

CORE STATUS

GENDER AND PAY: HOW DOES ICELAND CLOSE THE GENDER PAY GAP?

The Institute of Social Research has published the report, "Certified Equality: The Icelandic Equal Pay Standard" (2018: 10). The report provides an overview of the developments and consequences of the Icelandic equal pay standard and examines how the Icelandic standard differs from Norwegian instruments for reducing the gender pay gap. The following are some of the results from the report.

#1 THE GENDER PAY GAP

Although the Nordic countries score high on gender equality, women still earn less than men in all of the Nordic countries

ICELAND

Men earn on average **16,3 %**
more than women.



Source: Eurostat 2018

NORWAY

Men earn on average **14,9 %**
more than women.



TIME TO CLOSE THE GENDER PAY GAP

Iceland was the first country in the world to introduce an equal pay standard to contribute to closing the pay gap between men and women.

#2 ICELAND'S ANSWER

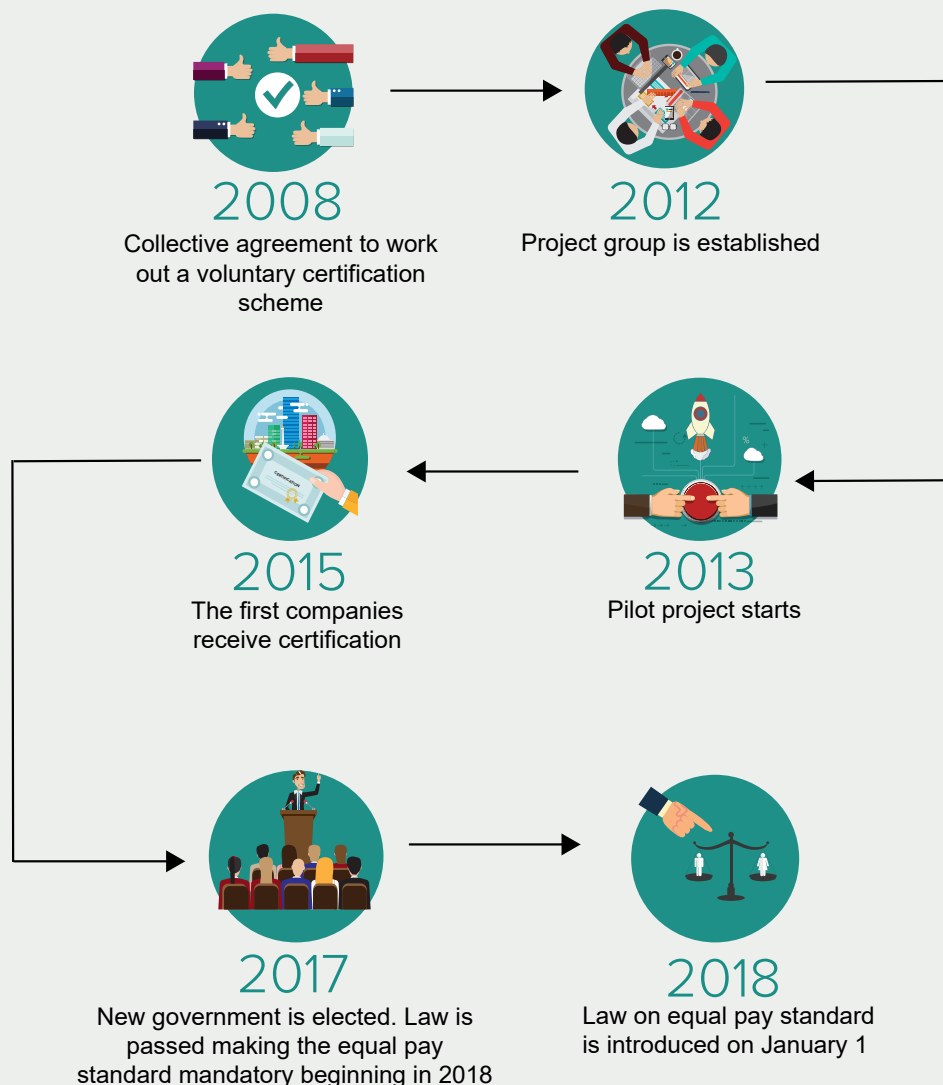


The Icelandic equal pay standard is an independent certification scheme. All companies with 25 or more employees must complete the certification process.

All companies are controlled every 3 years by an independent audit. The companies are certified if they demonstrate implementation of the equal pay standard and that women and men are paid equally for the same work. If the companies do not meet the requirements of the equal pay standard, they may be fined up to approximately 3,700 NOK per day.

#3 FROM VOLUNTARY TO IMPOSED BY LAW

The work with equal pay standard started in 2008. Initially, the equal pay standard was a voluntary certification scheme. In 2017, Iceland's new government introduced statutory regulation of the equal pay standard. As of 2018, companies are required to fulfill the equal pay standard so that they can receive certification from the authorities.



