

European Added Value

of EU measures on the application of the principle of Equal Pay

ANNEX I

Social and Labour Market-Related Aspects

**Research paper
by Dr. Juliet Webster**

Abstract

This research paper reviews the causes, as well as the social and labour market aspects of the persistent gender pay gap in the EU.

It goes on to assess the added value of the Bauer recommendations concerned with the social and labour market aspects of pay inequality, in relation to existing practices and the need for further action

Finally, it identifies widespread and substantial benefits from each of the Bauer Report recommendations, drawing conclusions on the impacts, benefits and beneficiaries of EU level legislation on equal pay.

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LINGUISTIC VERSIONS

Original: EN

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Manuscript completed on April 13, 2013. Brussels, © European Union, 2013.

ISBN: 978-92-823-4397-5

DOI: 10.2861/21523

CAT: BA-31-13-955-EN-N

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Executive Summary

This Assessment Note was commissioned by the EU added Value Unit of the European Parliament in January 2013. It analyses the potential European Added Value of measures to apply the principle of equal pay, focussing on social and labour market related issues. It aims to ascertain the need for, and the added value deriving from, further legislation action on equal pay recommended by the Bauer Report.

Chapter 1 reviews the causes and social and labour market aspects of the persistent gender pay gap in the EU. It identifies three groups of factors which are decisive:

- Labour market segregation by sex
- The care penalty
- Discrimination

Labour market segregation separates men and women both horizontally – into different sectors occupations – and vertically – into higher and lower positions within sectors and occupations. This is the most important cause of the gender pay gap, clustering women in lower-paying areas of the economy and lower-paid grades which are often undervalued and attract poorer terms and conditions overall than better-paid jobs. Labour market segregation and the care penalty are inextricably linked in the creation and maintenance of unequal pay. Human capital differences play a minor role, if any. Discrimination, often thought of as the remaining, ‘unexplained’ component of the gender pay gap, may in fact be substantially responsible for the fact that pay is so much lower in female-dominated sectors and occupations than in other sectors and occupations.

The pay gap varies greatly from country to country, by virtue of the different social and welfare models, industrial relations frameworks, and gender equality environments which exist in them. The pay gap widens with age in some countries, linked to childbearing, while the presence of trades unions and employment representation narrows the gap. Outsourcing and the privatisation of public services seem likely to have a major impact on the pay gap, though these processes are in train and their effects are as yet unclear.

Pay equality is profoundly important, not only for social justice, but because women are entering the labour market in increasing numbers, the male breadwinner model is in clear decline, and women’s full economic empowerment is vital for the economic health of the EU. Unequal pay makes demands on public resources which could be avoided. In times of crisis, the case for equal pay therefore becomes more, not less, powerful.

Chapter 2 assesses the added value of the Bauer recommendations concerned with the social and labour market aspects of pay inequality, in relation to existing practices and the need for further action in a sample of five EU Member States. These are Finland, Germany, Ireland, Slovakia, and Spain. On the recommendation for transparency and analysis of equal pay data, it concludes that, since pay transparency remains elusive, even in the Member States with relatively good practices, such as Finland, there is a good

case for strengthening the requirement to make pay auditing and information sharing compulsory.

As far as work evaluation and job classification are concerned, their application has to date been uneven and fraught with difficulties. The principle of equal pay for work of equal value has not been universally applied and this poses significant difficulties for attempts to value the work performed by women. Some types of female-dominated work, such as social care, suffer from particularly low grading, and equal valuation could make a substantial difference. Job evaluation and classification would also remove extra wage elements such as bonuses which generally do not accrue to women's work. The introduction of such techniques requires adequate management and resourcing if they are to be implemented effectively, but they potentially deliver a range of direct and indirect benefits, the latter including organisational capacity building and improved sustainability of pay structures.

Social dialogue has already yielded some important best practices which could be transferred between sectors and Member States, including equality allowances and sector-specific minimum wages. There are also benefits in terms of the learning and equality expertise development which takes place through the social dialogue process. Gender impact assessments of collective agreements are not widely carried out, however.

There is a strong case for more forceful and inter-connected specific measures to be taken by Member States, as proposed in Recommendation 6. Most existing measures are voluntaristic, piecemeal and with short time-frames which make change difficult to achieve. Gender mainstreaming, as proposed in Recommendation 7, is already comparatively well-established in the public sector in many Member States, particularly through public duties to advance equality. This should be built upon and extended so that services providers to the public sector are also covered.

Improving equal treatment of full-time and part-time workers, including through collective agreements, is sorely required. In many Member States, part-time working is a favoured way for women to participate in the labour market, but it remains a site of disadvantage in terms of both pay and prospects. Including provision for improved access to vocational training may be less urgent than recognising and valuing women's existing skills, for the gender pay gap does not seem to be the result of a lack of human capital.

Chapter 3 draws out conclusions on the impacts, benefits and beneficiaries of EU level legislation on equal pay. It identifies widespread and substantial benefits from each of the Bauer Report recommendations in turn.

This chapter argues that the distinctive impacts of EU level legislation would be in:

- Creating a common project for the achievement of equal pay which would make non-action more difficult
- Mainstreaming gender equality across policy areas and throughout society
- Responding coherently to an increasingly globalised employment environment
- Fostering experience sharing across Member States.

The scale of the impact would be felt through a series of multiplier effects in: organisations and their management, improved trust between the social partners, raised awareness of the equal pay challenge throughout society, and the improved ability of EU Member States to meet the priorities for smart, sustainable and socially inclusive growth of the Europe 2020 Strategy.

The beneficiaries of EU level legislative action are identified in relation to each of the Recommendations covered by this Assessment Note. They would include: employees in private sector organisations, those in Member States with weak legislative provision or enforcement, and those without (union) representation at work. Companies and their human resources functions would also be beneficiaries, as would the social partners, especially those with weak equality bargaining competencies. Employees in occupations likely to be re-graded (including social care and health care workers, catering and retail workers), and those affected by cuts or austerity policies, would be beneficiaries. Women returners to the labour market, and those affected by poor childcare provision or work-family arrangements, would benefit. Employees of suppliers to the public sector would also benefit. In addition, indirect beneficiaries would be job applicants, girls and boys entering non-traditional employment, employers with talent pool shortages and the families of direct beneficiaries.

Priorities for EU-level action are concluded to be Recommendations 2, 5 and 6.

Chapter 1: The context for this report

I. Introduction and coverage of this report

This Assessment Note was commissioned by the EU Added Value Unit of the European Parliament in January 2013. It analyses the potential European Added Value of measures to apply the principle of equal pay, focussing on social and labour market related issues. It aims to ascertain the need for, and the added value deriving from, further legislation action on equal pay.

The note assesses the rationale for taking action at EU level in the light of what is already being done at Member State level by the stakeholders involved in actions to close the gender pay gap. It examines the state of practice in the Member States and identifies gaps in action in order to highlight where further action is required. It discusses the anticipated benefits and beneficiaries of further action, including the indirect and spillover effects which can be anticipated.

The Specification for this Assessment Note calls for an overview of the causes and social and labour market related aspects of the persisting gender pay gap in the EU, and an assessment of the added value of the measures proposed in the Bauer Report covered by Recommendation 2 (Analysis of the situation and transparency of results), Recommendation 3 (Work evaluation and job classification), Recommendation 5 (Social dialogue), Recommendations 6 and 7 (Prevention of discrimination and gender mainstreaming), and Recommendation 9 (Streamlining of EU regulation and EU policy).

The remainder of this chapter presents the overview of the causes and aspects of the gender pay gap. It also presents the methodology which has been used to assess the state of play in the Member States and the need for further action at EU level. Chapter 2 provides this detailed assessment in relation to each of the recommendations covered by this report. Chapter 3 draws out conclusions on the case for further action, and identifies the likely impact of further action, its anticipated scale, and its probable beneficiaries.

II. Background: overview of the causes and social and labour-market aspects of the persistent gender pay gap in the EU

The causes of the gender pay gap are complex and intersecting. Numerous studies have attempted to disaggregate the factors involved in its existence and persistence. One approach has been to place these factors into two categories which have been summarised as 'explanatory variables' and 'unexplained remainders' (Plantenga and Remery 2006; Bergmann and Schelepa 2008).

'Explanatory variables' are the clearly identifiable, structural factors which create gender pay gaps. They include horizontal and vertical segregation of the labour market by gender, sectoral and organisational wage setting practices, human capital and productivity differences. 'Unexplained remainders' have a bearing on the gender pay gap once these and other explanatory variables have been controlled for. They are the issues

that contribute to the gender pay gap between women and men with the same education, employment situation, and employment history, and they include sex discrimination, gender stereotyping and other cultural practices which create discrimination.

Some explanatory variables – occupational and industrial segregation, for example – may themselves be the result of processes of discrimination by gender, however. The separation of structural and discrimination issues does not always illuminate the relationship between a causal factor and unequal pay. For example, it does not help us to explain why, even in female-dominated sectors and occupations, pay is much lower than in other sectors and occupations: this too may be the outcome of gender discrimination rather than simply a structural issue.

Nevertheless, different groups of factors and their relative role in the gender pay gap have been identified. These are presented here under the following headings:

- Labour market segregation by sex
- The care penalty
- Discrimination

Labour market segregation by sex

Women and men are segregated in the labour market both horizontally and vertically: they are segregated by occupation and industry, and hierarchically within employing organisations. These patterns of segregation account for a substantial proportion of the gender pay gap, though they vary significantly by Member State.

Horizontal segregation creates unequal pay because:

- Women are concentrated in low-paying sectors and occupations. Low-paying sectors dominated by women include the retailing, catering and hospitality sectors; female-dominated service occupations include health and other care work, hairdressing, and cleaning occupations.
- Women are also clustered in public sector employment, which is generally lower-paid than private sector employment.
- Women are more likely to work in small firms (Olsen and Walby 2004).
- Women are more likely to work in non-unionised firms. Unionisation has been shown to have a significant impact on pay equality (Metcalf, Hansen and Charlwood 2000).
- Women are also over-represented in part-time work, where the gender pay gap is most persistent. Part-time employment is an aspect of occupational segregation, in that it is commonplace in some sectors (for example, retailing) and virtually non-existent in others (for example, computing and telecommunications).

Vertical segregation of the labour market results in unequal pay in the following ways:

- Women are clustered in lower grades of work within employing organisations (in clerical and support roles, for example) and within occupational and professional groups (in the more junior science, research, and management jobs, for example).

- Inequality of career progression opportunities - the 'opportunities gap' - exacerbates the gender pay gap. In managerial and executive jobs, for instance, women are increasingly evident at junior levels, but almost entirely absent from top jobs and board-level positions. Thus, in addition to being over-represented in lower-paid positions in the labour market, they are under-represented in the highest-paid ones.
- The predominance of women in part-time work exposes them to unequal pay, since the terms and conditions of part-time work are generally inferior to those of full-time work. There is a marked absence of quality part-time work (Women and Work Commission 2006), and this is also a contributing factor to the gender pay gap. Moreover, if such work was of better quality and properly remunerated, women with care responsibilities would be less frequently obliged to take employment below their competence levels.
- The part-time pay penalty increases throughout life. Many women move from full-time to part-time work upon family formation. The women who do so are more likely to change occupation and employer than those who maintain their hours status, and they tend to make a downward occupational move into jobs for which they are over-qualified or over-skilled (Manning and Petrongolo 2005; Connolly and Gregory 2008; Iglesias-Fernández et al 2010).
- The part-time pay penalty is also an outcome of the unequal sharing of responsibility for care between the sexes, particularly responsibility for the care of children but also of the elderly.

Most studies seem to indicate that job characteristics, like occupation and industry, account for most of the gender pay gap. Within a focus on occupation and industry, the workings of wage-setting practices and institutions explain the precise mechanisms by which pay inequality is created and maintained. The importance of a consideration of these factors is that it shifts attention from the supposed human capital or productivity deficits of individual women to the structural and cultural forms of discrimination embedded within institutional and organisational arrangements, social norms, market systems and pay policies. These in turn are affected by wider social and economic factors such as the structure of supply and demand, levels of technological change, levels of female labour market participation, collective bargaining arrangements, job classification systems, all of which vary across EU Member States (Plantenga and Remery 2006).

Throughout the EU Member States, a decline in centralised, formalised and collectively-bargained wage setting is an important factor affecting pay inequality. The trend towards decentralised systems of wage setting, and the increasing tendency for wages to be set at company or local level, has been associated with a widening gender pay gap in some EU Member States. Decentralised systems of wage setting are generally associated with increasing wage disparities and these can in turn exacerbate the gender pay gap. There is evidence that increasing use of localised wage setting has been associated with an increase in the gender pay gap in Italy, Portugal and Sweden. On the other hand, the most recent data available (Plantenga and Remery 2006) show no comparable association between wage inequality and the gender pay gap in the New Member States (NMSs), though the gender pay gap has clearly been increasing in almost all NMSs (UNIFEM 2006).

The rise of individualised or variable pay may also be significant for the gender pay gap, although it is not entirely clear how pay inequality might be affected. Variable pay schemes have been increasingly used in several Member States. They include payment by results (PBR) systems linked to workers' output, performance-related pay (PRP) linked to achievement of specified work standards, and financial participation schemes such as profit-sharing options. Such systems may be more gender equitable if they are based on objective performance criteria and remove value judgements discrimination from the process of wage setting. The transparency and objectivity of the performance criteria are indeed crucial; opaque criteria, or those based on value-laden assumptions about personal qualities that supposedly enhance work performance, may simply perpetuate or exacerbate pay inequality. These criteria may, for example, emphasise the value of male-dominated competences such as physical strength, over female-dominated ones, such as interpersonal skill (Fondazione Brodolini 2011). Evaluating personal work performance can be more difficult in women's occupations than in men's, as it is more difficult to measure and assess performance in work involving human relations – which is more common among women (Eurofound 2010). Financial participation schemes available only to certain workers, such as senior managers, may also widen the gender pay gap. Pay secrecy is another dimension of individualised pay setting which could mask inequalities in pay. In Member States such as Austria and the UK, pay secrecy is commonplace; in the Nordic countries, by contrast, pay information is much more open (Bergmann and Schelepa 2011).

One form of variable pay for which there is a clearer link to the gender pay gap is bonus payments. Women receive such payments less often than men, as they are employed in occupations that are less often covered by bonus arrangements. Among those who do receive such payments, however, there is some evidence of substantial difference in the absolute level of bonuses paid to women and men (PWC 2002). Even when comparing employees in the same occupation, more recent evidence points to substantial gender disparities in the level of these awards. Among executives in the UK, for example, men receive bonuses which are more than double the amount that women receive, and fewer women receive them (Kenlock 2012). This is partly, but not entirely, related to the fact that a much smaller percentage of female than male executives reaches top positions as department heads and board members. Thus, as with other forms of variable pay, a considerable amount of the gap in men's and women's bonus payments is linked to occupational segregation: women are both under-represented in occupations that attract these payments, and they equally do not reach the organisational levels at which bonuses become available.

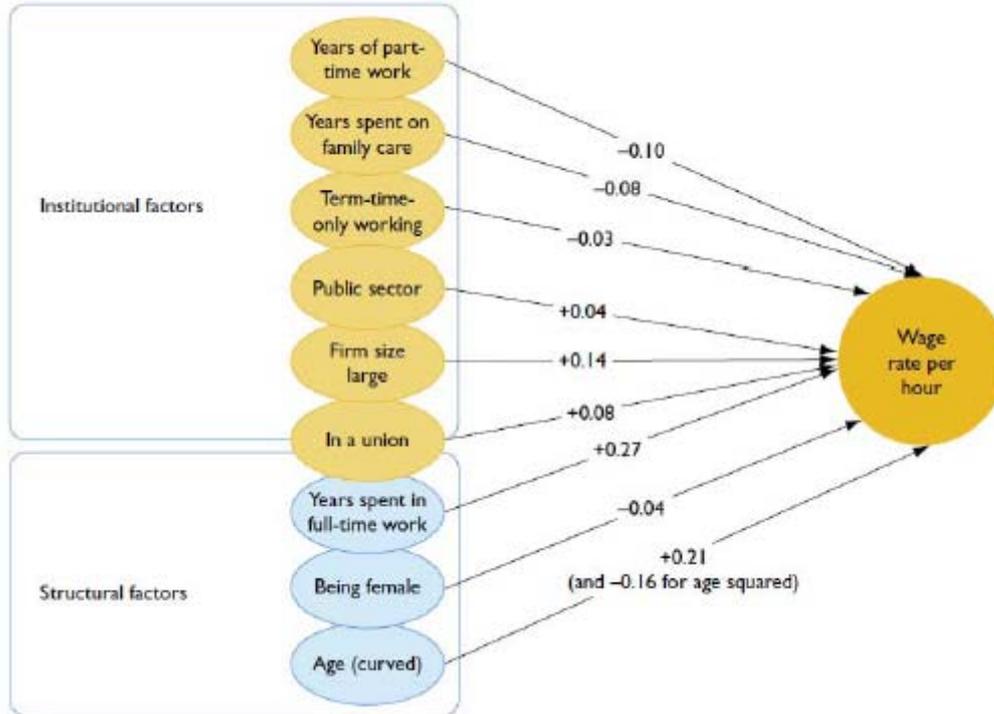
Employee representation appears to modify gender pay inequality: gender differences in individual bonuses were found to be much smaller in firms with works councils than in those without works councils (PWC 2002). This may be attributable to the fact that social dialogue and industrial democracy generally operate to improve transparency of wage setting processes, and to ensure that the criteria for awarding extra benefits are made explicit. Just as wage disparities overall are reduced where pay bargaining is formalised and collectively-bargained, so gender wage disparities may also be reduced.

