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## **Mind the Gap: the gender pay gap in the EU**

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### **Key points**

Women are viewed as equal to men when it comes to rights, obligations and opportunities. However, one of the major problems of our society is the gender pay gap; the fact that full-time working women are paid 16,2 % less than men in the European Union. The EU discusses solutions and ideas on the matter, along with the United Nations, since gender equality is the 5<sup>th</sup> SDG of the 2030 Agenda. Under those circumstances the European Institute for gender equality provides a few policy ideas.

- Companies should be obligated by the European law to have transparency in salary
- Women need to be encouraged to take on senior roles
- Eliminate negotiation of salary so that all workers can be treated equally
- Each company must value each work position in a specific way
- Childcare must be affordable, and companies should encourage shared parental leave

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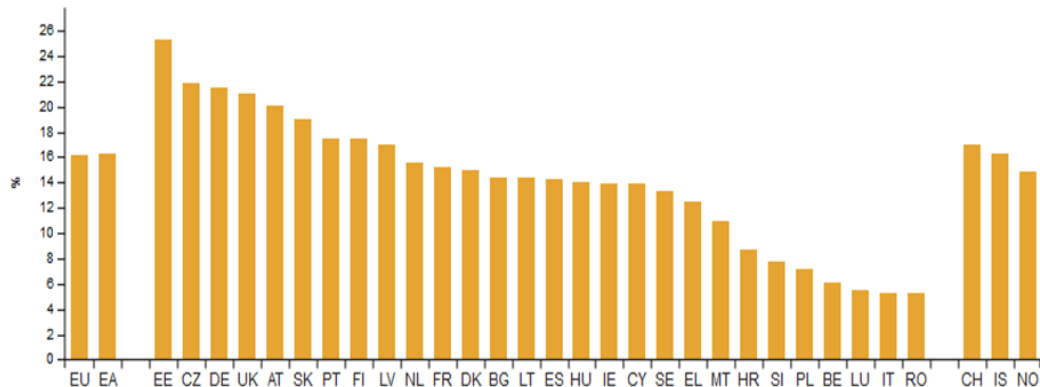
## Introduction

Though women are considered equal to men nowadays, discriminations still exist. The European Union has tried to fight against all kinds of prejudices through the Treaties and several regulations, directives and decisions. Articles 2 and 3 paragraph 3 of the Treaty on the European Union are the ones that enshrine equality between men and women, while Articles 8 and 10 of the Treaty establishing the European Community ask for discrimination between the two sexes to be eliminated. Moreover, Article 157 paragraph 1 of TEC contemplates that all member states should make sure that female and male salaries are equal when it comes to work of equal value. Last but not least, equality among women and men in all domains, including wages, is required by article 23 of the Fundamental Rights Charter. Despite the EU's efforts researchers have come to the realization that women in the EU in general are paid almost 16,2% less than men for work of equal value.

## Policy Analysis

### **The unadjusted gender pay gap, 2016**

We have already defined the gender pay gap as the difference in the average income of women and men. Eurostat releases statistics on the gender pay gap every year and though it closes from year to year, the EU has a long way to go before the issue no longer poses as a problem. According to the latest released statistics, women's gross hourly earnings were on average 16,2% below those of men in the EU. However, there are considerable differences concerning the gender pay gap between EU member states and according to Eurostat it varies by 20 percentage points.



*For all countries except the Czech Republic: data for enterprises employing 10 or more employees, NACE Rev. 2 B to S (-O); Czech Republic: data for enterprises employing 1 or more employees, NACE Rev. B to S*

*Provisional data: EU, EA, Germany, Spain, France, United Kingdom and Finland*

*2014 data: Ireland, Greece and Croatia*

*Estimated: Romania*

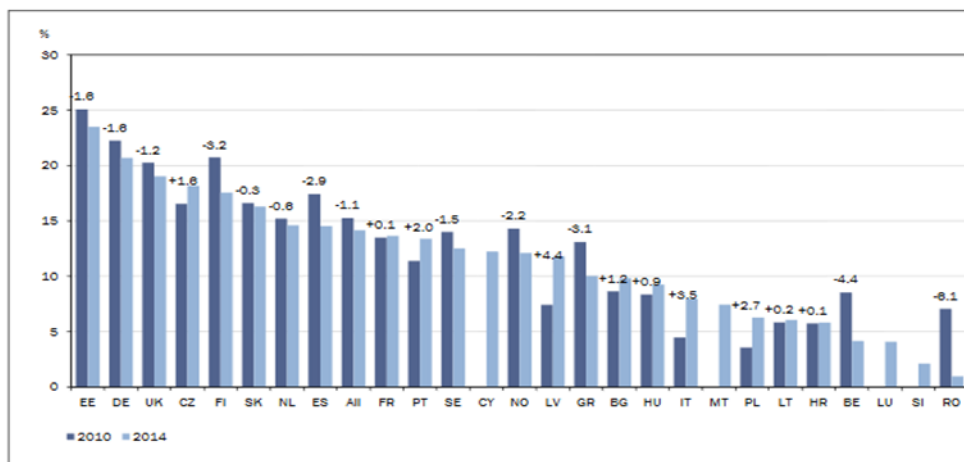
*Estimated by Eurostat: United Kingdom*

eurostat

The biggest gap can be found in Estonia, where it reaches almost 25%. Czech Republic, Germany and the United Kingdom follow with almost 21%. For these results we must take into consideration indicators such as the labour market since in a market in which women work in a limited number of sectors (Czech Republic, Estonia) or preferably work part time (Germany, Austria).

