

# Exchange of good practices on gender equality

## Equal Pay Days

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## Comments Paper - Portugal

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## 1. Introduction

### 1.1. The political and economic context: the critical issues

A political crisis emerged in March 2011, when the Portuguese parliament did not approve the austerity budget, under the 4<sup>th</sup> Stability and Growth Programme (PEC), presented by the José Socrates Government. After the rejection of the 4<sup>th</sup> PEC, the Government justified the need for external financial support. As a consequence, a three-year bailout programme was agreed with the Troika (European Commission, the International Monetary Fund and the European Central Bank). The inherent document (Memorandum of Understanding) was signed in May of 2011, by the outgoing Prime Minister (Socialist Party) and also by the leaders of the social democratic (PSD) and conservative/christian democratic (CDS) parties. Moreover, following the Prime Minister's resignation, national general elections were held in June 2011. The social democratic party led by Passos Coelho won 38.6% of the votes, and a coalition was formed with the conservative/christian democratic party. Both political forces now have the majority of the seats in the national Parliament.

The policy context has been greatly dominated by the current fiscal consolidation plan, the austerity measures, the labour market reforms, and the critical economic and labour circumstances. As a matter of fact, the economic situation is marked by a deep recession, GDP has been falling and unemployment is one of most critical labour and social issues. Portugal stands out as the country with one of highest unemployment rates in the EU27, after Spain and Greece. Looking at the figures over the last decade, the rate has increased from 3.2% for men and 5% for women (15-64 years old) in 2000 to 16.6% and 16.2%, respectively, in 2012. For the first time, unemployment hit men harder than women. Gender segregation in economic activity seems to account for such evidence, as the first sectors to be severely hit by the financial and economic crisis were the male-dominant ones – construction, manufacturing, automotive repair and maintenance (Casaca, 2012). However, both the ongoing and planned reforms for the public sector are expected to reverse the situation again, implying a greater deterioration of the economic and living conditions of many women. They represent the dominant workforce in the public sectors most exposed to spending cuts (such as the Education and Health public sectors, accounting for 76.8% and 80.7% of the workforce, respectively) (EC, 2013). The economic recession and the rise in unemployment may explain the decline registered in employment: the overall rate (20-64 years old) dropped from 73.1% in 2008 to 66.5% in 2012. The figures are now more distant from the European target: 75% employment rate in 2020. Again, the fall was more striking among men – the employment rate dropped from 79.4% (2008) to 69.9% (2012), whereas for women it declined from 67% to 63.1%, respectively.<sup>1</sup> As far as European Union (EU) members are concerned, Portugal used to be a country with a relatively high female employment rate (Casaca, 2011, 2012). Therefore, the current figures raise worrying

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<sup>1</sup> LFS data base, Eurostat. Data extracted on 05.05.13

concerns, as they may compromise or even undermine the important gains made by the Portuguese women in terms of labour market participation and economic independence. Moreover, women are still more vulnerable in the labour market when both formal and hidden<sup>2</sup> unemployment are observed, as well as the figures concerning precarious contracts, low-paid jobs, underemployment and involuntary part-time work (Casaca, 2012).

In 2011, the average basic wage in Portugal was € 808.37 for women and € 985.23 for men. According to Portuguese Law, women are entitled to receive equal pay for equal work or work of the same value as that performed by men. However, despite some slight positive trends, the gender pay gap (GPG) has been a prevailing feature of the Portuguese labour market (González, Santos and Santos, 2005; Chagas Lopes, 2000; Ferreira, 2010; Carvalho, 2011; Casaca, 2011; CIG, 2012; CITE, 2012). In 2011, women's monthly basic wage was 18% lower than that of men, the same as in 2010, and 1.3 p.p. lower than in 2005<sup>3</sup>. The monthly earnings gap (including bonuses and other payments – see footnote 3) was even higher – 20.9% (the same as in 2010, and 1.7 p.p. lower than in 2005). This asymmetry is even more pronounced at the top of the qualification ladder: among those in upper management positions, as far as overall monthly income is concerned, women earned 28.9% less than men in 2011. As the asymmetries between men and women's earnings are narrower in the public sector (Ferreira, 2010; Carvalho, 2011), current reforms in public administration may also have a negative impact on the GPG. The initiatives that have been undertaken to close the gender pay gap are presented in section 1.3, as well as in the third section on transferability issues.