The impact of wage-setting practices such as these seems to be strongly related to the overall level of occupational segregation and its implications for particular sectoral and occupational working conditions. Indeed, the few comprehensive studies of Europe-wide gender pay gaps agree that labour market segregation is the most significant cause of pay inequality (Rubery et al 2002; Plantenga and Remery 2006; Eurofound 2010). This finding also challenges the popularly held view that individual characteristics, female deficits or productivity differences account for earnings inequalities between men and women. Korkeamäki et al (2006) found that at least half of the gender pay in Finland arises from labour market segregation, while human capital differences account for less than 10%. In Belgium, occupational segregation accounts for 60% of the interpretable part of the pay gap (Institute for the Equality of Women and Men 2009). In Greece, 51% of the gender pay gap in services and 57% of the wage gap in manufacturing have been found to be due to occupational and sectoral segregation (Dermanakis 2003; Karamesini and Ioakimoglou 2003). Further challenging the notion of human capital difference as a key cause of pay difference, UK evidence shows that employment rates and earnings of men and women are significantly different, even when comparing individuals with the same highest qualification (EHRC 2010). In summary, despite improved educational backgrounds, fewer children and shorter periods of employment interruption, women are confronted with a persistently segregated labour market with growing wage differentials and a smaller share of collectively agreed wages.

The care penalty

Attributing relative weight to the factors affecting pay inequality is complex. Olsen and Walby's (2004) analysis of the gender pay gap in the UK has done this, however, and it places the greatest emphasis on the systemic disadvantage and indirect discrimination experienced by women, particularly mothers. Olsen and Walby challenge the notion that the gender pay gap can be explained away by differences in human capital and variations in education levels. However, their analysis attributes greatest weight to gender differences in working patterns over the life-course: women's lower access to full-time employment accounts for 19% of the gender pay gap, while their greater representation in part-time employment accounts for 3%, and their greater experience of interruptions to employment accounts for 14%. In total, therefore, 36% of the gender pay gap can be explained by these gender differences in lifetime working patterns. A similar analysis by Olsen et al (2010) found that years of part-time working and years of family care have the most negative impact on hourly wage rates, while working in the public sector, for a large firm and being a member of a union have a considerable positive impact on wages (Figure 1). Across the EU, between 14% and 27% of the gender pay gap is accounted for by parental leave breaks (Meulders et al 2011).

Figure 1: Summary of the drivers of the pay gap



Source: Olsen, Gash, Vandecasteele, Walthery and Heuvelman, 2010.

The care penalty is borne particularly by women, since they have disproportionate responsibility for the care of both children and other dependents – notably the sick and disabled, and the elderly. The unequal distribution of care work within families, and in society generally, accounts for the over-representation of women in types of employment which make their responsibility for care easier to manage: part-time working, term-time working, and other ‘flexible’ forms of working arrangement including home-working (Plantenga and Remery 2010).

However, the influence of motherhood on the gender pay gap is apparent well before women become mothers. Just as expectations about their departure from the labour force on childbirth limit their career opportunities even before maternity (Joshi and Davies 1993), so too the expected household division of caring responsibilities impinges on their pay even before motherhood (EHRC 2010). A UK study of graduates three years after their graduation found that gender differences in career expectations explained 12% of the gender pay gap (Chevalier 2007). Thus, discrimination and self-selection rule women out of *future* career opportunities which might improve pay equality.

Women who become mothers take career breaks throughout their working lives. In later life, they may find themselves responsible for both dependent children and dependent parents. The gender pay gap seems to vary over the life-course in relation to the pattern of career breaks which women take, predominantly for maternity. Evidence from the Czech Republic shows a widening gap among 30-39 year olds, matching the interruptions to women’s labour market participation for childbearing and rearing (Eurofound 2010). UK studies find that the gender pay gap increases with age: it is

lowest in the under 30 age group, but steadily grows subsequently so that it is highest for women in their forties and fifties (New JNCHES Equality Working Group 2010; EHRC 2010). Here, women's pay reaches its peak when they are in their thirties, whereas men's pay continues to rise subsequently. This may also reflect the low representation of women at more senior levels within occupations. Research by the OECD suggests that the provision and gradual lengthening of paid parental leave may also have contributed to widening of the gender pay gap, possibly because women experience slower career and earnings progression on their return to work, whilst fewer men take parental leave and therefore experience an impact on their careers (Thévenon and Solaz 2012).

Discrimination

Pay discrimination on the basis of sex is often described as the 'unexplained' component of the gender pay gap. This is the element of the gender pay gap which remains after the impact of workplace and personal characteristics have been taken into account, and is therefore considered to be attributable to discrimination or stereotyping. A meta-analysis of pay gap studies for over 60 countries from the 1960s to the 1990s has found that the unexplained, or discriminatory, component of the pay gap has remained largely the same (Weichselbaumer and Winter-Ebmer 2003).

The social undervaluation of women's work has been identified as a distinct factor contributing to the gender pay gap. This undervaluation is derived in part from organisational processes and practices, and in part from wider social norms. Feminist economists first highlighted the social undervaluation of women's work in the early 1980s: women's work, they argued, is downgraded simply by virtue of the sex of those who perform it (Phillips and Taylor 1980). The social norms which underpin this undervaluation arise from a long-standing social division of labour into a (male) wage earning component in which work is performed in the labour market and a (female) reproduction component in which labour is performed in the unpaid domestic sphere.

Rubery and Grimshaw (2007) identify five factors which are involved in creating unequal pay:

- **Visibility:** women's skills are not recognised by large and undifferentiated pay and grading bands which conceal differences in skills and experience.
- **Valuation:** even when women's skills are recognised, there is a tradition of undervaluing them. Pay and grading systems are likely to be based on a male skills model and undervalue communications and other 'soft' skills.
- **Vocation:** it is assumed that women's skills are 'natural', which underlies their low valuation.
- **Value added:** the fact that men's jobs are more likely to involve high value added processes or services leads to their being more highly rated, even when there is little difference between the actual skills involved.
- **Variance:** the existence of women's caring responsibilities underscores the idea that women's work is in a separate sphere. "Part-time work is often seen as synonymous with unskilled work by both employers and women themselves" (Rubery and Grimshaw 2007: 63).

Aside from the social norms which undervalue women's work and render their skills invisible, organisational processes and cultures are saturated with discriminatory practice. West and Zimmerman (1987) coined the phrase 'doing gender' to describe the interactions and interpersonal relations in which gender is constructed and reconstructed in organisations. Acker (1990) and Gherardi (1995) have also analysed the performance of gender in organisations: for them, it includes the reproduction of hierarchies, values, and rituals. In practice, these activities include recruitment and staffing practices, wage-setting practices, social dialogue, articulation of interests, and in all these spheres, the under-valuing of women's work and non-work activities, including by women themselves. Barnard (2008) and Beblo (2011) refer to the phenomenon of 'statistical discrimination', where employers refer to stereotypical gender role models in order to explain women's lower pay or their generally poorer promotion prospects.

Explanatory or unexplained variables?

In disaggregating the causal factors involved in the gender pay gap, we need to distinguish exactly what is attributable to labour market segregation, and what to discrimination. This is not as straightforward as it may seem: elements of the gender pay gap which may appear to be structural and explicable may in fact be attributable to discrimination. For example, gender stereotypes shape educational and career choices made at an individual level. Collectively, these contribute to horizontal segregation of the labour market. Gender stereotyping and gender discrimination also influence managerial practices in relation to recruitment, progression and promotion. The vertical segregation of the labour market reflects these organisational practices at a social level. Similarly, pay-setting practices in different sectors may be attributed to labour market segregation, but the question remains as to how pay in female-dominated sectors is set so low to begin with. Thus, dimensions of unequal pay that are attributed to explanatory factors may in fact be the outcome of discrimination.

This poses a challenge for our understanding of the gender pay gap: it could be argued that even the explained components are the result of discriminatory processes. If this is the case, then the effects of discrimination on the gender pay gap are likely to have been under-estimated (Plantenga and Remery 2006). Across the EU, it appears that the 'unexplained' or discriminatory component of the gender pay gap is greater than the explained component (Meulders et al 2011).

Explanations which focus on human capital differences between men and women appear to be less convincing. The same difficulties apply to distinguishing human capital factors from discrimination or labour market segregation factors, but the human capital approach which concentrates on female deficits is weakened by studies which find only a small portion of the gender pay gap accounted for in this way (as discussed above), and by the finding that gender pay gaps persist even where women and men are similarly qualified or trained.

Social and labour market aspects of the persistent gender pay gap

Country differences

There are substantial country differences in gender pay gaps between EU Member States. According to the European Commission (2002), these are connected to differences in female employment rates, wage formation and job classification systems, wage inequality patterns, and collective bargaining coverage. Female labour market participation rates vary greatly from country to country, and those countries with the lowest female labour market participation rates also have the narrowest gender pay gaps. This is due to the reduced potential for pay discrimination, but also because those women who do work have the personal characteristics associated with higher salaries (levels of education, professional status) (Meulders et al 2011). In some countries (the UK, the Netherlands, for example), the large gap is also partly connected to the prevalence of part-time work, which represents a significant proportion of women's work and which is associated with lower average earnings for women. In other countries (Finland and the other Nordic countries, for example), the pay gap is connected to the predominance of female employment in the health, social care and education sectors which in these countries are characterised by lower pay.

To this list may be added a series of factors which are related to the 'welfare regimes' and the gender arrangements in different European Member States (Esping-Andersen 1990; Pfau-Effinger 1998). Welfare systems may appear to be gender neutral, but they are in fact (re)distribution systems which reflect social priorities in different countries, and can reinforce or compensate for gender differences. Country differences in equal pay are linked to several factors relating to their treatment of gender equality, both in their social institutions (welfare systems, family and household arrangements) and in their social policies. First, the 'breadwinner models' of the different Member States affect the ability of women to participate in the labour market, the cultural attitudes towards their participation, and the social support available to them to do so. Pfau-Effinger (1998) distinguished between several such models characterising different European Member States at different stages of modernisation, each describing a different sharing of labour market participation and care responsibility between men and women in households. For example, this framework identifies Germany as having a 'male breadwinner/female part-time carer' model, in which the cultural construction of motherhood is based on the idea of a parallel combination of unpaid caring and part-time paid employment. (In the next section of this report, the different models are set out in more depth; they are used as selection criteria for a sample of Member States to be assessed for their equal pay arrangements.)

Childcare arrangements and provision in different Member States are linked to cultural breadwinner models, and also affect pay equality. Equal participation in the labour market by both parents, regardless of sex, is only possible if both paid and unpaid work, including childcare, are equally shared, or if affordable childcare facilities are available. As shown above, the persistent gender division of care and housework responsibilities is a major factor explaining why women are less able to participate in the labour market, experience interruptions to their working lives, switch from full-time to part-time employment, or are less available to work the hours often expected for promotion to

senior or managerial positions. Childcare affects labour market segregation and consequently pay. The gender pay gap then provides an economic rationale which reinforces women's primary responsibility for the home and care. One of the most notable contrasts among EU Member States is that between the former EU15 and the NMSs of central and eastern Europe, where public institutions provided childcare on a routine basis until the transition to capitalism. State subsidies for childcare and maternity leave have subsequently been cut back, making it more difficult for mothers to participate in the labour market on an equal footing with men (UNIFEM, 2006).

Schooling arrangements, particularly school hours, also play a role in women's ability to participate in the labour market, and the terms on which they do so. For example, even where the number of public childcare places has been dramatically increased, as in Germany, the school timetable still does not fit with working hours, leaving most mothers unable to work more than part-time.

An obvious factor affecting equal pay differences across countries is their equality 'policy frame' (Verloo 2005). Legislation concerning equality between women and men in society generally, and in the workplace specifically, clearly has a role to play in advancing equal pay. All the EU Member States have legislation laying down the principle of equal treatment of women and men as regards access to employment and working conditions. Some Member States, including Finland and Spain, also make specific legal provisions or have implemented specific action plans to address the gender pay gap. Cultural differences are also important. In the EU, the Nordic countries have traditionally been relatively advanced in their public policy approaches to equality. Women's labour market participation has been higher than most other Member States, and childcare has been treated as a task of the welfare state. For example, the Nordic countries (Finland, Denmark, Sweden) are a small handful of countries offering guaranteed access to childcare for under 3s. At the other end of the scale, the Mediterranean Member States have until relatively recently favoured the male breadwinner model of employment and family care, an approach substantially underpinned by their strong religious cultures. Before their transition to capitalism and their entry to the EU, the central and eastern European Member States had a dual breadwinner model of employment, with childcare largely state-provided. This model subsequently underwent a fundamental re-orientation, with much state-provided childcare disappearing, the resurgence of a predominantly male breadwinner model, and the exit of large numbers of women from the formal labour market (many of them moving into the informal economy (UNIFEM 2006).

Pay gap and age

In some Member States, the gender pay gap is associated with age. In these instances, it is linked to childbearing, to the accumulation of absences from the labour market, and/or to sustained periods of part-time working. In other Member States, personal characteristics like age, education and years of employment play a very minor role in the pay gap, with much more importance attaching to structural factors such as gender segregation by industry and occupation.

Qualifications and employment histories affect equal pay

The impact of education on the pay gap is unclear. Among UK mothers, the better-educated women face a lower loss of lifetime earnings than their less-educated counterparts, possibly because they are better able to retain a strong position in the labour market (EHRC 2010). By contrast, in Austria, Norway, Spain, and some of the NMSs, the pay gap increases with educational level, so that women with tertiary education have lower earnings as a percentage of men's than women with only primary or secondary education (Bergmann and Schelepa 2011). It has been suggested that this is due to the fact that women with higher level qualifications in these countries are often found in lower prestige and lower paid sectors and occupations (UNIFEM 2006).

The presence of trade unions and collective bargaining closes the pay gap

Trade union presence and the collective conduct of pay bargaining have repeatedly been found to be a key factor involved in narrowing the gender pay gap (Metcalf et al 2000; Rubery et al 2002; Meulders et al 2011), in three respects. First, and most obviously, the more pay systems are rendered transparent and the subject of open discussion, the more possible it is for anomalies and areas of discrimination to be exposed and addressed. When collective bargaining is strong, pay inequalities are narrower than where collective bargaining is weak (ETUC 2008). By the same token, non-union workplaces and individualised pay settlements are associated with wider pay gaps because unequal arrangements can be more easily hidden.

Second, the presence of a collective agreement or works council at company level appears to narrow the gender pay gap by compressing the wage dispersal across the sector company. This is particularly the case where a union or works council identifies and addresses low pay as a bargaining issue, as this has a considerable impact on raising the pay floor and thus closing the gap between higher and lower paid workers. Third, social partnership can have an indirect influence by attempting to create working conditions and a social environment in the workplace that are more favourable to a more equal sharing of work and pay (European Foundation 2010). In Ireland, centralised wage bargaining has been found to benefit women working both full-time and part-time. In Finland, local negotiations and agreements were found to be damaging to women's negotiating power.

Low pay and unequal pay are linked

Low pay and unequal pay are closely linked. Women are clustered at the bottom of the labour market, in low-paid occupations. They are also over-represented in low-paying sectors through the EU (cleaning, catering, retail and wholesale, for example). Many of these areas of work suffer from weak systems of collective bargaining. Furthermore, women's employment often lies outside conventional areas of wage regulation, in part-time, temporary or informal work, which excludes them from wage protection.

In this context, measures to raise minimum wages tend to boost women's pay relative to men's. Additionally, some trade union strategies have focused on raising low pay, which is easier to do 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.

Minimum Wage Thresholds

Since women are more likely than men to be concentrated in low paid jobs, and to be employed in workplaces and sectors where collective bargaining is weakest, pay equality can be considerably assisted by minimum wage thresholds. In July 2012, 20 of the EU's 27 Member States had national legislation setting a minimum wage. Other Member States, such as Finland, do not have a statutory national minimum wage, but define the minimum wage at sectoral level through collective agreements.

The role of outsourcing and privatisation

Outsourcing of business functions and the privatisation of formerly public sector activities both affect the gender pay gap. When a service or function is transferred to an outside provider, pay and conditions are usually modified, but employment can also become much more precarious. The European Public Services Union shows that the services affected are mainly those employing women, in sectors such as cleaning, catering, facilities management. Negative effects on women's pay and working conditions have so far been noted in Austria, France, Romania, and Sweden (EPSU 2011). In the UK, on the other hand, an agreement in the public sector has provided protection for women whose jobs were transferred: they were kept on the same pay and conditions as directly employed staff.

The importance of pay equality for European societies

Pay equality is clearly a matter of social justice. But it is also increasingly a matter of social sustainability: it is not only desirable but also necessary if European societies are to function effectively, manage their economies efficiently, and emerge from the current economic and social crisis able to address the challenges that face them.

Family structures have been changing over the past three decades. The family model based on a male breadwinner which predominated in many EU Member States has progressively been replaced by one with a dual-earner model. The decline of manufacturing and the demise of lifetime employment make a reliance on a single household earner untenable: pay inequality can no longer be justified on the basis that men are the sole earners of the 'family wage'. Women's earnings are now a vital element in many household incomes. In an increasing proportion of households, women are the main or even the sole breadwinner.

Women's employment rates have increased significantly, and stood at 62.1% in 2010 (European Commission 2012). As their employment rates have grown, and women's attachment to the labour market has become stronger, the case for the elimination of pay discrimination becomes ever more urgent. The majority of women now work in paid employment, and many work longer and later into their lives. Yet the gender pay gap provides an economic rationale which reinforces women's position as the primary person responsible for the home and care responsibilities. Action on the gender pay gap would support greater female labour market participation and economic activity, and would equalise domestic activities between parents which would have additional benefits for their families and children.

