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Job Evaluation

Report of the Task Force on Pay Equity and Equality in the Labour Market

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Summary

In recent years, research has revealed that the main reason for the gender pay gap is the gender-segregated labour market and the undervaluation of women's work. A recent study on the wage gap between men and women published by Statistics Iceland in 2021 states, among other things: "*The labour market's gender-segregation of jobs and industries largely explains the wage gap that persists, while the effects of education level and demographic factors on the wage gap have decreased, especially in recent years.*"¹

Wages are generally lower in heavily female-dominated occupations, such as health care, social care and education, than in male-dominated occupations.

The government has taken various measures to address the gender pay gap, including the Act on Equal Pay Certification of 2018, which is aimed at counteracting the gender-based pay gap and boosting gender equality in the labour market. The gender pay gap is a reality that all nations struggle with and the International Labour Organization (ILO) has, for example, issued a guide describing which tools and instruments can be used to address the gender pay gap.

A working group with representatives from the social partners, hereafter referred to as **the Task Force on Pay Equity and Equality in the Labour Market**, was entrusted with setting up a pilot project on the assessment of the value of jobs to analyse what aspects characterise women's work which may be undervalued, in order to eliminate the wage gap due to the gender-segregated labour market and the systematic undervaluation of traditional women's jobs.

One of the goals of the job evaluation pilot project was to create a toolkit/system that could encompass *the equal value approach* to pay equity provided for in the Act on Equal Status and Equal Rights Irrespective of Gender (hereafter the Equality Act) and promote gender pay equity.

Pay equity under the Equality Act = Equal pay for work of equal value. Different jobs can be equally valuable. Whether jobs are of equal value must be based on a holistic assessment.

Four central government institutions were recruited to co-operate and participate in the pilot project.

These four were:

- Office of the National Commissioner of Police
- Marine Research Institute
- Healthcare Centre of the West Fjords
- State Social Security Institute

The institutions reflect the variety of institutions operated by the state.

This report reviews the work of the Task Force and presents a proposal for a system, as well as suggestions for continuation.

¹ <https://hagstofas3bucket.hagstofa.is/hagstofan/media/public/2021/2b7b1b12-47b5-4dfd-b1af-97437a20c243.pdf>

1. Introduction

In connection with the collective bargaining agreements concluded between members of BSRB, the largest federation of public employees' unions in Iceland, with the state and local authorities in the spring of 2020, the government announced that efforts would be directed at eliminating the wage gap arising from the gender-segregated labour market by correcting the systematic undervaluation of female-dominated jobs.

The Prime Minister appointed a Task Force, comprised of representatives of government and the social partners, on Pay Equity and Equality in the Labour Market, in September 2021. The Task Force's role was based on the proposals of a working group on the re-assessment of the value of women's work. The emphases on re-assessing the value of women's work can be attributed to the fact that a large number of studies in recent years have shown that the gender-segregation of the labour market and the undervaluation women's jobs are the main reasons for the gender pay gap. This discussed in detail in [the report](#) of the working group on the re-assessment of the value of women's work.

The working group on re-assessment of the value of women's work presented proposals in its final report aimed at achieving pay equity by emphasising job evaluation. Three proposals formed the basis of the Task Force's work:

- Firstly, to set up a pilot project aimed at eliminating the pay gap that is explained by the gender-segregated labour market and systematic undervaluation of traditional women's jobs. This included developing a toolkit to support the implementation of the pay equity approach of the Equality Act. The pilot project was intended to contribute to expanding and increasing knowledge of how to carry out job evaluation and its interaction with the determination of wages, for instance, by further developing educational materials and tools to increase understanding of the diverse manifestations of wage inequality.
- Secondly, to support the implementation of *the equal pay standard* by introducing clearer criteria for assessing the value of jobs and thus strengthening the equal pay standard as a tool to promote pay equity.

The equal pay standard is a management standard for equal pay systems. The standard aims at introducing targeted and professional methods for determining wages, active review and improvement of the implementation of equal pay policies within an organisation.

- In the third place, that the social partners develop a negotiation process, based on the New Zealand model, which establishes a specific channel for equal pay claims, aimed at resolving such cases promptly without the involvement of the courts. The aim of the proposal is to correct the wages of female occupational groups by systematically comparing the value of traditional women's jobs and traditional men's jobs.

The Task Force focused on a pilot project involving certain selected institutions, and this report discusses its progress and results.

The Task Force included representatives from the Icelandic Confederation of Labour (ASÍ), BSRB, the Union of University Graduates (BHM), the Icelandic Teachers' Union (KÍ), the National Association of Local Authorities, the Confederation of Icelandic Employers (SA), the Ministry of Social Affairs and Labour and the Ministry of Finance and Economic Affairs.

The group's chair was appointed by the Prime Minister without nomination.

The Task Force was composed of the following representatives:

- Steinunn Valdís Óskarsdóttir, chair, appointed by the Prime Minister without nomination;
- Anna María Gunnarsdóttir, nominated by KÍ (Magnús Þór Jónsson replaced her on 1 June 2022);
- Drífa Snædal, nominated by ASÍ (Guðrún Margrét Guðmundsdóttir replaced her on 1 June 2022 and subsequently Halldóra Sigríður Sveinsdóttir on 1 February 2023);
- Friðrik Jónsson, nominated by BHM (Kolbrún Halldórsdóttir replaced him in the summer of 2023)

- Gunnar Björnsson, nominated by the Ministry of Finance and Economic Affairs;
- Inga Rún Ólafsdóttir, nominated by the National Association of Local Authorities;
- Maj Britt Hjördís Briem, nominated by the Confederation of Icelandic Employers;
- Sonja Ýr Þorbergsdóttir, nominated by BSRB;
- Stefán Daníel Jónsson, nominated by the Ministry of Social Affairs and Labour.

Nominated alternates:

- Bjarni Ómar Haraldsson, nominated by the National Association of Local Authorities;
- Erna Guðmundsdóttir, nominated by BHM;
- Eva Margrét Kristinsdóttir, nominated by the Ministry of Social Affairs and Labour;
- Guðrún Margrét Guðmundsdóttir, nominated by ASÍ;
- Halldóra Friðjónsdóttir, nominated by the Ministry of Finance and Economic Affairs;
- Ólafur Garðar Halldórsson, nominated by the Confederation of Icelandic Employers;
- Ragnar Þór Pétursson, nominated by KÍ;
- Sigríður Ingibjörg Ingadóttir, nominated by BSRB.

Bára Hildur Jóhannsdóttir, an expert in the Prime Minister's Office, served as the group's employee. In addition, Aldís Magnúsdóttir, Ásta Einarsdóttir, Guðný Einarsdóttir and Halldóra Friðjónsdóttir from the state's Personnel Policy Department (KMR) worked on the project together with Helga Björg O. Ragnarsdóttir, Rósa Björk Bergþórsdóttir, Bryndís Guðmundsdóttir and María Lárusdóttir from the Pay Equity Agency.²

The first meeting of the Task Force was held on 14 January 2022; the group held a total of 23 meetings until the end of December 2023. The last Task Force meeting was held at the beginning of 2024.

In addition, 16 working meetings were held with the four organisations involved in the pilot project, as well as two joint meetings with all participants.

The co-operation between the Task Force and the institutions began with a training session on equal pay issues, including discussion of the gender-segregated labour market and its effect on the gender pay gap, as well as statutory requirements for determining wages based on pay equity and the possibilities of fulfilling these requirements by using an evaluation system.

2. Project preparation

The report of the working group on the re-assessment of the value of women's work from 2021 states that the methods that have been used for determining wages have not fully met the requirements set out in the Equality Act. This can be attributed, among other things, to the fact that the determining of wages and assessing the value of jobs generally only covers individual workplaces and does not encompass all workplaces of the same employer or a single source of wage payments. To tackle the gender wage gap more effectively requires addressing the main reason for the wage gap: the gender-segregated labour market where the undervaluation of traditional women's jobs leads to the gender wage gap between occupational groups.

Arrangements for determining wages and the value of jobs differ from market to market. Roughly speaking, three methods of determining wages are used in Iceland:

- The state bases its wage setting and job valuation on collective bargaining agreements and institutional agreements.
- In the private sector, wages and job valuations are determined in employment contracts based, among other things, on collective bargaining agreements.
- Local authorities use a job assessment system to evaluate most of their jobs and link them to basic salaries in collective bargaining agreements. There is no uniform system for determining supplementary wages.

² The Pay Equity Agency is a partnership owned by the National Association of Local Authorities and the City of Reykjavik working on job assessment and pay equity issues at the local government level.

In all cases, the determination of wages must meet the requirements set out in the *equal pay standard* if the workplace falls under the legal requirement for *equal pay certification* and accord with the equal pay provisions of the law and collective bargaining agreements, as applicable.

*The **equal pay standard** is a management standard for equal pay systems. The standard aims at introducing targeted and professional methods for determining wages, active review and improvement of the implementation of equal pay policies within an organisation.*

***Equal pay certification** is a written declaration by a certifying body, which is granted with a certificate of equal pay certification, following its assessment of the equal pay system of a company or institution, that the equal pay system and its implementation meet the requirements of the standard ÍST 85:2012.*

Because of how greatly the determination of wages varies between markets and employers, it was decided to limit the project to state employees, and to develop an evaluation system and formulate a system/harmonised approach that would encompass the value of the basic job requirements across the institutions, bearing in mind that the majority of traditional women's jobs are in the public sector.

