

No. 100

Article 22 of the Constitution of the ILO
Report for the period from 1 June 2015 to 31 May 2018
made by the Government of Finland
on the
EQUAL REMUNERATION CONVENTION, 1951
ratification of which was registered on 14 January 1963

I LEGISLATION AND REGULATIONS

Equal pay legislation

Equal pay is a basic condition for a fair, rewarding and productive working life. In Finland, gender equality and equal pay are governed by the Constitution of Finland (731/1999) and the Act on Equality between Women and Men (609/1986). The Constitution prohibits gender-based discrimination and obliges public authorities to promote gender equality in working life, particularly in terms of pay. The provision includes an obligation for public authorities, and legislators in particular, to take measures and provide protection actively. This is further specified by the provisions in the Equality Act. These provisions include the duty of authorities to promote gender equality, employer's duty to promote gender equality and the provisions on the employer's gender equality plan and pay survey.

The Equality Act expressly prohibits direct and indirect discrimination in working life based on gender, including pay and other terms of employment. In addition, the Act requires all employers to promote gender equality in the terms of employment, especially in pay. If the workplace has at least 30 employees, the employer must prepare a gender equality plan and conduct a pay survey. The pay survey is used to ensure that there are no unjustified pay differences between women and men who are working for the same employer and engaged in either the same work or work of equal value.

The Equality Act also includes provisions on conducting the pay survey and dealing with its results. The representatives of the personnel must have sufficient opportunity to participate. If the pay survey reveals clear pay differences between women and men, the employer must analyse the reasons. If there is no justification for the differences, the employer must take appropriate measures to rectify the situation. From the beginning of 2015, the Act was amended to make the equality plan and pay surveys work more effectively in eliminating the gender pay gap. The content of pay surveys was defined more precisely than before. Ombudsman for Equality may take measures to reconcile a discrimination matter between parties referred to in the Equality Act (915/2016). This amendment came into force in November 2016.

Compliance with the Equality Act is overseen by the Ombudsman for Equality and the National Non-Discrimination and Equality Tribunal (Act on the Ombudsman for Equality, 1328/2014, Act on the National Non-Discrimination and Equality Tribunal, 1327/2014). Anyone who suspects discrimination due to gender, gender identity or gender expression can receive instructions and guidance from the Ombudsman for Equality. Most of the contacts concern discrimination in working life.

II

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III Information on the practical application of the Convention

The average gender pay gap in Finland is 15,8 per cent in the whole labour market (Statistics Finland, preliminary data, 2021). Finland promotes equal pay by using various methods in a diverse manner. The legislation prohibits pay discrimination and obliges employers to promote gender equality with regard to pay, among other things. Equal pay is promoted through legislation, tripartite Equal Pay Programme and Government`s research and development projects.

The key priorities of the report period were the development of pay systems, gender impact assessment of collective agreements, workplace`s equality plans and pay surveys, dismantling of gender segregation and increasing pay transparency. Objectives were supported by measures under the equal pay Programme and by research and development projects of the Ministry of Social Affairs and Health.

The gender pay gap has decreased very slowly. Therefore, Finland also needs new means to bridge the gap. One solution is to increase pay openness and transparency. Pay openness can be developed by means of legislation, measures taken by social partners and actions taken in workplaces. Under current legislation in Finland, data on the salaries on public sector workers is public information. The Government took some actions in order to improve pay openness in Finland when the European Commission called for effective measures to bridge the gender pay gap (Commission Recommendation on strengthening the principle of equal pay between men and women through transparency 2014/124/EU and EU Action Plan 2017-2019. Tackling the gender pay gap COM (2017) 678 final). The measures included an analysis of the preconditions of pay openness. The analysis was conducted in 2018 by an independent rapporteur. Opportunities to promote pay transparency were also examined in a tripartite working group 2020–2021. The report also included a comparison between the Nordic countries.

