Closing the Gender Pay Gap: What Role for Trade Unions?

ILO ACTRAV Policy Brief

ACTRAV
Bureau for Workers’ Activities
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Introduction

The need to close the global gender pay gap is now more than ever recognized and endorsed by governments, international organizations, trade unions and employers. The goal to close the gender pay gap is set out in the International Labour Organization’s (ILO) Constitution, in the Equal Remuneration Convention (C100), in the Discrimination Convention (C111) and reaffirmed by the 1998 Declaration on Fundamental Principles and Rights at Work, which includes commitments to eliminate both overall and pay discrimination in the workplace.1 The goal of equal pay is all the more taken up by international organizations and initiatives, such as the Sustainable Development Agenda, the ILO Women at Work Centenary Initiative, UN Women, OECD, IMF, or the recently established joint ILO-UN Women Equal Pay International Coalition (EPIC).2 Despite widespread recognition of the importance to address pay inequalities between men and women, progress in closing the gender pay gap has been slow.

The need to close the gender pay gap is not solely driven by concerns for women’s rights as a social justice and human rights issue but also by an economic rationale at the level of the company and the overall economy, recognizing that equal pay for work of equal value can contribute to enhanced firm profitability and reputation, economic growth, reduce inequality and contribute to sustainable development.

Therefore specific gender equality policies are required, but these are only likely to be effective if embedded within a general policy environment which is promoting equal treatment and inclusive labour markets.3 This should also be reflected in trade union strategies aiming at closing the gender pay gap.4 Therefore, this policy brief focusses on four main trade union strategies that address:

- Overall gender discrimination
- Overall wage inequality
- Specific gender pay gaps
- Women’s representation in decision-making

Gender Pay Gap: Numbers and Impact

Gender pay gaps must be seen in the broader context of gender inequality in the labour market and society as a whole, including women’s more limited access to paid employment, the unequal division of tasks within the household, or the over-representation of women in low-paid and vulnerable employment.5 Women are less likely to participate in the labour market, facing a global gender gap in participation of over 27 percent, exceeding over 50% in the Arab States, northern Africa or southern Asia.6 When women do participate in the labour market, they are less likely to find a job. Accordingly, the global unemployment rate of women is higher than that of men. Further, once in employment, women face restricted access to quality employment. Vulnerable forms of employment are consistently higher for women. For instance, women are more represented in part-time work. Also, women in informal wage employment generally face a double penalty: informal economy workers receive on average lower wages than workers in the formal economy and women are paid lower wages than men on average.7

Women are also more likely to undertake a greater number of hours of unpaid work due to time spent on household chores and care provision.8 Accordingly, balancing work and family is considered worldwide the top challenge that working women face. In developed countries, equal pay comes second.9 Whereas, worldwide, women are found to earn on average 20 per cent less than men; depending on the region, this can increase to 40%.10

Box 1. Dual discrimination based on “Glass ceiling” and “Glass wall”

Women are often faced with both vertical ("glass ceiling") and horizontal ("glass wall") discrimination or segregation in the labour market. Vertical discrimination means that women find difficulties in progressing on the career ladder. For instance, among CEOs in Europe the gender pay gap is twice as large as the average, reaching nearly 40 per cent, and it continues to widen to 50 per cent among top 1 per cent earners.11 Horizontal segregation means that women are over-represented in particular sectors, such as textiles, education, health or social work, where pay is often systematically lower compared to similar male dominated sectors.12

References

3. SDG 8.5: By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value; SDG 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. For more information on EPIC, see https://www.ilo.org/global/topics/equality-and-discrimination/epic/lang--en/index.htm OECD and gender equality: http://www.oecd.org/gender/
4. For a broad overview on the issue, policy mechanisms and international evidence, see Rubery and Koukiadaki, 2016.
5. Based on Rubery and Johnson, 2019.
Whereas, individual characteristics, such as education, skills or experience explain part of the gender pay gap, a large part of the gender pay gap can still be attributed to pure discrimination based on sex. Also, discrimination based on ethnicity often comes on top of gender discrimination. The same is true for motherhood: working mothers suffer a wage penalty on top of the existing gender wage gap. That is, women with children tend to gain less than women without children. In addition to that, a fatherhood premium exists, that is, men with children typically gain more than men without children. Accordingly, these discriminations in the labour market are often also reflected in limited access to, and lower levels of, social protection.

