



Annual Colloquium on Fundamental Rights 2017
"Women's Rights in Turbulent Times"
Brussels, 20-21 November 2017

Concept paper by the European Commission and the European Institute for Gender Equality

Session I.b: Women's economic empowerment: is it possible to close the
gender pay gap?

Aim of the session

This session will explore the different roots of the gender pay gap: discrimination, vertical and horizontal segregations, education, stereotypes and how unconscious bias and unknown privileges, alongside structural and institutional inequalities result in pay inequalities between women and men. The session will also critically examine emerging trends on the labour market in this light (drawing on examples in the fields such as the collaborative economy, STEM (science, technology, engineering and mathematics) and zero-hours contracts).

The session takes the form of a roundtable discussion. To enable as many discussants to take the floor as possible, please keep your interventions to 2 minutes.

Issues for discussion

- What is, from your perspective, the most urgent issue to address, and if there was one action you could take to improve the situation, what would it be?
- What structural and institutional inequalities are the most prominent causes of pay inequalities between women and men and what measures have been successfully implemented to tackle the gender pay gap? What can employers and social partners do to facilitate women working more and encouraging men to take their responsibility for caring responsibilities?
- How can we fight efficiently against vertical and horizontal segregation? How can we break the glass ceiling for women?
- Can work-life balance policies contribute to the achievement of gender equality by promoting the participation of women in the labour market, making it easier for men to share care responsibilities on an equal basis with women, thereby helping to close gender gaps in earnings and pay?

Background

This paper considers the root causes of the gender pay gap, the emerging trends on the labour market, and the issues to address in the discussion.

The principle that women and men should receive equal pay for equal work has been enshrined in the European Treaties since 1957. These fundamental values and rights of the EU find their basis in Articles 2 and 3 TEU and Articles 8 and 157 of TFEU. The equal pay principle is enshrined in Article 157 TFEU and also provided in Directive 2006/54/EC ensuring equal treatment in employment. The European Commission is committed to tackling the gender pay gap and considers this issue one of the five key areas for action set in its Strategic Engagement for Gender Equality 2016-2019.

Despite the legislation and policy initiatives at EU and Member State levels, the gender pay gap is persistent and stands at 16,3 % in the EU. It is a complex phenomenon, with many contributing factors, including gender stereotypes, devaluation of work traditionally attributed to women, gender segregation, discrimination and unequal share of care and domestic work between women and men. Holistic approaches to the issue should therefore tackle the root causes of the phenomenon. The gender pay gap varies significantly across Member States, ranging from 5.5 % in Italy and Luxembourg to 29.9 % in Estonia. Even though the level of the gender pay gap differs, the main

causes are similar across the EU (European Commission, 2017). Around two thirds of the (unadjusted) gender pay gap in Europe cannot be explained by gender differences in educational attainment, occupational choice, working hours and other observable attributes (European Commission, 2016).

Closing the gender pay gap is essential for strengthening the economic independence of women and achieving one of the Europe 2020 targets of lifting at least 20 million people out of the risk of poverty or social exclusion by 2020.

Key root causes of the gender pay gap

The gender pay gap is a multifaceted phenomenon caused by multiple factors.

Persistent gender stereotypes fuelled by inadequate work life balance policies

An overarching aspect contributing to the gender pay gap is *gender stereotyping* and traditional gender norms that shape the identities and roles of women and men from a very early age. Stereotypes are prescriptions of appropriate behaviour that apply to different spheres of life, including study and employment choices. Gender stereotypes also impact what is considered to be “women’s” or “men’s” work and thus shape unequal gender distribution of unpaid work (e.g. housework, cooking, care work), as well as uneven gender division in sectors and occupations in the labour market, known as gender segregation.

The Work Life Balance initiative adopted by the Commission in April 2017 is part of the European Pillar of Social Rights and consists of legislative and non-legislative measures to address female labour market participation, gender equality and work-life balance challenges faced by working parent carers. The Directive aims at modernising the existing EU legal framework in the area of family-related leaves (paternity, parental, carers' leave) and flexible working arrangements. The combination of legislative and non-legislative measures aims at: improving working parents’ and carers’ conditions; increasing the employment rate of women and their earnings, as well as improving their career progression; improving opportunities and incentives for fathers to participate in family life; and improving the flexibility of working arrangements of caregivers looking after the elderly, ill relatives or people with disabilities. One of the expected contributions of the initiative is a decrease in the gender gap in wages and pensions (European Commission, 2017a).

Pervasive gender segregation on the labour market

Another underlying factor of the gender pay gap is the *undervaluation of women’s work*, embedded in the labour market and beyond. Competences, skills and types of work traditionally attributed to women are financially and socially less valued than those traditionally related to men. For instance, caring abilities have been broadly seen as women’s innate characteristics rather than skills that need to be acquired. As a result, care work is often considered low-skilled and is either unpaid or underpaid. Studies of job evaluation systems have revealed bias in privileging the value of skills found in occupations considered masculine in contrast to jobs taken up predominantly by women (EIGE, 2017b).

A significant factor contributing to wage differences between women and men is *gender segregation*. It refers to the concentration of one gender in certain levels of responsibility or positions (vertical segregation) and in certain sectors and occupations (horizontal segregation). Even though women nowadays work in all occupations that were formerly held only by men, their share within some occupations is still minor, in areas such as construction works, engineering or ICT. EIGE’s recent report focusing on the most segregated fields of study in vocational and tertiary

education as well as the most segregated occupations in the EU labour market shows that despite reinforced political commitments to reduce gender segregation in the labour market, there has been little progress in this field over the last decade. While the share of women in science, technology, engineering and mathematics (STEM) increased marginally from 13 % in 2004 to 14 % in 2014 in the EU, the share of men in education, health and welfare decreased from 30 % to 26 % in the same period (EIGE, forthcoming 2018).

Vertical segregation can be observed within workplaces, occupations and sectors as women are most likely to be under-represented in managerial and senior positions. This is a result of various methods of rewarding employees (e.g. through bonuses, allowances and performance-related pay), non-transparent evaluation and promotion processes, inter alia. In general, the higher the position is, the lower the possibility of a woman occupying it. This phenomenon is also known as the glass ceiling that refers to “artificial impediments and invisible barriers that militate against women’s access to top decision-making and managerial positions in an organisation, whether public or private and in whatever domain” (EIGE, 2017).

Gender discrimination

Discrimination is a factor contributing to the gender pay gap. In certain cases, women and men do not receive the same wages although they carry out the same work or work of equal value. When women are simply treated less favourably than men, it is a case of ‘direct discrimination’. When it is a result of a policy or practice that, although not designed to discriminate, leads to unequal treatment of women and men, it is referred to as ‘indirect discrimination’. While both types of discrimination are prohibited under EU law, they are still present in the labour market.

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Documents

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Communication: An initiative to support Work-Life Balance for Working Parents and Carers, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017DC0252&from=EN>

Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32006L0054>