The fact that in some countries such as Italy the wage gap is much lower than the average (5,3%) happens most likely since the rate of female employment is low. The lowest gap can be seen in Romania with 5,2% of gross earnings. In most EU countries, though, the percentage varies between 17% to 12%.

### Unadjusted gender pay gap: 2010 vs 2014



Sources: SES (2010, 2014); HWWI (2017).

Comparing the unadjusted gap between 2010 and 2014, there has been a slight decrease in most countries (Belgium, Germany, Estonia etc.) while the gap has increased in six countries (Czech Republic, Italy, Poland). The difference was significant, above four percentage, only in Belgium, Latvia and Romania. In some other cases, like France, Slovakia and Lithuania, the unadjusted gap remained stable between those four years.

### Why do we have a gender pay gap?

Even when women and men do the same job and even if said job is traditionally considered a woman's occupation, women are still paid less than men. For example, women nurses earn 88% of what male nurses make while male teachers earn 9% more than female teachers. And the worst part is that women are unaware that they are paid less than their male colleagues due to lack of transparency. And if they do realize the truth, very few of them pursue the matter legally and they are not surprised that such injustices still linger.

On April 2018, in the UK, when a movement asked for companies to release data in monthly payment of women and men, women faced the cruel reality for the first time. Disbelief and outrage were the immediate reactions of women. For example, the pay gap in the newspaper "The Daily Telegraph" is a 35% and in Oxford University a wage gap of 24,5%.

Women get paid less because sometimes they are considered less skilled. But how is that the case when women nowadays are highly educated? Why can they not be promoted in the same way as their male colleagues?

Other times they are thought as less experienced compared to men- a phenomenon mostly related to mothers.

In most countries, childcare is not working efficiently and sometimes families are unable to afford the expenses of childcare. Thus, mothers are forced to leave the workforce and



take care of their children. And when they reenter, they lack working experience and end up getting paid lower wages.

### **What has been done?**

The aforementioned Articles of the Lisbon treaty concerning the elimination of all gender-based discriminations, as well as the Fundamental Rights Charter, have certainly improved the position of women in the labour market but it is obvious that injustices such as the wage gap are reduced in a very slow pace. The EU had discussed in the past, even before adopting the Goals of Sustainable Development of the EN, the elimination the gender pay gap. The Recommendation (2014/124/EC) of the European Commission, proposed equality on salaries between men and women through transparency. However, the member states were not obligated to follow those proposals and very few of them tried to encourage both the public and the private sector to be transparent on monthly wages. The newest plan of the EU is Action Plan 2017-2019, which was proposed by the European Commission and has the support of the European and Social Committee (EESC). The Plan proposes eight areas of action that should be developed. Better implementation of principle of equality of wages between the sexes, elimination of all discrimination and stereotypes, dissolve of the glass ceiling, transparency on the injustices, release of information concerning the gap so that women are aware on the problem; those things summarize the Plan.

The gender wage gap is a frequently discussed problem all around the world and the same goes for the European Union. But no matter the EU's efforts and plans, we need something more secure to solve the problem at last. Even the Action Plan of 2017-2019 needs more support and needs to consider a few more areas of action so that it can work efficiently.

### **Recommendations**

Transparency is a means of outmost importance if the EU wants to reduce the gender pay gap. Male and Female employees who do the same job or job of equal value should be aware of the differentiation in their wages. The solution of transparency has been discussed many times, but it certainly needs to be part of European Law- not just a recommended practice- so that all companies in all the member states dissolve it.

Moreover, each company must value each position in a precise way. For example, a company has several Supervisors and Managers that are both male and female. They should have a specific salary for each position. If there is a woman Supervisor and she gets paid 1.500 euros, then her male counterpart should also be paid the same salary. For this to happen of course there's something else that should be done. Companies should be obligated to have a precise job description- of what one's position includes.



The above is also a way to eliminate negotiation of salaries. Some people say that negotiation is not something that women are good at. So, if there is no negotiation at all then all employees are treated equally.

The EU can also promote female entrepreneurship by providing to them equal chances and training them to give them the proper skills. Women should also be allowed access in more senior roles in both the public and the private sector, as well as in decision making. One way to achieve that is through the 50-50 rule, meaning that there must be an equal number of female-let's say- Managers beside the males. Mentoring programs that would help women on how to negotiate their salary or how to reconcile maternity and work, would be helpful.

At last, enforcement of paternity leave should be considered, so that the duties of parenthood not only burden the mothers, and childcare must be affordable for all.



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