In Government Programme 2019–2023 there is a strong commitment to increase pay transparency in all sectors by amending The Gender Equality Act. The Ministry of Social Affairs and Health appointed a tripartite working group from August 2020 to August 2021 to prepare amendments to the Act on Equality between Women and Men based on entries regarding pay transparency in the Programme of Prime Minister Sanna Marin`s Government. The objective of increasing pay transparency is to prevent gender-based pay discrimination and to promote equal pay. The legislative proposal was circulated for comments last spring. However, the government parties had divided views on the proposal and in the end the preparations of the government bill were interrupted. The work to promote equal pay through increased pay transparency is however under preparation in the EU in the negotiations for a “pay transparency directive” (4.3.2021 COM(2021) 93 final, 2021/0050(COD)).

Equal Pay Programmes

Since 2006, the government and the central labour market organisations have been carrying out the tripartite Equal Pay Programmes. The Equal Pay Programme brings together the measures of the Government and central labour market organisations to bridge the gender pay gap and to promote equal pay.

Since the first Equal Pay Programme the average pay gap between women and men has narrowed slowly. During the previous programme period 2016–2019 the average gap in the level of earnings decreased from 17% to 16%.

Three overall evaluations of the Equal Pay Programmes have been carried out by independent evaluators. The first covered the years 2007–2010, the second 2010–2015 and the third 2016–2019. The current programme (2020–2023) will also be evaluated. The gender pay gap has decreased slowly. Therefore, the latest assessment stated that the Equal Pay Programme has not been very successful in reaching its main goal. The most challenging task has turned out to be narrowing the gap between different sectors that are often gender-segregated, for example care work and work in technology. In general, it can be difficult to distinguish the effects of the Equal Pay Programmes and effects of other factors regarding to the pay gap. Latest assessment noted that it is still important and relevant to continue the programme. It is seen important that the Government and central labour market organisations together commit to bridging the gender pay gap through jointly approved measures.

The measures under the Equal Pay Programme 2020–2023 promote the gender impact assessments of collective agreements, promote pay systems that support equal pay and pay awareness, support the reconciliation of work and family life and dismantle the gendered division of labour, i.e. segregation. Measures include for example guidelines for equality plans at workplaces and an extensive joint project to dismantle gender segregation in working life. The achievements of Equal Pay Programme are monitored by using various indicators.

Equal Pay Programme also monitors the effects of collective agreements on women`s and men`s pay by studying the effects of collective agreements on pay and the gender pay gap. According to the assessment, the gender pay gap on the entire labour market has been narrowed by monetary raises, measures specified in collective agreements, local solutions and structural factors. In a very rough view, the assessment suggests that the gender pay gap is the smallest in basic salaries and largest in total salaries. The latest assessment was carried out during the current Equal Pay Programme and it covers the years 2017–2020. The central labour market organisations reached a negotiated outcome on a Competitiveness Pact (known as the Kiky-agreement) in February 2016. The period of validity of the agreements was extended by 12 months. There were no pay raises during that period and public sector holiday bonuses were reduced by 30 per cent in 2017–2019.

In Equal Pay Programme 2020–2023 there is a strong commitment to dismantle the traditional division of labour between genders, i.e, segregation. The Programme carries out the following two research and development projects:

Dismantling segregation - tools for a more equal working life 2021–2023

The purpose of the project Dismantling segregation – tools for a more equal working life is to reduce gender-based segregation in working life by developing practices and network cooperation. The project builds cooperation in regional networks and pilot organizations together with working life actors, education providers and education authorities. The result of this cooperation will be a permanent modelling of the key measures and tools for dismantling gender segregation. The project develops operational cultures and practices, particularly in highly segregated sectors and workplaces. The project also promotes more gender-aware and equal communication, in particular to break gender stereotypes related to professions, workers and jobs in highly segregated sectors.

The project compiles a survey of the practices of dismantling segregation based on research literature and the operations of gender equality projects and workplaces and prepares a policy brief for decision-makers on the more permanent methods of dismantling segregation. The output of this project will be a permanent toolbox that is distributed widely and published on the Finnish Institute for Health and Welfare`s Gender equality website.

Working careers and occupational segregation behind the gender pay gap 2022–2024

Working careers and occupational segregation behind the gender pay gap - research project studies the career development of women and men and changes in occupational structures. In particular, it examines how career changes and changes in duties are connected to the gender pay gap. The study is carried out by Statistics Finland, and it includes an extensive statistical analysis using long-term data.

