

Fixing the Gender Pay Gap?
Achieving Equal Pay through implementing
an Equal Pay Standard

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- Gender Equality in Iceland - Stepping Stones
- Equal Pay Standard ÍST85 and the Pilot Project for the Implementation of the Equal Pay Standard
- Legislation on Equal Pay Certification, approved by the Icelandic Parliament (Althingi) June 2017

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Gender Equality in Iceland – Stepping Stones

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The year 2015 marked the Centenary of Women's Suffrage in Iceland – the time when Icelandic Women first acquired the vote and the right to stand for election on the same footing as men. Equality between the sexes as regards the right to vote and to run for public office was one of the most important milestones in the development towards democracy.

During the period of hundred years we have experienced a great deal of progress **and** for eight consecutive years we have been honoured for being “the best” in gender equality. Still we have to admit that progress is and has been too slow and in many areas only incremental steps have been taken – not the least as concerns women's political and economic power.

This slide shows a picture of four influential Icelandic women:

Bríet Bjarnhéðinsdóttir – one of the greatest pioneers of the Women's Liberation Movement at the turn of the twentieth century.

Ingibjörg H. Bjarnson, the first Woman elected to the Parliament in 1922 (With her election a One Woman System in politics started and it did last until the 1980s).

Vigdís Finnbogadóttir the first woman in the world to be elected a constitutional Head of State in 1980,

And lastly; Jóhanna Sigurðardóttir, a parliamentarian for over 35 years and the first lesbian woman to serve as a prime minister in the world.

Women's long and rocky road to gender parity in politics is a very important history – because a more even division of power both in politics and business life is a proven way to overcome the many systemic barriers to increased gender equality in all spheres of life – most women with influence are empowered change-agents for other women.

Political organizing on the part of women within political parties and the women's movement has been one of the most vital factor in promoting gender equality in our country.

The history of the Women's Movement illustrates the strength that women have when they stand together and at the same time the great value of contributions by individuals who have carried out amazing feats.

In the Nordic Countries we have reached the point where women account for between 37 and 48 per cent of elected representatives in the Nordic legislative assemblies. Moreover it is concerned to be a great achievement in this long struggle that the numbers of women in cabinets in the Nordic states does mostly reflect these numbers, in spite of the fact, that the executive power is referred to as the highest glass ceiling.

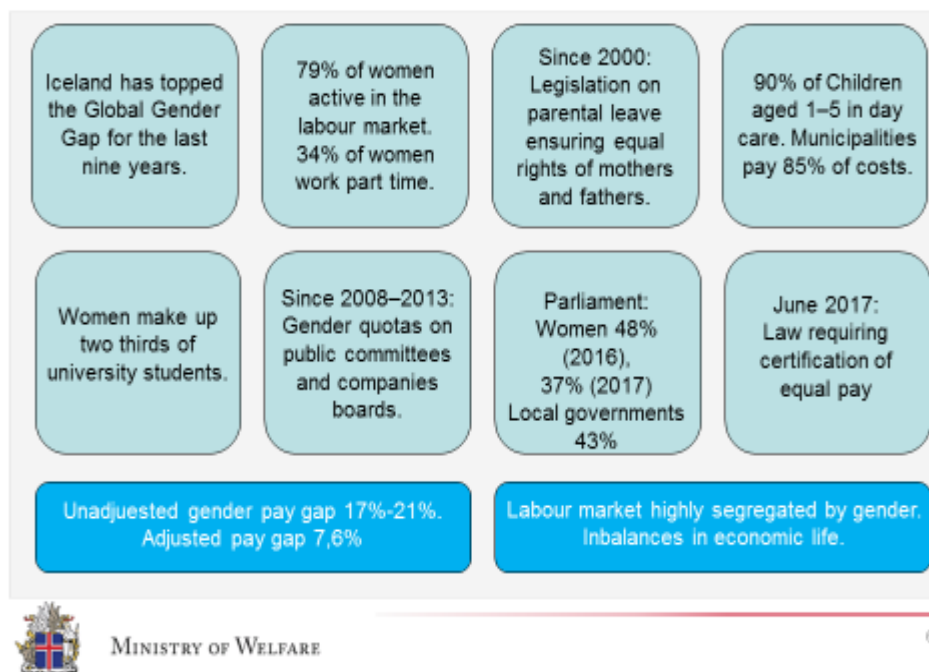


A very well-known operation of the Icelandic Women's Movement, which we are always very proud and fond to remember is *The Women's Day Off* held on October 24th in Reykjavík the same year the United Nations dedicated to the cause of women in the world or 1975, when Icelandic women showed in a highly symbolic and material way their contribution to society. Ninety per cent of them refused to work, cook or look after children during that special day. More than 25 thousand women assembled in the Reykjavík City Centre to mark the occasion, in speeches, songs and performances. (See picture, page 4 in the handout)