The industrial structure of the EU and its Member States has been transformed during the past thirty years. The enormous growth in the service sector has drawn large numbers of women into the labour market. The participation of women in managerial and professional occupations has also increased since the 1990s. So women's labour market participation rates have not only increased overall, but their presence in responsible, 'good jobs' has increased. In educational terms, too, considerable advances have been made in the position and achievements of women. Young women now remain in education and initial vocational training for longer, they outnumber men in upper secondary and tertiary education in most Member States, and they represent the majority of graduates in the EU.

As the European Commission points out in its response to the European Parliament's recommendations on equal pay, the design of tax and benefit systems can serve as an obstacle to women to enter the labour market as second earners, since the levels of second earner pay do not provide them with sufficient incentive to do so.¹ However, very low pay rates for women, whether they are first or second earners, are likely to depress their labour market participation rates. Pay and benefit systems together need to reflect women's increasing importance as first earners, whose basic pay must be equal and adequate as a family wage in its own right. So action on social protection systems must reflect the rhythms of female labour force participation and action to incentivise more equal domestic divisions of labour would support more specific measures to promote equal pay, rather than penalising women for their inability to participate on an economic basis.

Clearly, then, the social and economic structures which underpinned pay inequality have been gradually eroded over the past few decades. Women are no longer marginal to the labour market, and decent, equal pay in their own name is not peripheral to their needs. Women's economic independence through equal pay has become not only a human right but an economic necessity, if they are to support themselves and their families as they need to do. With the persistence of pay inequality, however, women are much more likely than men to be poor, and this affects their families, children and other dependents. Low pay is a particularly significant cause of women's poverty, and 18% of European women are still at risk of poverty (European Commission 2012). Both in terms of satisfying needs and of realising potential, the chances of living a good life depend in large measure upon a decent income.

Equal pay is also vital for the economic health of the EU Member States, and this has never been more pressing than at present. It is frequently contended that gender equality generally, and equal pay specifically, are luxuries which cannot be sustained in an economic crisis. On the contrary, pay inequality costs the EU dearly. It affects women throughout their life-course, affecting not only their income during their working lives but also their pensions and their vulnerability to poverty later in life. The lower incomes and purchasing power of such a significant proportion of the population have a substantial impact on both the tax base and on women's purchasing power throughout

¹ European Commission (2012) 'European Parliament resolution with recommendations to the Commission on application of the principle of equal pay for male and female workers for equal work or work of equal value, adopted by the Commission on 18 July 2012'.

their lives. At the same time, unequal pay makes women, particularly low-paid women, particularly reliant upon supplementary income from welfare support, unnecessarily draining public resources. Therefore women's lifetime contribution, through their full engagement, development and reward, in the workplace and after, must be maximised if economic recovery is to be achieved.

Within employing organisations, pay equality is associated with a raft of modernised HR practices which in turn signal improvements in economic performance: improved ability to recruit from the best talent pool, greater employee satisfaction and company loyalty, reduced labour turnover and associated loss of organisational competence, improved and more appropriate skill utilisation, career ladder management, and improved innovatory capacity. Within the economy more generally, pay equality can increase productivity earning and spending power. The UK Women and Work Commission recently estimated that the achievement of equal pay in the UK would result in a £23 billion (€27.2 billion) increase in gross domestic product (Women and Work Commission 2009). If this type of gain were replicated throughout the EU, the potential to recover from the crisis, quickly, and to maximise the healthy functioning of Europe's economies, would be considerable. Seen in this light alone, the case for equal pay is incontrovertible.

III. Methodological approach

Two main methods were used for this report to assess the case for the measures and recommendations made in the Bauer report. These were:

- An analysis of existing literature on equal pay
- Case studies of selected EU Member States.

Analysis of literature on unequal pay

The documents consulted for this analysis included academic studies, conference reports, policy documents, trade union reports and background documents supplied by social partners. This literature was drawn from across the different Member States of the EU, but particular attention was paid to literature originating from those Member States which were selected for special analysis in this report (described below). EU level documents were also consulted.

These documents served two purposes. First, they were used to support the background analysis of the causes and aspects of the persistent gender pay gap. Second, they were studied for evidence of equal pay measures that have been implemented in the chosen Member States, and for evaluative comment on the value of those measures.

Case studies of Member States

A sample of EU Member States was carefully selected for further investigation, focussing on the equal pay measures which they have already pursued, and on the case for further action, if any. The objective behind the selection was to assess equal pay issues and measures in Member States with diverse equalities cultures and arrangements, ranging from those with advanced and well-established practices to those with less developed or

more recent action on equal pay. A further advantage of using this approach was that it supported the identification both of existing good practices in Member States, and gaps in current practice which highlight the need for further action.

For each chosen Member State, documentary material was supplemented by questionnaire sent to a small number of key informants drawn from the trade unions and equality agencies. A list of informants is in Annex I. The questionnaires are in Annex II.

Selection criteria

The Member States selected were chosen on the basis of several criteria. First, they presented different welfare regimes and specifically 'breadwinner models' (Esping-Andersen 1990; Pfau-Effinger 1998), as described in Section II above. More specifically, they exemplified differing levels of female labour market participation, different cultural orientations to female employment, and different policy approaches to gender equality. As the discussion in Section II shows, the 'care penalty' is a source of considerable and systematic gender disadvantage. In some Member States, it is a key factor in the creation and perpetuation of the gender pay gap. By selecting countries in which labour market participation and its obverse, responsibility for care, was differently distributed between the sexes, we were able to review different potential levels of female labour market disadvantage.

Second, Member States were chosen to illustrate varying forms of employment relations, specifically wage setting and collective bargaining arrangements. According to Plantenga and Remery (2006), this is a key mechanism by which pay inequality is created and maintained, and as Section II makes clear, the absence of a trade union or works council, a lack of collective bargaining, or decentralised wage setting can substantially exacerbate pay disparities, including gender based pay disparities.

Finally, the Member States illustrate different levels of gender pay gap, and different approaches to closing the pay gap.

Based on this criteria, and in consultation with staff in the European Parliament Added Value Assessment Unit, a group of five European Member States were selected for case study. It should be noted that this is not a representative sample of European Member States, but a group of countries that is simply illustrative of the different breadwinner cultures, employment relations arrangements, and gender pay gap scenarios which exist in the EU. The chosen countries are presented as illustrative of five clusters:

- Nordic cluster: Finland
- Continental cluster: Germany
- Anglo-Saxon cluster: Ireland
- Mediterranean cluster: Spain
- South-eastern cluster: Slovakia

Finland

The employment rate of women in Finland is high, relative to elsewhere in the European Union, at nearly 71% (European Commission 2012). However, the Finnish labour market is highly sex-segregated: women and men work in different sectors and do different jobs. Women are predominantly employed in the public sector, and remain under-represented

in management positions, though this is slowly improving. Although Finnish women have a higher level of education than Finnish men, their work is underrated in terms of pay. The gender pay gap stood at 19% in 2010.

20% of women in Finland work part-time. The biggest part-time worker groups are part-time pensioners and those on partial child-care leave; together they make up more than half of all part-time workers. On the basis of the results of a member survey by the Finnish union Pardia, approximately 50% of the rest of the part-time workers in the government sector would like to work full-time, although about an equal proportion of workers particularly wanted to do part-time work.² Parental leave has a negative effect on Finnish women's earnings (eu-trio.be 2010). Like its counterparts in the rest of Scandinavia, Finland is one of only a handful of EU Member States offering guaranteed access to childcare for under 3-year-olds. Childcare is free for low-income groups.

Finland has a relatively centralised structure for wage bargaining: negotiations are generally held at national level. In common with all other EU Member States, Finland has introduced national legislation to combat gender-based discrimination, and in particular pay discrimination between women and men. The laws adopted in this area are clearly based on binding European law, via the Treaty and Directive 2006/54/EC. In addition to this, Finland is one of a small group of countries which has provided for certain proactive obligations in its legislation on the subject. These include: an obligation to publish annual statistics on women's and men's pay within an enterprise, a requirement for collective bargaining on measures aiming to eliminate the gender pay gap, a requirement for enterprises to develop an action plan, and systematic checks on the practical implementation of the legislation.

Germany

Germany exemplifies a 'modernised male breadwinner/female carer' model of labour market participation. For many decades, only about 50% of its women were active in the labour market, with very little change from the 1960s to the 1990s (Pfau-Effinger 1998). Employment of mothers, in particular, was slow to gain social acceptance, and part-time work is seen as the most viable form of employment for mothers. The conservative-corporatist welfare state which was constructed in Germany after World War II generated social policies and social institutions which promote waged employment for women to a limited extent. For example, though the number of public childcare places has increased considerably, the schools timetable does not fit well with employment. Much of the German female labour force has been employed part-time, and in services. Though the proportion of women in the labour market increased continuously from the beginning of the 1970s, it has been a slow and slight increase compared with other EU Member States. 71.8% of German working age women were economically active in 2011 (European Commission 2012).

Germany has the second highest rate of female part-time employment in the EU (after the Netherlands). Nearly half (46%) of German women workers are employed part-time.

² Findings of a survey of its affiliates conducted by the European Public Services Union (EPSU) in 2010. Findings available at: <http://www.epsu.org/r/580>.

Germany also has a relatively high gender pay gap, the unadjusted gap being 23% in 2010 (European Commission 2012). The persistent gender pay gap is attributed in part to the substantial disparity between the hourly wages of part-time and full-time workers (Beblo 2011). German establishments with the most pressing gender wage gaps (of more than 5%) are most likely to be in the manufacturing, credit or insurance industries, to have high proportions of part-time employees and of women employees, high average wage levels (and, by implication, high wage dispersion), and to be without collective agreements. Wage negotiations are mainly conducted at an intermediate level in Germany, namely, at sectoral level.

The German federal government is now pursuing several measures to advance gender equality, which if successful, would help to close the gender pay gap. Most of these involve working closely with social actors in a strategic alliance. It is recognised that closing the gap is only feasible if these actors work with all levels of government, including local, state and federal government. Measures include the promotion of Girls' Day, a pact for women in maths, IT, natural sciences and technology careers, the promotion of women into executive positions, the provision of a pay audit tool for companies to use, and the expansion of childcare facilities.

Ireland

Just over 60% of Irish women were employed in 2010, and 35% of Irish female employees worked part-time (European Commission 2012). Irish National Employment Surveys show a steadily narrowing gender pay gap between 2003 and 2007, though Eurostat figures show a less positive picture. According to these, in 2010, the unadjusted gender pay gap stood at 13% (European Commission 2012). The bulk of the gender pay gap in Ireland – 66% of it in 2003 – has been attributed to explained factors such as age, labour market experience and education (McGuinness et al 2009). Although the overall gender pay gap in Ireland is by no means the widest in the EU, Ireland has one of the widest pay gaps between male and female part-time workers, suggesting that these men and women work in very different types of jobs with variable pay levels (Meulders et al 2011). Working part-time appears to have widened the gender pay gap in Ireland by 1.9% (McGuinness et al 2009).

Although there are considerable cultural differences between Ireland and the UK which make their co-location in an Anglo-Saxon cluster problematic, they share a similar neo-liberal economic framework, and collective bargaining culture and practices. Irish employment relations are voluntaristic, and there is an aversion to compulsion or regulatory action, including on issues such as equal pay. Collective bargaining is, however, centralised.

Irish policy actions on equal pay have therefore tended to follow EU agenda-setting rather than to lead it. The National Strategy for Women set the government's priorities for the promotion of women during the period 2007-2016. One of the aims of this plan was to ensure equal opportunities for women by: increasing the participation of women in the labour market, reducing the gender pay gap, promoting women in the labour market, increasing the number of women entrepreneurs, enabling women and girls to

show the full extent of their abilities, and increasing the supply of childcare facilities (Meulders et al 2011).

Slovakia

Before the transition to capitalism which took place between 1989 and 1991, women were highly active in the labour market. Women's paid work was encouraged and expected, childcare was managed through public day care institutions, and wage setting was centralised. This changed fundamentally upon the transition. Women's labour force participation rates decreased, suggesting that they began to withdraw from the labour market due to deteriorating conditions for combining paid and unpaid work, or to increasing discrimination or prejudices on the part of employers.

Today, the employment rate of Slovak women is comparable with other Central and Eastern European countries at 57.5%. The vast majority of Slovak women's jobs are full-time; only 5% of Slovak women employees work part-time. This is a much less common form of employment in the post-Communist countries than it is in the rest of the EU. At nearly 21%, the gender pay gap is among the highest in the EU (European Commission 2012).

As elsewhere in the EU, public sector employment is highly gender-segregated, and this contributes substantially to the gender wage gap. Public sector jobs tend to be more secure, better regulated and demanding fewer hours than private sector jobs, but they are less prestigious and pay less. Women are crowded into these jobs (Eurofound 2005; Unifem 2006).

A further aspect of the transition from a centrally planned to a market economy is the growth of the informal economy. The proportion of women working in this area is greater than the proportion of men workers, and women are concentrated in the more precarious types of informal employment. Average earnings from these types of employment are low. Moreover, employers rarely pay social security, pension and health benefits, so women working in these areas have a high risk of old age poverty (Unifem 2006).

Gender equality issues in the area of employment relations are addressed in the Labour Code, which establishes the right of men and women to equal treatment in their access to employment, remuneration and promotion, vocational training and working conditions. However, strong gender inequalities persist, so effective implementation of the legislation needs to be pursued in Slovakia if de facto gender equality is to be achieved. The National Gender Equality Strategy 2009-2013 has generated a National Action Plan, which sets out specific tasks for dealing with de facto gender equality, including in the sphere of employment.

Spain

Spain has traditionally fallen into a cluster of southern European countries with a Mediterranean welfare regime, in which the family is assigned primary responsibility for the provision of social services and social security (Arts and Gelissen 2002). The cultural model of the family upon which arrangements of the family and work are based has been described by Pfau-Effinger (2010) as a 'dual breadwinner/extended family care' model, in which both partners now work, while extended family networks are primarily

responsible for family care. Working hours are relatively inflexible; working days are long and are punctuated by long breaks. The 2005 'Plan Concilia' provides for more continuous working with shorter lunch breaks for public sector workers.

Women's employment rates in Spain have been steadily increasing over the last 35 years, since the transition from the Franco dictatorship. 56% of Spanish women now work, though a high (and increasing proportion) are unemployed due to the economic crisis. As participation rates among women, particularly older women, have increased, informal childcare by extended family members has increasingly been substituted for by care provided by immigrant women within the household (Flaquer and Escobedo 2009). The Spanish labour market also contains a large number of involuntary part-time and temporary jobs, and 24% of Spanish women employees work part-time. There is considerable sex segregation in the labour market, affecting women's opportunities to work across sectors and to progress through career hierarchies. This is despite their higher academic qualifications.

In recent years, Spain has attained, and exceeded the Barcelona objectives for the coverage of children by childcare provision (33% of 0-3 year olds, 90% of 3+ year olds). However, many women still have considerable problems accessing affordable childcare. The continuing high cost of childcare services has created high levels of labour market inactivity and a growing proportion of involuntary part-time working among women. 59% of Spanish women with care responsibilities are either inactive or employed part-time (European Commission 2012).

In 2010, the unadjusted gender pay gap in Spain was 16.7% (European Commission 2012). Data from the Spanish National Statistics Institute (INE) indicate that the gap is considerably larger in the private sector than in the public sector, where the wage gap was 15.4% in 2010. The main obstacles to reducing the gender pay gap are largely linked to the fact that childcare responsibilities are not equally shared, nor sufficiently supported through state provision of affordable childcare. Many women move from full-time to part-time work, at the cost of their pay, in order to manage their caring. Additionally, the Spanish labour market is still segregated such that many of the increasing numbers of working women are employed in low-paid jobs requiring few qualifications.

Under the government of former Prime Minister Zapatero, a concerted programme to improve gender equality was introduced, including a requirement on employers to develop and implement equality plans. Although this requirement, along with several other gender equality measures, is still in place, they are rarely followed through and policy interest in gender equality appears to have diminished significantly following the exit of the Zapatero government in 2011.

IV. Structure of the assessment note

The remainder of this note is concerned with the assessment of the added value of the measures proposed in the Bauer report. Chapter 2 provides this detailed assessment in relation to each of the recommendations covered by this note, for each of the countries studied. Chapter 3 draws out conclusions on the case for further action, identifies the likely impact of further action, its anticipated scale, and its probable beneficiaries.

Chapter 2: Assessment of the Added Value of the Bauer Report Recommendations

This chapter reports on the results of the needs assessment which examined the requirement, if any, for the Bauer recommendations concerned with the social and labour market aspects of equal pay. The Bauer recommendations analysed are:

- Recommendation 2 Analysis of the situation and transparency of results
- Recommendation 3 Work evaluation and job classification
- Recommendation 5 Social dialogue
- Recommendation 6 Prevention of discrimination
- Recommendation 7 Gender mainstreaming
- Recommendation 9 Streamlining of EU regulation and EU policy

Each recommendation is analysed in turn (though recommendations 6 and 7 are reviewed together, in line with the Specification document for this Assessment Note). In each case, the current situation and practices by key stakeholders in the sample of Member States are reviewed. In addition to positive practices and sites where progress is evident, problem areas and gaps in practice are identified. Conclusions are drawn on the need for each recommendation.

