



Commissie **Gelijke** Behandeling

Summary of the Survey on Equal Pay for Men and Women in General Hospitals in the Netherlands

Background

Attention to equal pay has been a point for discussion since as far back as 1951, within the scope of international treaty obligations. Nevertheless, there are still substantial pay differences between men and women in the Netherlands. Upon receiving individual requests for its opinion, the Equal Treatment Commission (CGB) examines whether pay differences are in breach of the Equal Treatment Act. The differences are referred to as pay discrimination. Until now, it has not been clear where pay discrimination arises and to what extent. A relatively large percentage of the requests the CGB receives are submitted by employees in the healthcare sector. This has led the CGB to conduct an investigation on its own initiative into pay discrimination in this sector. General hospitals were chosen because data are readily comparable. The same terms of employment apply in general hospitals and they use the same job evaluation system (FWG 3.0) and remuneration system. General hospitals are all covered by the same collective bargaining agreement too. They also all link the job grade to the same salary scale in an identical manner. Moreover, most jobs occur in every hospital, which means there is a high level of comparability.

What was investigated?

The investigation first examined whether there is a pay difference between men and women with the same job grade. It then examined the remuneration criteria that lead to the differences and which component of these is not neutral in the light of equal treatment legislation. This provided an understanding of the causes of pay discrimination, thereby enabling hospitals to tackle the root of the problem.

Method of investigation

In 2008, before deciding to conduct an investigation on its own initiative, the CGB conducted a preliminary investigation into the remuneration policy at three general hospitals. The preliminary investigation identified whether there were sufficient indicators to suggest systematic discrimination in remuneration. The preliminary investigation was also used to develop a method of investigation. The CGB concluded on the basis of the results of the preliminary investigation that there are indications of systematic pay discrimination on the grounds of gender in general hospitals and, on the basis of this, in 2009 it decided to conduct an investigation on its own initiative.

The investigation was conducted at 18 randomly selected general hospitals. This was done while ensuring distribution between the provinces. The first part of the investigation consisted of analysing all the data on employees and salaries. Forty files were examined in detail in the second part of the investigation. The salaries of men and women were compared on the basis of this. The employee files of these employees were randomly taken from five job categories (FG-35, FG-45, FG-55, FG-65, and FG-70) which formed a cross-section of the entire job classification system. A total of 1346 salary comparisons were made between equivalent jobs.

A new component of this investigation vis-à-vis existing studies was that only the pay differences between men and women with equivalent jobs were investigated. These are jobs in the same job category.

Feedback on all the results of the investigation was provided to representatives of the Management Board, the HR department and line managers, amongst others. The aim of the feedback was to clarify the remuneration policy and indicate possible pitfalls.

Further explanation of the method of investigation

An employer determines an employee's salary on the basis of various criteria, such as job grade and professional experience. These criteria are referred to as remuneration criteria in this investigation. Criteria may be either neutral or non-neutral. Given its statutory duty, the CGB is primarily interested in the non-neutral remuneration criteria, as these are the criteria which lead to pay discrimination.

For the purposes of this investigation, the term 'salary' comprises three components:

1. Minimum wage for the job

This is the lowest amount on the salary scale for which an employee with no professional experience is engaged in accordance with the Hospitals Collective Bargaining Agreement, taking into account the preliminary salary scale (i.e. the salary scale preceding the salary scale for the job, which is used for employees with no relevant professional experience).

The increase (pay increase on top of the minimum wage for the job) comprising:

2. Neutral increase

This is the pay on top of the minimum wage for the job, which arises with the application of neutral remuneration criteria. Remuneration criteria are applied when establishing the starting salary and during the period of employment. An example of a neutral criterion is relevant professional experience with other employers. This also determines the starting salary. The awarding of an annual, incremental increase is an example of a neutral criterion during the period of employment.

3. Non-neutral increase

This is the pay on top of or below the minimum wage for the job, which the CGB categorises as non-neutral. This increase arises with the application of what is referred to in this investigation as a non-neutral remuneration criterion. A remuneration criterion is non-neutral if the criterion bears no relation to the value of the work and cannot therefore be justifiable for an identified pay difference. This does not mean that the employer who applied the criterion intended to discriminate. The non-neutral increase may also arise because of the way a neutral criterion is applied.

Findings

Pay differences

The investigation revealed that the average salary of women in all five of the job categories investigated was lower than that of the men. The pay differences for these categories varied from 1.6% to 7.1%. In financial terms this amounts to gross monthly differences of between €35 and €279. The differences were always to the disadvantage of women.

Cause of the pay differences

The cause of these differences is found in the application of the remuneration criteria, which are partly neutral and partly non-neutral. The CGB identified forty-four different remuneration criteria, of which it categorised twelve as neutral and thirty-two as non-neutral. They are all explained in greater detail in the report. A non-neutral categorisation does not mean that a criterion is wrong and should never be applied. In certain situations, there may be good reasons for applying such a criterion, as in the case of guaranteed salaries.

Despite only forming a limited component of the salary, the application of non-neutral remuneration criteria accounts for a substantial part of the pay differences between men and women. This is seen in the non-neutral increase. Differences varied from €56 to €187 per month. The average differences in non-neutral increases for employees in job categories FG-35, FG-45, FG-55, FG-65 and FG-70 were 3.5, 5.8, 1.4, 4.0 and 5.2 percentage points respectively. The differences in neutral increases were between €20 and €40 per month.

