommes et les femmes dans les politiques en sont des exemples. Certains pays font état de la mise en place de groupes de travail sur l'égalité des chances qui ont pour tâche de mobiliser tous les acteurs sur le terrain en matière d'égalité des salaires dans le but de relancer le débat à ce sujet.

Une autre approche vise à introduire un système de fixation des salaires plus intégré. Aux termes de la législation européenne, les hommes et les femmes doivent percevoir un salaire égal pour un travail de valeur égale. Des systèmes d'évaluation du travail sont souvent utilisés pour déterminer la valeur d'une fonction, mais ces systèmes peuvent être directement ou indirectement discriminatoires pour les femmes. Il importe donc de procéder à une évaluation critique des caractéristiques et des critères du système. Dans plusieurs pays, les initiatives prises ont pour objectif d'élaborer et de mettre en place des systèmes d'évaluation des fonctions (valeur comparable) non biaisés par rapport aux différences entre les hommes et les femmes. Par ailleurs, certains rapports nationaux révèlent de bonnes pratiques en ce qui concerne la fixation des salaires au niveau sectoriel ou à celui de l'entreprise.

Les meilleures pratiques font référence à la législation. Le principe de salaire égal pour travail égal ou de valeur égale est inscrit dans la législation de l'UE, et tous les États membres l'ont inclus dans leur législation nationale. Des mesures législatives supplémentaires peuvent être prises au niveau national pour rendre l'égalité des rémunérations plus effective. Les meilleures pratiques dans ce domaine comprennent l'obligation pour l'employeur de négocier dans le cadre de l'égalité des salaires et le «devoir d'intégration d'une perspective d'égalité entre les hommes et les femmes» pour les pouvoirs publics afin de promouvoir l'égalité des chances entre les hommes et les femmes.

En bref, il semble donc que la plupart des meilleures pratiques sont liées à la disponibilité et à la diffusion des informations, ce qui veut dire que les meilleures pratiques se rapportent aux actions menées pour disséminer les connaissances et faire prendre conscience de l'ampleur et de la gravité du problème. Il s'agit là d'une première étape importante, mais l'on est encore loin des solutions réelles. Ce n'est que dans quelques pays que l'on observe des stratégies plus directes, comme des mesures législatives imposant l'égalité salariale ou des mesures destinées à renforcer l'infrastructure en place.

## Conclusions

Le maintien de l'écart salarial de genre, sa faible visibilité dans un grand nombre de pays européens et la prudence qui caractérise encore les meilleures pratiques soulignent combien un cadre politique effectif est nécessaire à l'échelle de l'Union européenne. Il pourrait s'avérer utile de fixer des objectifs. Dans le cadre de la stratégie européenne pour l'emploi en

2003, il avait été demandé aux États membres de formuler des objectifs afin d'aboutir à une réduction significative de l'écart salarial entre les hommes et les femmes en 2010. Cependant, en 2005, la SEE a été révisée pour insister sur l'intégration des politiques d'emploi dans les politiques macro- et microéconomiques, afin de maximiser les synergies et de renforcer leurs effets. Dans ce nouveau contexte, la réduction des disparités salariales entre les hommes et les femmes ne figure plus comme un objectif particulier, mais est incluse dans deux orientations générales. Par ailleurs, un calendrier spécifique n'a pas été établi. Il en résulte que l'importance donnée à l'écart entre les hommes et les femmes se confond avec l'attention portée à d'autres questions dans le domaine de l'emploi. Pour rendre plus visible l'écart des salaires entre les hommes et les femmes au niveau national, il est impératif de formuler des objectifs et d'établir des calendriers précis pour la réduction de cet écart en Europe. Suivant la conjoncture nationale, ces objectifs devront être mis en place dans les États membres suivant la méthode de coordination ouverte.

# 1. Introduction

Reducing the gender pay gap is an important topic on the European political agenda. Since 1999 it has been part of the European employment strategy and policy efforts have intensified over the years. In 2003, Member States were called on to formulate targets in this respect in order 'to achieve by 2010 a substantial reduction in the gender pay gap in each Member State through a multi-faceted approach addressing the underlying factors of the gender pay gap including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness raising and transparency' (Council Decision 2003 L197/20). Eliminating the gender pay gap is also an important objective of the recently published 'Roadmap for equality between women and men, 2006–10' (EC 2006). The persistence of the gender pay gap, according to the roadmap, results from direct discrimination against women and structural inequalities, such as segregation in sectors, occupations and work patterns, access to education and training, biased evaluation and pay systems, and stereotypes.

In addition, European social partners, as organised in the Union of Industrial and Employers' Confederations of Europe (UNICE)/European Association of Craft, Small and Medium-sized Enterprises (UEAPME), the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) and the European Trade Union Confederation (ETUC), agreed in March 2005 to reduce the gender pay gap within their 'Framework of actions on gender equality'. It is emphasised 'that it is very important to better understand the numerous and complex factors explaining wage differences between women and men and take action accordingly'. Joint commitment is seen as essential. In addition, three elements are seen as key to tackle the gender pay gap: providing information on legislation and giving guidance on how to help close the gender pay gap at different levels;

developing up-to-date statistics and promoting the availability of gender-specific information at the appropriate levels; and, finally, ensuring that pay systems are transparent and gender neutral and paying attention to the possible discriminatory effects of secondary elements of pay.

This report addresses the gender pay gap. Data will be provided on the extent and the development of the gender pay gap for 25 EU Member States (EU-25). In addition, the report contains information from three EEA countries (Iceland, Liechtenstein and Norway) and two candidate countries (Bulgaria and Romania). In particular, the report focuses on how public policies contribute to reduce (or aggravate) wage differences between women and men. As such the report provides an update and an extension of the reports provided by the Expert Group on Gender and Employment under the auspices of the European Commission. In 2001, a report on the indicators used to monitor gender equality included a chapter on the pay gap and analysed the statistical data available at the European level (Barry et al. 2001). In 2002, an extended report analysed what factors influence differences in pay across the EU in the context of the debate around the adjusted or unadjusted indicator of the pay gap (see Rubery et al. 2002 for the synthesis report on the EU-15).

The structure of this report is as follows. Chapter 2 provides some facts and figures on the extent and development of the gender pay gap. Chapter 3 deals with the causes. The gender pay gap reflects the different status of men and women in the world of paid work, which may relate to differences in age, education, patterns of employment, undervaluation and discrimination. Chapter 4 concentrates on policy responses; several initiatives have been taken to improve the labour market position of women and to diminish wage differentials. Chapter 5 presents information on good practices, while Chapter 6 presents the conclusions.



## 2. Facts

### The gender pay gap

The gender pay gap refers to the difference between the wages earned by women and by men. In order to take into account differences in working hours and the impact of the income tax system, most estimates are based on differences in gross hourly wages. The most common method is to calculate the gender pay gap as the ratio of women's average gross hourly wage to men's average gross hourly wage, or as the difference between men's and women's gross hourly wage as a percentage of men's average gross hourly wage. In this case, the gender pay gap indicates how many percentage points the earnings of men have to decrease in order to be equal to those of women. Another method is to use the earnings of women as a reference point. In that case, the gender pay gap indicates how many percentage points the earnings of women have to increase in order to be equal to those of men (Einarsdóttir and Blöndal 2004, cited in Mósesdóttir et al. 2006: 90). From a policy point of view, this definition seems to be more correct. Yet, as the EU indicators for monitoring the employment guidelines take the earnings of men as point of reference, the gender pay gap in this report is also calculated as the difference between men's and women's average gross hourly wage as a percentage of men's average gross hourly wage.

Quite apart from differences in definition, estimates of the gender pay gap differ widely, depending on the data available, the specific sample, the method used, etc. The same country may have a relatively wide, average or even narrow gender pay gap depending on the data source used (Barry et al. 2001: 86). As a consequence, there is wide variation in results over time, between countries and even among studies for a particular country (Rubery et al. 2002: 55–60). Yet, despite all variation, there are a few regularities (Barry et al. 2001; Wechselbaumer and Winter-Ebner 2005; Mósesdóttir 2003, 2006). In comparison to a random sample of the population, the gender pay gap is

much lower if only a sample of new entrants in the labour market is investigated. Put differently, the gender pay gap tends to widen with age, with women's relative pay lowest for those aged over 55 years old (European Commission 1998: 62; Barry et al. 2001: 96). Secondly, the gender pay gap is smaller in the public sector. This may be due to the fact that public sector employment typically has a more compressed wage structure compared with the labour market as a whole, as well as to the fact that the public sector accounts for a higher share of female skilled and professional workers. Moreover, public sector employers may be more concerned with equal opportunities' policies in recruiting and promoting employees than are private sector employers (Barry et al. 2001: 91). It also appears that the pay gap is higher for married employees and significantly lower for singles (Wechselbaumer and Winter-Ebner 2005: 494). Presumably this has something to do with the gender-specific division of paid and unpaid work between the spouses.

### Gender pay gap in Europe

The data presented in this chapter are based on the Structure of Earnings Survey 2002 (SES). This survey is considered the most reliable source with respect to harmonised pay data (Barry et al. 2001). Since 1999, the Member States are obliged to carry out the SES. The reference year of the first (and still most recent) year is 2002. The main results of this survey are available online on the Eurostat website. The SES covers all EU Member States, except Malta. Moreover, the acceding countries (Bulgaria and Romania) are included, as well as Norway and Iceland. Unfortunately, the data cover only employees in the private sector (NACE C to K), excluding healthcare and education. This might influence the extent of the gender pay gap in two ways: women tend to be over-represented in the public sector and the gender pay gap tends to be lower in the public sector compared with the private sector (see above). In addition, the survey includes enterprises with at least 10 employees (inclu-

sion of smaller enterprises was optional). The exclusion of small enterprises may affect the figures for southern countries in particular, given the fact that these countries record roughly 20–25% of total private employment in this segment. Employees are all persons who have a direct employment contract with the enterprise or local unit and receive remuneration, irrespective of the type of work performed or the number of hours worked (Mittag, 2005).

Figure 1 provides an overview of the gender pay gap per country. The data refer to 2002, with the exception of the German data, which refer to 2001. In line with the EU indicators, the gender pay gap is calculated as the difference between men’s and women’s average gross hourly wage as a percentage of men’s average gross hourly wage. Overtime payments are not included. At the level of the EU-25, the gender pay gap is almost 25% (data for Malta, Iceland and Liechtenstein are missing). The largest gap is found in the UK (30%), the smallest in Slovenia (11%). Countries like Ireland, Austria, Estonia, Cyprus and Slovakia do not seem to be doing very well on this indicator, whereas Poland, Hungary, Sweden, France and Belgium score more favourably. All in all, it appears that

the gender pay gap for the new Member States is somewhat smaller than for the former Member States — yet the differences are not very large.

### Developments over time

Analysing developments of the gender pay gap over time proves to be a perilous undertaking. The main problem is the quality of data. As Rubery et al. (2002) observe, countries may show unexpectedly strong swings in pay ratios from one year to another, suggesting that these trends may also reflect differences in survey quality. Eurostat provides data on the gender pay gap between 1994 and 2004. The target population consists of all paid employees aged 16–64 who work at least 15 hours per week. The data are, however, not based on the SES but on several other sources such as the European Community Household Panel (ECHP), the EU survey on income and living conditions (EU-SILC) and national sources. This hampers the comparability considerably. Moreover, for several countries there is a break in series and/or not all years are available. Data on the development of the gender pay gap should therefore be treated with more than the usual caution.

