

Reducing the gender pay gap Exchange of Good Practice The Austrian Model

Berlin, 05-06 December 2011

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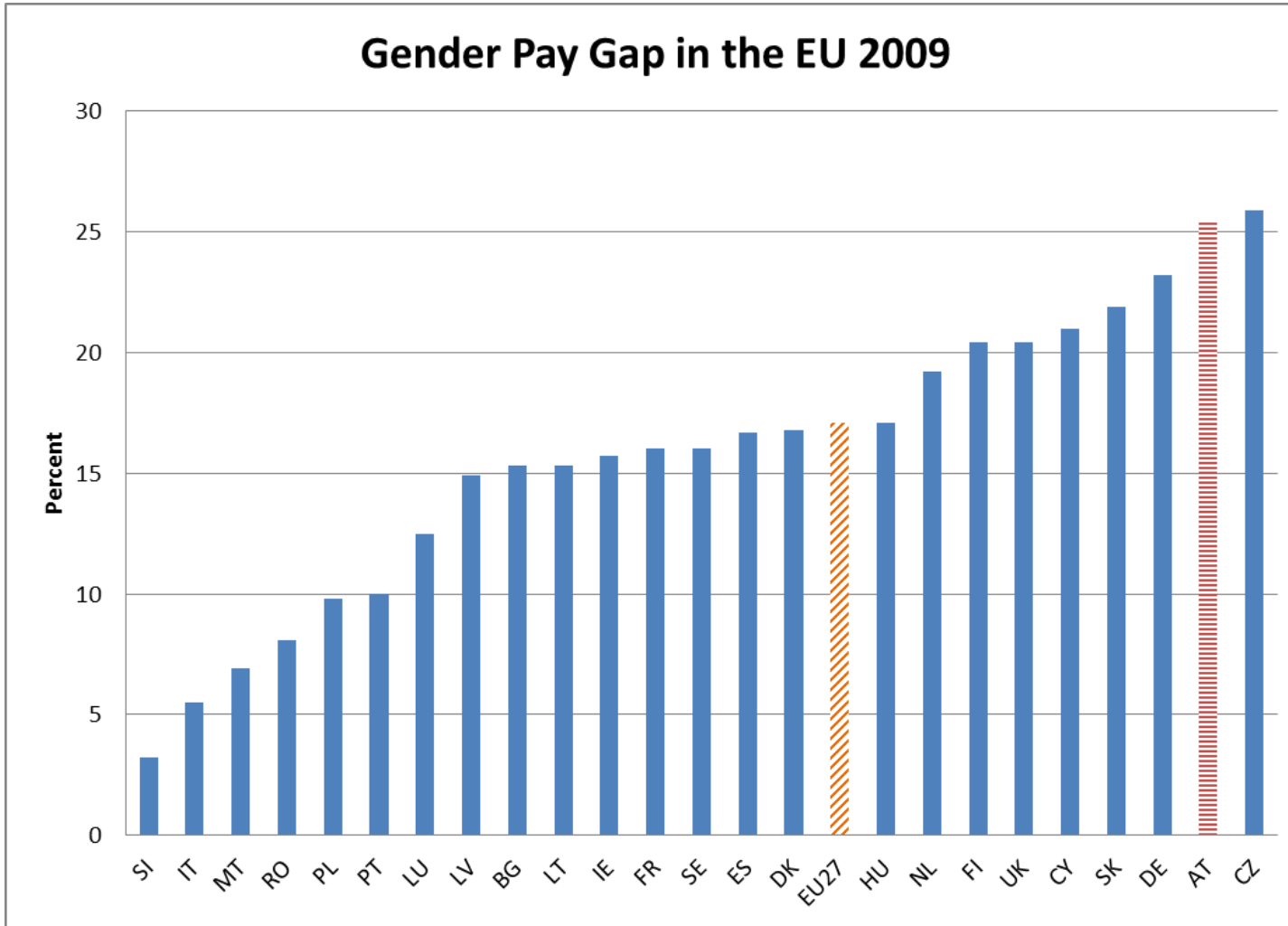
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The gender pay gap in Austria and EU

Gender pay gap (hourly wage) 2009:

- average in the EU 27 is 17.1%
- Austria second last position of all EU-member-states with 25.4%

Gender pay gap in the EU 2009



Adjusted gender pay gap in Austria

If the hourly wage is adjusted by

- age **of the employed person**
- education **and training**
- duration **of employment**
- **horizontal** segregation **on the labour market**

....a gender pay gap of **19 %** remains, that cannot be explained by those factors.

National Action Plan for the Equality of Women and Men on the Labour Market

Part of the government program 2008 to 2013 - coordinated by the Minister for Women's Affairs.

Objectives:

- improve the economic position of women
- reduce the gender pay gap

Equal Treatment Act

Since 1979 right to **equal pay for equal work and work of equal value**

- implemented mainly as **individual right** of the employee
- only **few persons go to court** to demand equal pay: 2008 and 2009 only 23 cases of income-discrimination

Reasons:

- most persons are still holding the job
- difficulties to prove discrimination
- lack of information (culture of keeping income confidential)

Three new legal instruments to tackle the gender pay gap

- **income reports** on company level
- information on pay in **job advertisements**
- (**information on actual** pay from social security in case of presumed income-discrimination)

The reform of the Equal Treatment Act has become effective in March 2011.

