



# The EU Mutual Learning Programme in Gender Equality


## Equal Pay

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### Comments Paper - Austria



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# The Issue of Equal Pay in Austria

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## Abstract:

Austria is one of the countries in Europe with the highest gender pay gap, at 19.9% in 2017. The main reasons for this are the high level of female part-time employment, the gender segregation of the labour market and the high percentage of low-wage earners (full-time) among women. Unequal distribution between paid and unpaid labour, the low participation of men in caring activities and the lack of child-care facilities are other contributing factors having an impact on the gender pay gap. When reflecting on the strategies and measures of the last years one can see that a consistent strategy to achieve equal pay in Austria is lacking.

## 1. Country context

### 1.1. High gender pay gap and its causes

Compared to other Member States of the European Union, Austria is among the countries with the highest gender-related wage differentials. The (unadjusted) **gender pay gap** (GPG) which measures the difference between men's and women's gross hourly earnings, was **19.9% for Austria in 2017** (EU-28: 16.0%). With that figure, Austria ranks as having the fifth highest gender pay gap within the European Union. The high level of female part-time employment (47.9% in 2017, above the EU-28 average of 31.1%) is one reason for the persistently high gender pay gap.<sup>1</sup> Another factor accounting is the gender segregation of the labour market and the high percentage of low-wage earners (full-time employees) among women (Geisberger 2012). The overall gender earnings gap takes into account not only the average hourly earnings but also the monthly average of the number of hours paid as well as the employment rate. Austria had an overall gender earnings gap of 44.9% in 2014 compared to the EU-28 average of 39.7%, ranking Austria fourth.

An **analysis of various factors influencing the gender pay gap** shows that 9.1 percentage points (or 38%) can be explained by differences in observed characteristics. Most of the explained part can be attributed to the sectoral and occupational segregation of the labour market. Additional factors affecting the gender pay gap are education, age, length of service in the enterprise, full- and part-time work or type of employment contract. The remaining 14.9 percentage points (or 62 %) are unexplained.

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<sup>1</sup> It should be noted, however, that the employment rate (20-64) for women of 71.4% in 2017 is higher than the EU-28 average of 66.5%, giving Austria the rank of 10th in the EU-28.

cannot be explained by observed characteristics (see Geisberger & Glaser 2014<sup>2</sup>). Other important factors for the high gender pay gap in Austria are the undervaluing of women's work and skills, perpetuation of traditional gender roles and challenges of balancing work and private life.

The gendered division of paid work and unpaid care work are also reflected in the indicator for the time spent in unpaid care work per week, where there is a gender gap of 17 percentage points with Austria ranked 25th (2015). Men mainly work full-time and often overtime. With every male hour of overtime, the potential for an unequal distribution of working-time of couples increases by 13 percent (see Stadler/Mairhuber 2017). 19% of fathers take parts of the parental leave, mainly rather short periods.

The lack of child-care facilities and schools with long opening hours is an important factor when it comes to the labour market participation of women. Only a few facilities are compatible with a working day of 8 hours: 0-3-year olds 16%, 3-6-year olds 41 %. Only in Vienna is there a sufficient number of places in child care that are open at least 12 hours a day (30%) – in all other regions this amounts to less than 2 % (see Pirklbauer 2018).

## 1.2. Legal regulations for equal pay

The provisions concerning equal pay for women and men performing equal and equivalent work are enshrined within two main acts at the federal level. For the private sector, the principle of equal pay is regulated in the Equal Treatment Act in § 3(2) dating back to 1979 which contains the prohibition of discrimination on grounds of sex in the field of remuneration and according to § 11, job classification systems on company level as well as collective agreements have to take into account the principle of equal pay for equal and equivalent work.

For the public sector, equivalent provisions are laid down in § 4 and § 6 of the Federal Equal Treatment Act from 1979. Since then, equal treatment legislation has included the principle of equal pay, but legislation does not define the term “equal pay for equal or equivalent work for women and men” (see Sporrer 2007).

Collective bargaining traditionally plays an important role concerning the regulation of salaries in Austria. As regard to the principle of equal pay for equal or equivalent work for women and men, awareness has primarily been raised through campaigns and projects of trade unions. Although collective bargaining plays an important role in the regulation of salaries one has to bear in mind that collective agreements solely create minimum standards for salaries in general and that individual salaries are often negotiated far above that bottom line. Thus, it is important to address the companies.

