

***The pay gap – figures, reasons and strategies*****Das Lohngefälle – Zahlen, Gründe, Strategien****Zusammenfassung:**

Im Bericht der Europäischen Kommission zur Gleichstellung von Frau und Mann des Jahres 2004 wird (neben einer Reihe positiver Entwicklungen in anderen Bereichen) für die geschlechterbezogenen Entgeltunterschiede festgestellt, dass sie im europäischen Durchschnitt seit Jahren unverändert bei 16 % liegen. Und auch im Bericht der Bundesregierung zum 10. Jahrestag der Aktionsplattform der 4. Weltfrauenkonferenz in Peking wird neben vielen Erfolgen auf dem Gebiet der Chancengleichheit das Thema Entgeltgleichheit als eine der verbleibenden Herausforderungen für die kommenden Jahre identifiziert.

Die besondere Hartnäckigkeit dieser Entgeltunterschiede begründet sich mit der Mehrdimensionalität ihrer potenziellen Ursachen: Zu den direkt auf die Entgelthöhe wirkenden unmittelbaren und mittelbaren Formen der Entgeltdiskriminierung addieren sich indirekt die Effekte von Benachteiligungen beim Zugang zu Arbeitsplätzen, bei der Qualifizierung, dem Aufstieg und auch bei der familiären Arbeitsteilung, die immer noch Frauen die Beantwortung der Frage nach der Vereinbarkeit von Familie und Beruf überlässt.

Ansatzpunkte für eine positive Entwicklung im Bereich der Entgeltdiskriminierung liegen auf drei Ebenen: Auf der staatlichen Ebene kann die Möglichkeit von Verbands- oder Gruppenklagen sowie die Einrichtung einer Fachinstitution, wie in der neuen Gleichbehandlungsrichtlinie gefordert, fördernd wirken. Auch Verfahrensgesetze, die den Tarifvertragsparteien Regeln für diskriminierungsfreies Handeln auferlegen, müssen in Betracht gezogen werden. Für die tarifliche Ebene selbst gilt, dass diskriminierende Faktoren weitgehend bekannt sind und nun Eingang in Tarifverträge finden müssen. Die zur Zeit stattfindenden Verhandlungen über die Reformierung des Tarifsystems für den öffentlichen Dienst sind eine Chance, die Entgeltsituation vieler Frauen gerechter zu gestalten. Doch auch diskriminierungsfrei gestaltete Tarifverträge garantieren noch nicht von alleine den erwünschten Effekt. Denn sie müssen auf der betrieblichen Ebene konkretisiert und umgesetzt werden, wobei diskriminierende Effekte wiederhergestellt werden oder auftreten können. Am Beispiel der Umsetzung der neuen Entgeltraahmenabkommen in der Metall- und Elektroindustrie wird deutlich werden, wie sich Chancen und Risiken in der Praxis verteilen.

**Introduction**

*The question whether Gender Mainstreaming could bring us closer to the old target of equal pay for work of equal value cannot be answered in a positive and encouraging way at first glance:*

- *The European Commission's report on equality between women and men for 2004 states that the overall average pay gap in Europe is still 16 % and has not changed for years (European Commission 2004, 5).*
- *The German government is preparing its report for the 10th anniversary of the World Women's Conference in Peking 1995 and has been forced to admit that, despite of a lot of progress that having been made in several areas of gender equality, pay equity will remain on the agenda as a challenge for the coming years (BMFSFJ 2004).*

*This contribution will therefore begin by giving some figures to highlight the pay gap in the European countries (chapter 1). After that possible reasons for the pay gap and its persistence will be summarized theoretically and by a statistical analysis (chapter 2). The last chapter describes a multi-fold strategy to be followed in Germany in order to reduce the pay gap significantly (chapter 3).*

