A proactive approach to pay equity

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Importance of the question of Pay Equity

ILO: Convention 100 (1951)


Roadmap for Equality between Women and Men 2006-2010 (European Union)

Lilly Ledbetter Fair Pay Act (US 2009/01/29).

Initiatives in Australia, Chile, Philippines, etc.
Multiple sources of the pay gap

Difference in productivity characteristics between women and men, such as education, experience, hours of work, etc.

Pay discrimination

• Direct pay discrimination. Difference in wages between women and men doing the same work.

• Indirect pay discrimination. Difference in wages between women and men doing work of equal value.
Sources of the Total Pay Gap

Productivity characteristics

Pay discrimination
At the source of this discrimination: Occupational segregation by gender

• Vertical segregation: teacher // school principal; bank teller // department head

• Horizontal segregation: nurse, teacher, seamstress // computer analyst, engineer, mechanic
Sources of pay discrimination

- Stereotypes
- Prejudice
- Biased job evaluation methods

Discriminatory compensation systems
- Wages
- Social benefits
- Flexible pay

Unequal bargaining power
Solutions to pay discrimination

To reevaluate women work compared to men’s work: new evaluation methods

To adjust wages according to the new relative value
Solutions to pay discrimination

One approach:

• Laws that prohibit pay discrimination:
  • Based on the assumption that employers will conform to the law voluntarily (UK, Netherlands, Canada – federal jurisdiction)

• If not, a complaint may be filed with a HR Commission or a Tribunal by a worker who is discriminated against.
Solutions to pay discrimination

• Many disadvantages: Hard to make a proof of discrimination
  • Lenghty
  • Costly
  • Very few cases
  • Low rate of success
  • Very hard for a non unionized worker
Solutions to pay discrimination

New approach - Proactive model

Employers have to implement equal pay for work of equal value in their entreprise.

Is not dependent on a complaint

Is compulsory for all entreprises of a given size or a given sector.
Proactive models

Canada:
- Ontario (1988)
- Québec (1996)

Sweden

Switzerland

France
Main features of proactive models

Cover all employers within a given jurisdiction or with certain characteristics
Comprise a timeframe to implement pay equity
Give methodological indications on how to reach pay equity
The Québec proactive model of pay equity

- Pay equity act adopted in 1996
- Important role played by Trade unions and women’s organizations
- Covers all enterprises with 10 employees or more
- Public and private sectors
- All employees: full time, part time, fixed term contract, etc.
Based on joint participation: employers-workers

• Is compulsory and regulated by law in all firms with 100 or more employees

• Requires a significant representation of women workers
Responsibility of the Committee

• Decides on all the steps needed to reach pay equity

• Training

• Information
The pay equity program

• Goal:
  • To identify if there is discrimination that affects jobs predominately held by women in the enterprise and to estimate the wage gap (for each occupation)
  • If there is discrimination, then the employer has an obligation to suppress the wage gap within a given timeframe
  • maximum 4 years to develop the program + 4 years to make the pay adjustments
The pay equity program

- Structured and systematic process
- 4 steps:
  - Identify in the organisation the predominately female and male jobs that will be compared
  - Adopt a job evaluation method that fits the type of work found in the organisation and evaluate the jobs
  - Compare the wages of equal value jobs
  - Adjust wages of predominately female jobs, if they are found underpaid compared to a predominately male job
- The pay equity wages become an integral part of the collective agreements
Creation of an governmental administrative body: the Pay Equity Commission

• Very wide mandate:
• Monitoring of the application of the Act
• Information
• Training
• Investigation
• Dispute resolution
• Etc.
What are the impacts of pay equity?

• ON WOMEN WORKERS

• Adjustments of wages more frequent for the following occupations:
  – Secretaries
  – Office clerks
  – Receptionists
  – Cashiers
  – Daycare workers
  – Nurses
  – Teachers
What are the impacts of pay equity?

ON EMPLOYERS

Increases in wage costs:

- Partial estimates: 0.5% of the wage bill for small and medium size enterprises in private sector; 3.76% of the wage bill in the public sector

Administrative costs

- Small and medium size enterprises: 2,635 $
- Large enterprises: 12,695 $
What are the impacts of pay equity?

- Other benefits:
- Greater economic independence of women workers
- Enhanced perception of equality in the workplace: job satisfaction, productivity
- Better management-union relations: work together towards a common goal
- More attractive workplace: good reputation
- Avoidance of litigation costs in case of complaints
Conditions of success

• Participation of workers
• Training
• Transparency of information
• Specialised administrative bodies
Problems encountered in Québec

Main problem: government as employer and policy maker

Employer: very large representation of women = high anticipated cost of pay equity;

Policy maker: high value given to gender equality in the Québec society. Pressure from unions, women’s groups, large support of public opinion.
Problems encountered in Québec

Preferential treatment given to government and some employers in the Pay Equity Act.

Very slow start of the implementation

Has resulted in relatively low compliance rate (50%)

Hard to reach non unionized workers, immigrant workers in precarious jobs, etc.
2009: Pay Equity Act is modified

As a result the Act has been recently modified

It regulates maintenance of pay equity results in the case of changes in the organization

It extends coverage of the law to a larger number of firms

It aims to raise the compliance rate: compulsory reports, high level of fines.

The PEC has significantly higher financial means (30% / 50% increases in budget)

The question of non unionized workers and immigrant workers is still not resolved.
Strategies

• Is a very important change in mentalities and practices
• Increase adhesion to pay equity among union membership
• Increase representation of women in higher ranks
• Give training to members about pay equity
• Test programs by implementing pay equity in some sectors
Strategies

• Extend public opinion support to gender equality

• Publicize cases of pay discrimination easy to understand

• Stress the inequity that affects women in terms of wages and its impact on the living standards of the family, the retirement income, etc.

• Develop research on the wage gap and communicate it

• Look for political leaders that may become champions of this cause
Conclusion