



Equality through pay equity

Wage gaps between men and women persist, while women remain tied to underpaid jobs. Pay equity lies at the heart of the trade union struggle for equality and the battle against poverty. It is the topic chosen by the Global Unions women's campaign to be highlighted during International Women's Day on 8 March 2003. Trade unions are taking action on many fronts to encourage pay equity: promoting proactive legislation, legal action, collective bargaining and decent minimum wages to name but a few. The struggle is to make pay equity a reality in law and through bargaining.

Women continue to earn less than men, the Organisation for Economic Cooperation and Development claims "even after controlling for characteristics thought to influence productivity"(1). According to the OECD, hourly wages for women are still 16% less than those of their male counterparts, even if the wage gap has generally been reduced compared to the level it was at 20 or 30 years ago. The European Industrial Relations Observatory (Eiro) estimates the gender wage gap to be 20.4% (2) in the 15 European Union countries and Norway. Here too there remains "an unexplained difference in wages, which is presumed to be due to discrimination" (3).

According to Public Services International (PSI) (4), the wage gap ranges from 10% to 60% worldwide, with the gap being even greater in developing countries and in countries where the collective bargaining system does not recognise the value of women's work.

The widest gap highlighted by Eiro is in Austria (33%) and the smallest in Luxembourg (11%). The gap observed by the OECD is lowest in Belgium (6%), followed by Australia, Denmark, France, Italy, Spain and Sweden, and highest in Switzerland and the United States (21%).

The OECD emphasises that the characteristics which influence productivity such as education or experience and



length of service within in a company only explain a small proportion of the wage gap and it notes that the wage gap is even greater in countries where there is a large number of less-educated women with fewer qualifications in the employment market. The European Trade Union Confederation (ETUC) blames pay inequity and too great a proportion of low paid workers.

In Eastern European countries, women earn 20 to 25% less than their male counterparts according to a report by the UNECE (United Nations Economic Commission for Europe). In certain sectors, the transition to a market economy has worsened the socio-economic conditions for women, who had generally had access to good quality education and had child care facilities

near to their workplace. The banking sector, which previously had the reputation of being underpaid and employing mainly women, is for example increasingly excluding women whilst considerably boosting wages.

Even given the fact that women work fewer hours than men owing to the major burden of family responsibilities, it seems that they earn considerably less money than men. In the Netherlands and the United Kingdom, women earn barely more than half that earned by men. With a few exceptions, in nearly all countries motherhood seems to have very little affect on the hourly rate earned by women, but women with children earn considerably less in total, all other things being equal, than their female colleagues with no children.

According to the ETUC, the further up the career ladder you look in a company, the wider the wage differential becomes. In some countries, women in management posts are paid on average only around 2/3 of what men receive. In the EU, women in the top 10% of the salary scale earn on average 35% less than their male counterparts whereas the gap is 15% for the bottom 10% of the scale.

"Our approach towards developing countries focuses on wage equality as part of a poverty-reduction strategy", explains Nora Wintour, the Equality and Rights Officer at Public Services International (PSI). "There are two sepa-

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rate issues here, in fact. On the one hand, there are women working in the formal economy, whose jobs are often under-valued, so their work needs to be reassessed. And then there are many women working in the informal sector, who are actually providing public services, although their work is not recognised as such or is under-valued and poorly paid. The work of women in the informal economy, who are providing the equivalent of a public service, must be re-evaluated", she continues.

Data on wage differentials in developing countries is fragmented. There are often few women working in salaried jobs whereas a large number work in the informal sector or in agriculture. For example in Mali, "the main problem in achieving professional equality between men and women in the mainstream sector is ensuring that women have access to salaried jobs". For those who have a job it gives, "the possibility of having more attractive career prospects", summarises an ILO study (5). The head of the family may be reluctant for a woman to take paid employment as this means neglecting domestic tasks which may be seen as more important. For this reason, the ILO has, for example, suggested developing education for girls, creating a list of jobs incorporating concerns on non-discrimination against women and having government publish an annual report which reviews the workforce and introduces the issue of working women.

LACK OF OPPORTUNITIES AND UNDervalued

Traditional women's work is generally undervalued: less value is often placed on social skills (demonstrated by women) than physical strength (demonstrated by men).

Women do not have the same opportunities for work. A woman who has recently been hired by a company may find herself on a lower wage than a man who started work at the same time and for the same employer. This can lead to a lifetime of lower wages and therefore lower pension entitlements.