**1. Figures: Statistical data on the pay gap between men and women**

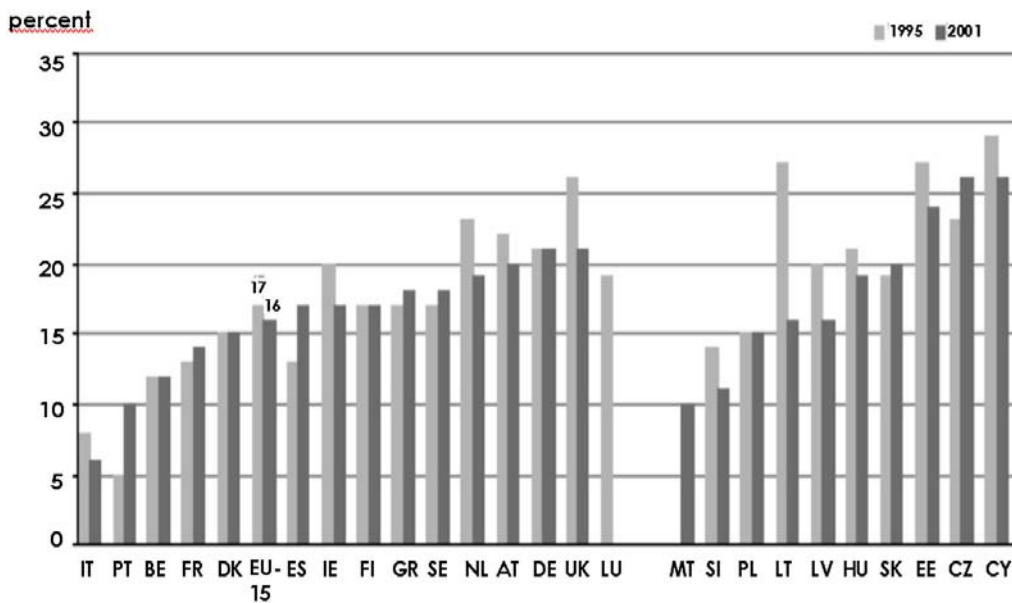
On a European level the pay gap between women and men in their average hourly wages is 16 % (European Commission 2004, 5). That means that women earned 16 % less than men did. Chart 1 shows the pay gap for 2001 and its development since 1995 for all the 25 European countries. Italy and Portugal are in top position with pay gaps of 10 % and below. At the other end of the scale are the United Kingdom, Lithuania, Estonia, the Czech Republic and Cyprus with pay gaps of more than 25 % in 1995/2001).

It is remarkable that the UK and Lithuania have reduced the pay gap significantly in the past years: The UK from 26 to 21 % and Lithuania from 27 to 16 %. But we have to bear in mind that both countries started from a rather poor level of pay equity.

In most of the countries the pay gap decreased in the years between 1995 and 2001, but there are seven countries where it increased. These are Portugal and France (but both are still on an below-average level), Spain, Greece, Sweden, Slovakia and the Czech Republic. Germany's pay gap remained the same with 21 % and is still above average.

**Chart 1:**

Average hourly earnings of women as a percentage of men's earnings in Europe



Source: European Commission: Report on equality between women and men, 2004, COM (2004) 115 final, p. 17

**2. Reasons: Theoretical and statistical explanations for the pay gap**

Labour market theories – feminist and non-feminist – have tried for many years to find the reasons for the pay gap and its persistence. The main difference can be observed between neoclassical theories (human capital theories) that explain the pay gap as a result of deliberate choices of women concerning their investment in education and participation in the labour force on the one hand and theories of segregation of the labour market on the other hand, which stress the segmentation of the labour market into male- and female-dominated segments with the 'female segments' consisting of less favourable jobs and working conditions and lower pay. These segments cannot be chosen deliberately by employees but are closed by rather high barriers of mobility.<sup>1</sup>

*In contrast to the assumption of a free market choice of women in human capital theory, feminist research has identified a variety of areas where direct or indirect discrimination against women can be clearly shown and proven. Most of these areas of discrimination lead to lower pay for women as a direct or indirect consequence. The pay gap can therefore be seen as a result of direct and indirect discrimination and disadvantages of women in a variety of areas of either professional or private life. According to this interpretation, what we can see in the pay gap is the quantifiable concentrate of gender-oriented discrimination in society. And the variety of factors that contribute to the gap is one of the main reasons for the persistence of the pay gap for such a long time.*

### **The pay gap can be seen**

#### **1. as a result of direct or indirect discrimination through pay systems and methods.**

*A lot of work has already been done to recognize and describe the discriminating mechanisms of basic wage differentiation mostly through discriminating job evaluation systems (Jochmann-Döll 1990; Tondorf/Ranftl 2002). Less knowledge has so far been elaborated concerning the discriminating practices in merit pay systems and performance appraisal (Krell/Tondorf 2004). Discrimination in the payment of additional bonuses and allowances as well as in pension plans at company, plant or collective bargaining level has received even less attention.*

#### **2. as a result of disadvantages and discriminatory practices in areas other than pay.**

*Women have unequal access to future-oriented vocational education (e.g. IT-professions, technical professions) and higher paid jobs, especially management positions and they take a smaller part in measures of vocational training, which leads them to low-paid jobs with few career options to a greater extent than men.*

*In addition to these disadvantages women tend to limit their labour market participation and interrupt their working life in order to raise children and manage the household. We cannot assume that they do so deliberately because most of the women do not have the chance to choose because of the traditional model of the family which they and their partners are forced to live by.*

