

# Equal pay – now or never

final report and recommendations

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## Study group Equal Pay

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## 1. Introduction

### 1.1 reason for installation of the study group and its membership

In the Netherlands pay differences and inequalities between men, women, ethnic groups, part timers, full timers and workers with temporary and fixed contracts are relatively large. Larger than in other European countries. Differences in pay are a normal and accepted phenomenon, pay inequality however is forbidden by law.

The Minister of Social Affairs and Employment saw enough reason in this for the installation on December 15th 2005 of the study group 'Equal pay works!' for the period till March 1st 2007. He commissioned it to actively promote the issue pay inequality to a prominent position in the public debate.

The following organisations and individuals participated in the study group:

CGB	Piet van Geel/Siebrand Bisschop
CNV	Teusjan Vlot/Fatima Madani
FNV	Muriël Dalgliesh
MHP	Eddy Haket
MKB-Nederland	Mariet Feenstra
NVP	Wouter Limmen/Peter Lindenberg
NVvM	Frits Jans
ROP	Merel van Weel/Marianne Wendt
VNO-NCW	Guusje Dolsma
Chair	Paulien Osse (director WageIndicator Foundation)
Secretariat SZW	Fleur Verhoeff/Francien Prins

### 1.2 Tedious and massive problem

*Unexplained pay difference: 7%*

To tackle the problem head on: the Labor Inspectorate documents that the unexplained pay difference in the beginning of the 21st century amounts to a stable 7% average. In this gap pay discrimination of women might be hidden. Also the gap between ethnic majority and minorities appears to be unchanging.

*source: De arbeidsmarktpositie van werknemers in 2004, Arbeidsinspectie.*



The last decades of 20th century show the same picture. Positive discrimination in f.e. employment policies has not been able to fundamentally alter that situation. Apparently the problem is a tedious one. And it is a massive problem too.

#### *Labor market position: gender and ethnic disparities*

In the Netherlands 9 out of 10 working women are employed, half of these work part time (in 2005 49.8%). Amongst men that figure is 17.4%. The distribution of variables education and type of work is almost identical for both men and women, with the exception of the category low skilled, non manual, typical for the female jobs: 2 out of 5 (40.9%), in both absolute and relative terms many more than men.

source: Eurostat (EU-LFS)

The most recent study of the Labor Inspectorate confirms this Eurostat-picture. It still adds age- and wage-indications to the fact that women as a rule hold low(er) positions. Quote:

*As in the commercial sector part time workers in the public sector are more often women. Compared with full timers part timers are more frequently 35 years or older and more often receive a gross wage up to 130% of the legal minimum wage. Furthermore part timers less frequently hold positions with high qualifications.*

source: De arbeidsmarktpositie van werknemers in 2004, Arbeidsinspectie.

This picture is stable, as said before. A similar picture holds true for the relationship Dutch origin-ethnic minority. These differences in the labor market position partly explain the wage differences. They however may not lead to (outlawed) wage inequality or wage discrimination.

The figures presented just now relate to the period before 2005. Our study group is active only from 2006 till early spring 2007. To suggest that its activities have a direct link with those figures is not logical. Moreover it would be unrealistic to expect its activities to make a decisive difference in changing such deeply rooted patterns. On the European level targets have been agreed to increase the labor participation of women and decrease differences in pay considerably. The installation of our study group is in line with this policy, but it is not the body to settle this matter conclusively.