The state's Personnel Policy Department (KMR), which handles collective bargaining for the state on behalf of the Minister of Finance and Economic Affairs, contributed expert knowledge and the time of its specialists in working with the four institutions.

The Pay Equity Agency took care of much of the education provided to the institutions and led the work on formulating an evaluation system in collaboration with the Task Force and the participating institutions.

2.1 Selection of participants

The state's institutions are many and varied. The Task Force mapped out the state's institutions to see which best reflected the diverse activities of the state, with the aim of including a cross-section of its workplaces in the project by selecting three or four participating institutions.

When choosing partner institutions, the diversity of jobs and the gender composition of the staff were taken into account. The basic requirements were:

- that the workplace had equal pay certification fulfilling the requirements of the equal pay standard (ÍST 85:2012);
- in the workplace there were jobs where the proportion of female workers was at least 65%;
- in the workplace there were jobs where the proportion of male workers was at least 65%;
- the workplace included at least 35 full time equivalent positions;
- the workplace employed staff with different job classifications and different responsibilities. By this was meant more than one level of management;
- the managers of the workplaces were open to reviewing job evaluations and to developing a new evaluation system that would apply the statutory equal value approach and ensure pay equity in the labour market;
- workplaces, employees and trade unions regard positively a review of job evaluations and the development of a new evaluation system applying the equal value approach of the law and ensuring pay equity in the labour market;
- the workplace has reviewed or is willing to review its processes in a broad context and analyse data transparently for the benefit of the project.

The institutions that accepted invitations to participate were:

- Marine Research Institute
- Healthcare Centre of the West Fjords
- National Commissioner of Police
- State Social Security Institute

3. Work with the institutions

Work with the four institutions began in June 2022 with initial meetings where representatives of the institutions and the Task Force met and the project was presented. In the project plan the pilot project was divided into four parts. An executive team, made up of three representatives of the Task Force, four representatives from the Personnel Policy Department (KMR), an employee of the Task Force, and the Equal Pay Office worked with the institutions. The representatives of the Equal Pay Office and KMR were mainly responsible for the preparation, implementation and follow-up of training, for the workshops and for deepening the analysis of jobs.

The first stage was comprised of a joint educational session for all the institutions. In the educational sessions held with the managers and staff of the institutions, the goals of the project were reviewed, a report on the evaluation of women's jobs was presented, the content of the equal pay concept of the Equality Act was reviewed and job evaluation discussed. In addition, the composition of the Icelandic labour market was reviewed generally. The main focus of the training that the four organisations received was on preparing the organisations to develop and implement a different approach to determining wages based on job evaluation.

The second stage involved gathering data from the institutions themselves, including job descriptions, the criteria the institution had used for equal pay certification, job evaluation based on those criteria, and information on the composition of human resources and ranking in jobs.

In **the third stage** of the project, information from the institutions was used in workshops with the individual institutions. These workshops were structured as follows:

- KMR provided instruction on the work underlying the efforts of the Task Force, the development of legislation on equal rights and pay equity, equal pay certification in Iceland etc.
- The Pay Equity Agency provided instruction on equal pay issues and job evaluation, where the legal requirements for determining wages and ILO Guide on job evaluation were reviewed. Different systems of evaluating jobs were discussed and an overview given of the job assessment systems used by local authorities in Iceland and the UK and a new system from New Zealand. The necessary requirements for evaluation systems aimed at serving the objective of pay equity were discussed, along with the challenges involved in formulating, introducing and using evaluation systems.

Part of the training consisted of a workshop run by the Pay Equity Agency involving projects aimed at increasing participants' knowledge of the structure of value assessment systems and the importance of having assessment criteria which reflected all jobs, both those typically feminine and typically masculine. Evaluation of the jobs at each institution was carried out systematically in accordance with the ILO Guide and participants worked on assignments where evaluation factors were selected and jobs evaluated on their basis.

In the fourth stage, the data that had been collected was processed, and a draft evaluation system prepared. The Pay Equity Agency managed this work, seeking input from the institutions and the Task Force as needed.

Since jobs in the participating institutions were extremely diverse, it was decided to design a comprehensive system that could cover as many jobs as possible in the state's operations. In selecting evaluation factors, consideration was given to other evaluation systems aimed at evaluating jobs across the gender-segregated labour market. After a detailed analysis of several evaluation systems, it was decided to base both the selection of evaluation factors and their definition on the New Zealand evaluation system Te Orowaru. The Te Orowaru toolkit is a new system released in 2021 that effectively encompasses today's job market. The toolkit is designed to achieve pay equity irrespective of gender but also to promote a society of diversity with an emphasis on inclusion in the activities of government institutions.

Throughout the process, emphasis was placed on elucidating information on aspects of jobs that could possibly be undervalued, with the aim of defining these aspects and including them in the evaluation system to provide the best support for the pay equity concept of the Equality Act.

In order for institutions to be able to base their wage decisions on criteria that are free from discrimination,

as stipulated by law, they need to have the requisite knowledge to underpin professional determination of wages and job evaluation to support pay equity.

3.1 The four institutions

3.1.1 Marine Research Institute - MRI

The Marine Research Institute satisfied the requirements for participation in the project. The proportion of male employees in the agency is greater than that of females.

A total of four meetings were held with the Marine Research Institute between June and November 2022.

Nine representatives of the institute participated. In November 2022, two workshops were held with the Institute.

3.1.2 Healthcare Centre of the West Fjords - HCWF

The Healthcare Centre of the West Fjords met the requirements for participation. The proportion of female employees in the centre is higher than that of males.

A total of four meetings were held with the Healthcare Centre of the West Fjords from June to November 2022.

Five representatives from the Healthcare Centre of the West Fjords participated. Workshops with the Healthcare Centre of the West Fjords were held in mid-October 2022.

3.1.3 National Commissioner of Police (RLS)

The National Commissioner of Police met the conditions for participation. The proportion of male employees in the institution is greater than that of females.

A total of four meetings were held with the National Commissioner's office between June and November 2022.

Seven representatives of the National Commissioner of Police participated. Two workshops were held, one in September and one in November 2022.

3.1.4 State Social Security Institute (TR)

The State Social Security Institute met the conditions for participation in the project. The proportion of female employees in the institution is greater than that of males.

A total of four meetings were held with the State Social Security Institute between June and November 2022.

Six representatives of the institute participated. In November 2022, two workshops were held with the institute.

The Pay Equity Agency met with the institutions several times in 2023, and in addition the Task Force met regularly with the institutions.

4. Project implementation

The first meetings with the institutions focused on education, after which a detailed analysis was made of the participating institutions' data and additional data was gathered. Job descriptions, evaluation and ranking of jobs, main objectives and organisational charts etc. were examined.

Based on the available data and communications with the participating institutions, a draft of an evaluation system was prepared, upon which job evaluations can be based following an implementation process in co-operation with stakeholders. The entire process can be described in the following manner.

4.1 What the job entails

The first steps in the development of an evaluation system are to gain an overview of and analyse the wage-setting criteria that are in force, which factors affect the determination of employees' wages, and how

assessment of the value of jobs is carried out.

The following information was requested from the four institutions:

- a list of job titles for the institution as a whole;
- job descriptions for the three most common job titles in the organisation and one management job description;
- the assessment system used by the institution in its inspection for equal pay certification.

At the first meetings with each institution, a standard questionnaire was reviewed with the aim of obtaining more detailed information about its activities, the employees' jobs, what they entailed and other factors that need to be taken into account when assessing the value of jobs. The following questions were asked:

1. What sort of jobs are carried out at the institution?
 - a. What is the core activity of your institution?
 - b. What is included under support services?
 - c. Are any jobs outsourced?
2. How well do current job descriptions cover the jobs at the institution?
 - a. How quickly do they become obsolete?
 - b. How are job descriptions structured?
3. What factors are considered in the current job classification system (equal pay system)?
 - a. What are the advantages and disadvantages of the current classification of the institution's jobs?
 - b. Is performance/progress objectively evaluated at your institution?
 - c. How was the current system developed?
4. More details were requested regarding the individual factors referred to in question 3.
 1. How is [the factor] defined?
 2. In your estimation, what does [the factor] comprise?
 3. If there is a difference in [the factor], where does this difference lie?
 4. What is the degree of difference?
5. What factors differentiate between jobs in your institution?
6. What creates value in your institution?
7. Are there differences between various jobs as to what creates value for the institution? Which jobs create the most value and why?
8. What would happen if certain tasks or work components were no longer carried out? What would be the consequences?
9. Generally speaking, what factors of the work performed in each job do you think are always valued?
10. General speaking, what factors of the work performed in each job do you think may be undervalued or not taken into account?