*The third, and probably most crucial point is that labour market segregation by profession and sector allocates women to professions and sectors where they are paid poorly. Statistics show that the higher the percentage of women in a sector or profession the lower the pay. Female-dominated professions and sectors are relatively close to the unpaid family and care work women traditionally do. This leads to the assumption that female-dominated jobs are paid badly, not because they are unproductive, unimportant or not demanding, but because they are performed by women. Research has shown how the undervaluing of women's work in society finds its way to basic wage differentiation through collective bargaining processes and job evaluation (see above). Non-discriminatory job evaluation schemes have already been designed, but they are not yet widespread.<sup>2</sup> Values, valuations and stereotypes are strong attitudes in a society and change only very slowly.*

<sup>1</sup> For a short discussion of Labour market theories see the contribution to this conference of Anita Nyberg or Jochmann-Döll 1990, 15 – 43; Kleber 1992; Edwards 1981, 206 - 211

<sup>2</sup> For example the job evaluation scheme ABAKABA by two researchers from Switzerland (Katz/Baitsch 1996) or the schemes which are used in the project of re-evaluation of jobs in the public sector and health service in the UK (Hastings 2002).

Chart 2 summarizes the most important areas of discrimination which have an impact on the pay gap.

**Chart 2: Explanations for the pay gap**

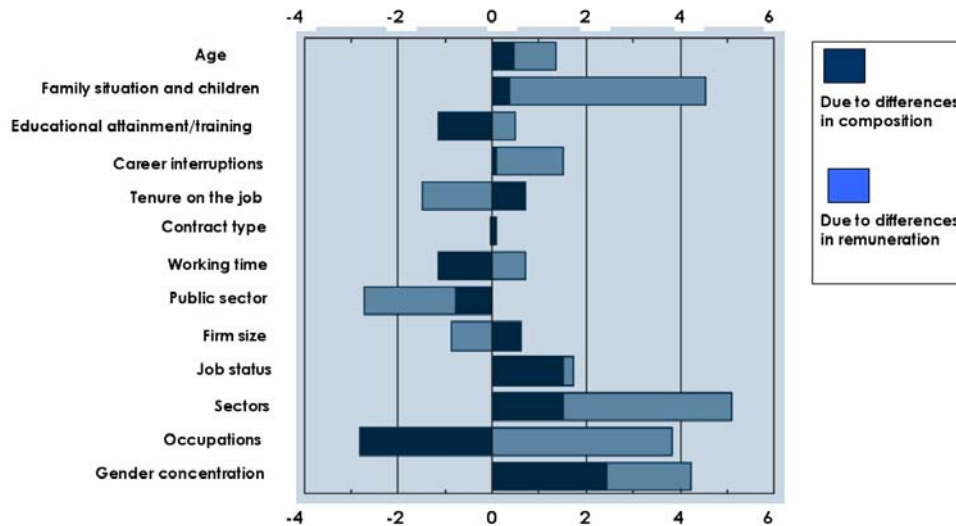
<b>The wage gap as ...</b>	
<b>...a result of direct or indirect discriminating practices in pay systems and methods</b>	<b>...a result of disadvantages and discriminatory practices in areas other than pay</b>
<p>Possible areas of discrimination:</p> <ul style="list-style-type: none"> <li>• differentiation of basic wages</li> <li>• merit pay systems</li> <li>• payment of additional bonuses and allowances (on collective bargaining or company level)</li> <li>• pension plans at company or plant level</li> </ul>	<ul style="list-style-type: none"> <li>• unequal access to vocational education and jobs</li> <li>• unequal access to vocational training</li> <li>• unequal access to higher paid (management or leading) positions</li> <li>• limitations and interruptions of working life because of a traditional model of family roles</li> <li>• labour market segregation by profession and sector and under valuing of 'women's work'</li> </ul>

The European Commission has conducted a study to summarize the results of statistical analyses in all the European countries, aimed at identifying variables that contributed to or 'explained' the pay gap (European Commission 2003). For each variable two different effects were calculated:

- the composition effect, which means that differences in pay are due to differences in the composition of the workforce concerning this variable
- the remuneration effect, which means that pay differences are due to differences in pay for the same workforce characteristics.

As shown in chart 3, "the most important factors contributing to the gender pay gap in the EU are: earnings differences between men and women with family responsibilities; gender segregation by sectors and occupations, with a higher concentration of women in low paying sectors and occupations; and, in particular, relatively lower earnings of women in female-dominated sectors and occupations that cannot be explained by productivity differences between sectors and occupations." (European Commission 2003, 15). The chart also shows that the high educational level of women and the choice of high-qualified occupations reduces the pay gap to a remarkable extent. The same is true for the concentration of women in the public sector. Here, the pay gap is reduced by the fact that the percentage of women working in the public sector is high (composition effect) and they are paid better for their work force characteristics (remuneration effect).

