

# Article – Understanding the gender pay gap: definition and causes



Although the [equal pay for equal work principle](#) was already introduced in the Treaty of Rome in 1957, the so-called gender pay gap stubbornly persists with only marginal improvements being achieved over the last ten years.

The European Parliament has consistently called for more action to narrow the gap and is bringing up the issue again in a [plenary debate on Monday 13 January](#).

## **What is the gender pay gap? And how is it calculated?**

The gender pay gap is the difference in average gross hourly earnings between women and men. It is based on salaries paid directly to employees before income tax and social security contributions are deducted. Only companies of ten or more employees are taken into account in the calculations.

Calculated this way, the gender pay gap does not take into account all the different factors that may play a role, for example education, hours worked, type of job, career breaks or part-time work. But it does show that across the EU women generally earn less than men.

## **The gender wage gap in the EU**

Across the EU, the [pay gap differs widely](#), being the highest in Estonia (25.6%), the Czech Republic (21.1%), Germany (21%), UK (20.8%), Austria

(19.9%) and Slovakia (19.8%) in 2017. The lowest numbers can be found in Slovenia (8%), Poland (7.2%), Belgium (6%), Italy and Luxembourg (5% each) and Romania (3.5%).

Equal pay is regulated by an [EU directive](#) but the European Parliament has repeatedly asked for its [revision](#) and for further measures. Ursula von der Leyen, president of the European Commission has announced that they will be working on a new European gender strategy and binding pay transparency measures.

[Find out more about what the Parliament does for gender equality](#)

### **Why is there a gender pay gap?**

Interpreting the numbers is not as simple as it seems, as a smaller gender pay gap in a specific country does not necessarily mean more gender equality. In some EU countries lower pay gaps tend to be women having fewer paid jobs. High gaps tend to be related to a high proportion of women working part time or being concentrated in a restricted number of professions.

On average, [women do more hours of unpaid work](#) (caring for children or doing housework) and men more hours of paid work: only 8.7% of men in the EU work part-time, while almost a third of women across the EU (31.3%) do so. In total, women have more work hours per week than men do.

So, women do not only earn less per hour, but they also do fewer hours of paid work and fewer women are employed in the workforce than men. All these factors combined bring the difference in overall earnings between men and women to [almost 40%](#) (for 2014).

Women are also much more likely to be the ones who have career breaks and some of their career choices are influenced by [care and family responsibilities](#).

About [30%](#) of the total gender pay gap can be explained by an overrepresentation of women in relatively low-paying sectors such as care, sales or education. There are still jobs such as in the science, technology and engineering sectors where the proportion of male employees is very high (with more than 80%).

Women also hold fewer executive positions: less than 6.9% of top companies' CEOs are women. [Eurostat data](#) show that if we look at the gap in different occupations, female managers are at the greatest disadvantage: they earn 23% less per hour than male managers.

But women also still face pure discrimination in the workplace, such as being paid less than male colleagues working within the same occupational categories or being demoted after returning from maternity leave.

### **Benefits of closing the gap**

What can be seen also is that the gender pay gap is widening with age – along the career and alongside increasing family demands – whilst it is rather low

when women enter the labour market. With less money to save and invest, these gaps accumulate and women are consequently at a higher risk of poverty and social exclusion at an older age (the [gender pension gap](#) was about 36% in 2017).

Equal pay is not just a matter of justice, but would also boost the economy as women would get more to spend more. This would increase the tax base and would relieve some of the burden on welfare systems. [Assessments](#) show that reducing the gender pay gap by one percentage point would increase the gross domestic product by 0.1%.