

Mind the gap for a gender- equal future

How to reach gender pay equity and
how to close the gender pay gap:

Policy recommendations from
Nordic-German Trade Unions

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This publication is part of a joint **Nordic German Trade Union project on how to reach gender pay equity and how to close the gender pay gap.** The project is a collaboration between the Council of Nordic Trade Unions (NFS), the Friedrich-Ebert Stiftung (FES) and the German Trade Union Confederation (DGB).

The following trade union confederations from all five Nordic countries have been part of the NFS Equal Pay working group and contributed with their expert knowledge and input: Denmark (AC), Finland (SAK, STTK), Iceland (ASÍ, BSRB), Norway (LO-N, Unio, YS) and Sweden (LO-S, TCO).

The outcome of this project are two reports. One with an analysis and good examples (*“Mind the gap for a gender-equal future. How to reach gender pay equity and how to close the gender pay gap: Good examples from Nordic-German Trade Unions”*) and one with policy recommendations (*“Mind the gap for a gender-equal future. How to reach gender pay equity and how to close the gender pay gap: Policy recommendations from Nordic-German Trade Unions”*).

The project was co-funded by the Nordic Council of Ministers through the Nordic Gender Equality Fund (Nordisk jämställdhetsfond) administrated by NIKK as a project that promotes gender equality.

For further reading you find the other report *“Mind the gap for a gender-equal future. How to reach gender pay equity and how to close the gender pay gap: Good examples from Nordic-German Trade Unions”*:



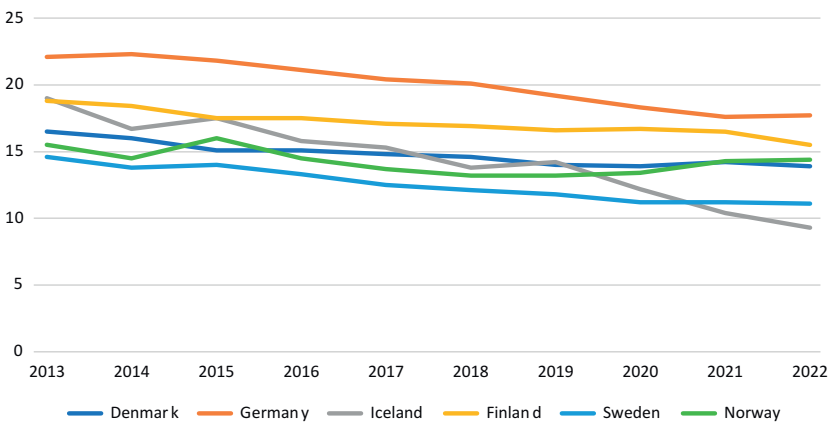
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Steps forward, recommendations and suggestions

Although the five Nordic countries and Germany have come closer to reaching gender equality in the labour market in recent decades, women still face inequalities, discrimination and adverse structural conditions in today's labour markets and society.

One way of looking at the differences between men and women on the labour market is the gender pay gap, which measures the difference in average hourly earnings between women and men.¹ In the six countries of the project there is still a gender pay gap, with the lowest at 9.3 percent in Iceland, and the largest at 17.7 percent in Iceland, and the largest at 17.7 percent in Iceland. Although the gap is slowly narrowing, this is occurring far too slowly.

Figure 1: Development of Gender Pay Gap (longitudinal)



(Data source: Eurostat 2022)²

In addition, it is more common for women to work part-time and to take longer parental leave due to care responsibilities. Unequal pay and the lower wages have a huge effect on the economic situation, autonomy and women's opportunities in life. It is therefore important to close the gender pay gap and to also look at the underlying structural undervaluation of women's work, so that women receive equal pay for work of equal value. We also need to look at the opportunities for women to participate in the labour market and

1 European Parliament. Topics. Understanding the gender pay gap: definition and causes <https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-and-causes> (2024-09-23)

2 Eurostat. (2022). Gender pay gap in unadjusted form by NACE Rev. 2 activity - structure of earnings survey methodology. https://ec.europa.eu/eurostat/databrowser/view/earn_gr_gpgr2/default/table?lang=en (2024-09-23)

obstacles such as pay discrimination, sectoral segregation, unequal share of paid and unpaid work, and the “glass ceiling”, as shown in the report “**Mind the gap for a gender-equal future. How to reach gender pay equity and how to close the gender pay gap: Good examples from Nordic-German Trade Unions**” from this project.

