

# Exchange of good practices on gender equality

## Equal Pay Days

Estonia, 18-19 June 2013

## Comments Paper - Finland

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# Equal Pay Day in Finland - Comments

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## 1. Introduction

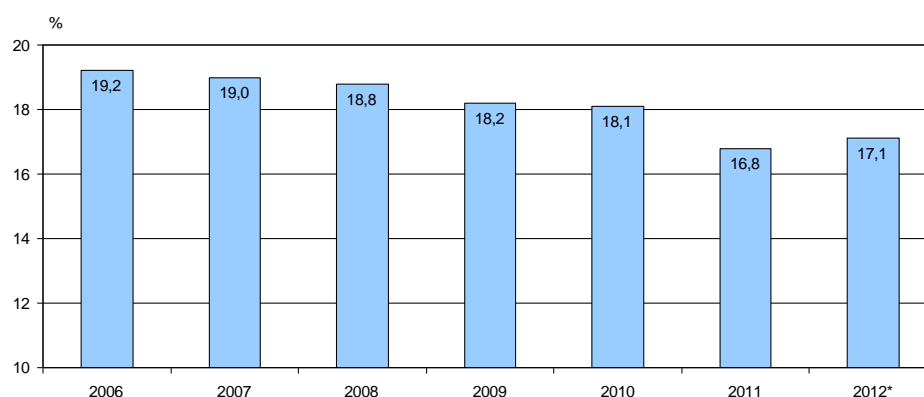
### 1.1. Women's position in the labour market

In Finland women participate in the labour force in a similar fashion to men: 74.8 per cent of men aged 15-64 participated in the labour force while 73.4 per cent of women did so in 2012. The employment rate for men was 69.8 per cent and for women 68.1 per cent. In 2012 women's unemployment rate (7.1 per cent) was lower than that of men (8.3 per cent) largely due to the fact that female dominated service sectors have not yet been hit as hard by the current economic crisis as the male dominated export sectors have.

The majority of women work full time although women are more than twice as likely to be in part time employment than men; 19.7 per cent of female and 9.0 per cent of male employees had a part time job in 2012. Fixed term job contracts are also more common among women than men; 18.4 per cent of female and 12.8 per cent of male employees had a fixed-term job contract in 2012.<sup>1</sup>

According to Eurostat data from 2011 the unadjusted gender pay gap has been higher in Finland (18.2 per cent) than in Belgium (10.2 per cent) and Spain (16.2 per cent) but clearly lower than in Estonia (27.3 per cent). According to Statistics Finland, Index of Wage and Salary Earnings, the unadjusted gender pay gap has been declining in Finland over the years (figure 1, preliminary figure for 2012 however showing a slight deviation from this trend).

**Figure 1. Gender pay gap in Finland, 2006-2012**



One of the many potential reasons behind this positive trend is that in the Finnish labour market women are becoming more educated than men: 46.7 per cent of female employees and only 34.4 per cent of male employees had tertiary education in 2011. In fact, a study on state sector employees showed that the unadjusted gender gap declined in this sector over the years 1995—2007 but when gender

<sup>1</sup> Source: Labour Force Survey, Official Statistics of Finland, 2013

differences in age and education were accounted for, the opposite result was found: the gender gap increased (Laine and Lilja, 2010). These kinds of results emphasise the well known fact that the unadjusted gender pay gaps as such are not sufficient means to make conclusions about gender equality in the labour market. One should also understand the underlying mechanisms behind these observed gender pay gaps. It has been estimated that about 50-60 per cent of the gender pay gap is due to gender segregation in the Finnish labour market.<sup>2</sup>

## 1.2. Institutional background

In Finland the Act on Equality between Women and Men has been in effect for more than 20 years. The Act has been amended and revised on several occasions. The latest reform of the Equality Act in 2005 (with the implementation of the EU Equality Directives) included the enhancement of gender equality planning and the promotion of equal pay through the pay survey obligation.

The Ministry of Social Affairs and Health is responsible for the gender equality issues. Within this ministry there are four authorities that promote gender equality in Finland.

- The Equality Unit is responsible for policy preparation and coordination.
- The Ombudsman for Equality monitors and oversees compliance with legislation concerning gender equality.
- Equality Board is an independent committee that oversees compliance with gender equality legislation and resolves matters to it.
- The Council for Gender Equality is a parliamentary body that works to promote gender equality in societal matters.

The Finnish Government is committed to promoting gender equality. Gender equality matters fall within the domain of all ministers. The Action Plan for Gender Equality 2012—2015 of the Finnish government has been prepared in a working group consisting of representatives of all the ministries. The Action Plan is based on the Government Programme and the first Government Report on Gender Equality drawn up in 2010. It includes the most important measures by which the government promotes equality between women and men and combats gender-based discrimination.