4.1.1 Discussion of wage determination

From the responses of the institutions, it was apparent that their managers had varied backgrounds and experience in evaluating the work involved in jobs. It became evident that the job descriptions differed from one institution to the next and also within the institutions; the length of time which had elapsed from their most recent updating also varied. Some institutions rely on job descriptions covering whole groups, while others have job descriptions for individual employees. Assessment of the value of jobs differed among the institutions, and therefore those factors of the jobs that each relied on when implementing equal pay certification were different. The factors upon which the evaluation was based in all the institutions and which were given the most weight in the evaluation were *education and work experience*.

Other factors that all the institutions took into account but accorded varying weighting concerned responsibility, such as control of finances and supervision of employees. It varied between the institutions whether, and if so what, other factors were taken into account in determining the basic salary ranking of a job.

4.1.2 Discussion on the impact of institutional agreements

In conversation with the institutions some discussion arose concerning the structure used for setting wages

of state employees.

The state bases its wage setting on collective agreements and institutional agreements. Once a central collective bargaining agreement has been made with a union, institutional negotiations begin; a different group of people is involved in the drafting of institutional agreements than participated in collective agreements. Representatives of the institutions themselves are not involved in the conclusion of the collective bargaining agreements, which is handled by representatives of the Ministry of Finance. The latter, on the other hand, are not then involved in the conclusion of institutional agreements, which are negotiated with representatives of the institution. In both instances, their partners across the table are the same, i.e. the union that negotiates on behalf of a particular group of employees.

Most state institutions conclude numerous institutional agreements with their employees' unions. The collective bargaining agreement thus prescribes the minimum wages of employees covered by the agreement, i.e. depending on which union they belong to. Collective agreements state as follows about the ranking of jobs.

Provisions of collective bargaining agreements on the ranking of jobs

In negotiating collective bargaining agreements, agreement shall be reached on the ranking of jobs and what factors and/or premises shall determine their ranking. Here the prime focus shall be on evaluating the tasks and responsibilities involved in the job, together with the skills (level of expertise/specialisation) required to perform the work. The organisational chart of the institution or other formal arrangement of work shall also be taken into account when concluding the agreement. Job descriptions are one of the criteria for ranking jobs into salary classes and shall be revised in line with the development of the work.

An institutional agreement, which is part of the collective agreement, is intended, among other things, to ensure development and promote a more efficient wage system that takes into account the needs and tasks of the institution and its employees. It is a special agreement between an institution and the relevant trade unions on the adaptation of specific aspects of collective agreements to the needs of the institution and its employees, taking into account the nature of the activities, structure and/or other aspects specific to the institution. Industrial action is prohibited while negotiations of institutional agreements take place, i.e. as long as a collective bargaining agreement is in force.

The participating institutions generally regarded institutional agreements as actually comprising job evaluations. Questions also arose as to whether institutional agreements tied the institutions' hands regarding assessment of value, as the ranking of jobs into salary classes is one of their main purposes.

The guidelines for drafting institutional agreements state that ranking of jobs should reflect the competence and responsibility needed to perform the job as well as the position of the job in the organisational chart. When ranking jobs, various competence and responsibility factors can be taken into consideration. Examples of factors covered by these main factors are mentioned for purposes of explanation. Other main factors, such as effort/pressure and working conditions, are not discussed in the guidelines. On the other hand, personal and temporary factors are discussed that can affect the wages of employees and appear as a premium on basic salary classes, i.e. a percentage increase in the salary. Examples of personal factors are additional education that is useful for the job and work experience. Temporary factors include, for example, additional responsibility and/or effort due to special tasks or abilities, specific achievement and/or performance.

There is a difference between the two, i.e. general job ranking and personal and temporary factors. The job ranking is based on the basic requirements of the job, regardless of who performs it; in this context it is often said that it is the chair which is being described and not the individual occupying it. Personal and temporary factors as well as performance evaluations (where applicable) reflect an employee's additional skills, above and beyond the basic requirements, that are useful in the job.

No comprehensive analysis is available of the factors on which job evaluation is based in the institutional agreements of state institutions, neither factors concerning the basic requirements of jobs nor personal and temporary factors which are used for determining wages. The Personnel Policy Department (KMR) has,

however, prepared an analysis of the contents of institutional agreements regarding certain jobs in healthcare services, universities and secondary schools. That analysis indicates that the main focus in salary setting for the basic ranking of jobs in these positions is based, in particular, on a few sub-factors that fall under the two main factors of skills and responsibility. For example, experience, knowledge, education and specialisation that is useful in the job are decisive in assessing the value of jobs under the skills factor. Project responsibility, such as project management, administrative responsibility, such as personnel management, and responsibility for finances weigh heavily in the responsibility element. In addition, the content and types of personal and temporary factors covered by institutional agreements are very diverse and vary greatly from one institution to the next and even between occupational groups within the same institution.

4.1.3 What are institutions not evaluating?

All of the institutions mentioned that the main core of their activity was to provide service. Given that context, the content of job descriptions was reviewed to assess how they reflected the main objectives of the service. Although the job descriptions varied widely, both within and between institutions, the majority of them did not fully reflect these main objectives. Discussion followed as to how these main objectives were reflected in job evaluation, and what factors were mainly considered in evaluation of jobs. In most cases, little connection could be seen between them.

In its training sessions the Pay Equity Agency presented the ILO Guide on job evaluation and the factors specified there.

Experience and expertise

Education and specialisation that is useful in the job

Project responsibility where, among other things, the following points can be taken into account:

the job is primarily based on the management of projects that numerous persons work on;

the job involves managing individual projects that a number of people work on; the employee is project manager of their own projects and works independently;

the employee mostly works under the guidance of others.

The extent of co-operation with domestic and foreign parties outside the institution

Scope of administrative responsibility, for example:

employee management

responsibility for finances

participation in formulating policy

participation in project coordination

responsibility for success

An attempt was made to analyse how these factors fit with the ILO Guide on evaluation systems and job factors that contribute to pay equity. The ILO Guide states that jobs should be evaluated based on factors that reflect feminine aspects as well as masculine and that these factors must reflect the knowledge and skills that the job requires, the effort it entails, the responsibility that it requires and the work environment in which it is carried out. Special emphasis is placed on assessing aspects inherent in traditional women's jobs, e.g. emotional effort, exercising care, responsibility for the well-being of others, communication skills in sensitive situations, psychosocial working conditions, etc.

To cast some light on this interplay, a diagram was presented showing the evaluation factors specified in the guidelines for institutional agreements, compared to the evaluation factors specified in the ILO Guide and on which the job assessment system of local authorities in Iceland is based.

The figure was presented for illustrative purposes only and reflects only the guidelines for institutional agreements and not all the factors that institutions rely on when assessing the value of jobs.

Guidelines for institutional agreements - requirements for competence and responsibility	Knowledge, experience and skills				Effort				Responsibility				Work environment
	Knowledge and experience	Mental skills	Communications skills	Physical ability	Initiative and independence	Physical effort	Mental demands	Emotional effort	Responsibility for the people's welfare	Management responsibility	Responsibility for finances	Responsibility for assets and information	
Experience and expertise	X												
Education and specialisation that is useful in the job	X												
Project responsibility where, among other things, the following points can be taken into account:													
the job is primarily based on the management of projects that numerous persons work on;		X	X		X					X			
the job involves managing individual projects that a number of people work on;		X	X		X					X			
the employee is a project manager of their own projects and works independently;					X								
the employee works mostly under the supervision of others.		X			X								
The extent of co-operation with domestic and foreign parties outside the institution		X	X										
Scope of administrative responsibility, for example:													
employee management										X			
responsibility for finances											X		
participation in formulating policy					X								
participation in project coordination										X			
responsibility for success					X								

On the X-axis are masculine, feminine and gender-neutral factors that the ILO says need to be used as a basis for evaluating jobs. On the Y-axis are factors specified in the ILO Guide as factors that need to be used as a basis for job evaluation in order to work towards pay equity. The boxes marked with an x show the overlap of these factors, indicating that the evaluation factors specified in the guidelines for institutional agreements primarily apply to knowledge, experience and responsibility for management and finances, but do not include the work environment and effort, with the exception of factors related to initiative and independence.

This was followed by a discussion of wage setting at state institutions in general and how to ensure that it was in accordance with the statutory provision on equal pay. It was reiterated that the ranking of jobs in institutional agreements does not absolve institutions of the obligation they are subject to under the equal pay provision to determine employees' wages in the same manner irrespective of gender and to ensure the criteria used as a basis for determining wages do not involve gender discrimination.

5. Evaluation systems

When setting wages based on, among other things, consideration of the terms of engagement, supplementary wages, wage increases, benefits considered remuneration etc.³ a decision is made on what should be paid for the work performed. This implies an evaluation of the job and of how much worth it is to the employer. That evaluation can be based on a variety of premises. The Equality Act imposes obligations on employers as to how such an evaluation should be carried out and requires that salary decisions be based on premises or criteria that do not involve gender discrimination.

*Women, men and persons whose gender is registered as neutral in Registers Iceland shall be paid equal pay and enjoy equal terms of employment for the same jobs or jobs of equal value. **Equal pay means that wages must be determined in the same way for people regardless of gender. The criteria on which wage decisions are based may not therefore involve discrimination.***

It follows from the Act that the criteria on which the evaluation of all jobs and the setting of employees' wages are based must be specified, and that these criteria may not involve discrimination. This implies that employers have to use an evaluation system which is aimed at achieving pay equity in determining the wages for jobs.