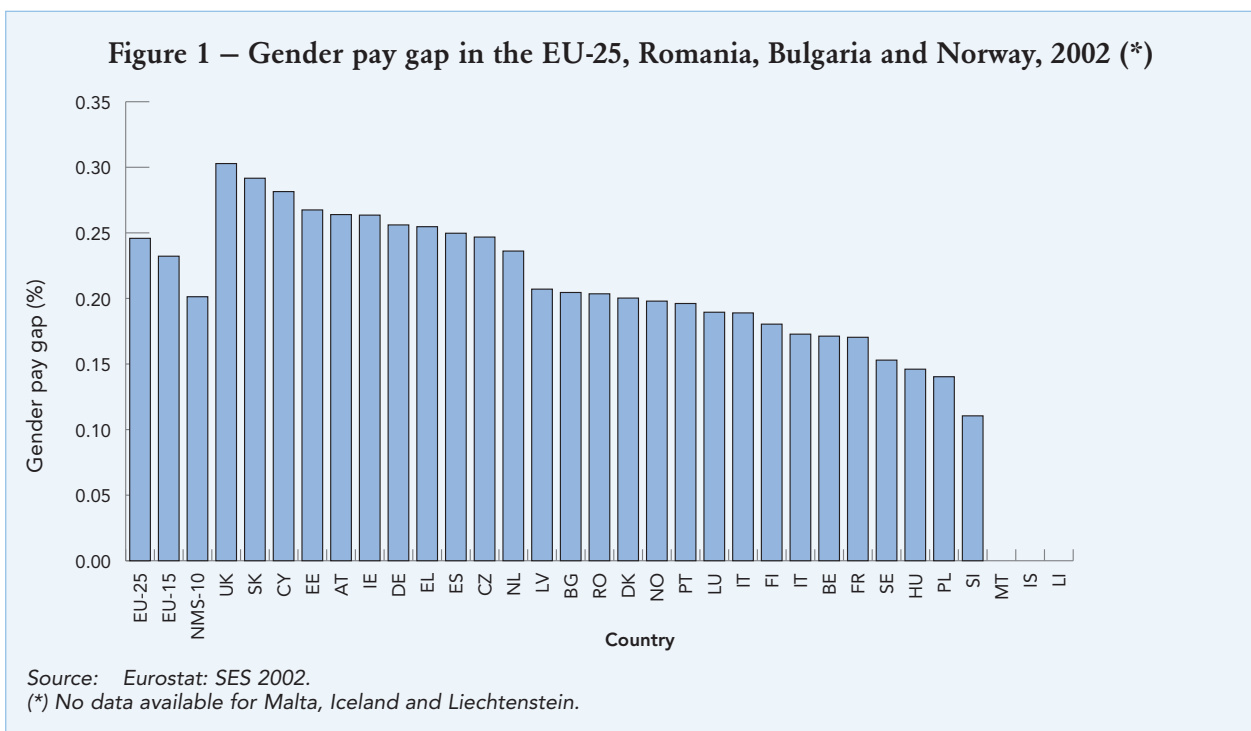
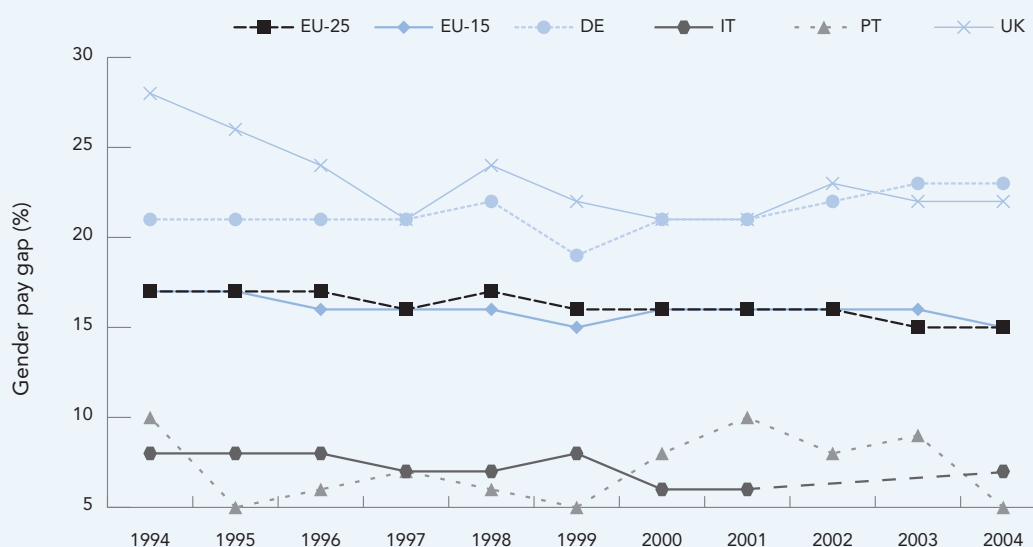


Figure 2 provides some information on the development of the gender pay gap for the period 1994–2004. It should be noted that the gender pay gap in this figure is considerably lower than in Figure 1, due to a different source. Figure 1 is based on SES data covering only the private sector whereas the data in Figure 2 are from the ECHP and SILC, which include both the private and the public sector. On the basis of these ECHP/SILC data, the gender pay gap at the level of the EU-25 proves to be fairly stable. Yet, there are quite substantial differences between individual European countries. Some countries indicate a decrease between 1994 and 2004, although the development is not always linear, but characterised by swings. Moreover, in several countries with a relatively small gender pay gap in 1994, the gap seems to stagnate or even widen. Examples are Sweden (16% in 1994, 17% in 2004) and Denmark (11% in 1994, 15% in 2001, and 17% in 2004, but this might be due to a break in the series since 2002). For the sake of illustration, Figure 2 shows the development of the gender pay gap in two countries with a higher than average pay gap (Germany and the UK) and two countries with a lower than average pay gap (Portugal and Italy). The UK shows a decrease, but with relatively large swings (and

a break in the series in 2002); the development in Germany seems rather stable (again with a break in the series in 2002). Italy has a small gender gap and is rather stable; Portugal indicates large swings, with a clear drop in 2004, which, however, may be again related to a break in the series.

The differentiated patterns seem in line with the findings of other studies. ECHP data for the period 1994–98, covering the EU-15, reveal no general trend towards closing the gender pay gap: the unadjusted gender pay ratio for all workers increased in eight Member States (in terms of the gender pay gap, this implies a decrease), whereas it decreased in five Member States (Rubery et al. 2002). Data from the harmonised earnings database, which is an annual survey on pay with limited coverage in the EU-15, over the period 1995–2000 show a widening of the pay gap in three countries and a narrowing in five countries. Over a longer period of time, however, most countries seem to indicate a decrease in the extent of the gender pay gap. The Organisation for Economic Co-operation and Development (OECD) (2002) investigated changes in gender pay gaps over a period of 15 to 20 years. In all countries in the study the pay gap decreased quite substantially. The decrease

**Figure 2 – Development of the gender pay gap in the EU-25, EU-15, Germany, Italy, Portugal and UK, 1994–2004**



Source: Eurostat: ECHP and SILC.

NB: EU-25 and EU-15: Eurostat estimates.

Germany: break in series in 2002. Portugal: break in series in 2004. United Kingdom: break in series in 2002.

was largest in the United States (38% between 1979 and 1999) and smallest in Sweden (14% between 1975 and 1995). It has to be taken into account, though, that in Sweden much of the narrowing of the gender pay gap had already been accomplished in the 1970s.

These empirical findings seem to be confirmed by national research. In France, for example, the average pay of women relative to men's rose from 64% in the 1960s to 82% in 1996 (research covering full-time workers in the private and semi-public sectors). Germany has three different sources of data on the gender pay gap. All three sources point towards a decrease over time, though the variation is quite considerable. According to one source, covering full-time employees in manufacturing and parts of the service sector (small firms excluded), the gender wage ratio based on hourly earnings in West Germany increased from 59.9% in 1950 to 73.3% in 1991 and 71.2% in 2004. According to another source, covering employees in all sectors (except the public sector) who had been insured in social insurances during a year, the gender wage ratio was smaller: 76.2% in 1993 and 76.9% in 2001. In the UK the gender wage ratio increased from 72% in 1982 to 82% in 2001. Progress was, however, slower in the 1990s. Among part-time workers, the gender wage ratio increase was considerably lower, rising from 56.8% in 1982 to 59% in 2001. Women in Poland seem to have taken advantage of the change in the eco-

nomic system in 1989. Though the estimates on the timing and size vary per study, the results indicate an increase of the gender wage ratio. The same trend is recorded in Hungary.

## Summary and conclusions

There is no such thing as 'the' gender pay gap. Estimates about the differences between male and female wages depend on the data available, the specific sample, and the method used. As a consequence, there is a wide variation in results over time, between countries and even within a particular country. Most sources, however, indicate that the pay gap is relatively small among new entrants in the labour market, among singles and in the public sector. The most recent SES data for 2002, covering only the private sector, indicate a quite substantial pay gap between men and women. All in all, the gender pay gap in the 25 Member States is almost 25%. The largest gap is found in the UK (30%), the smallest in Slovenia (11%). Comparing the development of the gender pay gap over time is a complicated affair, primarily because of data problems. Yet, the gender pay gap at the level of the EU-25 seems to be fairly stable over the last decade. Again, however, the variation is large, with some countries showing a decrease and others an increase. Over a longer period of time, though, most countries seem to indicate a decrease in the extent of the gender pay gap.



## 3. Origins

### Theoretical considerations

Traditionally, differences in pay are explained by differences in individual characteristics. Especially within the framework of human capital theory, the gender pay gap is analysed in terms of gender differences in productivity-related qualifications like education, training and experience. Given the gendered division of labour, women are considered less likely to invest in market-oriented formal education because they expect a shorter and more discontinuous working life; an investment in education will therefore not pay off well in the future. More limited experience and less investment in education will reduce their productivity and will translate in lower wages. Therefore, in order to compare like with like, it is important to adjust the pay data so as to unravel which part of the overall gender pay gap is the result of differences in individual characteristics. In addition to the 'classical' human capital variables, it is quite common to adjust the pay data also for differences in job characteristics. That is: variables like occupation, job level and firm size are included in order to make a more neat comparison. The part of the gender pay gap that cannot be attributed to differences in human capital or job characteristics may be the result of discrimination, an incomplete listing of the relevant explanatory variables, or both (Blau and Kahn 1996, 1997, 2000; Rice 1999; Rubery et al. 2002).

As a start, the extent of discrimination may be analysed by adding a gender dummy in the standard wage regression model. The dummy variable captures the effect of sex, holding other things constant. In most studies, however, the gender pay gap is decomposed into an explained and an unexplained part, following the original research of Blinder (1973) and Oaxaca (1973). In this procedure, as a first step, wages are estimated separately for men and women. The total wage differential between men and women can then be decomposed into an explained part  $E$  due to differences in characteristics and an unexplained residual  $U$ , often

referred to as the discrimination effect, which is due to both unobservable differences and the differences in rewards for identical characteristics. Discrimination in this approach is thus defined as the difference between the observed ('unadjusted') gender pay difference and the gender pay difference that would prevail if men and women were paid according to the same criteria (Rice 1999; Rubery et al. 2002; Weichselbaumer and Winter-Ebmer 2005) (see the statistical appendix for a formal exposition of the Oaxaca–Blinder decomposition).

The unravelling of the overall gender pay gap into unequal productivity on the one hand and unequal treatment on the other seems relatively straightforward. Yet, there has been a lot of debate about which variables have to be included in the wage regression. Especially the status of the control variables like occupation, industry and firm size is controversial. It could be argued that gender differences in these job characteristics are a reflection of discrimination rather than productivity, and as such, they should not be included as explanatory variables in the earnings function. As already mentioned by Oaxaca (1973: 699) the controls for occupation 'eliminate some of the effects of occupational barriers as sources of discrimination. As a result, we are likely to underestimate the effects of discrimination'. On the other hand, the level of discrimination may be overestimated if not all relevant (productivity-related) variables are included. Given the usual difficulties with the available data, the unexplained part may more closely correspond to the 'level of our ignorance', than to the actual level of discrimination. Given these complexities, the 'neat compartmentalisation' between labour market discrimination on the one hand and a set of non-discriminatory filtering devices on the other may be deemed as overly simplistic (see for a more detailed criticism on this approach Rubery et al. 2002).

In addition to differences in individual and job characteristics, the gender pay gap may also be related to the overall structure of wages, that is 'the array of prices determined for labour mar-

ket skills and the rewards to employment in particular sectors' (Blau and Kahn 2000). Especially following the work of Juhn, Murphy and Pierce (1991) on trends in race differentials, the gender pay gap has been analysed within the context of the overall structure of wages. The logic behind this is rather straightforward. Since women, on average, tend to have less labour market experience than men and work in different occupations, the gender pay gap will increase if the return to experience will increase or if the occupational wage differences will increase. The same reasoning applies when the gender pay gap is compared between countries; countries with a relative high rewards to skills and experience and a relative large wage dispersion will tend to have larger gender pay gaps — all else equal. Or, as phrased by Blau and Kahn (2000: 81): 'If, as the human capital model suggests, women have less experience than men, on average, the higher the return to experience received by workers regardless of sex, the larger will be the gender gap in pay. Similarly, if women tend to work in different occupations and industries than men, perhaps due to discrimination or other factors, the higher the premium received by workers, both male and female, for working in the male sector, the larger will be the gender pay gap'.

The structure of wages may be affected by the structure of supply and demand, technological change (strongly growing innovative firms might pay high wages for highly trained workers) and by the wage-setting institutions. Centralised systems of wage setting, for example, tend to reduce inter-firm and inter-industry wage variation, thereby potentially lowering the gender pay gap. In addition, because in most (if not in all) countries the female wage distribution lies below the male distribution, centralised systems that raise the minimum pay levels, regardless of gender, may also have a positive impact on the gender pay gap. By taking into account the wage dispersion, the Juhn–Murphy–Pierce decomposition is no longer based on the average worker, as in the Oaxaca–Blinder decomposition, but rather on the distribution of the workers over the wage structure (Blau and Kahn 1996, 2000, 2003; Rubery et al. 2002). Applying the Juhn–Mur-

phy–Pierce decomposition to the gender pay gap makes it possible to distinguish between gender-specific factors on the one hand and the effect of a country's labour market structure on the other. In particular, it is possible to study the effect of the national wage structure when comparing low gap and high gap countries. In addition, the Juhn–Murphy–Pierce decomposition makes it possible to study the impact on the gender pay gap of wage structures becoming more (or less) egalitarian (see statistical appendix for a formal exposition of the Juhn–Murphy–Pierce decomposition).