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<sup>2</sup> Calculations are based on the data of the Structure of Earnings Survey 2010.

In this context, two measures were implemented in 2011 under the Equal Treatment Act to tackle the gender pay gap and achieve transparency in pay systems: The company income reports and the mandatory minimum wage declaration in job postings.<sup>3</sup>

## 2. Policy debate around equal pay

Although the high gender pay gap has been on the political agenda in Austria for some decades and some measures and tools have been developed to reduce the gender pay gap, the necessity for further activities and structural changes continues to be evident. The debate about gender pay gap mainly takes place every year around the Equal Pay Day and around the International Women's Day.

The most widespread national equal pay day takes place in October, and marks the day when men have already earned what women will earn by the end of the year. This day is mainly promoted by the Minister for Women, Families and Youth, political parties, trade unions, chambers, etc. Each institution, more or less has its own press conference, event, discussion forum, etc. to raise awareness about the existing gender pay gap in Austria, but there is no joint activity conducted by all political parties or institutions.

The other equal pay day takes place in spring and is mainly promoted by "BPW Austria – Business and Professional Women" (an international women's network) and also supported by the Minister for Women, Families and Youth. A national campaign against the pay gap and different events on national and regional levels are part of the activities set by BPW Austria on this day. The campaign mainly focuses on the fact that women's and men's work is not valued equally and uses a symbol of a red handbag to illustrate that women's incomes "are in the red". Webpage: <http://www.equalpayday.at>

More recently, the Federal Minister for Women, Families and Youth launched round table discussions on income transparency with experts from research institutions, statistics, social partner organisations and the public service. The first round table took place in September 2018 and since then two more round tables have been held. The defined goal of these Round Tables is the discussion on further measures to strengthen income equity but up until now it seems they had been more the function for an exchange of information than a tool for strategic planning.

The public debate on the gender pay gap in Austria shows that the problem is mostly discussed at a very general level, which leads to a cursory treatment of the issue. The National Action Plan for Gender Equality in the Labour Market of June 2010 has not

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<sup>3</sup> This was highlighted as a priority in the 2010 National Action Plan for Equality between Women and Men in the Labour Market.

yet been updated (but has also not been rejected) and it seems not to be clear if these targets are still valid. A consistent strategy to achieve equal pay is lacking.

## 3. Good practice

### 3.1. Company income reports

The most important measure which was highlighted as a priority in the 2010 National Action Plan for Equality between Women and Men in the Labour Market was a **compulsory requirement for companies to publish company income reports**. Since 2014, companies with more than 150 employees have to draw up staff income reports every two years. The reports must show the number of men and women classified under each category as well as the average or median income, adjusted for working time, for women and men in the respective categories. The goal is to create income transparency and to take measures to reduce gender pay gaps. The report has to be forwarded to the Works Council. In companies that do not have a Works Council, the report has to be made available to all employees.

The introduction of the income reports was accompanied by several measures to support the effective implementation. A **toolbox, testimonials and a justification guideline** were developed by the Ministry for Women, trade unions, the Ombud for Equal Treatment and the Chamber of Labour (see <http://www.fairer-lohn.gv.at/>).

Additionally a **wage calculator** (<http://www.gehaltsrechner.gv.at>) initiated by the Minister for Women and Civil Service in 2010 had been developed to help employers draw up income reports. It enables them to calculate the appropriate pay level by qualification, occupation and other factors. It can also be used by employees to inform them of the correct pay levels in their current jobs or when applying for a job. The calculator takes into account education, work experience and the type of work carried out. From this data it is possible to identify the differences in women's and men's pay for equal work and work of an equal value.

The equal pay reports were subject of an evaluation on behalf of the Austrian Federal Ministry of Education and Women's Affairs, which was published in October 2015. The obligation to prepare income reports for their employees is fulfilled by most enterprises, but most of them only provide minimum requirements. The communication to works councils goes well, but the information from the income reports reaches the employees rarely – those with a higher educational level being more likely to make use of them. Although the income reports make the gender pay gap more visible, few of the enterprises take active action by implementing structured measures to reduce the income gap (see BMBF 2015).

