

**Pay Transparency:
why a strong EU
Directive on pay
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On 4rd March, the European Commission published the proposal for a draft Directive on strengthening the principle of equal pay for work of equal value between men and women through pay transparency. EPSU will be giving their responses to the Draft Directive after it has been published. This briefing gives an overview and introduction to the issue of pay transparency and how it can contribute to reducing the gender pay gap in the public services.



Introduction

The principle of equal pay for work of equal value is embodied in the EU Directive on equal opportunities and equal treatment (2006/54/EC), which was later completed by an EU Recommendation on Pay Transparency in 2014. The Recommendation was an attempt to address the lack of transparency in pay and pay systems to uncover direct or indirect discrimination that contributes to the gender pay gap.¹ However, the Recommendation has been poorly implemented, not least because it is voluntary.²

There have been long-standing problems in both the interpretation and definition of the principle of equal pay for work of equal value, and in identifying and addressing discrimination in pay and pay setting. In the public services, for example, in the care sector there is a persistent under-valuing of work carried out predominantly by women. EPSU has documented many of these problems in previous reports and surveys, and has also pointed to some [good examples](#) of ways that unions have tackled these issues in collective bargaining.

Unions across Europe have repeatedly argued for binding measures on pay transparency, including the implementation of pay transparency tools and methods such as gender-neutral job evaluation and job classifications systems. In addition, it is far better for equal pay for work of equal value to be implemented pro-actively by the social partners and through collective bargaining, rather than retrospectively through the courts. **Now it is the time for a stronger legal framework that ensures not only pay transparency, but also that the causes of unequal pay can be identified and tackled in a pro-active way.**

¹ Currently the average unadjusted gender pay gap in the EU is 14.1%, based on average gross hourly earnings (Eurostat 2021)

² European Commission, Report on the implementation of the Recommendation, 2017, (COM(2017)671 final)

What are the benefits of pay transparency measures?

Pay transparency goes further than helping unions to detect pay discrimination in pay setting and job grading systems. It can also be a tool to uncover some of the structural causes of the gender pay gap, such as the under-valuing of women's work, vertical and horizontal occupational segregation and women's disproportionate burden of care responsibilities. For example, a care/motherhood pay gap exists because women work shorter hours, part-time, or have delayed careers owing to childcare responsibilities.

Pay transparency measures could go a long way to uncovering some of the 'unexplained' or structural causes of women's unequal pay in the public services, including:

- Occupational segregation: women work predominately in a sector where their work is lower paid and under-valued, compared to sectors where men are predominant .
- Systemic and historical under-evaluation of women's work, based on gender stereotypes and prejudices.
- Traditional job evaluation methods and job classification systems designed on the basis of the requirements of male-dominated jobs, which often allow more possibilities for career progression, compared to female-dominated jobs.
- Weaker bargaining power of female workers and the fact that women disproportionately hold part-time or precarious jobs.

Furthermore, pay transparency is essential with the growing marketisation and individualisation of pay where, for example, performance and bonus payments in the public sector are more likely to benefit men's jobs. Pay transparency can contribute to much more efficient systems for pay determination, and transparent and equitable wage structures. We need, however, to ensure that 'gender-neutral' criteria are truly gender-neutral and do not contain gender bias and discrimination. For this reason we need an approach that can contribute to systematically uncovering gender discriminatory factors that contribute to the historical undervaluing of women's work and skills.

What are the tools to achieve pay transparency?

Here we summarise several of the most important tools that can help to achieve pay transparency. **These are all tools to support and strengthen pay transparency in collective bargaining, rather than replace or reduce the role of collective bargaining.**

Gender-neutral job evaluation systems: determine the value of jobs that may differ in content, but are equal in value. This is carried out by using objective and gender-neutral criteria to assess the relative value of jobs, by comparing different criteria (knowledge and skills, physical / effort, responsibility and working conditions). Some of the best examples of gender-neutral job evaluation systems can be found in the public sector where trade unions are actively involved in their design and implementation. This can help ensure that skills held in jobs predominately carried out by women are equally valued with jobs in sectors predominately held by men. However, because of occupational segregation, there may be problems in female dominated sectors in finding a comparator within the same establishment or workplace. It is essential therefore to ensure that comparisons can be made with a hypothetical comparator or with jobs in sectors that are predominantly male.

Gender-neutral job classification systems: are pay and grading systems that ensure that there are no hidden or historic assumptions about the value of women's work built into pay systems. Historically, there may have been separate grading systems for jobs predominantly held by men, allowing for higher rates of pay and bonuses, than for jobs predominately held women. Pay transparency will give unions in the public sector access to pay information, including how pay is determined, to ensure gender-neutral pay setting and classification systems.

Equal pay surveys and pay audits: are a further tool to tackle pay transparency. They enable a regular review of all aspects of pay to identify the gender pay gap, analyse the causes of the pay gap, and address them through an action plan or other measures. Where these surveys are carried out it is essential that they address the structural causes of the gender pay gap, including the under-valuing of women's work, and that robust plans are put in place to address them. Again it is essential that trade unions are involved in designing and reviewing audits and surveys. Pay surveys and audits should be applicable to all workplaces with over 10 employees.

Gender equality plans: which may cover various aspects of gender inequalities as well as pay can be a further way to identify and address gender pay inequalities, and can only be fully implemented if there is full pay transparency.

Right to request pay information: this provides that any worker or their trade union representative has the right to information about their pay, how it is made up and how it compares to the pay of comparable groups of workers, including the bonuses or additional 'non-pay' benefits received as part of pay.

In addition, it is essential that the burden of proof rests on the employer, not on a worker experiencing pay discrimination. Pay transparency measures also need to take account of multiple and intersecting forms of discrimination. It will be important in the future to identify how the gender pay gap is affected by the intersection of disability, race, LGBTI status, family status and other forms of discrimination. For example, this will mean that pay transparency measures should be implemented to address the combination of two or more of these grounds for discrimination, such as the race/gender pay gap, the disability/gender pay gap or the motherhood/race/gender pay gap.



The role of trade unions and of the social partners

Collective bargaining remains one of the most effective ways to tackle inequalities in pay between women and men. However, without a strong legal framework obliging employers to tackle pay transparency issues, public service trade unions in some countries have had limited scope to negotiate for pay transparency. It is therefore important that the future Directive on pay transparency is firmly embodied in the principle of social partnership and dialogue.

It is important that trade unions are involved in drawing up pay transparency measures and plans to address pay inequalities detected, and to engage in collective bargaining to tackle discrimination and ensure gender-neutral pay systems.







EPSU is the **European Federation of Public Service Unions**. It is the largest federation of the ETUC and comprises 8 million public service workers from over 250 trade unions across Europe. EPSU organises workers in the energy, water and waste sectors, health and social services and local, regional and central government, in all European countries including the EU's Eastern Neighbourhood. It is the recognised regional organisation of Public Services International (PSI).

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