**International Labour standards: Closing the Gender Pay Gap**

Various International Labour Standards (ILS) give guidance on the role of trade unions in closing the gender pay gap. To begin with, it is at the heart of the ILO Constitution (1919), which underlines the recognition of the principle of equal remuneration for work of equal value. The Equal Remuneration Convention (C100) most directly addresses the issue of equal pay for men and women at work. Moreover, it is a fundamental Convention. That means that irrespective of the level of economic development or whether a country ratified the Convention or not, countries are obliged to abide by its principles, only for being member of the ILO. However, there are numerous ILS that give guidance in one way or another on the issue of equal pay and the role of workers’ organizations therein.

**Equal Remuneration and Non-Discrimination**

Through the Equal Remuneration Convention (C100) and Recommendation (R90), ILO members commit to ensure the application to all workers of the principle of equal pay for men and women for work of equal value, through national laws, machinery for wage determination, such as statutory minimum wages, or through collective agreements between employers and workers. Hence, C100 and R90 explicitly address the role of wage setting mechanisms and the role of the social partners therein. Moreover, it stresses the consultation of workers’ and employers’ organizations in the promotion of gender-neutral job appraisals.

R90 pays particular attention to the application of the principle of equal remuneration for women workers for work of equal value to employees in the “public sector”, from the national to local level, but also in industries under public ownership or control, or public contracts. It further highlights women’s access to vocational training; the provision of broader welfare and social services which meet the needs of women workers, particularly those with family responsibilities; the promotion of equal access to occupations; and enhanced efforts to raising awareness on the issue.

The Discrimination (Employment and Occupation) Convention (C111), complemented by Recommendation (R111) address broader discriminatory practices in employment, including equal pay between men and women for work of equal value. R111 is more explicit regarding wage discrimination and the potential role of employers’ and workers’ organisations therein, for instance through collective agreements.

**Box 2. Trade Unions and the ILS system**

Trade unions play an essential role in the ILS system: (i) they participate in choosing subjects for new ILO standards and in drafting the texts, and their votes determine whether or not the International Labour Conference (ILC) adopts the standard. (ii) If a Convention is adopted, trade unions can encourage a government to ratify it. If the Convention is ratified, governments are required to periodically report to the ILO on how they are applying it in law and practice. Government reports must also be submitted to representative employers’ and workers’ organizations, which may add their comments, all of which are submitted to the ILO. Employers’ and workers’ organizations can also supply relevant information directly to the ILO. (iii) They can initiate representations for violations of ILO Conventions in accordance with procedures under article 24 of the ILO Constitution. Employer and worker delegates to the International Labour Conference can also file complaints against member States under article 26 of the Constitution. (iv) If a member State has ratified the Tripartite Consultation (International Labour Standards) Convention (C144), it is obliged to hold national tripartite consultations on proposed new instruments to be discussed at the Conference, on submissions of instruments to the competent authorities, on reports concerning ratified Conventions, on measures related to unratified Conventions and recommendations, and on proposals regarding the denunciation of Conventions. 14

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13 ILO 2018a.
Minimum Wage Setting and Collective Negotiations

As women are typically over-represented in low-paid sectors that are covered (or not) by minimum wages or collective agreements, it is important also to discuss existing standards on minimum wage setting and collective wage negotiations.

The Minimum Wage Fixing Machinery Convention (C26) and Recommendation (R30) make explicit reference to the consultation of the social partners in the design and operation of minimum wage fixing machinery. Furthermore, R30 calls explicitly for the participation of women in wage-fixing bodies, in female dominated sectors. The Minimum Wage Fixing Convention (C131) and Recommendation (R135) are more inclusive - covering all workers - and put strong emphasis on the full consultation of the social partners in the establishment, operation and modification of minimum wage machinery.

Important standards that deal with collective negotiations are the Right to Organise and Collective Bargaining Convention (C98), and the Collective Bargaining Convention (C154) and Recommendation (R163). These standards clarify what are collective negotiations, what is negotiated, who can participate in it, and with which purpose.

There are a number of other standards that in one way or another give additional guidance on the issue, such as standards on Maternity protection (C183), on Workers with family responsibilities (C156), or instruments on sectors that are particularly relevant for women, such as Domestic work (C189), the Public sector (C151), or Global supply chains (MNE Declaration).