### **1.3 Goal, commission and work plan of the study group**

Minister De Geus commissioned the study group 'Equal pay works!' with the following:

*promote the awareness of and compliance with the rule of law in terms of equal pay for work of (almost) equal value en equal treatment in terms of working conditions, regardless of gender, race, working hours and type of contract (temporary/fixed).*

The study group set itself the following goal in its work plan:

*Decrease unjust wage differences between men, women, ethnic majority and minorities, part timers, full timers and people with different types of contracts.*

More in particular the study group has tried to shed light on:

1. the existence of pay differences and pay inequalities between men, women, ethnic majority and minorities, part timers, full timers and people with a fixed and temporary contract;



2. the fact that remuneration is a complex matter and that just and unjust differences co-exist;
3. pay differences finding their origin in exclusion from collective agreements of groups of employees, in (too high or too low) scaling and valuation of jobs, in part time work, in specific contracts and/or discrimination;
4. a variety of stakeholders, each having their own contribution to make in promoting equal pay: individual employers and their associations, employees and unions, human resources managers, trade union officials, holders of job valuation systems, works' councils and the civil service as employer.

The study group could – if it so wished – round up its activities after a year with recommendations for stakeholders and the Ministry of Social Affairs and Employment. To this end a final expert session was held on January 25<sup>th</sup>, 2007 to debate concept recommendations. These recommendations resulted from the growing and shared insights in the study group. The final debate definitely helped in fine tuning the recommendations, presented here at the end of the following chapters where appropriate.

## **1.4 Results of the study group in 2006**

### *job valuation systems*

In the spring of 2006, together with holders of job valuation systems, a review was held to check whether these systems still are problematic under the aspect gender-neutral pay. Once again the Handbook Gender-neutral Job Valuation has been brought to their attention and they committed themselves to its conscious application. The conclusion was drawn that the job valuation systems themselves are not the cause of the existing pay gaps. Also negotiating skills make a difference. "Men, more often than women are in a more favourable position to negotiate and thus they achieve better results."

### *Collective agreements*

Parties to negotiations of collective agreements examined, also in spring 2006, whether or not such agreements contain regulations that hamper equal pay. In the past such regulations did occur, but currently they are being eliminated or have already been discarded. A variety of such regulations was discussed, in particular with respect to stand-by workers and part timers. This meeting resulted in the publication on the project website of some specimen of regulations which might serve negotiators in getting a grasp of this potential problem and help them testing whether particular regulations are permissible.

### *HR-managers*

At the NVP-office (NVP, the association of HR-managers) early 2006 the unequal pay-issue was discussed with an expert delegation of its membership. Aim of the session was to raise awareness amongst them that scaling in a first job in a new company is crucial for future developments in terms of the (un)equal pay issue in the individual's career.

### *Commission Equal Treatment*

The Commission Equal Treatment organized, also in the spring of 2006, a session for parties interested in its role and approach. A case study was presented, as was its Quick scan equal pay.

### *Salary negotiations*

Fifteen individuals were offered and took up the chance to follow a training course salary negotiations. They qualified by being either part timer, having a temporary contract, being female or belonging to an ethnic minority. Half of the trainees cashed immediately after the course by concluding negotiations with their employer successfully. Their mature tips were published on the project website.



### *Equal pay checks*

The study group developed and made easily accessible a set of tests:

- a quick test for HR-managers: do I scale equally
- a quick test for employees: am I scaled equally
- a test for HR-manager and employee: how (un)equal is the pay when I compare two different functions (Management tool)
- Quick scan equal pay light version: for organizations up to 1,000 employees (in the final stage of completion)

These tests add up to already existing tools and checklists, made available on the project website:

- Checklist Equal Pay of Stichting van de Arbeid (Labor Foundation)
- Handbook Gender-neutral Job Valuation (Ministry of Social Affairs and employment)

### *Equal Pay Day, October 24<sup>th</sup>, 2006*

In the advent of and during this day all employees/employers were called upon to check salaries with an eye to equal pay. Special phone lines were opened and expertly manned for answering questions of both groups. Over lunch a debate was conducted on aspects of equal pay, such as collective agreements, legal, job valuation, salary negotiations. A whole array was covered thanks to the participation of the Minister of Social Affairs and Employment, chairpersons of employer's associations and trade union confederations, researchers, entrepreneurs and employees in an open and constructive atmosphere. Knowingly applied wage discrimination could not be substantiated. Those present tended to agree that structural solutions require stamina.