In 2006 the Government allocated funding for a tripartite Equal Pay Programme to promote equal pay in Finland. At the same time the Centre for Gender Equality Information in Finland 'Minna' was founded as a permanent institution.<sup>3</sup>

The aim of the Equal Pay Programme is to narrow the gender-based pay gap to 15 per cent by 2015. The Equal Pay Programme for the years 2007—2010 was assessed by an independent expert Juhani Salonius in 2011.<sup>4</sup> According to Mr. Salonius the programme laid foundations for long-term development work by carrying out extensive research and development projects focusing on the pay gap.

<sup>2</sup> Ministry of Social Affairs and Health (2008)

<sup>3</sup> See <http://www.minna.fi/web/guest/home>

<sup>4</sup> Salonius (2011).

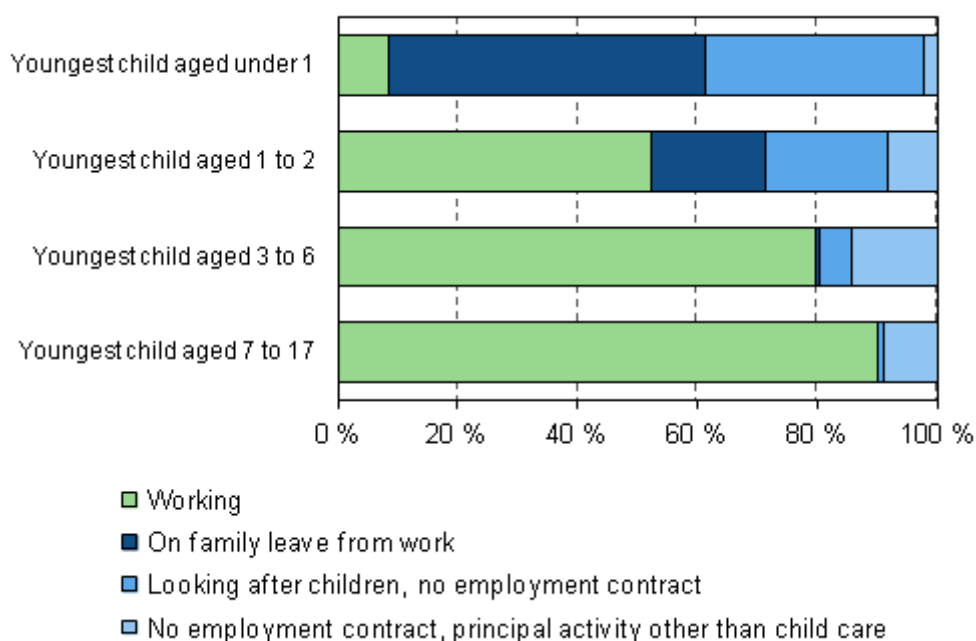
Collective agreements, introduction of new analytical pay systems, equality planning and pay surveys and career development of women have been factors that narrowed the gender pay gap, whereas changes in gender segregation, reforms on family leaves and the development of the number of fixed-term contracts had little impact on the gender pay gap. The progress has been slow.

## 2. Policy debate

The attitudes and opinions related to gender equality have changed relatively little over the past decade in Finland (Kiianmaa, 2012). The majority of Finnish people regard that men's position in the society is still stronger than that of women. Two-thirds of women and about half of men think that men and women do not have equal opportunities in the labour market. The youngest age groups are more often of the opinion that gender equality has been achieved. This partly reflects the fact that gender pay gaps are relatively small at young age and start to grow with age at later stages of working life.

The importance of increasing labour supply due to challenges in the public sector finances has been a recent policy debate in Finland. In this context, the parents' right to take child care leave (with full employment security) until the child is three years of age has been under discussion. Long child care leaves are not only a labour supply issue, they also affect gender pay gap: mothers taking child care leaves that last more than two years face a considerable wage penalty after returning to work (Napari, 2010). According to the Labour Force Survey in Finland only about half of the mothers with youngest child aged 1 to 2 are working (figure 2).<sup>5</sup>

**Figure 2. Working and family leaves among 20 to 59-year-old mothers in 2009-2011**



<sup>5</sup> See [http://tilastokeskus.fi/til/tyti/2011/14/tyti\\_2011\\_14\\_2012-09-11\\_tie\\_001\\_en.html](http://tilastokeskus.fi/til/tyti/2011/14/tyti_2011_14_2012-09-11_tie_001_en.html)

On 8 February 2013 a working group of the Ministry of Social Affairs and Health introduced a flexible child care allowance that would improve the possibilities of parents with young children (under 3 years of age) to take part-time employment.