It was a great success, attracting world-wide attention, as it completely paralyzed society. It had an immense impact: the fish factories ceased to operate, and banks and shops were closed. All this proved what everyone already knew but was not ready to recognize; that women are no less important than men in modern society. This activism, brought about by careful but definitely not an easy collaboration among women from all the political parties and different organizations, resulted in the country's largest political rally at that time. It had, without doubt, a deciding influence on the election of the first woman President of Iceland five years later and it also brought about legislative changes as the first Act on gender equality was approved by the parliament a year later as well as a more liberal law on abortion rights.

On 24th of October 2016 thousands of women in Iceland left work at 14.38, demonstrating against the gender pay gap. This was the fifth time Icelandic Women went held the Women's day off.

Background information – Gender Equality in Iceland, 2017



Challenges remain, such as closing the gender pay gap, securing equal political and economic power between women and men, and eliminating all forms of gender based violence.

The strength lies in political power, education and health.

The weakness is the labour market, both the gender pay gap and women's lack of economic power.

The unadjusted gender pay gap is measured 17%-21,5%

The adjusted gender pay gap is wider on the private labour market (7,9%) compared to the public labour market (7,0%) - The gap is measured smallest in the area around Reykjavík

The labour market is highly gender segregated

79% of women are active in the labour force

85% of men are active in the labour force

More women (66%) are studying in universities and other schools

62% of women in the labour force have a full-time job, 86% of men

34% of women have a part-time job, 14% of men

A gender quota for government committees and companies of more than 50 staff is a part of a wider plan to improve the participation of women at all levels.

In 2010 amendments to the Acts on Public Limited Companies and Private Limited Companies, required companies with more than 50 employees to have both women and men on their company boards or a minimum of 40% of either women or men.

We must bear in mind that women's share in company management did not grow by any significant amount until legislation was enacted on gender ratios on the boards of public and private limited companies. The high labor market participation of women had not been reflected in their access to higher positions and that fact stimulated a debate for a quota legislation.

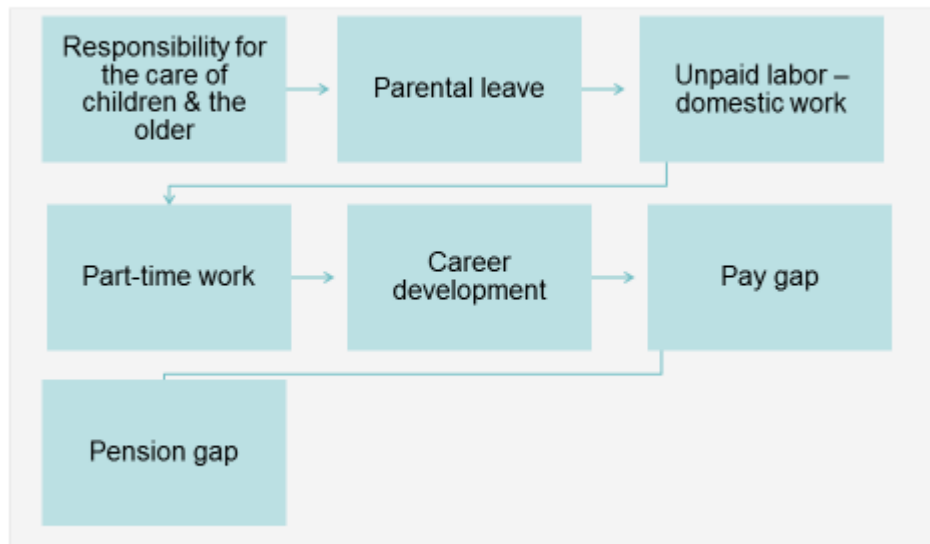
Possibly the most important special measures is the paternity leave, implemented in 2000. At the time, it was the longest exclusive paternity leave in the world, with each parent entitled to three months of non-transferable leave in addition to three months that can be shared as the parents choose. The law did not only give fathers the possibility to take

parental leave – it expected them to do so – they could not write the period over to the mother

Several studies show that both laws have contributed to a more equal standing of men and women in the labor market even though progress is slower as hoped as concerns the economic power of women.