### 3.2. Mandatory minimum wage declaration in job postings

Another measure of the National Action Plan is the compulsory indication of wage in job advertisements since 2011. According to this, the minimum remuneration of a specific position and the willingness for overpayment has to be provided. The intention of the law is to provide more accurate information to the job applicant. The provision intends to prevent a discriminatory ex-post change of the minimum remuneration classification of a position.

As of 2012, the failure to indicate the wage in job advertisements may be penalised and the regional administrative authorities in Austria are authorised to issue fines of up to EUR 360 for any violations. However, the first violation will only lead to an admonition of the employer.

### 3.3. Equal Pay Project

A currently ongoing project offers companies consultation on equal pay. The goal of this project is to make income discrepancies in businesses visible and to establish gender equality as an operational and labour market policy necessity.

The advisory project Equal Pay provides expertise to companies on investing in employees and revising existing salary schemes. The Equal Pay Basic Report provides the basis for advice and is essential for further action: development of a fair salary system, professionalisation of HR processes and creating the foundation for gender equality. The programme can be used free of charge by all companies in Austria (with the exception of Burgenland). Participation in the programme is funded by the European Social Fund and the Ministry of Social Affairs (see <https://www.equalpay.at/> for further details on the project).

## 4. Transferability of the Icelandic approach to Austria

The examination of the Icelandic approach is very valuable to the Austrian discussion and in developing a strategy to combat the gender pay gap. The Icelandic law on Equal Pay applies to companies with more than 25 employees, which make up almost 80% of all employees in Iceland.

In Austria, the equal pay reports are compulsory for companies with more than 150 employees since 2014. This means that 53 % of the work force is not covered by the equal pay reports as they work in companies with up to 149 employees<sup>4</sup>. To reach a greater part of the workforce with this measure, it would be essential to extend the number of eligible companies by lowering the number of employees. Although the

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<sup>4</sup> <http://wko.at/statistik/jahrbuch/unternehmen-GK.pdf>

income reports in Austria make the gender pay gap more visible, only a few of the enterprises take active action in the form of structured measures to reduce the income gap. Therefore, it would be necessary to introduce a system of action plans and mediators. This is the weak point in applying the Icelandic approach to Austria: as the cost of the implementation has to be paid by the employers themselves, this could be an obstacle especially for smaller companies.

## 4. Conclusions and Recommendations

As the experience in Austria with wage differences shows, the question of **transparency** is crucial when it comes to closing the gender pay gap. The equal pay reports are a useful and valuable instrument, but much more has to be done to implement effective change. Although the income reports make the gender pay gap more visible, only a few of the enterprises in Austria take active action in the form of specific measures to reduce the income gap. As the experiences in Iceland showed, the equal pay certification has received a lot of public attention, and has therefore also helped in keeping the gender pay gap on the political agenda.

Up until now, the initiatives to reduce the gender pay gap are mainly of general nature and not tailored to specific **sectoral needs**. The analyses of the specific sectors clearly indicate that different patterns lead to gender pay gaps in the relevant sectors (see Bergmann et al. 2016 and Bergmann et al. 2018). These findings emphasise the necessity to set initiatives to close gender pay gaps not only on a general level, but also at sector-specific levels<sup>5</sup>:

More discussion and awareness about the **value of work** and the huge pay differences between occupations and sectors is needed. The Equal Pay Day could be used to address the pay differences between private and public sector and between different occupational groups.

Pay rates, bonuses and other supplements are mostly negotiated on an individual basis and this discrimination constitutes one of the most severe problems of the unequal remuneration between women and men. The experience of the Ombud for Equal Treatment in Austria showed that the publication of cases in order to document concrete practices of direct and indirect discrimination would be a useful tool.

All in all, it can be concluded that a variety of approaches is needed to combat the gender pay gap: a comprehensive range of childcare, initiatives for a stronger involvement of men in childcare, more transparency in income, a focus on low-paid segments and sectors, support for young people who are interested in atypical professions and a new working time policy.

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<sup>5</sup> For more evidence see <http://www.genderpaygap.eu>



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