### 3. Transferability issues

#### 3.1. Definition of Equal Pay Day

Equal Pay Days are intended to mark the day until which women need to work in the current year to have received the same annual income as men in the previous year. These extra days are normally calculated from the gender pay gap, which is defined as the difference between male and female earnings expressed as a percentage of male earnings. This measure of gender pay gap tells how much less women earn than men (or how many days less men need to work to receive the same income as women), not how much more women need to earn to receive the same income as men. To get the latter, one needs to calculate the gender pay gap as the difference between male and female earnings expressed as a percentage of female earnings. The current way of calculating Equal Pay Days underestimates the days women need to work for equal pay, the more the bigger the gender pay gap is, see Table 1 below:

**Table 1. Gender pay gaps using different measures**

Difference between male and female earnings					
expressed as	%	%	%	%	%
male earnings	10	15	20	25	30
female earnings	11	18	25	33	43

#### 3.2. Equal Pay Day campaigns in Finland

Equal Pay Day campaigns have been organised in Finland by different actors. In spring, like in Estonia, the Business and Professional Women in Finland (BPW Finland) has organised Equal Pay Day campaigns already for some years, since 2010. In the autumn, The Finnish Confederation of Professionals STTK has arranged “Women’s Pay Day” campaigns since 2011.

In 2013, the Equal Pay Day by BPW Finland was held on 10 March. The Finnish organisers distributed information packages about men and women in the society, statistics about gender pay gap and suggestions to improve the gender equality.<sup>6</sup> At a local level organisers were doing similar things as BPW Estonia; they organised information desks and activities in public areas in cities where active BPW members were situated. Equal Pay Day was named the “Day of Red Bags/Purses” to represent wage discrimination<sup>7</sup>, and auctions of red bags of Finnish celebrities were arranged to raise interest in the issue. Also local shop keepers were encouraged to put red bags in their window displays. The Equal Pay Day actions have happened on a voluntary basis and for this reason have been relatively small scale events.

<sup>6</sup> See their web-site (in Finnish) <http://www.bpw-finland.fi/ajankohtaista/samapalkkapaiva/>

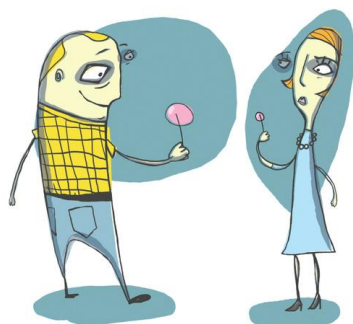
<sup>7</sup> As Marre Karu in the Estonian Discussion Paper on Equal Pay Day reports, the Red Purse campaign was brought to light by BPW USA in 1988. Using red colour symbolises how far the gender equality is “in the red”.

In 2012, the Ministry of Social Affairs and Health gave a Press Release on the European Equal Pay Day on 2 March. It stated that the day reminds people that gender pay gap exists in all the EU member states and encourages actors to adopt measures to close that gap. It also told that the government and the social partners have been trying to close the gender pay gap since 2006 by a tripartite Equal Pay Programme. This is as close as Finland gets to Spain, in which the Equal Pay Day is organised every year on 22 February by the highest gender equality institution in the country (in 2011, the State Secretariat of Equality within the Ministry of Health, Social Policy and Equality). In relation to this the Finnish Equal Pay Programme organises every summer an Equal Pay Forum, which introduces different aspects in the equal pay developments in Finland to a larger audience.

Like in Belgium, the trade union side has organised Equal Pay Day campaigns in Finland. As mentioned above the Finnish Confederation of Professionals STTK, which is one of the three trade union confederations in Finland, has arranged “Women’s Pay Day” campaigns since 2011.

In the 2012 campaign STTK argued that women’s pay in Finland was 82.4 per cent of that of men. In terms of yearly income women’s pay had been paid by 28 October and for the rest of the year women worked for free.<sup>8</sup> STTK distributed postcards (picture of the cover of the postcard below) and chocolate euros at the centre of Helsinki and gave a wooden euro at the Parliament to Minister of equality affairs Paavo Arhinmäki, who also wrote a blog about that day. The campaign got a huge media interest and was mentioned in the web-pages of all major newspapers and national television.

Finnish campaigns on Equal Pay Day have been more informative and less playful and provocative than in the good practice–countries. Since there is already a lot of information on gender equality from statistics and research in Finland, we could learn from the humorous approach that other countries have used to make the issues that Equal Pay Day raises more interesting to the general public. The day could also be more closely linked to the current Finnish debates to raise more interest. Especially it would be useful to raise the awareness of young women who seem to be quite uninterested of the later labour market consequences of their choices e.g. related to family leaves.



<sup>8</sup> <http://www.sttk.fi/fi-fi/uutiset/uutinen/uutiset-2012/sttk-naisten-palkanmaksu-talta-vuodelta-paattyy-28-10>

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