Gender segregated society – reproduction of the gender pay gap



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Thank you for allowing me to give you this short introduction which is important for our story on the Equal Pay Standard and the radical step of introducing Equal pay Certification through legislation – it is a legal special measure which enforces the current legislation and international convention that for over 40 years has prohibited gender based pay discrimination.

The decision to develop the Equal Pay Standard was taken by the Social Democrat Jóhanna Sigurðardóttir, who was a parliamentarian for over 35 years and the first lesbian to serve as a prime minister in the world. She was like most women with influence a political change-agent for other women.

A recent research report on the relative standing of women and men in the labour market confirms even though a great deal of progress has been made, women and men are still in different positions on the Icelandic labour market.

The report states that there is a persistent gender pay gap that is, without exception, to women's disadvantage and says that the differential could to a large extent be traced to the gender divide on the labour market. This includes the vertical divide (by level within each occupation) and the horizontal divide by occupational sector.

Still the both parts of the labour market draws increasingly on women's resources in managerial positions even though there are still obstacles in their way. Also, women are more likely to work part time and to drop out of the labour market in order to pursue unpaid care-giving jobs. The report also shows that employers are more reluctant to invest in women's professional development. Examination of staff engagements and professional development reveals the existence of gender discrimination, with men more often being offered higher wages.

This pictures shows the chain reaction when the imbalance of responsibilities within the homes has consequences into the workplace and eventually into the pension funds and the welfare

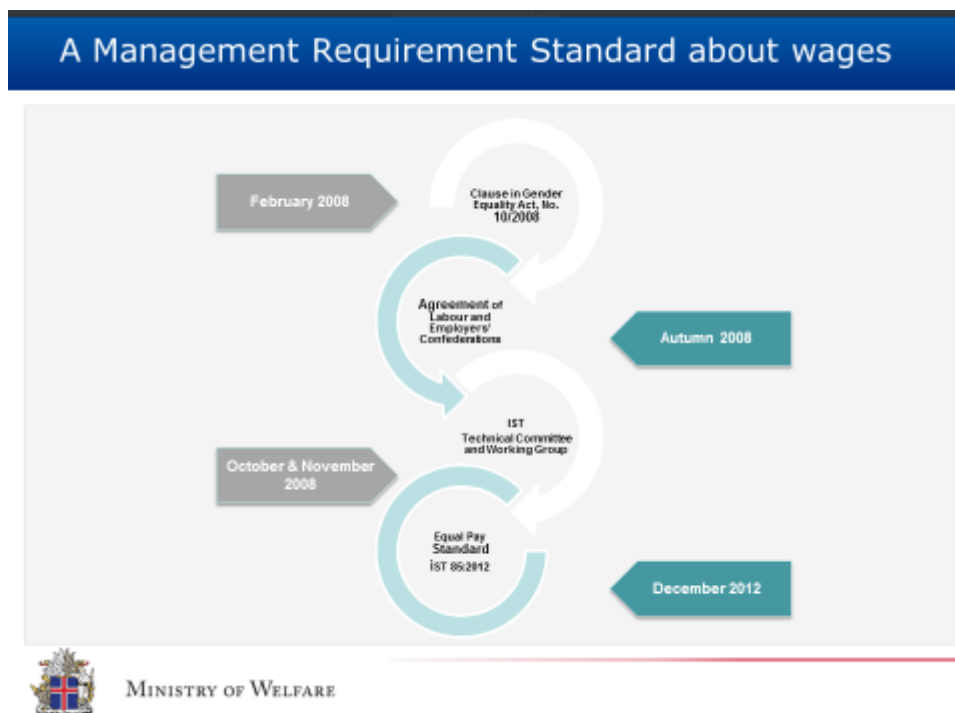
system. The fact that women earn less money over the span of their working lives means that their part in the Pension schemes are less. Therefore many of them will be on the responsibilities of the welfare system once they reach retirement because they haven't contributed enough into the pensions schemes during their career. It is a great concern for the State Budget that so many individuals will thus have to be taken care of come future years.

This background is the reason why the minister of social affairs and equality decided to propose amendments to the Gender Equality Act by

which companies and institutions employing 25 or more workers would be required to obtain equal pay certification – more on that later.

The Equal Pay Standard ÍST85

fixing the gender pay gap?



The Equal Pay Standard is an Icelandic Management Requirement Standard – it is a product of a three party cooperation among the actors in the labor market and government officials. The government, the Confederation of Icelandic Labour and the Employers' confederation.

In 2008 a provision was added in the Gender Equality Act stating that the Minister of Social Affairs, in collaboration with the the social partners, was

to ensure that, “a special tool and a certification system would be developed covering the implementation of policy on gender equality in wages.”

