

Tackling the gender pay gap in the European Union



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What is the gender pay gap?

The gender pay gap is the difference between men's and women's pay, based on the average difference in gross hourly earnings of all employees.

On average, women in the EU earn around 17% less per hour than men [1]. The gender pay gap varies across Europe. It is below 10% in Belgium, Portugal, Slovenia, Poland, Malta and Italy, but wider than 25% in Estonia and Austria [2]. Although the overall gender pay gap has narrowed in the last decade, in some countries the national gender pay gap has actually been widening.

The gender pay gap exists even though women do better at school and university than men. On average, 81% of young women reach at least upper secondary school education in the EU, compared to 75% of men. Women also represent 60% of university graduates in the EU [3].

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WHAT IS THE EFFECT OF THE GENDER PAY GAP OVER A LIFETIME?

The impact of the gender pay gap means that women earn less over their lifetimes; this results in lower pensions and a risk of poverty in old age. In 2005, 21% of women aged 65 and over were at risk of poverty, compared to 16% of men [4].

WHAT ARE THE DIFFERENCES BETWEEN HOW WOMEN AND MEN WORK?

The overall employment rate for women in Europe is 63%, compared to 76% for men aged 20-64.

Women are the majority of part-time workers in the EU, with 31.5% of women working part-time against only 8.3% of men [5]. This has a negative impact on career progression, training opportunities, pension rights and unemployment benefits, all of which affect the gender pay gap.

HOW IS THE GENDER PAY GAP MEASURED IN THE EU?

The gender pay gap is shown as a percentage of men's earnings and represents the difference between the average gross hourly earnings of male and female employees. Gross earnings are wages or salaries paid directly to an employee before any deductions for income tax and social security contributions are made. In the EU, data on the gender pay gap is based on the methodology of the Structure of Earnings Survey (SES).

In the EU, the gender pay gap is referred to officially as the 'unadjusted gender pay gap', as it does not take into account all of the factors that impact on the gender pay gap, such as differences in education, labour market experience, hours worked, type of job, etc. Even when these factors are taken into consideration, more than half of the gender pay gap is unexplained.

Using hourly pay as a basis for calculating the gender pay gap can also mask specific differences in pay that go unrecorded, for example, bonus payments, performance-related pay or seasonal payments.



BOY OR GIRL, EQUAL OPPORTUNITIES?

These babies are born with equal opportunities, but the educational and career expectations for boys and girls are different. By the time they grow up, the boy will be earning on average 17.5% more than the girl.

What are the main causes of the gender pay gap?

The gender pay gap is a complex issue caused by a number of interrelated factors. It still exists today due to wider gender inequalities across the economy and in society.

DISCRIMINATION IN THE WORKPLACE

In certain cases, women and men are not paid the same wages although they carry out the same work or work of equal value. This may be the result of so-called 'direct discrimination' where women are simply treated less favourably than men. Or it may be due to a policy or practice that, although not designed to discriminate, results in unequal treatment between men and women. Both types of discrimination are prohibited under EU law, but are unfortunately still present in some workplaces.

DIFFERENT JOBS, DIFFERENT SECTORS

Women and men carry out different jobs and often work in different sectors. In the health and social work sector alone, women make up 80% of all workers. Sectors where women are in the majority have lower wages than those dominated by men.

As women bear the burden of unpaid work and childcare they tend to work shorter hours. They also generally work in sectors and occupations where jobs are compatible with their family responsibilities. As a result, women are more likely to work part-time, be employed in low-paid jobs and not take on management positions.

WORKPLACE PRACTICES AND PAY SYSTEMS

Women and men are affected by different workplace practices, such as access to career development and training. Different methods of rewarding employees (for example, through bonuses, allowances and performance-related pay), as well as the actual structure of pay systems, can result in different rates of pay for female and male workers. Often this discrimination arises because of historical and cultural factors that impact on how wages are set. This so-called 'glass ceiling' prevents women from reaching the highest paid positions.