I. Recommendation 2: Analysis of the situation and transparency of results

“Analysis of the situation and transparency of results: given that the lack of information and awareness among employers and employees about existing of possible pay gaps within their company as well as their ignorance weakens the implementation of the principle enshrined in the Treaty and in existing legislation, Members consider it essential that regular pay audits, as well as the publication of their results, bearing in mind the personal data protection, are made compulsory within companies (e.g. in companies with at least 30 employees and each sex is represented in at least 10% of the employees). Employers should provide employees and their representatives with results in the form of wage statistics, broken down by gender but bearing in mind the personal data protection. When wage statistics show group or individual differences in pay on grounds of sex, employers are obliged to analyse these differences further and react to eliminate them.”

Current situation in the selected Member States

Finland

Under the Act on Equality between Women and Men (‘Equality Act’), establishment-level pay audits are mandatory in Finland, for all public and private sector establishments with more than 30 employees, and must be carried out annually, unless otherwise negotiated between social partners. Some collective agreements state that the parties to these agreements must collect and share the resulting wage statistics. In these cases, statistical pay data on personnel, categorised, for example, by job title, gender and wage elements, and the complexity of the job, is produced for the use of the parties to these agreements.

As an agreement party, an organisation is entitled to detailed pay information concerning their members. The social partners can negotiate the intervals between audits, for between one and three years.

In addition, the Ministry of Finance produces statistical summaries of pay data and other statistics as needed by the organisations. In the municipal sector, matters are also handled in joint statistics groups between the bargaining agents and the Commission for Local Authority Employers. In the private sector, the organisations have access to statistical pay data by agreement sector through the Confederation of Finnish Industries (EK). The Finnish national statistics institute, Statistics Finland, provides public statistics on salaries in different sectors. These different agencies play a key role, therefore, in providing information on pay which might not otherwise be available.

Finnish trade union affiliates of the ETUC (AKAVA, SAK and the STTK) state that the implementation of the section of the Equality Act relating to pay audits is problematic on several counts. First, not all workplaces which should perform pay surveys, actually do so. The picture seems to be most positive in the public sector, in the large municipalities and national government, where agreements on the provision of pay data by employers to unions have been negotiated. These wage statistics are disaggregated by job title, complexity of the job, and gender.³

Second, it is customary for pay surveys to cover and reveal only gross monthly pay figures, and not the disaggregated figures comprising bonuses and other variable payments. The provisions of the Act are therefore the subject of dispute between employers and trade unions; employers take the view that they are only required to audit the complete wage package and not its components. Trade unions and Finnish equality authorities argue that the law obliges employers to audit the components of the pay package separately. The unions are therefore campaigning for a refinement to the Equality Act to clarify this principle.

Third, there is no legal provision on the sharing of pay information obtained through audits with employees and trade unions. Consequently, at workplace level, some trade union officials and shop stewards are not even aware of the existence of pay audits in their establishments. Even where employees are involved in pay audits, the law does not specify which particular employees should be involved. The trade union preference is for employee representatives to be elected. Here, too, they are seeking a tightening of the Equality Act.

It is not clear what the extent of non-compliance with the provisions of the Equality Act on pay audits actually is, nor which organisations are involved. Medium-sized establishments (those with just under 30 employees and therefore just outside the provisions of the law), private services establishments, and the Church have been cited as among the main offenders.

³ Public sector unions in Denmark and Norway also have access to gender-based pay statistics, but they don't always have access to all the data they require: the Norwegian nurses' union, for example, reported to the European Public Services Union that some hospitals refuse to provide gender pay statistics at local level.

Given that these problems seem to arise because of loopholes or areas of imprecision in Finnish legislation, an effective remedy may lie in clarifying the legal obligations on employing organisations regarding the components of pay to be audited, the parties to be involved in the audit process, and the communication of audit results to employees and trade union officials in the establishment.

Germany

Company-level pay audits are not compulsory in Germany, and lack of pay transparency within German firms seems to be a significant obstacle to pay equality. Furthermore, the gender pay gap holds a taboo in German workplaces; it is not customary for pay and pay inequalities to be openly discussed.

The 'wage indicator for women', created by the Confederation of German Trade Unions (DGB) and managed by the Hans Bockler Foundation, provides an online platform with a large dataset for wage comparison (www.lohnspiegel.de/main/frauenlohnspiegel). Data is provided by employees in over 350 occupations and can be constantly updated online, so that workers may check their pay against those of their colleagues in the same occupational groups.

The Federal Statistical Office (Statistisches Bundesamt) publishes aggregate data on pay, but it uses data collection methods that differ from those used by Eurostat, so there is distrust of their accuracy among the social partners.

Two political parties in the opposition - Social Democrats and Bündnis 90/DieGrünen - of the German Bundestag are undertaking initiatives to make pay audits legally compulsory. Implementing the Bauer Report Recommendation 2 would assist this effort and reinforce the case for it at EU level.

Ireland

The Employment Equality Act of 1998 established the Equality Authority in Ireland as a body tasked with promoting positive approaches to equality and raising awareness. Its mandate also includes assistance to people who wish to bring complaints under the Act.

Under the auspices of the Programme for Equality Reviews and Action Plans, the Equality Authority provided support for such reviews to be conducted on a voluntary basis. Company-level pay audits are not compulsory in Ireland, however, and there is no meaningful entitlement for employees to have access to information about the pay of other employees. In 2011, with funding from the European Social Fund for its Equality Mainstreaming Unit, the Equality Authority supported the Irish Business and Employers' Confederation (IBEC) in developing and piloting a gender pay audit tool, with small and medium enterprises particularly in mind. This tool has been made available to IBEC member companies. The tool enables companies to undertake a gender pay review and to identify how they can address pay disparities between male and female employees.

Slovakia

Pay transparency is poor in Slovakia and employers often do not disclose their pay structures and policies. A survey on equal pay was, however carried out as part of an ESF EQUAL project 'Working Conditions that Determine Gender Inequality at Work' (2005-2008). The National Labour Inspectorate has also been charged with monitoring pay equality through complaints on the violation of the labour law relating to gender. It was clear from this process that there remains a great deal of opacity in the country's pay structures.

Spain

There is no legal requirement on Spanish employers to conduct pay audits or to publish their results. However, since the implementation of the Ley de Igualdad (Equality Law) of 2007, companies employing more than 250 workers have been obliged to negotiate and implement equality plans. These plans should provide for analysis and measures to achieve equal treatment and opportunities for women and men, and to eliminate direct and indirect discrimination based on sex. The plans should establish strategies and practices, and also effective monitoring and evaluation. They can include the following measures: access to employment, job classification, promotion and training, remuneration, working time arrangements to favour work-life balance, and prevention of sexual harassment. Works Councils also have the right to access information on the employment positions men and women within their companies and of the measures their companies are taking to improve gender equality.

A recent survey of its affiliates by the European Public Services Union (EPSU) found that despite the legislation requiring employers to draw up equality plans, and to pay men and women equal pay for equal work, employers in the Spanish public sector have refused to provide unions with a gender breakdown in pay. (A similar problem affects the private health sector in France, and the state and municipal sectors in Estonia.) It suggests that if further legislation were to be introduced on this topic, then its implementation would have to be strongly enforced and the penalties attached to non-compliance would have to have a significantly disincentivising effect.

Conclusions on the case for Recommendation 2 - The role of improved analysis and transparency requirements in closing the gender pay gap

The analysis and open sharing of accurate and trustworthy pay information in the EU Member States is not widespread. Data collection and sharing practices range from partial to non-existent. In many Member States, national statistics agencies collect and publish sectoral pay data disaggregated by sex. However, workplace-level pay audits are compulsory or even customary. Across the EU Member States, there is still a lack of transparency regarding pay and grading within employing organisations, and this is a particular problem in the private sector. For many organisations and governments alike, pay transparency is a very low priority.

The most positive picture is to be found in Finland, where annual pay audits are mandatory for companies with over 30 employees. However, even here they are not uniformly conducted: companies in the private sector are particularly poor at complying,

suggesting that this is where regulation needs to be most strongly targeted. Additional payments such as bonuses and non-wage payments are also not covered. In none of the other Member States covered here are pay audits compulsory, so pay information is only collected and made available on a voluntary basis, for example, through data supplied by workers themselves and shared online. Employers also sometimes refuse to share pay data, as they do in the Spanish public sector, or penalise employees who bring equal pay claims.⁴

Inability on the part of trade unions to obtain information on pay, allowing objective assessment of pay gaps, and lack of access to information allowing comparison of pay, is identified as an enduring problem by affiliates of the ETUC. There is a significant body of case law in Ireland and in Finland specifically. In the latter country, tribunal cases have been most frequently brought against public sector employers, paradoxically because transparency is higher. It is possible, however, that the true picture of pay inequality is even worse than that conveyed through the case law. Finnish unions refer to hidden penalties and discrimination as a deterrent to those who might otherwise bring claims against private sector employers. Lack of transparency and difficulty in accessing pay information may be reasons why fewer cases are brought against private employers.

There is a strong case, then, for making pay auditing and information sharing compulsory across the EU Member States, covering all wages and payments, including bonuses, overtime payments and other secondary benefits. Doing this would have the effect of closing loopholes in practice and in the interpretation of national legislation. It would support national politicians who are trying to introduce compulsory pay audits for the first time, as in Germany. It would ensure compulsion upon employing organisations not only to collect data systematically but also to share it openly with employees, and, through the formulation of regular equality plans, to identify jointly areas where further action is required. This remains a significant problem. If demonstrable action on pay transparency were compulsory, this would probably also reduce the number of equal pay claims being taken to the courts. It might ensure that, even in Member States where national statistics on the gender wage gap are disputed (as in Germany and Ireland), there are other trustworthy sources of pay information. This would benefit the following groups of employees:

- those working in the private sector,
- those working in organisations or sectors not covered by collective agreements providing for equal pay measures,
- those in Member States where pay secrecy is dominant,
- those in Member States where the provisions of the law are imprecise or interpretable, in particular concerning the types of pay to be audited, the rights of employees and their representatives to have access to pay information, and the types of employees and representatives to be consulted.

⁴ A survey of gender pay activity in the UK private sector also shows how little priority is given by employers to pay transparency. Many see no benefit in collecting data, or express opposition to doing so on the grounds that they have a policy of pay secrecy. However, nearly a fifth of respondents report that they would consider action on pay transparency if they were required to do so by legislation (EHRC 2009).

II. Recommendation 3: Work evaluation and job classification

“The concept of the value of work must be based on qualifications, interpersonal skills and responsibility emphasising quality of work, with the aim of promoting equal opportunities between women and men. This concept should not be marked by a stereotyped approach unfavourable to women, for example putting the emphasis on physical strength rather than on interpersonal skills. In this context, the Commissions initiative should encourage Member States to introduce job classification complying with the principle of equality between women and men, enabling both employers and workers to identify possible pay discrimination based on a biased pay-scale definition.”⁵

Current situation in the selected Member States

Finland

Job evaluation is being used in an increasing number of establishments, and many employers use these systems for determining pay. Pay structures based on the complexity of the job and personal performance have been put in place predominantly in the government and the municipal sectors. In these sectors, pay structures have been built cooperatively, and with a shared objective of making them as gender-neutral as possible in definitions and content, and as transparent as possible, so that the parties can monitor the application of collective agreements. Finland is one of the few EU Member States to have taken steps to implement the principle of equal pay for equal work.

Since 2006, the tripartite Equal Pay Programme has undertaken various actions aimed bridging the pay gap. One of these was a three-year research and development project, financed by the European Social Fund, to develop pay systems on the basis of job evaluation and employee performance in a way that promoted equal and fair pay.

According to the report by the Institute for the Equality of Women and Men (eu-trio.be, 2010), the results of the Programme were meagre, particularly in terms of its aspirations to tackle occupational segregation. Moreover, where job evaluations have been conducted in public authorities suffering budget cuts, they have not been acted upon – such employers have not been able to establish new pay structures because of the costs involved. The Department of Culture, Heritage and Archives, for example, has been affected by this problem. Also, although the Equality Act requires employers to prepare annual pay charts, according to the public sector unions in Finland, these are drawn up infrequently and inconsistently. Overall, there has been no evaluation of the impact of analytical pay structures based on gender-neutral job evaluation, so it is not clear to what extent they advance, or might advance, equal pay.

Germany

There is currently no federal-level impulse to introduce either job evaluation or work classification systems which would allow employers and workers to identify pay

⁵ The Bauer recommendation uses the terms ‘work evaluation’ and ‘job classification’. It is also usual to refer to ‘job evaluation’, and this is the term which is used in this report to refer to schemes which analyse and place value on the constituent skills and inputs involved in performing a job.

discrimination. The Federal Anti-Discrimination Agency (FADA) has recently published a flyer on equal pay and provides information on the topic on its website (www.antidiskriminierungsstelle.de). However, since the Agency's remit is to provide information and support to all groups suffering or wishing to address discrimination (and not exclusively women), and since only individual equal pay claims are possible under German legislation, it currently has very limited scope for action to initiate proactive schemes aimed at redressing inequalities for whole groups. Like most other countries, Germany has refrained from systematically introducing gender-neutral job evaluation schemes.

Disconnected job evaluation pilot schemes have been undertaken in the past. For instance, over a decade ago the union ver.di commissioned the application of the ABAKABA (Analytical Assessment of Work by Katz and Baitsch) job evaluation scheme to service and service related jobs in Hanover, with a view to assessing the case for women's jobs to be upgraded. The evaluation scheme complied with requirements for standardisation across organisations, was an analytical (not a summary) scheme, and took psycho-social as well as other elements of work into account. It was applied to both salaried and waged employees, matching graduate librarians with graduate engineers, senior technical/medical assistants with qualified gardeners, geriatric nurses with technicians, and kitchen assistants with road sweepers or sewage workers. The evaluation exercise resulted in a substantial upgrading of the jobs dominated by women, because these jobs - particularly those concerned with care of the elderly - required psycho-social (or what we might today label 'interpersonal') skills that are overlooked in conventional wage setting processes. Interestingly, the process also revealed that physical demands were characteristic of a greater range of women's than men's jobs (Krehnke 2002; Stefaniak et al 2002).

Also over a decade ago, the German Ministry for Family Affairs, Senior Citizens, Women and Youth published a comprehensive and detailed code of practice on the implementation of equal pay for work of equal value (Tondorf and Ranftl 2002). This also laid out the principles and processes involved in undertaking discrimination-free job evaluations. However, it appears that the political commitment to following through these kinds of initiatives has weakened considerably, and there remains no real appetite for implementing these measures other than volutaristically.

Ireland

There is a lack of reference to job evaluation and work classification systems in Irish legislation (Barry 2002), and activity on either appears to be weak or non-existent. The Gender and Pay Project of the Irish Congress of Trade Unions carried out activities on gender equality at work in a number of areas, including job evaluation, but this was some time ago, and today, to our knowledge, neither job evaluation nor work classification are routinely covered in collective bargaining in Ireland.

However, in Northern Ireland, a job evaluation scheme was implemented in the Department of Education in 1994. After a very protracted implementation period, the project was unsuccessful, largely because of lack of expertise by evaluators, a failure to

apply generic job descriptions and a failure to establish consistency in job re-grading (Northern Ireland Assembly 2008).

Slovakia

The Slovak trade union KOZ (SK) states that the rules and criteria set for job evaluation systems are gender-neutral. Moreover, no information is available on how widespread their implementation is and whether jobs have been reclassified as a result of these schemes.

Spain

The Workers Statute states that job evaluation schemes have to be free of direct and indirect discrimination. They can be established through collective bargaining, or at company level with workers' representatives. However, freedom from gender-bias is not always achieved in practice. The Instituto de la Mujer published a code of practice for job evaluations as long ago as 1999, and has been actively providing guidance on job evaluation since. However, its advice has been only partially adopted by employing organisations; according to the Spanish trade union CCOO, gender-biased criteria in job evaluation systems persist.

In 2007, a recognition scheme was established by the Instituto de la Mujer to support employers developing job evaluation and work classification schemes which seek to revisit the criteria for valuing work, and to move away from traditional gender biases in work classification.

A 'Special Plan for the equality of women and men in the workplace and wage discrimination 2014-2016', currently in preparation by the Ministry of Health, Social Services and Equality with the Ministry of Employment and Social Security, will include training of social policy planners, promotion of codes of good practice on remuneration and job classification, procedures for working with the social partners in adapting to job classification systems developed through collective agreements, and for the detection and prevention of potentially discriminatory clauses in collective agreements on pay and job classification systems.

Conclusions on the case for Recommendation 3

What are the current requirements in the selected Member States regarding work evaluation and job classification?

The introduction and application of job evaluation systems has been both uneven and fraught with difficulties. There are no legal requirements regarding their implementation, and in recent years, little progress has been made in revising classification and evaluation systems with a view to gender equality, even when this item is on the social partners' agenda.

Within the Member States selected for analysis here, Finland has the best practice in implementing job evaluation schemes. These have been primarily applied in national and local government, though also in some private sector collective agreements. Job evaluation schemes have been developed and applied most widely in countries not directly covered in this report, specifically the Netherlands and the UK. In the UK, the National Health Service

and local government have led the way in the implementation of job evaluation. In the Netherlands, a job evaluation system was introduced into the health service a decade ago. This bore some similarities to the UK systems used in the NHS and local government: each job had its own job description and was linked to a specific salary. It gave more weight to caring tasks compared to managerial tasks than other systems.

Even in Finland, however, the potential impact on equal pay has not always been realised, where budget cuts have made job upgrading unaffordable in public authorities. We can assume that this is likely to be a more widespread, and continuing, problem in the context of the austerity policies being implemented in several Member States.