The project focuses particularly on the working careers of salaried employees in the industrial sector at the beginning of and during their careers. It also sheds light on when the working careers of women and men become segregated and how gender-segregated career paths, for example changes in duties, affect their pay. The project also involves carrying out an extensive review of changes in occupational structures and their effects on the pay gap in the private sector, the municipal sector and the central government. The review will provide information about the placement of women and men in different occupations, changes in this placement and the effects of such changes on their pay. The research project will lay a foundation for developing working careers and occupational structures on a more equal basis.

Information on the practical application of the Convention

(inspection reports, studies and inquiries and statistics)

Research and development projects

Study on employers' gender equality plans and pay surveys 2020

Statistics Finland carried out a survey in 2020 to examine how the gender Equality Act objectives are implemented in private and public sector. The survey focused on the prevalence and quality of employer`s gender equality plans and pay surveys. The frame of the study consisted of the provisions on equality plans and pay surveys in the Equality Act.

The results show that the majority of organisations draw up an equality plan and pay survey, but there is considerable variation in their scope and quality. Their greatest problems were observed

especially in how common pay surveys were and in their quality. There are development needs related to cooperation with staff, pay comparisons, processing of pay data, and concrete measures included in plans. With regard to pay comparisons, the solutions used at workplaces were different. In most cases, the comparisons were made between employees doing the same work, and in some cases, between occupational and employee groups. Comparisons between employees in different collective agreements were rare. There were no necessarily evident wage disparities in duties of equal value. The minimum size of the reference groups used in wage surveys was often quite large, meaning that some employees may be excluded from the survey. The manner of conducting wage comparisons affects the coverage of the survey with respect to investigating and assessing the causes of wage disparities.

Findings of the survey will be used for example for developing the Equality Act and its implementation.

Work of Equal Value 2021–2022

Government programme's objectives on equal pay will be advanced in an extensive research and development project that investigates the assessment criteria of the demands of work from the perspective of the equal pay. The research is funded by the Ministry of Social Affairs and Health. An R&D project is examining the assessment of job demand and work of equal value from the perspective of EU and national legislation, literature in the field, and the remuneration systems of key collective agreements. The project consists of three parts: a legal review, a review of remuneration and job demand assessment systems in collective agreements, and development work in three pilot organisations.

The research will draw conclusions regarding to how the assessment of the demands of the work should be standardized between different sectors and occupations, so that demands of female-dominated fields and occupations could be better recognized. The objective is to develop payroll systems that could better support equal pay for work of equal value. Part of the project will be carried out as a pilot study in collaboration with labour market organizations, trade unions and companies. The project is evaluating the progress of the Act on Equality between Women and Men from its underlying principles, and makes recommendations for improving remuneration systems based on the principles of work of equal value.

Gender impacts of collective agreements 2022-2023

The “Gender impacts of collective agreements from the perspective of equal pay” -project (2022–2023), which is funded by the Ministry of Social Affairs and Health, examines collective agreements from the perspective of gender equality. The research focuses particularly on the impact that collective agreements have on the achievement of equal pay. The independent experts will examine the effects.

The project explores what practices social partners apply to gender impact assessment and how these practices are reflected in collective agreements. The project identifies areas, particularly those related to equal pay, where improvements could be made in assessing the gender impacts and develops recommendations.

The project assesses whether collective agreements have such structures or provisions that treat genders differently or lead to differences in pay for women and men. The research will take place in two stages. First, a survey will be conducted among labour market organisations to examine the role of gender impact assessment in collective agreements and bargaining. Based on survey, some agreements will be selected for a more detailed analysis. For each of these agreements, the project will assess wage formation and pay systems and examine how provisions are applied at workplaces.

Statistics

Percentage of women's earnings compared to men's earnings by sector in 2010-2020.