In line with the growing emphasis on the importance of wage-setting institutions, Rubery et al. (2002) argue that the increasing interest in gender pay equality in the EU needs to be translated into an active debate on the gender effect of pay policies. The importance of this gender mainstreaming approach is that it shifts the focus from female deficits or deficiencies to discrimination within policies and practices as embedded in institutional arrangements, social norms, market system and pay policies. Wage structures, according to Rubery et al., are not simply based on the productivity of workers. 'The reality is much more messy and reflects current and historical influences. Social norms on the one hand and managerial strategies on the other interact with market processes to shape payment systems. This messy reality allows considerable scope for changing pay structures and practices in both public and private sectors' (Rubery et al. 2002: 4). The role of social norms and collective wage-setting institutions in generating pay discrimination against women also constitutes the core of the argument in feminist literature pointing to the social undervaluation of women's work as a distinct factor explaining the gender pay gap. According to this argument, the gender pay gap cannot be only explained by gender differences in average human capital characteristics, occupational segregation and direct discrimination by employers, but also by the undervaluation of women's work in female-dominated occupations and industries (Karamessini and Ioakimoglou, forthcoming).

These considerations seem to be confirmed by an EU study on the gender pay gap for 13 EU Member States, based on data from the ECHP (EC 2002). On the basis of this particular data source, it appears that, in 1998, women's gross hourly earnings were on average 16.2% below those of men. Key issues contributing to the gender gap are earnings differences between men and women with children, gender segregation by sector and occupation, with a higher concentration of women in low-paying sectors and occupations, and, in particular, lower earnings of women in female-dominated sectors and occupations that cannot be explained by productivity differences between sectors and occupations. When decomposing the gender pay gap by Member State, it appears that the fractions of the gender pay gaps which are due to differences in personal and job characteristics of the male and female workforce vary significantly. Up to half of the gender pay gap in Ireland and Denmark and more than a third in Austria and the UK is the result of differences in personal and job characteristics between men and women. In many southern EU Member States, the observed gender pay gap seems mainly due to differences in the remuneration of personal and job characteristics. In most Member States, therefore, even if the composition of the male and female workforce were identical, substantial gender pay gaps would still subsist.

From a policy point of view, the EU study underlines that in order to reduce the gender pay gap different factors need to be addressed: differences in activity and employment rates, differences in the wage structure, differences in the

workforce composition and differences in the remuneration between men and women. 'In line with other research, the differences in gender pay gaps and related factors across countries, and the evidence on sectoral and occupational segregation in particular, suggest that both differences in female labour market participation as well as macroeconomic and institutional factors, including job classification and wage formation systems, wage structures and overall wage inequality and collective bargaining coverage are likely to impact on gender pay gaps and to explain substantial parts of cross country differences in these gaps' (EC 2002: 43).

## Results from national studies

The decreasing role of human capital factors on the one hand, and the importance of segregation and the overall wage structure in explaining the gender pay gap on the other, seems to be confirmed by most recent national research. Box 1 presents an overview of the relative importance of individual and job characteristics for the EU countries. Again it has to be taken into account that it is fairly difficult to combine the results of the national studies, due to differences in database, methodology, year of analyses, etc. Yet, most studies seem to indicate that job characteristics, like occupation and industry, account for most of the pay gap. In addition, in a few countries, depending on changes in the level of female labour supply, gender differences in experience still play a role (for example, Greece, Ireland, the Netherlands, Portugal and Slovakia).

### Box 1 – Results of national studies on gender pay gap: the relative importance of individual and job characteristics

BE	The gender wage gap decreased from 15.8% in 1994 to 13.4% in 2001. Part of the reduction is due to improvements in female characteristics over time: the explained part of the gender wage gap decreased from 27% in 1994 to 17% in 2001. Adjusting for individual heterogeneity significantly reduces the adjusted pay gap by increasing the return to observed variables such as experience and education and by reducing the wage penalty associated with low-skilled occupations, a fixed employment contract and a relatively small enterprise size.
CZ	Human capital factors play a minor role in explaining the gender pay gap (Fischlová and Prokešová 2003; Jurajda 2003); more important are job characteristics (occupation, company size, sector and ownership) (Křížková at al. 2006).

**(cont.) Box 1 – Results of national studies on gender pay gap: the relative importance of individual and job characteristics**

DK	Horizontal and vertical segregation are the most important factors in the explanation of the wage gap. Human capital factors (as education and work experience) contribute to the explanation; other important factors are part-time employment and maternity and parental leave. Human capital factors seem to have a decreasing influence in the period 1997–2002 (Deding and Wong 2004).
DE	The gender pay gap can be attributed to (vertical and horizontal) occupational segregation, but seems to be connected to workplace related remuneration policies as well. Personal characteristics like age, education and years of employment play a minor role (Hinz and Gartner 2005).
EE	Human capital factors cannot explain the gender pay gap, given women’s high level of educational attainment (Laas 2003).
EL	Gender differences in educational attainment play a small or insignificant role, while women’s shorter work experience plays an important role in explaining the gender pay gap. A recent decomposition study has found that the most important determinant of the gap is gender differences in labour force participation (Kanellopoulos and Mavromaras 2002), while another attributes this role to occupational and industry segregation of employment by gender (Karamessini and Ioakimoglou 2003).
ES	The level of education is an important factor to explain gender differences in salaries after controlling for other factors, although there is not linearity in the relationship between these variables. Empirical evidence suggests that gender wage differences increase with salaries (Gardeazábal and Ugidos 2005; García et al. 2001). In particular, the gender gap increases with salaries among people with university degrees. Among people with primary or secondary education it happens the other way around: the gender gap decreases with salaries (Simón 2006).
FR	The most recent econometric study of the gender pay gap (using the Blinder–Oaxaca decomposition technique) shows that, out of a total gap of 25.4% (2002 employment survey), working time is the biggest determinant (12% of the gap), job characteristics 8%, whereas human capital plays a negative role (i.e. it has become a positive factor for women), but only at the level of 1.4% (Meurs and Ponthieux 2005, 2006).
IE	Findings from national research indicate that a significant part of the gender pay gap is attributable to differences in years of experience and years out of the labour market. In addition, (vertical) segregation plays an important role (Barrett et al. 2000; Russell and Gannon 2002).
IT	All studies applying the Oaxaca–Blinder decomposition found that for the most recent years about 70% of the gender pay gap is due to differences in the remuneration of the characteristics and only 30% or less to differences in characteristics. In addition, research covering a long period seems to indicate that the degree of pay discrimination increases (ISTAT 2005; Rustichelli 2005).
CY	More than half of the gender pay gap can be explained by differences in average characteristics but much of this explanation includes industry and occupation differences (Chrisofides and Pashardes 2000).
LV	Women in Latvia are, on average, better educated than men, have longer tenure and total work experience. Taking this into account, it appears that 60% of the pay gap in Latvia has to be ascribed to discrimination or unobserved characteristics. Another 15% is due to occupational segregation (Hazans 2005).
LT	Human capital factors play a minor role in explaining the gender pay gap as women have a relatively high level of education. Based on statistical evidence, the official national documents (e.g. national programme of equal opportunities for women and men for 2005–09) indicate the importance of horizontal and vertical segregation of the labour market in explaining the gender pay gap.
LU	The main studies on the gender pay gap in Luxembourg (Lejealle 2001, 2002) show that the occupational differences account for much (40%) of the pay differences between men and women. In addition, gender differences in length of career are also an important factor (30%).

**(cont.) Box 1 – Results of national studies on gender pay gap:  
the relative importance of individual and job characteristics**

HU	Differences in educational attainment play a minor role, yet women's work experience is still considerably smaller, as they interrupt their work more often and for longer periods. Horizontal and vertical segregation plays a decisive role in the extent of the gender pay gap (Galasi 2000).
MT	No information available.
NL	Job level is the most important variable in explaining the gender pay gap. Other variables that play a role are age (indicating experience) and working full-time or part-time (Hoeben and Venema 2004).
AT	Only about 20–35% of the gender pay gap can be explained in terms of individual and job characteristics, whereas discrimination makes up about 65–80% (Böheim et al. 2002: 54). Unequal pay can be largely traced back to the unequal evaluation of 'men's work' and 'women's work' (Ranftl 2002: 11). Regarding the 'explained' part of the gender pay gap, working time and career breaks as well as vertical and horizontal segregation are import determinants (Gregoritsch et al. 2002: 64 et seq.; Lutz 2003: 87 et seq.; Böheim 2002: 53).
PL	The relative importance of human capital appears lower than job characteristics. On average, women are better educated, and the gender pay gap is lower for older workers. Variables explaining the gender pay gap are: lower number of hours worked by women, occupational and industry segregation, lower pay in the public sector, firm size and less opportunity to earn additional income (Cichomski 2005; GUS 2005).
PT	Occupational differences account for much of the pay differences between men and women; human capital factors seem to have a decreasing influence, although differences in experience and tenure seem to neutralise the effect of diminishing importance of differences in education (González, Santos and Santos, 2005).
SI	Given women's high level of educational attainment and prevalent full-time employment, human capital and individual factors cannot explain the gender pay gap. More important factors are horizontal and vertical occupational segregation, connected with the traditionally determined and differently valued male and female social/labour market roles and activities (DVD 1998; Seljak 2003; Stanovnik et al. 2006).
SK	Occupational segregation is extremely important in explaining the gender pay gap; female-dominated sectors and occupations are synonymous with low wages. In addition, individual characteristics like age and education play a role (Večerník 1998).
FI	A relevant part of the pay gap is attributable to structural components like industry and occupation; personal characteristics like age, education and years of employment play a (very) minor role (Vartiainen 2001).
SE	Traditional human capital characteristics like education and years of employment play a (very) minor role. More important factors are the increased wage diversity in general and the fact that the employed in the public sector have lost in comparison with the employed in the private sector (Le Grand et al. 2001).
UK	Differences in human capital account for a smaller share of the gender pay gap (Joshi and Paci 1998) but differences in work experience do matter, with spells of part-time work having a negative impact on future earnings growth (Francesconi and Gosling 2005; Olsen and Walby 2004; Manning and Petrongolo 2005). Workplace variables are often more powerful than individual characteristics in accounting for gender pay differences (Anderson et al. 2001; Mumford and Smith 2005).
IS	The available studies do not present separately the importance of human capital factors on the one hand and occupational factors on the other hand when adjusting the gender pay gap.

**(cont.) Box 1 – Results of national studies on gender pay gap: the relative importance of individual and job characteristics**

LI	National research on the gender pay gap is missing. Experts point out, however, that occupational segregation plays an important role in explaining the gender pay gap. An additional factor seems to be the years out of the labour market whereas individual characteristics like education and age are no longer important.
NO	Impact of differences in age and education in the gender pay gap are small. More important factors are different working hours between men and women and occupational segregation, with women dominating lower paid occupations (Barth and Schøne 2006).
BG	Lower average wages for women are the result of concentration in lower paid positions; on average women are better educated (Agency for Social Analysis 2003).
RO	No information available.

Source: National reports

The importance of wage-setting mechanisms and the overall wage structure is underlined in several national reports. In particular, the recent trend towards more decentralised systems of wage setting is seen as an important factor (EC 2003). Fuelled by the need for increased flexibility, wage setting increasingly takes place at local or company level. Denmark and Italy are seen as strong examples of this trend. Other countries where this trend is evident are Belgium, Austria, Germany, the UK and the Nordic Member States. Some coun-

tries, however, show a trend towards centralisation. Ireland is a clear example in this respect. The changes in the system of wage setting are relevant for the analysis of the gender pay gap as decentralised systems of wage setting are generally associated with increasing wage disparities which may translate into a higher gender pay gap (see Barry et al. 2002; Blau and Kahn 1997; OECD 2002). Some of the national evidence on the association between wage inequality and the gender pay gap is gathered in Box 2.

**Box 2 – Trends in wage-inequality and the gender pay gap**

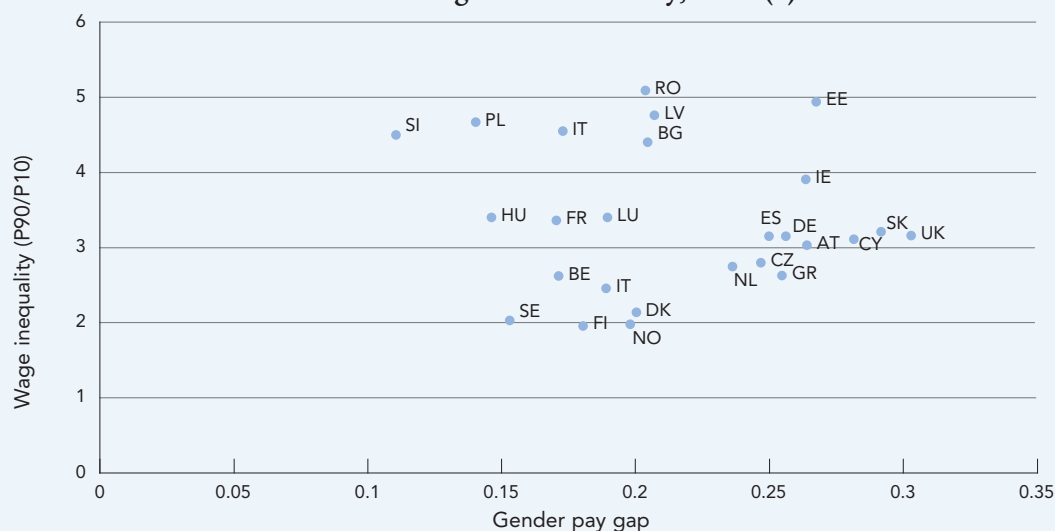
IT	The inequality in the distribution of net earnings decreased from the late 1970s until the end of the 1980s. Egalitarian demands from the trade unions translated into the 1975 reform of the wage indexation mechanism. In the presence of high inflation rates, this reform applied a strong egalitarian pressure on the earnings structure, compressing all wage differentials, including the gender pay gap. At the beginning of the 1990s there was a severe economic crisis resulting in the abolishment of the automatic wage indexation system. In addition, the wage bargaining system was reformed to control wage inflation. These institutional changes, together with the reform of the labour market regulation (enhancing flexibility), contributed to a rising earnings inequality in the early 1990s, including an increase of the gender pay gap (Brandolini et al. 2001).
PT	Research indicated that firm-specific arrangements have partly offset egalitarian effects of collective bargaining and have increased the wage dispersion. In addition, this wage flexibility has had a negative impact on the gender pay gap (Cardoso and Portugal 2003).
SE	One explanation as to why the gender pay gap first narrowed and later widened in Sweden, in spite of women’s continued investment in human capital, might be the general development of wage differences. Between the 1960s and the beginning of the 1980s, the wage differences in general reduced, partly as a result of collective bargaining and a more ‘solidaristic’ wage policy. During the 1980s the wage differences increased as a result of which also the gender pay gap widened (Le Grand et al. 2001). Another explanation for the specific development of the gender pay gap might be a change in the relative position of the public sector. In 1968 those employed in the public sector earned on average 2% less than those employed in the private sector (controlling for educational level and years of experience). In 1991 this difference had increased to 11% and in 2000 to around 16% (Le Grand et al. 2001: 170). Since a large proportion of the employed women work in the public sector, this development has harmed women more than men.