In the case of the neutral increase, it was striking that the starting salary increase was greater for men. This increase was mainly attributable to professional experience with former employers or professional experience in previous jobs with the current employer. The increase for women was greater during the period of their employment, as they stayed in the present job for longer than men. These neutral criteria largely cancelled each other out here and ultimately resulted in hardly any pay differences. However, men were on higher pay for a longer period than women. In the case of the non-neutral increase, it was striking that in every job category, the average increase in both the starting salary and during the period of employment was higher for men than for women.

It emerged from a multi-level analysis covering all job categories that, although the non-neutral remuneration criteria are not directly linked to gender discrimination, applying them has this effect. Women in this sector are awarded a significantly lower increase than men, owing to non-neutral criteria.

Salary and non-neutral increase per job category

The table below shows average salary amounts per job category and the amounts they include that can be classified as non-neutral increases. All the differences are to the disadvantage of women.

	Gemiddeld salaris		Niet-neutrale aanwas		Niet-neutrale Aanwasverschil*
	Vrouwen	Mannen	Vrouwen	Mannen	
FG-35	€2246	€2282	€18	€74	3,5 procentpunt
FG-45	€2528	€2628	€28	€125	5,8 procentpunt
FG-55	€3280	€3399	€17	€48	1,4 procentpunt
FG-65	€3633	€3912	€23	€142	4,0 procentpunt
FG-70	€5370	€5596	€256	€443	5,2 procentpunt

*Difference in increase is calculated vis-à-vis the constant minimum wage for the job

Text in table:

Gemiddeld salaris	Average salary
Niet-neutrale aanwas	Non-neutral increase
Niet-neutrale Aanwasverschil*	Difference in non-neutral increase*
Vrouwen	Women
Mannen	Men
Procentpunt	Percentage points

Difference in the starting salary increase

The non-neutral difference in the starting salary increase is higher for men than for women (1.0-3.4%) in all of the job categories. This is mainly on account of the following criteria:

- pay negotiations (0-2.7%);
- other factors, such as buying off dissatisfaction (0.2-2.6%).

The neutral increase in the starting salary is also higher for men than for women (1.9-5.9%). This is mainly attributable to the professional experience acquired by men before starting their present job.

Differences in increases during the period of employment

For all non-neutral remuneration criteria the increase for men during their period of employment is higher than that for women. The total difference varies from 1.9-3.1%. The largest differences are attributable to:

- pay negotiations;
- guaranteed salaries;
- the criterion other, such as career-related salary arrangements.

For four of the five job categories, the neutral increase during the period of employment is in fact higher for women. This is almost completely explained by the fact that women stay in their present job for longer and the number of incremental increases they receive is consequently higher than that of men.

Pay increases explain pay differences and pay discrimination

Pay differences between men and women with equivalent jobs only arise because of pay increases, as the minimum wage for the job is always the same. For each job category there is an identifiable order of rank in the remuneration criteria that have the greatest impact on pay differences and pay discrimination. Looking at the job categories together, 44% of the total difference in increases can be explained by the neutral remuneration criteria that reward professional experience. These are followed by non-neutral remuneration criteria. The most significant non-neutral criteria are:

- pay negotiations (18%);
- combined categories other (7%);
- guaranteed salaries (5%).

The following remuneration criteria play a role in explaining pay discrimination:

- pay negotiations (50%);
- combined categories other (20%);
- guaranteed salaries (14%);
- labour shortages (5%);
- seeking alignment with the last salary earned (4%).

The combined categories concern what are often minor, occasionally arising, independent remuneration criteria, which appear not to present much of a problem at first sight. However, in total these criteria play a significant role.

Differences between hospitals among themselves

There are considerable differences between hospitals among themselves. The component of the comparisons in which a non-neutral criterion was applied for one employee but not for another of the opposite sex was determined for each hospital. The results varied from 25% to 60% of the comparisons. The average figure for all the hospitals together was 43%. Women were at a disadvantage in two thirds of the non-neutral comparisons and men in one third. The total non-neutral increase for both men and women also differed considerably per hospital. For example, one hospital had a total non-neutral increase of 12.2% for men and 5.2% for women, while the figures for another hospital were 1.7% and -0.4%.

Conclusions

1. The pay differences and non-neutral differences in increases are always to the disadvantage of women and are significant in all job categories and hospitals.
2. Between hospitals among themselves there are considerable differences in percentage comparisons for at least one non-neutral remuneration criterion and in the size of the non-neutral increase and pay differences to which this gives rise.
3. The pay differences between equivalent jobs are mainly attributable to the neutral criterion 'professional experience' (44%) and the non-neutral criteria 'pay negotiations' (18%), 'guaranteed salaries' (5%) and 'combined categories other' (7%).
4. Pay discrimination between equivalent jobs is mainly attributable to the non-neutral remuneration criteria 'pay negotiations' (48%), 'guaranteed salaries' (14%), 'combined categories other' (20%), 'labour shortages' (5%) and 'seeking alignment with the last salary earned' (4%).

5. It is more often the case that men start on a higher salary than women (2-5.7% higher) because they have more professional experience when they start the present job. Women largely catch up on this difference because they stay in their present job for longer and the number of incremental increases they receive is consequently higher than that of men.

In summary, pay differences exist between men and women which lead to pay discrimination that places women at a disadvantage. These differences are seen in the non-neutral increase caused by non-neutral remuneration criteria, such as pay negotiations and guaranteed salaries. This knowledge has provided an understanding of the causes of pay discrimination and therefore made it possible to tackle the root of the problem of pay discrimination.