Evaluation systems are important tools to support the introduction and implementation of the current equal pay provisions of the Equality Act. Those involved in the creation of such systems need to have knowledge and understanding of equal pay issues, the gender pay gap and how to apply the equal pay principle systematically to achieve pay equity.

5.1 Evaluation systems to achieve pay equity

Job evaluation aimed at achieving pay equity is a method of working in accordance with the legal requirements that equal pay be paid for the same work or work of equal value regardless of gender. It includes a comprehensive, consistent and systematic evaluation of the demands placed on staff in specific jobs. The evaluation is based on criteria that encompass all the jobs in the organisation, their feminine aspects as well as their masculine aspects.

Job evaluation systems assess the requirements of a job but are not a way to assess the personal competence or performance of employees.

It must be borne in mind, however, that decisions on supplementary wages are subject to the same legal requirements as basic wages, since wage setting may not involve gender discrimination.

Evaluation is	Evaluation is not
<ul style="list-style-type: none"> • a tool for assessing the demands that jobs make on employees; • a method of making harmonised assessments of different jobs; • a method of making the premises for wages visible; • a way to combat the gender pay gap; • a way to determine the same wage for similar or equally valuable jobs. 	<ul style="list-style-type: none"> • an assessment of the personal competence of employees in their jobs; • an assessment of the individual performance of employees in their jobs.

³ The Equality Act defines the concept of pay as follows: Ordinary remuneration for work and additional consideration of all types, direct and indirect, whether they take the form of perquisites or other forms, paid by the employer to the employee for their work.

As there are numerous systems for evaluating jobs, all of them do not necessarily aim to promote pay equity. In response to this and to promote the implementation of the Equal Remuneration Convention, the ILO has issued a Guide³ on the structure and use of job evaluation systems to promote pay equity and what requirements they must meet in order to serve the objectives of gender equality.

The education that the organizations received about job evaluation and the development of evaluation systems was largely based on the ILO Guide.

5.1.1 Structure of job evaluation systems and selection of factors

Evaluation systems that promote pay equity must include job evaluations based on a detailed analysis and assessment of jobs in which female aspects of jobs are valued equally with male ones. It is not sufficient to classify jobs into categories without carrying out an analysis of their content, because then there is a risk of overlooking undervalued factors that a detailed job analysis would be more likely to capture.

Jobs must be evaluated based on four main factors. Based on the **knowledge** and **skills** necessary to perform the job; the **effort** or pressure the job entails; the **responsibility** it requires; and the **work environment** in which it is performed. The weight of these factors in the overall evaluation varies according to the valuation system.

When developing and implementing an evaluation system, the parties concerned need to agree on the importance of individual factors in the overall evaluation.

In the New Zealand evaluation system referred to previously, knowledge weighs 42%, effort 16%, responsibility 37% and work environment 5%. In the job assessment system of local authorities in Iceland, knowledge and skills weigh 38.4%, effort 25.4%, responsibility 31.2% and work environment 5% in the total evaluation.

The four main factors are developed in more detail in sub-factors, which should cover all the jobs that are evaluated under the evaluation system.

Main factors

Knowledge and skills	Effort - pressure
Responsibility	Work environment

5.2.2 Sub-factors

The ILO Guide allows for more scope in the selection of factors and sub-factors, but emphasises that they need to be selected and defined in detail to encompass both traditional women's jobs and men's jobs to ensure their equal treatment, and to explain with examples how jobs are arranged in certain levels taking into account the diversity of jobs.

³ The Guide is available here..

Examples of evaluation factors and sub-factors

Knowledge and skills	Pressure - effort	Responsibility	Work environment
Education	Physical effort	Management	Hazardous materials
Mental skills	Emotional effort	Services	Pollution
Solution-minded	Mental effort	People's welfare	Accident risk
Planning	Concentration	Finances	Risk of infection
Dissemination of	Care-giving	Assets	Disturbance
Communications skills	Time limits	Confidentiality	Monotony
Social skills	Initiative	Equipment/facilities	Harassment
Cultural literacy	Independence	Security issues	Violence
Computer skills		Work environment	
Co-ordination		Information	
Vehicle use		Data	

In selecting factors consideration needs to be given to those factors which historically have been undervalued and generally not reflected in the determination of wages. These are factors that characterise traditional women's jobs rather than men's jobs, for example emotional effort, empathy, emotional intelligence, social skills and the ability to deal with sensitive and difficult social and psychological situations. Salary ranking sections of collective bargaining agreements and institutional agreements have dealt with these factors only to a limited extent in the past, and these factors have even been considered natural female characteristics. The fact that a job requires extensive communication skills, since the job's responsibility is for the well-being of people rather than capital, with the associated effort arising from complex and sensitive relationships, may not even have been considered a reason for its evaluation in wage terms.

How sub-factors are defined can have a big impact on job evaluation. It must be ensured that the factor and level definitions are such that they cover a diverse range of jobs. The impact of how factors are defined can be seen in the effort factor mental effort, which refers, among other things, to the effort associated with maintaining concentration in situations with varying demands. Mental effort has sometimes been assessed based on how much concentration is required in a job that requires rational thinking, e.g. work that involves planning and writing reports, where interruption of concentration strongly affects the progress of the work. If effort involved in taking care, which also includes requirements to maintain concentration, is also assessed under the factor, it covers a wider range of jobs than otherwise. Taking care involves using the senses to monitor people, for example, when working with children and caring for the sick and elderly, when driving and when working around dangerous machinery where danger can arise if care is not taken.

To shed light on the effect of choosing and defining factors so that evaluations reflect diverse jobs, an example that was used in the training is given here. If the jobs of project manager in financial services and project manager in welfare services are evaluated without taking gender and equality perspectives into account and based only on requirements for education, skills in planning, physical stress, demands on concentration and responsibility for finances and management, a different result is obtained than when the evaluation is also based on communication skills, emotional stress and responsibility for people's well-being.

Tables 1 and 2 give a simplified representation of how the choice of factors and their definition affects job evaluation and therefore determination of wages.

Table 1. Job evaluation based on factors that do not take gender and equality perspectives into account

Job	Knowledge and skills		Effort		Responsibility		Total points
	Education	Mental skills	Physical effort	Mental effort - Concentration	Management responsibility	Responsibility for finances	
Project manager in financial services	40	40	10	50	20	40	200
Project manager in welfare services	40	40	10	20	20	10	140

Table 2. Job evaluation based on factors that include factors primarily characterising traditional women’s work

Job	Knowledge and skills			Effort			Responsibility		Total points
	Education	Mental skills	Communication skills	Physical effort	Mental effort - Concentration	Mental effort – Taking care	Management responsibility	Responsibility for finances Responsibility for people’s well-being	
Project manager in financial services	40	40		10	50		20	40	200
Project manager in welfare services	40	40		10	20		20	10	140

The guidelines also caution against including different assessment parameters under the same sub-factor, for example, keyboard typing skills, on the one hand, and information dissemination, on the other, as this could lead to undervaluation. It is also necessary to avoid evaluating the same parameters under more than one factor, such as, for example, evaluating "handling heavy objects" as a skill factor while also evaluating "heavy lifting" as an effort factor. That can lead to an overvaluation of that factor.

5.2.3 Weighting of factors

From 10-16 evaluation factors are common, with a varying number of levels reflecting different job requirements. For example, the sub-factor responsibility for people's well-being could apply to several different jobs, in which case how much responsibility each job involves needs to be evaluated. For example, the work of an office clerk in welfare services includes responsibility for reception of people needing assistance and informing them where they can turn to obtain solutions that meet their needs. The work of a specialist in welfare services involves responsibility for decision-making that affects the welfare of individuals and/or groups. Both jobs involve responsibility for people's well-being; however, the work of the specialist is given a higher level, as it involves more responsibility for the well-being of people than the work of an office clerk. Each level accords a specific number of points that add up to form the overall evaluation of a job.

It should be emphasised that evaluation systems evaluate jobs in terms of points that by themselves in no way determine wages. The linking of points to wages is done elsewhere, generally through collective bargaining agreements, where some kind of formula is used to convert the number of points into wage classes.

Systems used to evaluate jobs need to be regularly reviewed and revised to adapt them to the development of the jobs and changes in the labour market so that they always contribute to pay equity as effectively as possible.

The pilot project does not deal at all with wages, but instead aims to build expertise and create a proposal for an evaluation system for the participating institutions.

5.3 Evaluation systems in other countries

A large number of different systems are used to evaluate jobs. Some of them are aimed at promoting pay equity and are based on the guidelines of the ILO or other organisations that work for pay equity.

In the UK, gender-neutral job assessment has been emphasised for more than 20 years. The most commonly used system is the National Joint Council (NJC) system of the local authorities in the UK, and the job assessment system of Icelandic local authorities is based on it. The system was created in 1997 by a group of experts in collaboration with local authorities and trade unions in the UK, as well as expert consultants on equal pay. Both the British Equality Council and the UK Commission for Racial Equality were actively involved in the design of the system. In addition, they collaborated closely with the ILO so that the system would accord with international laws and conventions.