Year	Private sector	Local Government	Central Government	Total
2010	83.6	85.1	84.4	82.8
2011	83.9	85.4	85.6	83.2
2012	83.8	85.4	86.0	83.1
2013	84.0	85.6	86.1	83.1
2014	84.5	85.9	86.1	83.3
2015	84.5	86.1	86.0	83.2
2016	84.9	86.5	86.8	83.7
2017	85.3	87.0	87.1	83.9
2018	85.3	87.4	87.8	83.9
2019	85.1	87.6	88.4	84.1
2020	85.2	87.8	88.4	84.2

Statistics Finland, Index of wage and salary earnings

Percentage of wage earners working in even occupations (40-59% male or female workers).

Year	Percentage of persons employed in even occupations, %
2010	13.1
2011	14.3
2012	13.4
2013	9.7
2014	9.8
2015	10.2
2016	9.3
2017	8.9
2018	9.2
2019	10.1

Statistics of Finland, Employment statistics

Placement of women and men according to occupational class 1 in 2019 and differences in earnings

Occupational class	Number Total	Proportion		Earnings from regular working hours			Women's earnings / men's earnings, %
		Men, %	Women, %	Average Total	Average Men	Average Women	
Total	2,373,526	50.1	49.9	3,457	3,742	3,180	85.0
0 Military personnel	8,098	95.0	5.0	4,494	4,522	3,882	85.8
1 Managers	91,198	68.9	31.1	6,592	7,094	5,771	81.4
2 Senior specialists	505,151	48.0	52.0	4,316	4,675	4,000	85.6
3 Specialists	432,491	40.5	59.5	3,446	3,837	3,147	82.0
4 Clerical and customer service staff	128,028	27.8	72.2	2,826	2,991	2,765	92.4
5 Service and sales staff	482,884	28.6	71.4	2,622	2,831	2,536	89.6
6 Farmers, forestry workers, etc.	52,646	68.1	31.9	2,475	2,507	2,436	97.2
7 Construction, repair and manufacturing workers	238,653	91.8	8.2	2,983	3,013	2,642	87.7
8 Process and transport workers	195,002	82.9	17.1	3,013	3,091	2,658	86.0
9 Other employees	154,782	42.7	57.3	2,317	2,553	2,142	83.9
X Unidentified	84,593	54.0	46.0	3,120	3,124	3,114	99.7

Statistics Finland, Employment and remuneration structure statistics

IV

A copy of this report has been sent to the following labour market organisations:

The Confederation of Finnish Industries (EK)

The Central Organization of Finnish Trade Unions (SAK)

The Finnish Confederation of Professionals (STTK)

The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)

Local Government and County Employers (KT)

The State Employer's Office (VTML)

The Federation of Finnish enterprises (SY)

Statements of the labour market organisations:**The Central Organization of Finnish Trade Unions (SAK)**

A tripartite equal pay programme has been operating in Finland since 2006. An equal pay programme is currently operating from 2020 to 2023. The programme seeks to reduce the average pay differential between men and women. The pay gap has narrowed more slowly than was sought. The preceding programme period saw a narrowing of the average earnings differential from 17 per cent to 16 per cent.

Labour market segregation remains strong in Finland. The proportion of those engaged in “evenly balanced” occupations (40-59 per cent of women or men) has fallen throughout the labour market in the 21st century. This proportion was less than 10 per cent at the beginning of the programme period. A major project to eliminate segregation is being implemented to improve the situation as part of the equal pay programme.

Other structures that perpetuate pay differentials between men and women include an unequal division of family leave between parents. A reform of family leave legislation addressing this imbalance will take effect on 1 August 2022.

Increasing wage transparency and improving access to pay information in cases of suspected discrimination will also help to ensure equal pay. The legislative reform process to increase pay transparency in accordance with the Government Programme progressed slowly, with the associated legislative proposal still at the consultation stage in spring 2022. The Ministry of Social Affairs and Health announced in August that work to amend the Act on Equality between Women and Men has been suspended after the governing political parties failed to reach a consensus on the content of the legislative proposal. The proposal was part of the Marin Government Programme, and the parties had negotiated its content over an extended period. Views nevertheless remained too far apart, particularly with respect to the right of an employee to access information. SAK deeply regrets this outcome and calls for implementation of the associated commitment in the Government Programme.

Ongoing research projects at the Ministry of Social Affairs and Health concerning assessment of the equal value of work and the impact of collective agreements on equal pay will shed greater light on the needs and means of developing equal pay.

The Confederation of Unions for Professional and Managerial Staff in Finland (Akava) and The Finnish Confederation of Professionals (STTK)

Akava and STTK agree with the SAK’s statement.

The Federation of Finnish enterprises (SY)

When talking about pay equality and when looking at the differences in earnings between men and women, it should be noted that the segregation of working life, i.e. the division into women's and men's fields, is exceptionally strong in Finland: only about 10% of wage earners work in fields where there are at least 40% both women and men. In addition, fathers take only about 10% of family leave, which also affects the position of women in the labor market. The biggest reasons for the earnings gap between women and men are therefore the fact that women and men work in different industries, the family leaves are unequally distributed and that annual working hours of men are higher than women's.

When talking about wage discrimination and the wage gap between women and men, however, it should be kept in mind that the discussion is fruitful and expedient from the point of view of jurisprudence and legislation only when we look at wages in the same industry and especially in the service of the same employer. In addition, it should be noted that the more detailed the sector- and task-specific comparison is, the smaller the gender pay gap shrinks. This is evident from Statistics Finland's statistical data. Also according to Statistics Finland's research, when comparing the regular working time earnings of women and men, the so-called unexplained wage difference, with the same job title and in the same place of business, in the same and equally demanding tasks, ranges from 0 to 7 percent, depending on the personnel group and the statistical data used. Sector- and company-specific reviews also show that pay differences are due to factors related to the amount of work and conditions, among other things (forms of working hours such as shift work, work that entitles to a bonus and the amount of working time worked, including overtime).

The asymmetry of the social division of labor between the sexes can also be seen in the fact that the educational sub-choices of men and women in Finland are clearly differentiated. In addition, women still carry more responsibility than men for caring for children and the home, while men specialize in their careers. At the same time, women's longer absences from working life when the family's children are small lowers women's employment rate. Absences from working life can also be reflected in lower salary and career development, especially in the early stages of a working career. Therefore, it must be understood that the gender pay gap can be influenced and, in principle, the gap can only be reduced by influencing educational choices and attitudes. Solutions must be sought, and efforts must be made to influence how the currently strong segregation can be dismantled and the prevailing attitudes in society can be changed in such a way that the differences between so-called women's and men's jobs are reduced.

The Confederation of Finnish Industries (EK)

EK considers that gender equality is a very important value. Equal treatment of employees is an important part of modern business. EK emphasizes that when discussing the pay gap between women

and men, it should be recognized that the pay gap based on the average earnings of women and men is different from the principle of equal pay (equal pay for equal work) or pay discrimination.

The reasons for the pay gap between women and men based on average earnings are structural and stem from labor market segregation. The public health and social care sector, as well as the private sector accommodation and restaurant sector and the retail trade sector, are very female-dominated. Male-dominated sectors can be found in industry.

However, the principle of equal pay (equal pay for equal work) is well implemented in Finland. According to statistics, unexplained pay gap at the company level is only about a couple of percent, on average, for those doing the same work. Together with collective agreements, our legislation guarantees for a worker suspecting of pay discrimination a number of low-threshold channels for access to the employee representative, the Equality Ombudsman, a trade union, the Equality and Gender Equality Board and, if necessary, the court of justice.

The Equality Ombudsman's report on pay equality in 2020 states that there have been only a few dozen contacts on pay discrimination received by the Equality Ombudsman in recent years, and there is only modest case law on pay discrimination in Finland. This shows that pay discrimination is not a significant problem in Finnish working life.

Reducing the average gender pay gap should focus in particular on its root causes, which are segregation and gender stereotypes. Increasing pay transparency or pay openness has no effect on promoting equal pay. The right solutions reducing the pay gap are to increase the attractiveness of different sectors and improve the position of women in the labor market, a more even distribution of family leave and adequate day care services for children.

Local Government and County Employers KT

KT is involved in the equal pay programme of the Finnish Government and national labour market confederations for 2020-2023. This programme seeks to reduce average pay differentials between women and men. This objective will be pursued through such measures as wage and bargaining policy, enhancing pay systems, harmonising work and family life, and dismantling gender segregation in the world of work.