## 1.2. The institutional framework

The Commission for Citizenship and Gender Equality (CIG, Comissão para a Cidadania e a Igualdade de Género) is the official mechanism in charge of the implementation of the public policies designed to promote gender equality, non-discrimination and citizenship in general, along with policies against domestic

<sup>2</sup> People who are registered as inactive; even though they are available to work, they have not looked for a job during the reference period (discouragement).

<sup>3</sup> These figures are well above the ones provided by Eurostat (12.5% for Portugal, in 2011). In this case, "the GPG in unadjusted form represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees".

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/en/earn\\_grpgg2\\_esms.htm](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/earn_grpgg2_esms.htm).

The figures in this report are the ones used to monitor the gender pay gap by the national mechanisms - CITE and CIG (see the next section for detailed information), and follow the data collected under the survey "Quadros de Pessoal" (GEE/MEE, 2013). In this case, the data reflect the payments differentials (presented as percentages) between men and women on a monthly basis, considering not only the basic wage but also the overall earnings (productivity, performance-related bonuses, as well as other payments - overtime and tenure-related payments). Data relate to an annual survey conducted by the GEE/Ministry of the Economy and Employment (further information in section 1.2 – Institutional framework) and provide information on firms, establishments and workers in mainland Portugal (in this regard, to a large universe of workers - about two-thirds of the total workforce) (Ferreira, 2010: 142-143). The information gathered includes age, sex, schooling, skill level, occupation, hiring date/tenure, contracts, earnings, working hours, payments (basic wages and overall earnings), in addition to the sector of activity, the location and size of the establishments/companies, their sales, ownership and legal setting. The survey is compulsory for all establishments and companies with wage earners (except for central, regional and local public administration and public offices, and for employers of domestic service workers). The representation of agriculture, fisheries and mining is low. Employers are also obliged to display the list of staff and the respective earnings during 30 days (at least) in a visible place (on the website, for instance). Full access to micro data is conditional on the existence of a protocol with universities and research centres. Social partners (trade unions and employers' associations) are entitled to have access to the detailed information, on demand.

violence and human trafficking. It is currently answerable to the Secretary of State for Parliamentary Affairs and Equality. The main policy instruments are the National Action Plans, including the National Plan for Equality – Gender, Citizenship and Non-Discrimination<sup>4</sup> (see section 1.3).

As far as gender equality is concerned, another mechanism has played an important role in the country - The Commission for Equality in Labour and Employment (CITE). The office is a tripartite mechanism involving representatives from the government and the social partners. The main competences are focused on the promotion of equality and non-discrimination between women and men in work, employment and vocational training. In regard to the gender pay gap, CITE is the mechanism which plays the predominant role in the country. In 2012, this Commission gained more sweeping powers, particularly in terms of the legal competence to deal with complaints by issuing legal opinions concerning equality and non-discrimination in labour and employment (including the protection of parental rights and work-family life reconciliation). Among other powers<sup>5</sup>, it is important to point out: a) the issue of a legal opinion (within 30 days) on the request that employers are legally obliged to make before dismissing any pregnant worker, any worker who has recently given birth or who is breastfeeding, or any male worker during his parental leave (paternity leave); b) the issue of a legal opinion (within 30 days) which employers must request in advance when they fail to approve part-time or flexi-time work for male or female workers with one or more children under the age of 12; c) the registration of all legal decisions by the courts concerning equality and non-discrimination between men and women; d) the appraisal of the legality of collective bargaining agreements in terms to their compliance with equality between male and female workers; e) the assistance to victims of gender discrimination in work, employment or vocational training (including in cooperation with judicial bodies); f) and the promotion of social dialogue in the field of equality between men and women in the labour market.