This is a precondition for a gender-equal society, and pay equality is a human right. The two related Conventions, the ILO Equal Remuneration Convention No. 100, which states the principle of equal remuneration for men and women workers for work of equal value, and the UN Convention on the Elimination of All Forms of Discrimination against Woman (CEDAW) must at last become a reality. All Nordic countries and Germany have signed those conventions and even have national laws against pay discrimination. Furthermore, on the EU level are several directives (EU Transparency directive and the EU Work-Life Balance Directive) which must be followed – today and not in the distant future.

The purpose of the project *Nordic German Trade Union project on how to reach gender pay equity and how to close the gender pay gap* is to share knowledge and inspiration, and to foster discussion and political debate on possible steps to be taken to equalize unequal wages and to reach pay equity.

One of the project’s findings is that a problem of this complexity requires numerous measures to be applied, in a holistic manner. It is important to define strategies and goals to gain momentum at a time in which other geopolitical, ecological and economic challenges are afflicting our societies, and to give this topic the prominence it needs on the political agenda.

What follows are some general recommendations and steps forward that have come out of the project. They are adopted by the Executive Committees of the DGB and NFS in September and October 2024.

1. Prioritise closing the gender pay gap

The issues of equal pay, pay equity and closing the gender pay gap should be a priority on all levels. At the rate we are currently reducing the gender pay gap, it will take many years to achieve gender equality on the labour market, and even longer for women in certain sectors. The Nordic countries are seen as frontrunners on gender equality, positioned at the very top of global rankings. If there remains a gender pay gap in countries ranked as the best on gender equality globally, it may be concluded that not enough is being done.

The past decades have shown that prioritization of this issue and the implementation of measures can make a difference. This is evident in the case of Iceland, where Equal Pay has been high on the political agenda, and where several significant measures have been implemented in the last decade. Their effects can be seen in a gender pay gap that has been reduced by half between 2013 and 2022. With higher prioritization and the application of a variety of measures, it should therefore be possible to accelerate progress in other countries as well – to finally reduce the gender pay gap.

2. An active tripartite dialogue is central

Equal pay and equal pay for work of equal value must be a priority not only for the EU and national governments, but for the social partners, and especially for trade unions.

To achieve equal pay and to systematically work for equal pay for work of equal value, the social partners are instrumental. While collective bargaining should be the primary tool employed toward these ends, legislation is also needed in some cases.

With a tripartite dialogue on how to achieve equal pay, trade unions, employer organisations and the government should collaborate and pool their efforts to achieve solutions.

3. Women's work needs to be re-evaluated

History presents a pervasive undervaluation of women and women's work in our societies. This is observed today in sectors that predominantly employ women, for example in the care sector. The fact that most part-time work is done by women, and part-time pay is less per hour than full-time work, also speaks to the undervaluation of women's labour.

The systematic undervaluation of women's work must be addressed, and equal pay for work of equal value must be observed.

There is also a need for developing sufficient tools for the evaluation of work to ensure equal pay for work of equal value. This should be carried out in collaboration with trade unions.

4. Conventions, laws and directives need to be followed

To the extent there are EU directives on the matter, member states must have a high level of ambition to implement such directives as the pay-transparency directive, together with the social partners. International conventions on pay equity and equal pay have existed for a long time. While EU ambitions on these issues are important, it is equally important that when creating policy or directives, the EU take into consideration Member State sovereignty, respect the national labour-market models and the autonomy of collective bargaining.