That same year during an agreements was reached on a tool that was to be developed in order to prevent wage discrimination between women and men.

The Equal Pay standard compared to the ISO 14001 Environmental management systems*

Equal Pay Standard IST 85:2012	Environmental Management Systems ISO 14001
4.2 Equal Pay Policy	4.2 Environmental Policy
4.3 Planning	4.3 Planning
4.3.1 Equal Pay criteria	4.3.1 Environmental elements
4.3.2 Legal & other requirements	4.3.2 Legal & other requirements
4.3.3 Goals & plans	4.3.3 Goals & plans
4.4.1 Roles, responsibilities & authority	4.4.1 Resources, roles, responsibilities & authority
4.4.2 Competency, training, awareness	4.4.2 Competency, training, awareness
4.4.3 Communication	4.4.3 Communication
4.4.4 Documentation	4.4.4 Documentation
4.4.5 Document management	4.4.5 Document management
4.5.1 Monitoring & measurement	4.5.1 Monitoring & measurement
4.5.2 Evaluation of compliance	4.5.2 Evaluation of compliance
4.5.3 Abnormalities, improvements & prevention	4.5.3 Abnormalities, improvements & prevention
4.5.4 Control of records	4.5.4 Control of records
4.5.5 Internal audit	4.5.5 Internal audit
4.6 Management review	4.6 Management review



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The technical committee decided to model the Equal Pay Standard on other management standards

It is, like other management standards, a requirement standard – it states the requirements made regarding its adoption and it can be used as the basis for certification, which means that companies and institutions can apply to the appropriate entities for certificates stating that they meet the requirements of the standard.

The aim is that companies and institutions can establish management systems which will ensure that their handling of cases and decision-making on wage issues will not be based on gender-specific **discrimination**.

In other words, to make sure that everybody's jobs are evaluated according to the same criteria.

There we are not talking about paying everyone the same salary, but about using the same evaluation system for everyone.

Even though at the beginning it was created to eliminate salary discrimination between men and women, it also serves as a tool to prevent all kinds of discrimination.

As is described in the introduction to the Equal Pay Standard, it is envisaged that before work on its implementation commences, senior management would define the policy in force in their undertakings or institutions regarding gender wage equality, as they are already required to do under the Gender Equality Act.

They would also be required to have at least one wage analysis carried out in the workplace, this consisting of a systematic examination of employees' wages and terms with a view to establishing whether gender-based discrimination in wages is being practised.

It is required that the considerations on which wage decisions are made be specified; these are to be based on the demands which jobs make of employees.

Thereafter, jobs are to be ranked on the basis of these considerations, so resulting the same jobs, or jobs of equal value, being ranked together.

After this is done, the jobs are to be ranked for the purpose of deciding wages. No requirement is made to the effect that any one specific wage system be used for this purpose; instead, it is demanded that the system used does not involve discrimination on grounds of gender. In order to ensure that this is the case, it is demanded that regular wage analyses be carried out.

In conclusion, it should be mentioned that the standard requires that the equal pay policy of the undertaking or institution in question is to be accessible and that it give sufficient information to make it possible to assess its effectiveness.

This demand does not, however, require that information to be given on individuals' wages or that all wage figures should be available. Instead, it is regarded as natural that information on employees' wages be presented in the form of statistics so that it cannot be traced to the individuals involved.

The standard is structured on the same sort of basis as is used in other recognized management standards, for example the ISO 9001 Quality Management Standard and the ISO 14001 Environmental Management Standard.