Following a court case in New Zealand, which is discussed in more detail in Chapter 9, the government in that country published a value assessment system (Te Orowaru) with the objective of fulfilling its obligations under the equal pay provision of NZ legislation on equality. The system dates from 2021 and, although it has a lot in common with the job assessment systems used in the UK and Iceland, it includes other priorities. Major emphasis is placed on highlighting and evaluating feminine aspects of jobs that have so far been undervalued. The system goes further in that respect than other systems that have been examined in this project. Emphasis is placed on using clear concepts which apply to a diversity of jobs, and the system focuses on evaluating factors which are often underestimated in evaluation systems and supports the implementation of equality and diversity perspectives in the activities of state institutions.

NZ evaluation factors - SAMSTARF⁴ job assessment system

	Iceland	New Zealand
Knowledge and skills	Knowledge and experience	Knowledge and experience
	Mental skills	Solution-minded
	Communication skills	Communication skills
		Inclusion ability
		Planning and organisational ability
	Physical skills	Physical skills
Effort	Initiative and independence	
	Physical effort	Physical effort
	Mental effort	Mental effort
Responsibility	Emotional effort	Emotional effort
	Responsibility for people's welfare	Responsibility for services for people

5.4 Proposal for an evaluation system for the participating institutions

In continuation of the work with the four institutions, the Pay Equity Agency prepared a draft evaluation system for the Task Force on Pay Equity and Equality in the Labour Market. One of the proposals concerns developing that system further in collaboration with the participating institutions and evaluating the jobs in the four institutions based on that system in a co-ordinated manner.

As previously mentioned, the ILO has published a guide on how to develop and introduce an evaluation system.

The reason why the Task Force proposes a draft system and not a fully formed evaluation system is that the ILO Guide points out that, when attempting to develop and introduce an evaluation system, employers, staff and trade union representatives all need to support the decision to implement an evaluation system and involve themselves actively in the project at all levels.

The Guide strongly emphasises the importance of having the parties involved in development and implementation of the evaluation system receive training and education on the nature and causes of wage inequality focusing on gender stereotypes and their impact on wage inequality and how job evaluation can best be used to promote pay equity. To increase employees' trust in and support for the process, emphasis is placed on having active and purposeful communication of information about the development of the project, emphasising transparency at all stages. In addition, ensuring professional management of the project is important.

The main emphasis is on the importance of co-operation and participation of staff, managers and union representatives in the process and on arranging the work in such a way that communication concerning the development of the evaluation system does not turn into conflict, as sometimes happens in collective bargaining negotiations.

Pay equity is a human rights issue that is not subject to negotiation or compromise.

⁴ Job assessment systems of local authorities

The ILO recommends appointing a pay equity committee to manage the project, to ensure continuity and consistence in the entire process and contribute to its effective progress.

It must also be ensured that women make up at least half of the committee members. It is suggested that the committee's work be based on consensus. This increases the likelihood that more points of view will be expressed, that issues will be discussed thoroughly and that decisions will be supported by employees.

6. Valuation of jobs in the Icelandic labour market

The pilot project was defined as the preparation of a proposal for a job evaluation system for state institutions. The determination of wages and thus the valuation of jobs differs depending on whether the employer is the state, local authorities or the private market. This chapter will briefly examine the arrangements in the private sector and those of local authorities, as Chapter 4 discussed the arrangements for determining wages in the state sector.

Roughly speaking, three methods of determining wages are used in Iceland:

- The state bases its wage determination and job evaluation on collective bargaining agreements and institutional agreements.
- In the private market, wages and job evaluations are determined in employment contracts based, among other things, on collective bargaining agreements.
- Local authorities use a work assessment method to evaluate most of their jobs and link them to basic salaries in collective bargaining agreements. There is no uniform system for determining supplementary wages.

In all cases, the determination of wages must meet the requirements set out in the equal pay standard if the workplace falls under the legal requirement for equal pay certification and must accord with the equal pay provisions of the law and collective bargaining agreements, as applicable.

6.1 Equal Pay Certification Act - Equal Pay Standard

The obligation for workplaces where 25 people or more work to obtain equal pay certification means that organisations are more clearly required to take actions to ensure equal pay for work of equal value through job evaluation.

The equal pay standard requires employers to set equal pay targets:

- firstly, by defining all jobs;
- secondly, by determining relevant and appropriate criteria for the classification of jobs that take into account the demands that the job makes of the employee;
- in the third place, by grouping together the same jobs or jobs of equal value based on these criteria;
- fourthly, by determining wages and other terms of employment based on the same criteria.

Finally, it must be decided whether, and if so how, to provide rewards for individual and group-based factors.⁶ In other words, the obligation involves implementing criteria or a system for assessing the value of jobs with pay equity as its objective, i.e. an evaluation system on which wage determination will be based.

Neither the legislation nor the standard itself discuss what criteria should be used in evaluating jobs, nor what value judgements should underlie the definition of the value of jobs, only that this should not involve gender discrimination and that the same criteria should be used for all jobs within an enterprise/institution. In that context, it is important to keep in mind that a job evaluation system with a gender bias can entrench the gender pay gap instead of counteracting it. In order to eliminate the gender wage gap arising from a gender-segregated labour market, it is therefore not sufficient for enterprises and institutions to simply introduce an evaluation system, it must be ensured that the criteria do not have a gender bias, e.g. by underestimating the factors that have historically been associated with traditional women's jobs.

Similarly, the scope of the evaluation needs to be widened, because most enterprises have considered that the requirement to ensure equal pay for jobs of equal value applies only to a single workplace or company registration number. As far as is known, enterprises have not reviewed their implementation of the equal pay standard after the Equality Act was amended in 2020, in part to clarify the obligation of employers to ensure equal pay for work of equal value if the wages paid come from the same source, i.e. from parent companies and subsidiaries, or if a number of workplaces operating under different company registration numbers are part of the same organisational unit. The employer is obliged to determine wages in a harmonised manner for all jobs comprising part of its operations, regardless of whether they operate under the same company registration number or not. Determination of wages for jobs of the same source

⁶ ÍST 85:2012 Equal pay system - Requirements and guidelines

therefore must be comprehensive and based on the same evaluation criteria and premises.

Nordic experts in equality issues have criticised the lack of clear instructions or guidelines as to which criteria should be used when evaluating jobs, what value judgements should underlie the definition of the value of jobs or how an assessment should be made of the value of jobs linked to female or male occupational groups in classifying jobs under the equal pay standard; only that it may not involve gender discrimination.⁷ Experience shows that the criteria or evaluation systems that enterprises and institutions have developed when implementing the equal pay standard differ, for example, in terms of the number and details of their evaluation factors for each job, and thus could to some extent be flawed, like those of the state institutions. Because of this, the management's assessment at each location can affect which factors are evaluated and the value of specific factors, managers may have varying knowledge of how to assess the value of jobs, and an implicit bias may affect the criteria used.⁸

The implementation of the standard has also been criticised for being entirely in the hands of employers, who define the jobs existing within an enterprise/organisation. The criticism concerns the failure to include the views of employees regarding the characteristics of the work they perform.⁹ This could potentially lead to employers implementing the standard without making real changes to the process of determining wages. It has been pointed out that this may lead to traditional women's jobs being valued less than traditional men's jobs where employees do not have the opportunity to have a conversation about the characteristics that the job requires of them when criteria are determined. This can result in overlooking features that characterise traditional women's jobs but which have not historically been valued in terms of remuneration, e.g. extensive personal contact, disruptions, work environment, emotional effort etc. This lack of coordination or clear instructions can potentially lead to a gender bias.¹⁰

6.2 Wage setting in the private sector

In the private sector, an employee's wages and other terms and conditions of employment are determined in an employment contract concluded between the employer and the employee. Collective bargaining agreements stipulate the minimum wage in the relevant sector. This means that the employee's wages and benefits under the contract must be at least as good as those stipulated in the collective agreement. Some industries/enterprises follow the rates while others pay premiums. The obligation for workplaces where 25 people or more work to obtain equal pay certification means that organisations are required to take actions to ensure equal pay for work of equal value through job evaluation.

6.3 Wage setting in local authorities

The goal of using the job assessment system SAMSTARF at the local authority level in Iceland is to ensure that employees' salaries are determined using as relevant and objective methods as possible and to enable the ranking of the basic wages for jobs so that they are the same for jobs assessed as equally demanding, regardless of the workplace, union or gender. The job assessment is therefore intended to facilitate managers in ranking jobs to accord with the equal pay provision of the Equality Act.

The system is based on objective criteria used to compare jobs in accordance with the demands they involve. The job assessment is therefore a method to enable a consistent assessment of different jobs and determine the same salary for similar or equally valuable jobs. Furthermore, it is intended to make the criteria for wage decisions and the grounds underlying them more visible. The system only assesses the requirements of a specific job, but does not evaluate the individual skills and performance of the employees performing the work. The assessment is based on detailed data about the jobs being evaluated in each instance, such as job descriptions, questionnaires about the job, other data and, in some cases, job assessment interviews with employees.