There is a wide variation in the guidance available on how to ensure neutrality in job evaluation systems. In the UK, several bodies, including the Local Government Employers and the Equality and Human Rights Commission, provide guidance on criteria for valid job evaluation, and checklists for avoiding sex discrimination in the design and implementation of job evaluation systems. Guidance has also been developed by consultants and equal pay professionals in other Member States, but the availability of systematic assistance is somewhat uneven. The DGB has highlighted the difficulties of not having such instruments in Germany.

Trade unions across the EU also report continued difficulties relating to the issue of work of equal value.⁶ These difficulties are linked to the lack of legal definition, or due to lack of mechanisms for assessing equal value (particularly gender-neutral job evaluation schemes). A key obstacle to enforcing the principle of equal pay for work of equal value is the process of identifying and defining appropriate comparators. In Spain, for example, there is no definition of 'work of equal value' provided in legislation, and this poses one of the major difficulties faced by the trade unions in establishing equal pay. The identification of comparators is identified as a particular problem in countries with high levels of occupational segregation, increased outsourcing (which has particularly affected women's jobs), and difficulty in accessing information regarding the comparator.

For many unions, a very important and related issue is the one of the low pay and undervaluation of women's work in certain sectors. The social care sector is an example of a sector where the low grading of women's jobs has been a key factor in the unequal pay of women, and where job re-grading has huge potential to narrow the gender pay gap.

What are the estimates on the scale of hidden pay discrimination based on biased pay-scale definition?

In the Member States where analytical job evaluation and classification schemes have been implemented, they have advanced pay equality. In Finland, for example, the introduction of pay systems based on the complexity of the job and personal performance is seen as having contributed to closing the gender pay gap in the state and municipal sector, as well as in some private sector organisations (EPSU 2011). In the UK, the introduction of job

⁶ ETUC consultation with national affiliates, reported in a letter from Bernadette Segol, ETUC General Secretary, to Françoise Le Bail, Director General, European Commission, 16 November 2012.

evaluation in the National Health Service (NHS) and local government, the Agenda for Change pay bands in the NHS and the Single Status Agreement in local government created single pay scales for all employees (Pillinger 2004).

There are no estimates available on the precise amounts by which the gender pay gap has closed, nor on the scale of hidden pay discrimination in Member States and sectors which have not moved to introduce such schemes. However, we can identify the occupational groups concerned from the Finnish, Dutch, and British experiences, as well as from the pilot projects conducted in Germany a decade ago. In the UK, for example, the extra amount paid to local authority workers as a result of closing the gender pay gap through the use of job evaluation and pay reviews has been £1.5bn (€1.76bn) to date⁷.

Were such schemes to be implemented in all EU Member States, they would abolish pay discrimination affecting several million employees in the public sector alone (though many of these jobs are increasingly subject to service privatisation). In the NHS for instance, the following job profiles were created through job evaluation, and indicate the range of occupational groups affected⁸:

- Administrative services: Administration, Finance, Human Resources, Information Management and Technology, Information Services, Office Services, Patient Services, Public Relations
- Allied health professions: Art Therapy, Chaplaincy, Clinical Psychologists, Counsellors & Psychotherapists, Diagnostic & Therapeutic Radiography, Dietetics, Generic Therapy, Occupational Therapy, Orthoptists, Physiotherapy, Play Specialists, Podiatry, Public Health, Health Improvement, Health Promotion and Clinical Governance, Sexual Health, Speech & Language Therapists
- Emergency services: Ambulance Services
- Health science services: Anatomical Pathology, Biomedical Scientists and Clinical Support Workers, Clinical Sciences, Cytology, Dental Services, Genetic Counselling, Healthcare Science - Generic, Medical Technology, Optometry, Pharmacy, Theatre Practitioners
- Nursing and midwifery: Community Services Nurses, Dental Nursing, Health Visitors, Midwifery, online healthcare advice, Nursing Services, Theatre Nurses
- Professional Managers
- Personal Social Services and Support Services: Catering, Estates and Maintenance, Hotel Services, Security, Sterile Services, Stores, Supplies and Procurement

Other occupations which have been identified as potential beneficiaries from the application of job evaluation schemes are:

⁷ The additional cost of local government pay estimated by the Chief Executive of the Local Government Employers <http://www.lge.gov.uk/lge/core/page.do?pageId=658436>

⁸ These are the national job profiles which have been agreed by the Job Evaluation Group which is part of the NHS Staff Council and has representatives of both the NHS trade unions and NHS organisations in the UK. They are accessible online at: <http://www.nhsemployers.org/PayAndContracts/AgendaForChange/NationalJobProfiles/Pages/NationalJobProfiles.aspx>.

- Childcare workers (Finland)
 - Clerical, secretarial and administrative workers in local government (Austria, Finland)
 - Elderly care workers (Austria)
 - Geriatric nurses (Germany)
 - Home nursing and home care workers (Austria, UK)
 - Household service workers (Austria)
 - Kitchen assistants (Germany)
 - Librarians (Germany)
 - Refugee support workers (Austria)
 - Social workers (UK)
 - Women's aid and women's project workers (Austria)
- (Hastings 2002; Krehnke 2002; Ranftl 2002; Rantanen and Aitta 2002).

In what ways can the introduction in Directive 2006/54/EC of provisions regarding the compliance of job classification with the principle of equality between women and men help delivering equal pay?

The Directive stipulates that when a job classification system is used for determining pay, it should be based on the same criteria for both men and women, and so drawn up to exclude any discrimination on the grounds of sex.

The Member States of the EU clearly have a considerable way to go in implementing equality-compliant job classification systems. There are several ways in which the implementation of these systems would help in delivering equal pay. On the basis of the experiences of countries and sectors which have introduced such systems, there is the obvious potential for many millions of employees in the public sector, and, to a lesser but growing extent, in private enterprises, to be directly lifted out of pay inequality and/or low pay by having their jobs re-graded.

Job classification, coupled to restructured pay systems, can effect a major reduction in the gender pay gap through reduced 'extras' in wage packets, such as bonuses and overtime premiums (Bettio et al 2012). This suggests that a coordinated effort to introduce such systems across the EU, and so to reduce such wage elements, would have a significant role to play in delivering equal pay.

However, there are preconditions to the success of these systems, connected to sufficient resourcing:

- Proper training and guidance on their application is important to ensure that evaluators have the necessary skills to exclude discriminatory criteria and eliminate the risk of poor quality and costly evaluation processes.
- Proper project management is needed to ensure that processes involving changes in job classification systems are properly planned and implemented, particularly where large organisations involving many diverse groups of employees are involved. The attempt to introduce a discrimination-free system in Northern Ireland Department of Education, discussed above, was partly hampered by poor project planning which did not take account of the complexity of the job grades involved. The European social partners have also drawn attention to the challenges inherent in implementing

a significant overhaul of pay systems (ETUC/UNICE/ UEAPME/CEEP 2005). They have highlighted the importance of planning and spreading the implementation over a sufficiently long time period to ensure the financial stability of the approach and to avoid jeopardising the financial position of employing organisations.

- Therefore, proper financial resourcing is needed to ensure that the necessary expertise can be developed or bought in and the necessary time devoted to the evaluation and classification exercise.

Some indirect benefits for the achievement equal pay through the diffusion of equality-compliant job classification can also be identified.

- Capacity building: organisations, including social partners, which implement equality-compliant job classification systems undergo a considerable learning process in both equality principles and job valuation methods. Such expertise, as well as being valuable in its own right for advancing equality skills, can also be used in other industrial relations and human resources contexts.
- Sustainability: once a job classification system has been developed and implemented, it has systematically captured and attributed a value to the different elements which make up a job. This means it becomes transferable and therefore sustainable. The multiplier effect of this means that subsequent applications of such systems benefit from the efforts of first movers.

III. Recommendation 5: Social dialogue

“Members call on the Member States, while respecting national law, collective agreements or practice, to encourage social partners to introduce gender-neutral job classifications, enabling both employers and employees to identify possible pay discrimination based on a biased pay-scale definition. Management can play an important role not only with regard to pay equity, but also in terms of creating a climate to support the equal sharing of care responsibilities and careers advancement for both male and female workers. The social partners should be empowered to put equal pay issues on the agenda, not only within their own sectors, but also to opt for an intersectoral balance. The Commission should work out an operative, practical and user-friendly guidebook for social dialogue in companies and Member States.”

What is the role of collective representation and social dialogue in improving the delivery of equal pay?

What are Member States’ best practices in this field that could provide the basis for an operative guidebook for social dialogue?

The social partners can play a key role in influencing the gender pay gap through collective bargaining. Eurofound (2010) identifies two mechanisms which make a difference: centralised collective bargaining and the establishment of minimum wages. Other research has highlighted the importance of collective bargaining and the threat to equal pay caused by decentralised and individualised pay-setting (see, for example, Plantenga and Remery 2006; Eurofound 2010; Olsen et al 2010). The ETUC also notes that the decentralisation of collective bargaining is a constraint to achieving equal pay,

because it facilitates the negotiation of individual contracts, including remuneration and benefits packages which can foster indirect discrimination. Decentralised bargaining also makes it difficult to identify comparators, particularly in sectors dominated by one sex.⁹

In the evidence from the Member States covered by this report, the following processes associated with collective representation and social dialogue were found to be particularly important in advancing equal pay:

- Joint pay surveys and equality plans
- Partnership arrangements
- Negotiation of low pay, equality allowances, and sector specific minimum wages
- Gender impact assessments of collective agreements
- Training of officials and workplace representatives in equality bargaining
- Awareness raising to challenge gender stereotypes within sectors and in the minds of the public.

Joint pay surveys and equality plans

The Finnish tripartite 'Equal Pay Programme' was implemented between 2006 and 2011. This covered the role of collective bargaining in reinforcing equal pay, measures to dismantle gender-based occupational segregation, ways to support women's career development and female leadership, the development of wage systems and parental leave to promote work-family balance. The programme had the objective of reducing pay inequality by 15% by 2015. Even though the quality of the plans and pay surveys were found to be flawed when the programme was evaluated, the gender pay gap decreased by 1% as a result of collective agreements on equal pay and structural changes including the introduction of new analytical pay systems, equality planning and pay surveys, and career development for women (Meulders et al 2011; Saloniemi 2011; Khoreva 2012).

Partnership arrangements

In Ireland, wage bargaining has been centralised at the national level through the 'Social Partnership' process since 1987. The outcome of this process is known as the National Wage Agreement (NWA), which is determined by negotiations between the Government, the main employer bodies and trade unions. Each NWA tends to be tailored to medium-term national economic and social needs, and often builds on its predecessor. Through the social partnership process, the national minimum wage was introduced in Ireland in April 2000. Around 50% of the Irish workforce is covered by the NWA (McGuinness et al 2011).

Negotiation of low pay, equality allowances and sector-specific minimum wages

From 1988 to 2005 in Finland, the sectoral gender equality and low-pay bonus, or equality allowance, have been agreed by the social partners to tackle pay in sectors with a high gender pay gap. An equality allowance of 2% is earmarked for employees in female-dominated occupations in the public sector. Of this, 1.5% is allocated to low-paid

⁹ Letter from Bernadette Segol, ETUC General Secretary, to Françoise Le Bail, Director General, European Commission, 16 November 2012.

employees. In the government agreement for 2007 and 2010, it was agreed that 0.2% of the government payroll would be used to help bridge the gender pay gap.

The German services union ver.di has negotiated sector-specific minimum wages in the care and waste sectors, both of which are low-wage sectors, and is seeking to extend this to other sectors. Thus, the union has managed to achieve higher pay in fields in which women typically predominate. However, the union states that the progress it can make on this issue is limited by employers' reluctance to consolidate and implement the provisions of this agreement. The federal government is also unwilling to incorporate the negotiated commitment into the Employee Secondment Act (*Arbeitnehmerentsendegesetz*), which if done would make it more generally applicable.

The union has included a flat rate element in its public sector pay negotiations which create higher percentage increases for the low-paid. It also provides training in identifying and removing possible causes of discrimination, including performance-related pay and bonus payments.

Gender impact assessments of collective agreements

Collective agreements and measures taken in the context of collective bargaining need to be monitored and evaluated to check their effectiveness of measures, and to establish benchmarks for measuring progress. Even where collective agreements incorporate the principle of equal pay, monitoring and evaluation is not widely practised.

Good practice is evident in Finland. In 2009, Finnish labour market confederations renewed an existing recommendation for assessments to be made of the gender impact of collective agreements. Thus, for example, in the Collective Agreement for Government Employees for 2010-2012, it was agreed that gender impact assessments of collective agreements would be conducted, with special attention to the gender impact of pay system and working time agreements. Gender impact assessments have also been made of several private sector collective agreements, such as the 2010-2011 collective agreement for health services employees, the collective agreements in the hotel and catering sector, and the collective agreement of the Employers' Association for Service Enterprises.

Training of officials and workplace representatives in equality bargaining

Both the Irish Congress of Trade Unions (ICTU) and the Slovak trade union confederation (KOZ SR) have developed training programmes to enhance the skills of officials, activists and works council representatives in negotiating for equality in employment.

Awareness raising to challenge gender stereotypes within sectors and in the minds of the public

The social dialogue process has been used to challenge stereotyped attitudes to different occupations, including initiating or supporting measures to promote the recruitment of women to technical or other male-dominated occupations. This has happened in the French energy sector and the UK fire-fighting service.

Equal Pay Day is marked throughout Europe every February or early March. Unequal pay means that women only begin to be paid for their work after about 59 days of

working effectively for nothing. This moment in the year, which differs slightly from year to year depending on the size of the pay gap, is marked as an awareness-raising device in many EU Member States. The Spanish Unión General de Trabajadores (UGT), among many others, has commemorated Equal Pay Day every 22 February since 2010 (UGT 2013). This can be useful in situations where political support for, and public awareness of the case for, equal pay, is weak.

Conclusions on the case for Recommendation 5

Social dialogue processes can be vital in advancing pay equality, for several reasons. They provide an established mechanism of cooperation for the negotiation and delivery of equal pay through localised or sector-based strategies for equality. They provide the context within which training can be delivered, learning can take place and capacity can be built among all participants. They can also have a multiplier effect by challenging occupational stereotypes in other sectors, or in supporting public awareness of the case for equal pay.

Additionally, social dialogue-based equal pay campaigns can drive the agenda forward even in situations where national governments exhibit reluctance to address the issue, and so add considerable value to the efforts made by political institutions, by public agencies, and by equality activists. In Germany, for example, the trade unions have noted insufficient political will to make further progress in eliminating the gender pay gap, or to implement a minimum wage policy. Here, the role of the social dialogue has been critical, particularly in the care and waste sectors.

The social dialogue process is not problem-free when it comes to achieving pay equality. Lack of equal pay competence or interest among social partners can result in poor quality collective agreements which do not sufficiently tackle the problem. In Spain, for instance, there are substantial differences in the quality of collective agreements concerning equal pay in different economic sectors; female-dominated sectors such as wholesale and retail, and textiles, still have the lowest negotiated wage increases (Eurofound 2010). The reluctance of one side of the social partnership to address equal pay can make it difficult for the other to make progress. This has been noted by German trade unions, and there is a suspicion that the problem has been exacerbated by the current economic crisis.

In the southern European countries, exemplified by Spain, the social partners are in a constant struggle against both economic and political austerity: successive labour market reforms there have had a particularly negative impact on public sector workers, and have led to a widening of the gender pay gap. This has not been helped by the Spanish national minimum wage scheme, the Salario Mínimo Interprofesional (SMI), which failed to affect the overall gender pay gap because it was set at too low a level in relation to the average salary (Eurofound 2010).

Clearly, the social dialogue process has an important role to play in offsetting reductions in workers' terms and conditions through privatisation or economic crisis which might affect pay equality. The privatisation of public services throughout the Member States of the EU threatens to move many millions of formerly public employees into enterprises with very different cultures and practices regarding pay. As we have seen equal pay is

far less advanced in the private sector than in the public sector, so this development could be very serious for the project of pay equality. The economic crisis, in addition, has had a devastating effect on public service employment, as well as on the subsidies and benefits which are paid to augment women's low pay.

IV. Recommendations 6 and 7: Prevention of discrimination and gender mainstreaming

Recommendation 6: Prevention of discrimination

"Parliament states that specific reference should be made to pay discrimination in Article 26 (on prevention of discrimination) of Directive 2006/54/EC, with a view to ensuring that Member States, with the involvement of the social partners and equal opportunity organisations, adopt:

- specific measures relating to training and job classification, aimed at the vocational-training system and designed to remove and prevent discrimination in training and classification and in the economical valuation of skills;
- specific policies to make it possible to reconcile work with family and personal life, covering high-quality and affordable childcare and, as well as maternity, paternity, parental and family leave;
- concrete actions to redress the pay gap and gender segregation;
- a clause in public contracts requiring respect for gender equality and equal pay for equal work.

Recommendation 7: Gender mainstreaming

"The Commission is called upon to gear itself to providing assistance to the Member States and to stakeholders as regards practical measures to bridge the gender pay gap by, inter alia: devising reporting schemes for the purposes of assessing pay gaps between men and women; creating a data bank containing information concerning changes to the systems for the classification and the organization of workers; collating and disseminating the results of experiments relating to the reform of work organisation; distributing information and guidelines on practical means, particularly for SMEs of redressing the pay gap, including national or sectoral collective agreements; developing a European equal pay quality certificate in cooperation with social partners and associations."

