Tackling the gender pay gap in the European Union
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What is the gender pay gap?

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

On average, women in the EU earn around 16% less per hour than men. The gender pay gap varies across Europe. It is below 10% in Slovenia, Malta, Poland, Italy, Luxembourg and Romania, but wider than 20% in Hungary, Slovakia, Czech Republic, Germany, Austria and Estonia. Although the overall gender pay gap has narrowed in the last decade, in some countries the national gender pay gap has actually been widening (Hungary, Portugal).

The gender pay gap exists even though women do better at school and university than men. On average, in 2012, 83% of young women reach at least upper secondary school education in the EU, compared to 77.6% of men. Women also represent 60% of university graduates in the EU.

What is the effect of the gender pay gap over a lifetime?
The impact of the gender pay gap means that women earn less over their lifetimes; this results in lower pensions and a risk of poverty in old age. In 2012, 21.7% of women aged 65 and over were at risk of poverty, compared to 16.3% of men.

What are the differences between how women and men work?
The overall employment rate for women in Europe is around 63%, compared to around 75% for men aged 20-64.

Women are the majority of part-time workers in the EU, with 34.9% of women working part-time against only 8.6% of men. This has a negative impact on career progression, training opportunities, pension rights and unemployment benefits, all of which affect the gender pay gap.
How is the gender pay gap measured in the EU?

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

In the EU, the gender pay gap is referred to officially as the ‘unadjusted gender pay gap’, as it does not take into account all of the factors that impact on the gender pay gap, such as differences in education, labour market experience, hours worked, type of job, etc.

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

These babies are born with equal opportunities, but the educational and career expectations for boys and girls are different. By the time they grow up, the boy will be earning on average around 16% more than the girl.
What are the main causes of the gender pay gap?

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

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

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

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

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

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

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

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

Few women in senior and leadership positions

Women are under-represented in politics and in the economy. Only a third of scientists and engineers across Europe are women. Even in those sectors dominated by women they are under-represented in senior positions, in particular at the top level. In 2013, women only made up 17.8% of board members in the biggest publicly-listed companies across the EU and only 4.8% of the chairs of these boards. The proportion of female chief executive officers (CEOs) was lower still at 2.8%.

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

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

Opportunities for women to progress in their jobs and receive higher pay are also affected by their family responsibilities. The gender pay gap widens when women have children and when they work part-time.

Women spend more time than men carrying out domestic and care work, and few men take parental leave or work part-time. While men work longer hours than women in the workplace, if women’s paid and unpaid working hours are combined they are significantly longer than men’s.
What are the benefits of closing the gender pay gap?

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

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

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

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

Companies that build equality plans and strategies into their workplaces create the best workplaces for everyone, male or female, to work in. Having a positive working environment helps a business to attract customers, improve performance and boost competitiveness. Workers who feel more confident and valued for the tasks they carry out are also more likely to be innovative and productive at work.
Avoiding litigation and complaints
Ensuring that employees receive equal pay for work of an equal value in an organisation means that employers avoid complaints being made about discrimination and unfair work practices. This prevents time and money being spent on dealing with complaints and any subsequent litigation.

A basis for economic growth and recovery
During the financial and economic crisis, women’s participation in the economy and their contribution to family finances have increased. It is therefore important to keep the issue of gender equality and the closing of the gender pay gap alive as they contribute to achieving employment growth, competitiveness and economic recovery.
Across the EU economy, women earn on average around 16.4% less than men.

IS OUR WORK VALUED THE SAME?

Women have as good or better qualifications than men, but often their skills are not as valued as men’s and their career progression is slower. This results in an average gender pay gap of around 16% in the European Union.
What is the EU doing?

Closing the gender pay gap has long been a priority for the EU. The EU’s pledge to close the gap dates back to the Treaty of Rome in 1957. Today a legal basis for EU action exists under the Treaty of Lisbon, together with the commitment to gender equality found in the Charter of Fundamental Rights. EU action also seeks to change attitudes to gender roles – in schools, in the home, in the workplace and in society in general.

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

Reducing the gender pay gap is a priority identified in a range of policy areas. For example:
- The European Pact for Gender Equality which was adopted by EU leaders in 2011;
- The framework of actions on gender equality agreed between the European social partners in 2005.

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

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

The principle of equal pay for equal work or work of equal value has been enshrined in Treaties since 1957 and is incorporated in the Directive 2006/54/EC (Recast Directive).

One of the Commission’s priorities for the coming years will be to monitor the correct application and enforcement of the equal pay provisions of the Directive 2006/54/EC and to support employees, Member States and other stakeholders by providing guidance on the proper enforcement and application of the existing rules. In this context, the Commission published in December 2013 a report on the application of the Directive 2006/54/EC.

This report focusses in particular on assessing the application of the provisions on equal pay in practice. It includes an overview of the landmark EU case-law on equal pay. It also includes a section on job classification schemes and examples of national actions.

The Commission published in March 2014 a recommendation focusing on pay transparency. The recommendation aims to propose measures for the Member States to facilitate wage transparency in companies, such as improving the conditions for employees to obtain information on pay or the establishment of pay reporting and gender neutral job classification systems from companies, among others.