Job assessment is an on-going collaborative task of the local authorities (the National Association of Local

7 Equal Pay in the Nordic countries (2019) p. 15.

8 Implicit bias is unconscious (and unintentional) connections and prejudices regarding certain groups and individuals who belong to certain groups and can be reflected in behaviour.

9 Ársag til ulighed men også nogle til ligestilling (2019),p. 18.

10 Equal Pay for Work of Equal Value? Iceland and the Equal Pay Standard (2020).

Authorities and the City of Reykjavík) and the respective unions who have agreed in collective bargaining agreements to carry it out, through two job assessment committees. The committees work together on the applied development and revision of the system, the co-ordination of work processes and procedure, which also ensures a uniform evaluation of all jobs. The actual job assessment and connecting it to wages are two separate processes. Job assessment is primarily a job ranking system, i.e. a systematic approach to ranking jobs based on the system's given premises about the varying content and responsibilities of jobs. Its connection to wages is negotiated in the current collective agreements.

So far, the system only covers basic wages, and therefore other remuneration items could possibly lead to wage inequality, such as fixed overtime payments, premiums or other additional payments, as has been observed in the UK.

The system is under constant review to take into account changes in the labour market and the development of jobs.

Wage setting by local authorities - job assessment

Knowledge and skills	Effort	Responsibility	Work environment
Knowledge and experience	Initiative and independence	Responsibility for people's welfare	Working conditions
Mental skills	Physical effort	Management responsibility	
Communication skills	Mental demands	Responsibility for finances	
Physical skills	Emotional effort	Responsibility for assets and information	

7. Gender pay gap and gendered labour market

The gender pay gap is the easiest manifestation of gender inequality to measure. Many studies and surveys have demonstrated wage inequality detrimental to women to a greater or lesser extent, depending on the parameters used.

	2019		2021	2022
	Unadjusted	Adjusted	Unadjusted	Unadjusted
All	13.9%	4.3%	10.2%	9.1%
Private sector	14.8%	5.4%	13.9%	13.5%
State	14.0%	4.3%	10.0%	9.1%
Local authorities	7.4%	3.1%	6.1%	6.1%

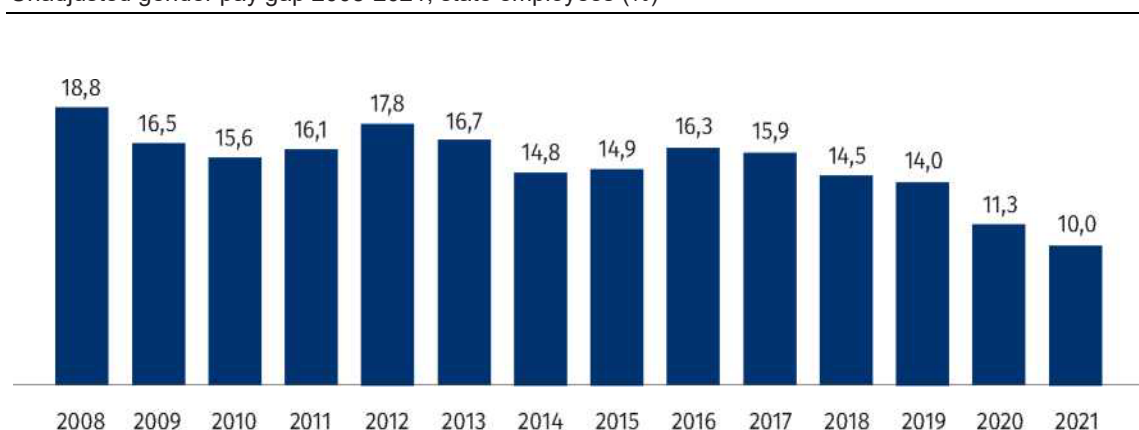
Taking varying working hours into account results in an *unadjusted pay gap*; if additional parameters are included, such as, for example, level of education, job and industrial sector, to clarify the wage gap the results is an *adjusted wage gap*.

If too many variables are used, it may result in the discrimination being underestimated, since the explanatory variables themselves, such as, for example, profession and **industrial sector**, may include discrimination.

The wage differential has previously been explained, among other things, by the fact that women were less educated, they had shorter work experience and were less likely to have been managers, that they chose different types of studies and career fields, and disappeared from the labour market for longer or shorter periods of time due to having children and other care responsibilities. The wage differential was therefore explained and even justified by women's choices and characteristics.

Wage studies show that the influence of individual-specific factors, such as education level and demographic factors, on the gender pay gap has decreased, but that gender-segregation of jobs and industries largely explains the wage gap that still exists.

Unadjusted gender pay gap 2008-2021, state employees (%)



Source: Statistics Iceland

The gender pay gap is not merely a statistical issue, but a socio-economic reality for women that affects their quality of life and economic situation throughout their lives. The figure shows that the wage gap among state employees has been narrowing. However, it still amounted to 10% in 2021.

For a woman with a salary of ISK 700,000 per month, a 10% salary difference means about ISK 80,000 per month, ISK 960,000 per year and over ISK 47 million during her working life. Not included in this are the effects on pension payments and the economic situation of women in their senior years.

Bearing this example in mind, it becomes clear that wage inequality can have a huge impact on the situation, independence and financial security of women for their entire lives.

7.1 What is meant by a traditional women's job?

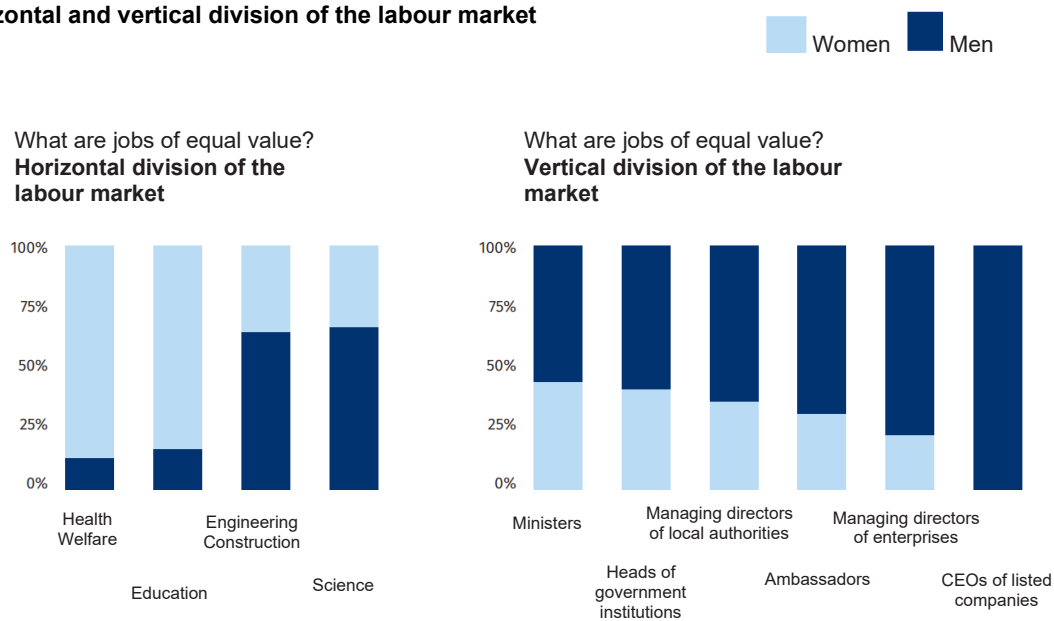
The reference to women's jobs does not imply that certain jobs are more suitable for women than other genders, but rather refers to the fact that women make up the majority of employees within certain occupational groups. The same applies to discussion of men's jobs. There is no single definition of what percentage of women there must be in an occupational group in order for it to be defined as women's work, but as a general rule this is the assumption if 60-65% of the total number of workers in the occupational group are women.

Through the ages women's obligations as carers have characterised their fields of endeavour, their choice of study and career and the historical role of women developed into the gender stereotype. Traditional women's jobs have often developed from work which women initially performed without pay, e.g. caring for children and sick or elderly people in their homes. With societal changes, these jobs were gradually performed outside the walls of the home and increasingly became paid jobs, while at the same time women began to perform a wider variety of jobs. From the beginning, women's jobs were paid less than traditional men's jobs, and women also generally received lower wages than men for similar jobs, for example with special wage rates for women.

This has led to undervaluation and often unconscious prejudice or bias towards caring and education work, the vast majority of which is performed by women. The consequences are the persistent gender pay gap, despite the fact that 70 years have passed since the adoption of the International Labour Organization's Equal Remuneration Convention and 60 years since equal pay for women and men became law in Iceland.

The figure depicts the so-called horizontal and vertical division of the labour market, illustrating what is meant by a gender-segregated labour market.

Horizontal and vertical division of the labour market



The horizontal gender division of the labour market illustrates how women and men perform different jobs in the labour market, and the gender division between sectors is conspicuous.

The vertical gender division refers to the fact that within sectors and workplaces, men and women perform different jobs with men more often at a higher power level than women.