Current situation in the selected Member States

Specific policies to make it possible to reconcile work with family and personal life

One of the most important factors in the gender pay gap is the 'care penalty' which reduces women's opportunities to participate and progress in paid employment, particularly in decent work, decently paid. In the EU27, 28.3% of women were inactive or in part-time work because of lack of care services available for children and other dependents. A key mechanism by which the pay gap can be closed, therefore, is by supplying childcare and/or equalising women's disproportionate responsibility for care of children and other dependents. What have the Member States done in these areas?

Finland had not matched its Scandinavian counterparts in reaching the Barcelona target of 33% of children under 3 in childcare by 2010 (European Institute for Gender Equality 2011), but does guarantee free childcare for low income groups. The provision of care for a sick child has also been discussed in social partners' negotiations and trials have been carried out in some government agencies.

In terms of maternity, paternity and parental leave, best practice is often achieved through the social dialogue. For instance, government, municipal and many private-sector collective agreements include a provision granting full maternity leave pay for 72 working days, or approximately 3 months. Thereafter, the mother is paid a parental allowance from health insurance. The social dialogue has also focused on the extension of the parental leave earmarked for the father, which is lower in Finland than in the other Nordic countries. Parental leave legislation has been amended, and from autumn 2013, fathers' leave will be extended to five weeks.

In Germany, according to a report by the Institute for the Equality of Women and Men, the numbers of fathers sharing parental responsibility has steadily increased since the introduction of parental leave, from 3.5% to 18.6% in 2009, following its introduction, (eu-trio.be 2010). The report also notes the increasing acceptance by employers of fathers who take their parental leave entitlement, and increasing numbers of companies implementing family-friendly policies under the banner of the 'Success Factor Family' network (eu-trio.be 2010). German employees in enterprises with 15 or more employees are legally entitled to work part-time, although it has been noted that taking parental leave lengthens the qualifying times needed for promotion, and taking parental leave of more than 5 years leads to a worker being downgraded (Eurofound 2010).

Since 2008, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth has been running an action programme entitled 'Perspektive Wiedereinstieg' (Perspective Reintegration) (www.perspektive-wiedereinstieg.de). The programme aims to support women returning to the labour market after several years of absence because of family responsibilities, and to raise awareness among employers of the potential of women returners.

Childcare provision has been addressed very seriously in Germany following the establishment of the Barcelona targets in 2002, and provision has improved substantially. Childcare is also included in some German employers' gender equality plans. In general, however, Germany still lags behind many of its EU counterparts in the provision of childcare; with 25.2% of under three year olds covered by childcare in 2011, 45.9% of German women find themselves inactive or in part-time work due to the lack of care provision (European Commission 2012; Oliver and Mätzke 2012).

In Ireland, the Equal Opportunities Childcare Programme 2000-2006 was implemented with support from the European Social Fund to create over 36,000 centre-based quality childcare places. This was an increase of over 60% in the national stock (eu-trio.be 2010). The subsequent National Women's Strategy 2007-2016 introduced reforms to parental leave, and extended the duration of maternity leave. The number of women taking unpaid parental leave also increased.

However, an analysis of the gender pay gap in Ireland (McGuinness et al 2009) raised a question mark over the appropriateness of this type of policy approach in the Irish context. It found that the gender wage gap is increased by breaks in employment resulting from child care and other family responsibilities, which reduced their ability to return to their former levels of employment and created gaps in their professional experience. Part-time work also widened the gender pay gap by 1.9%. The report concluded that policies to support continuity in women's employment are therefore needed to reduce the wage gap in Ireland. Its analysis highlights the complexity of the gender pay gap and the importance of context-sensitive policies to address it.

The Spanish Instituto de la Mujer (Department for Equality) conducted a collaborative project between Spanish and Norwegian local government bodies to develop and implement new work-family conciliation policies. The project ran from 2008 to 2011, and culminated with a pilot exercise in the design and implementation of work-life balance plans in ten Spanish local authorities. It is proposed that this project will be continued as one of the measures of the Special Plan for the Equality of Women and Men in the workplace from 2014 to 2016.

Slovak women on maternity and parental leave are reported to be increasingly vulnerable in the labour market. They experience problems returning to work afterwards, and encounter barriers to their re-entry. While provision of childcare has declined dramatically since the transition to a market economy, work-life balance policies have not been widely implemented, and the overall cultural expectation that women will work on the same basis as men no longer prevails.

Actions to redress the gender pay gap and gender segregation

The Finnish Ministry of Finance has researched and given recommendations on promoting women's career development in the state administration. In 2009, recommendations were made in the areas of recruiting, education and career development. Particular attention was paid to the need to increase the number of women in senior management. 86% of the workplaces in the government sector have an equality plan in place. Despite this, there is potential for improvement in the quality of these plans and of income surveys carried out by employers (Meulders et al 2011).

The German government and key employers' organisations have signed an agreement to promote gender equality in the workplace, by improving training and career prospects for women, creating better work-life balance for both sexes, increasing the proportion of women in occupations, industries and management positions that are currently male-dominated, and reducing the gender pay gap (Eurofound 2010).

Since 2009, the pay audit instrument Logib-D has been made available to German establishments online to use on a voluntary basis. Most of the five hundred plus establishments which have made use of the tool are doing so in the context of restructuring their pay systems or increasing their efforts to promote women. It is, however, only applicable to directly comparable jobs, not to analysis of equal pay for work of equal value, and there are no penalties for any pay discrimination which it reveals.

Towards 2016, the Irish national social partnership agreement of 2006 contained a large number of commitments in the field of gender equality. These included actions by the social partners to encourage greater numbers of women to advance to higher levels in their chosen occupations. This was to be encouraged through training and through reviews of equality policies within organisations (Eurofound 2010).

The Irish Equality Authority's EU-funded Equality Mainstreaming Unit currently facilitates and supports institutional change within providers of further education, training and labour market programmes; within small to medium enterprises; and within employers' and trade unions' networks by strengthening their capacity to combat discrimination and to accommodate diversity. This work, however, covers all equality strands and not only gender equality, and is not specifically focussed on the pay gap (Equality Authority 2012).

The National Women's Strategy 2007-2016 set the Irish government's priorities specifically for women, including reducing the gender pay gap. The strategy has been implemented through a series of non-binding social partnership agreements. The agreements established a consultative group on male/female wage differentials, which in turn recommended greater investment in childcare, enhanced flexible working arrangements, and a review of occupational segregation by employers. However, the focus of the actions being pursued under the Strategy is now on the representation of women in decision-making, and the gender pay gap appears to have slipped down the policy agenda in Ireland.

These measures all rely on voluntary actions by government and social partners working in cooperation with one another. Other measures designed to address occupational segregation operate principally through awareness raising. An example is the German pact for women in Mathematics, IT, Natural Sciences and Technology (MINT) careers, a scheme to attract more girls to these fields, and an awareness scheme to support the increased entry of women to managerial positions. Equal-Pay-Day has been celebrated as an awareness-raising event by several Member States, including Germany, since 2008.

Legislation currently being debated in Ireland includes the promotion of an equality duty in public bodies, in which the latter will be required to take account of equality issues. There is currently no compulsory public sector duty or provision for contract compliance in Ireland; indeed, stronger public sector duties which also involve monitoring and reporting, such as those in operation in northern Ireland, or in the UK, are not favoured by the Irish Republic because they are deemed to be too bureaucratic and onerous upon employers.

Spanish actions to reduce gender segregation and the gender pay gap have been ambitious, comprehensive, and, as far as they have been adopted, apparently effective. The Spanish pay gap stood at 15.7% in 2010. According to the Spanish Instituto de la Mujer (Department for Equality), it has been substantially reduced, due to the implementation of the Workplace Equality Recognition Scheme (*Igualdad en la Empresa*). This scheme rewards measures taken by organisations to improve employment and working conditions. These can include:

- Providing employment and pay data broken down by gender, age, employment contract and job category.
- Improving access to work and career development opportunities consistent with principle of equality and non-discrimination, and avoiding direct or indirect discrimination.
- Applying job classification criteria and pay systems to eliminate direct or indirect discrimination.
- Establishing working time arrangements to facilitate work-family balance.
- Providing training to address women's poorer qualifications, and to facilitate their access to jobs where they are under-represented, especially those with higher responsibility, diversity, creativity and remuneration.
- Improving the representation of women in decision-making positions.

Winners retain the certification for three years so long as they submitted reports annually to the Office for Equality in Employment and Anti-Discrimination, thus demonstrating their continued commitment. General information and support to social partners, employees and equality practitioners on equality and non-discrimination are made available through the scheme's portal (www.igualdadenaempresa.es).

In 2009, the Slovak Government adopted a Memorandum of Cooperation with the Confederation of Trade Unions of the Slovak Republic on the implementation of gender equality. This aimed to intensify the implementation of gender equality and to contribute to the reduction of the gender pay gap and it represented the Slovak contribution to the European Commission's 'Equal pay for equal work' campaign.

In the countries covered for this report, the public sector has provided more fertile ground for gender mainstreaming than the private sector, but this approach remains under-utilised. In Germany, the Federal Equality Act for the Public Sector imposes a duty on public sector organisations to promote equal opportunities and report on the outcomes. This applies at both federal and state levels, and requires gender neutral job advertisements, equal numbers of men and women to be invited for interviews for posts in which women are under-represented, equal representation on selection committees, interruptions to work for family reasons, family friendly working hours and conditions, and opportunities to move from part-time to full-time work. In Spain, the 2007 Gender Equality Act included a clause requiring the promotion of equality in the public sector with respect to employment and training, gender balance in recruitment committees, and gender equality monitoring.

Practical measures undertaken by the social partners in the sample Member States include:

- In Finland, the inclusion of gender pay in the bargaining agenda of a national agreement through the inclusion of the equality allowance for public sector workers
- In Germany, the development of a gender mainstreaming checklist for negotiators by the trade union ver.di
- In Ireland, the inclusion of a provision to reduce the gender pay gap in the national partnership agreement of the early 2000s. This included a national benchmarking exercise to bring public sector earnings into line with private sector earnings

- In Spain, a comprehensive list of equality provisions to be included in collective agreements was drawn up. This list included non-discrimination clauses, affirmative actions to improve women's presence in specific sectors, and measures to improve work-life balance for both sexes.

Amending Directive 2006/54/EC:

Conclusions on the case for Recommendations 6 and 7

The implementation of special measures and gender mainstreaming actions on equal pay by Member States is both partial and uneven. The most widespread measures are those connected with the pursuit of work-family reconciliation, or work-life balance more broadly. The public sector has been a key driver; in some countries the social partners play a vital role. Much less common, and harder to detect, are practical and highly targeted measures such as pay reporting schemes, data banks capturing work classifications, practical guidelines for stakeholders, and equal pay recognition schemes.¹⁰

The case for amending Directive 2006/54/EC rests on three characteristics of the measures that are currently being pursued:

- Their coverage
- Their force
- Their processes.

Coverage of existing special measures by Member States

It is striking that several of the special measures being implemented are focussed on a single aspect of the gender pay problem, rather than taking a systemic approach to the issue. So, for example, many measures address occupational segregation in the workplace; very few, however, link the problem and its solution to the nature of vocational education and training, or indeed to educational and career gender stereotypes formed in children and young people from an early age. We know that the gender pay gap is a very complex issue, arising from gender discrimination or disadvantage in several social spheres. For this reason, it is likely to require a multi-faceted response in the form of a policy which involves several interlocking measures that can be implemented simultaneously. Since the causes of the gender pay gap vary across Member States (even in the small sample covered in this report), such an approach would also have the merit of assisting Member States in developing suites of policies with emphasis most appropriate to their specific circumstances.

The second key characteristic of the measures currently being pursued in the Member States is their lack of force. There is very little by way of compulsion on the social actors to close the pay gap through their actions. Rather, the principle measures being followed

¹⁰ Such measures do exist, but largely outside the countries sampled for this report. In terms of national policy measures, the Nordic countries remain at the leading edge. Guidance on conducting pay audits has been published in the UK, for example, by the Equality and Human Rights Commission. There is also a considerable degree of trade union interest throughout the EU in addressing the pay gap through the provisions of collective agreements; this is sometimes converted into guidance tools.

involve promotional and awareness-raising activities, or voluntary actions. Although this has validity, experience has shown that it is insufficient to guarantee that awareness is actually raised, that action is actually taken, and that it is effective. For example, the persistent gender inequality in science, technology, engineering and mathematics (STEM) courses and careers has been a cause for policy concern for well over thirty years, and has been the subject of numerous awareness campaigns during that time. The European Equal Pay Day uses a similar approach to the awareness campaigns aimed at attracting and retaining more women in scientific careers (European Commission 2012). Yet neither have been demonstrably successful in changing fundamental social structures and practices, and possibly because they lack force, their impact has been disappointing (Webster 2011). Voluntaristic measures such as these place considerable reliance on the willingness of the stakeholders (in employing organisations, in social institutions, and in individual families) to make fundamental changes in their ways of addressing the inter-relationship between work and reward. Not all groups of stakeholders have shown themselves willing to do so until now, and there is no reason to believe that this situation will change.

The third feature of these measures is their often short-term nature, and this is related to the processes involved in their implementation. Even where there is an element of compulsion in the measure itself, as in Finland, or the potential for compulsion, as in the Irish discussion of the possibility of implementing an equality duty in public bodies, follow-up mechanisms for ensuring compliance, monitoring results, assessing effectiveness and if necessary revising the action, are rarely involved. Even the simplest of measures - data collection on pay gaps between women and men - is still an under-used tool for combating pay inequality, particularly at enterprise level. It is therefore likely that a considerable degree of pay discrimination is under-reported, and therefore remains unaddressed. So there remains a fundamental need for systematic, relevant and up-to-date data, not only for policy makers, but also for equality bodies and social partners, and for unions and employees in workplaces. It is also vital for raising awareness of the equal pay problem at all levels.

Careful research has shown that, following a clear analysis of the problem and collection of data on the issue to be addressed, effective gender equality measures require time and resources, constant review of the changes effected, and evaluation of the measures used to address the problem, reviewing, where appropriate, the model for change (see for example, Olgiati and Shapiro 2002). This is necessary so that appropriate policies may be developed and refined. Yet this is rarely done in the equal pay measures analysed here. There is therefore considerable scope for using an amended Directive 2006/54/EC to improve the ways in which measures are monitored, followed up, enforced, evaluated, and sustained.

Aside from the practical and public accountability merits in following such processes, failure to do so makes equal pay measures vulnerable on two fronts. First, they are political vulnerable: they can be abandoned or undone when a change of government involves a loss of political commitment to equal pay. This has happened in several EU Member States in recent years. Second, they are economically vulnerable: they appear to be low priority actions in the context of an economic crisis that seems to affect other social

groups more significantly. The crisis, coupled with the austerity measures which some Member States have implemented in response, may have a very serious impact on progress towards equal pay, by reducing both the availability of public sector jobs which are mainly filled by women, and simultaneously reducing the public services which support these women and move unpaid care work out of the private sphere and into the public one.

V. Recommendation 9: Streamlining of EU regulation and EU policy

“Members call for: (i) the evaluation and possible revision of Council Directive 97/81/EC concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC, which prescribes equal treatment between full-time and part-time workers as well as more targeted and effective actions in collective agreements; (ii) the urgent introduction in the Employment Guidelines, *inter alia* regarding access to vocational training and recognition of women’s qualifications and skills.”

Conclusions on the case for Recommendation 9

Evaluation and possible revision of Council Directive 97/81/EC concerning equal treatment for part-time workers

Equal treatment between full-time and part-time workers remains far from having been achieved. There is a considerable gap between part-time and full-time hourly rates in countries such as Germany, and this accounts for a significant component of the overall German gender pay gap. Part-time working also widens the gender pay gap in Ireland by nearly 2%. In the EU overall, women who work part-time earn on average 8.5% less than their male colleagues, and 14% less than women who work full-time (Meulders et al 2011).

Many countries promote part-time work as a strategy for reconciling paid work with domestic responsibilities, and thus as a way to promote female labour market participation. Part-time working may facilitate female labour market participation, and may also represent an important move towards a more female-friendly working time regime. On the other hand, it is currently characteristic of low paid work, represents labour market inequality between men and women, and therefore currently appears to entrench gender inequality. A more equal distribution of paid and unpaid work, together with action to create quality part-time work, would exploit the opportunities presented by part-time work. Stronger policy support is therefore needed to ensure that part-time work is decently paid, decent work, and part-time workers are not discriminated against in pay terms.

At Member State level, the social partners have developed policies to protect part-time workers from perpetual secondary status in the labour market. In Germany, a preferential right of return of part-time workers to full-time posts is frequently negotiated at workplace level; Ver.di has negotiated such agreements in the public sector to give part-time workers a preferential right of return to a full-time post. The *Tarifvertrag für den öffentlichen Dienst (TVöD)*, the collective agreement for the civil service provides for other forms of flexible working to promote work-family reconciliation, including through

working time accounts and corridors. Such opportunities need, however, to be backed by adequate childcare provision if women are to be able to take them up. Evaluation of their impact on women's labour market participation and on equal pay is also necessary.

Properly assessed, there is considerable potential for development of initiatives such as these, both through European level action and through collective agreements at Member State level. Indeed, they raise the critical issue of how women returning to the labour market after a break should be protected. Clearly it is vital, particularly in the contemporary labour market, that women's human capital and the investment made in their education, skills development and expertise should not be lost as a result of periods of maternity. A significant element of labour market inequality, including equal pay, might be overcome if women were able to return without obstacle to their original or a higher level of work after maternity, particularly in the case of women high-level professional or scientific experience.¹¹

In many Member States, women work part-time, and suffer a pay penalty, because domestic and caring responsibilities are not equally shared between partners. A similar problem affects parental leave. Overall, the proportion of fathers who take parental leave remains very low. To take one example, in Germany, despite considerable progress towards a more equal distribution of parental leave uptake, 94% of women take parental leave, compared to 3% of men. German women subsequently suffer a wage penalty when they return to work after a career break for parental leave. In some countries, taking maternity or parental leave also appears to damage a woman's future career development; this issue was raised by informants in Germany, Ireland and Spain. In Ireland, however, career breaks for full-time employees seem to be more positive for closing the gender pay gap than part-time working.

