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Pay Surveys in Sweden

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Abstract

In Sweden the unadjusted gender pay gap was 11.3 percent and the adjusted 4.3 percent in 2017. The Discrimination Act states that in order to discover, remedy and prevent unfair gender differences in pay and other terms of employment, the employer is to annually survey and analyse provisions and other terms of employment that are used by the employer, and pay differences between women and men performing work that is to be regarded as equal or of equal value (Section 8). Employers who employ ten or more workers are to document in writing their work on pay surveys. Employers and employees are to cooperate in this work.

The social partners are responsible for wage formation in Sweden. The degree of organisation is high both among employers and employees. There are around 55 employer organisations and 60 unions. There are 668 national collective agreements about wages and general terms of employment.¹ Negotiations may take place on the central as well as on the local level. Central wage formation is most common in the private sector while local wage formation is most common in the public sector. In 2018, 65 percent of the employed men and 72 percent of the employed women were members of a union and the share of employees covered by collective agreements was 89 percent.

1. Policy debate

1.1 Yearly or every third year?

When employers became obliged to produce pay surveys in 1994, it was to be done every year. In 2009 this was changed to every three years and in 2017, it was again changed to every year.² There are different opinions whether it is better with yearly or more seldom occurring pay surveys. The unions are in general positive to yearly pay surveys while employers' organisations mean that pay surveys should be done more seldom.³

One disadvantage with yearly pay surveys is bigger administrative burden, and thereby higher costs for the employers, another is that the gender wage gap does not seem to be influenced by the frequency of pay surveys.

One advantage with yearly pay surveys is that it means more protection for the individual, since with yearly pay surveys unjustified gender wage differences are

¹ *Avtalsrörelsen och lönebildningen 2018*, Medlingsinstitutet 2018. Available at: http://www.mi.se/files/PDF-er/att_bestalla/arsrapporter/AR18_ny.pdf

² In Iceland, the companies and organisations are required to have their equal pay certification renewed every three years.

³ Prop. 2015/16: 135 *Ett övergripande ramverk för aktiva åtgärder i syfte att främja lika rättigheter och möjligheter*. Available at: <https://www.regeringen.se/rattsliga-dokument/proposition/2016/03/prop.-201516135/>

detected and adjusted faster. Another is that many employers, who do pay surveys, argue that they provide a better basis for wage reviews. Yearly pay surveys means regularity and continuity and contributes to keeping up competence.

Today's government introduced yearly pay surveys in 2017. They agreed that the costs will increase with yearly pay surveys, but not three times since it is cheaper to repeat an established method than to do it the first time. Additionally, for many employers the demand for yearly pay surveys is not new since this was the case until 2009. Many employers have stated that the work to equalise gender wage differences needs continuous measures. By visualising structural gender wage differences more often, actions in order to decrease wage differences can be put in place faster.

1.2.1 Enough supervision and compliance?

The Equality Ombudsman has been criticised for how they handle the situation when employers do not comply with legislation. The Union for Professionals (Academics in social science) (*Akademikerförbundet SSR*) wrote an article – “Sharpen toothless supervision of the Discrimination Act” – in March 2019.⁴ They call for an analysis why the supervision of the Discrimination Act by the Equality Ombudsman has been so toothless. The Ombudsman has never intervened against employers who break the law about pay surveys, despite controls which show that they are non-existent or inadequate. The Government should therefore consider appointing a special Ombudsman against Discrimination in Working Life.

The Equality Ombudsman argued that SSR had misunderstood the legislation.⁵ The main task for the Ombudsman is to work for a society without discrimination. It is more efficient to induce the employer not to discriminate when recruiting than afterwards trying to find compensation in court, a process which can take many years and often with uncertain results. In the Discrimination Act it is stated that the Ombudsman at first hand shall induce the concerned to voluntarily follow legislation. Additionally, the Ombudsman is not able to demand that pay surveys shall look in a special way (as long as it is a pay survey in the meaning of the legislation).

