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TACKLING THE GENDER PAY GAP: BEST PRACTICES AROUND FOUR PERSPECTIVES

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CONCLUDING SESSION: "PAY EQUALITY IN TIMES OF CRISIS: THE WAY FORWARD OR CHIMERA - PANEL DEBATE"

Introduction

On the four perspectives

Of the four perspectives chosen for this conference (segregation, job classification/job evaluation, sanctions and social dialogue), I would like to concentrate especially on the first and the last, ie. **segregation and social dialogue**. Segregation or segmentation of the labour market lies at the heart of gender pay gap (GPG) and social dialogue at all levels is one of the most important means to tackle the pay differences. Social partners play a key role in addressing the issues underlying the pay gap and tackling the labour market challenges.

GPG does not measure gender equality

We all agree that the GPG is a complex issue. There are no magic formulas to make it disappear.

The gap does not tell us about the gender equality situation in different countries. The gap is wide in many countries which rank as the most equal countries in the world.

- For instance, Finland and Sweden experience respectively a 19.4% and 15.8% pay gap according to the latest figures, whereas they rank 2nd and 3rd amongst the best performing countries in the world as regards gender equality, according to the World Economic Forum Global Gender Gap Index 2012.

The gap also tends to be wider in those countries where the female participation rate is high. In a large majority of cases, the reason behind the gap is not discrimination but **structural challenges in the society** and the labour market. We need to identify and address these challenges in order to bridge the gap.

What the gap tells us is that there are many structural problems in the labour markets. It also tells about the **differences of male and female behaviour in**



educational choices and at work life. It indicates the diverse ways of working, concrete working hours, family and labour market policies in a given country and, most importantly, individual choices.

The current trend in many countries is that **the gap is not diminishing but widening.** The economic crisis has hit the labour markets differently in different countries. In some countries men have taken the biggest blow, in other countries the female-dominated sectors are being affected. In my own home country, the gap has diminished in the past few years but it is difficult to rejoice because it is at least partially explained by the fact that many men have lost their jobs in the export sector.

Addressing the GPG

Labour markets function differently in all the member states. The extent and reasons for the gap vary from one country to another. A substantial share of the gap also remains unexplained.

The **GPG cannot be eradicated by passing new or more EU legislation.** The reasons for the GPG are manifold and only a very small part of the pay gap can be attributed to discrimination. The cases of discrimination are addressed effectively by the law at EU and national level in various member states. EU legislation in this field is extensive and solid and there is no need for revision. The gap cannot be deleted either by enforcing sanctions when there is no wrong-doing. What the EU on therefore can do, is to **support and assist the member states in identifying and addressing their national challenges.**

When we look at GPG we are talking about a phenomenon deeply entrenched in our societies and work culture. If we want to address the GPG, we need a wide range of actions that need to be tailored to each national context. The social partners play a key role in finding ways to bridge the gap and addressing the gender equality challenges in the society and at work place level.

A word of caution: we must keep in mind also that the **gender pay gap issue is often used as a political tool.** Demands for higher wages have often been motivated by gender implications. Equal pay for equal work does not mean that the wage level in all jobs and in all sectors must be the same. Wages vary from one sector to another, from one company to another, from one job to another depending on the supply and demand, economic situation and job description. In some branches there is more room for manoeuvre with wages, while others, such as the public sector, have limited possibilities to influence their wage levels.

What should we do?

The pay gap is due to many factors which are often interrelated. Mainly the gap is explained by **horizontal and vertical segregation of the labour market.** Women tend to end up in lower paid sectors such as the public sector and service sector. The gap is also partly explained by cultural and behavioural factors.



In addressing the gap, actions should concentrate around the following priorities:

➤ ***First: fighting stereotypes, encouraging young people to make informed and atypical career choices***

Gender roles and stereotypical expectations have a strong influence on career paths and individual preferences, and reflect also on the level of pay. In their studies, women often choose social and communication disciplines rather than science, business or finance. Women often choose to work in the public sector, such as health care and social services rather than in the private sector. More men than women aspire to be managers. In a recent Finnish study only 4 % of young women wished to become managers while 12 % of young men expressed interest in becoming executives. These differences in values and choices are clearly reflected in the pay gap. If we want to influence educational choices and career paths this should be done as early as possible, not only during the last years in school.

To dismantle segregation, it would also be useful to look at the factors behind individual career choices. Why many women opt **not** to climb the career ladder and prioritise instead family and children? Do they really need to make this choice these days? What factors would make leadership roles more attractive to women? Under which conditions would women seek executive positions?

Recent OECD publication (OECD Week 2012) supports the need to address the 'early in life' roots of segregation. The UK 'WISE' (Women Into Science and Engineering) campaign for instance may have contributed to a doubling the percentage of female engineering graduates from 7% in 1984 to 15% in 2009, by encouraging young women to study mathematics and physics and also consider careers in science, engineering and construction.

➤ ***Second: promoting diversity and women's participation in decision-making positions***

Diversity is an important issue also from the employer's point of view for reasons of competitiveness and performance. In many companies employers have put in place training programmes, mentoring, coaching and sponsoring initiatives and personalised career plans to identify and nurture talent in order to create a sustainable talent pipeline.

Vice-President Reding is eager to regulate on quotas for board. Board rooms quotas are not going to bring more women into executive positions (i.e. Norway was not a success story). Instead of quotas we should look



at the reasons why so many women seem to prefer the non-executive positions and are reluctant to take the lead.

➤ ***Third: establishing an adequate infrastructure for equal opportunities and reconciling work and private life***

In some EU member states the infrastructure for men's and women's equal participation in the labour market is insufficient and does not support the dual breadwinner model. The lack of care facilities for children or the elderly or half-day school might lead to women opting to work part-time work or shorten working hours. This can have an adverse effect on job progression and pay. In some other countries, too generous family-leave regimes lead to long career breaks which reflect on promotion opportunities and pay. Long career breaks have also an effect on return to work.

It is very important to ensure that women have equal opportunities to pursue their careers and make the same choices as men. It is just as important to encourage men to take up family leave and make use of other available reconciliation measures, such as flexible working hours. BUSINESSEUROPE warmly supports a greater sharing of domestic duties between parents, and in fact this idea is at the core of the Social Partners' agreement on parental leave.

Conclusion: what have the social partners done in Finland?

I would like to conclude by telling you about the social partners' activities in Finland. The **gender pay gap programme** has been in action since 2005. It is an extensive national programme involving all social partners and the government. The programme set ambitious concrete numeral targets for diminishing the pay gap. We have not quite reached these targets.

There have been numerous joint projects and actions ranging from research to training material and publicity campaigns. The measures include information campaigns on gender planning at workplace level, reforms of out-dated pay systems and promotion of knowledge of the functioning of the pay systems.

Despite substantial efforts, the achievements have been rather modest. At best, the programme has contributed to **a better understanding of the complexity of the issue.**

Dismantling or even diminishing occupational segregation has proven to be the hardest task.

The times are tough and the sea is rough but in spite of this we should continue the work towards diminishing the GPG by:

- **addressing the GPG at national and workplace level looking at suitable solutions adapted to each context;**
- **involving the social partners in a bipartite or tripartite mode, at national and EU level;**



- **providing reliable and objective information about the reasons for the GPG;**
- **disseminating good practices between the member states, and**
- **fostering economic growth to create opportunities for all.**

Hopefully this conference has contributed to a better understanding of the complexity of this important issue.

Thank you.