The EU level is important and has the power to influence these issues down to the local level. The EU institutions need to keep up their ambitions on these matters. The EU institutions need to continuously work on Gender-Equality issues with a new Gender-Equality strategy, Gender mainstreaming across all policy areas and Gender Budgeting in the EU budget. Moreover, within the framework of the European Semester the focus should be more on economic equality. It should be considered to formulate goals for increased gender equality, as has been done in Sweden (the gender-equality policy goals with 6 sub-goals). EIGE, the European Institute for Gender Equality, could be given a stronger role in the work of the European Semester and given more competences.

5. Stricter and higher sanctions

We need stricter sanctions when employees do not follow rules set out, for example, non-compliance with salary mapping as required in the EU Pay Transparency Directive. A number of tools are already in place, such as salary mapping, but these do not always work when capacity for controlling infractions is lacking and sanctions are not filed.

6. More collaboration, knowledge-sharing and education

We need more collaboration and knowledge sharing on effective and less effective measurement and tools to use between the countries, both at a trade-union level but also involving employers' organisations and collaboration between the governments both in existing organs, such as the Nordic Council of Ministers and the EU, but also bilaterally and in other constellations.

Even more important is the education of trade union representatives and society at large on this topic. In schools, in particular, information is needed about the economic consequences of job choices – for both girls and boys.

During the course of this project, it has become evident that although the participating countries all neighbours with close proximity to one another, the Nordic region and Germany have much to learn from one another, and the exchange of knowledge and expertise has been very important and will continue to be after this project.

7. More research is needed

More research is needed, on differentiated research effects on the gender pay gap and size, of the gender pay gap between different groups on the labour markets on the topic and evaluation of the effects of recent tools such as the pay-transparency directive and other pay-equity measures.

There is also a need for research on tools to re-evaluate the work done by women and to make the fair comparisons.

Although closing the gender pay gap is an important issue and is being worked on at both the EU and national levels, more research is still required. There is a need for more data and statistics that are shaped in such a way as to enable easy comparisons across countries. It is also important to note that women and men are not homogeneous groups; more research should be conducted into different aspects of the gender pay gap, such as the different gender pay gaps in different sectors. The tools of pay equity need more evaluation, especially newer tools such as those implemented in Iceland, like the Equal Pay Standard.

8. Governments must act

Governments need to be bold and act at the forefront of not only legislative changes but also normative shifts, such as policies directed at shared parental leave.

Trade unions need to continue to prioritise gender issues and work on closing the gender pay gap. To do so they need to remain strong and work to achieve high membership density and worker organisation. It is through collective bargaining negotiations that much of the work of closing the gender pay gap can be done. If necessary, trade unions must also be able to take individual cases to court. Even more effective would be the introduction of a right of action for associations so that all affected employees could be represented.

Collective bargaining coverage must increase, and trade unions must do everything they can to ensure that the gender pay gap is closed. Employers must also prioritise this issue so that the social partners can close the gender pay gap together.