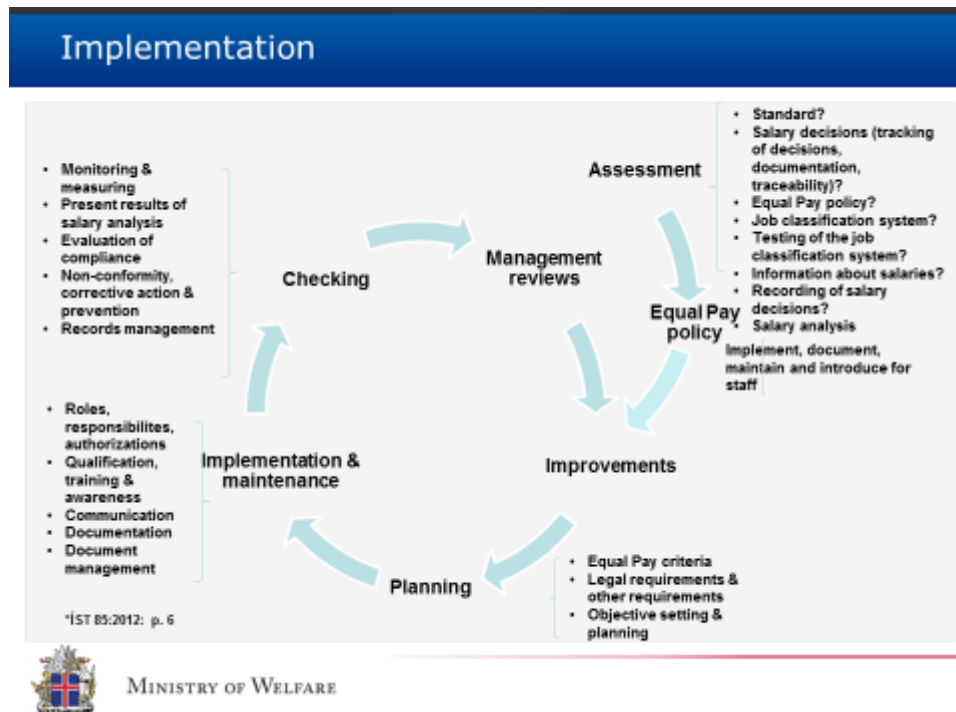
The main feature of these standards is that companies which seek to adopt them are required to adopt a policy and then adopt documented procedures on the application of the policy.

The main thinking behind this is that we know that many companies have already implemented other management standards and it would thus be easier for them to add the Equal Pay Standard on. This has also proved to be the case in the pilot project.

The approach: The standard has a number of requirements but does not tell you how to do the work. So it could cover all sorts of salary classification systems as long as they fulfill the criteria of the standard: **To use the same evaluation system for everybody's job and make sure to take into account every form of remuneration. At least one salary audit must be performed; formal procedures must be set up and roles must be defined.**

To summarize: The objective of the standard is to implement effective and professional methods for pay decisions, effective review and improvement. One of the main emphases of the Equal Pay Standard's requirements is that Quoted as stated in the Standard: “the same work, or work of equal value, shall be classified together on the basis of certain criteria” And further “from a accreditation authority stating that they operate in accordance with the demands set in the standard.

Those that wish to receive certification under the standard are required to follow a formal procedure from an accreditation authority stating that they operate in accordance with the demands set in the standard



The Wage system is a part of the quality system, 5 policies were defined the entailed 14 procedures

On this slide you can see the process that is described in the Standard.

These are all terms and procedures that are familiar to those who have worked with management standards.

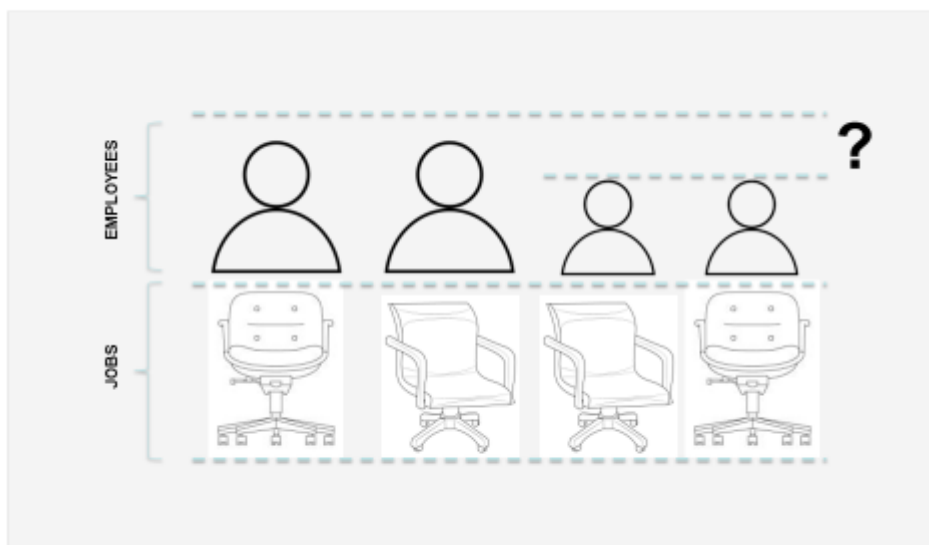
To achieve gender equality in wages in a company decision on wages must be based on focused and professional methods.

It must be possible at all times to review such methods, which entails that all decisions must be transparent.

Review of management is then a required in order for the CEO's to respond respond to critical situations.