Without safeguards, then, labour market inequalities may be reinforced by gender differences in working hours and leave arrangements. In the short term, such safeguards are urgently required. More fundamentally, a necessary condition for the achievement of pay equality is the transfer of domestic, childcare and educational responsibilities to men.

Introduction to the Employment Guidelines of provisions for access to vocational training and recognition of women's qualifications and skills

Since 2003, the Employment Guidelines have required Member States to identify and introduce measures to close the gender pay gap, including through addressing occupational segregation, education and training, and job classification systems which recognise women's skills. However, the impact of the European Employment Strategy on the pay gap has been relatively weak to date. Rather, it has been a useful source for policy learning, and has helped to establish policy priorities on gender equality and tools for gender mainstreaming (Magnusson et al 2004).

¹¹ Several schemes to support women specifically returning to science, engineering and technology (SET) have been undertaken in the UK, on the basis that there were about 50,000 inactive female graduates who could potentially be attracted back to work in the right circumstances (People Science and Policy/Institute for Employment Research 2002).

On this basis, there is a case for introducing provisions for access to vocational training into the Employment Guidelines, targeted specifically at two groups: (1) women in low-skilled, low paid areas of work, and (2) more qualified women whose skills have lost currency through absence from the labour market. There has been some action by Austrian and Norwegian unions to improve the access of low-qualified women to vocational training, but inclusion of this issue in the Employment Guidelines would help to ensure that it is addressed more systematically across the EU Member States. It is also vital that women returners are not wastefully forced into low-paid jobs inappropriate to their qualification levels simply through lack of access to continuous professional development (Webster 2007).¹² Improving women's access to vocational training is important in maintaining the currency of their skills and supporting their capacity to handle workplace or technical change, particularly after a break from work for maternity or parental leave.

The Employment Guidelines could also be used to support collective bargaining and other ways of getting women's existing skills recognised and re-graded. The German union ver.di has negotiated a re-grading of childcare workers, benefiting many women working in the private sector. Using the Employment Guidelines to support such initiatives would spread understanding and application of this sort of measure in more Member States. It would also disseminate the practice across a greater range of sectors where women are strongly represented but often in low paid occupations – in retail, financial services, private services, personal care, social services and health care.

¹² Women returning to the labour market are often forced to take work below their skill levels, particularly if they are single parents (Dewar 2012).

Chapter 3: Conclusions on the case for further legislative action at EU level

The issue of pay equality between women and men has on the European political agenda for a long time, but the pay gap seems to be an obdurate problem to solve. There has been a striking regularity of policy attention to the issue over the years. In the last decade alone, for example, as part of the 2003 European Employment Strategy, the Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States stated its objective:

'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' (2003/578/EC).

The elimination of the gender pay gap was a priority of the European Commission's *Roadmap for equality between women and men 2006-2010* (COM (2006) final), and a set of practical measures for doing so were discussed in the Communication on *Tackling the pay gap between women and men* (COM (2007) 424 final). These included legislation, employment policies, encouragement and good practice sharing. A European Parliament Resolution of November 2008 made recommendations to the Commission on the application of the principle of equal pay, and these focussed on a set of integrated initiatives: availability of analyses and transparency of data, work evaluation and job classification, the role of equality bodies, prevention of discrimination, gender mainstreaming, the use of sanctions and streamlining of EU regulation and policies.

The persistence of the gender pay gap was again identified in the European Parliament resolution of February 2010 on equality between women and men in Europe. MEPs demanded a better implementation of the principle of equal pay for equal work, and criticised the European Commission for its failure to make a legislative proposal on this issue. The Bauer Report of 2012 again highlights the need for a set of measures to address the gap, identifying very similar issues to those raised by the Parliament four years previously. This chapter of the report reviews the case for EU legislation at this time, in the context of continued and predominantly unsuccessful attempts to close the gap to date.

This review is all the more pressing in the current context of the economic crisis and the introduction of austerity measures in some Member States. On the one hand, a narrowing of pay disparities between men and women has been observed, but this is because, as with developments in employment more generally, the recession is making everybody worse off, men a little more so than women. The narrowing of the pay gap is attributed mainly to cuts in the volatile components of pay packets – bonuses, premiums for overtime, and the like – which are typically more important for men's pay. Men are vulnerable to this type of pay cut because of their stronger presence in private sector employment; in the public sector, where women are mainly employed, these types of pay

premiums are not common. The decrease in the gender pay gap has been consistently greater in the private sector (Bettio et al 2012).

On the other hand, the contraction in public sector employment which is being effected through austerity policies in many Member States is likely to bring about a decline in quality employment for women, and in equal pay. This will affect, first, numbers of good jobs, and, second, the working conditions in the public sector which help to reduce the gender pay gap. Women constitute nearly 70% of public sector employees across the EU overall (Rubery 2013). They have a higher share of both skilled and professional jobs in the public sector than in the private, so cuts, career freezes, or pay freezes, are likely to have a very negative impact on women's career and pay prospects relative to men's across the economy. Other measures, such as the lowering of rates of pay to facilitate competitive tendering which has taken place in Germany, are likely to lower wage floors and substantially increase the potential for low and unequal pay.

The gender pay gap may also be indirectly widened by a decline in the enhanced family-friendly and flexible working opportunities which currently exist in the public sector, or possibly by reduced childcare provision which is relatively well-developed in the public sector. Germany and Spain have both increased standard working hours in the public sector in order to save costs, but the impact on gender equality has not been assessed. Gender equality policies are much more extensively developed and implemented in the public sector, and in many countries they constitute a legal duty. Some Member States are, however, making moves to roll back some of these measures, particularly where they were newly implemented as the economic crisis was taking hold. In Spain, for example, the Gender Equality Act was introduced in 2007 and the equality ministry that it established was abolished in 2010. In other countries, gender equality duties are under review.

I. The benefits of EU level legislation

There has, to date, been considerable variation between Member States in the approaches they have taken to the closing of the gender pay gap. First, levels of policy and practical commitment to closing the pay gap are very uneven across Member States. Second, there is a diversity of strategies to doing so. Some Member States take a legislative approach, while others are more reliant on the social dialogue, or on technical solutions such as job evaluation schemes, new systems of job classification and tools for mapping pay or pay discrimination in enterprises. Others still favour awareness-raising and good practice guidance. Third, follow-up is also variable: while some Member States and their social actors monitor measures and evaluate their impact, many do not. Consequently, knowledge about what measures work is not robust or systematic.

Throughout this report, it has been emphasised that pay inequality is a very complex phenomenon with varying causes and dimensions. The adoption of national level legislation has been found to be a necessary but inadequate precondition for the closing of the gender pay gap. In the context of the increasing obstacles to the achievement of

equal pay, it seems quite clear that higher-level, more concerted action is needed in order to avoid piecemeal policies, though this action must be designed to be sensitive to the different contexts to which it is applied.

The general benefits of strengthened EU legislation would be that:

- This would promote stronger action in Member States where activity is weakest or where closure of the gender pay gap needs particular effort
- It would promote a more systematic approach to the issue in more Member States, by requiring that measures are taken across intersecting social spheres (such as in education, vocational training provision, professional development, childcare and social care), and discouraging piecemeal approaches to the issue
- It could require planning by Member States to develop measures appropriate to the particular causes of the gender pay gap in their contexts
- It could require proper planning of the resources necessary to close the gap
- It would promote more robust monitoring and evaluation of actions, on the basis of Member States' accountability for closing the gap
- It would promote longer-term and more sustained action, which is always essential to address highly entrenched systems of social or cultural practice
- It would demand sharing of experience and expertise between Member States
- It could build political commitment by recognising or rewarding Member States for effective action on this issue, much as they are currently rewarded for fiscal prudence.

Benefits of Recommendation 2 on analysis and transparency of pay

This recommendation would:

- Ensure that data collection and sharing is done much more uniformly throughout the EU, and not just in the 'good practice countries'
- Ensure that existing national legislation can not be interpreted in ways which allow it to be effectively circumvented or its provisions undermined
- Overcome the major barrier that is presented by the low priority afforded to pay transparency within many organisations and Member State governments
- Overcome objections by social partners that there is no need and no benefits to be gained from collecting, analysing and reporting gender pay information
- Ensure that establishments in both the private and public sectors apply good practice
- Ensure that data is both collected and openly shared and analysed by all social partners
- Allow an accurate picture of pay inequality to be drawn, by requiring analysis of all types of wage data, including variable payments
- Build trust between the social partners in the quality of pay data collected, overcoming reservations about the methods used in nationally-collected wage data
- Remove the instances in which employees and their representatives have to resort to tribunals
- Ensure that tribunal cases are not disproportionately targeted at public sector employers because of their relative openness

- Ensure that employees are not vulnerable to victimisation or discrimination because they raise equal pay complaints
- Ensure that all social partners develop competencies in pay data analysis

Benefits of Recommendation 3 on work evaluation and job classification

This recommendation would:

- Ensure much more widespread use of these techniques
- Systematise the identification of pay discrimination in establishments
- Promote the development of common pay scales by sector or country, where appropriate, thus making pay discrimination more difficult to sustain
- Improve the provision of systematic guidance, and the development of expertise, in equality-based job evaluation methods
- Encourage Member States which do not currently have them, to develop legislative definitions of 'work of equal value'
- Improve the identification of comparators across sectors, thus overcoming some of the difficulties posed by increased outsourcing and occupational segregation
- Advance capacity building through improvements in social partners' understanding of, and practice in, equal pay for work of equal value, which is critical to closing the pay gap
- Reduce the element of the gender pay gap which is maintained through variable payments, such as bonuses and overtime premiums
- On the basis of the experience of Member States where use of these systems is advanced, we estimate that their wider application would narrow the pay gap significantly for several million employees in the public sector alone.

Benefits of Recommendation 5 on social dialogue

This recommendation would:

- Improve mechanisms of cooperation in negotiating and delivering equal pay
- Provide an arena in which training and learning on equal pay can be done
- Help to challenge occupational stereotypes across sectors and raise wider awareness of the case for equal pay
- Provide an important source of support for the equal pay policy agenda where national governments are unwilling to pursue it
- Support the social partners in their actions to mitigate the potentially negative effects of public service privatisation, and of financial austerity, upon equal pay.

Benefits of Recommendation 6 on prevention of discrimination and Recommendation 7 on gender mainstreaming

The implementation of these recommendations would:

- Help to widen the coverage of anti-discrimination measures so that they are more comprehensively framed
- Allow links to be made between areas where measures are targeted (vocational training systems, gender stereotyping of skills, and the economical valuation of skills,

for example), thus ensuring more coherence between them and potentially increasing their effectiveness

- Support a move away from purely voluntaristic measures, the effectiveness of which has been shown to be weak, to measures which include some level of compulsion on social actors to close the pay gap
- Promote proper resourcing of specific measures to advance equal pay, in terms of both time and financial resources
- Encourage more robust data collection and monitoring at Member State level, to inform policy making, the establishment of policy priorities and the evaluation of outcomes.

Benefits of Recommendation 9 on streamlining of EU regulation and EU policy

The implementation of this recommendation would:

- Ensure that part-time work and other working arrangements used to manage the demands of work and family are paid decently, attract equal labour rights, and do not damage the career development prospects of those who utilise them
- Support women, including single parents, to return to the labour market after a break
- Improve their access to jobs which are appropriate to, or develop, their skills levels
- Improve their survival capacity particularly in the context of rapid technical changes in the workplace
- Improve recognition of women's (sometimes hidden) skills, facilitating the naming and rewarding of those skills, possibly with permanent implications for the way skills are defined
- Widen the practice of gender-aware skills recognition in sectors where women are numerous but under-valued
- Improve the overall cultural value placed on women and their work in European societies.

II. The distinctive impact of EU level legislation

EU level legislation is clearly needed if a changed approach to achieving equal pay is to be implemented in all countries, and at all levels – European, national, regional and sectoral. The distinctive impact of action at this level, which could not be achieved by action at other levels, is likely to be many-fold.

A common project

EU level legislation would distinctively create a common and coherent imperative across Member States and their social actors to act to close the gender pay gap. It would mean that the commitment and effort involved in addressing inequality would not be borne only by particular types of social actors, as it currently appears to be in some Member States, but become a fully shared project. The challenge here would be to ensure that the 'hearts and minds' of all actors are also engaged in the project, for only then can action be completely committed to.

Gender mainstreaming across policy areas

Many studies agree that a multi-dimensional approach is necessary to effectively tackle the gender pay gap (Rubery et al 2002; Eveline and Todd 2009; Meulders et al 2011). EU level action best placed to do this. Because of the advanced level of understanding of gender mainstreaming at EU level, this type of legislation is also likely to provide the most effective means of implementing gender mainstreamed actions on equal pay. These actions could be distinctive in being connected across different policy areas and therefore in having a greater chance of success than actions taken in only one area.

For example, a strong campaign to definitively address equal pay needs to include challenges to gender stereotyping of occupations which typically begins early in life and has a profound effect on the studies and occupational choices of girls and boys. The campaign for equal pay should also be tied into the education and vocational training frameworks, including the provision of careers advice. These, too, need to be geared to challenging stereotypes, and to providing opportunities for women to move into non-traditional occupations, so action in the two areas should be connected.

In the sphere of employment, social partners have a key role to play in jointly developing gender equality action planning, pay data collection systems, gender-aware job evaluation schemes and work classification systems which recognise and reward women's skills. These, along with working time arrangements, recruitment and progression practices and properly conceived career management programmes for women, will be vital in maximising women's working and earning potential.

Such actions also need to dovetail with welfare policies, such as unemployment support schemes, which should be gender-sensitive, addressing the particular challenges faced by those with care responsibilities in entering the labour market at a level appropriate to their skills and personal circumstances. Mainstreaming equal pay issues into welfare provision also implies ensuring that targets on childcare are met and exceeded, and finding mechanisms to foster more equal sharing of unpaid work generally.

Responding to an increasingly globalised employment environment

Although related to a complex set of social phenomena, unequal pay is most directly shaped within employment. No longer does this process exclusively take place within national boundaries. The growth of globalised organisations means that pay policies in enterprises are increasingly determined internationally, even where they are bargained nationally and collectively. Quite apart from the process of European social dialogue, trade unions and employee representatives recognise that they too need to respond to employment developments at international level. European level action on equal pay can intervene in processes of pay setting in ways which national governments cannot do.

Sharing experiences

A major advantage of mainstreaming equal pay across policy areas at a European level is that it would allow for shared actions and economies of scale across Member States. For example, training for equality-based careers guidance could be shared between different countries, as could pay review training for HR managers in employing organisations.

III. The likely scale of the impact

European level legislation to close the pay gap would have a series of multiplier effects which go well beyond the immediate benefits of better pay and reduced levels of in-work and pensioner poverty. Legislation would have multiplier effects on both equal pay processes and outcomes.

Improved organisational and human resource management

Pay transparency has several proven benefits for organisations in managing their human resources, and not only their female employees. It is therefore likely to have a significant positive impact on their overall performance and public image.

- Pay reviews, systematically undertaken, simplify payroll accounting and analysis of an organisation's wage structures.
- Software tools like Logib-D facilitate pay simulation models, enabling employers to determine in detail how their pay structures would change, and to assess the effects of wage policy measures on pay inequality (Beblo 2011).
- Pay transparency simplifies preparation for collective bargaining, employee recruitment, and employee appraisal processes.
- Equality-oriented pay and human resources policies can have a broader positive effect on employee motivation, job satisfaction, trust, and employee productivity.
- These practices make organisations attractive places to work, improving their 'employer brand' (Ambler and Barrow 1996). Improvements in the internal and external image of an organisation bring advantages in the competition to recruit the most talented and skilled staff.
- They also reduce labour turnover, allowing employers to retain valued employees, and to better match the skills of their staff to organisational requirements.

Improved trust between the social partners

Pay transparency involves clearer and more thorough preparation for collective bargaining, more open sharing of information, and therefore more trust-based social dialogue. This is particularly beneficial in Member States where industrial and employment relations are based on an adversarial model, and is likely to make collective bargaining and social dialogue more efficient, less time-consuming, and less costly to both sides, including in terms of disputes and lost working time.

A secondary benefit is that, where equality plans and equal pay enter the sphere of social dialogue, the social partners have to develop competences in equality negotiating. This is a negotiating area which is relatively under-represented, in the agendas of both employers and trade unions. Improving the negotiating skills of, or about, under-represented groups like women provides a form of on-the-job training to an increasingly significant section of the labour force, and generates competencies which are likely to have much wider application.

Awareness raising

The process of developing and implementing equality plans, including reviewing and revealing pay structures, can be an important mechanism for awareness-raising, both inside and outside employing organisations. Pay review processes raise awareness of how the gendering of wages and salaries has occurred over time (Eveline and Todd 2009). Equality planning processes initiate debates within organisations about wider issues of change management and performance improvement, and their link to equality (Olgiati and Shapiro 2002). These may be picked up and discussed by policy makers, who press the case for gender equality more widely.