As mentioned, under CITE's activity, some trade unions and employers' associations have been involved in the promotion of equality and in initiatives designed to close the gender pay gap (topic developed in the section "Transferability issues"). Moreover, there have also been other actors in play: ACT (The Labour Conditions Authority, through inspective activities); GEE (The Office for Strategy and Studies, under the Ministry of Economy and Employment, mainly collecting data and information on pay), DGERT (The General Directorate for Employment and Labour Relations, under the Ministry of Economy and Employment, providing support in the design of employment and vocational training policies, in occupational certification, in monitoring and promoting collective bargaining agreements, and in preventing industrial conflicts. The National Statistical Office (INE) is in charge of the Gender profile database, available on its website. This dataset covers diverse areas, including employment and unemployment, reconciliation between family and work, and decision-making.

### 1.3. The legal and policy framework

Considering the extensive legal and policy background, this report focuses on the most recent initiatives and in particular their relevance to the topic under discussion. In January 2011 the Council of Ministers approved the Fourth National Plan for

<sup>4</sup> Currently, two other Action Plans are in place (2011-2013): the IV National Plan Against Domestic Violence and the II National Plan Against Trafficking in Human Beings.

<sup>5</sup> <http://www.cite.gov.pt/en/ourmission.html>

Equality, Gender, Citizenship and Non-Discrimination (IV PNI - 2011-2013), which is coordinated by CIG. “Economic Independence, Labour Market and reconciliation of professional, personal and family life” has been identified as one of the strategic areas of intervention. As far as the gender pay gap is concerned, measure n° 26 aims at promoting good practices in gender equality in the workplace, mainly through awareness-raising campaigns and the attribution of a prestige award in both the public and the private organisations/companies. This is not a new measure, however, since the “Equality is Quality” Award has been attributed since 2000.

In accordance with one of the measures (n° 20) stated in the IV PNI, a Government resolution was published on 8 March 2012. It obliges state-owned companies to implement gender equality plans (GEP) to promote gender balance in management and executive positions. Listed companies are recommended to adopt Action Plans. By making the adoption of GEP clearly mandatory for public sector companies, this resolution goes beyond the previous one, approved in 2007, on the Principles of Good Governance of Public Sector Companies. In February 2013, CITE established the *Forum Companies for Gender Equality – Our Commitment*, in a ceremony involving 21 companies committed to the promotion of gender equality. The impact of these initiatives needs to be monitored.

This means that, except in the case of state-owned companies, the norm has been to encourage self-regulation and the voluntary adoption of GEPs. Since 2007, central and local Public Administration, as well as public and private sector companies have been encouraged to adopt action plans in order to ensure the equal access of women and men in recruitment and training opportunities, equal pay, career advancement and reconciliation of family and private life. Accordingly, financial support has been made available through a specific funding line of the POPH – The Operational Programme for the Promotion of Human Potential, developed under the Portuguese National Strategic Reference Framework (QREN) 2007-2013. Nonetheless, the adoption of concrete measures to close the gender pay gap has not been monitored so far.

In 2013, on the occasion of the International Women’s Day, a new resolution was approved by the Council of Ministers. Among a new set of measures to promote gender equality in work and employment, the gender pay gap is explicitly addressed in the document. The planned measure aims at shedding more light on the information about pay inequalities, by making it compulsory to present a report on the pay asymmetries between men and women, by sector of activity.

Under the New Labour Code (2009), CITE has also been evaluating the provisions of the new (or modified) collective bargaining agreements. As a consequence, it has adopted a pedagogical role by suggesting to the partners involved the reformulation of those provisions that do not comply with the legal requirements in terms of equality between male and female workers. By law, agreements with discriminatory provisions can be sent to the judicial authorities, which can rule in favour of its nullity. In 2012 the Commission also developed a guide to support the drawing up of collective bargaining agreements under a gender equality and non-discriminatory perspective. It has also been supporting ACT (The Authority for Working Conditions) on the monitoring of equality and non-discriminatory practices at work and in employment, including the gender pay gap. In 2012, a specific guide was produced for that purpose, followed by complementary training provision.