It is important to bear in mind that the standard is designed to fit for all enterprises, irrespective of the number of employees and number of men and women.

CLASSIFICATION OF JOBS OF EQUAL VALUE



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One appendix to the standard, on classification of jobs, includes some examples of both large and small enterprises which are interesting to examine and may be of value as guidelines.

The main bulk of the work is to classify jobs, and to make sure that the job classification system that is in place is not gender biased.

This should allow employers to get a new perspective on the salary system, from which they can compare different jobs and measure their values.

It requires a strategic approach where the management really asks the questions:

What is it that we do in this company?

What do we pay salary for?

And how do we measure that?

They need to separate the job from the person doing the job.

Then they need to make sure that they use the same measurement system for all jobs within the company.

It is required that the considerations on which wage decisions are made be specified; these are to be based on the demands which jobs make of employees.

Thereafter, jobs are to be ranked on the basis of these considerations, so resulting the same jobs, or jobs of equal value, being ranked together.

After this is done, the jobs are to be ranked for the purpose of deciding wages.

No requirement is made to the effect that any one specific wage system be used for this purpose; instead, it is demanded that the system used does not involve discrimination on grounds of gender. In order to ensure that this is the case, it is demanded that regular wage analyses be carried out.

The appendices to the Standard contain a guide to 2 different methodologies to job classification, but the standard does not tell **you which one to use.**

TAKING INTO ACCOUNT ALL FORM OF REMUNERATION



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The Equal Pay Standard is an administrative tool designed to establish and maintain gender equality in wages within a workplace.

Equal pay certification under the standard is designed to confirm that when decisions on pay are taken, they are based on relevant considerations.

Equal pay certification therefore does not involve any requirement to the effect that individuals should receive exactly the same wages for the same work or for comparable work.

It would still be recognised that employers would be permitted to take into consideration individual factors, factors applying to groups and particular skills and abilities when deciding wages.

Nevertheless, it does make the inflexible demand that decisions on wages be based on relevant considerations, such as individuals' qualifications,

experience, responsibilities or job performance, such things not involving gender discrimination of any type, direct or indirect.

There is an ample room for performance reviews and bonus systems. They just have to be documented and traceable and must not include any discrimination.

In the appendices is also a chapter on how salary discriminations has been treated by the courts of law:

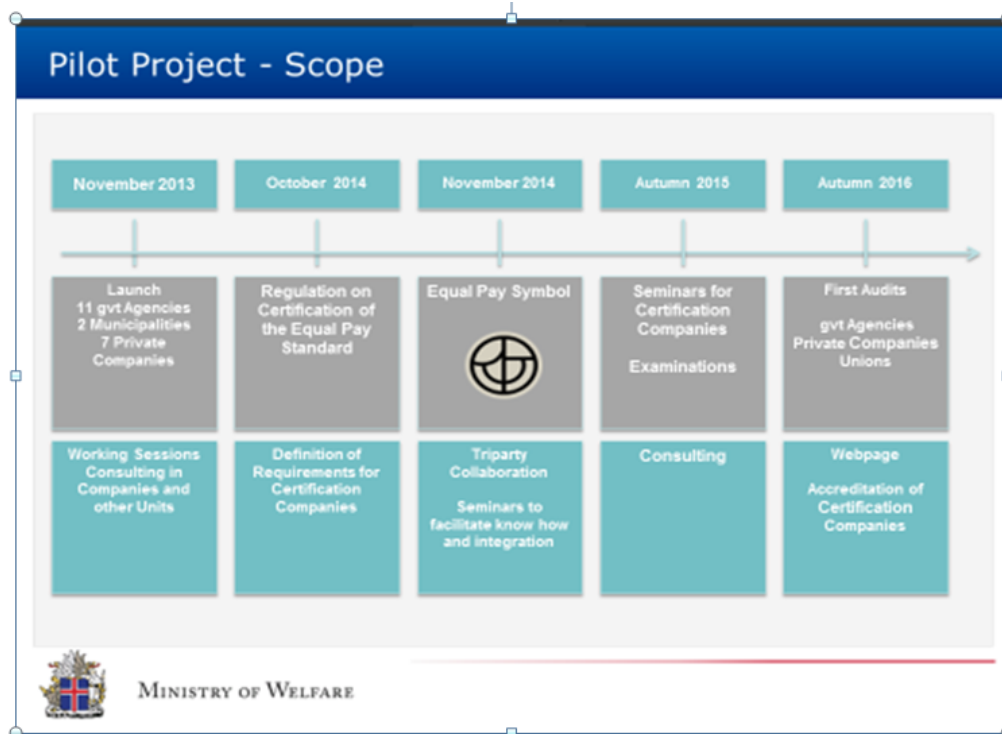
market value is considered a reasonable justification for differences in pay (as long as it is recorded);

membership of different unions is not!