Women do not have the same chance of promotion, training or apprenticeships. As these opportunities affect the wage earned, women do not move up the salary scale as quickly as men.

Women work shorter hours than men because they often have family and home responsibilities which can have a negative effect on their wages.

Levels of labour productivity attained by women is sometimes underpaid since it is difficult to measure, as is the case with services.

A TOOL IN THE FIGHT AGAINST THE POVERTY OF WOMEN

There are however several advantages to pay equity.

Firstly, it is a way of reducing poverty. Since more women than men are low paid, an equal wage would contribute to the abolition of child poverty. According to a report by the World

Bank, countries which have smaller differences between men and women in the areas of employment, education and property rights enjoy a lower poverty rate and faster economic growth which in turn leads to a smaller gap between men and women.

There is another benefit to pay equity: better pensions for women. When a person is low paid, the social security benefits are also low. The inequalities seen during working life carry on into retirement. In Croatia, the UATUC (Union of Autonomous Trade Unions of Croatia) compared pensions for men and women (6): the largest gaps were found in public administration (a difference of 50.7%), healthcare and social services (almost 30%) and sectors with a high percentage of female employees where wages are low.

There are also advantages to equal pay for employers: simple, transparent and easily understood pay systems send out a positive message to all staff concerning the value the organisation places on its staff and averts any possible disputes. Pay reviews avoid discrimination and guarantee that the abilities, experience and potential of all staff is properly rewarded. This improves morale and the effectiveness of an organisation since good employees will eventually leave the company if their talent is not properly rewarded.

A MOBILISING ISSUE FOR TRADE UNIONS

For trade unions themselves, pay equity is a topic which may have a positive effect on organisations and encourage women to join a union as well as improving representation of women within trade unions.

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What is pay equity?

Pay equity is fair pay for work done and the elimination of discrimination between men and women in determining wages. For this to be achieved, trade unions need to ensure that working women receive:

- equal pay for equal or identical work in the same jobs;
- equal pay for equivalent work or work of the same value, comparable to jobs which are different but of equal value, for example a nurse and a carpenter;
- a decent minimum wage and

better pay;

- and that pay systems are non-discriminatory.

Pay includes the basic wage (by the hour, piece work or commission), index-linked pay scales, overtime, allowances, bonuses, holidays, training, expenses, retirement, health insurance and so forth.

The concept of pay equity affects workers in the formal economy as well as those in the informal economy.

Source: Public Services International, PSI

In the ICFTU's "Ask a Working Woman" study (7), achieving higher pay was the top issue and equal pay the eighth most important. Pay equity is going to be the central theme of the ICFTU women's campaign in 2003, following on from the decent work theme in 2002. This all takes place within the context of the major campaign to encourage women to join trade unions running from 2002-2005.

There are various options open to trade unions for promoting pay equity: requesting proactive legislation (preventative), bringing complaints to court, incorporating the issue of equal pay into collective bargaining, improving job evaluations to lead to fairer pay systems, facilitating the introduction of decent minimum wages and so on.

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In 2000, the ETUC launched a major campaign on pay equality with a database and website (8). In its Equality Plan revised in 2001, the ETUC recommended that its members aim to reduce the wage gap by between 2 and 5%, compelling trade unions to refocus their activities on issues such as part-time work. The work carried out by the ETUC led to the observation that the

individualisation of bargaining has been a potential factor in inequality. Equal pay is also one of the priorities for the European Commission's action programme for equality (2001-2005).

Employers' organisations in Europe claim they are in favour of pay equity measures but initiatives are rare because they believe wage differentials are not due to discrimination but rather to objective factors such as qualifications or different career paths according to career choices made and the division of household tasks.

PROMOTING LEGAL INSTRUMENTS

Internationally, there are several legal instruments, including first and foremost, the two International Labour Organisation (ILO) conventions, Convention No. 100 (1951) concerning equal remuneration for men and women workers for work of equal value, and Convention No. 111 (1958) concerning discrimination in respect of employment and occupation. These Conventions form part of the eight fundamental ILO conventions adopted in 1998 in the ILO declaration on fundamental principles and rights at work. As part of follow-up work to the 1998 Declaration, in June 2003, the ILO will assess "the elimination of discrimination in respect of employment and pro-

fession", related to Convention No.100. By January 2002, the two conventions had been ratified by 160 and 158 countries respectively.

