



European Economic and Social Committee

SOC/571

EU Action Plan 2017-2019 – Tackling the gender pay gap

OPINION

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[COM(2017) 678 final]

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Plenary Assembly decision	DD/MM/YYYY
Section responsible	Employment, Social Affairs and Citizenship
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Outcome of vote (for/against/abstentions)	194/3/4

1. **Conclusions and recommendations**

- 1.1 Overall, the EESC welcomes the efforts made by the European Commission, in the present Action Plan, to address the persistent pay gap between men and women by proposing a coherent and wide-ranging set of activities. However, it feels that each of the eight areas merits further development.
- 1.2 The EESC recommends focusing on cultural roots and the stereotypes perpetuated in education and learning systems that affect career choices. Furthermore, it recommends looking more closely into the underlying causes of labour market segregation and imposing stronger measures to combat it.
- 1.3 The EESC agrees with the Commission's proposal for pay transparency and pay audits to be introduced in sectors and businesses in order to facilitate the collection of individualised data (statistics) and develop appropriate action plans. The European Semester is an effective way of encouraging Member States to urgently take appropriate steps and to establish a solid infrastructure of accessible, affordable childcare and long-term social care facilities.
- 1.4 The EESC recommends that efforts be continued to achieve the 2020 strategy's target of 75% employment for women and men, preferably on a full-time basis.
- 1.5 The EESC welcomes the Commission's recognition of the crucial role of the social partners in the process as key players in the labour market. It highlights both the contribution of civil society organisations and partnership principles that are based on clearly defined responsibilities.
- 1.6 The EESC congratulates the Commission on deploying financial resources for individual projects but insists on the need to provide additional resources, as part of the Multiannual Financial Framework, to implement the Action Plan as a whole, including the financing of social care and childcare facilities, without penalising the Member States (in other words, respecting the "golden rule").

2. **Introduction**

- 2.1 The principle of equal pay has been enshrined in the EU Treaties since 1957. Establishing equal pay by promoting women's rights is a win-win for everyone: it is a step towards a just and fair society for all¹. The struggles for women's rights have brought the inequalities between men and women to the forefront, inducing legislators (at all levels) to take measures in the domain. Nevertheless, these inequalities persist in the various forms of social relations, in families, at school, in society, in politics and in the world of work.
- 2.2 Closing the unadjusted gender pay gap remains a challenge that must be overcome. The EU, the Member States and the social partners, with the assistance of civil society, are called on to coordinate their efforts in a framework of targeted approaches combining the application of

¹ For an overview, see the Global Gender Gap Report 2017 <https://www.weforum.org/reports/the-global-gender-gap-report-2017>.

legislative and non-legislative measures aimed at addressing simultaneously the multiple causes of pay inequalities between women and men, at both national and European levels, in the implementation of the Europe 2020 strategy.

- 2.3 The gender pay gap is lower in countries where overall equality levels are higher as well as in countries where collective bargaining coverage is widespread. It has been estimated that a 1% increase in the "coverage" of social dialogue reduces the gender pay gap by 0.16%, and the higher the degree of coordination in terms of wage formation, the more equal the wage distribution will be².

3. Background figures

- 3.1 Owing to the gender pay gap, women in the EU continue to earn on average 16.3% less than men. Understanding the causes and consequences of the phenomenon is the first step to closing the gap. The factors listed below are all part of the problem, on the one hand, and the solution, on the other.
- 3.2 The employment rate: the Europe 2020 strategy set the target of 75% of women and men in work in 2020. In 2014, however, the overall employment rate in the EU was 64.9%, with a particularly low rate for women (59.6%, against 70.1% for men aged between 20 and 64 years). Women's participation is becoming essential and the labour market needs to be radically adjusted to ensure that it is accessible to women. Eurofound's report on the gender employment gap estimates that it is costing the EU around EUR 370 billion per year, the equivalent of 2.8% of its GDP.
- 3.3 Part-time work: in 2015, eight out of ten people with a job in the EU worked full time and two out of ten part-time. Of the 44.7 million part-time workers, 10 million were under-employed, meaning that they wanted to increase their working hours. This accounts for one fifth (22.4%) of all part-time workers and 4.6% of all employment in the EU. Two-thirds of these under-employed, part-time workers were women (66%). This situation has a negative impact on training prospects, career progression, unemployment benefits and pension rights.
- 3.4 The gender balance in management positions: according to the Gender Equality Index 2017, published by the highly effective European Institute for Gender Equality (EIGE), of the eight areas assessed by the index, the representation of men and women in political, social and economic decision-making showed the lowest rate of equality. However, focusing more specifically on the economic sphere, the 2013 and 2017 editions of the index, viewed together, showed a gradual increase in the number of women on management boards, rising from 9% to 21% between 2003 and 2015. This is the case for those Member States which have adopted binding legislation, such as France and the Netherlands. These estimates concern only major companies listed on stock exchanges.