Source: National reports

The association between wage inequality and the gender pay gap used to be visible in a longitudinal as well as a cross-section analysis. For example, Barry (2001) demonstrates a positive association between the level of wage inequality, measured as the inter-decile ratio (D9/D1), and the gender pay gap on the basis of the EU-15 for the year 1995. This positive correlation is, however, not confirmed when the analysis is repeated on the basis of the EU-25 for the year 2002 (see Figure 3). This seems mainly due to a number of new Member States (e.g. Slovenia,

Poland, Lithuania and Latvia) and Romania and Bulgaria where the level of wage inequality does not seem to be related to the level of the gender pay gap, perhaps due to the different economic systems of these countries. When looking at the former EU-15, the positive association between wage inequality and the gender pay gap is more visible. Traditionally, in the Nordic countries wage inequality is rather low, as is the gender pay gap. The same applies to Belgium and Italy. At the other side of the spectrum are Ireland and the UK.

**Figure 3 – Wage inequality and the gender pay gap in the EU-25, Romania, Bulgaria and Norway, 2002 (\*)**



Source: Eurostat: SES 2002; EC 2005 (wage inequality).

(\*) No data available for Malta, Sweden, Iceland and Liechtenstein.

Another important development related to the wage-setting mechanisms is the rise of variable and performance-based pay systems. Variable pay systems may be divided in three main categories (EIRO 2001: 1):

1. payment by result (PBR) schemes, whereby there is a direct relationship between employees' pay and output (e.g. piece rates);
2. schemes whereby employees are encouraged to work to certain standards without necessarily entailing a direct relationship with production, such as performance-related pay (PPR) schemes;
3. financial participation schemes whereby workers are entitled to a share of the company's

performance or profitability (e.g. profit-sharing or options).

In principle, paying workers more in accordance with their performance may be favourable for women and reduce the gender pay gap. An important precondition in this respect is an objective system of performance evaluation. At the same time, however, an increase in performance-based pay systems may increase gender wage differences. Firstly, it may be the case that firms limit variable pay to certain jobs, e.g. higher-level jobs or jobs in the heart of the organisation. As a result, men may receive variable pay more often than women. Secondly, criteria of evaluation are not always written down. In addition, written criteria may be risky. For example, in the Netherlands flexibility is

quite often used as a criterion in evaluation. This is, however, a criterion that experts in the field of equal pay consider as a potential source of (indirect) discrimination between men and women. Finally, pay for performance systems may easily result in more competition between employees and more overtime. Generally, women are more limited in this respect because of family responsibilities. Summarising, women may be excluded more often from variable pay systems. When included, there is a risk that women will receive less.

Data on the extent and level of variable pay are scarce. Moreover, data are difficult to compare because definitions often vary. According to EIRO (2001), an increasing number of firms complement basic pay with an amount of variable pay. Yet, throughout Europe, there seems to be considerable variation in the incidence, form and share of employees affected (Cowling 2001). Based on the SES 2002, the EC (2005) provides harmonised data on mean annual bonuses as a share of mean annual earnings. Bonuses are defined rather broadly as ‘elements related to holidays (such as extra pay corresponding to a 13th month), shift work, productivity, seniority or other factors’ (EC 2005: 194). Spain, the Czech Republic, Portugal, Greece, Slovakia and Austria prove to have the highest shares (between 14 and 18%). The impact of bonuses is relatively limited in Poland, Sweden, Norway, Denmark, Hungary, Lithuania, Ireland, Estonia and Bulgaria (less than 5% of mean annual earnings). The data on bonuses are also available by gender. In all but two countries men have a higher share of bonuses than women. In Belgium and Slovakia the

share is slightly higher for women than for men. It is unclear what these differences implicate for the gender pay gap. See Box 3 for national evidence on the extent and level of variable pay.

In two countries, the Netherlands and Finland, more detailed studies are available on gender differences in variable pay. In both countries, women receive less often variable pay than men and these differences are related to occupational segregation; women are less often employed in occupations covered by variable pay systems. Moreover, the amounts paid to men are higher than the amounts paid to women. In the Netherlands, in case employees receive a bonus, the gender difference in the absolute level is on average 28%. However, when the bonus is related to the level of the wage, the gender differences disappear. With respect to profit sharing, no gender differences were found. An interesting finding is that, in firms with a works council, the gender differences in individual bonuses are considerably smaller than in firms without a works council (mainly small firms) (PWC Consulting 2002). A Finnish study in 2002 showed that 29% of men receive performance-based bonuses and 14% of women. Moreover, the amounts paid to men were much larger than the ones paid to women: 13% of male wage and salary earners received a bonus of more than EUR 1 000 while the respective proportion among women was only 5%. This difference is largely explained by the fact that more men work in the private sector where these bonuses are more common than in the public sector (Lehto and Sutela 2005).

Box 3 – Extent and level of variable pay	
EE	Variable salaries are more common in new workplaces than in older workplaces (Antila and Ylöstalo 2002).
EL	A survey carried out by the Institute of Labour of the Greek General Confederation of Labour among 2 016 Greek firms in 2002 revealed that 19% of the firms of the sample declared linking pay with performance, 5.5% with profits and 7% with both (Kouzis 2002). The sectors that mostly applied variable pay systems were education and health, hotels and catering, retail, financial intermediation, transport and communication, information technology, and real estate management. Though exact data are lacking, individualised pay seems to be expanding, especially in the growing sectors of services where the unionisation rate is extremely low.
IE	A study on recent graduates showed that 42% of male recent graduate employees received bonuses compared with 32% of women, and that bonuses to men were valued at around 25% higher than those to women. While such bonuses were mainly in the private sector, better access to occupation-



**(cont.) Box 3 – Extent and level of variable pay**

	al pensions among male than female recent graduates was evident in the public sector. The study concludes that these differences add 1% to the gender pay gap (Russell, Smyth and O'Connell 2005).
LV	Variable salaries are more common in new workplaces than in older workplaces. For about one-fifth of the workers in the Baltic countries, the size of their salary depends entirely on result — e.g. sales quantity or the equivalent. In Latvia, however, the use of merely result-based pay has decreased a little within the last five years (Antila and Ylöstalo 2002).
NL	Between 2001 and 2003, the share of firms that uses some kind of variable pay system has increased from 40 to 49%. About one third of all companies use individual-based performance pay. There are considerable differences between sectors; performance pay is less common in sectors where the share of women is high. Collective pay for performance is less common than individual pay for performance: 27% of all firms use this form. This form is less used in sectors with a high share of women, suggesting again a possible source of gender wage differences (Bekker et al. 2005).
AT	The performance-related component of wages has sharply increased. This trend is also noticeable in the public-service enterprises, which are increasingly acting like private companies. The result is that wage incomes are sporadically falling and becoming more flexible (Hermann 2005: 11).
PT	One of the trends in collective agreements is the reduction of the ranks of the remuneration scales (from 15 to 5, for instance) and their opening so that individual performance can be taken into account (Cerdeira 2004).
FI	At the firm level, one of the most effective trends from the gender perspective has been the individualisation trend in pay systems. The forms can vary from performance-based pay systems to profit sharing. These extra bonuses can be individually based, group-based or paid at the organisation level. Performance-based wage arrangements were on the agenda already at the end of the 1980s, but the economic recession held back this development. Currently these forms of payment are increasing again.
SE	The proportion of employees with a share of the profits has increased for both women and men. This benefit is more common among men than among women (Nelander and Goding 2003).
UK	Individual or group performance-related pay or profit-related pay have become a fairly widespread feature of UK compensation schemes. Performance-related pay is found in 40% of workplaces, 44% of private sector workplaces and 19% of public sector workplaces. Profit-related pay was found in 37% of private sector workplaces and 21% operated an employee share scheme (Kersley et al. 2005). The 2002 Changing Employer Practices Survey for the ESRC 'Future of work programme' found that 21% of workplaces had increased their use of group incentives and that only 3% had reduced their use of such practices (White et al. 2004).
IS	More widespread individualisation of pay and the concealment of wages are widely accepted, especially at the firm level in the private sector. The official justification for the individual pay system is the need for performance-related wages to promote efficiency and productivity (see Einarsdóttir and Kristjánsdóttir 2002: 12). The spread of individual pay settings across the Icelandic labour market and its implications for the gender pay gap has so far not been studied.
NO	The use of pay for performance systems is increasing; in the private sector the increase between 1997 and 2001 was about 15 percentage points (Barth et al. 2005a). Traditional forms of pay systems (wages per hour) are most frequent in sectors with wage agreements and trade unions. New wage systems are more frequent in sectors without wage agreements. But performance-for-pay systems is increasing both within and outside collective agreements. Performance-for-pay is found more often in large, hierarchical organisations, in companies where employees have a high degree of job autonomy and in companies that are part of international corporations. Strong competition from product markets, including foreign markets, increases the prevalence of pay for performance. Companies with pay for performance systems pay on average 20% higher wages than companies that have other wage systems (Barth et al. 2005b). Performance pay is more prevalent among groups and industries that pay higher wages in any case.

Source: National reports

## Summary and conclusions

The gender pay gap is determined by several factors. Traditionally, within the context of human capital theory, differences in pay are explained by differences in individual characteristics, like age, education and experience. Evidence suggests, however, that these differences only play a minor role in the persistence of the gender pay gap. The improved educational situation and the increased female participation rate have strongly diminished gender-specific differences in individual characteristics, although in some countries gender differences in experience still play a role. Instead, the gender pay gap seems more related to the level of occupational segregation and the impact of the wage structure. Women tend to work in different occupations and industries than men and are penalised because of that. The extent of the penalty may differ, though, depending on

the wage structure; a more compressed wage structure is likely to diminish the gender pay gap. The current trend towards a more decentralised and individualised system of wage setting should therefore be assessed as a rather worrying development. In fact, women seem to be swimming upstream: women with an improved educational background, fewer children and shorter periods of employment interruption are confronted with a labour market with growing wage differentials and a reduced share of collectively agreed wages and wage components (Blau and Kahn 1997). As a result, the differences in wages remain more or less the same. This conclusion emphasises the need for effective policy targeting both female labour market participation as well as institutional factors like wage formation systems, the remuneration of women and men, and the overall wage inequality.

## 4. Policy responses

In some European countries, the persistence of the gender pay gap has initiated a range of policy measures. In others countries, however, the gender pay gap ranks less high on the national policy agenda and few concrete programmes or policy measures are pursued. Box 4 provides some information on the 'national profile' of the gender pay gap and presents examples of actual policy. In principle, policy responses can be organised along three lines (Karamessini 2006):

1. equal pay policy aiming at tackling direct or indirect gender wage discrimination;
2. equal opportunities policy aiming at encouraging women to have continuous employment patterns, and de-segregating employment by gender;
3. wage policies aiming at reducing wage inequality and improving the remuneration of low-paid and/or female-dominated jobs.