### *Research*

The study group did not initiate new research into this broad and complex problem field. It preferred to spend the limited budget on attaining the goal it set for itself.

### *Website and publicity*

The website ([www.gelijkloon.nl](http://www.gelijkloon.nl)) could play a pivotal role in the activities of the study group. It offers a host of practical information and entry points for all those who make equal pay a matter of their concern. All existing and new tests, checklists etc., have been made easily accessible. Its planned approach, the Equal Pay Day and the final conference generated lots of publicity.

The issue, in all its complexity, has moved upwards on many an agenda. The previous 'debate' about one percent point more or less 'unexplained' has effectively been promoted to a broad approach. The participating organisations on their websites and in their printed publications paid a lot of attention to the issue.

### *Final conference 'Equal Pay, now or never', January 25<sup>th</sup>, 2007*

Finally, at the last public performance of the study group its members joined the lively debate of some 90 experts present at the official finalizing conference 'Equal Pay, now or never'. Large round tables served parallel working groups to scrutinize concept recommendations on compliance with the law, collective agreements and exclusion, scaling, salary negotiations, the role of Works' Councils and the very broad issue of 'how to end up with higher net wages'.

The content of short introductory videos and the results of the debates are reflected in this final report. In the ensuing chapters the study group describes the starting point for each aspect as it found it to be when its work commenced. This point of departure is then made subject to an assessment and/or followed by a line of reasoning leading to the recommendations.



Successively we review:

- compliance with the law
- the collective agreement as a tool for advancement of equal pay, focusing on the detection and elimination of exclusion and the effects of scaling in existing job valuation systems
- training for smarter salary negotiations
- the role of the Works' Council, which disposes of considerable but too often underexploited possibilities for the advancement of equal pay for equal work
- equal pay in its wider context

## **2. Compliance with the law**

### **2.1 Starting point**

#### *legal complexities*

The legal rules surrounding equal pay are not simple. First and foremost there are many. Different laws and jurisprudence, both national and on the European level must be studied to differentiate the do's from the don'ts. Moreover rulings vary per discrimination motive/ground.

#### *Compliance and experience*

The unexplained differences in pay in the Netherlands amount to 7%. It is not known whether this is (fully) caused by non-compliance with equal pay legislature. It is probably partly the case. Research carried out by the Commission Equal Treatment shows the frequent occurrence of wage discrimination, but also its unintentional and ignorant character. Equal pay does not figure high on the agenda of companies, Works' Councils and employees. It is therefore proper that the study group should have upgrading this topic on those agenda's as its top priority.

Different organisations provide the public (HR-managers and employees) with information on equal pay. There is no lack of that kind of information in the Netherlands. The website [www.gelijkloon.nl](http://www.gelijkloon.nl) brought all this information together, so that it might play a central role. Companies and individual employees know their way to the Commission Equal Treatment when the case merits it. The Commission receives many requests each year, leading to an in depth investigation into the remuneration policy of the employer in 10-30 cases on a yearly basis.

#### *Compliance control*

Compliance control as regards equal pay is regulated by a special law (Law Equal Pay). Inspectors from the Ministry of Social Affairs and Employment have this mandate. They have however not used their powers in this respect over the last fifteen years. The easily detected causes of unequal pay have been eliminated for the largest part during the last years. Collective agreements, pension schemes and job valuation systems have been systematically checked and cleansed of discriminatory regulations.

Companies have a more difficult job in detecting unjust pay inequalities. For this a host of personnel data and aspects of remuneration have to be mobilized and gone through. Benchmarking is also difficult.

Equal pay is a complex and highly technical matter. Therefore it seems wise to first of all apply the Quick scan equal pay light version and the Management tool (both primarily meant for employers) during the first 6 months of 2007 and monitor its effects. Based on the experience thus gathered additional technical assistance provided by an expert consultancy group may then be decided on.