In this respect, progress made among the countries that have ratified Convention No.100 remains slow according to an ILO study on equal pay policies (9). In certain cases, a given country's interpretation of ILO standards has been limited or the application of the standards in the public sector has been inadequate. For example, India and Ghana compared similar jobs, not jobs "of equal value". In Ontario, Canada, employers at SMEs were exempt from this law.

At the European level, Article 141 of the Treaty of Amsterdam (1997) affirms the principle of equal pay for men and women which was first taken up in the directive of 10 February 1975.

In reality however this principle does not always make it to the application stage. For this reason, the European Commission also adopted a Code of Conduct concerning equal pay, developed in consultation with the social partners. The purpose of this code is to give concrete advice to employers and their collective bargaining partners. In particular, it aims to eliminate gender

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United States

Unequal pay is costing working families in the United States a great deal

- Working families in the United States lose around US\$200,000 billion in income each year due to the wage differential between men and women. This is an average of more than US\$4,000 each for working women's families, taking into account differences in education, age, location and number of hours worked.
- If married women were paid as much as men, their family incomes would rise by almost 6%, and their family poverty rates among them would drop from 2.1% to 0.8%.
- If working mothers earned as

much as men, their income would increase by 17% and the poverty rate among them would halve from 25.3% to 12.6%

- If single women were paid the same as men, their income would increase by 13.4% and the poverty rate among them would decrease from 6.3% to 1%.

Men are also affected

- Women and men pay heavily for working in jobs labelled women's work. The 25.6 million women working in these jobs lose on average US\$3,446 per year and the men US\$6,259.
- If inequalities were eliminated, men performing so-called

'women's' work would earn an additional US\$3,533 each year in Washington DC and US\$8,958 in Delaware.

Joining a trade union can help to increase a worker's wages

- A woman who is a trade union member earns on average 38% more per week (US\$157) than a woman who has not joined a trade union.
- Women who are trade union members earn almost 84% of the wage earned by male trade union members.

Source: Equal pay for working families; national and state data on the pay gap and its costs, AFL-CIO. Site web: <http://www.aflcio.org/women/exec99>.

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discrimination when pay structures are based on classification systems and job evaluation.

Discrimination in rates of pay between men and women is directly or indirectly banned in national legislation in all European countries. However, few countries have adopted a proactive approach according to Eiro. In Germany and the UK, employers are against all such draft legislation and prefer keeping initiatives on a voluntary basis.

In France, the law of 9 May 2001 requires companies to publish information on working conditions, training and pay for men and women in their annual report. This report should act as a basis for collective bargaining on professional equality, which is obligatory every three years (by branch or company).

In Sweden, the law on equality requires employers to publish a report each year on wages for men and women. The report is drafted in consultation with trade unions to whom the employer gives the appropriate information.

In Denmark, the 2001 law on pay equity requires companies with more than 10 employees to publish statistics on wages broken down into men and women at the request of trade unions. This makes it possible to ascertain how the pay system may contribute to pay equity.

In Namibia, the 1998 law on positive action (equity in employment) in particular requires companies with more than 50 employees to implement positive discrimination plans, as does the Employment Equity Act in South Africa.

In Ireland, the Irish Congress of Trade Union (ICTU) has opposed deferment of implementation by the government of the European directive on

Eastern Europe**Latvia: low wages and inequality**

In Latvia, low wages are a major problem in the healthcare and education sectors, where many women are employed. Every year, this situation drives out 500 doctors, while only 28% of qualified nurses work in the public sector. In its action programme for 2001-2005, the Healthcare and Social Services Union (TUHSC) demands a 1% increase in the healthcare budget, a wage increase for healthcare personnel, wage equality in pay systems, and efforts to promote education and training. In March 2001, the TUHSC organised a demonstration in favour of increasing the base salary for healthcare staff. This demand was included in the general agreement between the unions and the government, and the union also obtained additional funds for healthcare and social services establishments. The TUHSC

demanded an additional \$23 million so that wages could be brought up to the average level. In late 1999, the teachers' union (Educational and Scientific Workers Trade Union) organised two action days to demand a wage increase (to bring their base salary up to twice the minimum wage). Some 70% of personnel (of whom, 80% are women) took part. They won a pay rise and a promise to reform the education system.

For its part, the LBAS (Free Trade Union Confederation of Latvia) is calling on trade unions to incorporate gender issues into all of their activities, including wage bargaining. After all, the central agreement which sets minimum wages for personnel in the healthcare and social services sectors, as well as the provisions of the Labour Code on wage equality, are not enough to ensure a decent minimum wage.

