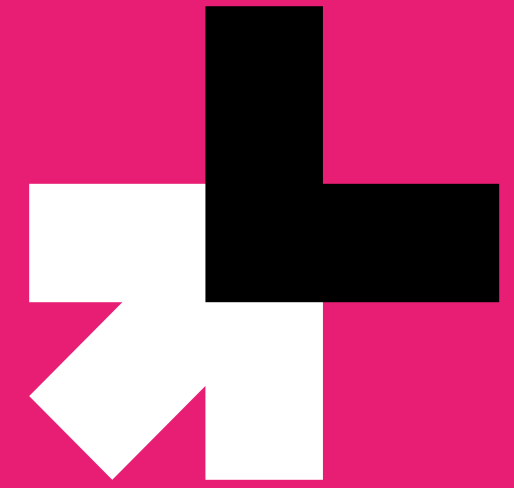


**Proven
Solution**

Economic Justice



HeForShe

Iceland

Achieving equal pay through legislative measures

Global Context

According to the ILO Global Wage Report 2018, the global gender pay gap is estimated at 20%. Despite international and national efforts to address this challenge, progress on narrowing the gender pay gap has been slow.

With almost 80% of women active in the labor market, Iceland has one of the highest labor force participation rates in the world. Despite this progress, a gender pay gap persists: the unadjusted pay gap between women and men was 15.3% in 2016 while the adjusted pay gap was 4.5%.

One of the measures the government has taken in order to close the gender pay gap is the law on the Equal Pay Certification, adopted in 2018.

The law requires companies and institutions of 25 or more employees to undergo an audit to ensure that they offer equal pay for work

of equal value, based on the implementation of an Icelandic Equal Pay Standard (IST85:2012). The audit is a comprehensive process that helps employers analyse their pay structures, identify potential discrimination and correct it.

The law obliges each employer to apply the company's Equal Pay System equally to all its staff but does not mandate the same pay for everyone with the same job title. However, any difference in pay needs to be justified.

As such, the standard transfers the responsibility of equal pay from the individual employee to the employer.

“We acknowledge the individual men and women – many without a voice or platform – who continue the fight for equal pay, every day. Despite these efforts, we still have more work to do. Across the globe, women continue to be paid, on average, 20% less than men.”

H.E. Guðni Th. Jóhannesson
President of Iceland



Across the globe, women continue to be paid, on average, 20% less than men

Key Stages of Implementation

1

Employers wanted a public token of recognition that their pay system had been certified..

Step 1 Developing a standard

Developing the Equal Pay Standard and the Certification took years of consistent political dedication, leadership and three-sided cooperation between the government and the representatives of the organizations of the social partners; i.e. the employers and business associations and union representatives.

In 2009 the social partners reached a common understanding in the collective agreements stating that a tool was to be developed to prevent wage discrimination between women and men. Agreement was reached between the Government and Icelandic Standards Council in December 2008 on having a council supervise the preparation of a standard. A Technical Committee and a Working Group were appointed, and the Technical Committee decided to create a standard modelled on international management standards.

It's important to ensure that all stakeholders are involved in designing the initiative so that it works for everyone. Using established standards formats, such as those created by ISO, helps to provide structure.

2

Step 2 Running a pilot project

The pilot project was launched in 2013 with government offices, private companies and NGOs. In the process, best practices were developed to tackle common problems and a toolbox for job classification and pay analysis was created and published on a special webpage to make all information easily accessible. Workshops and courses on relevant laws and important labour market issues were developed for those interested in the standard or those that are in the process of implementing it.

In the pilot project employers and management members discovered a new perspective to their salary systems. They learned about the implications of the gender segregated labour market and how gender balance or imbalance amongst staff can influence salary decisions. Employers learned how to achieve equality in wages by implementing a system based on focused and professional methods.

Running a pilot project enables everyone involved to become familiar with the new goals, tools and processes. Pilot projects bring to light areas for improvement in the subsequent wider rollout. They also build visibility of and confidence in the initiative.

3

Step 3 Creating a certification symbol

Employers wanted a public token of recognition that their pay system had been certified.

A design competition was held in collaboration with the Icelandic Design Centre for the design of an Equal Pay Symbol.

The symbol shows a compass, a stamp, a runic representation and the smiling faces of two different individuals. In its shape, the symbol suggests a coin or a token and thus showed that these two individuals were measured equally in terms of pay.

The symbol could be used internationally and is unique and descriptive of its purpose.

A distinctive, well designed logo is a key means of providing a focal point for the equal pay legislation and provides a means for organisations to demonstrate their compliance.



Step 4 Measuring impact

Iceland is now in the process of implementing the 2018 Law on Equal Pay Certification. As the law is still in its first phase of implementation, there is no thorough impact assessment in place. A recent survey among those companies and institutions which received certification after the first year of implementation, shows that the benefits of implementing the Standard have outweighed the costs of implementing it. The results thus confirmed the outcomes of the pilot project held from 2014-2018.



A large majority of the respondents in the survey believed that the implementation of an equal pay system and the certification thereof had a positive effect on job satisfaction in their organisation and that it would in general increase their visibility and efficiency. Moreover, two thirds of the employers said that the process had been an eye-opener towards more equality issues such as the gendered culture in workplaces, the number of women in management, appointments to boards and committees and equal rights to career development. The benefits mentioned by employers include:

- Increasing quality in human resource management and salary decisions
- Gender equality and equal pay
- Contributing to better acceptance of salary decisions among staff and trust in the senior management
- Better targeted wage decisions
- Ensuring that gender equality is on the agenda within companies.

Anecdotally most of the respondents in the survey have changed their wage structures and corrected salaries that were too low.

Resources

Equal Pay Certification website:

<https://www.government.is/topics/human-rights-and-equality/equal-pay-certification/#:~:text=Equal%20pay%20certification%20is%20intended,be%20justified%20by%20relevant%20considerations.>

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