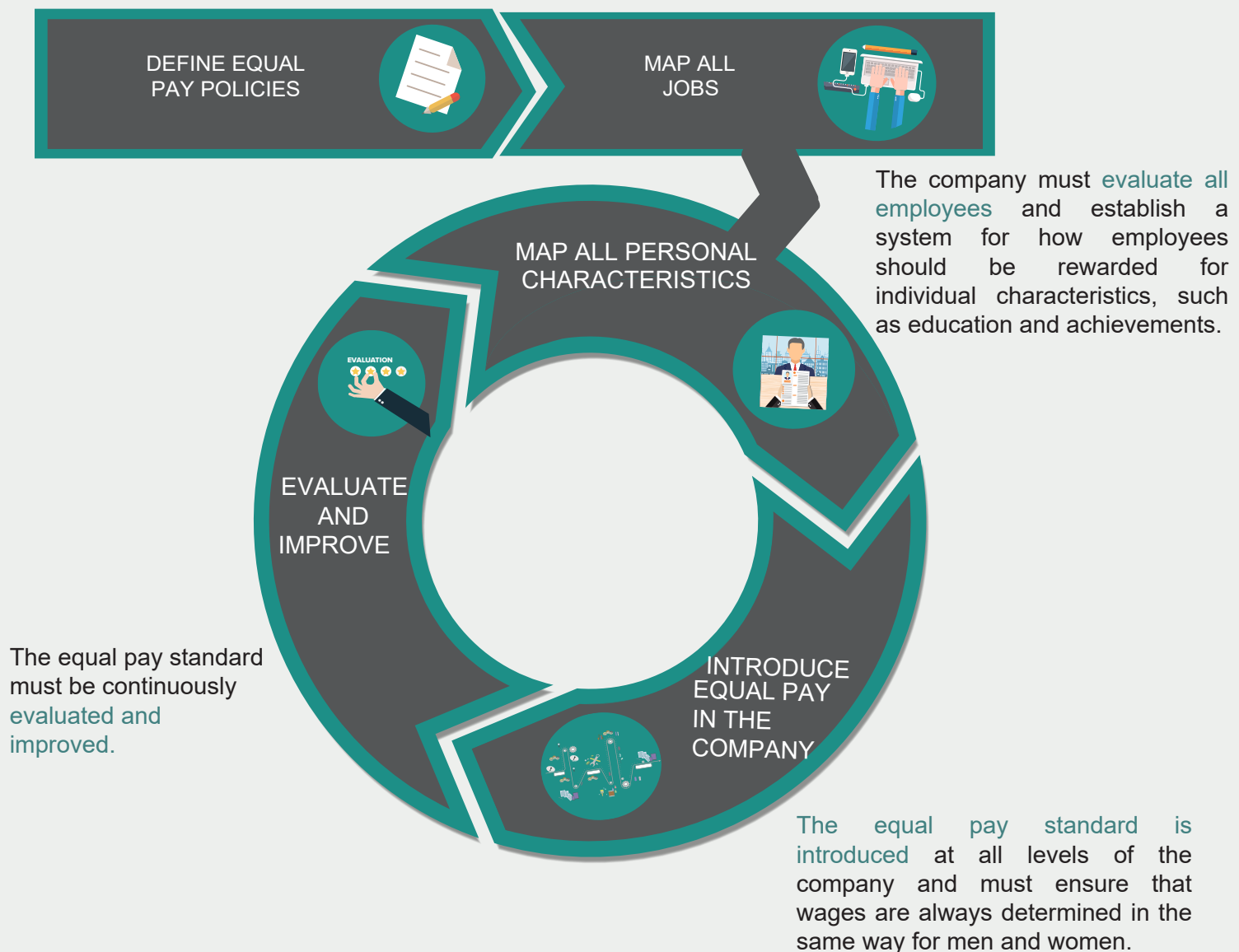
#4 HOW TO CLOSE THE GENDER PAY GAP

... WHAT CAN THE COMPANIES DO?

How have Icelandic companies progressed in closing the pay gap between women and men? Here is a typical example of how companies have moved forward in identifying pay differences and how they have worked to close the pay gap.

In most companies, an important part of the work is done in connection with **developing equal pay policies**. This means that companies must establish a transparent payroll system.

Then the company must map each position that is carried out in the company, regardless of the employee who actually does the job. This requires a large amount of company resources and must be done before the introduction of the equal pay standard.



The biggest challenge for Icelandic companies has been the question:

HOW DOES ONE DETERMINE THAT DIFFERENT JOBS HAVE THE SAME VALUE AND SHOULD BE PAID THE SAME?

#5 A STANDARD TO EXPORT?

HOW DOES NORWAY CLOSE THE GENDER PAY GAP?

Employers are required to work actively against discrimination and other barriers to gender equality (Act on Gender Equality and Prohibition of Discrimination, §26).

A gender equality law makes it illegal to pay men more than women for the same work (Act on Gender Equality and Prohibition of Discrimination, §26).

WHAT DOES ICELAND DO IN ADDITION?

The equal pay standard on Iceland makes it even more explicit that the employer is responsible for preventing discrimination:

- Requires companies to systematically review the pay structure
- An independent third party controls and certifies
- Companies are sanctioned if they don't follow up

#6 CHALLENGES TO THE STANDARD



- The standard imposes considerable additional work on companies.
- The equal pay standard ensures that women and men are paid equally for the same type of work in the same company. Pay differences that comes from men and women working in different parts of the labor market, in different industries and sectors, will not change.
- Iceland is dominated by one large employer's organization and one employee organization. It is unclear how an equal pay standard will work in a country with several competing trade unions on both sides. Overall, several questions remain unresolved about the relationship between tariff negotiations and the equal pay standard.

Who are we?

CORE is a part of the Institute for Social Research. This CORE-status is based on the report "Certified Equality: The Icelandic Equal Pay Standard" (2018: 10). The report has been prepared on behalf of the Ministry of Children and Equality and the Ministry of Labor and Social Affairs.