SSR replied that their article was not about the lack of efficient sanctions, it was about the lack of efficient supervision by the Ombudsman.⁶ They are critical to the fact that very few persons complaining get any help. Legislation which lacks active supervision will often be a blow in the air. Legislation about voluntary solutions should mean that the Ombudsman should try reconciliation. The unions solve multiple discrimination disputes through reconciliation. This means rehabilitation for the affected but has also an important preventive effect. There should be support and information how employers together with the unions can carry on active work, at the same time as employers who do not work actively shall risk a sharper supervision. Close cooperation between the social partners and the authorities working against structural discrimination in working life is needed.

The Ombudsman agrees with SSR that there is a lack of efficient sanctions when the Discrimination Act is violated. The Ombudsman has complained about this to the

⁴ *Skärp tandlös tillsyn av diskrimineringslagen*, Arbetet, 21 March 2010. Available at : <http://www.diskrimineringslagen.se/uploads/ETC%2017-04-10.pdf>

⁵ *Rättsliga missförstånd bakom SSR:s kritik*, Arbetet, 27 March 2019. Available at: <http://www.do.se/om-do/pressrum/aktuellt/aktuellt-under-2019/rattsliga-missforstand-bakom-ssrs-kritik/>

⁶ *Vi vill se en ny ombudsman mot diskriminering i arbetslivet*, Arbetet, 2 April, 2019. Available at: <https://arbetet.se/2019/04/02/vi-vill-se-en-ny-ombudsman-mot-diskriminering-i-arbetslivet/>

government. The government has announced that they will appoint an inquiry in order to analyse and look into the need of more efficient possibilities of sanctions related to compliance of pay surveys.⁷ The government has also allocated EUR 1.78 million (SEK 20 million) yearly in order to strengthen the Ombudsman's supervisory activities.

2. Good practice examples

2.1 The Million Study 2008

In 2001, extensive changes took place in the Gender Equality Act and the Government gave the Equal Opportunities Ombudsman the task to intensify the work to support and review the employers' work with pay surveys. The Ombudsman carried through an extensive examination of how the employers followed the Gender Equality Act's regulation about pay surveys. The aim was to examine employers who together had a million employees, therefore it was called the Million Study (*Miljongranskningen*).

In a first stage, the 380 biggest employers were examined. The result of stage 1 was presented in a report 2007.⁸ The outcome showed extensive deficiencies in the employers' work with gender equal wages. Barely 10 percent of the employers met the demands of the legislation. On the other hand, the examination showed that pay surveys could be a good tool in order to find both justified and unjustified wage differences. The examination of stage 1 also showed that the Equal Opportunities Ombudsman could improve their methods in several ways, which they also did.

The final report was published in 2008 and 548 employers' were included. Together they employed 703 000 employees.⁹ Forty four percent of the employers found and corrected unjustified wage differences. The wage adjustments affected 5.246 persons, or 0.7 percent of the employees, of which 90 percent were women. The average wage adjustment per person was EUR 100 (SEK 1 120) per month. In 70 percent of the cases it concerned unjustified wage differences between women and men doing equal work, in 30 percent of the cases it concerned unjustified wages between female dominated work and work of equal value in non-female dominated work. One third of the employers stated that other measures than wage adjustment were necessary in order to reach gender equal wages.

Since the Million Study no similar official study has been published.¹⁰ But some trade unions have undertaken related investigations. These studies are not representative for the country as a whole since they are limited to the occupations or sectors, where their members are employed.

⁷ *Handlingsplan för jämställda livsinkomster*, Arbetsmarknadsdepartementet, 2017-12-21. Available: <https://www.regeringen.se/4b0b1f/contentassets/f26c798733cd41258ec06ff8bd8186d5/handlingsplan-jamstallda-livsinkomster>

⁸ *JämO:s miljongranskning etapp 1* (2007), JämO, Stockholm.

⁹ *Miljongranskningen – Resultat av etapp 2 och slutrapport* (2008), JämO. Available at: https://jamstalldhetsfeministern.files.wordpress.com/2014/04/miljongranskningen_etapp2_nov2008.pdf

¹⁰ When this Comment Paper was written it was true that no official study had been published since the Million Study. However, shortly after the Swedish National Audit Office (2019) published such a study. Their conclusion is that pay surveys have very limited possibility to affect the gender wage gap. Available at: <https://www.riksrevisionen.se/om-riksrevisionen/kommunikation-och-media/nyhetsarkiv/2019-05-23-diskrimineringslagens-krav-pa-lonekartlaggning-bor-ses-over.html>.