Source: PSI

equality of 1975, and in fact the Commission has rejected the request by Ireland for special dispensation.

Despite the legislation, matters are rarely taken to court in the EU, although workers and their representatives may file a complaint in Denmark, France, Italy, the Netherlands, Norway, Portugal, Spain and Sweden. The main barrier is a lack of time. In the United Kingdom, a pay discrimination case

takes between 11 and 28 months to be processed. However, in the UK, women working on sewing machines in the furniture business did request pay equal to that of male upholsterers and won their case.

A DECENT MINIMUM WAGE

The minimum wage is also a preventative weapon in the fight against pay inequalities. Nine countries in Europe have a minimum wage, either imposed by law or by collective bargaining. However, few countries have publicly examined the issue of a link between the minimum wage and pay equity, although many studies show that the wage gap is further reduced in countries with laws or agreements on a minimum wage. In Ireland, Manus O'Riordan, a researcher for the Services Industrial Professional and Technical Union (SIPTU), estimates that the introduction of the minimum wage in Ireland in April 2000 has reduced the wage differential by two percentage points because many women were previously paid less than the minimum.

Canada: The Pay Equity Act in Ontario

The Pay Equity Act of 1988 in Ontario, Canada, is viewed as one of the most comprehensive 'proactive' laws in the world and combines legislative, adjudicative and enforcement mechanisms as well as bargaining. In 1993, this law was amended to allow 420,000 women working in female-domi-

nated sectors to benefit. It requires employers to negotiate pay equity plans and to evaluate jobs. In the sectors with trade unions, these measures have borne fruit, especially in low-paid sectors such as hospital care and home support services (10).

BETTER JOB EVALUATION

Improving the collection of wage data may have a significant impact on narrowing the gaps. In Canada and Finland, trade unions have set up joint job evaluation programmes together with employers.

A report published during the Swedish presidency of the EU in 2000 advocates ensuring that data relates to all sectors of the economy, part-time workers and more marginal groups, that information is as detailed as possible and that bonuses, overtime and other non-wage benefits are also taken into account. If part-time workers were included in statistics, the wage differential would increase from 1% to 3% in most European countries, believes Eiro.

Data on the wage gap should also be available at company level, where pay negotiations take place, with an evaluation of equal tasks or tasks of equal value carried out in that particular workplace. It also seems crucial that the source of pay inequalities be discovered. In this regard, understanding the role of pay systems is essential. This is because certain pay systems discriminate against women. In many countries, length of service within a company plays a large role in determining wages, while more women than men take career breaks. Some collective agreements have even set the retirement age for women lower than that for men.

In the Netherlands, together with the University of Amsterdam and publishing house VNU, the trade union confederation FNV has set up a wage evaluation system which anyone can access on the Internet (www.loonwijzer.nl). Employers' organisations were also consulted. This site enables visitors to check if their employer is paying them correctly compared with other similar jobs. Women can use this to establish their average salary according to their gender, country of origin, industry, age, training, post, career development and size of their company. Visitors to the site are also asked to anonymously submit details of their job and wage to help to perfect the system for the next visitor and give a virtual image of the employment world in the Netherlands.

In Ireland, ICTU has launched a two-year project (January 2002 to March 2004) entitled Gender and Pay (GAP) (12), which in particular is seeking to develop guidelines for non-discriminatory job evaluation and create training tools for employers and workers.

On 8 March 2002, PSI put forward a model letter to be sent to governments

PSI global campaign

Public Services International (PSI) launched a major international campaign on pay equity in 2000, with a resource package and preliminary studies (11).

Many public service trade union confederations have been taking action, including:

- the TUHSC in Latvia which is campaigning for collective bargaining to be stepped up, with the aim of increasing the number of workers covered by collective bargaining (and thereby the number of women). The trade union has also been able to negotiate pay rises for low-paid women working in the public sector in health and education.

- In Norway, as part of an Action Plan, the NKF has pledged to increase the number of hours worked by part-time workers, improve the availability of wage statistics, ensure that jobs in which women work are properly covered by collective bargaining and design fair job evaluation systems.

- In the UK, public services union UNISON has developed a strategy for training trade union leaders on this issue, on how to negotiate pay agreements based on equity, on how to take matters to court if necessary and on how to press for improvements to legislation.

