



European Trade Union Confederation (ETUC)  
Confédération européenne des syndicats (CES)

**ETUC position  
on the Communication of the European Commission  
“Tackling the pay gap between men and women” (2007)**

**June 2008**

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**Background**

Fifty years following the establishment of the principle of equal pay for men and women in the first European Treaty, a considerable wage gap still exists between women and men – a sign of the persistent inequalities experienced by women and men in the labour market. The origins of the pay gap are to be found beyond the legal framework – legal action alone is therefore not enough. The pay gap is a complex issue with multiple causes and must be addressed by all the relevant stakeholders, in particular Member States and the social partners. However, there is also an urgent need for action to be taken at the EU level.

Women face multiple barriers – women's skills and women's work are undervalued, and many women work in occupations where pay is lower. Gender segregation – occupational and vertical – continues to persist. Mothers and women with other family responsibilities often find that their only practicable option is to take up part-time employment, where the problem of under-valuation is at its most extreme. These are some of the key problems which continue to hamper efforts to tackle the pay gap.

However, it is important to place the equal pay debate in a wider context.

Gender equality, which is clearly part of the Community acquis, risks being undermined by increasing wage differentiations that are the effect of macro economic and labour market policies leading to decentralisation and individualisation of wage bargaining. This is in particular the case at the lower end of the wage ladder.

At the same time, in some countries trade unions organising higher skilled professionals have been using such developments to develop pay review practices and to support women in individual wage bargaining, with positive results<sup>1</sup>.

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<sup>1</sup> Tackling unequal pay by using more centralised collective wage bargaining is not a strategy that may suit all groups on the labour market in the same way. Addressing the glass ceiling and the fact that until now women do not climb the career ladder to the same extent as men do is especially important for female professionals. There are studies that show that decentralised wage formation with individual wage bargaining, in the framework of an organised strategy by the trade unions offering support to the workers involved, can decrease the gender wage gap for Swedish professionals

An EU approach to equal pay must prevent the development of an "à la carte" approach to equality. The 15% gender pay gap on average in the EU (12% in the public sector, 20% in the private sector) hides significant country and regional differences which are contrary to the EU objective of social and territorial cohesion. 51 years ago, the equal pay provision in the Rome Treaty was introduced to stave off risks of unfair competition and social dumping, a concern which is still very relevant today.

In addition, the Commission's commitment to closing the gender pay gap is undermined by its approach to a deregulated internal market for services and by the calls from the European Central Bank and the Euro-finance ministers for wage moderation in the public sector.

This is clearly having a negative effect for 1 out of 3 women who work in the public sector and limits their possibilities to improve their wages and decrease the pay gap. The public sector can play a powerful and positive role, as an employer, contractor, provider of care infrastructure and regulator of labour markets. This role needs to be further encouraged, not undermined.

Also, the fact that more than 70% of low-wage earners in Europe are women means that strong efforts should be made to improve wages and working conditions in women-dominated occupations and sectors, which in many instances are a source of employment growth.

On the other hand, taking into account that the gender pay gap reflects broader wage inequalities, it is important to point out the need for wage moderation for upper management, as called for in ETUC's fair wages campaign, and monitoring the development of the highest salaries.

At the same time, the continuing lack of access of women to positions of management and decision-making has an additional impact on the persistence of the pay gap. More targeted action to promote women in higher positions is therefore important.

Policies which seek to tackle the pay gap should therefore fall into one of the following 4 categories:

- **Equal Pay Policies:**  
equal pay legislation; anti-discrimination legislation; gender neutral job-evaluation schemes;
- **Wage Policies:**  
reducing wage inequality and improving low pay in general (introduction of 'living wage' demands); sectoral and centralised wage bargaining; demanding transparency in wage formation; training of negotiators on gender pay issues; targeted wage policies for female dominated jobs,

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(see study "The individual outcome of decentralized wage formation in Sweden", a study carried out for SACO Sweden in 2004, by Lena Granqvist and Hakan Regner.

professions and sectors<sup>2</sup>; promotion of regular pay review debates between employers and (female) workers when taking place in an organised framework supported by trade unions;

➤ **Employment policies:**

tackling gender segregation; increasing the quality and quantity of women's employment; promoting access and retention of women in quality jobs, including in high skilled and managerial jobs; tackling 'motherhood penalties' and the under-valuation of women's work; taking measures to ensure reconciliation of work, family and private life, including paid parental leave;

➤ **Social policies:**

provision of child and dependant care; tackling the disproportionate share of care and household work by women and enhancing the role of men; address barriers for full participation of women in employment and public life such as domestic violence and (sexual) harassment in the workplace.

The issue of the gender pay gap is one on which the ETUC has been working for many years.