## 2.2 Improving compliance

### *Companies and their associations*

Pay in an equal and transparent way should be part and parcel of a meticulous employment policy and – broader still – of sustainability, as it contributes to continuity of a business. Besides, many companies are aware of their corporate and social responsibility. Equal pay should be part of it and have its rightful place in the annual report. Scarcity on the labor market only underscores the importance of being an attractive employer. A good record in terms of equal pay and equal chances may contribute to this attractiveness. A variety of checks online and the light version of the Quick scan equal pay may be deployed to prove one's equal pay practice.

### *Social partners*

The Stichting van de Arbeid (Labor Foundation) and the umbrella organisations of employers and employees over the last couple of years took several initiatives to put unequal pay higher on the agenda and tackle the issue. This led to – amongst other things – a drastic reduction of (unjust) exclusion regulations in collective agreements and pension schemes. Also, the current European action program Equal Opportunities entails equal pay. These organisations must stay on the alert. That is why in the coming few years initiatives – jointly or separately – will be taken to encourage members to tackle the issue. A current and concrete FNV-initiative in this respect is the project CLOSE/Correction of the pay gap in sectors, in which 6 branches of industry are scrutinized for pay gaps in relation to collective agreements.

### *Government and civil service*

Pay and thus equal pay may be primarily the responsibility of the social partners, yet the government and its civil service have a responsibility of their own when it comes to promotion of and compliance with equal pay. The Labor Inspectorate controls. Yet, control is very labor intensive. Therefore it should be considered to rely more on a control tool, as f.e. the Quick scan light version and have the Labor Inspectorate support companies to deploy it. Then the Labor Inspectorate might randomly check the application of this tool. Aim of its active involvement is to detect and solve unequal pay practices and/or cases, in order to eradicate incidental abuse immediately and structural inequality over a period of 6 years.

## 2.3 Recommendations

### *Companies and their associations*

- Granted: unjust pay differences are not allowed, the law must be upheld. Given this legal framework regarding equal pay as belonging to good corporate governance, as good for business, helps. But such acknowledgement may not remain an empty gesture, used to cover up unlawful practices.
- Stimulate the deployment of control tools like: Do I scale equally, Am I scaled equally, the Management tool and the Quick scan equal pay light version.
- A yearly recurring chapter on equal pay in a social annual report is preferable.

### *Social partners*

- Perfection of a program of activities with the aim of keeping the issue equal pay on the agenda of the Stichting van de Arbeid (Labor Foundation) and its affiliates. The CLOSE project may be incorporated in this program.

### *Government and civil service*

- Monitor deployment of the Management tool and the Quick scan equal pay light version in the first 6 months of 2007, then decide whether or not to deploy them for targeted assistance of companies.





- Equip the Labor Inspectorate to assist companies with the application of the Quick scan equal pay light version and make it carry out inspections, in order to eradicate incidental abuse immediately and structural inequality over a period of 6 years. Guided by the reminder: unjust pay differences are not allowed, the law must be upheld.
- Seriously consider to add to the yearly risk inventory any company must make anyhow a few questions on equal pay. Increase, using the outcomes thereof, the pressure to comply.
- Make Equal Pay Day a yearly event – in close coordination with Belgium, preferably on the same day.
- Keep the website [www.gelijkloon.nl](http://www.gelijkloon.nl) state of the art. Support other service points (public help desks Ministry of Social Affairs, WageIndicators, CET) in their front line functions answering FAQ of employers/employees with respect to equal pay. Facilitate their cooperation and maintenance of their service levels.
- Commission Equal Treatment (CET) for heavy questions and handling of like cases (10 to 30 per year)

### 3. Collective agreement and exclusion

#### 3.1 Point of departure

What about the occurrence of regulations in collective agreements leading unintentionally to unequal pay of employees due to differences in working hours, type of contract, gender or ethnic background? Should such exclusion still occur then tips and recommendations must be formulated on behalf of the negotiating parties, managers compensation & benefits and HR-managers on how to prevent it.