UNDERVALUING OF WOMEN'S WORK AND SKILLS

Women's skills and competences are often undervalued, especially in occupations where they are in the majority. This results in lower rates of pay for women. For example, physical tasks, which tend to be carried out by men, are often valued more favourably than those carried out by women. For instance, a female cashier in a supermarket earns less than a man working in the stockroom.

When women are the majority in a small number of occupations, they receive lower wages. The opposite is true for men, as the more they dominate an occupation the higher their pay. For example, where women are clustered into female dominated occupations, such as cleaning, they tend to earn less than men who have comparable skills in male dominated occupations, such as refuse collection.

Women's skills are often undervalued because they are seen to reflect 'female' characteristics, rather than acquired skills and competences. For example, a female nurse earns less than a male medical technician, even though they have comparable levels of qualifications. This can result in a gender bias in the setting of wages and in assessing the value of the work that women do.

FEW WOMEN IN SENIOR AND LEADERSHIP POSITIONS

Women are under-represented in politics and in the economy. Women are only 33% of managers and 29% of scientists and engineers across Europe. Even in those sectors dominated by women they are under-represented in the most senior positions. Women only make up 12% of board members in the biggest publicly-listed companies across the EU and only 3% of the chairs of boards [6].

GENDER ROLES AND TRADITIONS

Gender roles and traditions shape women's and men's roles in society from a very early age. Traditions and gender roles may influence, for example, the choice of educational path taken by a young man or woman. These decisions are affected by traditional values and assumptions about working patterns. Research shows that women in senior positions in typically 'feminine' careers are paid substantially less than women working at the top in typically 'masculine' careers [7].

BALANCING WORK AND FAMILY RESPONSIBILITIES

Women work shorter hours and often part-time in order to combine their family responsibilities with paid work.

Opportunities for women to progress in their jobs and receive higher pay are also affected by their family responsibilities. The gender pay gap widens when women have children and when they work part-time. In 2010 the employment rate for women with dependent children is only 65.6% compared with 90.3% for men with children [8].

Women spend more time than men carrying out domestic and care work, and few men take parental leave or work part-time. While men work longer hours than women in the workplace, if women's paid and unpaid working hours are combined they are significantly longer than men's.

What are the benefits of closing the gender pay gap?

CREATING A FAIRER AND MORE EQUAL SOCIETY

Greater equality between men and women would bring benefits to the economy and to society in general. Closing the gender pay gap can help to reduce levels of poverty and increase women's earnings during their lifetimes. This not only avoids the risk of women falling into poverty during their working lives, but also reduces the danger of poverty in retirement.

SUPPLYING QUALITY JOBS

Women have rising expectations for their working lives and, if companies want to attract the best talent, equality at work is a must. It is essential to creating quality jobs and a highly-motivated workforce. Quality jobs, in turn, are crucial to building a positive working environment where all workers are valued for their work.

GOOD FOR BUSINESS, WORKERS AND THE ECONOMY

Employers can benefit from using women's talents and skills more effectively, for example, by valuing women's skills and through introducing policies on work-life balance, training and career development.

Women have skills and talents that are often under-utilised in the workplace and unlocking these can help companies tackle skills shortages. Valuing women for the work that they do and rewarding their skills and potential fairly can improve a business' performance and effectiveness. For example, by encouraging the recruitment and retention of the best and most talented staff, reducing absenteeism and creating a positive image with customers.

Companies that build equality plans and strategies into their workplaces create the best workplaces for everyone, male or female, to work in. Having a positive working environment helps a business to attract customers, improve performance and boost competitiveness. Workers who feel more confident and valued for the tasks they carry out are also more likely to be innovative and productive at work.