**Box 4 – Ranking of the gender pay gap on the national policy agenda and examples of actual policy**

BE	The gender pay gap ranks rather high on the policy agenda. To date, policies focus on monitoring and awareness raising. In addition, the EVA project (referring to an analytical evaluation of jobs) has been launched. This is an important step towards a more gender-neutral system of job classification.
CZ	Little profile in public debate nor on the policy agenda.
DK	The gender pay gap ranks rather high on the policy agenda. Since 2001, a heated debate about the introduction of enterprise-based wage statistics, broken down by gender, has taken place. In the latest proposal, the bill is restricted to enterprises with a minimum of 35 employees, and groups with a minimum of 10 women and 10 men that hold the same job (technically defined by ISCO codes). This would limit the coverage of the bill to less than 20% of employees.
DE	Little profile in public debate nor on the policy agenda.
EE	In the action plan of the Ministry of Social Affairs 2007–10, the target is set to diminish the gender pay gap from 24% to 20% by 2010. However, the 'planned period of action' has not appeared yet.
EL	Little profile in public debate nor on the policy agenda.
ES	Current policies with regard to the gender pay gap are mainly awareness-raising measures contained in the framework agreements by social partners. Despite the fact that equality clauses were already widely introduced in collective bargaining since 2004, it is still an exception to include specific clauses to deal with pay differences. Despite the legal sanction against the gender pay gap, the translation into practice of the 'equal pay for work of equal value' principle remains problematic.
FR	The gender pay gap ranks rather high on the policy agenda. In order to close the gender pay gap, a new draft law on equal pay (March 2006) is in the process of being drawn up. In this draft law, there is the provision to make collective bargaining compulsory, in order to abolish pay gaps by December 2010. A diagnosis of existing gaps should be established. In the absence of 'loyal and serious' collective bargaining, penalties are envisaged.
IE	The gender pay gap is seen as an important policy area in order to achieve greater gender equality. However, this awareness has yet to be translated into a programme of action or into a set of specific policy initiatives.
IT	Little profile in public debate nor on the policy agenda.
CY	Little profile in public debate nor on the policy agenda.

<b>(cont.) Box 4 – Ranking of the gender pay gap on the national policy agenda and examples of actual policy</b>	
LV	Little profile in public debate nor on the policy agenda.
LT	Little policy responses, yet some developments within the context of comparable worth strategies.
LU	The gender pay gap ranks rather high on the policy agenda. Policy measures focus on gender mainstreaming of pay policies and a more systematic application of job evaluation systems.
MT	Little profile in public debate nor on the policy agenda.
NL	Policy changed from information gathering and the development of instruments, towards the correct implementation and distribution of instruments on a stimulating compliance with the equal pay legislation. The more offensive strategy is especially visible in the creation of the Equal Pay Working Group in January 2006, targeted towards awareness raising.
AT	Few concrete programmes or policies are pursued; in addition information concerning implementation and/or effectiveness is lacking.
PL	Low profile in public debate or on the policy agenda, yet there is a clear policy towards decreasing wage differentials, which may increase women's wage level.
PT	Little profile in public debate nor on the policy agenda.
SI	The gender pay gap is mentioned as an important problem with regard to equal opportunities, but few concrete programmes or policies are pursued.
SK	Few concrete programmes or policies are pursued, yet the policy discourse seems to change in favour of (more) gender mainstreaming. This is demonstrated by plans to establish a governmental commission for gender equality.
FI	Special measures, targeted towards granting higher rises for female-dominated and low-wage sectors.
SE	Rather high profile, given the Swedish Equal Opportunities Act which concerns among other things wage surveys and analysis, and states that the purpose is to discover, rectify and prevent unwarranted differentials in pay and other terms of employment between women and men. Main problem is the application of the law, as a result of which adjustments in pay levels have not been frequent.
UK	Government recognises that there is a problem with the gender pay gap, but is rather reluctant to go against its policy of deregulation and voluntary action by employers in the private sector.
IS	Clear commitment to pay equality among men and women. Yet, there is little insight in the effectiveness of policy measures.
LI	Little profile in public debate nor on the policy agenda.
NO	Equality in women's and men's wages is one of the longest standing issues on the gender equality agenda in Norway. The gender pay gap has been reduced over the past 30 years, but is still significant, and the decreasing trend seems to have stagnated. As a result, the gender pay gap is high on the policy agenda.
BU	Policies are targeted towards lifting low income in general; there are few concrete programmes directed towards diminishing the gender pay gap.
RO	Little profile in public debate nor on the policy agenda.

Source: National reports

## Equal pay policies

Equal pay policy refers to the equal pay legislation and anti-discrimination laws. The legal framework of the EU with regard to equal pay is quite extensive. The legal basis and implementation of the principle of equal pay for equal work or work of equal value is laid down in Article 141 of the Treaty establishing the European Community and in the equal pay directive (Directive 75/117/EEC). National legislation and regulations must comply with these provisions. The jurisdiction of the European Court of Justice has resulted in a further clarification. Accordingly European legislation and European jurisdiction impose the following obligations on employers with regard to their remuneration policy (Ranftl 2006):

- the employer must apply the same evaluation criteria to all staff;
- remuneration arrangements must be understandable and transparent;
- the criteria applied must take into account the nature and type of work;
- the criteria must be free from discriminatory elements.

The expected positive effect of equal pay legislation on the gender pay gap is reasonably straightforward, although the impact will presumably depend on the effectiveness of the enforcement of the legislation. Several countries (Estonia, Czech Republic, Greece, Germany, Poland and Slovenia) report problems in this respect. To take just one example: in Germany only individual claims are possible. Although a right for collective claims and group or class claims has been discussed for several years, groups of plaintiffs or organisations are not authorised to file suit. Secondly, rules of procedures for the application of the principle of pay equity are missing. A main problem seems to be the extent to which it is possible to compare jobs on the basis of common and objective criteria. Introducing more explicit rules of procedures would compel the social partners responsible for remuneration to take the principle of equal pay for work of equal value more seriously. Finally, and perhaps most importantly, there are no institutions commis-

sioned to inform and educate actors on both the legal basis and the process of implementation and with the power to initiate legal action.

More effective equal pay policy may demand additional legislation. An example could be the Swedish Equal Opportunities Act (EOA), which states that employers, who employ 10 persons or more, are required annually to survey and analyse pay practices and differentials and prepare a plan of action for equal pay. The Equal Opportunities Ombudsman (EOO) should ensure the proper functioning of the EOA and has the power to impose an administrative fine on employers who fail to submit the information requested. The EOO may also submit requests to the Equal Opportunities Board for the imposition of a penalty on employers who do not observe the rules on 'active measures'. Yet, the act only governs relations between individual employers and their employees; it is not an effective instrument for closing the pay gap between female and male-dominated segments of the labour market.

Another interesting example of equal pay legislation is provided by France. With the law of 9 May 2001, France made it compulsory to negotiate equality in companies and sectors and to introduce the issue of equality in all normal bargaining topics, including pay. However, only a few (around 50) companies respected this obligation. A new draft law on equal pay (March 2006) contains four main themes, of which the abolition of the gender pay gap is the most important. There is a provision to make collective bargaining compulsory in order to abolish pay gaps by December 2010. A diagnosis of existing gaps should be established. In the absence of 'loyal and serious' collective bargaining, penalties are envisaged, like the non-registration of pay agreements or the introduction of a financial contribution based on the total wages bill for companies that have not embarked on collective bargaining.

The French case is a clear example of legislation which imposes on employers the obligation to justify pay differentials. Most countries are, however, rather reluctant to interfere in the wage-setting mechanism which is seen as the primary responsibility of social partners. The emphasis on deregulation and voluntary action

by employers severely limits the support of an effective comparable worth strategy. Although the principle of equal pay for men and women applies to work of equal value, most countries refrain from audits of internal pay formation in order to identify discriminatory elements, let alone to introduce gender-neutral pay evaluation structures that cross the boundaries set by companies and branches of industry. In the UK, for example, the long-awaited report by the Women and Work Commission, which was published in February 2006, did not include any agreement on compulsory pay audits, although the commission was asked specifically to address this issue in its terms of reference. In Luxembourg, despite the legal obligation to bargain on equality and to adopt equality plans (law of June 2004), social partners seem to have real difficulties in bargaining on equality areas.

However, Belgium might be considered to provide a more positive example. The EVA project, set up by the Federal Public Service for Employment, Labour, and Social Dialogue in collaboration with the social partners and with the financial support of the European Social Fund, has been in operation since 2001. 'EVA' stands for analytical evaluation and its goal is to bring the social partners and the industries a step closer to a gender-neutral system and to convince them of the usefulness of an analytical system with regard to equal pay for work of equal value. Initially three objectives were pursued: (1) the revision of the existing training programme and sensitisation of the social partners; (2) the analysis of the gender effect of the development and the introduction of analytical system of wage setting; (3) the design of a universal analytical gender-neutral job classification system. The first objective has been realised. However, in the meantime the project has been transferred to the Institute for Equality of Women and Men. It is very likely that the second objective will be put into practice; it is estimated that by June 2006 the analysis will be finished. However, the last objective will almost certainly not be realised. Nevertheless, the results of the project are rated as very positive. To quote Van der Hallen (2003): 'As a training pack, it is highly transferable to other countries, because it explains the job evaluation process in a very clear, didactic way, with

the help of numerous examples. Since gender-neutral evaluation is a matter of "won't", rather than "can't", an awareness-raising campaign similar to the one conducted in parallel with this training pack should prove to be an important and effective initiative' (quoted in Meulders and O'Dorchai 2006: 28).

## Equal opportunities policy

Another important subset of policy refers to equal opportunities. Given that an uninterrupted career is still a significant factor in explaining the overall gender pay gap, it is extremely important to enable women to have more continuous employment patterns. Policies targeted towards increasing childcare facilities are therefore important. Although data are difficult to summarise, it is quite clear that the availability and affordability of childcare differs extensively over the EU Member States (see, for an overview, Plantenga and Remery 2005). In only a few countries is childcare seen as a social right and offered at highly subsidised prices. In other countries, public subsidies are limited and childcare services are only supplied through the private market at high prices. In a few cases the limited availability of affordable childcare places is acknowledged as a real barrier to the uptake of further education or work, especially for low-income families or families with more children requiring childcare; this no doubt affects the earning capacity of women negatively.

This point may be illustrated by the situation of Ireland. In 2000, Barrett et al. (2000) identified the provision of comprehensive childcare services as the key to equality of opportunity on the labour market. Russell and Gannon (2002) draw similar conclusions: 'The current findings show that years of work experience and years out of the labour market remain an important influence on the gender pay gap in Ireland. This suggests that policies under the employment strategy to 'reconcile family and working life' are likely to be important in reducing the gender pay gap. Policies such as parental leave schemes, maternity leave, childcare provision, are likely to increase continuity in women's working lives and therefore reduce the gap due to time out of the labour market. Similarly, efforts to assist the reintegration of those who have been working full-

time in the home are likely to have an impact on this element of the pay gap' (quoted in Barry and Murphy 2006: 26).

Parental leave is another important part of equal opportunities policy. The effects in terms of the gender pay gap are a bit more complicated though. On the one hand, such policies may raise the relative earnings of women by keeping them connected to the labour market and/or particular firms. This may increase the incentives of employers and female workers to invest in firm-specific training. On the other hand, leave facilities might also lower the female participation rate and damage future career paths and earnings, especially when the leave is long. In addition, the actual costs of leave facilities may not be borne by the employers, but passed on to the employee, thereby increasing the gender pay gap if the take-up is not evenly distributed among men and women (which is generally the case). In a study of mandated leave policies in Europe and North America, Ruhm and Teague (1995) concluded that leave entitlements of moderate duration (especially when paid) result in higher employment levels. Yet, Ruhm (1996) shows that extended paid parental leave results in substantial wage reductions among female employees.

These results indicate two important policy implications; the leave should not be too long and the take-up of leave should be equally divided between men and women. Important preconditions of this equal division are that the leave is paid and that part of the leave is reserved for men. Developments in Denmark may illustrate this point. Since 2002, maternity and parental leave has been expanded: the mother is entitled to four weeks' leave before the birth of a child, and has a compulsory absence of two weeks' leave after the birth; following this period she is entitled to 12 weeks' leave. The father is entitled to two weeks' paid paternity leave during the first 14 weeks after the birth of a child — normally just after. Subsequently each parent is entitled to 32 weeks of parental leave (in total 64 weeks for the parents), which they can claim whenever they wish — and with the agreement of their employer — until the child is 9 years old. However, only 32 weeks of the total parental leave are paid (at

least at the level of the unemployment benefit). The prolonged parental leave and the ending of the system of reserving weeks for the father (from 2002) have resulted in a prolongation of women's parental leave. The latest figures show that mothers on average take 40 weeks of maternity and parental leave; fathers take on average three weeks. Research reveals that maternity and parental leave weakens mother's possibilities of a pay raise and that maternity/parental leave is an important explanatory factor of the gender pay gap. In order to restore the balance, the Danish opposition proposed early 2006 to earmark 12 weeks of the paid parental level for the father as an equality measure and an indirect equal pay policy. For women, this would imply that the length of leave would be limited to 18 weeks of maternity leave and 20 weeks of paid parental leave.

Another element of equal opportunities policy would be to encourage young girls to consider a wider range of occupational options, and to opt for science and technology, instead of caring, cleaning and catering. Still too often girls opt for traditional female occupations in the care and administrative sector, leading to lower paying careers. Box 5 provides some information of national policies in the field of de-segregation. Breaking down occupational rigidities is important and may be part of the answer to the problem of unequal pay. Yet, several authors point to the fact that too much emphasis on de-segregation may signal the wrong message as the implicit meaning seems to be that it is all about women taking the wrong education and choosing the wrong career pattern. In addition, remedies for the gender pay gap that promote a change in occupational choices leave unspecified who will take the important and growing jobs in the care and services sector. Too much emphasis on de-segregation also leaves unchanged the wage structure, leaving room for a new segregation based on ethnic lines. Female migrants, for example, might increasingly take up the low-paid jobs in care and personal services, as is already evident in south European countries. Reassessing the relative wage of female- (or male) dominated jobs might in that respect be a more appropriate strategy than tempting girls to give up female-dominated fields in the hope of better pay (Rubery and Smith 2006).