The study group organised on April 26, 2006 a meeting with parties who negotiate collective agreements and other field experts. Its aim was to find out if there are still parts of agreements which (in)directly lead to unequal pay for groups of employees. The session made clear that such regulations still occur and that they do lead to (unintentional) exclusion. But the bulk of such regulations in the meantime had already disappeared or was currently being eliminated.

Also intentional exclusion was debated. F.e. in some collective agreements a provision excludes stand-by workers from the pension scheme, for which they are compensated however with a pay bonus. Another example given relates to overtime. Part time workers making a full working week will not be paid overtime bonuses under 40 hours. Only if they exceed the normal working week the overtime bonus applies. This ruling appears to be in line with jurisprudence of the European Court of Justice. In the case of stand-by workers it also ruled that in some situations the administrative hassle accompanying small jobs is such a relative burden that it qualifies as an 'objective' ground for exclusion. It was also remarked that the large majority of workers in such cases fully agrees, as they prefer the short term extra money they are paid in compensation.

#### 3.2 Considerations

Collective provisions as a rule do not appear to hamper equal pay of workers. Where the difference is made, collectively, this is mostly done intentionally, with a clear goal and for good reason.

The study group is of the opinion that unintentional unequal pay as a consequence of collective agreements may be avoided, provided parties to the agreement consciously consider the reasons for excluding f.e. part time and full time workers or those on temporary or fixed contracts. A critical review makes explicit the reasons for 'objective' justification – or else they cannot be given.

The Stichting van de Arbeid (Labor Foundation) in this respect has made public several policy papers, such as f.e. 'Je verdiende loon: checklist gelijke beloning van mannen en



vrouwen' ('The money due to you, checklist equal pay for men and women'), 'Gelijke behandeling van tijdelijke werknemers' ('Equal treatment of temporary workers') and several advisory letters to the social partners on differences in terms of full time/part time and age. The most recent letter in this series dates back only to January 2007 and deals with the topic of difference according to duration of contracts.

The study group expects that careful consideration of exceptional provisions usually will lead to the conclusion that these are justifiable. But in case of a stalemate or persistent doubt on 'objectivity', parties must consult experts at the associations of employers and employees.

Double checked collective agreements will contribute to a balanced and explicit remuneration policy and thus to the prevention of objectively unjustifiable unequal pay. Finally, the rule of general applicability of collective agreements may further the cause of equal pay amongst non-aligned employers.

#### *Actions in 2006*

During this April-session early agreement was reached on publications for the dedicated website, with the aim of increasing awareness amongst employees and employers. This content has been written and brought online in the course of 2006. It includes step-by-step approaches serving as 'objectivity' references for selected exemplary provisions from collective agreements.

*(exit: 2 examples from the website)*

### **3.3 Recommendations**

#### *For social partners*

- No difference in working conditions, unless an objectively justifiable ground can be given.
- Parties to collective agreements are bound to review both existing and new provisions in the light of objective justification. Provisions and regulations that are not objectively justifiable will be adapted, reduced or removed from such agreements. A 5-year period for the final cleansing of such agreements seems reasonable.
- Introduce in each collective agreement the stipulation that it has been explicitly checked in terms of equal pay, equal treatment. When in doubt, contact can be made with the CET.
- When in doubt experts can be brought in from the associations of employers and employees. Also, Works' Councils and parties to the agreement may appeal to the CET for mediation and benchmarking.

## **4. Collective agreement and scaling**

### **4.1 Point of departure**

Though unequal pay may be a massive phenomenon, it wouldn't be fair to say that employers consciously indulge in this malpractice. Along these same lines, it would be a misrepresentation of reality to hold that parties to collective agreements knowingly build in disadvantages for certain groups in their bargains. The barriers between present inequality and a more equally paved road ahead root in existing practices.