²

Resolution adopted by the Executive Committee of ETUC at its meeting of 17 and 18 June 2015: "Collective bargaining: our powerful tool to close the gender pay gap".

- 3.5 Although micro and small and medium-sized enterprises (SMEs) represent the vast majority of employers in Europe (in 2014 they constituted 99.8% of all undertakings in the EU-28 and employed almost 90 million people – 67% of all jobs), the indicators and policy measures focus on the largest company boards. Although the legislative measures introduced over the past decade have led to significant progress, further efforts are still much needed. Different tools are available in the various Member States: voluntary approaches, quotas, sanctions, etc.
- 3.6 The crisis and, in some Member States, austerity measures linked to fiscal reforms, have resulted in fewer resources for and less investment in social and public infrastructure. No gender impact assessments have been carried out, and access to this infrastructure has become more difficult. However, there is a direct link between maternal poverty and the risk of poverty and social exclusion for children. Moreover, it can now be seen that by 2015 the gender gap in terms of pensions had risen to 38% in the EU³, which means that far more women are at risk of poverty when they reach old age.
- 3.7 Gender segregation in the professions and in sectors: according to the Commission, gender segregation in sectors is one of the main causes of the gender pay gap. Some sectors and jobs continue to be dominated by either men or women: fewer women choose to go into the better-paid sectors such as construction, industry, transport, science and ICT. "Attracting more women to the science, technology, engineering and mathematics (STEM) sector would contribute to an increase in EU GDP per capita of 2.2% to 3.0% in 2050"⁴. The Commission also notes that conversely, men rarely enter key sectors for the future of Europe's society and economy, such as education, nursing and carer professions in healthcare.
- 3.8 According to the Action Plan, women leave the labour market to take care of children and/or dependent family member/s and, when they do not drop out of the labour market entirely, they often accept positions requiring lower qualifications in order to combine their return to work with their family commitments⁵. The Barcelona objectives, which are still a long way from being met, address the negative impact of the lack of good quality, affordable childcare facilities with long opening hours on women's participation in the labour market.
- 3.9 The salary impact for certain vulnerable groups (female heads of single-parent households, low-skilled women, women from immigrant backgrounds, women with a disability, etc.) must be afforded particular attention.

4. **The proposed Action Plan**

- 4.1 The Commission's proposed Action Plan contains a coherent set of measures designed to tackle the gender pay gap from all possible angles, rather than pinpointing a single factor or cause. The measures will be mutually reinforcing. The EESC supports the Action Plan but advises the

3 [Joint Employment Report 2017](#).

4 [COM\(2017\) 678 final](#).

5 [OJ C 129, 11.4.2018, p. 44](#).

Commission to ensure that the current measures already recommended are assessed and implemented as appropriate through the European Semester.

4.2 Eight main strands of action have been identified:

1. improving the application of the equal pay principle;
2. combating segregation in occupations and sectors (horizontal segregation);
3. breaking the "glass ceiling" (vertical segregation);
4. tackling the care penalty;
5. making better use of women's skills, efforts and responsibilities;
6. fighting the fog: uncovering inequalities and stereotypes;
7. alerting and informing about the gender pay gap; and
8. enhancing partnerships to tackle the gender pay gap.

In order for the above actions to be effective, synergies will need to be created between the steps taken by key stakeholders at EU level, Member States and businesses.

- 4.3 The EESC considers most of the measures proposed in favour of gender equality appropriate. It believes that this ambitious Action Plan will prove to be effective if based on a common understanding of the factors underlying the gender pay gap. In this respect, gathering statistics at Eurostat level is crucial. These statistics should be based on individualised data rather than data from households, which contribute to masking women's poverty. The active participation of all public and private stakeholders at all levels should also be relied upon: local authorities, EU institutions, Member States, social partners, public and private enterprises, educational bodies, civil society organisations (CSOs), etc.
- 4.4 The EESC reminds Member States of the need to invest in non-discriminatory and inclusive education systems. Greater gender diversity should be fostered among students applying to study the subjects of the future, such as STEM subjects (science, technology – including ICT – engineering and mathematics), so that girls can find jobs in more promising and better paid sectors. In addition, women ought to benefit from additional training throughout their careers (using new technologies such as distance learning), as this would considerably increase their chances of promotion and consequently of higher salaries. Moreover, in order to meet demographic challenges without disadvantaging women, similar levels of diversity should be encouraged in those social sectors in which they are overrepresented.
- 4.5 The EESC calls on the Commission to raise awareness among companies of the problem of the gender pay gap, including by turning it to their own interest, by improving access to the pool of women workers, taking account of the growing demographic challenges and skills shortages.
- 4.6 The EESC generally holds the view that societies should do more to address the cultural causes and long-established stereotypes that contribute to the persistent pay gap. The Commission should ensure that an assessment is carried out of what has been put in place and that current measures are strengthened.