8. Implicit bias

Reassessing the value of women's work is largely about correcting what is referred to as implicit bias. This is a complex phrase for a certain way of thinking that has long characterised our culture. We tend to value the masculine more than the feminine. Diversity expert Sóley Tómasdóttir has explained this as follows,¹¹ including, on the one hand, what is defined as the implicit bias of individuals and, on the other hand, the implicit bias of organisations:

“As adults, we are the product of gendered socialisation. We have been programmed to value the masculine over the feminine, which affects our day-to-day interactions, values and decisions. We tend to listen to men better than to women and to value men's contributions more than women's. At the same time, we make greater demands of women than of men with regard to their impeccable appearance, unblemished career and problem-free work-life balance. This affects our behaviour, work practices, decisions and work processes and creates a gender-segregated labour market, a gender pay gap and gender-based violence, to mention a few examples.

Not because we are mean or intend to discriminate. On the contrary, most of us consider ourselves to be decent people who would never act so unfairly.”¹²

And further with regard to organisations:

“This is no different from what happens in society in general. Enterprises and institutions all have adopted policies with fine promises of greater equality, equal gender ratios, the elimination of the gender-based wage gap, harassment and violence. Most of the policies have been around for decades, yet the problems all still exist.

The reason is that follow-up on the policies unfortunately is often neglected in the everyday hustle and bustle. Apart from major events, such as a financial collapse or epidemic, budgets and annual accounts need to be prepared, good relations maintained with stakeholders, goods and services sold and provided. All this has to happen quickly and smoothly, leaving no time to complicate matters with gendered analyses, discussions and reforms that cost time and energy.

And so, despite their fine words, enterprises and institutions continue to support and reinforce the gendered power structure.”¹³

8.1 Correcting the bias

Correcting the bias requires acknowledging the problem, finding time to examine decisions, and devoting time, energy, and resources to implementing policies.

In the pilot project with the four institutions, the goal was, among other things, to identify the factors that characterise jobs performed by women in the vast majority, i.e. the undervalued aspects of those jobs. The undervaluation may be historical or cultural. Things may have “always been this way” or we may feel that certain aspects are characteristically feminine or masculine. It is then necessary to stop and check for possible subjectivity or bias, and ask what factors are of particular importance for a specific job, regardless of who performs it and how they are evaluated. Is responsibility for people's welfare valued as highly as financial responsibility? Is emotional effort valued as much as physical effort etc.?

¹¹ <https://www.justconsulting.nl/14-januar-2022>.

¹² <https://www.justconsulting.nl/14-januar-2022>.

¹³ <https://www.justconsulting.nl/14-januar-2022>.

The following list, based on a New Zealand model, offers some insight into the basis of our ideas about women's jobs today. It is aimed at highlighting implicit bias which can affect how we assess the value of jobs.

Points to bear in mind:

- Characteristics considered feminine, i.e. natural for women, such as, for example, extensive personal communication, disturbance, demanding work environments, emotional effort, etc.
- Historical/social contexts that have caused certain occupations/work to be considered "women's work".
- The job is considered an extension of women's traditional and unpaid household and care work.
- Is the nature of the job considered "more suitable for women"?
- What are considered "*soft skills*" and characteristics related to them?
- Effect of the fact that the work was historically done by volunteers/unpaid.
- Is the job part of a single source, only one operator or wage payer? This applies, for example, to various public services.

9. Development of legislation and the equal pay provision

Provisions on equal pay for the same work or work of equal value have been on the statute books for quite some time. The legislation has been amended through the years and the current Act is No. 150/2020, on Equal Status and Equal Rights Irrespective of Gender (the Equality Act). The main objective of the Act is to prevent discrimination based on gender and to establish and maintain equality and equal opportunities for all genders in all areas of society.

The equal pay provision in Art. 6 of the Act states that women, men and persons whose gender is registered as neutral in Registers Iceland shall be paid equal pay and enjoy equal terms of employment for the same jobs or jobs of equal value. It also states that wages shall be determined in the same manner irrespective of gender and that the criteria used as a basis for determining wages may not involve gender discrimination.

Iceland has also undertaken international commitments that impose requirements on the government for specific legislation and interpretation and application of the law. Prominent among these are the ILO Resolution on pay equity and European Union conventions and legislation adopted under the EEA Agreement.

When the Equality Act was revised in 2020, the equal pay clause was amended and a reservation deleted which stated that the rule only applied to people who worked for the same employer. The explanatory notes to the amending bill discussed these changes, pointing out that this made the provision substantively in accordance with rules of European law. Reference was made to several judgments of the European Court of Justice, pointing out that the equal pay principle of the EU Treaty is not restricted to work for the same employer.¹⁴

Until now, the equal pay standard has only been applied to individual company registration numbers. The scope of the equal pay principle is, however, broader, as will be discussed in the following chapters, where references will be made to case law in Iceland and abroad for further clarification.

9.1 Case law in Iceland

A considerable number of judgments have been handed down in Iceland confirming the validity of the equal pay principle requiring equal pay for the same work or work of equal value in Iceland.

Supreme Court judgment no. 255/1996 concerns a woman and a man who both worked as broadcast technicians at Iceland National Broadcasting (RÚV). They belonged to different unions and therefore were subject to different collective bargaining agreements. The man received higher wages than the woman. The Supreme Court found that although the employees' work was governed by different collective bargaining agreements, this did not justify a wage differential. These were people doing the same job.¹⁵

Two judgments have also been passed concerning the Town of Akureyri. Those cases involved people in different jobs. In case no. 11/2000, the woman held the position of equality and education officer, while the man held the position of industrial affairs officer. Although they worked under different collective bargaining agreements, the municipality had introduced job assessment to determine salaries. The position of industrial affairs officer was accorded more points in the job assessment and the salary was therefore higher. The court stated that the objectives of the Equality Act would not be achieved if equal pay should only apply to persons within the same occupational group. Freedom of choice regarding union membership in the labour market had to be subject to the restrictions resulting from provisions of the Equality Act. The judgment goes into some detail about how to assess whether jobs are of equal value.

The conclusion was that the jobs had been so similar in their content and external framework that the

14 Judgment of the European Court of Justice in case C-320/00, AG Lawrence et al. v Regent Office Care Ltd. and the judgment of the European Court of Justice in case C-256/01, D Allonby v Accrington & Rossendale College.

15 Supreme Court Judgments 1997, p. 1008, case no. 255/1996, Equality Complaints Committee on behalf of Guðrún Erla Ólafsdóttir v the Icelandic Government and Iceland National Broadcasting.

woman had been subject to wage discrimination.¹⁶

The conclusion in case no. 258/2004 is similar. That case concerned a woman who worked as a department head at a social welfare institution and a man who worked as a departmental technician. The man's job had been accorded more points in the job assessment and a higher salary. Discrimination was also found to exist here, with reference to the comparable content and external framework. The municipality also argued that market considerations could result in a departmental technician receiving a higher salary because the qualification in question was generally more expensive on the labour market than other comparable ones. The Supreme Court rejected this argument.¹⁷

9.2 European case law

Iceland is a party to the EEA Agreement, and the authorities therefore need to fulfil its obligations under European law. The principle of pay equity for women and men has been in the EU treaties ever since the Treaty of Rome in 1957. The principle is currently found in Article 157 of the Treaty on the Functioning of the European Union (the Lisbon Treaty). Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006, on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, is also in force. In addition, Iceland must follow the case law of the European Court of Justice, as was done with the revision of the Equality Act which entered into force in 2021. The Court's interpretation of the requirement of the same employer, referred to as a single source, is the primary consideration in the context of this discussion. It means that if wage payments can be traced to the same party, the equal pay principle must apply to the jobs, even if the employment contracts are not with the same party. The principle cannot be applied more widely than that, because some one party must be in a position to be able to correct the discrimination.

In case C-320/00, *Lawrence*, the principle first appeared. In this case, the local authority had handled the cleaning and canteens in schools that were run by the authority. Subsequently, the services were outsourced to a privately owned company. Women who performed these jobs wanted to be paid the same as gardeners, garbage collectors etc., the great majority of whom were men. The wage differential was corrected for persons employed by the local authority. After their jobs were outsourced, the women complained again of discrimination. The court's conclusion was that since no single party was responsible for the discrimination, the equal pay rule did not apply to the case.¹⁸

ECJ Case C-256/01, *Allonby*, tested the rule again. In this case, a woman had worked as a sessional lecturer at a university. She was paid for the hours she worked. Her contract was later terminated and she was re-hired again through a temporary employment agency. She was not entitled to certain pension payments that permanent employees received. A UK court had ruled that she could not compare her terms of employment with those of a man who worked in a full-time position at the university. The case then went to the ECJ, where a decision was sought on whether it was possible to compare these two jobs, with different forms of employment, in connection with the equal pay principle of European law. The result was the same as in *Lawrence*, i.e. that it had to be possible to trace the discrimination to the same party, which also would be able to correct the wage differential.¹⁹

Case C-624/19, *Tesco*, also concerns the *single source* principle. In this case, women who worked in Tesco stores demanded equal pay with men who worked in distribution. They had employment contracts with different parties, both of which belonged to the Tesco Group. The result was that the women were entitled to comparison with the men, despite the fact that their employment contracts were not with the same enterprise. In this case, it was a question of the *same source*.²⁰

The difference between the *Tesco* case and *Lawrence* and *Allonby* is that in the case of *Tesco* there were connected enterprises, both were part of the same parent company, while the other cases involved contracts between two enterprises for the provision of services. In both of those cases, the wage payments

16 Supreme Court Judgments 2000, p. 2104, case no. 11/2000, Town of Akureyri v the Equality Complaints Committee on behalf of Ragnhildur Vigfúsdóttir.