#### *Achieved rights*

When harmonising working conditions – recall mergers and acquisitions – usually deals are struck to prevent loss of pay. It is desirable to balance this type of preventive action with the risk of enduring pay differences in the newly emerging company. From this point of view one is inclined to prefer either a buy out lump sum or an accommodation deal with a later buy out option for the individual employee, instead of social plans without a time limit. Because social plans without time horizon increase chances that newcomers to





the merged companies will be separated by an unbridgeable pay gap from those having 'achieved rights'.

#### *Long pay scales*

Some companies and institutes have such long pay scales in place that most of their female employees – who often have shorter working careers than men – will never reach the top within their bracket. There may be various objectively justifiable reasons for such long pay scales, yet consider the following. Long pay scales, to say the least, suggest that one will only master a specific job once one reached the top end. But this is unreal: usually one masters a job after a few years and therefore a scale up to 6 years to the max would suffice. From which moment on additional efforts, such as training courses, supervised promotion plans and the like might lead to the next scale, or to a new job within or outside the company. Should one nevertheless remain stuck at the end of the present scale, then a performance based pay policy may lead to a more just reflection of reality. This last remark is certainly not made in favour of company cultures where only long hours count. Nor should the hours worked (could be worked, given family duties) be the only measure of 'good' performance. What the study group says is that policies with an eye to the personal development of both female employees and those from a different ethnic background, their promotion to new jobs in new scales in their own or in a new company, will help diminish the occurrence of unequal pay.

#### *Use of job valuation systems*

In the Netherlands a set of proper analytical job valuation systems is in use, benchmarked with the Handbook Gender-neutral Job Valuation of the Ministry of Social Affairs and Employment. Nevertheless, observance demands continuous alertness. Job valuation systems may – if properly applied – play an important role in the promotion of equal pay. In situations where no job valuation system is in force criteria for scaling should be transparent and open for checks.

Some collective agreements feature a small number of job descriptions, with meagre characteristics and/or indications of qualification levels. These entail the risk of unmeticulous scaling. It goes without saying that all job valuation systems have to reflect the latest developments and jurisprudence of the European Court of Justice (such as analytical systems capable of valuating all manifest and current job characteristics).

#### *Random pay criteria*

Lots of companies use criteria such as last pay, experience, negotiating skills, level of education, etc. This whole gamut of criteria may lead to randomized and unequal pay of women and ethnic minorities. Sometimes 'wrong' pay criteria are at play, discriminating by itself. Sometimes unequal standards are applied with different outcomes, sometimes uniform standards are unequally applied. Remuneration has to live up to standards of transparency and objectivity, such as unequivocal job descriptions, performance, qualifications/skills and experience.

### **4.2 Outlook**

In all probability the coming years will see the rise of performance-related pay. Thus transparent criteria for judgement of performance become more important. Furthermore, the expected scarcity on the labor market will also exert influence on the equal pay issue, including risks of a widening pay gap. Therefore monitoring with an eye to unwarranted effects for specific groups is needed.

Moreover it seems desirable that companies, in their recruitment policy, involve a recruiting team that is composed to reflect diversity, so as to avoid focusing only on traditional capacities, which leads to narrow mindedness.

### **4.3 Redommendations**

#### *Social partners*



#### *Achieved rights*

- In case of reorganisations, mergers and acquisitions, avoid the creation of new remuneration systems leading to achieved rights for a period over 6 years. Consider buy-outs. Detect existing provisions with an unlimited time horizon and adapt those in the spirit of this recommendation.

#### *Long pay scale*

- Limit the duration of pay scales to somewhere between 3 and 7 years, allow for variation depending on the job. Consider not to scale women returners in scale zero.

#### *Performance pay*

- In case of performance pay make sure gender and ethnicity-neutral criteria are applied. Monitor carefully after introducing performance pay which groups in the organization are profiting most/least.

