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Reducing the gender pay gap

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Introduction

A few statistics capture the position of women and men in the Spanish labor market from a comparative perspective. In Spain, the female employment rate (52%) is still lower than the male employment rate (65%) and both rates are below the average of the European Union (EU): 58% and 70% respectively (Wozowczyk and Massarely 2011, 3–2010 data). In comparative terms, part-time work is still less widespread in Spain, where it accounts for 23% of female employment, 5% of male employment, and 13% of total employment – the equivalent EU average percentages are 31%, 8% and 18% respectively (Wozowczyk and Massarely 2011,3; 2010 data). This means that even if the percentage of women who belong to the employed population is lower in Spain than in most EU Member states, most Spanish women who work for wages have full-time jobs which provide them with a higher degree of economic independence than jobs in other EU Member states, where part-time employment is much more prevalent. In Spain, the share of employees with limited duration contracts (26% for women and 24 % for men) is the second highest in the EU and is almost twice the EU average (15% and 13% respectively) (Wozowczyk and Massarely 2011, 6; 2010 data). In Spain, the unadjusted gender pay gap (17,9%) is similar to the EU average (17,7%; Eurostat 2011, 2006 data). The Spanish unemployment rate (20,1%) is the highest in the EU, and is twice the EU average: 9,6%. In Spain, gender differences in unemployment are very small since the female unemployment rate is 20,5% and the male unemployment rate is 19,7% (Wozowczyk and Massarely 2011, 7; 2010 data). The number of unemployed people of both sexes is around 5 million (Instituto Nacional de Estadística 2011; third quarter 2011 data). It is reasonable to argue that unemployment is the most serious and pressing problem of the Spanish labor market.

Transferability issues

This section on transferability issues is organised in three parts. First, I will briefly present the factors that generally speaking would foster or make difficult to transfer to Spain the good practices adopted in other countries to reduce the gender pay gap. Second, I will assess the transferability of the German good practice. Finally, I will comment on the transferability of the Austrian good practice.

General remarks on transferability of good practices to Spain.--Several factors would possibly facilitate the transfer to Spain of practices adopted in other countries to attempt to diminish the gender pay gap. Let me focus on four: existing gender equality legislation, the political situation of Spain, unions' behavior regarding pay issues, and public debates on income and pay transparency.

With respect to gender equality legislation, many (but not all) measures to erode the gender wage gap would be congruent with existing legal provisions on gender equality. Article 14 of the Spanish Constitution states that all citizens are equal before the law and forbids sex discrimination. Article 9.2 of the Constitution mandates public powers to effectively ensure that equality is real. Organic Act 3 of 22 March 2007 on equality

between women and men (hereafter “the 2007 gender equality Act”) obliges companies with more than 250 employees to adopt gender equality plans (articles 45-47). The 2007 gender equality Act does not fix the specific content of these plans. However, the 2007 gender equality Act suggests that these plans target the following issues: access to employment, job classification, promotion, training, pay, working time, the combination of work and family, and sexual harassment. In 2007, the Woman’s Institute, which is a central-state gender equality institution, elaborated a guide to help companies adopt gender equality plans (Instituto de la Mujer 2007). In this guide, the Woman’s Institute recommended companies to tackle gender pay inequality.

With regard to the political situation of Spain, on November 20, 2011, a general election took place. A new legislative term is just starting. The beginning of a legislative term is an appropriate moment to make political decisions because policy-makers have enough time not only to approve measures but also implement them and see their results. The winner of the national election has been the conservative People’s Party (Partido Popular, PP). The PP won the absolute majority of the vote, which makes easier the governance of the country.

As for unions’s behaviour on pay issues, the main Spanish unions have departments dedicated to gender equality that have been active for decades. In comparison with other trade union departments, gender equality departments have considerably fewer material and human resources. But gender equality departments are a site from where gender equality claims have been constantly put forward, including pay equality. On the other hand, in Spain, collective bargaining is usually described as a negotiation process between employers and unions dealing principally with two issues: working time and pay. This feature of collective bargaining has been interpreted as a barrier to gender equality, because several issues of women’s concern, for instance, sexual harassment, do not usually attract the attention of employers and unions. But the case of the gender pay gap may be different. It might be easier to raise the awareness of union officials on the gender pay gap than other gender equality issues, because union officials already deal with pay issues while negotiating with employers.