Trade Unions and the Gender Pay Gap

Amongst broader gender-based discriminatory factors in the labour market, gender pay discrimination is strongly determined by the overall wage setting systems and accordingly overall wage inequality as well as the position of women within the wage structure. Therefore, the actions that trade unions can take to close the gender pay gap, beside ILS-related actions described above, should prioritize:

- targeting overall gender discrimination, tackling root causes and challenging existing social norms and gender stereotypes, recognizing the value of unpaid care work, enhancing access to quality employment and social protection coverage, improving work-life balance for men and women, improving paid parental leave, enhancing access to child care and targeting violence and sexual harassment;
- promoting inclusive wage setting, for instance by promoting increased levels, or extending the coverage, of minimum wages and collective agreements. Collective bargaining is most likely to promote inclusive and gender equal employment systems where the bargaining is coordinated and conducted at a national or sectoral level;
- pursuing specific gender pay equality measures, by addressing occupational segregation, by conducting gender pay audits and developing action plans at the enterprise level, through equality bargaining based on gender-neutral job classification or the incorporation of non-discrimination clauses (e.g. in pay, regarding work-life balance, access to training, etc.) in collective agreements;
- women's representation in decision-making, through enhanced participation of women in trade union leadership, including in wage negotiations, and through the establishment of gender equality or broader inequality or diversity committees.

In addressing the gender pay gap, it is important for unions to consider how wage-setting mechanisms can sometimes reinforce gender inequality in pay, and how to resolve this. For instance, it is important to consider how to improve the coverage of minimum wages and collective agreements in order to ensure that domestic workers, informal workers or workers in non-standard forms of employment are covered, who disproportionately tend to be female and are often most at risk for being excluded from these. Collective bargaining may also be concentrated in highly unionized and male-dominated sectors and accordingly do little to address equal pay if this is not explicitly addressed. It is also important to consider that minimum wages may reinforce the gender pay gap by setting wages in certain female dominated sectors or jobs lower than for others. For instance, in South-Africa, the minimum wage for domestic workers, whom are mostly female, is set at 75% of the national minimum wage (ILO, 2016).

19 Blau and Kahn, 1992; Rubery and Grimshaw, 2015; Rubery and Johnson, 2019.
20 Rubery and Johnson, 2019; Pillinger, 2014.
Therefore, trade unions have to combine inclusive wage setting and gender-specific measures to tackle overall gender and specific pay inequality. In France, for instance, regular equality bargaining and the adoption of a gender equality plan is mandated by law. Or in Singapore, a tripartite agreement was reached that equal pay clauses should be inserted in collective agreements at the company level. Also Belgium mandates the inclusion of equal pay measures in intersectoral agreement, especially on gender-neutral job classification. Similar examples exist in Sweden or Chile. This sets the legal framework in which trade unions negotiate for equal pay for work of equal value. Trade unions also address occupational segregation, advocate for gender-neutral job classifications and evaluations, or the incorporation of work-life balance clauses in collective agreements. Further, workers’ organisations can play an important role in raising awareness and monitoring gender commitments, for instance by conducting gender pay audits and developing action plans at the enterprise level. These pay reports or audits have been argued to be more effective when they involve trade unions in monitoring and scrutiny.21

Box 3. Equal pay in the public sector

Women are often over-represented in employment in the public sector. Hence, trade union action in the public sector can be critical for the gender pay gap in different ways. First trade unions may take action to improve the relative pay of public sector workers, particularly in countries where public service work has been undervalued or where public sector wages have suffered serious decline under austerity pressures. Trade unions across Europe have been engaged in actions to restore wages in public service work after the cuts associated with the austerity crisis, ranging from Portugal, the UK, Ireland, Hungary, Poland to Slovakia. A second area for trade union involvement in the public sector is in actions to address internal pay differentials. Gender-sensitive job evaluation or gender audits and action plans for instance in the public sector can have a major impact, as it effects on a large employment population. In Sweden for instance, the unions are directly involved in the analysis of gender pay issues and the formulation of action plans. The third type of action trade unions can take is to extend decent work conditions including commitments to gender equality down the supply chain through following responsible procurement policies.22

Box 4. Equal pay and domestic workers

A minimum wage can bring about significant gains for low paid workers, where typically women are over-represented. Globally over 80% of domestic workers are women.23 The scope for minimum wages to promote inclusion and reduce the gender pay gap not only depends on the level of the minimum wages but also on gaps in coverage, often excluding the most vulnerable workers, such as domestic workers and those in the informal economy. Although action by trade unions is important to ensure all workers benefit from inclusive minimum wage protections, the dispersed and often isolated position of domestic workers within private households also means that union organising and establishing of collective bargaining agreements can be problematic.24