All forms of remuneration need to be taken into account.

All benefits.

Pilot Project for the Implementation of the Equal Pay Standard 2013 – 2016



The pilot project for the implementation of the Standard was launched in November 2013 and is now finally coming to an end when approximately 7 workplaces will receive certification of their pay systems.

It is an interesting mixture of workplaces; government offices, private companies and one NGO's office.

And there are several more workplaces in the process of implementing the Standard, some have finished and received the equal pay symbol.

In the process we have developed best practices to tackle common problems and a toolbox has been created during the course of the pilot project.

In addition series of workshops and courses on relevant legislations and important labour market issues were developed for those interested in the standard or are in the process of implementing it.

Work on a regulation for accreditation agencies was also completed done – and approved by the Minister.

A web site has been set up in order to make all this information and a tool box for the implementation easily accessible.



As I said earlier – Employers discover a new perspective to their salary systems.

Where man are in the majority in a company – the salaries tend to be higher than the average pay – but there not neccesarilly gender differences within the group.

Within the other group - there is to say where women are in the majority we found the opposite. Wages are lower and there were pay differences.

This is most probably a product of both vertical and horizontal gender segregation in the labour market.

We have examples from implementation of the standard where women and men were rewarded differently for the exact same kind of secretarial work – the men were mostly retired from previous posts and were still receiving risk premium; the women were not, even if they sat side by side doing the same kind of work.

The advantages and challenges of implementing the standard	
Advantages	Challenges
Gives a new perspective to the salary system • Points to „hidden/unconscious“ salary differences • Brings out facts about salary composition & decisions • Base for discussions Increases the credibility of the salary system: • Transparency • Traceability Job classification is useful in HR management systems in general • HR Analysis & Planning • Recruitment Processes • Job Evolution Plans • Review of Performances	Extensive and expensive project Requires support of top management Tackles Complex Issues: • Ex-Managers turned specialists • Employees who „create“ their own jobs • Pre – conceived notions on the values given to „female-type“ vs. „male-type“ jobs



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At last we will have the data to change the gender divided labour market. It will require systemic changes and needs to be taken up in discussions with the unions.

Managers participating in the trial project who used to say: "There is no discrimination" are now ready to say: "Yes we need to change our value system it because we are actually discriminating against people." We need to re-evaluate the jobs and our value systems and we need to get more mixed groups in all workplaces.

Level of complication depends on the level of sophistication of HR systems already in place

It is easier for larger corporations which have developed clear rules about their remuneration schemes – they would need to test it and ask: "Is there any hidden/unconscious salary discrimination in our system?"

And it is also easier for those who already have implemented other management standards.

Equal Pay symbol



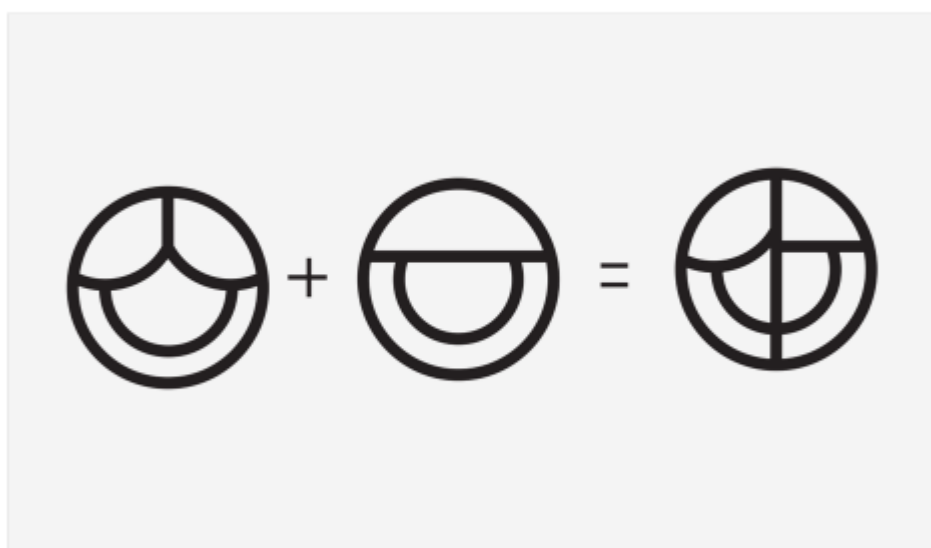
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Participants expressed their wish for some sort of recognition that they had been certified.