AVOIDING LITIGATION AND COMPLAINTS

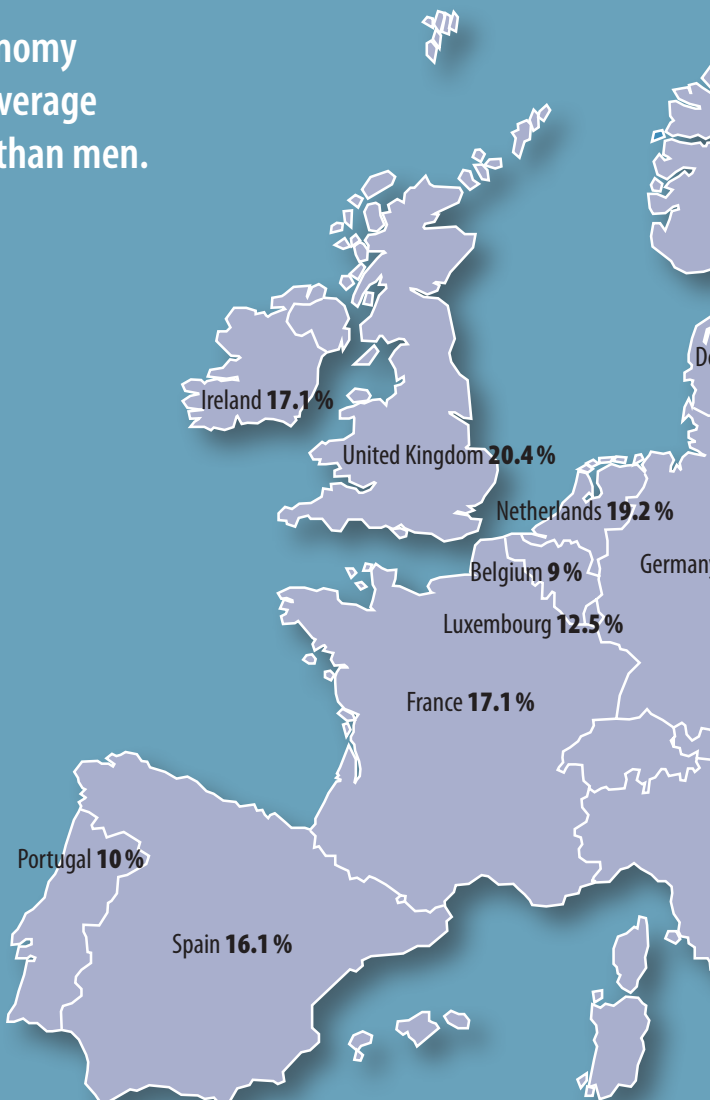
Ensuring that employees receive equal pay for work of an equal value in an organisation means that employers avoid complaints being made about discrimination and unfair work practices. This prevents time and money being spent on dealing with complaints and any subsequent litigation.