Equality Pays Off

To support employers in their efforts to tackle the gender pay gap, the Commission carried out the ‘Equality Pays Off’ project during 2012 and 2013. Its aim was to raise companies’ awareness of the ‘business case’ for gender equality and equal pay, that is, better access to the labour force potential of women in a context of demographic changes and skill shortages.

A total of 39 events (national workshops in 34 countries, a Business Forum on 21 March 2013, 4 trainings on equal pay) were organised. Supporting material (training manuals, good practice handbooks, information material) was produced. Big companies and stakeholders (European and national social partners, business associations, national authorities and experts) participated in the various actions.

A website with further information on this initiative is available.
European Equal Pay Day
On 5 March 2011 the European Commission launched the first European Equal Pay Day. The second one was held on 2 March 2012 and the third one took place on 28 February 2013. In 2014, the European Equal Pay Day was marked on 28 of February. The European Equal Pay Day is an annual event to raise awareness of the fact that a wage gap between women and men still exists and that women need to work longer than men to earn the same. Its date varies every year depending on the average EU gender pay gap. The change in the European Equal Pay Day represents a slight reduction of the gender pay gap.
WILL HAVING A CHILD HARM MY CAREER?

As family responsibilities are not equally shared, women have more frequent career breaks and work shorter hours than men. This results in less financially rewarding careers: women earn on average around 16% less than men.
How to close the gender pay gap at national level?

Finding a solution to the gender pay gap is mainly in the hands of national governments and the social partners. The EU can help, but solutions should be developed at national level. Public opinion in the EU Member States also has an important role to play. National governments and the social partners have adopted a wide range of measures to close the gender pay gap. Some examples can be found below.

Strategies on gender equality and equal pay

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

- In Estonia, an action plan to reduce the gender pay gap was approved in 2012. There are five main streams of actions: 1) improving the implementation of the existing Gender Equality Act (e.g. improvement of the collection of statistics, awareness raising, support of the work of the Gender Equality and Equal Treatment Commissioner etc.), 2) improving the family, work and private life reconciliation (e.g. work with employers); 3) promoting gender mainstreaming, especially in the field of education; 4) reducing the gender segregation; 5) analysing the organizational practices and pay systems in the public sector, improving the situation where necessary. It is emphasized that the gender pay gap is a complex issue and there is a need to implement simultaneous measures in all relevant fields.

- In Finland the tripartite Equal Pay Programme for 2006-2015 aims to reduce the gender gap from around 20% to 15% and to implement the principle of ‘equal pay for work of equal value’. The programme includes actions on desegregation, the development of pay systems, measures to support women’s careers, and calls for the social partners to establish agreements to reduce the pay gap.

- In Portugal, the 4th Plan for Equality includes among its objectives the reduction of gender pay gaps and the introduction of equality plans within enterprises.

- In Lithuania, the gender equality policies are set out in the National Programme on Equal Opportunities for Women and Men for 2010-2014. A considerable number of measures are targeted towards improving the situation for women and men in the labour market. One of the priorities is reducing the gender pay gap, which includes actions to increase salaries in female-dominated sectors such as education, arts and culture and social work.
Gender equality reports
Some countries have implemented reports of inquiry into the gender pay gap. For example:
- Since 2007 the Belgian government has published yearly the report ‘The gender wage gap in Belgium’ 16, produced by the Institute for equality between women and men, presenting statistics in line with official European indicators.

Gender equality plans in companies and audits to reduce the gender pay gap
Gender equality plans and audits enable companies to measure their progress in implementing gender equality and equal pay. In some cases there is a legislative requirement to carry out the plans, while in others it is voluntary. For example:
- In Sweden, the 2009 Discrimination Act 17 requires employers and employees to endeavour to equalise and prevent differences in pay and other terms of employment between women and men who perform work which is to be regarded as equal or of equal value. They are also supposed to promote equal pay growth opportunities for women and men. Finally, the Act requires employers to carry out a pay survey every three years in order to detect, remedy, and prevent unjustified differences between women and men’s pay, terms and conditions of employment, and draw up an equal pay action plan (if employing 25 or more workers).
- In Austria, the National Action Plan for Gender Equality in the Labour Market 18 includes a compulsory requirement for companies to publish equal pay reports. Companies have to draw up staff income reports every two years. The reports must show the number of men and women classified under each category as well as the average or median income, adjusted for working time, for women and men in the respective category. The goal is to create income transparency and take measures to reduce gender pay gaps. The equal pay reports are compulsory for companies with more than 1 000 employees from 2011 for the year 2010, for companies with more than 500 employees since 2012, for companies with more than 250 employees in 2013 and with more than 150 employees in 2014 19.
- On 22 April 2012 Belgium adopted a law on reducing the gender pay gap. According to this law, differences in pay and labour costs between men and women should be outlined in companies’ annual audit (‘bilan social’). These annual audits will be transmitted to the national bank and this information will be publicly available. Moreover, the law stipulates that every two years firms with over 50 workers should establish a comparative analysis of the wage structure of female and male employees. If this analysis shows that women earn less than men the firm will be obliged to produce
an action plan. Finally, in case discrimination is suspected, women can turn to their firm’s mediator who will establish whether there is indeed a pay differential and if so, will try to find a compromise with the employer.  