#### *Job valuation system*

- Job valuation systems must comply with the latest developments and the jurisprudence of the European Court, as well as be benchmarked with the Handbook Gender-neutral Job Valuation of the Ministry of Social Affairs and Employment.
- Make the holder of the system apply (5-yearly) audits for control of job-updating, job descriptions and scaling of jobs.
- Consider the development of a job valuation system that is tailor-made and effective for small(er) companies
- Increase awareness amongst HR-managers and –staff that there is a need to value jobs in a gender-neutral way, and train them in this respect wherever necessary.
- Check the classification instruments in collective agreements as to their effects on meticulous scaling.
- Develop a system by which, when scaling, the effects on (un)equal pay are simultaneously calculated.

#### *Objective pay criteria*

- Apply objective, controllable, transparent pay criteria (job description, capacities/skills and experience) and in any case avoid the application of gender, ethnic background and age as pay criteria. Make control on the application of such criteria preferably part of ISO-audits.
- Compose the recruitment team of the organisation under the aspect of diversity; treat an 80 % -job as full time; check those large part time jobs for unpaid overtime till 100%.

## **5 . Training salary negotiations**

### **5.1 Point of departure**

In case of unjustified pay inequalities, says CET, one notices that women usually have been scaled correctly, whereas men are scaled too high. This may be caused by the fact that women less frequently than men negotiate when scaling is due. Moreover women more often are interested in other aspects than just cash.

Within the study group there are differences of opinion when it comes to the effect of training meant to improve negotiating one's wages: will it help to reduce the occurrence of unjustified pay differences? Three lines of reasoning were clearly discernable.

#### *Argument 1.*

It's no good paying attention to negotiations. It's all very simple: the employer has to scale properly and must not budge under pressure of negotiations and negotiators.

#### *Argument 2.*

Should the study group pay attention to negotiating salaries, this will benefit both men and women. This means that the original pay differences repeat themselves, be it on a higher level than before. Salaries may rise, but given the (for women/ethnic minorities)



detrimental and unchanging attitude of employers this does not lead to the eradication of undesired differences.

#### *Argument 3.*

Some women/workers from ethnic minorities participated in an individual training course salary negotiations. In more than half of the cases this resulted immediately in a pay rise: targeted training seems to work.

## **5.2 Ways out**

### *Option 1.*

Given the validity of the last argument, briefing employees and job applicants on the (possibility of) salary negotiations is an obvious course to set. This brief may then lead to training, advice and tips, published also on WageIndicators, Salary Compass and the like. Also employers can be assisted with proper advice, tips and training. Relevant websites are already up and maintained by their umbrella organisations MKB, VNO-NCW, NVP.

### *Option 2.*

A somewhat different approach would consist of recommending trade unions and professional associations to develop a module for improving negotiating skills (whatever shape it might take) and offer it to the more vulnerable groups in the labor market, such as women, ethnic minorities, part timers and workers on temporary contracts. One might as well approach these groups from another angle, i.e. recommend to HR-managers and –staff to school themselves in this respect.

### *Option 3.*

Finally one may consider to promote correct, i.e. non-discriminatory scaling part to the curriculum in all HRM-institutes of learning, whatever their level and/or type of education.

## **5.3 Recommendations**

### *Social partners, companies, employees*

- Systematically bring to the fore tips en training in order to improve negotiating skills in salary talks on both employee's and HR-sides.
- Additional training offer through a.o. the social partners meant for improving salary talks as well as tariff negotiations for small entrepreneurs and the self employed. These training modules must incorporate specific working conditions such as participation in pension schemes, lease of car and parental leave of absence.
- At the end of each curriculum (for school leavers) not only attention to applying for a job, but also for negotiation one's salary.
- In HRM-institutes of learning get schooled in scaling and paying correctly.

## **6. Role of Works' Council**

### **6.1 Point of departure**

Pay is part of working conditions. As such it is usually trade union business. Yet the Works' Council enters the scene when working conditions are left for detailing as the collective agreement only provides a larger framework. This practice will become more common. In any case the Works' Council has been given the legal duty and mandate to promote compliance with the stipulations in the collective agreement, more in particular with respect to (in)equality of pay.