Positive examples exist, however, where unions in Brazil for instance have long pressed for the recognition of domestic workers rights, through the right to organize, through recognition by the state, harmonization of employment rights or regulation of working conditions.25 Further, in Brazil, women have taken senior roles within domestic workers unions which strengthens the explicit recognition of gender issues in bargaining and campaigning.26 Until recently domestic workers in Argentina were not covered by collective bargaining but a national tripartite agreement over minimum wage rates for domestic workers was signed in 2015 which formally brought these workers under the scope of sectoral wage setting institutions.27 In Uruguay domestic wage councils have been in existence but historically excluded rural workers and domestics workers. A wage council for domestic workers brought together employers who were loosely coordinated and the domestic workers union, Sindicato Unico de Trabajadoras Domesticas, to negotiate over wages, working conditions, social security registrations or dispute handling. The International Domestic Workers’ Federation (IDWF), an affiliate of The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (IUF) was formed in 2013. Countries such as Uruguay, Brazil, Bolivia and South Africa have seen steady growth among unions of domestic workers as a result of decades of organizing efforts, and now have tens of thousands of members.28

Trade unions have taken actions at different policy levels, ranging from the company, sectoral, national to international levels. At the regional and international levels for instance, unions have been active in the European Trade Union Confederation (ETUC) European pay raise campaign to restore collective bargaining and the International Trade Union Confederation (ITUC) global living wage campaign to raise minimum wages.29

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21 Pillinger et al., 2016; Chicha, 2006.
22 Rubery and Johnson, 2019.
23 Hobden, 2015a.
24 Hobden, 2015a.
26 Ledwith and Munakamwe, 2015.
27 Hobden, 2015b.
28 Hobden, 2015b; Rubery and Johnson, 2019.
Unions may also ensure gender representation in decision-making bodies and at the negotiation table. Research has shown that women’s positions in union leadership and their presence on collective bargaining teams may have significant impact on the extent to which collective bargaining outcomes are gender sensitive.\textsuperscript{32} Various unions, for instance in Germany and Austria, have used quotas to improve women’s representation and the Trade Union Congress in the UK has introduced quotas on collective bargaining committees.\textsuperscript{33}

**Trade Unions in Action: Some Figures**

Based on the outcomes of the ILO ACTRAV survey on the role of trade unions in wage setting for gender equality, trade unions worldwide are found to pay similar attention to addressing (i) specifically equal pay, for instance by incorporating gender-clauses in collective agreements; (ii) overall wage inequality, for instance by increasing minimum wages or extending collective bargaining coverage; and (iii) broader gender discrimination, such as improving paid parental leave or access to child care.\textsuperscript{34} Around 10\% of responding trade unions do not have a specific commitment, strategy or policy regarding equal pay.\textsuperscript{35} Depending on the particular challenges in the respective regions, priorities may vary: in the Arab region, addressing broader gender-discrimination and overall wage inequality has been an important focus, while in the Latin America and Caribbean region, specific measures to address equal pay has received relatively more attention.\textsuperscript{36}

Most of the attention of trade unions is directed towards (i) improving wages for low-paid workers and (ii) unionizing or extending coverage of legal minimum wages or collective agreements to groups of workers traditionally in vulnerable types of employment (respectively 41\% and 37\%). However, (iii) improving pay in female dominated sectors, (iv) the use of gender-neutral job classifications and evaluations, as well as (v) improving transparency in pay by developing equal pay audits and plans are also high on the agenda (respectively 21\%, 23\% and 23\%).

However, practice on the ground is not necessarily in line with trade union priorities, that is, equal pay for work of equal value is often not explicitly part of wage negotiations, and when it is on the negotiation agenda, it is mostly through measures to address overall wage inequality, rather than through gender-specific measures (respectively 65\% and 27\%). Practices in the regions vary: improving pay in female dominated sectors is particularly absent from the wage negotiation agenda in Africa and the Arab region. The opposite is true for the use of gender-neutral job classifications and evaluations, which is relatively high in regions, such as North America and Europe and Central Asia.

The majority of trade union organizations have a specific gender or broader equality/diversity committee (respectively 61\% and 18\%).\textsuperscript{37} However, around 16 per cent responded not to have such a committee. 70\% of unions responded to have an internal operational strategy regarding female representation in the organization (e.g. internal guidelines or quotas). On average, 34\% of the union’s executive committee are women.\textsuperscript{38} While this is higher in North America, this is even lower in the Arab States (respectively 45\% and 25\%). While worldwide around 30\% per cent of trade union’s wage negotiation teams are women, this is closer to 20\% in Asia and the Pacific, Africa and the Arab region. Around half of the trade unions responded that trade union negotiating teams or commission members are briefed or trained on gender issues in preparation for the wage negotiation agenda.

\textsuperscript{30} Rubery and Koukiadaki, 2016.

\textsuperscript{31} Kirsch and Blaschke, 2014; Pillinger et al., 2016.

\textsuperscript{32} Kirsch and Blaschke, 2014; Pillinger et al., 2016.

\textsuperscript{33} In the period May-August 2018, ILO ACTRAV conducted a global survey in five languages to gather views on the role of trade unions in wage setting for gender equality. Around 380 trade union leaders from different continents responded to the survey.