2.2 The *Unionen* Report 2017

One such union is *Unionen*. A union for white collar workers in the private sector, the category with the biggest gender wage gap. They have published reports every year since 2009. The latest in 2017, the investigation was done via interviews on telephone with representatives for 1.000 out of a total of around 3.000 union clubs.¹¹

The report shows that 70 percent of the companies actively worked for gender equal wages, but less than half judged that there were clear criteria for wage setting in their work place. Forty four percent of the companies carried out pay surveys each year and more than one fourth at least every third year (but not every year). Twenty percent of the clubs answered that the work with pay surveys was carried out more seldom than every third year. Compliance was more common in big companies than in small or middle sized companies. One third of the companies found that wage adjustments were needed. In 55 percent of these cases it was women's wages that needed adjustment, in 25 percent both women and men and in 8 percent men.

Fully 70 percent of the union clubs, where pay surveys were produced, stated that they took part in the work with pay surveys and analyses. A majority was content with the information they received and almost half were satisfied with the influence they had on the work. Four out of ten union clubs believed that their employer had good or very good knowledge about work with pay surveys and analyses. A fourth believed that the knowledge of the employer was bad or very bad. Forty five percent judged that the employers' attitude towards wage surveys and analysis was positive or very positive. Fully one out of five clubs stated that their employers' attitude was negative or very negative.

3. Transferability aspects

In Sweden the legislation concerns employers with ten or more employees and the pay survey should be done every year. Legislation in Iceland concerns employers with 25 employees and every third year. In this aspect Swedish legislation is tougher. It might change in the future depending on which political parties are in power. The social democrats are in favour of yearly pay surveys, while the Alliance (the Moderate, the Liberal, the Centre and the Christian Democratic Parties) introduced three years when they were in power.

Sweden has not chosen certification, instead Sweden has chosen imperative legislation directly. But according to Eberhard Stüber, jurist and expert on discrimination legislation, it works in a similar way.¹² He means that there is no reason for Sweden to introduce additional rules since there is already legislation which is very clear. He believes that the Swedish legislation might be tougher than the Icelandic certification rules. The problem with Swedish legislation is compliance, which has been discussed above under 1.2.

Another difference between Iceland and Sweden seems to be that the employers' organisations in Iceland see pay surveys as a good tool to achieve gender equal wages. This is not altogether the case in Sweden. The Confederation of Swedish Enterprise (*Svenskt Näringsliv*) considers the aim of the yearly pay surveys as good,

¹¹ *Lönekartläggning lönar sig 2018*, Unionen. Available at:

https://www.unionen.se/sites/default/files/files/lonekartlaggning_lonar_sig_2018.pdf

¹² *Dagens ETC 2017-04-10*. Available at: <http://www.diskrimineringslagen.se/uploads/ETC%2017-04-10.pdf>

but the method as wrong.¹³ The process around pay surveys is extensive and the enterprises spend a lot of time working on them. At the same time, according to the Confederation, many companies testify that pay surveys do not contribute to new knowledge; legislation has become a burden rather than support in the work for gender equal wages. However, it can be pointed out that only one out of five *Unionen* local clubs stated that their employers' attitude towards pay surveys was negative or very negative. Pay surveys are based on another logic than wage setting in collective agreements. In pay surveys only work tasks shall be compared, while wage setting also takes into consideration how well the work is done. Additionally, there is no scientific evidence that pay surveys have any effect. The gender wage differences have decreased in the same pace independent of whether pay surveys have been done every year or every third year.

4. Conclusions and recommendations

The unadjusted gender wage difference in Sweden is 11.3 percent and the adjusted 4.3 percent. Unjustified wage differences between women and men exist. According to the Discrimination Act employers shall every year carry out pay surveys in order to eliminate unjustified gender wage differences.