Smart, sustainable and socially inclusive growth achieved through gender pay equality

The priorities of the Europe 2020 strategy cannot be achieved without a gender equality policy generally, and equal pay specifically. Women's work contributes considerable economic added value to the European Member States. Renewed legislation on equal pay and the measures needed to achieve it would help to release this value by:

- Revaluing and professionalising women's work in sectors employing high percentages of women, such as social care
- Lowering the specific obstacles that women encounter in the labour market in entry, progression, and return
- Improving women's continuity of employment
- Improving women's access to full-time employment
- Improving women's access to vocational education and training
- Decreasing their reliance on work at lower levels than they are qualified for
- Reducing occupational segregation, and promoting women's entry and continuation in non-traditional occupations and sectors
- Facilitating women's progression into the most senior positions

Beyond the workplace, the impact would be felt in families and would be beneficial to children. Women with higher incomes contribute to more stable and sustainable economic development in the longer term, both by reducing their own poverty and by reducing that of their children (Cantillon et al 2001). This has spin-off benefits for their economic independence and reduced dependence on social benefits.

Since measures designed to boost women's pay would increase the labour supply, we can assume that this would have a significant impact on economic performance in the EU Member States. A positive correlation has been established between gender equality overall and gross domestic product (GDP) growth (Forsythe et al 2000). Lofstrom (2009) has calculated that a gender-balanced labour market (in which women were in paid employment to the same extent and in the same areas as men are), the EU member states would theoretically be able to boost their GDP by between 14% and 45%, with an average increase of 29% across the EU as whole. Taking current EU GDP figures, this would result

in an EU level GDP increase of €3.74 trillion.¹³ 40% of this increase would come from increased labour market participation, and 30% from reduced occupational segregation.

IV. The key beneficiaries of the impact

The following table identifies the key beneficiaries of the impact of strengthening EU legislative action on equal pay. For each recommendation made by the Bauer Report, the key beneficiary groups are identified, together with further relevant information.

Table 1: Summary of Main Beneficiaries of the Bauer Recommendations

Recommendation and impact	Beneficiary Group	Comment
Pay transparency		
Improving openness of pay information	Employees in Member States with pay secrecy	In the sample countries: Germany and Ireland. Sectors with particular pay secrecy include: information technology, professional services
Improving implementation of equal pay legislation	Employees in Member States with weakly enforced equal pay legislation	In the sample countries: all. Employees in the private sector are particularly vulnerable
Widening compulsion to make pay transparent through audits	Employees in Member States with no legal provision for pay transparency through audits	In the sample countries: Germany, Ireland, Slovakia
Bringing the private sector into line with best practice	Employees employed in private sector organisations or in public sector organisations which are resistant to implementing equal pay	Pay transparency and pay audits are much less commonly done in the private sector. Private sector employment is the dominant and growing segment of the EU economy.
Ensuring that privatisation does not negatively affect prospects for pay equality	Employees in sectors which have been transferred from public to private	Pay transparency is stronger in the public sector, but the sector is progressively shrinking across the EU as public services are privatised and state assets are sold.
Ensuring that non-represented employees are not indirectly discriminated against	Employees in non-union or non-represented environments	These environments are predominantly in the private sector and among small firms. Employees in countries with weak social dialogue are also likely to be strong beneficiaries
Facilitating acquisition of competencies in pay auditing	HR departments and professionals	These competencies could also be built in job evaluation techniques and processes (see below)
Facilitating broader competencies in equality bargaining	Social partners with weak equality bargaining competencies	Competence building in pay data collection will have spin-off benefits for equality bargaining more broadly

¹³ This calculation was made on the basis of the EU GDP of almost €12.90 trillion in 2012, according to Eurostat data accessed at:

<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00001&language=en>

Job evaluation		
Consolidating the application of job evaluation and re-grading on the basis of existing good practice	Employees in the public sector in all Member States	Examples: social care workers, health care workers, teachers and other education workers, library staff, clerical and administrative workers
Application of job evaluation and work classification schemes on a widespread basis	Employees in strongly sex-segregated occupations, or low paid occupations, where job re-grading can be done	Examples: social care workers, health care workers, hospitality, catering, retail, clerical and administrative, semi- and unskilled manufacturing workers
Ensuring that the results of job evaluations are converted into work re-grading	Employees in Member States implementing cuts in public sector expenditure or austerity measures	In the sample countries: Finland, Germany, Ireland, Slovakia, Spain. Austerity measures in the public sector have blocked the implementation of equal pay following job re-grading
Facilitating capacity building in gender-aware job evaluation among HR professionals and employee representatives	HR professionals, employee representatives	Competence development is likely to be built at workplace level in job evaluation, as in pay data collection
Social dialogue		
Building trust	Social partners	For example, by fostering open discussion of exclusion or unintentional discrimination in workplaces
Building competencies in equalities issues	Social and employee representatives	For example, through developing toolkits for equality-based social dialogue
Prevention of discrimination + gender mainstreaming		
Providing quality, affordable childcare. Fostering work-family balance in working arrangements	Women in countries with poor provision and/or inflexible working arrangements. Women returners to the labour market	In the sample countries: Germany, Ireland, Slovakia, Spain. Returners are often compelled to accept work at levels lower than their qualifications or skills in order to manage their care arrangements
Providing or widening access to training	Lower- or unqualified workers	
Implementing a duty to comply with equal pay in public contracts	Employees of suppliers to the public sector	Employees in business services used by public authorities including: utility companies, information technology providers, construction companies, housing providers, legal services, consultancies
Publishing practical guidelines on ways to address the pay gap	Employing organisations requiring practical support or ideas to develop	Examples are: SMEs, companies in countries where equal pay is not a policy priority, social partners and employee representatives

Streamlining of EU regulation and EU policy		
Ensuring equal treatment of part-time workers	Part-time workers	Part-time workers have lower hourly rates, and poorer career prospects than full-time workers
Ensuring more equitable take of parental leave	Employees in countries where take-up of parental leave is very unequal, and/or in organisations where take-up of parental leave is implicitly discouraged	Among the sample countries, parental leave is unevenly exploited in Germany, Ireland and Spain. Organisations in the IT sector tend to discourage take-up for career development reasons
Indirect benefits		
Improving clarity of pay structures	Employees, job applicants	
Reducing occupational segregation	Girls and boys considering careers in non-traditional areas	This improves the pipeline of human resources in the longer term
Widening access to VET and skills development	Employers whose pool of potential employees increases	
Reducing poverty of female breadwinners	Families and children of beneficiaries	Families and children benefit indirectly from poverty reduction
Social valuing of women and their work	All members of European society	Reductions in inequalities have been found to promote total social wellbeing, not only of those directly affected (Friedli 2009; Wilkinson and Pickett 2009)

V. Concluding comments

Throughout this report, I have emphasised that the gender pay gap is complex and multi-dimensional. Although we can generalise about the main causes of the pay gap, the specific causes differ from country to country and also from sector to sector. This complicates the identification of priority measures to be taken at EU level to address the problem.

There is also an absence of evidence on the links between specific measures and a reduced gender pay gap to guide an identification of the most fruitful courses of action. Evaluation of measures within the Member States and within organisations is very patchy; in some Member States there is no culture or practice of evaluation and in many it is simply overlooked. Nevertheless, the evidence gathered for this report indicates some priorities among the recommendations made by Bauer.

Priorities among Bauer recommendations to be implemented

Recommendation 2: Analysis of the situation and transparency of results

A major problem in addressing the gender pay gap is that its precise dimensions remains unclear. Country and sectoral variations are significant, and this can fundamentally affect the overall picture. Non-disaggregated data can conceal bad news: within a

country, for example, a narrow pay gap in the public sector can compensate for a very wide gap in the private sector, making the picture seem more positive than it really is. In some countries covered in this report, there is mistrust of national statistical data, which further confuses the picture. A general lack of clarity about who is paid what makes it difficult to identify the main areas where action would best be targeted.

Adoption of Recommendation 2 would generate a map of the gender pay gap, essential not only for knowledge but also for properly targeted action. It would also have benefits in fostering learning and awareness raising about the gender pay gap and its remedies. Other multiple direct and indirect benefits for employees, employers, social partners, potential employees and social policy makers indicate that its adoption is to be recommended as a necessary first step in systemically getting to grips with the problem.

Recommendation 5: Social dialogue

A great deal of very good practice is already being pursued by the social partners, so there is a considerable amount of experience sharing that can be done. Implementation of this recommendation should focus on sharing and disseminating equality-aware job evaluation tools, and developing equality-based career advancement tools to support workplace initiatives. A priority of the social dialogue should be to support workplace measures for more equal sharing of work and care.

This recommendation capitalises on the experiences and measures already developed by social partners, including job evaluation schemes proposed in Recommendation 3. However, it is not on its own sufficient to narrow the gender pay gap, given the number of sectors and workplaces where social dialogue is weak or where trust between the two sides of industry is low. This recommendation will only be effective if implemented in conjunction with Recommendation 2, with which it is complementary: the first focuses on information gathering, the second on qualitative workplace change achieved through consensus.

Recommendation 6: Prevention of discrimination

It is clear that a deficit of human capital is not a major explanatory factor in the gender pay gap. Rather, the under-valuation of women's existing skills suggests that it would be sensible to focus specific measures on the valuation of skills women already hold. This is an important site of discrimination, and one in which there is considerable scope for further activity. Women's greater share of unpaid work and childcare also have a significant impact on the pay gap, indicating that special measures by Member States to improve access to high quality and affordable childcare, and to equalise access to the diverse forms of family leave should be a priority. These measures could also complement the measures taken in employing establishments to enhance their use of equality-based working time arrangements, to be promoted under Recommendation 5.

Given the threat to equal pay which is now posed by the economic crisis, specific measures for the prevention of discrimination are of growing urgency. The threat to public sector employment, where the best practice on equal pay is to be found in most Member States, is serious. This suggests that strong effort should be focused on measures aimed at closing the pay gap in the private sector, where it is probable that

many more women will be employed in the future. In any event, this is where least progress has been made to date. The introduction of measures requiring attention to gender equality among firms supplying services to the public sector will be an important way of improving the record of the private sector on equal pay.

Which of these recommendations and measures will have the most significant impact on closing the gender pay gap remains an open question. There has been little by way of evaluation of past measures, they have often been introduced with short time horizons and without follow-up, and sanctions for non-compliance tend to be weak, if they exist at all. Consequently, we know little about what is effective, and what lessons from past experience can be applied in the future. Although in some EU Member States the campaign for equal pay dates back over more than four decades, we still know remarkably little about how to achieve it.

On the other hand, there is a significant danger that if no action is taken, the conditions which have supported a slightly narrowing gender pay gap could be reversed. The effects of the crisis and of public sector austerity on pay equality are likely to be multi-faceted. Very recent analysis suggests that these effects are still fully to be felt with respect to job losses in the public sector and some transfer of employment to the private sector, a related decline in equality-compliant working conditions, and declining opportunities for women to enter and remain in decently paid work (The Fawcett Society 2013). Moreover, in some Member States, political commitment to gender equality issues has decreased or been displaced: other (employment) policy priorities have taken precedence.

In Finland, where some of the best practices to address the gender pay gap have been observed at social dialogue level, the gap has remained pegged at about 20% per cent during the past decades. The national Equal Pay Programme launched in 2006 to reduce the gender pay gap to 15 per cent by 2015 has achieved limited results. Pre-crisis progress was below expectations, with the gap only falling from 20% in 2000 to 19% in 2008, according to national statistics. The crisis accelerated a fall to 17.5% in 2010, but this may not be enough to ensure compliance with the targets set for 2015. In Slovakia, however, there are early signs that the closure of the pay gap is in reversal; after a marked narrowing between 2008 and 2010, the gap has begun to open up again since (Bettio et al 2012).

Further measures to close the gap should therefore be monitored, followed-up, evaluated, and properly enforced. One of the most compelling reasons for taking comprehensive legislative action at EU level and ensuring that all Member States and their constituents are held accountable for its delivery, is that it transmits the message that pay inequality, and by implication, the welfare and wellbeing of women, are taken seriously in Europe. EU leadership on this issue would make it much more difficult for other actors to overlook, ignore or downplay the issue of unequal pay, as has happened in the past. It is not a trivial point to insist, through such concerted EU level action, that pay inequality is not only economically wasteful, it is socially unacceptable.

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Annex I: Informants in case study countries

Trade unions

- Tapio Bergholm, Senior Researcher, Central Organisation of Finnish Trade Unions (SAK), Finland
- Jo Morris, equal pay expert and former Equality Officer, Trades Union Congress (TUC), UK.
- Richard Pond, European Public Services Union (EPSU), Brussels.

Equality agencies

- Laurence Bond, Head of Research, The Equality Authority, Ireland.
- Anna Vähröder, Federal Anti-Discrimination Agency, Germany.
- Olga Pietruchova, Ministry of Labour, Slovakia.
- Mercedes de la Serna, Deputy Director General for Workplace Equality and Collective Bargaining, Department for Women (Instituto de la Mujer), Spain.

Others

Jane Pillinger, Independent equal pay consultant, Ireland.

Annex II: Topics covered in case study interviews

Assessment for the European Parliament of the Recommendations of the Bauer Report (adopted 24/5/2012)

This questionnaire is broken down into 6 sections, each relating to the Bauer Recommendations covered by this assessment.

Please answer whichever questions you can. Thank you very much for your help.

I Introductory questions

1. What concrete actions exist to redress gender segregation and the gender pay gap in your country?
Please could you summarise their aims and nature.
2. Does your National Reform Programme address equal pay, and if so, how?

II Bauer Recommendation 2: Analysis of Pay and Transparency of Results

Bauer Recommendation 2 calls for pay transparency.

3. Are pay audits legally compulsory in your country?
If yes, what types of organisations do they cover (private/public, size of company, number of employees, turnover)?
What types of pay do they cover (basic pay only, variable pay, other forms of remuneration)?
How frequently must they be conducted?
How must the results be shared, presented and published?
Are software tools such as LOGIB-D used in pay audits, to your knowledge?

If they are not compulsory, do you think they would help to close the gender pay gap if they were?
Which sectors and which groups of workers would benefit most from compulsory pay audits, in your view?

III Bauer Recommendation 3: Job Evaluation and Classification

Bauer Recommendation 3 calls for Member States to be encouraged to introduce gender-neutral job evaluation and classification systems.

4. To your knowledge, do employing organisations in your country use gender-neutral job evaluation and classification systems?

Do you know which sectors and types of organisation (for example, small or large establishments) most commonly use them and which sectors least? What types of jobs and workers benefit from the use of these systems?
5. Is it part of your organisation's remit to support companies and trade unions in providing female employees with information, assistance and training in wage negotiations, job classification and pay scaling?

What types of support do you provide (for example, financial assistance with training or consultancy, research materials, practical assistance through toolkits or other resources)?

IV Bauer Recommendation 5: Social Dialogue

Bauer Recommendation 5 calls for empowerment of social partners to put equal pay issues on their agenda.

6. How do your collective agreements deal with equal pay?
7. How do your collective agreements treat part-time workers and those with 'atypical' working time arrangements in pay-scales?
8. How are variable pay arrangements (bonuses, extra payments, payments in kind, other financial benefits) covered in your collective agreements?
9. How are secondary working conditions (working time arrangements, leave, childcare arrangements, pensions, perks) covered?
10. Is there scope for other equal pay measures in the social dialogue agenda in your country? Would an inter-sectoral measure such as the Swedish Pool of Gender Equality or the Norwegian state-funded wage pot be accepted in your country, and if so, what type of measure would work there?
11. Do you receive adequate support and encouragement from the your government to address equal pay issues through the social dialogue?
12. Is there a need for specific measures by the Member States, supported by the social partners on training, work-family balance, childcare and parental leave, and public contract compliance? What priorities would you identify to achieve equal pay in your country?
13. Are there, in your view, specific benefits to be gained from further legislation on equal pay at EU-level, or is this best managed at sector or Member State level?

V Bauer Recommendation 6: Prevention of Discrimination (Article 26 of Directive 2006/54/EC)

Bauer Recommendation 6 calls for Member States to adopt specific measures on training and job classification, designed to prevent discrimination in training and the classification/valuing of skills, specific policies to facilitate reconciling work with family and personal life, concrete actions to redress the pay gap and gender segregation, and public contract compliance measures.

14. What specific measures on vocational training and skills valuation currently exist in your country? Which sectors and types of workers are covered? Are these part of your National Reform Programme?

15. What work-family reconciliation measures currently exist in your country? Do you think further action in this area is necessary and in which sectors?
16. Do public contracts demand equal pay good practice?
17. Is there scope for further measures in these areas and how could EU level legislation support these?

VI Bauer Recommendation 7: Gender Mainstreaming

Bauer Recommendation 7 calls for Member States to be given assistance on practical measures to bridge the gender pay gap.

18. Do you currently collect and publicly report data on the gender pay gap?
19. Do you operate a data bank to capture changes to job classification systems?
20. Is there any national, regional or local process for collating and disseminating the results of experiments in work organisation which could advance pay equality?
21. Do you distribute information or guidance to employers, such as small firms, on ways of addressing the gender pay gap, including through collective agreements?
22. Do you or the social partners in your country operate any kind of certification scheme to recognise good practice on equal pay?

VII Bauer Recommendation 9: Streamlining of EU regulation and EU policy

Bauer Recommendation 9 calls for evaluation and possible revision of Council Directive 97/81/EC concerning the Framework Agreement on part-time work.

23. Do full-time and part-time workers currently enjoy equal treatment in your national legislation?
24. Would you find it helpful if the EU Employment Guidelines were strengthened to include provision for recognising women's skills and qualifications?