### Specific legislation and collective agreements

Some countries have introduced provisions relating to pay transparency or collective agreements and equal pay. For example:

- In Portugal, almost all employers are obliged to annually collect information on the Personnel Records of the enterprise to the Ministry responsible for labour and employment regarding several aspects of their working conditions, among them, remunerations. The Personnel Records are submitted to the labour inspection authorities (ACT); trade unions or workers committees (upon request in due time); employer representatives present in the Standing Committee for Social Dialogue (CPCS). Before this the Personnel Records must be made available to the employees. The Council of Ministers approved a Resolution on 8 March 2013 deciding to approve some measures in order to guarantee and promote equality of opportunity and results between women and men in the labour market, including what concerns the elimination of wage gaps. The measures include the development and dissemination of a report on the wage gender gaps by industry.

- In France, the 2006 Act on Equal Pay between Women and Men makes provision for compulsory collective bargaining on gender equality and requires companies to report on salaries and plans to close the gender pay gap. The French government has hardened existing sanctions against firms with 50 employees and above that do not respect their obligations regarding gender equality. For the first time, two firms have been condemned in April 2013 for not complying to the legislation on equal pay.

### Tools to make pay systems transparent and identify the gender pay gap

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

- An online tool, Logib, has been developed in Germany, Luxembourg and Switzerland to enable companies to analyse pay and staffing structures and verify if equal pay exists between male and female employees. Reports analyzing the reasons and proposal of actions to tackle the gender pay gap are also foreseen with this tool.

- In Austria, a ‘Wage and salary calculator’ has been set up which provides up-to-date and easily accessible information about pay customary in a sector/place. It started
in October 2011. The wage and salary calculator is part of the National Action Plan for Gender Equality in the Labour Market.

**Equal Pay Days**

Many countries hold regular Equal Pay Days. The Business and Professional Women Association is behind the organization of many of them. Activities include handing out information on the gender pay gap, organizing events, and holding meetings with government representatives. Some examples:

- Belgium was the first country in Europe to organize an Equal Pay Day in 2005. The three largest trade unions have been organising Equal Pay Days in recent years. They use humorous poster campaigns, radio and TV commercials, banners, buttons, flyers, a dedicated website, the use of social media, video clips, etc. In 2013, Equal Pay Day celebrated its ninth edition.

- In the Czech Republic, an Equal Pay Day has been organized by Business and Professional Women (BPW) since 2010. The 4th Equal Pay Day in the Czech Republic took place on 24 April 2013. An experts’ conference and a mentoring activity were held, where 31 entrepreneurs and managers passed on their experience to about 600 young women. During the whole day the traditional red bag with the logo of the event was handed out.

- In Estonia, the National Equal Pay Day 2013 was celebrated on 11 April. The main promoter of activities is Business and Professional Women-Estonia. The traditional action focused on serving salmon meals with or without dill for different prices, demonstrating the gender pay gap in Estonia, will remain the same, with a special focus on young people and employers. The BPW is also planning to continue collecting people’s opinions and experiences, with a specific focus on transparent and fair wage systems, which is the main message of the whole campaign in 2013.

- In Spain, the Equal Pay Day takes place on 22 of February. An institutional logo was created by the Ministry responsible for equality and non-discrimination policies. In commemoration of this date, lottery tickets reproducing this logo have been produced for the occasion. In addition, specific post stamps have been circulated on 22 February to support the national Equal Pay Day.
Guidance to understand and apply the principle of equal pay.

Job evaluation/job classification methods free from gender bias

Job evaluation free from gender bias is very important to ensure that work carried out by women and men is of an equal value. For example:

- In Portugal, a method for job evaluation free from gender bias has been produced in the hotel and restaurant sector as part of the project ‘Revalue work to promote gender equality’. This has enabled jobs that are male dominated and jobs that are female dominated to be evaluated and compared in order to determine whether the gender pay gap is a result of the unfair valuing of women’s work and discrimination. A guide to applying job evaluation free from gender bias has also been produced as well as a training handbook.

- In 2011, the United Kingdom published the Statutory Code of Practice on equal pay, a technical guide to illustrate where and how legislation on equal pay can be brought to bear in real-life situations. It is a tool mainly addressed to lawyers, human resources personnel, courts and tribunals.

Equality labels, charters and awards

In 2010 the European Commission published a study containing an inventory of these non-legislative instruments to promote gender equality in companies in Europe. Some of these instruments take into account the gender pay gap as a factor. Switzerland provides the clearest example of a specific company certificate on the gender pay gap:

- In Switzerland companies can be awarded an equal pay logo if they show they have implemented a fair wage policy between women and men.
BOY OR GIRL, EQUAL OPPORTUNITIES?

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

SAME JOB, SAME PENSION?

Women’s hourly earnings are on average around 16% lower than men’s. These lower earnings, among other reasons, have an impact on future pension rights and may result in more women than men experiencing poverty in old age.
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