Several **gender equality action plans** have prioritised the fight against the pay gap, examining the causes of the pay gap and the role trade unions can play in overcoming the problem.

Some of the findings include actions to reduce the pay gap by tackling indirect discrimination – tackling job segregation both vertical and horizontal, revising job classification and job evaluation systems ensuring their gender neutrality.

Other strategies focus on **raising low pay**, which may be easier in centralised collective bargaining systems or companies in sectors which are economically stronger than those where flexible terms of employment are prevalent. Strategies such as these are particularly important in female dominated sectors.

Also relevant are **pay audits** or equality audits, which are sometimes seen as an effective response to the trend towards wage individualisation. The **legal route** is also an option, although often used as a last resort due to the lengthy and costly procedures and the high stress levels for the workers involved. It is also often problematic because it tackles the problem at a very individual level.

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<sup>2</sup> In Norway, an Equal Pay Commission, installed by the government, proposed in 2007 that an amount of 3 billion Norwegian crowns within the State budget should be made available to raise the wages of certain female dominated professions in the public sector. In a similar vein, the Swedish trade union confederation LO decided in its 2007 wage coordination policies to allow for higher wage increases in sectors where low wage women are over-represented.

A clear winner therefore, in terms of being a highly effective way to tackle the pay is via the **collective bargaining** process. This means ensuring that women are involved in the process from start to finish, that negotiators are trained on equal pay, that data on the pay gap is made available, that responsibility for the issue is taken up by the collective bargainers and that the issue is mainstreamed into wage bargaining discussions. The current ETUC campaign "Europe's workers need a pay rise" is doing this, by including a call for real equal pay between women and men in its demands.

## **ETUC Position**

The ETUC welcomes the Commission's Communication on tackling the pay gap, which proposes improving the legal framework and its implementation, stepping up action in the framework of the European Strategy for Growth and Jobs, encouraging employers and public authorities to play a stronger role in eliminating unequal pay, supporting exchange of good practice and working to ensure that the principle of equal pay for work of equal value is implemented across the board.

However, the ETUC would like to see **more concrete measures** proposed by the Commission.

Numerous commitments to tackle the pay gap have been made by Member States, the EU and trade unions over the years. The European Strategy for Growth and Jobs includes the reduction of the pay gap in 2 of its integrated guidelines 18 and 22<sup>3</sup> (however, according to many, this aim remains now far too implicit and hidden to sufficiently responsabilize Member States to take action).

The European Pact for Gender Equality reflects the commitment of Member States to take decisive action in this field. Provisions are set out in the European Social Fund to tackle the direct and indirect causes of the pay gap. And as social partners, our Framework of Actions on gender equality highlights the pay gap as one of the 4 priority areas for action. Yet, despite all of this, the problem remains, so it is clear for the ETUC that something more is needed.

## **Actions**

### ***New focus***

ETUC believes that it is time to shift the focus away from discussion about "the gender pay gap" towards policies which:

a) tackle the under-valuation of women's work:

Women are over-represented at the lowest wage levels and in minimum wage jobs. Women tend to be paid less than men for the

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3 Guideline 18: Promote a life cycle approach to work

Guideline 22: Ensure employment friendly labour cost developments and wage setting mechanisms

same performance in the same job and the jobs that they do tend to attract lower wages than men's jobs.

In many cases, **women's skills are not recognised and therefore not valued**. Even where the skills are recognised, there is a long tradition of not giving a high value to those skills. Pay and grading systems are still likely to be based on male skills models which may in fact perpetuate the pay gap. It is also often assumed that women's skills are "natural" and this tends to underlie their low valuation. This needs to be tackled.

Pay scales, job classification and job evaluation systems must be reviewed regularly to ensure that they are gender neutral and that they don't include any directly or indirectly discriminatory features. Low wages in female dominated jobs, professions and sectors must be addressed with targeted policies. Also, skills acquired in unpaid, voluntary or informal work must be recognised.

b) tackle the 'motherhood penalties' in employment and working patterns:

In many countries a **vicious circle** exists whereby women have entered the labour markets in great numbers, but find themselves locked into specific professions and sectors and enterprises (sme's) as well as specific working patterns and contractual arrangements (notably part time and precarious work) because of the gender dimension of the work or sector (care, education, cleaning, etc.) and the difficulty of combining work with family responsibilities. These sectors, professions and working patterns tend to be lower paid and less valued, thus perpetuating a situation in which – on a household level - it is more logical for the female partner than the male partner to take up care responsibilities, leave facilities, reduced hours etc.