One problem concerning pay surveys is lack of data on a national basis of for example how big the share of the employers is, who do pay surveys, how they do it and what the result is in terms of wage adjustments. Another problem is that there are signs that legislation is not always complied with and it seems as if employers who do not obey the law risk very little. The Government has however announced that they will appoint an inquiry in order to analyse and look into the necessity for more efficient sanctions.

In the final report of the Million Study (2008), the Equal Opportunities Ombudsperson discussed which effect the wage adjustments and other adjustments had on the gender pay gap. The conclusion was that pay surveys is a good tool to achieve gender equal wages with individual employers, but to decrease the gender pay gap in general other measures on the level of branches, sectors and the national level are needed. Pay surveys are not able to solve the problem that female dominated occupations and sectors are valued lower than male dominated.¹⁴ *Vision* is a union for public and private employees related to municipalities, county councils and church.¹⁵ They studied wages for three occupational groups employed either in the female dominated public sector or in private companies, where mostly men work. They found that the wages were much lower in the public sector compared to the private sector. An IT technician who works in the municipality loose EUR 748 (SEK 8.400) each month compared to an IT technician who works in a private company. A HR manager and a communicator loses EUR 499 (SEK 5.600) per month in the public sector compared to the private sector. These differences are structural and affect both women and men who work in the sector. It cannot be explained by other factors. The reason is that occupations and sectors where women are in majority are valued lower. Such gender wage differences cannot be closed with the help of pay surveys concerning individual

¹³ *Jakten på kompetens driver jämställdheten framåt* (2019) https://www.svensktnaringsliv.se/migration_catalog/Rapporter_och_opinionsmaterial/Rapporter/svenskt_naringsliv_jakten_pa_kompetens_driver_jamstalldheten_fram_732473.html/BINARY/Svenskt_Naringsliv_Jakten_pa_kompetens_driver_jamstalldheten_framat.pdf

¹⁴ See also footnote 10.

¹⁵ *Medarbetare förlorar miljoner på att arbeta i välfärden*, 8 March 2019, Vision. Available at: <https://vision.se/Opinion/Pressmeddelanden/2019/medarbetare-folrorar-miljoner-pa-att-arbeta-i-valfarden/>

employers. Far-reaching coordination on a national level between social partners is needed.

In the 1960s and 1970s the gender pay gap was reduced as a result of collective agreements between the social partners.¹⁶ In 1968, women made 71.5 percent of men's wages, in 1981, 83.2 percent. This reduction of 12 percentage points was achieved in thirteen years. The agreements concerned a solidarity wage policy. The purpose of the policy was a general wage-compression, not a gender equality measure, but since women constituted a larger proportion of the low income earners than men, women as a group benefitted from this policy to a greater extent.

Similar collective agreements have been tried also later by the Swedish Trade Union Confederation, LO, but now with the goal to close the gender wage gap between female and male dominated occupations and branches.¹⁷ In the beginning of 2000s, the leadership proclaimed that it was the women's turn and that LO was a feminist organisation. A study shows that in the bargaining rounds between 2004 and 2013 the female dominated LO unions received 6–7 percentage points more in wage increases than the male dominated unions.¹⁸ But when the real wage increases in the different agreement areas were compiled, it was shown that the extra amounts were not big enough to compensate for the wage drift in male dominated areas. So even though LO pronounced the objective to reduce the wage differences between female and male dominated unions, it did not succeed. The goal of LO is to half the wages between female and male workers until 2028. This goal shall be reached by reducing structural wage differences between female and male dominated branches and occupation. LO has stated that they simply have to do better when striving for gender equal wages.

¹⁶ Löffström, Åsa (2014) *Time for Men to Catch up on Women? A Study of the Swedish Gender Wage Gap 1973–2012*. Umeå economic studies, 889. Available at: <http://umu.diva-portal.org/smash/get/diva2:739749/FULLTEXT01.pdf>

¹⁷ LO, is the central organisation for 14 affiliates which organise workers within both the private and the public sectors. They have together about 1 443 000 members of whom about 668 000 (46%) are women.

¹⁸ Danielsson Öberg, Anna (2016) *Vägen till sammanbrott*. LO, Stockholm. Available at: http://www.lo.se/start/lo_fakta/vagen_mot_sammanbrottet