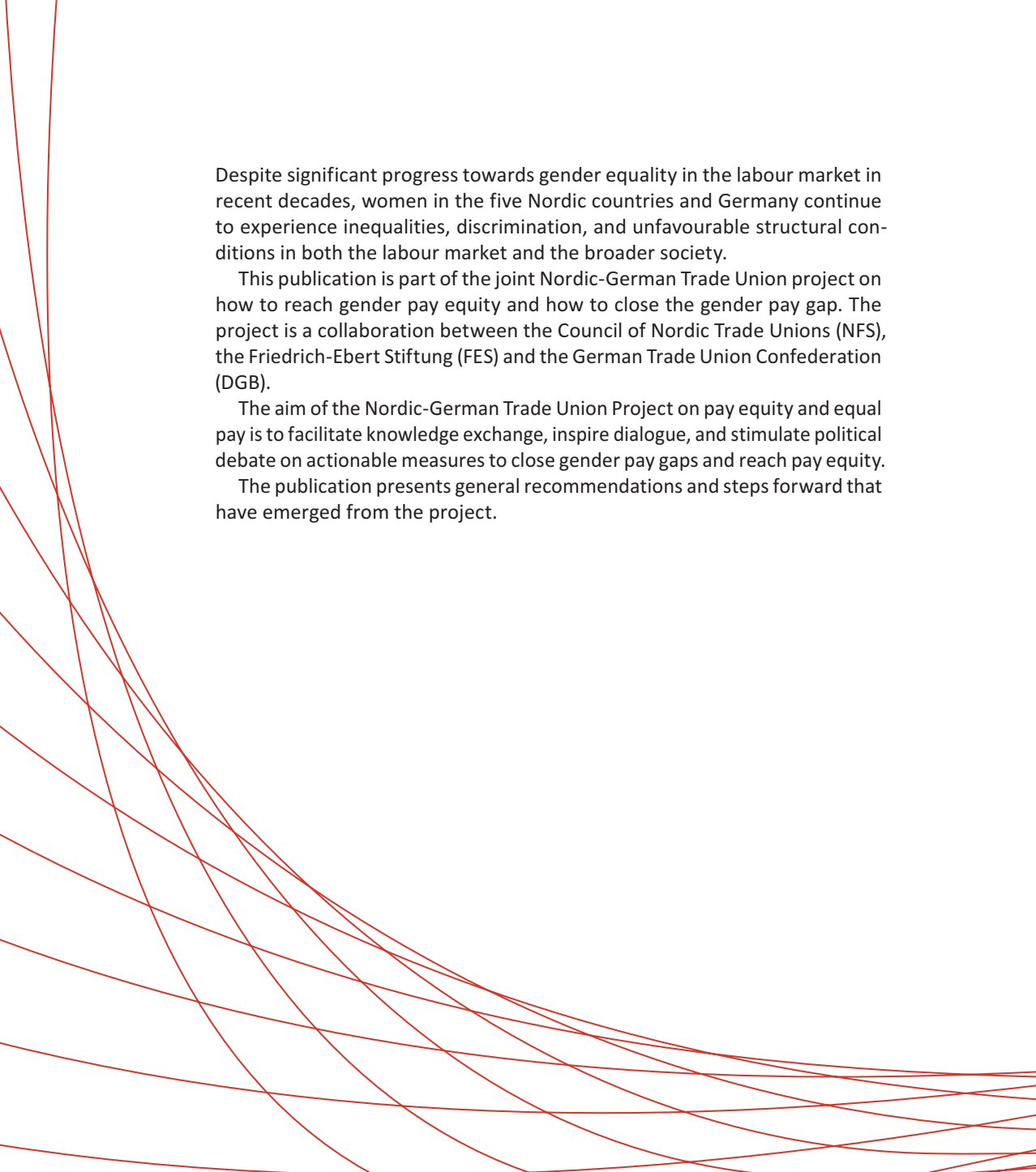
9. Men need to step up

Men need to step up and take a larger share of the unpaid care work, and workplaces need to ensure that this is possible. Legislation on family policy must also ensure this.

At the same time, it is evident that the gender pay gap is not only a wage issue – it is important to have a policy framework to create a gender-equal labour market. The gap between men and women’s unpaid care work is large and could be addressed by various legislative measures and shifts in norms. There needs to be strong built-in child-care structures to ensure that having a child does not become a penalty in the long run for a labour-market participant and their lifelong earnings.

Often when discussing issues around the gender-equal labour market and closing the gender pay gap, we tend to have a focus on women and what women should do. It is equally important to turn the gaze to men.

We need family-friendly workplaces, especially in currently male-dominated sectors.

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Despite significant progress towards gender equality in the labour market in recent decades, women in the five Nordic countries and Germany continue to experience inequalities, discrimination, and unfavourable structural conditions in both the labour market and the broader society.

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The aim of the Nordic-German Trade Union Project on pay equity and equal pay is to facilitate knowledge exchange, inspire dialogue, and stimulate political debate on actionable measures to close gender pay gaps and reach pay equity.

The publication presents general recommendations and steps forward that have emerged from the project.

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