This needs to be tackled urgently by focussing on **quality options** for all men and women (not just parents of small children!) **to adapt their working life to their private and family life**, with rights to request changes to working time schedules for women and men, reversible part time work and career promotion in part time jobs as high priorities. Access to vocational training for workers in part time jobs and atypical employment situations (fixed term contracts, agency work) is also a key issue.

Greater efforts to encourage men to avail of their right to parental leave, by ensuring that leave is properly paid and that the taking up of leave does not have detrimental effects on the salary level on return from leave, as well as specific measures to provide paternity leave to men, will have beneficial effects for both women and men. In addition, the way in which child and dependant care facilities are organised and provided in terms of affordability, accessibility and quality, as well as the working conditions for those employed there, must be tackled.

This new focus however should **not replace** continued attention for the role of **gender discrimination** in women's unequal treatment and unequal pay.

### ***European Strategy for Growth and Jobs***

In 2003 the European Employment Strategy (EES) included a specific guideline which called on the member states "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". While this guideline did not produce miracles in terms of tackling the pay gap, it did force Member States to at least discuss the issue of the pay gap and a number of concrete actions did ensue.

However, the reformulation of the EES in 2005 with its emphasis on integrating employment policies with economic policies removed this specific target. Instead, reducing the pay gap is (very) indirectly referred to in guideline 18 (Promote a life-cycle approach to work) and guideline 22 (Ensure employment friendly labour cost developments and wage setting mechanisms). Furthermore, no explicit time frame is stated.

Clearly such an indirect reference is considerably weaker than before, and as a result, the attention on the pay gap has gotten lost in other employment issues. For the ETUC, in order to increase the profile of the pay gap at national level, it is essential to formulate concrete objectives and timetables on closing the gap at European level and we call on the Commission to ensure that a **specific target and timetable** for the elimination of the pay gap is **reinstated**.

In their progress report on the reconciliation of private and professional life of March 2008, the European Social Partners called on the EU to add a **new target** to the Lisbon goals regarding **care services for dependants**. The ETUC reiterates this call here, as there is a strong link between the pay gap and women taking on roles as carers.

In addition, more targeted action should be required from Member States and social partners with regard to the access of women and of workers in part time and precarious jobs to **vocational training**, and for the **recognition of the skills of women**, including when acquired in unpaid, voluntary or informal work.

### ***European Statistics***

The ETUC welcomes the Commission's commitment to improving the supply and quality of statistics on the structural indicator of the pay gap. In its recent survey on the pay gap, carried out for 8 March 2008, many

ETUC affiliates pointed out that the wage gap at national level is in fact considerably higher than the European figures indicate. ETUC therefore insists that the task force set up by Eurostat to improve the quality and comparability of the statistics must also look at ways to overcome the existing limitations in the gathering of such statistics.

ETUC suggests introducing an additional measure, i.e. to gather comparable data on the **part time gender pay gap**, which is the gap between the earnings of men working full time and women working part time (less than 30 hours per week). This could provide for much more precise and specific data that can be used for targeted action. Furthermore, ETUC is calling for data on the pay gap to be broken down by sectors and sub-sectors.

Also the **pension gap** between women and men becomes increasingly important to investigate and to tackle (see below).

### ***Support for collective bargaining***

ETUC is very concerned about growing wage inequalities across Europe, especially in areas and jobs that are not covered by collective bargaining and would like to see more explicit support for collective bargaining as an important tool to strengthen the position of women in the workplace and the labour market.

It would be important and useful to have more and better insight both at EU and national level into what trade unions and social partners are achieving in terms of equal pay. An EU wide survey could help clarify the important role of collective bargaining in this regard.

### ***Better wages for part time workers***

Particular initiatives must be taken to address the **wage penalties** apparently **linked to part time working**. In ETUC's view, this necessitates an evaluation of the Part-Time Directive which prescribes equal treatment between full-time and part-time workers, but apparently does not have sufficient impact in practice.

Such evaluation should investigate if a revision is needed to strengthen its provisions in this regard.

### ***Legal Actions***

#### *Revision of the legal framework*

The ETUC welcomes the Commission's proposal on reviewing the legal framework, in particular the analysis of the current EC legal framework that will be undertaken with a view to making the necessary amendments.

Desirable improvements are:

- to reinforce sanctions for employers on non-compliance, which currently are often not high enough to act as a deterrent;
- to allow women to compare themselves with a wider range of similar male workers, to better tackle the under-valuation of women's work;

- to oblige employers at all relevant levels including company level to provide workers and their representatives with gender specific data including on wage elements such as bonuses, overtime payments and other secondary benefits;
- to promote transparency and gender neutrality in job-evaluation and classification schemes.

#### Infringement procedures

The ETUC encourages the Commission to take infringement procedures in instances where equal pay legislation has not been properly transposed by Member States.

#### Monitoring

The ETUC welcomes the proposal to obtain monitoring of compliance by Member States, and calls on the Commission to examine which member states have used the legislation effectively, and conversely, which legal mechanisms have proven to be problematic. In this light, we would welcome an exchange of good practices at Member State level.

#### Pay Audits

The ETUC calls on the EU to oblige employers, via legislation, to produce pay audits and annual action plans covering all aspects of the pay gap on a mandatory basis.

#### Class Action

ETUC calls on the European Commission to strengthen the provisions in EU law promoting 'representative' legal actions by trade unions and other organisations, and encourage Member States to make provision under national equal pay laws for such representative actions.

### **Public Procurement and CSR**

The Commission in its Communication rightfully addresses the important role that public authorities can play, both with regard to their own staff and with regard to the way they manage an increasing share of public contracts in national economies. The EU public procurement Directives allow for special conditions to be laid down in public contracts relating to the performance of a contract, which may in particular concern social and environmental considerations.

The ETUC supports the Commission's call upon the national authorities to make every effort to reduce the pay gap for their own staff, as public employers have a special responsibility in this regard. They should also be called on to use public procurement and contract award procedures to encourage their service providers to adopt equal pay policies in the performance of such contracts.

ETUC also welcomes the Commission's announcement that it will incorporate the dimensions of equal treatment and equal pay into the guide which the Commission is preparing on social clauses in public



contracts. We would strongly argue in favour of a **more compulsory approach to include gender equality clauses in public contracts**, which would also apply to subcontractors. If necessary, the Public Procurement Directives should be adapted to allow for this.

We also want to draw attention to the fact that more in general the protection of collective bargaining and collective agreements, applicable to the place where the work is done or where the service is provided, in public contract performance clauses is an important dimension supporting equal pay of workers and better wages for women.

With regard to CSR and the promotion of equality labels by companies, the Commission should show a bit more courage and include actions to promote exchange of good practice and CSR in its 'to do' list, instead of mentioning that it 'could encourage' such activities.

### ***Pensions***

The pension gap is the continuation of the pay gap after retirement: statutory and occupational pensions are not included in the concept of the gender pay gap, although it is clear that women's pensions on average are less than men's.

Insufficient social security coverage and lacking coverage by statutory and/or occupational pension schemes have a long-lasting detrimental impact on women's old age income. This situation should be more clearly exposed, for instance by gathering more data on the pension gap (see above).

It is therefore of the utmost importance to make links between social and employment policies to ensure that there will be gender equality not only in pay, but also in social security and pension provisions.

### ***Social Partner Action at EU level***

As key stakeholders in this area, the social partners, both at the EU and at national and sectoral levels have a role to play. The importance of the issue of the pay gap has been recognised in the **Framework of Actions on Gender Equality** which has dedicated one of the priority areas to this. The ETUC would like to see more focused action being taken on this point and calls on the Commission to assist in organising specific European round table events bringing together social partners to debate the issue, and agree on joint actions based on an exchange of good practice models.

In their progress report on reconciliation (March 08), the European social partners have already made a commitment to assess if and in what form, innovative and adaptable working arrangements for women and men can be promoted. As part of this assessment, the ETUC believes that the impact of such working arrangements on the pay gap and ways to tackle this should be included.

In addition, the European Social Partners recognise that funding is available via the new European Social Fund (ESF) legislative framework. The new programming period offers valuable opportunities to national social partners in order to contribute to reforms in the field of employment and labour market inclusion that have a positive impact on work-life balance. The ETUC will also consider using this opportunity to tackle the pay gap.

## **Conclusions**

The ETUC welcomes the Commission's Communication, but would like to see a **stronger commitment** of the Commission, in terms of **more targeted actions**. Improving the capacity to analyse the phenomenon, as mentioned in the Commission's conclusions, is important but certainly not sufficient.

The Commission should take action in the following areas:

- improve the EU legal framework, both the equality legislation and other relevant legislation as appropriate (public procurement, part time working, etc.)
- re-introduce a clear target for reducing the gender pay gap in the Employment guidelines, and ensure that Member States report about progress made; include access to vocational training and recognition of women's qualifications and skills as important elements for action;
- improve the employment and social context by taking or promoting measures in the area of work-life balance, the quality of jobs (part time working; jobs in care services), care infrastructures etc.;
- improve the statistics, including data on the part time pay gap and the pension gap;
- raise awareness not only about the phenomenon but about how it can be tackled: by legal action, public procurement, social partner activity, etc.
- promote the development of incentives for good practice;
- bring together good practice examples that can give public authorities and social partners inspiration on how genuine improvements can be achieved.

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