Box 5 – National policies focusing on de-segregation	
DK	Governmental policy strongly focuses on de-segregating the labour market. In early 2005, the Minister for Labour commissioned together with the Minister for Equality and the Minister for Education a study by the National Institute of Social Research on mechanisms of creating and recreating gender segregation in the choice of education and on the labour market.
LU	The project 'Women, sciences and technologies' has been implemented in response to the low rate of female participation on the labour market and their orientation to female-dominated occupations and industries. The project aims at encouraging young girls to consider a wide range of occupational options and to channel them towards future oriented training courses especially in sciences and technology.
AT	Governmental policy in order to reduce the gender pay gap includes a 'qualification offensive for women over the age of 25 with the emphasis on craft-technical occupations and new technologies', and the 'extension of the occupational spectrum for women'. Both policy lines are above all intended to contribute to breaking down gender segregation.
SI	A decrease in vertical and horizontal segregation and the gender pay gap is stated as one of the four aims for equal opportunities of men and women in employment and work mentioned in the resolution on the national programme for equal opportunities.

Source: National reports

## Wage policies

Finally, wage policies should be mentioned as an important policy lever to address the issue of equal pay. Wage policies in this respect may vary from the introduction of a mandatory minimum wage, thereby setting a floor to the wage structure, to the centralisation of the system of wage bargaining, thereby decreasing inter-industry and inter-firm wage differentials, and the revaluing of low-paid and/or female-dominated jobs, for example as part of an anti-poverty or equality strategy. The prospect for a successful implementation of such a wage strategy does not seem to be very promising, however, given the current emphasis on decentralised or even individualised systems of wage setting. Yet, some examples of beneficial wage policies are available. In Poland, about 17% of the labour force receives wages below 50% of the average wage. The act of 1 July 2005 amending the minimum wage proposes solutions that should result in the long-term rise of the lowest wages to about 50% of the average wage. Although gender disaggregated data on the recipients of the minimum wage are not available, such a development can potentially improve the earnings of women, especially those who are low-qualified.

An interesting development in this respect is the plea to come to a European minimum wage policy.

The primary aim of such a policy would be to increase the level of the lowest wages and to prevent cross-border wage dumping. Yet, given the fact that the proportion of low-wage earners among women is approximately double to that among men, the introduction of a European minimum wage policy would also narrow the wage differential between men and women and improve the quality and productivity of work. In the 'Theses for a European minimum wage policy' the proposal is made to raise the minimum wage to a level of at least 60% of the average national wage. As a short-term interim target, all countries should introduce a minimum norm corresponding to 50% of the average national wage (Schulten et al. 2005). For the implementation, the authors suggest to rely on the open method of coordination, whereby certain concrete goals and time frames are determined at the European level and then implemented within the national framework of the different Member States.

An even more targeted wage policy would be to increase the wage level of female-dominated jobs. Finland provides an interesting example in this respect. Since 1971, centralised wage agreements usually included provisions to grant higher rises for female-dominated and low-wage sectors. Their economic effect has been modest but they have been important symbolically in that the social partners have thus recognised the



importance of promoting equal pay. At present, however, the Confederation of Unions for Academic Professionals in Finland (AKAVA) and the central employers' confederations would like to scrap these provisions. The former deems them ineffective in their present form because, it claims, they have not helped highly educated women enough. Meanwhile, the employers argue that labour costs in female-dominated and low-wage sectors have increased too much.

The Finnish example indicates some of the complexities involved in an overall revaluation of low-paid, female-dominated jobs. Given these complexities, equal pay policies (with all their limitations) and reconciliation policies aimed at encouraging continuous patterns of employment among women seem more likely policy directions. Presumably, a greater sensitisation of social partners in equal pay issues is needed to achieve higher than average wage increases in female-dominated occupations and industries. Yet, a higher pay rise for female-dominated jobs might also be the result of shortages in supply, especially in crucial sectors like education and care. In Iceland, for example, after a period in which wage negotiations became more decentralised, wage developments in female-dominated institutions and firms have been less favourable than those of male-dominated ones

giving rise to widespread unrest among municipality workers who are in most cases women working in schools, nurseries and institutions /homes for the elderly. During the autumn of 2005 many municipalities negotiated a special pay rise for those in unskilled jobs as a response to widespread labour shortage and discontent.

### Trade union involvement

Finally, Box 6 gives some information on trade union involvement in wage policies. In particular where national policy is rather weak and focused more on issues of occupational segregation and/or the impact of family responsibilities than on issues of undervaluation as such, social partners may take over and actively campaign for a more gender equal wage system. As usual, though, the picture is rather diverse. In some countries trade unions have indeed entered large framework agreements, targeted towards gender mainstreaming and the tackling of the gender pay gap (Belgium, France); in other countries, trade unions play a role in the dissemination of information and training tools (the Netherlands, Austria, Portugal, Iceland), while in still other countries, the commitment of trade unions to reduce gender wage differentials seems rather low (Greece, Italy, Cyprus, Liechtenstein, Bulgaria).

#### Box 6 – Trade unions' involvement in closing the gender pay gap

BE	In September 2004, the three biggest Belgian unions (socialist, Christian and liberal) signed a Gender Mainstreaming Chart to signal their commitment to make special efforts to promote gender mainstreaming. Tackling the gender pay gap and developing a new job classification system are important elements of this commitment. Furthermore, the 2007/08 inter-occupational agreement will be given a feminine dimension. Finally, they are also aware that they should pursue gender parity at the next social elections so that women can defend women which make up half of their affiliates. Although to date none of these declared intentions have been put into practice, they do translate a genuine commitment of the unions to the cause of eliminating wage inequality.
CZ	At the central level there is very little information on how to assess and monitor the gender pay gap. As a result, individual trade unions have no real guidelines on how to address the issue of equal pay in the collective bargaining process.
DE	Trade unions have not been very active on the issue of equal pay. Collective agreements do not usually contain any specific clause on equal pay either, although some trade unions have developed their own codes of practice for the application of the principle of equal pay for men and women.
EL	The trade unions' involvement has been positive but limited to the issue of equal pay for equal work; little attention is paid to equal pay for work of equal value and on the tackling of the gender pay gap. Collective bargaining therefore does not operate as a means of promoting equal pay.

<b>(cont.) Box 6 – Trade unions’ involvement in closing the gender pay gap</b>	
ES	Current policies are mainly targeted towards improving the transparency of the collective bargaining process, relating to current practices of selection and promotion, and to the revision and elimination of female categories within occupational classification.
FR	A national inter-sector agreement on gender balance and occupational gender equality was signed on 1 March 2004 by all major unions. It includes a section on equal pay. Companies committed themselves to reducing the residual gap (estimated at 5% by INSEE, the French National Institute for Statistics and Economic Studies), which cannot be explained by sectoral or structural effects. Specific action, in order to catch up gradually within time limits, can be embarked upon. At sector level, criteria used for job evaluation will be examined in order to rectify any discriminatory effects and take better account of all skills. Solutions will be sought to limit the effects on pay of absences related to parenthood.
IE	Trade unions’ involvement has been positive but rather limited. A key element of the Irish Congress of Trade Unions (ICTU) is to achieve legislative change to allow ‘class actions’ to be taken under equality legislation. In addition, the ICTU is looking for a higher level of minimum wage and more resources towards the provisions of childcare services.
IT	Italian trade unions have never shown a strong commitment to reducing gender differentials. The issue of women’s low pay has traditionally been seen as part of the general problem of economic inequity, so that effort was concentrated on (i) squeezing pay differentials (by industry, by category of employment, by skill grade), up until the mid-1980s; (ii) promoting equal opportunities, in the 1990s.
CY	While the unions’ involvement and lobbying for the minimum wage legislation (and standard) is important, nothing has been done in the area of minimising the pay gap or the observed occupational segregation.
LT	Trade unions play an active part with respect to minimum wage policy. They also played an active role in the process of initiation, preparation and signing of the bilateral national agreement on the application of the ‘Methodology for the assessment of jobs and positions in enterprises and organisations’. However, this agreement has yet to be translated into a programme of action and/or into a set of specific policy initiatives.
LU	Within the context of the pilot project ‘Equal pay, democratic challenge’, government and the social partners have committed themselves to review persistent inequalities between women and men regarding pay.
HU	Under the direction of the National Confederation of Hungarian Trade Unions, a new pilot project has been set up. It consists of two main parts: an interactive database for gender pay gaps, and a monitoring mechanism.
NL	Policy initiatives primarily focus on providing information, for example by offering tools on the website to check whether one is being paid according to the rules. In addition, in cooperation with the wage indicator project and unions from Belgium and Hungary, Dutch trade unions participate in a project called ‘Decrease the pay gap’. This project, funded by funds from the European Social Fund (ESF), intends to increase the effectiveness of policies targeted towards diminishing wage differences. Moreover, it intends to empower individual women by informing them on career choices and by training their bargaining skills.
AT	Since the end of the 1990s, trade unions have developed and implemented gender mainstreaming plans or adopted gender-mainstreamed collective bargaining guidelines. Guidelines refer to both the content of the actual agreements as well as the actual negotiation process.
PL	Union density is low and decreasing, thus a top priority is the growth of members. The company is the dominant level of bargaining, institutionalisation of industrial relations is low, and when collective bargaining occurs, equal opportunities do not come to the fore. Unions conduct some awareness-raising activities for workers and employers, but these do not feature prominently in the overall context.

Source: National reports

**(cont.) Box 6 – Trade unions' involvement in closing the gender pay gap**

PT	Some initiatives by trade unions, for example the Aveiro footwear trade union, targeted awareness raising and changing actual pay practices. At a more general level, trade unions provide information and training courses on gender equality for trade union leaders and other union members.
SI	Some trade unions' initiatives focus on awareness raising and providing detailed information on wages and career development.
SK	Social partners pay little attention to equal pay. Yet at the central level, some initiatives are undertaken to promote equal opportunities in the labour process.
FI	Policy measures focus on more analytical job evaluation schemes and bringing male- and female-dominated sectors within the same collective agreements.
SE	Trade unions are important. Although the system of wage setting is largely decentralised, some coordinated action is taken on issues like decreasing the gender pay gap between female- and male-dominated occupations and sectors.
UK	Trade unions are important in bringing both employers and the government to the bargaining table over issues like single pay spines and the protection of workers outsourced from the public sector (mainly women).
IS	Trade unions' actions focus on awareness-raising initiatives and organising training courses for women in order to improve their negotiating skills.
LI	Few policies focus on diminishing the gender pay gap.
NO	Trade unions try to close the gender pay gap by lifting the wage level of the lowest paid group.
BU	Trade unions' actions focus on linking wages with productivity and introducing a decentralised model of collective labour bargaining. Few policies focus on diminishing the gender pay gap.

Source: National reports

## Summary and conclusions

The European Member States indicate a rather diverse picture when it comes to tackling the gender pay gap. In quite a number of countries the gender pay gap has little profile either in the public debate or on the policy agenda. In other countries, though, the persistence of the gender pay gap has initiated several policy initiatives targeted towards closing the gender pay gap. Some policies refer to improving the effectiveness of equal pay legislation. Other policies try to enhance equal opportunities and aim at more continuous employment patterns; available and affordable childcare as well as paid parental leave for both men and women are seen as important preconditions in this respect. Girls might also be encouraged to choose less tradi-

tional occupations in order to enter higher paying careers. A third lever refers to wage policies aimed at reducing wage inequality and improving the remuneration of low-paid (or female-dominated) jobs. Actual policy initiatives in this respect vary from a general policy towards increasing the level of the minimum wage in Poland, to a re-evaluation of low-paid, female-dominated jobs in Finland. The actual policy mix may depend on national particularities and the prevailing analysis of the origins of the gender pay gap. The emphasis on deregulation and voluntary action by employers may restrict national policy options in some countries, especially with regard to wages. In these circumstances, social partners (especially trade unions) may take over and actively campaign for a more gender equal wage structure.



## 5. Best practices

Taking into account the different socioeconomic backgrounds, the national reports present a broad range of innovative policy initiatives that may be gathered under the heading 'best practices'. There appear to be four major policy lines:

- policies directed at the availability and dissemination of information among relevant actors such as employees and employers;
- policies to develop or strengthen the infrastructure with respect to equal pay;
- policies directed towards a more integrated system of wage setting;
- policies to develop legal measures enforcing equal pay.

### Availability and dissemination of information

The availability of relevant information is an important starting point when tackling the gender pay gap. Moreover, dissemination of information is an important tool to raise awareness of the extent and seriousness of the problem. Quite a number of national reports, therefore, address this issue. Box 7 summarises the initiatives, which vary from initiating a study to the organisation of a national Equal Pay Day. The box also includes three examples of legislative measures with respect to gathering data at the company level, which may be essential for the detailed research into the very nature of pay differences. As most companies are rather reluctant to provide this information, Italy and Portugal have taken legislative measures that oblige employers to do so; in Denmark, the Act on Enterprise-based Wage Statistics has been postponed. In addition, social partners are important allies when tackling the gender pay gap. As the national reports show, social partners seem increasingly willing to take action to reduce the gender pay gap, especially with respect to providing information and awareness raising.