5. **The essential role of the social partners and civil society organisations**

- 5.1 The social partners are firmly committed to achieving gender equality and to solving the concomitant problems.
- 5.2 The Framework of Actions on Gender Equality signed in 2005 by the European social partners already provides a demonstration of how to address the problem of wage inequality between men and women: using existing practical tools and drawing up clear and updated statistics at sectoral/national level to allow the social partners to analyse and understand the complex causes of the pay gap; and ensuring that pay schemes, including evaluation systems for jobs and salaries (gross salaries rather than hourly rates of pay), are transparent and gender-neutral, with constant vigilance as to any possible discriminatory effects they may have.
- 5.3 In order to address employers' concerns about an additional administrative burden, suitable accompanying measures for businesses should be introduced. Both trade unions and employers are responsible for equal pay. Of course, initiatives to promote equality must be set up in education, the labour market, childcare, etc. Nevertheless, pay transparency is also a solution, because transparency and pay audits all have their part to play in the process. Companies are starting to commit to combating all forms of discrimination in the workplace and are already dealing with these problems in order to ensure that pay systems are gender-neutral, and reflect the diversity of national industrial relations systems. It is important that all stakeholders play their role in closing the gender pay gap and explain the real causes, ensure a more coherent and evidence-based approach and clarify any possible misconceptions.
- 5.4 As for the trade unions, they acknowledge that the existence of a legal framework that is favourable to gender equality can be an important incentive in negotiations, particularly in order to convince employers of the economic and social significance of negotiating for equality. In this regard, a survey carried out by the European Trade Union Confederation (ETUC) observed that, of the wage agreements aiming to reduce pay inequalities between men and women, the ones most frequently mentioned were those focusing on minimum pay and wage increases for low-paid workers. According to the same survey, only 20% of trade unions had negotiated agreements to combat occupational segregation by granting higher wage increases to low-paid workers in predominantly female sectors.
- 5.5 Although a number of female workers are members of trade unions, the representation of women on trade union boards is increasing only very slowly. Trade unions should aim for greater diversity when developing a representative gender action plan. A similar situation is observed in the decision-making bodies of employers' organisations (public and private) and civil society organisations, which should also aim for greater diversity when developing a gender strategy.

6. Outlook

- 6.1 The 2018 Annual Growth Survey⁶ aims to capitalise on the positive boost brought about by the current period of economic growth. It should focus on reforms designed to stimulate investment in human capital and social services, on the basis of the "golden rule", and to improve the functioning of the markets in goods, services and labour with a view to enhancing long-term productivity and growth, as well as increasing inclusion through better quality public spending, fairer taxation and the modernisation of public institutions.
- 6.2 The Annual Growth Survey can also generate additional stages throughout the cycle of the European Semester by including all those factors that influence the gender pay gap in the national reports as well as country-specific recommendations.
- 6.3 The European Pillar of Social Rights ought to be fully integrated in this process, with priority being given to reforms aimed at promoting the acquisition of skills by workers, fostering equal opportunities in the labour market and fair working conditions, increasing productivity at work to support wage growth, particularly for the lowest wages, and making social protection systems more responsive and more sustainable.
- 6.4 The EESC therefore hopes that the current favourable economic climate arising from the modest increase in economic growth and the European Pillar of Social Rights will provide a fresh impetus to reducing the gender pay gap, and that the proposed Action Plan will prove to be genuinely effective. If this has not come about by the end of 2019, the EESC will envisage advising the Commission to propose both legislative and non-legislative measures at the most appropriate level, including sanctions and/or incentives.

Brussels, 19 April 2018

Luca JAHIER

The president of the European Economic and Social Committee

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N.B: Appendix overleaf.

⁶ [COM\(2017\) 690 final](#).

APPENDIX I

Below is a list of the main documents that aim to reduce gender inequality and in particular the pay gap between women and men:

- Directive 2006/54/EC on implementation of the principle of equal opportunities and equal treatment of men and women in the matters of employment and occupation (recast), incorporating the pay equality laid down in the EU Treaties since 1957;
 - ILO Convention 100 on Equal Remuneration, 1951;
 - Commission Recommendation on strengthening the principle of equal pay between men and women through transparency (2014/124/EU) and the Report on the implementation of Commission Recommendation C(2014) 1405 [COM(2017) 671 final];
 - The European Commission's Strategic Engagement for Gender Equality 2016-2019;
 - Proposal for a Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures [COM(2012) 614 final];
 - the 2017 Rome Declaration;
 - The proclamation by the European institutions of the European Pillar of Social Rights of 17 November 2017, at the Social Summit for fair jobs and growth in Gothenburg (Sweden);
 - the proposal for a Directive on work-life balance for parents and carers [COM(2017) 253 final]; and
 - the EU Action Plan 2017-2019 – Tackling the gender pay gap [COM(2017) 678 final].
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