#### *Advisory right*

The Works' Council must be consulted in case of fundamental decisions such as reorganisations, mergers, shrinking or enlarging companies. In its advice the Works' Council has the possibility to pay special attention to vulnerable groups, f.e. to prevent part time workers from bearing the brunt of the consequences for the staff.

#### *Right of approval*



One of the jobs of the Works' Council is to promote equal treatment, including equal pay. It has the right of approval when pay- or job valuation systems are changed. The same right can be exercised in the field of training of staff and promotion policies, as well as with respect to the rules by which performance on the job is reviewed and judged.

#### *Checks on job valuation*

The Works' Council may request/demand insight in the pay system and focus on aspects which are detrimental to women, ethnic minorities, part time workers or those on temporary contracts. It may apply the Handbook Gender-neutral Job Valuation to those systems for benchmarking. It may also review jobs and training for jobs with an eye to equal opportunities for all employees.

#### *Covenants*

Next, for branches of industry covenants are concluded between government and social partners, f.e. to regulate security and safety on the shop floor. These covenants often leave room for an active role of the Works' Councils. Moreover Works' Councils themselves have the right to initiate a covenant in which the management agrees to a certain procedure when results of equal pay reviews and the introduction of checks and tools (like the Quick scan equal pay light version and the Management tool) are to be mutually discussed.

In short, when the Works' Councils use their legal mandate and concludes in addition a covenant with the management, it will be in a position to effectively promote equal pay. A yearly recurring Equal Pay Day may serve as a good moment to put the issue on top of the agenda again.

## **6.2 Recommendations**

### *for Works' Councils*

- In case of mergers/acquisitions integrate equal pay into the script
- Apply the checklist equal pay: Je verdiende Loon from the Stichting van de Arbeid (Labor Foundation), Management tool equal pay and Quick scan light version.
- Turn to the CET for an independent second opinion on pay policies.
- Closely cooperate with the trade unions in a permanent effort to bring the issue of equal pay to the fore. Consider to make equal pay part of new covenants.
- Train Works' Council's members in the field of equal pay, promote the issue in periodicals on workers' rights.

## **7. Equal pay in its wider context**

### **7.1 Point of departure**

Pay differences between man and women, ethnic groups consist of explained and unexplained differences, of accepted differences as well as (outlawed) inequalities. The study group equal pay was to focus on that particular part of this whole gamut which points to discrimination causing pay inequality. Because discrimination is forbidden by law.

However, if anything, the preceding chapters and recommendations show that the line between pay differences and inequality cannot be drawn unambiguously. What we do know is that from the pay difference between men and women, which widens occasionally to 30 percent, up to 7 percent unexplained may point to discrimination. It makes little sense to focus exclusively on reducing a few percent points here and forget about the big picture. Thus: equal pay in its wider context.

From this vantage point, the study groups draws attention to part time workers – often women. Because part timers are confronted with pay differences and inequalities on a larger scale than full timers.



A straightforward way to decrease these differences and inequalities now presents itself: look for possibilities to make a large job out of a small one. This approach offers two additional advantages:

- working longer hours brings in more money right away and improves the pension rights
- a larger job improves promotion chances and the career perspective.

And these are some of the ways and means to bring this about:

- additional attention to the combination of work and life (consider absence of leave regulations, day care for children and smarter school hours)
- a greater say for the individual on times of the day for work/working from home
- additional attention to how gross and net wages relate in small jobs and low income brackets.

In this wider context the study group draws attention first and foremost to part timers, simply because they abound on the Dutch labor market. But –nearly- fulltime working women experience drawbacks too. They may not be purposely discriminated against but they find more roadblocks on their way up than men. Getting those out of the way - breaking through the glass ceiling – will help solve the issue of gender pay inequality.

## **7.2 Recommendations**

*generic*

- Bring large part time jobs within easier reach of women
- Break the glass ceiling by stimulating diversification policies in companies, honouring the career ambitions of women.