#### Box 7 – Initiatives with respect to availability and dissemination of information

BE	An Equal Pay Day is established. The aim is to raise the awareness of a very large public with respect to the persistence of gender wage inequality, to discuss wages more openly and to encourage policy corrections.
CZ	The Committee for Equal Opportunities for Women and Men of the Czech-Moravian Confederation of Trade Unions (čMKOS) promotes in its programme 'adherence to the principle according to which men and women merit equal pay for equal work or work of equal value'.
DK	After fierce discussions on the results of studies of the gender pay gap, in 2000 the Minister for Equality forwarded a bill proposing enterprise wage statistics broken down by gender and a ban on the use of wage confidentiality. In 2001, the Act on Enterprise-based Wage Statistics broken down by gender was adopted. After a change in government in late 2001, however, the act has been temporarily postponed. At the moment discussion is continuing on the conditions under which the law should apply (e.g. such as the size of firms).
EL	A guide for the integration of gender equality in firms has been published. The guide contains a list of proposals addressed to public administration and social partners aiming at the integration of gender equality in firms. Equal pay for work of equal value is one of the five main categories of the proposal.

<b>(cont.) Box 7 – Initiatives with respect to availability and dissemination of information</b>	
	An awareness-raising campaign was part of the EU-funded project 'Equal pay — Mind the gap'. This project was the first initiative ever taken in Greece extending the equal pay principle beyond the issue of direct wage discrimination against women and drawing attention to the overall gender pay gap as a social problem stemming from different forms of discrimination.
IE	The Irish Congress of Trade Unions (ICTU) initiated a small-scale gender and pay project. Under this project, the trade union congress is being funded to carry out activities addressing the gender pay gap under a number of themes, including awareness of the gender pay gap, job evaluation skills and resources, training of trade union officials and vocational training. This involved the development of a toolkit by the ICTU to support managers, officials and activists to address the gender pay gap.
IT	Public and private firms employing more than 100 employees have the obligation to provide statistical information on the employment conditions of their employees broken down by gender every two years (1991 law on positive actions; Article 9, Act 125/1991). The companies have to give the report to the local equality advisers and to the trade unions at the company level. These reports could be used by equality advisers and/or trade unions to tackle horizontal and vertical segregation, as well as the gender pay gap at the company level.
HU	Stimulated by the Dutch project 'Wage indicator', an interactive database, called the 'E-Barometer' will be compiled. Age, gender, educational level, occupation and regions will be the main dimensions of the data set.
NL	The 'Wage indicator' project has been developed. One of the goals of this project is to improve the information about 'real' wages, beyond the information about the 'formal' wages agreed in a specific collective bargaining agreement. In addition, the data set would expand the scope for research and create a better insight in the dynamics of the gender pay gap.
AT	The Union of Private Employees (Gewerkschaft der Privatangestellten — GPA) has committed itself to examining all collective agreements within their respective domain in terms of (implicit) gender-related discriminatory provisions and eventually to eliminate them in the course of the next years' bargaining. In addition, in the early 2000s a working group was set up within the Metalworking and Textiles Union (Gewerkschaft Metall-Textil — GMT), which jointly examined the possibilities of gender mainstreaming in collective bargaining in cooperation with the Equal Opportunities Ombudswoman (Anwaltschaft für Gleichbehandlungsfrag).
MT	In Malta, where relatively little information is available, a study has been initiated on the gender pay gap. This is regarded as an important step towards assessing the actual gender pay gap and a useful tool for raising awareness.
PL	Action has been taken to raise awareness of labour laws and workers' rights. In addition, lawyers, judges, police officers, prosecutors, trade union representatives, employer organisations, labour inspectors, NGO representatives and government officials have been educated and trained.
PT	The Commission for Equality in Labour and Employment has promoted several gender equality training courses for judges and other agents involved in the process of justice administration, with the purpose of promoting a better application of gender equality legislation.  Since 2004 all employers, with the exception of central, regional and local administrations, public institutes and other collective public entities, as well as employers of domestic service workers, are obliged during the month of November to display in a visible place (or for online consultation) for a period of at least 30 days, the list of their staff indicating each employee's earnings (Law No 35/2004, of 29 July, Articles 452 to 457 and 490). This information must be made available to the public authorities, as well as, on demand, to trade unions and employers' associations. Non-compliance is considered a minor offence, and depending on the degree of guilt and the firm's outcomes, the fine may vary between UC 2 and 15 (each UC corresponds to EUR 89).
SI	The presidency of the biggest trade union confederation called on member trade unions to introduce the gender pay gap problem into the collective bargaining agenda.

**(cont.) Box 7 – Initiatives with respect to availability and dissemination of information**

SK	The Slovak Republic Confederation of Trade Unions prepared and implemented the project 'Equal opportunities policies for men and women in trade unions, years 2002–04'. The main aim of the project is to promote the agenda for equality and opportunity in the labour process. One part of the project is devoted to strengthening the principle of equal pay of men and women at all levels of collective bargaining.
SE	The Swedish Trade Union Confederation (LO) is strongly committed to gender equality and gender mainstreaming and publishes on this theme on a regular basis. On International Women's Day 2006, a report was published which contains, amongst others, a concrete handbook on trade union feminism and which supports active gender equality work in the workplace.
LI	The government initiated a special award on women- and family-friendly enterprises in 1999 in order to raise employers' as well as the public's awareness of gender equality issues.

Source: National reports

**Infrastructure**

The establishment of gender-specific institutions is another important step to support the implementation of equal pay legislation. New initiatives in this respect are reported by Cyprus, Lithuania and Slovakia; see Box 8 for more details. Other countries (the Netherlands, Finland and Norway) report the creation of equal pay task forces. In the Netherlands an equal pay working group has been created to

mobilise all relevant actors in the field of equal pay in order to implement all policy tools actively. In Finland a working group has drawn up a programme for equal pay, which proposed to set clear targets. In Norway the government announced in March 2006 that the first Norwegian commission on equal pay is to be appointed. One of the most important tasks for the commission is to place the issue firmly on the political agenda, and to vitalise the debate on equal pay (see Box 9).

**Box 8 – Examples of creating an infrastructure to promote wage equality**

CY	The Authority Against Discrimination, formed due to an EU directive, is responsible for handling all cases of gender discrimination, including sexual harassment and pay discrimination, both in the public and private sector. What is innovative and important for this office is that the burden of proof is on the employer and not on the employee and statistical evidence of discrimination is considered adequate proof (i.e. if women are generally paid less in company X this counts as sufficient evidence of discrimination against a specific woman).
LT	Since 1999, the Equal Opportunities Ombudsperson's institution supervises the implementation of equal rights and opportunities for men and women, laid down in the Constitution of the Republic of Lithuania, and investigates complaints relating to direct or indirect discrimination on grounds of sex. Since the establishment of the institution (1999–2004), the Ombudsperson's institution had received 325 complaints; the cases of discrimination at work (in respect of placement, professional career and remuneration) constituted about 28% of all investigations.
SK	At the end of 2005, the project 'Promotion of administrative capacities in gender mainstreaming' started. Experts from France and Germany will help to build an institutional mechanism for implementing gender mainstreaming in governmental as well as non-governmental spheres. In the scope of the project, a new gender website ( <a href="http://www.gender.gov.sk">www.gender.gov.sk</a> ) was launched.

Source: National reports

### Box 9 – Examples of equal pay task forces

NL	Commissioned by the Minister for Social Affairs and Employment, the Equal Pay Working Group was created at the beginning of 2006. By actively addressing all relevant actors, including employers' organisations, employees' organisations, but also individual employers and employees and other parties involved, about the legal rules of equal payments, the Equal Pay Working Group implies a more offensive strategy to combat unequal payment.
FI	The Ministry of Social Affairs and Health established a working group on 15 November 2004 to draw up a programme for equal pay. The work was finished on 15 May 2005. The main promise of this programme was that the pay gap between men and women, counted by the average monthly pay for normal working hours, would reduce by 5 percentage points from the current 20%, until the year 2015.
NO	In March 2006 the government announced the appointment of the first Norwegian commission on equal pay. One of the most important tasks for the commission is to place the issue firmly on the political agenda, and to vitalise the debate on equal pay. The commission will launch concrete proposals for future strategies, not only in connection with the wage settlement processes. The commission should be seen as an important political signal, dealing with issues with implications for a living wage, distributive politics and future pensions. The main reason given for the commission is that gender differences are still substantial and change rather slowly.

Source: National reports

### Integrated system of wage setting

According to EU legislation, men and women should be paid equally for equal work or for work of equal value. In order to determine the value of a job, job evaluation systems are often used, which, however, may be (in)directly discriminating for women. It is therefore important that a critical assessment of system-specific characteristics and criteria is made. As Box 10 shows, policy initiatives in several countries are taken aimed at the development and application of gender-neutral systems of job evaluation (comparable worth strategy). In addition, the national reports of France, the UK and Nor-

way provide good practices with respect to wage setting at the sectoral or company level (see Box 11). For example, a Norwegian firm tries to neutralise the impact of parental leave.

### Legislation

As described in Section 34, the principle of equal pay for equal work or work of equal value is part of EU legislation and all countries have included this principle in their national legislation. Countries may take additional legal measures to improve the effectiveness of equal pay legislation. Best practices in this respect are provided by Luxembourg, France and the UK.



### Box 10 – Policy initiatives with respect to job evaluation

BE	The EVA project has been launched. 'EVA' stands for analytical evaluation and its goal is to bring the social partners and the industries a step closer to a gender-neutral system. Within this project three objectives are pursued: firstly, revision of the existing training programme, organisation of new training courses and sensitisation of the social partners; secondly, the analysis of the gender effect of the development and the introduction of analytical methods on wages; thirdly, the design of a universal analytical gender-neutral job classification method to analyse all job types.
DK	Efforts are taken to elaborate job evaluation tools between the social partners in the municipal and county sector. In addition, a brochure on the use of job evaluation is published as a tool to promote equal pay in the municipal sector.
LU	The government and the social partners have committed themselves to analyse the system of job classification (discrimination, correction criterion and gender-neutral systems). The Ministry of Equal Opportunities, with the Chamber of Commerce and private employees, provides a supply of training courses on gender-neutral evaluations of job classifications for firm managers.
AT	A research project on 'Non-discriminatory work evaluation and work organisation' was completed in 2002. Building on the experience and results of this research project, a guideline for the application of non-discriminatory analytical work evaluation was drawn up in 2004. In addition, a first nationwide collective agreement was signed for social and health services (where the vast majority of employees are women) in November 2003 covering about 35 000 employees in the private sector. This agreement lays down a clear-cut, uniform pay scheme providing for nine different pay levels according to skills and vocational experience, which replaces more than 200 different pay schemes provided for in individual company regulations.

Source: National reports

### Box 11 – Examples of innovative wage setting at sectoral or company level

FR	The electricity and gas boards EDF-GDF made an occupational equality agreement in 2004 with a specific budget for women's pay to catch up. The agreement had two ambitions: reducing observed gender gaps and introducing new practices and change mentalities in order to achieve lasting cultural changes in favour of occupational equality. A specific target was to reduce an estimated pay gap of 5% over a three-year period. Both local management and unions were involved in achieving the agreement. The additional budget to reduce the gender pay gap represented 0.1% of the total wages bill. The advantage of such an additional budget was that men did not get the feeling that they were being wronged in order to benefit women.
UK	In 1999 an important agreement was made in the National Health Service (NHS): the 'Agenda for change: Modernising the NHS pay system'. One of the main parts of this agreement was the introduction of a new integrated pay structure for the NHS. Two important goals of this agenda were to improve the relative position of the very lowest paid workers in the NHS and to ensure as many staff as possible moved to a band that would provide higher maximum pay than previously. First indications are that several groups have indeed improved their rate of pay, e.g. cleaners and healthcare assistants.
NO	GE Healthcare (1 250 employees in Norway) specialises in the research and production of medical products. In order to change the negative effect of parental leave on wage progression, employees who have been on parental leave are given a wage rise equivalent to an average wage settlement. In addition the employee's direct superior has a responsibility to be aware of the situation in the next individual assessment. The ambition is that parental leave should not affect the employee's wage level, either in a negative, or in a positive direction. The establishment's personnel manager argues that equal pay stimulates productivity; inequalities in wages create dissatisfaction.

Source: National reports



<b>Box 12 – Legal measures to tackle the gender pay gap</b>	
LU	Since June 2004 a law is in force that obligates social partners to bargain on equal pay. Under this law, collective bargaining has to include a provision concerning the implementation of the principle of equal pay between men and women. The results of the collective negotiations have to be written down.
FR	The laws of May 2001 and March 2006 reinforce the obligation of gender pay bargaining in companies and sectors. For the first time the introduction of penalties (financial contribution based on the total wage bill) is mentioned (which may come into effect in December 2010 in case of lack of bargaining).
UK	Gender duty on public authorities. The Equality Act of 2006 amends the Sex Discrimination Act of 1975 to place a statutory duty on all public authorities, when carrying out their functions, to have due regard to the need: (1) to eliminate unlawful discrimination and harassment; and (2) to promote equality of opportunity between men and women. This is known as ‘the general duty’ and will come into effect on 6 April 2007. The general duty is enforced by judicial review. In addition, from 2007, the Commission for Equality and Human Rights (CEHR) will have the power to issue compliance notices in connection with a breach of the general duty and these are enforceable in the courts.

Source: National reports

## Summary and conclusions

Best practices are supposed to inform other countries and to serve as an important source of inspiration. In essence, looking at and analysing the policy initiatives of others could improve national policies. In this respect, it is rather remarkable that most best practices refer to the availability and dissemination of information. That is: these best practices refer to actions undertaken to disseminate knowledge and raising awareness of the extent and seriousness of the problem. This is an import-

ant first step, yet still a long way from presenting actual solutions. Only a few countries provide examples of more offensive strategies like legal measures enforcing equal pay or policies directed towards strengthening the infrastructure. In this respect it seems important to increase the profile of the gender pay gap at the national level, for example by setting concrete targets to be achieved within a suitable time frame within the context of the European employment strategy.



## 6. Conclusions

Despite long-standing legislation on equal pay, women in Europe earn less than men. The latest figures on the basis of SES data (which cover only the private sector) indicate that in 2002 women earn on average 25% less than men. The largest gap is found in the UK (30%), the smallest in Slovenia (11%). Analysing the development of the gender pay gap over time is a complicated affair, primarily because of data problems. Yet, the gender pay gap at the level of the EU-25 seems to be fairly stable over the last decade. Over a longer period of time, though, most countries seem to indicate a decrease in the extent of the gender pay gap.

Traditionally, within the context of human capital theory, the gender pay gap is explained by differences in individual characteristics, such as age, education and experience. Evidence suggests, however, that these differences play a relatively minor part in the persistence of the gender pay gap. The improved educational situation and the increased female participation rate have diminished gender-specific differences in individual characteristics, although in some countries gender differences in experience are still important. Instead, the gender pay gap seems more related to the level of occupational segregation and the impact of the wage structure. Women tend to work in different occupations and industries than men and are penalised because of that. The extent of the penalty may differ, though, depending on the wage structure; a more compressed wage structure is likely to diminish the gender pay gap. The current trend towards a more decentralised and individualised system of wage setting should therefore be assessed as a rather worrying development. In fact women seem to be swimming upstream: women with an improved educational background, fewer children and shorter periods of employment interruption are confronted with a labour market with growing wage differentials and a reduced share of collectively agreed wages and wage components.

The persistence of the gender pay gap emphasises the need for multi-faceted policies targeted both on increasing the female labour market participation rate as well as on institutional factors such as wage formation systems and the overall level of wage inequality. In fact, the EU countries display a broad spectrum of policy initiatives targeted on closing the gender pay gap. In principle these policy responses may be organised along three lines: (1) equal pay policies aimed at tackling direct or indirect gender wage discrimination; (2) equal opportunities policy aimed at encouraging women to have continuous employment patterns, and at desegregation of employment by gender; and (3) wage policies aimed at reducing wage inequality and improving the remuneration of low-paid and/or female-dominated jobs. The legal framework of the EU with regard to equal pay is quite extensive. The impact, however, depends on the effectiveness of the enforcement, which may be problematic. Moreover, rules of procedures for application may be missing. This seems especially the case with respect to the principle of equal pay for jobs of equal value (i.e. how to compare jobs in an objective manner). Childcare, as part of equal opportunities policy, is an important arrangement to enable women to have more continuous employment patterns. Yet, the availability and affordability varies extensively across Europe. Leave arrangements are another important part of equal opportunities policy. Available evidence, however, suggests that the leave should not be too long, as this might lower the female participation rate and damage future career paths and earnings. In addition, there is a risk that the costs are passed on to the employee, which might result in an increase of the gender pay gap. In order to avoid this, the leave should be equally divided between men and women. This implies that the leave should be paid, whereas reserving weeks for the father might also be extremely helpful. The third policy line refers to pay policies such

as the introduction of a mandatory minimum wage and the revaluing of low-paid, female-dominated sectors. Given the current emphasis on decentralised or even individualised systems of wage setting, the prospect for such a strategy does not, however, seem to be very promising.

The ultimate policy mix may depend on national particularities and the prevailing analysis of the origins of the gender pay gap. The emphasis on deregulation and voluntary action by employers may in some countries restrict national policy options, especially with regard to wages. Employers on the other hand — fearing increases in the wage bill — might be reluctant to commit themselves to reduce the gender pay gap. In these circumstances social partners (especially trade unions) may take over and actively campaign for a more gender equal wage structure. Yet, the national reports indicate that in several European countries the gender pay gap has a low profile both in the public debate and in the policy agenda. Summarising, one of the main problems is that there is no real owner of the problem, as nobody really feels responsible for closing the gender pay gap. Organising political support for closing the gap seems to be an important challenge for the near future.

The best practices again indicate a wide variation of policy responses. There is quite a heavy emphasis on policies directed at the availability and dissemination of information among relevant actors such as employees and employers. Most 'visible' initiatives refer to the establishment of an Equal Pay Day; equally important are policies targeted towards education and training of employers' organisations, trade unions, lawyers and judges. Best practices also refer to the development or strengthening of the infrastructure with respect to equal pay. Examples in this respect refer to the establishment of an equal opportunities ombudsperson

in Lithuania and to the creation of equal pay task forces in the Netherlands, Finland and Norway. A third cluster of best practices aims at the provision of a more integrated system of wage setting. Examples refer to the development and application of gender-neutral systems of job evaluation (in Belgium, Denmark, Luxembourg and Austria) and to good practices with respect to wage setting at the sectoral level (in France and the UK). Finally, some best practices are mentioned at the legal level, aimed at obliging social partners (or employers) to bargain on equal pay (Luxembourg, France and the UK).

The persistence of the gender pay gap, its low profile in a considerable number of European countries and the rather cautious attitude that is implied in the best practices emphasise the need for an effective policy framework at the level of the European Union. Setting targets might be helpful in this respect. As part of the European employment strategy (EES) in 2003, the Member States were called on to formulate targets to achieve a substantial reduction of the gender pay gap in 2010. In 2005, however, the EES was revised with more emphasis on integrating employment policies with macro-economic and micro-economic policies in order to maximise the synergies and to increase their efficiency. In the new set-up, the reduction of the gender pay gap is no longer formulated as a special target but included in two general guidelines. Moreover an explicit time frame is not stated. As a result, the focus on the gender pay gap seems to be lost in other employment issues. In order to increase the profile of the gender pay gap at the national level, it seems essential to formulate concrete objectives and timetables on the closing of the gender pay gap at the European level. Depending on the national situation these objectives should be implemented in the individual countries along the lines of the open method of coordination.

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# Appendices

**Table A1 – Male and female hourly wage rate (in EUR), gender pay gap and wage inequality in 30 European countries**

	Males	Females	Gender pay gap	Wage inequality
EU-25	13.79	10.40	25	
EU-15	15.46	11.87	23	
10 new Member States	3.08	2.46	20	
Belgium	14.54	12.05	17	2.62
Czech Republic	3.12	2.35	25	2.80
Denmark	21.42	17.13	20	2.14
Germany	16.91	12.58	26	3.15
Estonia	2.43	1.78	27	4.94
Greece	7.97	5.94	25	2.63
Spain	9.09	6.82	25	3.15
France	15.26	12.66	17	3.36
Ireland	18.29	13.47	26	3.91
Italy	11.06	8.97	19	2.46
Cyprus	10.80	7.76	28	3.11
Latvia	1.69	1.34	21	4.76
Lithuania	1.91	1.58	17	4.55
Luxembourg	16.94	13.73	19	3.40
Hungary	2.67	2.28	15	3.40
Malta				
Netherlands	15.50	11.84	24	2.75
Austria	13.26	9.76	26	3.03
Poland	3.35	2.88	14	4.67
Portugal	5.71	4.59	20	
Slovenia	5.34	4.75	11	4.50
Slovakia	2.40	1.70	29	3.21
Finland	14.80	12.13	18	1.96
Sweden	15.82	13.40	15	2.03
United Kingdom	20.01	13.95	30	3.16
Iceland				2.27
Liechtenstein				
Norway	23.44	18.8	20	1.98
Bulgaria	0.88	0.7	20	4.40
Romania	1.13	0.9	20	5.09

Source: SES 2002; EC 2005 (wage inequality).

NB: The gender pay gap is calculated as: (average male hourly wage–average female hourly wage)/average male hourly wage.

## Statistical appendix: Analysing the gender pay gap

### The dummy approach

The simplest way to analyse the gender pay gap is to perform a regression analysis, with gender included as a dummy variable, in order to capture the effect of discrimination:

$$(1) W_i = \beta X_i + \gamma \text{sex}_i + \varepsilon_i,$$

where  $W_i$  represents the log wage and  $X_i$  the control characteristics (e.g. education, job experience, and job characteristics) of an individual  $i$ ;  $\beta$  and  $\gamma$  are parameters.

### The Oaxaca–Blinder decomposition

A more sophisticated procedure to investigate the gender pay gap is developed by Blinder (1973) and Oaxaca (1973). In this procedure, wages are estimated separately for individuals  $i$  of the different groups  $g$ , males and females. As a result, this procedure allows that productive characteristics of men and women are rewarded differently:

$$(2) W_{gi} = \beta_g X_i + \varepsilon_{gi},$$

where  $g = (m, f)$  represents the two sexes;  $W_{gi}$  is the log wage, and  $X_{gi}$  the control characteristics of an individual  $i$  of group  $g$ .

The total wage differential between men and women can then be decomposed into an explained part due to differences in characteristics and an unexplained residual.

The difference in mean wages can be written as:

$$(3) \bar{W}_m - \bar{W}_f = (\bar{X}_m - \bar{X}_f) \hat{\beta}_m + (\hat{\beta}_m - \hat{\beta}_f) \bar{X}_f \equiv E + U,$$

where  $\bar{W}_g$  denotes the mean log wages,  $\bar{X}_g$  represents the control characteristics of group  $g$  and  $\hat{\beta}_g$  the estimated parameter from equation (2). While the first term stands for the effect of different productive characteristics (the endowment effect  $E$ ), the second term represents the unexplained residual  $U$  (often referred to as ‘wage discrimination’) which includes a difference due to unobserved variables that influence productivity and a difference due to a differential reward for equal characteristics. In (3) the difference in male and female character-

istics are evaluated using the male wage structure. In principle, it is possible to use the female wage structure as the reference. This will in general lead to different outcomes.

### The Juhn–Murphy–Pierce decomposition

Juhn et al. (1991) offer an alternative to the Oaxaca–Blinder decomposition. The innovative aspect of this approach is that it allows for differences in the overall wage distribution to affect the gender pay gap. As such, the Juhn–Murphy–Pierce approach has the advantage of enabling identification of four sources of contributing factors to the overall differences in gender pay gaps: cross-country differences in gender differences in productivity characteristics, cross-country differences in the prices of observed productivity characteristics, cross-country differences in the relative wage position of men and women, and cross-country differences in the prices of unobservable productivity characteristics. More formally (following Blau and Kahn 1996 and Rubery et al. 2002), a wage equation for a male worker  $i$  and country  $j$  can be expressed as follows:

$$(4) Y_{ij} = X_{ij} B_j + \sigma_j \theta_{ij},$$

where  $Y_{ij}$  is the log of wages;  $X_{ij}$  is a vector of explanatory variables;  $B_j$  is a country-specific vector of coefficients;  $\theta_{ij}$  is a standardised residual (i.e. with mean 0 and variance 1 for each country); and  $\sigma_j$  is the country’s residual standard deviation of wages (i.e. its level of residual wage inequality for males). Then, the male-female log wage gap for country  $j$  is:

$$(5) D_j \equiv Y_{mj} - Y_{fj} = \Delta X_j B_j + \sigma_j \Delta \theta_j,$$

where the  $m$  and  $f$  subscripts refer to male and female respectively; and a  $\Delta$  prefix signifies the average male-female difference for the variable immediately following. Equation (5) states that a pay gap in a particular country can be decomposed into differences in measured qualifications  $\Delta X_j$  and differences in the standardised residual  $\Delta \theta_j$  (multiplied by the money value per unit difference in the standardised residual  $\sigma_j$ ). The final term of (5) corresponds to the ‘unexplained residual’ in a standard decomposition of the pay gap when the

contribution of the means is evaluated using the male function, i.e. the term  $U$  in equation (3).

The gender pay gap difference between two countries  $j$  and  $k$  can then be decomposed, using (2):

$$(6) D_j - D_k = (\Delta X_j - \Delta X_k)B_k + \Delta X_j (B_j - B_k) + (\Delta \theta_j - \Delta \theta_k)\sigma_k + \Delta \theta_j (\sigma_j - \sigma_k).$$

The first term in (6) reflects the contribution of inter-country differences in observed differences in characteristic ( $X$ ) to the cross-country differences in the gender pay gap. The second term reflects the impact of inter-country differences in returns to observed characteristics. The third term measures the effect of international differences in the relative wage positions of men and women after controlling for measured characteristics, and finally the

fourth term reflects the inter-country differences in residual inequality.

According to (6), the impact of gender-specific factors is reflected in the sum of the first and third terms, the effect of gender differences in observed characteristics and of gender differences in wage rankings at a given level of observed characteristics. Labour market structure is reflected in the sum of the second and fourth terms, the impact of inter-country differences in returns to measured and unmeasured characteristics. Within the framework of a traditional decomposition, the sum of the third and fourth terms represents the impact of inter-country differences in the unexplained differential, which in most cases is interpreted as an estimate of discrimination.

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