Finally, in relation to public debates on income and pay transparency, in recent years this type of discussions has developed in Spain. For instance, the mass media have increasingly discussed whether politicians should make public their income. The media have also debated whether remuneration of very high decision-making positions in private companies that receive public money should be made public (and should be limited). Although these public discussions are restricted to a few professions and positions, these debates are questioning the definition of pay as a secret matter. Subsequently, public opinion may be changing slightly in favor of more transparency related to pay and rewards.

The main factors hindering the transferability of foreign practices on gender pay gap reduction to Spain are probably the intense economic crisis and the double-digit unemployment rate. The seriousness of unemployment has already been stated above. Spain is at the brink of an economic recession. The economic crisis and unemployment may impede the adoption of foreign good practices in Spain.

Transferability of the German good practice to Spain–The German good practice is Logib-D, which is “an instrument that allows establishments to analyze the structure of their remuneration systems by participating in a self-administered test” (Beblo 2011, 4). The voluntary character of Logib-D in Germany (not in Switzerland) favors its transferability to Spain. As mentioned above, in the November 20, 2011 general election, the conservative PP won an absolute majority of the vote. Generally speaking, the PP is more in favor of persuading private companies to pursue gender equality rather than forcing them to do so with laws. Thus voluntary measures are consistent with the general PP’s approach to gender equality. On the other hand, because Spain

is in the middle of a deep economic crisis, the government has been trying to curtail public spending and will continue to do so. Thus, the government will probably not be willing to adopt measures that cost money to the state. Although Logib-D is free for companies which use it, its adoption costs money to the state: the German Federal Government has financed the establishment of Logib-D and related services with 1.5 million Euros (Beblo 2011, 6).

Transferability of the Austrian good practice to Spain—The Austrian good practice consists of three measures. First, firms of a certain size must elaborate each year an staff-income report. Second, job advertisements should specify the collectively bargaining minimum wage and the additional amount (if any) that employers are willing to pay. Third, gender equality institutions are given new powers in order to improve the quality of counseling they provide.

Regarding yearly staff income reports, in 2011, these are mandatory for companies which employ more than 1.000 employees. As explained in the Austrian discussion paper, “from 2012 companies with more than 500 employees will be covered, while in 2013 and 2014 the limit is reduced to 250 and 150 employees respectively - companies with 150 employees or less are exempt” (Pirklbauer 2011, 4). As noted above, the mandatory character of the staff-income reports is not congruent with the overall approach towards gender equality of the PP, which won the majority of the vote in the 20 November 2011 general election. Moreover, the mandatory character of the measure is not congruent with the economic situation of the country either. At a moment of a very high unemployment rate (21,5% in the third quarter 2011—Instituto Nacional de Estadística 2011), it would be difficult to argue in favor of imposing additional obligations to companies. Irrespectively of the inherent virtues of staff-income reports, this obligation to employers may be interpreted as an additional obstacle to job creation. It is important to note that in Spain the overwhelming majority of private companies is of small size. In 2007, 92,6% of the enterprises employed between 1 and 9 workers. Also in 2007, enterprises with less than 10 employees accounted for 38% of employment. Measures to reduce the gender pay gap in big companies will affect a small number of companies. In 2007, only 1,13% of the enterprises had 250 or more workers. Enterprises with 250 or more workers accounted for 22% of employment (authors’ calculation based on data from Organisation for Economic Cooperation and Development 2011).

With respect to the obligation that job advertisements include information about pay, the mandatory character this measure is again not congruent with the gender PP’s approach to gender equality. Similarly, the mandatory nature of this measure is at odds with the double-digit unemployment rate. Obligations regarding job advertisements may be viewed as difficulties for employers to create jobs. Job creation is badly needed in the Spanish labor market because around five million people are unemployed.

As for expanding the powers or mandate of gender equality institutions, this is unlikely to occur after the PP’s victory in the November 20, 2011 general election. In democratic Spain in the last three decades, a glance at the establishment of gender equality institutions at the central state level shows that the Spanish Socialist Workers’ Party (Partido Socialista Obrero Español, PSOE) has been more active than the PP. While in office (1982-1996; 2004-2011), the PSOE either established new gender equality agencies or upgraded the existing ones. While in office (1996-2004), the PP maintained the gender equality institutions that were already functioning (Valiente 2007; 2008).

Policy debate

The depth of the economic crisis and the extension of unemployment make difficult to introduce in the public and political deliberation any other topic different from these two pressing problems. In addition, in the Spanish public discourse, the gender pay gap is a topic of less salience than other topics such as violence against women. Thus, the structure of the current public debate is a factor hindering the adoption in Spain of measures to tackle the gender pay gap.

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