Objective:

Increase transparency of pay to reduce the gender pay gap

Income report at company level

Step by step introduction of the obligation for enterprises depending on their **size**:

- 2011 more than 1.000 employees
- 2012 more than 500 employees
- 2013 more than 250 employees
- 2014 more than 150 employees

Contents of the income report:

- the **number of the women and men** per occupation group (pay level),
- the **average or median income** of women and men in the given year by occupation group (pay level)
- must comprise **all forms of work remuneration**, i.e. bonuses, premiums, extra hours, benefits in kind, commissions and other remuneration components

Cases of **part-time** and **partial year** employment have to be aggregated to make it comparable with full-time and full year employment.

For reasons of **data privacy**, groups with three people or less are to be omitted.

Reports must be filed every other year.

Access to the income report

- **works committee**
 - may inform employees to a limited extent
 - can consult with the Trade Union, the Chamber of Labour or the Ombud for Equal Treatment.
- **employees** directly (if there is no works committee).
- the report must be kept **confidential**
- offences against confidentiality: **penalty** up to 360 Euro and risk of dismissal

Information on pay in Job-advertisements

- job advertisements: employers must indicate the collectively bargained **minimum wage** and state **how much more** they would be willing to pay
- Information must be given **in numbers!**
- new law has taken effect in March 2011
- from 2012 on: first warning, then penalty (up to 360 Euros)

Institutional arrangements and procedures of implementation

- **Manual for drafting the reports** – issued by the Ministry for Women's Affairs with support of the social partners and the Ombud for Equality,
- **Seminars** free of charge in Vienna. Questions raised during the seminar were compiled in a ...
- **FAQ:** published and constantly updated by the Ombud
- **Calculator for wages:** online-tool for information about the customary pay - differentiated by qualification, occupation and other relevant factors
- **Trainings** in all Austrian regions by the Ombud for Equality in cooperation with the Women's Organisation of the Trade Union

Institutional arrangements and procedures of implementation

- **Trade Union/Chamber of Labour for Work Councils:**
 - **Conference** for the members of the Work Councils in February 2010 to inform and support their role in helping create the income-reports
 - **Manual** and **checklist** to help draft and analyze the report
 - **brochure** about the **new law** was sent to all members of the Works Councils (“AK Aktuell”)
 - **Guide** on “Closing the Gender Gap – What can be done at company level”

Institutional arrangements and procedures of implementation

- **business organizations for enterprises:**
 - participated in creating the official manual,
 - included information in their websites and other media
 - distributed it throughout their target groups.

Key results and expectations

- creating a more **transparent culture** – talk about income in companies among all participants:
 - **employees, employers, Human Resources, works council and social partners**
- **raise awareness** about gender pay inequity.
- raise awareness of **employers** of their responsibility to ensure equal pay for equal work and work of equal value
 - unwarranted differences in pay are **often not intended**, but rather gender-stereotypes and standard practices lead to unfair results

Key results and expectations

- income-reports help **show differences** in income and fight structural causes for unequal pay
- **support individuals** who claim their right to equal pay
- **Job-ads** give applicants better information about wage connected to the advertised job > important for **pay bargaining**
- Also information for **employees**, who are unsure whether their pay is just
- **Ombud for Equality**: new instruments to prove income discrimination more easily in individual law enforcements

Challenges, obstacles and constraints

- No **Action Plan** to reduce unwarranted pay differences: lack of any enforcement provisions in case unwarranted pay differences are shown in the report.
 - **Swedish model**: obligatory plan of action that states the pay adjustments and other measures including a timetable (max. three years)
 - **Austria**: Works Council and/or the individual employee can pursue the appropriate legal recourse (Equal Treatment Commission or go to court)

Challenges, obstacles and constraints

- **Sanctions for employees – not for employers**
 - penalties for employees who violate confidentiality
 - no sanctions for employers who do not draw up income-reports
 - **Exception Job-ads:** from 2012 on a fine of 360 Euros in case of ongoing violation
 - sanctions are not yet in effect, the obligation is already in force. The experience so far was quite discouraging

Strengths and Weaknesses

- + **Compulsory:** companies have to look at if there is pay equity or not
 - By 2014 about 40 percent of all employees will be covered by a staff income report
- + **highly transferable:** can easily be implemented in most enterprises and in other EU-member states
 - **necessary adaptations:** e.g. strong prevalence of the Collective Agreements in the Austrian, in countries with little coverage maybe defining occupational groups within the company

Strengths and Weaknesses

- + **Step by step:** smaller companies have time to set up systems that will enable them to do proper reports
- + Based on the collective agreements system, with which the enterprises are familiar
- + **no special** statistical or mathematical **knowledge** necessary:
 - **supports objective to involve all stakeholders** in the discourse about equal pay
- + **Not easily manipulated** – Works council can check on results

Strengths and Weaknesses

- **Content** of reports is **minimal**: additional information is necessary to interpret data (especially: kinds of remuneration)
- **Lack of benchmarks**: when is a difference substantial?
 - Report provides well für questions, but does not give all the answers
- **Support** is necessary: often cluelessness about what to do with the results
- **No comparism** between Collective Agreements

Points of discussion

- How much **transparency** is reasonable for enterprises?
- **Confidentiality**: should it be allowed to talk about the report in the enterprise? Who should get access to the income report?
- Could this cause **disturbances**?
- **Sanctions**: penalties for employees who violate confidentiality, but no sanctions for employers who do not comply with the new obligation?