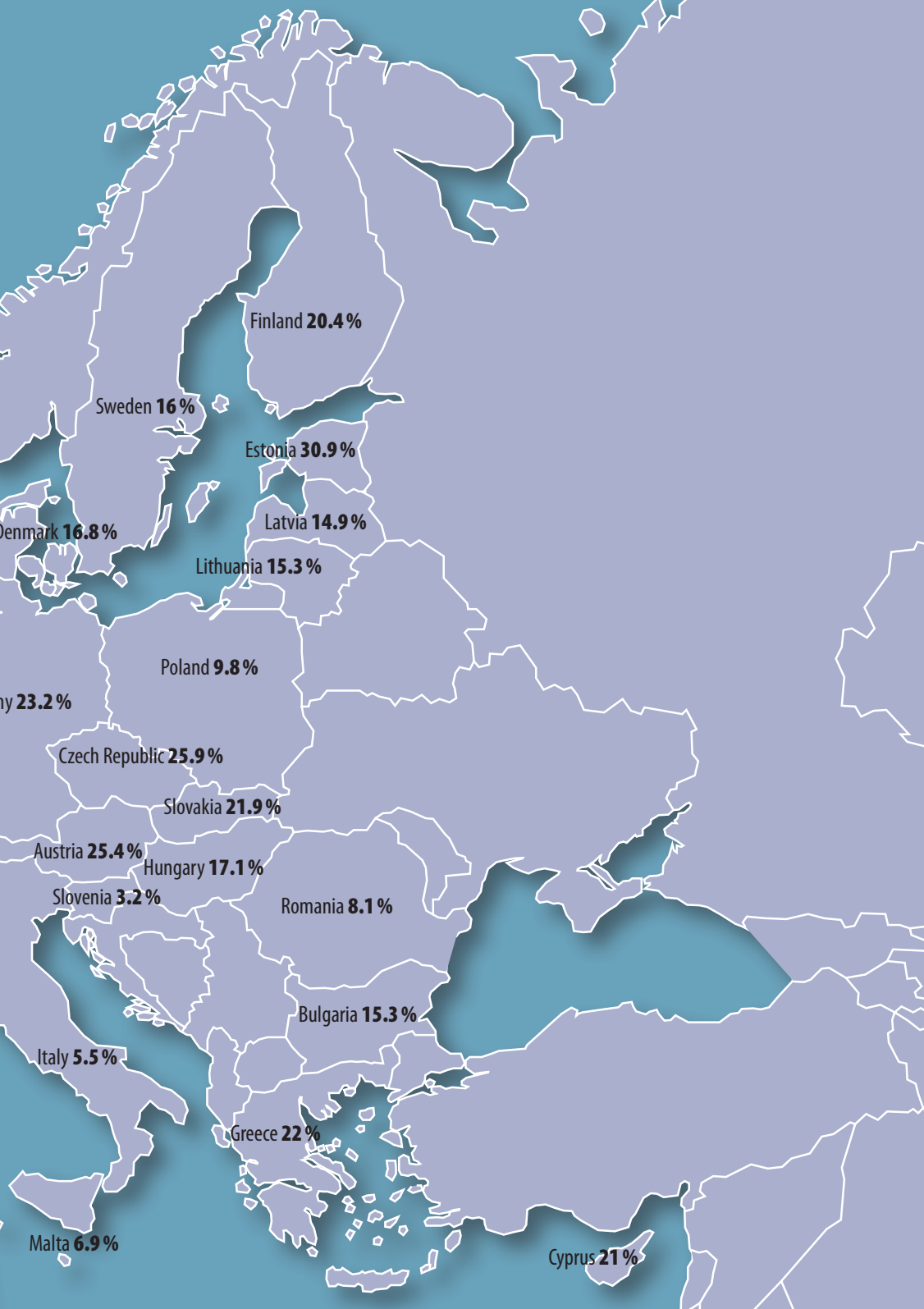
A BASIS FOR ECONOMIC GROWTH AND RECOVERY

It is important as Europe emerges from the current economic crisis to keep the issue of gender equality and the closing of the gender pay gap alive. Gender equality is a key for achieving employment growth, competitiveness and economic recovery. It is vital that equality is not undermined as cuts are made across the labour market.

Map of the gender pay gap in EU-27

Across the EU economy women earn on average around 17 % less than men.





Finland **20.4%**

Sweden **16%**

Estonia **30.9%**

Latvia **14.9%**

Lithuania **15.3%**

Poland **9.8%**

Denmark **16.8%**

Czech Republic **25.9%**

Slovakia **21.9%**

Austria **25.4%**

Hungary **17.1%**

Slovenia **3.2%**

Romania **8.1%**

Bulgaria **15.3%**

Italy **5.5%**

Greece **22%**

Malta **6.9%**

Cyprus **21%**



IS OUR WORK VALUED THE SAME?

Women have as good or better qualifications than men, but often their skills are not as valued as men's and their career progression is slower. This results in an average gender pay gap of 17.5% in the European Union.

What is the EU doing?

Equality between women and men is a fundamental right of the EU. It is also a necessary condition for achieving the EU's objectives of economic growth, employment, social cohesion and competitiveness.

Closing the gender pay gap has long been a priority for the EU. The EU's pledge to close the gap dates back to the Treaty of Rome in 1957. Today a legal basis for EU action exists under the Treaty of Lisbon, together with the commitment to gender equality found in the Charter of Fundamental Rights.

EU action goes beyond legislation though. It also seeks to change attitudes to gender roles – in schools, in the home, in the workplace and in society in general.

DIRECTIVE ON EQUAL PAY FOR WORK OF AN EQUAL VALUE

The 1975 Directive on Equal Pay for Work of an Equal Value covers pay discrimination, including in job classification schemes. Four Directives concerning equal treatment between women and men, including the Directive on Equal Pay, were incorporated in a single Recast Directive in 2006.

COMMUNICATION ON THE GENDER PAY GAP, 2007

The European Commission's 2007 Communication on the gender pay gap proposed a series of actions to tackle the gender pay gap. These included the better application of existing legislation, fighting the gender pay gap in employment policies, promoting equal pay among employers and through social partnership, and supporting the exchange of good practices across the EU.

STRATEGY FOR EQUALITY BETWEEN WOMEN AND MEN, 2010-2015

Closing the gender pay gap through legislative and non-legislative measures is a core objective of the European Commission's 'Strategy for equality between women and men (2010-2015)'. The Strategy sets out actions in five areas: the economy and labour market; equal pay; equality in senior positions; tackling gender violence; and promoting equality beyond the EU.

Actions to close the gender pay gap include:

- Examination, with social partners, of ways to improve the transparency of pay systems and the impact of part-time work and fixed-term work on equal pay.
- Support for equal pay initiatives in the workplace such as equality labels, charters, awards and tools for employers.
- Awareness raising through an annual European Equal Pay Day.

CLOSING THE GENDER PAY GAP – AN EU PRIORITY

Gender equality and making better use of women's talents and skills are central to closing the gender pay gap and to achieving the objectives of the Europe 2020 Strategy, the EU's growth strategy for the coming decade. The Strategy aims to create more and better jobs, to achieve a higher employment rate for women as part of the overall employment target of 75 % for all 20-64 year-olds, and to ensure that there are 20 million fewer people in or at risk of poverty and social exclusion by 2020.

Reducing the gender pay gap is a priority identified in a range of policy areas.

For example:

- The European Pact for Gender Equality which was adopted by EU leaders in 2011.
- The framework of actions on gender equality agreed between the European social partners in 2005.

However finding a solution to the gender pay gap is mainly in the hands of national governments and the social partners. The EU can help, but solutions should be developed at national level. Public opinion in the EU Member States also has an important role to play.

GENDER PAY GAP CAMPAIGN

The European Commission runs an information campaign aimed at employers, employees and other stakeholders to raise awareness of the gender pay gap, its causes and how to close it. A campaign website is available, featuring information, resources and tools, including a gender pay gap calculator.

<http://ec.europa.eu/equalpay>

EUROPEAN EQUAL PAY DAY

On 5 March 2011 the European Commission launched the first European Equal Pay Day (EPPD). The EPPD will be an annual event to raise awareness of the gender pay gap and how to close it. Its date, which will vary every year depending on the average EU gender pay gap, marks the extra days women need to work in order to earn the same salary as men during a full year of work.



WILL HAVING A CHILD HARM MY CAREER?

Family responsibilities are not equally shared. As a result, women have more frequent career breaks and often do not go back to a full time job. As a result, women earn on average 17.5% less than men.

How to close the gender pay gap at national level?

National governments and the social partners have adopted a wide range of measures to close the gender pay gap. Some examples can be found below.

STRATEGIES ON GENDER EQUALITY AND EQUAL PAY

Several countries have introduced strategies on gender equality, which include provisions to help close the gender pay gap. For example:

- Reducing the gender pay gap is a strategic priority under the Austrian government's National Action Plan for Gender Equality [9].
- In the UK, the 2006 Equality Act requires public authorities to promote equality based on gender, race and disability. An Equality Duty requires public authorities to produce and publish an equality scheme to take action to address pay discrimination, occupation segregation and unequal caring responsibilities [10].

GENDER EQUALITY STUDIES AND COMMISSIONS

Many countries have implemented studies and commissions of inquiry into the gender pay gap. For example:

- In Norway, an Equal Pay Commission [11], established by the Government, made recommendations to reduce the gender pay gap in 2008. One recommendation was to establish an equal pay fund to correct gender pay gaps in the workplace, which has been implemented through the 2010 wage settlement.
- Since 2006, the Belgian government has issued an annual gender pay gap report [12], showing wage differences between women and men. One outcome has been a national agreement to ensure that by 2016 all job classifications are gender neutral.

GENDER EQUALITY PLANS IN COMPANIES AND AUDITS TO REDUCE THE GENDER PAY GAP

Gender equality plans and audits enable companies to measure their progress in implementing gender equality and equal pay. In some cases there is a legislative requirement to carry out the plans, while in others it is voluntary. For example:

- In Sweden, the 2009 Discrimination Act [13] requires employers to carry out a pay survey every three years to detect, remedy and prevent unjustified differences between women and men's pay, employment terms and conditions, and draw up an equal pay action plan (if employing 25 or more workers).
- In Ireland, the national equality body has provided support to companies in carrying out equality reviews and action plans [14].

COLLECTIVE AGREEMENTS

Collective agreements have been one of the most important ways in which the gender pay gap has been reduced across Europe. For example:

- In Finland, the Government's Equal Pay Programme [15] led to the introduction of comprehensive income policy agreements that have resulted in an equality allowance in order to implement equal pay. The most recent collective agreements provide for a 0.2% equality allowance to favour low-wage, female-dominated workplaces.
- In France, the 2006 Act on Equal Pay between Women and Men [16] makes provision for compulsory collective bargaining on gender equality and requires companies to report on salaries and plans to close the gender pay gap.

LABOUR INSPECTIONS TO IMPLEMENT EQUAL PAY LEGISLATION

Labour inspectorates at national level have a very important role in uncovering pay discrimination. Programmes have been put in place in several countries to train labour inspectorates in methods to identify pay discrimination. For example:

- In Slovakia, the regional offices of the National Labour Inspectorate [17] carried out inspections on equal access to employment, equal pay, occupational health and safety, and dismissals.

TOOLS TO MAKE PAY SYSTEMS TRANSPARENT AND IDENTIFY THE GENDER PAY GAP

Transparent pay systems are a crucial factor in implementing equal pay. Tools exist to help ensure this. For example:

- An online tool, Logib, has been developed in Germany, Luxembourg and Switzerland to enable companies to analyse pay and staffing structures and verify if equal pay exists between male and female employees [18].

AWARENESS-RAISING CAMPAIGNS

Many countries are engaged in awareness-raising campaigns to close the gender pay gap. For example:

- In Bulgaria, an awareness raising campaign to eliminate the gender pay gap was launched by the Government in 2008 [19].
- In Estonia, an EU-funded project, 'Equality between women and men – principles and goals for effective and sustainable enterprises'[20], put in place measures to raise awareness on gender equality and company good practices.

EQUAL PAY DAYS

Many countries hold regular Equal Pay Days. The first Equal Pay Day in Europe took place in Belgium in 2005. Most recently, Equal Pay Days have been launched in Greece and Sweden. Activities include handing out information on the gender pay gap, organising events, and holding meetings with government representatives [21].

JOB EVALUATION FREE FROM GENDER BIAS

Job evaluation free from gender bias has been an important method for ensuring that work carried out by women and men is of an equal value. For example:

- In Portugal, an EU project, 'Re-evaluate work to promote gender equality' [22], developed a job evaluation method free from gender bias for the hotel, restaurant and catering sector.
- The German trade union Ver.di [23] led a successful campaign to re-evaluate the wages of women working in the social and childcare sectors.

EQUALITY LABELS, CHARTERS AND AWARDS

Some companies have introduced equality labels, charters and awards, which have focussed on some of the factors that cause the gender pay gap [24]. For example:

- In Finland there is a prize for the best annual gender equality plan.
- In the Czech Republic there is a prize for the reconciliation of family and work.
- In Slovenia and Denmark there are prizes for companies that have promoted women into leadership positions.
- In Switzerland companies can be awarded an equal pay logo if they show they have implemented a fair wage policy between women and men.



SAME JOB, SAME PENSION?

Women's earnings over a lifetime are on average 17.5% lower than men's. When women retire these lower earnings result in lower pensions. This leads to more women than men experiencing poverty in old age.

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