In terms of equal opportunities in the labour market, career advancement, training opportunities and payment, the provision of care facilities has been considered as



one of most supportive elements. When it comes to early childhood education and care (ECEC) services in particular, the PARES<sup>6</sup> programme, launched in 2006, enabled the enlargement of the overall coverage rates. The childcare provision for children below age three (which has been the most critical coverage) increased from 12% in 1996 <sup>7</sup>to 35,1% in 2010<sup>8</sup> (slightly above the Barcelona Target of 33% for 2010), and to 37% in 2011. Despite this positive trend, the figures are below the needs of the Portuguese couples with children, as the predominant pattern in terms of the division of paid work is the full-time dual earner model (e.g. Torres, et al., 2004; Wall, 2007; Casaca, 2010; Casaca and Damião, 2011). The current context of austerity may compromise the positive trend in progress in terms of the availability of care infrastructures. As far as policies related to leave, both the former Law 142/99 and the Labour Code brought into force in 2009 illustrated that the political agenda was recognizing the need to involve more fathers in taking up paternity and parental leave, as well as in sharing leave entitlements. In this regard, the figures have also shown some progress (CITE, 2012). Nonetheless, again, the current critical circumstances seem to be increasing the discriminatory practices against workers with care responsibilities or against pregnant women in Portugal (Bettio, et al., 2012).

## 2. Policy debate

The political debate has been very much dominated by the current fiscal consolidation programme, the austerity package in place and its implications, mainly being concentrated on the impact of labour market reforms, the unconstitutional nature of some measures, the critical economic situation, the negative labour market outcomes, the substantial tax increases, the cuts in public sector pay and pensions, along with the effects of extensive cutbacks in services and social benefits.

Facing such critical circumstances and the enormous labour and social costs of current austerity measures, the major concerns for the Portuguese population are centred on the perception of their current basic priorities. Hence, focused on the severe deterioration of their work and living conditions, the dominant concerns revolve around issues such as how to make ends meet and provide for their families, how to find a new job or to keep the present one, how to maintain a regular income and how to take care of the relatives in need. Therefore, the current situation may represent a backlash in terms of the priority given to the public debate on gender equality. Considering that closing the gender pay gap has had little profile in public debate (cf., Plantenga, Remery *et al.*, 2007: 36), current circumstances may downgrade its relevance even further, in particular considering that the social partners and the political agenda seem to be dominated by the assumed priorities previously pointed out.

## 3. Transferability issues

The main legal framework covering gender equality and more specifically the elimination of the gender gap was presented in section 1.3. In relation to the best practices on Equal Pay Days under debate, Portugal shares some similarities in particular with the actions that have been undertaken in Spain. In 2011 and 2012 the

<sup>6</sup> Expansion Programme of the Social Equipment Network.

<sup>7</sup> Cf. Wall, 2007: 36.

<sup>8</sup> Cf., CITE, 2012: 63.

Equal Pay Day was celebrated for the first time on the European day - 22 February. The initiatives were coordinated by the Commission for Equality in Labour and Employment (CITE). The material used for awareness-raising purposes was the one found in the campaigns launched by the European Commission.

Before 2011, some initiatives were also put in place, including campaigns on the gender pay gap (coordinated by CITE). As previously mentioned, a good practice has been the attribution of the “Equality is Quality” Award. CITE together with CIG have granted it to companies/organisations that promote gender equality<sup>9</sup>, including gender equality criteria in recruitment, promotion, payment and training/learning opportunities. Coordinated by CITE, the project “Social Dialogue and Equality in Companies” started in 2006 in partnership with social partners, public authorities, state-owned enterprises, universities, research centres, associations and companies. Among the various instruments produced is found a “Guide for gender audits and gender equality plans in companies”, as well as a video on “Good practices for gender equality in private companies”. In 2010, CIG made available complementary guides for central and local public administration, in order to support the implementation of gender quality plans (GEP). As mentioned in section 1.3., incentives have been given for the adoption of GEPs (similarly to the practices described in relation to Spain).