They wanted a symbol or an award that the company would be able to display in order for everybody to see that they were a company practising equal pay.

Therefore, in the autumn of 2014 a design competition was held in collaboration with the Iceland Design Centre for the design of the Equal Pay symbol.

Two individuals represented as equal



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"the symbol shows a compass, a stamp, a runic representation and the smiling faces of two different individuals. In its shape, the symbol suggests a coin or a token and thus showed that these two individuals were measured equally in terms of pay. The symbol could be used internationally and is unique and descriptive of its purpose“.

Legislation on Equal Pay Certification, approved by the Icelandic Parliament June 2017

fixing the gender pay gap?

Legislation on Equal Pay Certification

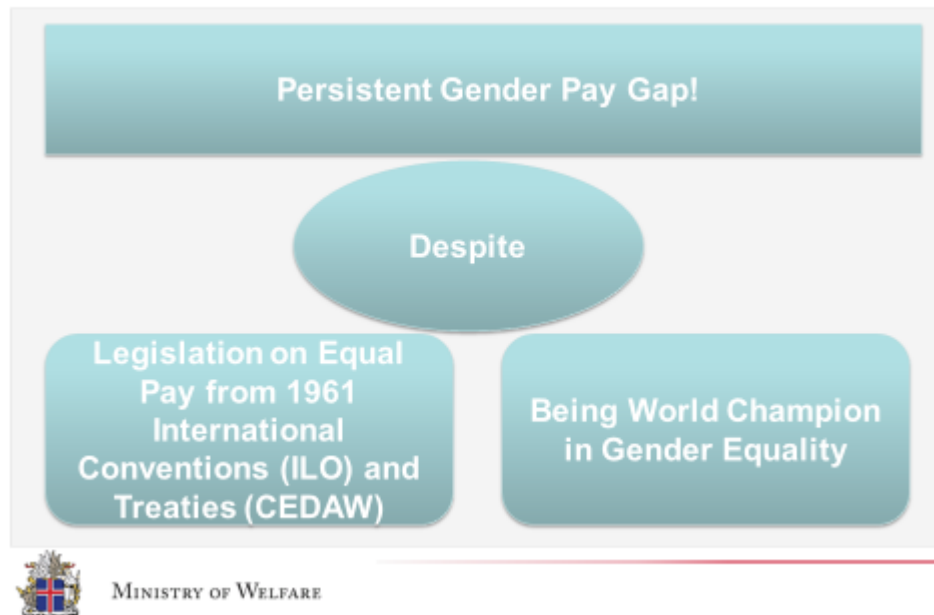
- » Enforces current legislation which prohibits gender based pay discrimination.
- » Obligation for companies with 25+ employees to have their salary systems certificated by an accretidation office
- » The law will take effect in the beginning of next year
- » Aims to introduce an obligatory equal pay certification in stages over a period of three years
 - Companies will be required to have their certification renewed every third year
 - The Centre for Gender Equality will monitor, supervise and award employers with the Equal Pay Symbol
 - In cases of failure to comply with the law the Centre will supervise employers to rectify the situation, otherwise, it has the permission to incur per diem fines



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Why make it a legal requirement?



Despite being ranked first in international comparisons regarding gender equality, equality in terms of equal pay has not been achieved in Iceland

1961: First legislation on equal pay

Political view was that it is necessary to secure equal pay for equal work through certification based on legislation

Implementing the Standard will help Employers to develop their salary systems according to the principle of Equal Pay for Equal Work and Work of Equal Value – **fulfilling demands of international conventions and treaties such as the ILO convention, the Beijing Platform of Action and the CEDAW treaty.**

The advantages of the legislations are seen by the politicians as outweighing the argument that it would impose undue encumbrances

An argument was also used that good intentions can only take us so far; requiring companies to truly implement their equal pay policies will be instrumental in eliminating the pay gap.

The intention of the Government to implement the Equal Pay Standard through legislation was widely debated in Iceland and I believe this discourse is a sign of a healthy democracy and actually brings the gender equality debate to mainstream politics and policy making– as opposed to on the margins where it often resides.

Some of the criticism has been that it may eliminate the possibilities of rewarding individual traits or that it may prove too costly to companies. The Equal Pay Standard does not stifle opportunities for rewarding good performance. On the contrary one could say, it will allow companies to better assess their human resources.

Thank you for your attention!