**Chart 3 Contributions of 'explanatory' variables on the EU-level pay gap**



Source: European Commission: Gender pay gaps in European labour markets, SEC(2003) 937, p. 16

**3. Strategies: How to tackle the pay gap?**

As the gender pay gap is influenced by a variety of causes, it is necessary to establish a multi-fold strategy to tackle it. For Germany four levels of action can be identified:

(a) National Level:

The regulations of the new Council Directive 76/207/EWG on Equal Treatment of Women and Men have to be transformed into German law. The most important changes for the enforcement of equal pay is the legal standing granted to associations to take legal action on behalf of individual employees and the installation of an expert institution for gender equality.

Although the freedom of the collective bargaining parties is valued very highly, a discussion is needed concerning structural rules which can shape the bargaining process, e.g. participation of women and other employees' groups, new methods of democratic formation of positions and decision-making.

(b) Collective Bargaining Level:

At the collective bargaining level, women have to ensure that existing knowledge and non-discriminatory methods (like job evaluation schemes, for example) are more widely perceived and used. This could be achieved by a change of attitudes of the bargaining actors or by the use of legal measures.

(c) Company Level:

Even in the event that collective agreements do attempt not to discriminate, their regulations always have to be framed on a general level and transformed and elaborated in the companies. This leaves a lot of room for action by companies. A recent study for Germany showed the flexibility and importance of the company level for a non-discriminatory transformation of collective agreements into company regulations (Carl/Krehnke 2004). Gender knowledge on the part of the bargaining parties in companies and the extent of their will to implement only non-discriminatory practices is an important factor for the enforcement of equality.

(d) *Level of Individual and Societal Valuations:*

*The most basic strategy to tackle against the pay gap is to change values, attitudes and norms in society that give traditional 'women's work' a considerably lower value than 'men's work', to change the segregation of work and duties in families and on the labour market, because these are the underlying norms which allow discrimination to creep into regulations and instruments of personnel policies. This process of societal change is a long one and it requires the will and the power of many people to change traditional convictions and pay structures.*



Andrea Jochmann-Döll

**References:**

**BMFSFJ (Bundesministerium für Familie, Senioren, Frauen und Jugend) (2004):** Pressemitteilung Nr. 2235/2004 vom 27.08.2004

**Carl, Andrea-Hilla; Krehnke, Anna (2004):** Geschlechterdiskriminierung bei der betrieblichen Grundentgeltfindung, Wiesbaden

**Edwards, Richard (1981):** Herrschaft im modernen Produktionsprozess, Frankfurt/New York

**European Commission (2003):** Gender pay gaps in European labour markets, SEC(2003)937

**European commission (2004):** Report on equality between women and men, COM(2004)115 final

**Hastings, Sue (2002):** Ways of moving towards equal pay for work of equal value in the public sector in the UK, in: Ranftl, Edeltraud et al. (Hrsg.): Gleicher Lohn für gleichwertige Arbeit. Praktische Beispiele diskriminierungsfreier analytischer Arbeitsbewertung, München/Mering, S. 41–50

**Jochmann-Döll, Andrea (1990):** Gleicher Lohn für gleichwertige Arbeit, Ausländische und deutsche Konzepte und Erfahrungen, München/Mering

**Katz, Christian; Baitsch, Christof (1996):** Lohngleichheit für die Praxis. Zwei Instrumente zur geschlechtsunabhängigen Arbeitsbewertung, hg. vom Eidg. Büro für die Gleichstellung von Frau und Mann, Zürich

**Kleber, Michaela (1992):** Arbeitsmarktsegmentation nach dem Geschlecht, in: Krell; Gertraude; Osterloh, Margit (Hrsg.): Personalpolitik aus der Sicht von Frauen – Frauen aus der Sicht der Personalpolitik, München/Mering, S. 85–106

**Krell, Gertraude; Tondorf, Karin (2004):** Leistungsabhängige Entgeltdifferenzierung: Leistungslohn, Leistungszulagen, Leistungsbewertung auf dem gleichstellungspolitischen Prüfstand, in: Krell, Gertraude (Hrsg.): Chancengleichheit durch Personalpolitik, Wiesbaden, 4. Aufl., S. 333–350

**Tondorf, Karin; Ranftl, Edeltraud (2002):** A Code of Practice on the implementation of equal pay for work of equal value for men and women, ed. by the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth