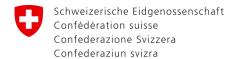


10th Meeting of the Gender Equality Commission

The Swiss programme to eliminate gender pay discrimination

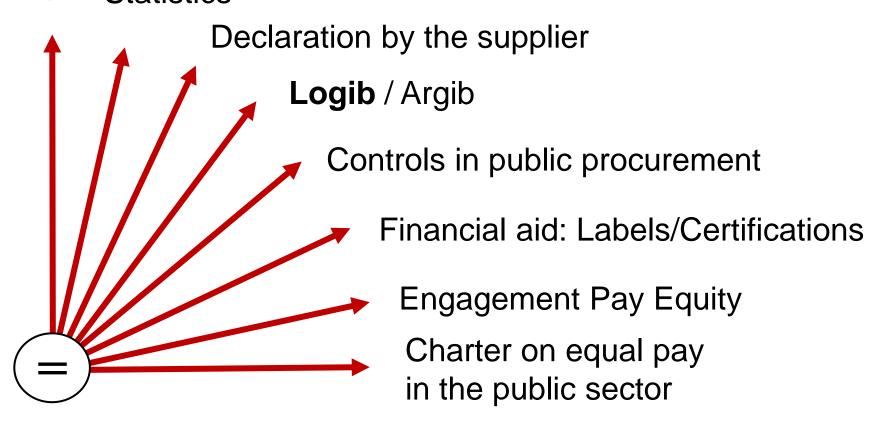
Dr. Steve Binggeli

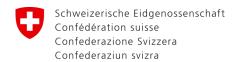
18 November 2016 Strasbourg, France



What does the Swiss administration do to eliminate gender pay discrimination?

Law Statistics





Legal bases

Swiss Federal Constitution (art.8)

"... Men and women shall have the right to equal pay for work of equal value"

Federal Act on Gender Equality (art. 3)

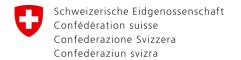
"Employees must not be discriminated against on the basis of their sex" "This prohibition applies in particular ... to pay"

Federal Act on Public Procurement (art. 8)

[The contracting authority] will only award a contract to a tenderer who guarantees the <u>equal treatment of men and women providing</u> services in Switzerland <u>in respect of salary</u>.

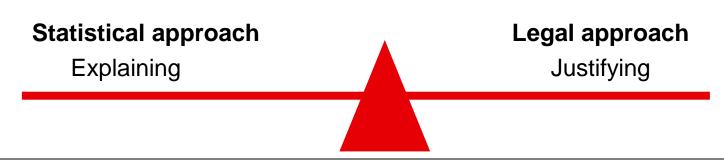
Ordinance on Public Procurement (art. 6)

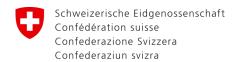
The Federal Office for Gender Equality FOGE carries out controls. To this end it may require the support of external experts to conduct the controls.



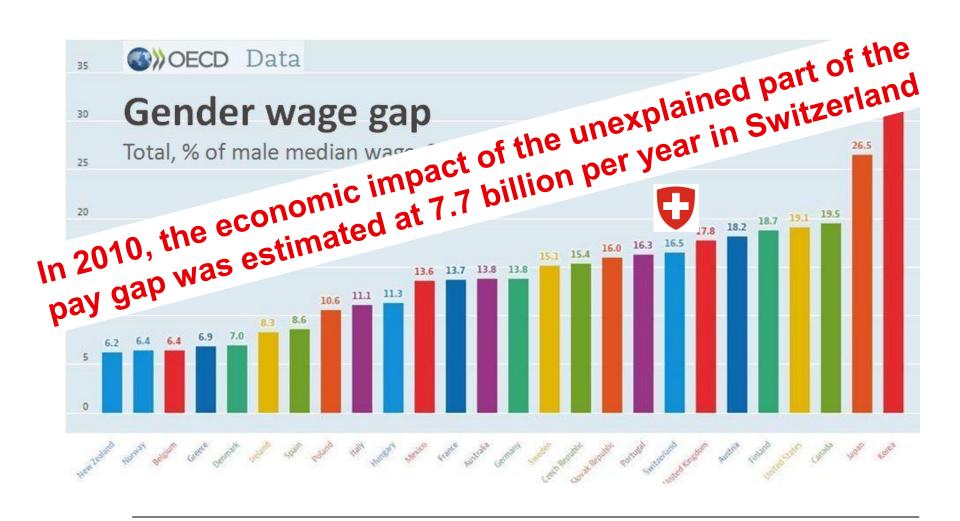
National statistics

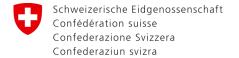
	Gender wage gap in 2012 (in %)														
	Median gap	Average gap	Explained part	Unexplained part	Average unex- plained gap										
Private sector	16.8	21.3	59	41	8.7										
Public sector	14.5	16.5	61	39	6.5										
Overall	14	19.3	56	44	8.3										





National statistics

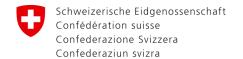




Declaration by the supplier

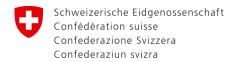
- For every offer, a member of the board has to sign this declaration to confirm that his/her company as well as its subcontractors and subsuppliers respect a number of working conditions, including equal pay
- According to the declaration introduced in 2016, suppliers and their first-level contractors with over 50 employees have to provide evidence of the way they have checked their wage practice

The wage practices were checked as follows:		
☐ Logib self-test (www.logib.ch).	Wage data of the month:	
☐ Through an extern (All things being equal, women earn	more
☐ State-controlled equal pay by	:	% □ less
☐ confederation ☐ canton ☐ city/commune	The procurement tolerance threshold of 5%	is respected
	- 70	is not respected

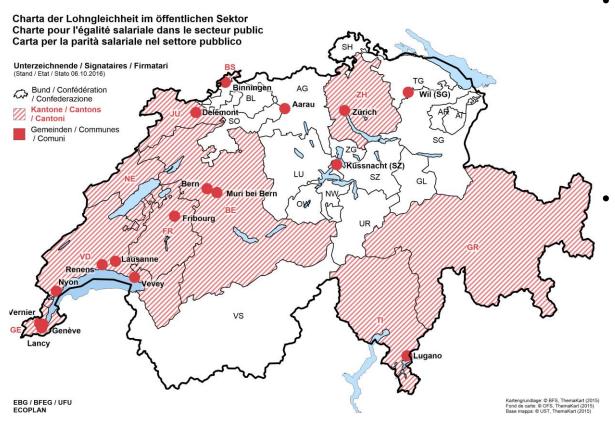


Results of the controls conducted since 2006

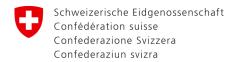
Number of controls conducted	57
No systematic discrimination (non significant gender coefficient)	25
Problems observed (gender coefficient sign above 0 but not above 5%)	24
Violation of the conditions to participate in Federal public procurement (gender coefficient significantly above 5%)	8



Charter on equal pay for the public sector



- The charter has been developed by the FOGE and signed in September 2016 by the government as well as 25 cantons and municipalities.
 - Among other actions, signatories are committed to conduct equal pay analysis on a regular basis and to enforce, within public procurement and/or subsidies, wage equality by introducing control mechanisms.

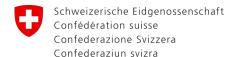


The self-test tool

 Logib has been developed by the FOGE to assess whether the pay practice of an organisation with 50 or more employees respects gender equality



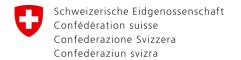
- Autonomy: Can be downloaded anonymously and free of charge
- Cost-efficiency: Businesses should have the required data
- Feasability: Based on Excel, does not require any specialised know-how
- Reliability: Solid scientific method accepted by the Swiss Federal Supreme Court
- **Transparency**: Logib, technical information, methods and instructions are publicly available in German, French, Italian and English
- Established international practice: Adapted in many European countries



The origins of Logib

The legal basis: Federal Act on Public Procurement

- Federal Act on Public Procurement (art. 8, para. 1, let. c) 1994
 - [The contracting authority] will only award a contract to a tenderer who guarantees the <u>equal treatment of men and women providing</u> services in Switzerland <u>in respect of salary</u>.
- Ordinance on Public Procurement (art. 6) 1995
 - The Federal Office for Gender Equality FOGE carries out controls.
 To this end it may require the support of external experts to conduct the controls.

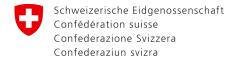


The method : ATF 130 III 145

- In 1996, a multinational society was sued by a female lawyer for wage discrimination
- One of the two forensic examinations was entrusted to Prof. Yves
 Flückiger (University of Geneva) who used a new method to investigate
 the case :

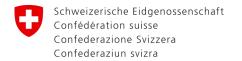


- The burden of proof was reversed by revealing that the gender inequalities were larger in the company than in its reference market
- 2. A statistical analysis including the company's relevant wage variables showed, everything being equal, that women were paid significantly less than men
- 3. The estimation of employees' salary was so accurate, that it was possible to determine objectively which employees were over, correctly or underpaid
- In 2003, the Swiss Federal Supreme Court accepted for the first time the use of this statistical analysis (regression) and sided with the plaintiff



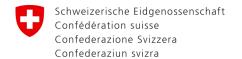
The standard analysis model (SAM): Pilot study and implementation in Excel

- In 2001, the FOGE mandated the Office of Labor Policy Studies and Social Policy (BASS) to develop a SAM in order to monitor the compliance with equal pay between women and men
- The tool had to address constraints that were...
 - Scientific
 - Legal
 - Practical
- In 2004, BASS published the results of its pilot study and delivered a SAM that was scientifically based and well accepted by companies
- The SAM was then been implemented in an Excel file, which was given the name Logib (Lohngleichheit Instrument Bund)



The scientific validation

- In 2015, a scientific evaluation was conducted by Prof. Christina Felfe from the University of St. Gallen (Felfe, Trageser, Iten, 2015)
 - The evaluation acknowledges that the statistical method used in the SAM corresponds to the current state of scientific knowledge
 - The variables included to justify wage differences are suitable
 - The tolerance threshold of 5% has proven itself in practice
- This evaluation included an online survey completed by 1305 businesses (response rate 48%), in depth interviews with 50 businesses and interviews with various experts

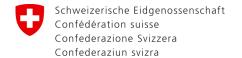


The viewpoint of businesses

- 66% of businesses who have carried out an internal statistical analysis of their wage practices (without outside assistance) have used Logib
- 72% of the businesses that used Logib considered it suitable to highlight wage inequalities between the genders
- 90% of businesses regard the administrative workload associated with the check as not very significant or even insignificant
 - 2 days for medium-sized business (50 to 249 employees)
 - 3 days for large business (250 to 999 employees)
 - 8 days for very large business (more than 1000 employees)

Note: This workload is halved from the second analysis onwards.

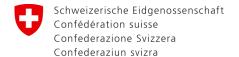
Criticisms of Logib mainly concern its standardisation



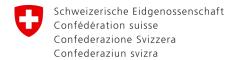
International recognition



- Logib has been adapted in several European countries, like
 Czech Republic, Finland, Flemish-Belgium/the Netherlands,
 France, Germany, Luxembourg, Poland and the United Kingdom
- Logib is described as good practice by the following institutions:
 - OECD
 - European commission Justice
 - ILO
 - UN
 - Oregon Council on Civil Right
 - ...

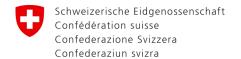


The Standard Analysis Model



The standard analysis model

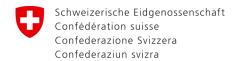
- The SAM describes the Confederation's procedure for controlling compliance with wage equality regulations in companies with more than 50 employees. It consists of two components:
 - a) a statistical methodology: semi-logarithmic OLS regression analysis;
 - a model with the following explanatory characteristics: years of training, potential years of employment, years of service, required level of professional skills, professional position and sex;



Criteria to select variables

The selected variables respond to the following criteria:

- Scientific
 - Variables with high explanatory potential
- Legal non discriminatory variables
 - No or low discriminatory potential
 - No or limited bias potential in the operationalization
- Practical
 - Companies should be treated equally
 - Limited costs for data collection



Variables included in the SAM

$$\ln (Y_i) = \beta_0 + \beta_1 * FORM_i + \beta_2 * EXP_i + \beta_3 * EXP_i ^2 + \beta_4 * ANC_i + \beta_5 * COM_i + \beta_6 * PP_i + \beta_7 * SEXE_i$$

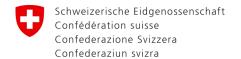
Dependent variable "wage"

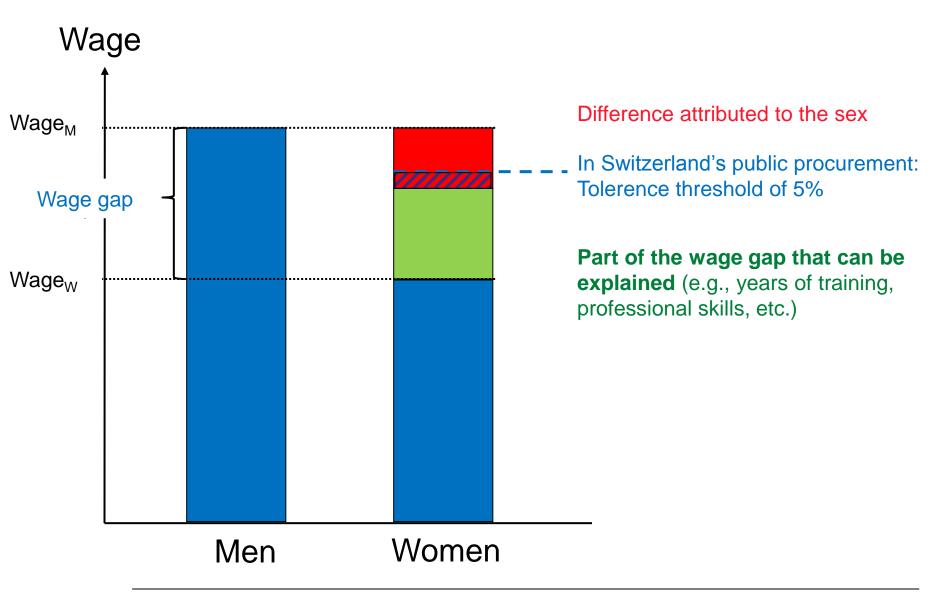
Independent variables

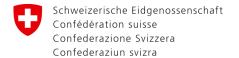
Influence of gender on wage

- FORM = Years of training
- EXP = Potential experience
- ANC = Years of service

- COM = Required professional skills
- PP = Professional position
- β_7 = Discrimination coefficient





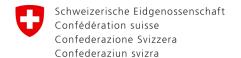


Systematic vs Individual Discrimination

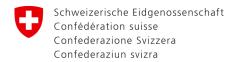
- The SAM's regression analysis may detect systematic discrimination with regard to wage practice. This wage discrimination is:
 - 1. between all women and all men in the organization
 - 2. and statistically significant above a tolerance threshold of 5% (Federal public procurement)
- Individual discrimination refers to wage discrimination which concerns at least two people of the opposite sex who hold:
 - the same function,
 - functions of equal value



The absence of systematic discrimination does not exclude one or more cases of discrimination at individual or group level!



Logib 3.0

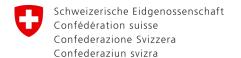


Logib step by step

Logib requires five steps to determine the compliance with equal pay between women and men

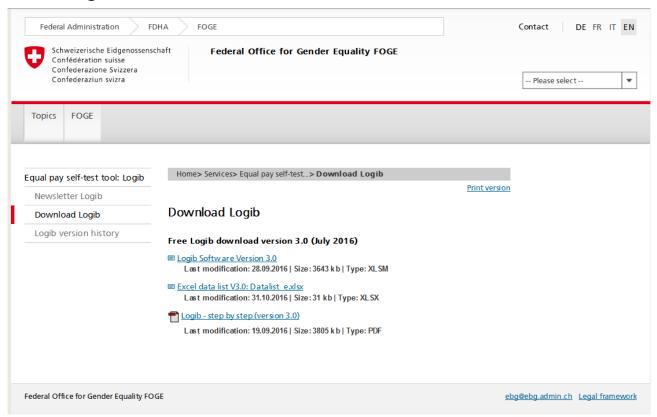
- 1. Downloading Logib and the Excel list from Internet
- 2. Entering employee data in the Excel data list
- 3. Importing the data list into Logib
- 4. Checking data and starting the analysis
- 5. Interpreting the analysis

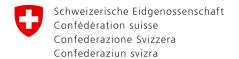
Logib tutorial: https://www.youtube.com/watch?v=-1zCJ6uJubE



1. Downloading Logib

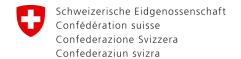
www.logib.ch





2. Entering employee data in the Excel data list Statistical population

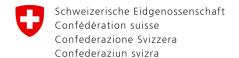
- The analysis is conducted on an independent legal entity (min. 50 employees, including 10 men and 10 women)
- A reference month should be selected to conduct the analysis
- In principle, all persons employed in the company should be entered in the Excel data list. In particular, this also includes direction members or partners.
- Certain groups of employees with a special employment situation are excluded from the analysis (e.g., apprentices, trainees, expats)



Personal and workplace data

Age or year of birth	Several formats possible
Sex	1 = male, 2 = female
Number of years of service	Several formats possible
Education and training	8 levels (1=University, 8=Compulsory school)
Level of required professional skills	4 levels (1= Demanding and most difficult work, 4=Simple and/or repetitive activities)
Professional position	5 levels (1= Senior and higher level management,5= No management function)
Activity/function	Title of the function or job carried out according to the functional specifications
Work-time percentage or hours paid during reference month	In order to standardize all wages to a 40-hour week
Wage components	Gross wages Allowances 13 th salary Special payments

Key number (personnel number, ID, AHV)	Age (date of birth, year of birth, age)	Sex	Years of service (date of entry, number of years of service)	Training	Function (job carried out)	Required level of professional skills (imported or entered manually)	Professional position	Employees paid monthly: activity rate as %	Employees paid hourly: number of paid hours in reference month	Basic wage	Allowances (Shift, Sunday, night work and other extra pay fo ifficult conditions, 1/12 of the annual total amount	13th monthly wage (usually 1/12 of the basic wage)	Special payments (1/12 of the annual total amount)
~	▼	_	▼	▼	▼.	▼	_	▼	▼.	▼	₹ ₩	▼	▼
1	68	1	31	7	Produktion		5	0	125	4410	0	367.5	0
2	68	1	11	6	Verkauf		5	60	0	5800	0	483.333	93
3	68	2	6	7	Produktion		5	60	0	2700	0	225	0
4	68	1	41	6	Drucker		5	0	100	7160	0	596.667	0
5	68	1	18	7	Hilfsarbeiter		5	60	0	4750	0	395.833	0



3. Importing the datalist into Logib Opening Logib

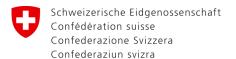


Logib Equal pay self-test tool



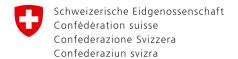


Logib is an Excel tool for (self) assessment of pay equity

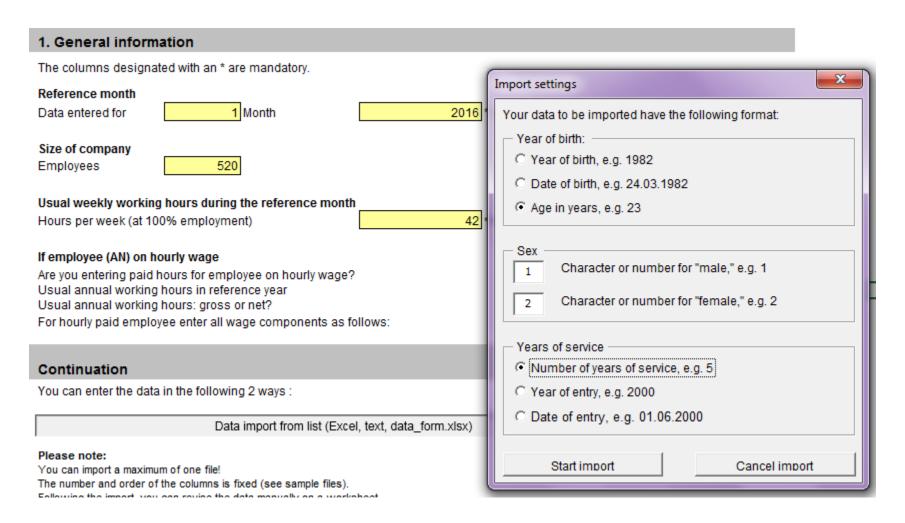


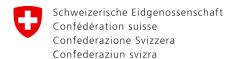
General information on the company

1. General information		
The columns designated with an * are mand:	atory.	
Reference month Data entered for 1 Month	2016 * y	year
Size of company Employees 520		
Usual weekly working hours during the refe Hours per week (at 100% employment)	rence month 42 * H	Hours
If employee (AN) on hourly wage Are you entering paid hours for employee on Usual annual working hours in reference yea Usual annual working hours: gross or net? For hourly paid employee enter all wage com	r	* Hours per year Vacation/public holiday allow
Continuation		
You can enter the data in the following 2 ways	3:	
Data import f	rom list (Excel, text, data_form.xlsx)	
Please note: You can import a maximum of one file! The number and order of the columns is fixed (see Following the import, you can revise the data manu		
Data import from for	m with header data (Exportform_dxls	sx)



Importing data





4. Checking data and starting the analysis

Order by job

2. Individual information:

Start evaluation

Switch to job list sheet and allocate each function to a level of skills On the current sheet check and complete any coloured data cells

Start data entry again

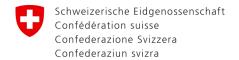
Start the analysis. After analysis data can no longer be altered.

The columns designated with an * are mandatory.

N	lo.	Pers	sonal cha	aracterist	ics	Training, character	ist. of w	orkplace			Workin	g hours	Salary in degree of	francs co f employme mor	nt in the re	ng to the eference				
	vey	of birth	sex	of service	ining	ob carried out)	ll level t/manual	kills from list st sheet)	lls for analysis errides column H)	nal position	s hourly wage: imployment	ourly wage: paid e reference month	c wage	vances	nthly wage ference month)	payments	working duration	working hours in nce year	I population	narks

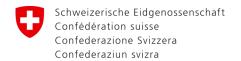
Export data

Employee's ho hours during the Level of skill (Column G ove Level of a Usual weekly * 125.00 1948 31 7 Produktion 0.00 4'410 368 42.0 4 1948 11 6 Verkauf 60.00 0.00 5'800 483 93 42.0 7 Produktion 4 60.00 42.0 1948 0.00 2'700 6 Drucker 100.00 1948 41 0.00 7'160 597 42.0 4 5 1948 18 7 Hilfsarbeiter 60.00 42.0 0.00 4'750 396 0 6 Verkauf 854 Teamchef 1948 60.00 0.00 4'560 42.0



5. Interpreting the analysis

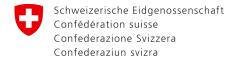
	Regression based on characteristics related to personal qualifications only	Standard regression
	Considered are	Considered are
	Personal characteristics	Personal characteristics
	- years of training	- years of training
	- (potential) years of employment	- (potential) years of employment
	- years of service	- years of service
		characteristics connected to workplace
		- required level of skills
		- professional position
Women earn under otherwise the same conditions	8.6% less	4.0% less
The wage equality between men and women in the stricter sense		is not respected
The tolerance threshold of 5% applied within the scope of the		is respected
procurement		
R2	0.640	0.877
Interpretation of R2	The model explains 64% of wage variability	The model explains 88% of wage variability
Statistical identification numbers		
Discrimination coefficient	-0.090	-0.041
Standard error of the discrimination coefficient	0.023	0.014
Total number of data records	340	340
Statistical population (normal employment contracts)	340	340
Not taken into account	0	0
Statistical population valid/included in the analysis	296	296
Women	124	124
Men	172	172
Book of the following the first state of the first		



Other examples

A conditions par ailleurs égales, les femmes		
gagnent	0.1% de moins	3.4% de moins
L'égalité salariale au sens strict entre femmes et	est respectée	n'est pas respectée
hommes		
Le seuil de tolérance de 5%, appliqué dans le cadre	est respecté	est respecté
des marchés publics		
R2	0.939	0.817
Interprétation de R2	La variabilité des salaires est expliquée à 94%	La variabilité des salaires est expliquée à 82% par
	par le modèle	le modèle

A conditions par ailleurs égales, les femmes		E AN de maiore
gagnent	9.0% de moins	5.4% de moins
L'égalité salariale au sens strict entre femmes et	n'est pas respectée	n'est pas respectée
hommes		
Le seuil de tolérance de 5%, appliqué dans le cadre	n'est pas respecté	est respecté
des marchés publics		
R2	0.912	0.942
Interprétation de R2	La variabilité des salaires est expliquée à 91% p	ar La variabilité des salaires est expliquée à 94%
	le modèle	par le modèle

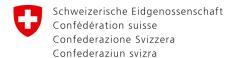


Distribution of the wage difference

		Portion of	
		wage	In % of men's
	amount	difference	salary
Total wage difference	1'174	100.0%	16.6%
Explained by differences in personal qualification characteristics and workplace-related features	892	76.0%	12.6%
Explained by gender	282	24.0%	4.0%

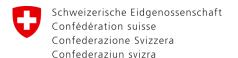
Difference between effective and predicted salary

									rresponding	-								
Training, character	riet of w	vorkolace			Working	a houre	degree of employment in the reference month				i							[]
Training, character	St. Or we	orkplace			VVOIKIIIY		month											
* Function (job carried out)	Skill level Import/manual	Level of skills from list (job list sheet)	Level of skills for analysis (Column G overrides column H)	* Professional position	* Employee's hourly wage: level of employment	Employee's hourly wage: paid * hours during the reference month	* Basic wage	* Allowances	* (amount in reference month)	* Special payments	Usual weekly working duration	Usual annual working hours in reference year	Statistical population	Remarks	Total earnings standardised to 40 hours	Filter variable (valid cases in statistical population)	Total calculated earnings for plausibility tests	Deviation in % of effective from calculated total earnings
Geschäftsführer		1	1	1	100.00	0.00	25'140	0	2'095	2'795	42.0				28'600	1	12'517	128.5%
Buchhaltung		3	3	5	100.00	0.00	5'280								5'448	1	5'817	-6.4%
Verkauf	1	3	3	5	80.00	0.00	4'920	0	410	0	42.0				6'345	1	6'046	4.9%
Produktion	1	4	. 4	5	100.00	0.00	4'400	0	367	0	42.0				4'540	1	4'942	-8.1%
Produktion		4	. 4	5	100.00	0.00	4'840	0	403	0					4'994	1	5'111	-2.3%
Produktion		4	4	5	100.00	0.00	5'170	0	431	0	42.0				5'334	1	5'024	6.2%
Drucker		3	3	5	100.00	0.00	5'410	0	451	0	42.0				5'582	1	5'888	-5.2%
Informatik		2	2		100.00	0.00	6'360	0	530	158	42.0				6'712	1	5'427	23.7%
Werkstatt		3			80.00		4'140								5'339	1	5'661	-5.7%
Werkstatt		3	3		100.00		9'830			0				Teamchef	10'142	1	9'291	9.2%
Produktion		4	4	_	100.00		4'210		351	0					4'344	1	4'641	-6.4%
Produktion		4	-	_	100.00		5'170			0					5'334	1	4'965	7.4%
Polygraf		3	_		100.00		7'560								7'800	1	5'877	32.7%
Gruppenchef Produktion		2	2	4	100.00	0.00	5'810	0	484	0	42.0				5'994	1	7'551	-20.6%



Average values of the explanatory characteristics and monthly gross wages according to gender

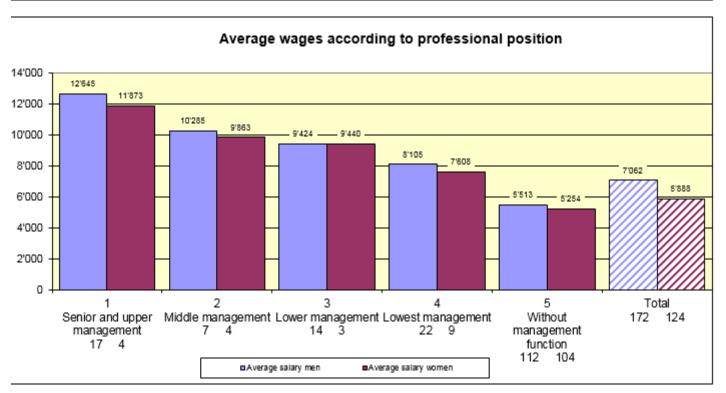
	Average v	Difference	
	Men	Women	in % of Ø
	(N = 172)	(N = 124)	of men
Age (in years)	51.7	49.8	-3.8%
Years of training	12.2	11.8	-3.1%
Potential earning years	33.5	32.0	-4.7%
Years of service	12.7	15.5	22.3%
skill level			
1 Demanding and most difficult work	10.5%	5.6%	-46.1%
2 Very independent and highly-qualified work	15.7%	8.9%	-43.5%
3 Professional and specialised knowledge required	36.0%	36.3%	0.7%
4 Simple and/or repetitive activities	37.8%	49.2%	30.2%
Professional position			
1 Senior and upper management	9.9%	3.2%	-67.4%
2 Middle management	4.1%	3.2%	-20.7%
3 Lower management	8.1%	2.4%	-70.3%
4 Lowest management	12.8%	7.3%	-43.3%
5 No management function	65.1%	83.9%	28.8%
Gross wages (standardised to full-time in CHF)	7'062	5'888	-16.6%

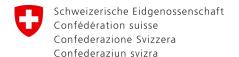


Wage difference for each variable by gender

Wage difference, number of employees and proportion of women according to professional position

	1	2	3	4	5	Total
Average salary men	12'645	10'285	9'424	8'105	5'513	7'062
Average salary women	11'873	9'863	9'440	7'608	5'254	5'888
Average salary of employees	12'498	10'131	9'427	7'961	5'388	6'570
Wage difference (in % of men's salary)	-6.1%	-4.1%	0.2%	-6.1%	-4.7%	-16.6%
Number of men	17	7	14	22	112	172
Number of women	4	4	3	9	104	124
Number of employees	21	11	17	31	216	296
Portion of women in %	19.0%	36.4%	17.6%	29.0%	48.1%	41.9%





On the way to new policies

- Some regions should expect to see their gender gaps narrow faster. Among these are ...
 Western Europe in 61 years
- Projections for other world regions suggest closing their gaps will take longer than 100 years, namely ... 149 years in Eastern Europe

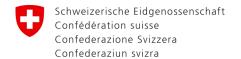
Global gender gap report 2016, WEF

Gender pay gap could take 170 years to close, says World Economic Forum

Global economic disparity between men and women found to be rising, with levels now similar to during 2008 financial crisis



The gender gap in income and employment now stands at 59%, offsetting improvements in equality of education. Photograph: Joe Giddens/PA

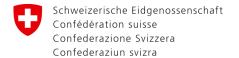


Project to modify the Federal Act on Gender Equality in Switzerland

On 18 November 2015, the Swiss Federal Council submitted a legislative proposal obliging companies with 50 and more employees to carry out a self-test every four years.

Results of a representative survey (part of regulatory impact assessment):

- Strong interest in the topic: 1'305 answers / response rate of 48%
- **Few businesses** (34%) have already checked whether their pay practice respect equal pay
- Self-tests are **effective**: 50% of companies that carried out a self-test made adjustments, usually raising women's wages
- Around 65% of companies think government measures aimed at the enforcement of pay equality make sense
- The administrative effort for a self-test with Logib has to be kept limited



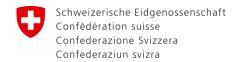
UK - Mandatory Gender Pay Gap Reporting

- Implementation of section 78 of the Equality Act 2010 which concerns the mandatory gender pay gap reporting
- New rules on pay transparency for companies with more than 250 employees



More information:

 https://www.gov.uk/government/consultations/mand atory-gender-pay-gap-reporting



Germany

- Employees at businesses with more than 200 employees will have a right to see anonymised data on the wages of men and women in comparable positions
- Companies with more than 500 employees will be asked to carry out checks and publish reports on gender pay parity every five years
- In order to establish a system of comparing professional roles across a variety of sectors, Germany will introduce a points-based system that breaks down wages into separate parts
- The regulations will apply to about 14 million workers in Germany, including those in the public sector

USA

Obama's New Equal-Pay Rules

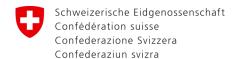
Companies with 100 employees or more will be required to disclose pay data broken down by race and gender to the U.S. Equal Employment Opportunity Commission.



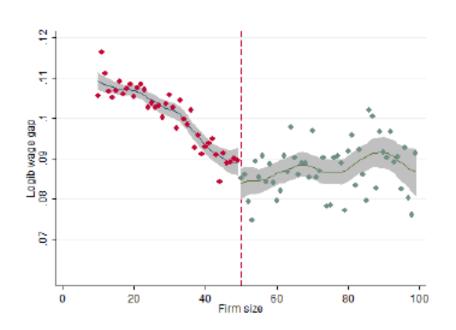
President Barack Obama signs two new executive actions aimed at increasing transparency about women's pay during an event at the White House in Washington, D.C. on April 8, 2014. (Kevin Lamarque / Reuters)

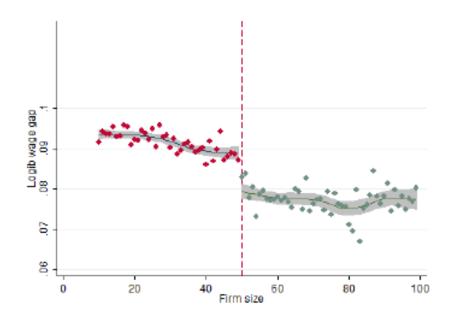
BOURREE LAM JAN 29, 2016

BUSINESS



Can the introduction of a new policy on equal pay be effective?

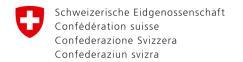




(a) Before the introduction of Wage Control (1996, 1998, 2000, 2002, and 2004)

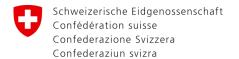
(b) After the introduction of Wage Control (2006, 2008, and 2010)

Vacarro, 2016



Conclusion

- Women's economic empowerment is essential to achieve human rights. Economic empowerment is not only about economy, it is about dignity, well-being, autonomy and self-determination.
- The elimination of gender pay discrimination can only be achieved with a strong programme involving governments, businesses and communities
- An international coalition should be created to accelerate the elimination of gender pay discrimination. Switzerland benefits from solid experience and is willing to collaborate with other countries



Thank you for your attention



Fair compensation. Fair competition.

steve.binggeli@ebg.admin.ch, tél 004158 465 13 34