



European Commission
Justice

Exchange of good practices on gender equality

Reducing the gender pay gap

Berlin, 5-6 December 2011

Comments paper - Luxembourg

The gender pay gap within firms in Luxembourg

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1. Introduction

Equal pay has been written into Luxembourg's legislation since 1975. Women and men are entitled to receive equal pay for equal work or work of equal value. Nevertheless, there still remains a gender pay gap which cannot be explained objectively. The monitoring indicator on an hourly basis given by Eurostat shows that, since 2007, the gender pay gap stood at around 12.5% in Luxembourg. Indeed, the gross hourly wages of women are, on average 12.5% lower than those of men. In comparison to other European countries, Luxembourg is well positioned in terms of pay equality (Riez, 2011).

The promotion of "smart, sustainable and inclusive" growth necessarily implies policy efforts to tackle the gender pay gap. The Luxembourg adopted two consecutive national action plans (NAP-2006-2008; NAP 2009-2014) for the equality of women and men. Both are based on a dual strategy: the application of gender mainstreaming strategy into all policy measures and the implementation of specific measures. To that effect structures (gender competence cell, inter-ministerial committee,) methods (four steps method and specific instruments (training courses, standard form for assessing legal impact on a gender-differentiated basis) have been set up. Ministry of Equal Opportunities, that represents the government in terms of gender equality at the national and international level, is in charge of the coordination of the activities of the action plan.

Unlike, the Austrian NAP, the actual Luxembourg NAP (2009-2014) is not limited to the labour market. It covers the 12 themes of the Beijing Platform. These are policy areas that require specific intervention due to their influence on the evolution of the situation of women.

Among all the actions planned, measures to overcome pay inequality are highlighted. They include direct and indirect measures. Indirect measures such as: - the generalisation of "Girls'day-Boys'day" ("GD-BD") in order to encourage boys and girls to prepare their future without thinking of stereotypes and thus to tackle occupational segregation - the extension of childcare structures to improve the reconciliation of work and family life. Direct measures such as: - the introduction of the LOGIB tool to the social partners - the publication of a guide on gender-equal pay - the revision of the existing legal provisions (which operate through collective bargaining) with a view to stepping up the commitments relating to the implementation of equal pay and oblige companies to demonstrate results in achieving the targets set in this area.

Through its 2009-2014 equality PAN, therefore, the Luxembourg government is demonstrating its desire to narrow the pay gap in Luxembourg.

2. Transferability issues

German good practice: LOGIB tool

The LOGIB is a mechanism for assessing pay equality developed in Switzerland. It allows to gauge whether or not a company is ensuring gender-equal pay. The tool gives to firms the possibility to find out if any pay gaps existing between female and male workers can be explained by objective factors or if they contain an indicator of hidden discrimination.

As foreseen in the NAP 2009-2014, the tool « LOGIB » has been given to the social partners in 2009. The Ministry of Equal Opportunities has adopted that program, with the authorisation of the Swiss Federal Bureau of gender equality. In November 2009, Mrs Françoise HETTO-GAASCH (Minister of Equal Opportunities) and Mr. Serge ALLEGREZZA (Director of the STATEC) have presented to the press that new tool.

The tool as it is now available corresponds to the initial model (cf. German report). It is an excel program offline which allow to test whether significative salary differences between men and women exist. Companies are provided with summaries of the main statistical results as well as complementary graphs. In case of negative results, companies can get in touch with the ministry of equal opportunities for guidance. The use of LOGIB implies access to data related to salaries, qualification and employee position; the personnel mix (women and men).

Training courses on the introduction to the Swiss tool and on gender pay gap designed for firm managers and social partners were held in December 2009. There were 36 participants (16 men and 20 women). Of the 36 participants, there were three trade-unionists (2 women and 1 man) and three members of employers' associations (1 women and 1 men). Otherwise, there were mainly civil servants and consultants.

As LOGIB is a tool intended for private companies with more than 50 employees, an equal pay guide has been designed in order to assist enterprises with fewer than 50 employees in their attempts to equalise rates of pay.

At this point of time, very few firms use the LOGIB tool¹. This is mainly explained by the complexity and the lack of attractiveness of the actual LOGIB system. For this reason, the Government is elaborating a new version of LOGIB based on the German model "webtool". According to the Ministry of Equal Opportunities, the new model would be set up in 2012. Then, a new training course would be organised.

¹ The use of this tool is only mandatory to firms linked to the Committee of positive actions

Austrian good practice: Income report

In Luxembourg, collective bargaining is well developed. The rules for applying the principle of equal remuneration for men and women must be included in the collective bargaining agreements (Article 162-12 of the Labour Code). The analysis of a series of collective agreements shows nevertheless that the reference to equal pay is often limited to recall the principle of “Equal treatment between men and women” and that “the collective agreement will apply the principle of equal pay”. In some agreements, it is also noted that “the employer is required to provide for equal work or work of equal value, equal pay” (Ecker, 2007).

Since 1998, an Equality delegate has to be chosen among the representatives of employees (délégués du personnel). Her/his task is to defend the equality of treatment between the female and male employees in the firm. It concerns the access to employment, to training, to promotion and the equality of remuneration. There is no evaluation of the efficiency of this obligation to appoint an equality delegate, but the fact that the National Action Plan for Equality, 2009-2014 indicates that the task of the delegate has to be revised shows that the results are not considered as satisfactory.

Indeed, the integration of the rules for applying the principle of equal remuneration for men and women in the collective agreement is not really implemented: there are no concrete measures or rules for applying the principle. The last collective agreement of the banking sector may be an exception, In its article 26 the agreement is a little bit more concrete, stipulating that the banks will give access to measures giving up to standards for persons having taken a career break or parental leave. The same article indicates that Equality Plan will be introduced. But this remains vague since no concrete decisions and no objective analysis of wage inequality is provided.

The NAP 2009-2014 indicates that the existing legal provisions, which operate through collective bargaining, have to be revised with a view to stepping up the commitments relating to the implementation of equal pay and so as to oblige companies to demonstrate results in achieving the targets set in this area. At this point of time, the Ministry of Equal Opportunities, Social partners and the Labour Ministry are starting to negotiate on the this topic. A central issue for the Ministry of Equal Opportunities is how to ensure that the inclusion in the collective bargaining of the rules for applying equal pay will lead not only to an obligation of means but also to an obligation of result. The Austrian Income report can be seen as a good way to achieve this objective.

3. Policy debate

The LOGIB tool has been recently (end of 2009) set up in Luxembourg. The complexities of its utilisation have led the Ministry of Equal Opportunity to think to an order way to present the LOGIB tool. The German LOGIB tool seems to be the base of the reflection.

As the utilisation of the LOGIB tool is on a voluntary basis, a continuous problem is how to promote its utilisation by the enterprises. Another issue is how to assure that the conclusion obtained thanks to the LOGIB tool lead to positive actions in order to improve the situation.

As indicated above the rules and the instruments aiming at reducing the gender pay gap in firms are nowadays under discussion within the framework of the National Action Plan for Equality 2009-2014.

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