

Gender Pay Gap

Key points

- The principle of equal pay for equal work or work of equal value has been enshrined in the Treaties since 1957.
- Despite all efforts to diminish the gender pay gap, it has been utterly persistent and was still almost 15% in the EU 28 in 2018 – in some member states even more than 20%.¹
- Based on experts opinion that pay transparency is an important means to tackle the Gender Pay Gap, the European Commission has issued a Pay Transparency Recommendation in 2014.
- In 2017, three years after the recommendation, in a significant number of Member States, transparency-enhancing measures are still entirely absent.
- Employees must be provided with information about the levels of wages and salaries, as well as the specific amount and composition of pay, since this is the only way to ensure comparability in terms of EU equality law.
- Employers should report regularly and in a differentiated way on wages and salaries.
- Furthermore, it is also essential to clarify the concept of equivalent work.
- Against this backdrop, binding measures on pay transparency as the Commission promised to present this fall are imperative. Only when information about pay levels is available pay gaps and discriminations can be detected and dealt with.

1. https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics

Introduction

Gender equality is one of the fundamental values of the European Union. The principle of equal pay for equal work or work of equal value has been enshrined in the Treaties since 1957 and translated into EU law.

The EU has made significant progress in gender equality over the last decades. Besides other measures like gender mainstreaming and specific measures for the advancement of women, this is also the result of equal treatment legislation. However, gender gaps remain. The effective implementation and enforcement of the equal pay principle, stipulated in the European Treaties since 1957 as well as in Article 4 of the 2006 Gender Equality Recast Directive (2006/54/EC), remains a major challenge. It is partially reflected in the continuing evidence of non-compliance with the law and in the persistence and magnitude of the gender pay gap.

In order to raise awareness about the persistence of a gender bias in pay and to incentivize companies to take initiatives to analyse and possibly revise their pay structures, the 2014 Pay Transparency Recommendation² provided four core measures to improve pay transparency and encouraged Member States to implement at least one of those principles.

This sought to reinforce the Recast Directive by introducing a set of concrete measures to promote pay transparency between women and men. In total, 10 measures were proposed, with a focus placed on pay reporting, pay audits, collective bargaining and the right of employees to request

2. Commission Recommendation of 7 March 2014 on strengthening the principle of equal pay between men and women through transparency, 2014/124/EU, OJ L 69, 8.3.2014.

information. In 2017, the Commission issued a report on the implementation of the Pay Transparency Recommendation in Member States. It found that only 11 Member States had legislation on pay transparency in place, and only Sweden had all four key measures implemented in its national legal framework.³

When information about pay levels is available it is easier to detect gaps and discrimination. Because of a lack of transparency, many women do not know or cannot prove that they are being underpaid. Therefore, it was a very important initiative when the Commission announced in the EU Action Plan 2017-2019⁴ to make parts of the Recommendation on Pay Transparency binding. This however has still not yet been achieved which makes the Commission's plan to table binding measures on pay transparency by the end of 2020 as laid out in the Gender Equality Strategy 2020-2025⁵ even more important.

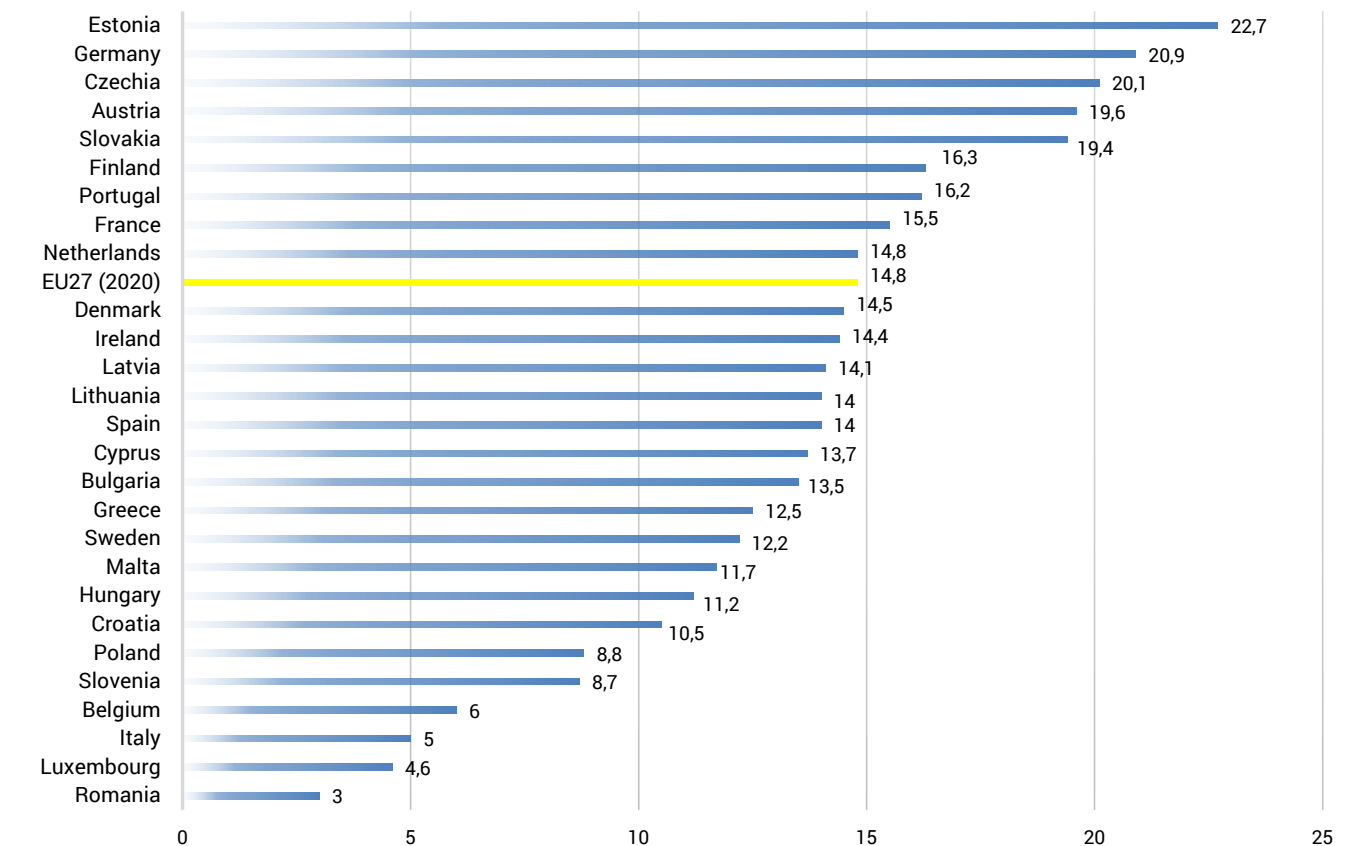
Main findings

Despite all efforts to diminish the gender pay gap, it has been utterly persistent and was still 14,8% in the EU 28 in 2018. This number is already high enough but must not deflect from the fact that the Gender Pay Gap is even higher in some of the EU member states.

It amounts to almost 20% in Slovakia and Austria, to around 21% in Germany and the Czech Republic and reaches its highest level of 25.6% in Estonia.

While some have equated the gender pay gap to the concept of "equal pay for equal work", in reality the gap is a far broader concept than pay discrimination alone. The gender pay gap may be viewed as the financial dimension of gender equality on the labour market. Factors underlying and manifesting overall gender inequalities – such as gendered stereotypes and organizational cultures – are simultaneously impacting and perpetuating the occurrence and persistence of the gender pay gap.

GENDER PAY GAP IN THE EU 2018 HOURLY GROSS WAGES OF WOMEN IN % OF MEN

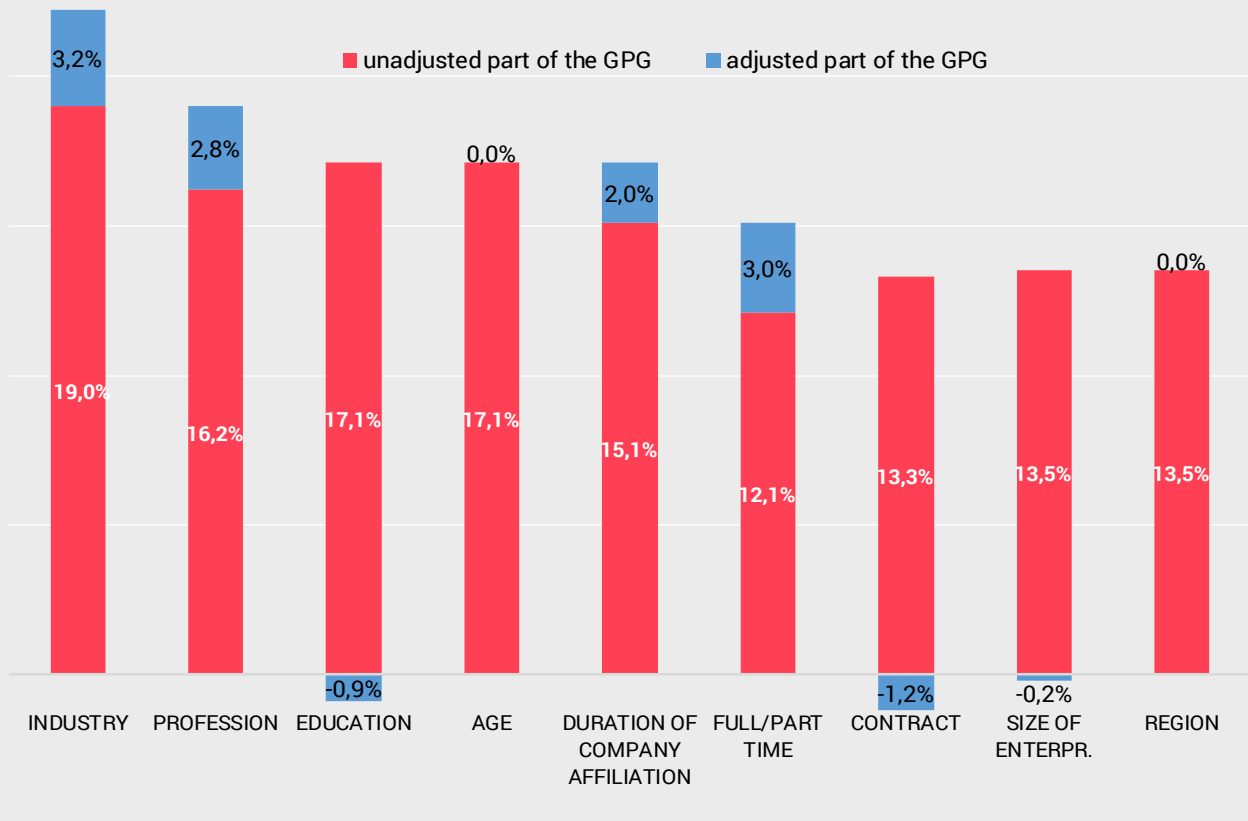


Source: Eurostat 2020; https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_05_20&plugin=1

3. Report of the Commission on the implementation of Commission Recommendation on strengthening the principle of equal pay between men and women through transparency, COM(2017) 671 final.
4. EU Action Plan 2017-2019, Tackling the gender pay gap, COM/2017/0678 final.

5. A Union of Equality: Gender Equality Strategy 2020-2025, COM/2020/152 final.

UNADJUSTED AND ADJUSTED GENDER PAY GAP IN AUSTRIA



3.2 percent of the Gender Pay Gap can be explained by the fact that they work in different industries; another 2.8 percent by different professions. Negative values like those in education indicate that women should earn more than men because of these factors, which is why they increase the unexplained part of the GPG.

Source: Statistic Austria; calculation based on the Structure of Earnings Survey 2014

With respect to the functioning of the labour markets, a number of factors are relevant in forming the gender pay gap. These include such major labour market biases as horizontal (occupational) and vertical segregation within the labour market, gender bias in working hours (part-time work), and factors linked to gendered organisational cultures. It also interlinks between private life and the labour market, mainly through the paramount question of reconciling work and family life.

Nevertheless, unequal pay for equal work is a considerable factor for the Gender Pay Gap in many countries. E.g. a study by Statistics Austria shows that when all objective factors are eliminated that differ between female and male labour like working hours, professions, sectors etc., still a gap of 13,5 percent remains.⁶ This points towards unwarranted wage-differences that have to be eliminated. Pay transparency can provide important instruments to identify those differences.

This way, pay transparency legislation facilitates the effective application of the equal pay principle in practice. It reveals potential gender bias or discrimination in the pay structures at company, sectoral or national level, and contributes to raising overall awareness and better comprehension of the root causes of the gender pay gap, alongside appropriate remedies. It comprises the right of employees to obtain information on pay levels, includes requirements for companies to report their pay levels as well as to conduct pay audits at company level.

Furthermore, defining 'equal pay for equal work or work of equal value', together with the corresponding concepts of 'pay', 'work' and 'work of equal value' is particularly important – and complex – given that women and men are segregated into different sectors and positions, with little direct comparability and that female-dominated professions are historically undervalued.

6. Geisberger/Glaser (2017) Gender Pay Gap: Analysen zum Einfluss unterschiedlicher Faktoren auf den geschlechtsspezifischen Lohnunterschied; in: Statistische Nachrichten 6/2017.

Demands

The Austrian Chamber of Labour regards gender equality as an elementary prerequisite for social justice in society. The unequal pay of women and men is a key aspect and therefore must be put into focus. Wage transparency is an effective approach to reducing the Gender Pay Gap.

The Recommendation of the Commission of 7 March 2014 to strengthen the principle of equal pay for women and men through transparency comprises important measures that contribute to reaching the goal of fair payment and tackling the Gender Pay Gap:

- Entitlement of employees to request information on pay levels;
- Regular reporting by employers of wages by category of employee or position;
- Clarification of the notion of work of equal value;

The Commission's plan to make these measures binding is an important step towards fairness in the payment of women and men. Lack of transparency is one of the biggest obstacles to equal pay for equal and equivalent work.

Experience with company income reports in Austria has also shown that better information is a good starting point, but that differentiated analyses are required to reliably show income differences.

It is important that the employees receive information not only about the level of wages and

salaries, but also about the specific amount and composition of pay, since this is the only way to ensure comparability in terms of EU equality law. In addition, the information must be freely available without an individual request from the employer, as this would keep employees from accessing it and counteract the intention of the law.

The Austrian Chamber of Labour points out that the remuneration audits for large companies listed in the Recommendation under point II.5 should also become binding as part of the regular reporting by employers. Extended reporting makes sense due to the greater complexity of the wage structure in large companies and is justifiable due to the resources available.

In addition, there should be an obligation to take concrete measures to remedy unequal pay between women and men in the same or equivalent job. Ideally, an action plan with specific goals and times should be drawn up.

In order to ensure the implementation of these measures at company level, it is necessary to set up and strengthen independent bodies, e.g. the equality bodies that can carry out reviews and, if necessary, impose sanctions.

Making pay transparency a reality will give citizens the tools to be aware of any discrimination they may suffer and will improve the application of the equal pay principle on the ground.

Literature

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EIGE (2019): Tackling the gender pay gap: not without a better work-life balance; <https://eige.europa.eu/publications/tackling-gender-pay-gap-not-without-better-work-life-balance>

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