\textsuperscript{34} The figure (10\%) is relatively low, as the survey asked for commitments, and not necessarily actual policies put in place.

\textsuperscript{35} Other trade union actions that haven’t been systematically assessed in the survey, but came back in the comments sections are the judicial action of trade unions in national labour courts to correct wage differentials, strengthening of labour inspections on the issue, and the role of multinational enterprises and trade agreements.

\textsuperscript{36} In EU countries, this is respectively 74\% and 13\% (ETUC Annual Gender Equality Survey 2018).

\textsuperscript{37} In EU countries 37\% of leadership in trade unions positions are held by women (ETUC Annual Gender Equality Survey 2018).
Challenges for Effective Trade Union Involvement

This section looks at key challenges in achieving effective involvement of workers’ organizations in wage negotiations on equal pay for work of equal value, based on the comments of the ILO supervisory system. While dealing with the overall issue of equal pay, the following key challenges and opportunities can be highlighted and provide guidance for trade union action:

- The need to promote and implement legislation at different policy levels that give expression to the principles of equal pay for equal value, including for particular sectors (e.g. public sector or care economy), categories of workers (e.g. domestic, rural or informal work) or types of employment relationship (standard vis-à-vis non-standard forms of employment);
- Enhanced monitoring and enforcement to prevent, detect and address violations through strengthened labour administrations and inspectorates, dispute resolution systems, including through labour courts and sanctions applied in case of non-compliance;
- Improved access to information on pay differentials, including regarding performance-based pay systems (e.g. bonuses) and sex-disaggregated data in all economic sectors as a means of promoting pay transparency;
- The use of gender-neutral job evaluation and classification methods, and the targeting of sectoral and occupational segregation;
- Promote the development of strategies and action plans, including access to vocational training for women, at the company level to address gender wage gaps;
- Raise awareness and address underlying causes of pay differentials, such as gender stereotypes concerning women’s occupational aspirations and capabilities, and vertical and horizontal job segregation, and
- Explore innovative practices to promote gender equality, i.e. through gender equality clauses in public procurement, compliance and impact assessments, affirmative action measures, the appointment of a mediator or ombudsman, etc.

More specifically dealing with the role of trade unions in wage setting for equal pay for work of equal value, key challenges that are raised by the supervisory mechanism and that provide guidance for trade union action are:

- The unionization of female workers in situation of vulnerability, such as domestic workers or self-employed workers;
- Putting the issue of equal remuneration for men and women for work of equal value on the agenda of specialized equality or diversity bodies, and bi- and tripartite wage bargaining and consultation bodies;
- Applying gender-neutral criteria in the setting of wages and extending the coverage of minimum wages and collective agreements to ensure coverage of female dominated sectors and groups of vulnerable workers, i.e. (migrant) domestic workers, temporary workers, plantation workers, piece rate workers, etc.;
- Ensure the effective role of the social partners in the design, implementation and monitoring of the principle of equal remuneration for men and women for work of equal value in different wage setting mechanisms, for instance by encouraging employers’ and workers’ organizations to include provisions on equal remuneration between men and women for work of equal value in their negotiated agreements;
- Raise awareness among trade union members, e.g. through targeted wage negotiation courses for women, and provide training to trade union wage negotiators on the issue.

Conclusions

To address equal pay, trade unions, together with governments, business and employers’ organizations are suggested to focus on the following dimensions:

- Mainstreaming: the principle of equal remuneration for work of equal value has to be a core union priority and needs to be integrated into a variety of policy instruments, ranging from national laws, minimum wage setting, collective bargaining processes to enhanced pay transparency at the company level;
- Inclusiveness: strategies to promote equal pay should be inclusive and extend to different types of workers, including workers in the informal economy, workers in non-standard forms of employment, etc.;
- Two-fold action: trade union strategies should combine both inclusive wage setting and specific gender-equality measures;
- Awareness raising: trade union action should address the root causes of occupational and sectoral segregation, unpaid care work, work-life balance for men and women, violence and sexual harassment, access to quality child care and adequate social protection, and challenging existing social norms and gender and racial stereotypes;
• **Women’s representation**: trade unions should advocate for women’s representation in decision-making bodies. This applies to all areas of government and within employers’ and workers’ organizations;

• **Targeted action**: seen the strong representation of women in specific sectors, additional attention can be directed to these sectors, such as the public sector, domestic workers, etc.;

• **Monitoring and enforcement**: policy mechanisms to promote equal pay without strong enforcement and means to monitor progress are unlikely to be successful. Trade unions have a key role to play in this regard.

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