Equal Pay is a Fundamental Human Right

HUMAN RIGHT

HUMAN RIGHT

HUMAN RIGHT

EQUAL PAY NOW!

D. DIGITAL VISION

Public Services International and its affiliates are calling for EQUAL PAY now!

affirming the need to produce statistical indicators on the wage differential.

EQUITY AND BARGAINING

Most trade unions maintain that collective bargaining is the best way to promote pay equity as long as it is supported by the threat of sanctions from the courts and job evaluation. However, everything is of course dependent on the number and type of workers covered by the collective agreements.

Many problems result from the fact

that few women are involved in the bargaining process by which collective agreements are reached at various levels. Several studies show that the more women are involved in the bargaining process and covered by the agreement, the more likely it is that the collective bargaining will deal with issues linked to equality.

According to Eiro, pay equity is not a central issue in discussions during

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bargaining in the EU. The subject is indirectly tackled since many agreements provide for measures promoting equality of access to the job market (to better integrate women into this market, ensure their training and promotion and to better reconcile work and family life) and these measures may have a long-term impact on pay equity. Nevertheless, in some countries, such as Finland, pay equity has been directly dealt with in collective bargaining.

Some collective agreements have however looked directly at pay structures, classification and job evaluation systems. Some call for a re-evaluation of work usually undertaken by women. The idea of work evaluation as a means of promoting pay equity is controversial in the Scandinavian countries, Germany, Austria, Belgium, the Netherlands, Spain and the United Kingdom.

Following the publication of an official report on the pay gap (13) in the UK, the government gave financing to the Union Learning Fund to recruit and train several hundred trade union leaders on pay equity so that company wages could be evaluated with employers. The British Trades Union Congress (TUC) has itself raise of awareness among delegates by holding information days. The private sector trade union Amicus has published a list of employers committed to evaluating wages in their company. Furthermore, the British Equal Opportunities Commission has published a Code of Practice on Pay Equity through which the employer undertakes to examine and check practices within the company and to discuss possible policies on this matter with employees.

In Germany, services union VerDi has developed a system to verify whether gender is being taken into account in collective agreements.

In Sweden, the SKTF led an awareness campaign to put pay equity at the heart of collective bargaining in a

country where bargaining is very decentralised. ●

ANNE RENAUT

- (1) **OECD Employment Outlook, July 2002, chapter 2, "Women at work: who are they and how are they faring?"**
- (2) **Pay developments - annual update 2001, European Industrial Relations Observatory (Eiro), March 2002**
- (3) **Gender pay equity in Europe, European Industrial Relations Observatory (Eiro), January 2002**
- (4) **"Pay Equity Now!", Pay Equity Resource Package, 70p, Public Services International, 2002. On the web at: <http://www.world-psi.org>**
- (5) **"Égalité de rémunération entre les hommes et les femmes dans le secteur moderne au Mali", Dominique Meurs, ILO, May 2001**
- (6) **"The Male Face of Trade Unions in Central and Eastern Europe", Jasna A. Petrovic, ICFTU and CEE Women's Network, 2002**
- (7) **"Ask a Working Woman", pilot study carried out by the ICFTU in 2001: <http://www.icftu.org/pdf/awwreport.pdf>**
- (8) **<http://www.etuc.org/equalpay/>**
- (9) **"Equal pay policies: International review of selected developing and developed countries", Paula Määttä, May 1998, ILO. The countries studied are Germany, Australia, Canada, United States, Finland, France, Ghana, India, New Zealand, the Philippines, the UK and Zambia.**
- (10) **"Pay Equity in the Public Services", Final Research Report for the PSI/ILO Partnership on Pay Equity, by Dr Jane Pillinger, February 2002**
- (11) **<http://www.world-psi.org>**
- (12) **<http://www.ictu.ie/html/services/projects/gap.htm>**
- (13) **Equal Opportunities Commission: The Gender Pay Gap, a Research Review, 2001.**

ILO Convention No. 100 on equal remuneration**Article 1**

- a) the term remuneration includes the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment;
- b) the term equal remuneration for men and women workers for work of equal value refers to rates of remuneration established without discrimination based on sex.

Article 2

1. Each Member shall, by means appropriate to the methods in

operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.

2. This principle may be applied by means of:
 - a) national laws or regulations;
 - b) legally established or recognised machinery for wage determination;
 - c) collective agreements between employers and workers; or
 - d) a combination of these various means.

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