In addition to this, a project was designed in 2006 to tackle the gender pay gap in particular -- “Revalue work to promote gender equality” It was carried out by the General Confederation of Portuguese Workers (CGTP) – Coordinating Organisation, CITE, the Working Conditions Authority (ACT), the Portuguese Association of Restaurants and Similar Establishments (ARESP), the Social Intervention Research Centre (CESIS), the Portuguese Trade Union Federation for the Agriculture, Food, Beverages, Hotels and Tourism Industries (FESAHT), and the International Labour Organisation (ILO). A methodology for assessing the value of work without gender bias was developed, as well as a guide to the respective application and a complementary training handbook – “Equal Pay for Men and Women” (in 2008). A similar project was recently (2012) recreated to the footwear industry, by CITE, APICAPS (The Association of Portuguese Manufacturers of Footwear, Components, Leather Goods and Associated Articles) and FESETE (The Portuguese Federation of Unions of Textile, Wool, Clothing, Footwear and Leather Workers).

In 2013, Portugal celebrated for the first time its own Equal Pay Day on 6 March (in order to be paid the same as men in 2012, Portuguese women would have to work 65 days more than their male counterparts). The activities were coordinated by CITE, and mainly oriented to the dissemination of public awareness-raising tools. For that purpose, three logos<sup>10</sup> were produced for the celebration (as in Spain) and attempts were made to publicize them. Whereas the national mechanism of Spain succeeded in having the logo on postal stamps and on the national lottery ticket, in Portugal a protocol was celebrated with public transport companies<sup>11</sup>, so that the logos (on posters) could be found on buses, ferries and the metro, as well as at the respective stations. The CEOs of the largest companies (PSI-20), the social

<sup>9</sup> The list of companies granted with an award or honourable mention may be consulted at <http://www.cite.gov.pt/pt/premioigualdade/entidadespremiadas.html>

<sup>10</sup> With different images and messages: the same function, the same measure; the same function, the same attitude; the same function, the same value.

<sup>11</sup> Carris - Transportes de Lisboa, Transtejo, S.A./Soflusa, S.A, a TST – Transportes Sul do Tejo, Fertagus - Travessia do Tejo, S.A., e o MTS – Metro Transportes do Sul.



partners and some opinion-makers received a symbolic gift – a small box containing a pencil with two equal points, representing a man and a woman at each end, followed by the message: *do you know that in Portugal women earn 18% less than men? Using the same tools and in order to earn the same as women, men only need to start working on 6 March? It's time to put an end to this difference. The only value that matters is equality.* The campaign was disseminated through the internet and social networks. A press release was sent out to the media, and a programme (*Sociedade Civil*) was devoted to the topic on the public TV. The range of initiatives and the protocols underlying them allowed CITE to carry out a low-cost campaign. However, in terms of sustainability, the public impact may be constrained by the critical economic, labour and social circumstances previously mentioned. Furthermore, according to the information collected, CITE succeeded in having approved an innovative project – the design of a tool to support companies in tackling the gender pay gap. Nonetheless, the project has been suspended due to internal financial (co-financing) constraints.

Contrary to the Estonian celebrations, apart from a few exceptions, the Professional Women's Associations have not been relevant players in the celebration of the Equal Pay Day (no initiatives have been identified) and the issue of the gender pay gap is not commonly addressed in their initiatives (contrary to the concerns expressed by the NGO's involved in the field of women's rights and gender equality). In terms of transferability in Portugal, the involvement of Professional Associations and Women's Networks is seen as highly recommended. The campaign held in Estonian restaurants is innovative, but the impact needs to be better assessed before considering its transferability.

Also as in Spain, in Portugal the partnership commitment seems to have been a priority, particularly with social partners as they are the main actors involved in pay negotiations. However, the situation differs from that experienced in Belgium, where the trade unions are the active protagonists in the celebration of Equal Pay Day and in advocating for a more gender equal pay structure. The most innovative element in relation to Portugal is the law on Equal Pay that was passed in 2012 (yet to be implemented). The slight positive trends (sometimes almost unnoticeable) in the reduction of the pay asymmetries between men and women in Portugal suggest the need for more proactive public policies, specifically targeting the eradication of the gender pay gap.

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