17 Supreme Court Judgments 2005, p. 122, case no. 258/2004, Town of Akureyri v Guðrún Sigurðardóttir.

18 Judgment of the European Court of Justice in case C-320/00, AG Lawrence and Others v Regent Office Care Ltd.

19 Judgment of the European Court of Justice in case C-256/01, D Allonby v Accrington & Rossendale College.

20 Judgment of the European Court of Justice in case C-624/19, K et al. v Tesco Stores Ltd.

were not from the same party. The principle of same source must therefore be interpreted in this light. It is evident that enterprises within the same group are covered by the principle and that civil law contracts for the purchase of services are not. Based on the judgment in the Tesco case, different government institutions would be covered by this principle, since the government is all the same entity and wage payments come from the same source.

9.3 UK case law

In the past 10-15 years a number of equal pay cases have been heard in the UK. Most of them concern local authorities, who use job assessment systems; the job assessment system of local authorities in Iceland is based on the system most widely used there. The legislation in Great Britain is comparable to Icelandic legislation and is also based on EU legislation.

The so-called Birmingham case is perhaps the best known; it went all the way to the Supreme Court and the final judgment has had a major impact. Women who worked for the Birmingham City Council in home nursing, care and cleaning claimed they were paid less than men who worked in garbage collection, gardening, cemeteries and road construction. Although the jobs were accorded a similar place in the job assessment, the male occupational groups were paid bonuses that increased their wages significantly. The UK has a special Employment Tribunal, not unlike the Labour Tribunal in Iceland, which has jurisdiction in matters concerning employment relationships, including discrimination at work. The deadline for bringing a case before the Employment Tribunal is six months after the end of the employment relationship. Several women in women's occupational groups brought an action for pay comparison with the men's groups and won. Women who had ceased work also asked for retroactive correction of their wages but did not receive it. That case ended with the Supreme Court's judgment in 2012 which confirmed that the women could bring their claims to the ordinary courts, where the deadline for so doing is six years and not six months.²¹

The judgment has served as a major precedent and has had an impact far beyond Birmingham, e.g. in local authorities in Glasgow, Dundee and Coventry. Discrimination in these local authorities therefore involves a lot of money. In Birmingham, GBP 1.1 billion has already been disbursed, and according to an assessment made by the local authority in March 2023 another GBP 650-760 million remain to be paid. Additionally it points out that the liability increases by 5-14 million per month.²² In Glasgow, GBP 505 million was paid out in 2019 to settle 15,000 equal pay claims for the years 2006-2018. An estimated GBP 260 million remain²³ and payments for outstanding claims began in July 2023.²⁴ From this, it is evident that employers who fail to meet statutory requirements on equal pay for work of equal value face major financial risks, as the responsibility rests with them and not with employees. The scope of the risk depends on the size of the workplace in a broad sense (cf. the same source principle) and the number of employees in traditionally female jobs.

9.4 Case law in New Zealand

In 2013, a judgment was handed down in the Employment Court Auckland in New Zealand.²⁵ The case began when a worker who cared for the elderly objected that she and her colleagues, the great majority of whom were women, were paid too little compared to men doing jobs that were comparable in their scope and responsibility. At the same workplace, for example, men who worked in gardening were paid more than the care workers. Although a very few men worked in care and were paid the same as the women, the court refused to consider only them when determining whether there was pay equity.

The court emphasised that what was significant was that the care work in question had been systematically undervalued and referred to previous history in that regard. The aim of the equal rights legislation was to pay the same wages for work of equal value and if a man could not be found at the same workplace or in the same sector it might be necessary to apply a broader comparison, find jobs which were of comparable

21 Judgment of the Supreme Court of the United Kingdom of 24 October 2012, Birmingham City Council v Abdulla et al.

22 Birmingham City Council statement on Equal Pay update, 28 June 2023.

23 The 2021/22 audit of Glasgow City Council. Update on equal pay arrangements.

24 Equal pay claims - latest news, 13 June 2023.

25 Judgment of the Employment Court Auckland [2013] NZEmpC 157. ARC 63/12 Service and food workers union NGA Ringa Tota Inc and Terranova homes and care limited.

value when considering gender-neutral criteria.

The claim that it would be too complicated for workplaces to do such a thing was also rejected. The general objective of the New Zealand Equality Act is to prevent discrimination and to achieve equality between genders and the Act should be interpreted in that light, *inter alia* in accordance with social developments, developments in human rights issues and international commitments. The ILO Convention no. 100, concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, has been ratified there.

The case went to the Court of Appeal, which reached the same conclusion.²⁶ As the Supreme Court refused to hear the case, the decision of the Court of Appeal was therefore final. After that, numerous women received corrections, statutory amendments were adopted, and processes set up to facilitate the resolution of disputes, with the involvement of the social partners. The cost of these adjustments has been high and demonstrates the risks of not meeting the requirements of equal pay for work of equal value.²⁷

9.5 Summary, legal provisions and judgments

Under current legislation the pay equity principle of Icelandic law is twofold, involving

- assessment of which jobs are considered equally valuable, and
- assessment of whether the wages paid are considered equal.

Equal pay implies that equal wages must be paid for the same jobs. *Pay equity* implies that equal wages must be paid for jobs of equal value. Whether jobs are of equal value must be based on a comprehensive valuation. The Akureyri judgments are based on the conclusion that the jobs are comparable in their content and external framework.

The law does not limit comparisons to the same workplace, but requires that equal wages and conditions are guaranteed for equally valuable but different jobs, which may also be performed at different workplaces that are all part of the activities of an employer. The ECJ judgments reviewed above (Lawrence, Allonby and Tesco) confirm this.

It is important to bear in mind also the objective provision of the Act on Equal Status and Equal Rights Irrespective of Gender, as the main objective of the Act is to prevent discrimination based on gender and to establish and maintain equality and equal opportunities for all genders in all areas of society. The Akureyri judgments point out that the objectives of the Act would not be achieved if equal pay were only to apply to persons within the same occupational group.

In order to achieve pay equity, action must be taken to correct the systematic undervaluation of women's jobs. This can be compared to the result in the New Zealand case discussed above, as the objective of that law is comparable to the Icelandic one, and both countries have ratified ILO Convention no. 100.

Similarly, lessons can be learned from the UK equal pay cases, which are based on a job assessment that is comparable to that which local authorities in Iceland have used. The job assessment applies only to basic wages, while in assessing whether pay is equal all types of remuneration and terms of employment need to be considered, whatever form they take. The financial risk of not meeting the requirements of the law on equal pay for work of equal value is substantial.

10. Summary and principal conclusions

The pilot project on job valuation provides for a broader approach to assessing the value of jobs than has previously been used by the state. With the introduction of equal pay certification, government institutions have introduced equal pay criteria on which to base job evaluations; however, equal pay certification only

26 New Zealand Court of Appeal CA631/2013 [2014] NZCA 516. *Terranova Homes & Care Limited v Service and Food Workers Union Nga Ringa Tota Incorporated*.

27 Prime Minister's Office (2021). *Assessing the Value of Women's Work*. Proposals of the Prime Minister's working group on the reassessment of the value of women's work, pp. 33-34.

includes the evaluation of jobs and wages for each institution, and not for all state institutions as a whole. The pay equity principle of the Equality Act requires a broader approach than that, as it involves comparing different but equally valuable jobs across institutions. To build expertise in equal pay issues within the participating institutions, the pilot project began with education for the institutions on the content of the equal pay provision and how job evaluation can be carried out based on optimal knowledge to promote pay equity.

Pay equity principle of the Equality Act = Equal pay for work of equal value. Different jobs can be equally valuable. Whether jobs are of equal value must be based on a holistic assessment.

Data was gathered from the institutions themselves, including job descriptions, the criteria the institution had used for equal pay certification, job evaluation based on those criteria, and information on the composition of human resources and ranking of jobs. Finally, information from the institutions was used in workshops with the individual institutions.

In continuation of the work with the four institutions, the Pay Equity Agency prepared a draft evaluation system for the Action Group on pay equity and equality in the labour market. One of the proposals in this report concerns developing that system further in collaboration with the participating institutions and evaluating the jobs in the four institutions based on that system in a co-ordinated manner.

The results of the project concern formalising the parties' co-operation on specific measures in order to better follow up on the projects that have been worked on with the Task Force.

Proposals

The Task Force on Pay Equity and Equality in the Labour Market proposes to formalise the cooperation of the parties on specific measures to follow up on the projects that have been worked on with the Task Force. These include the following:

1

Work with the four participating organizations in the ongoing evaluation of all jobs will continue and a salary analysis carried out. Its objectives will include an estimate the cost of adjusting the wages of groups, depending on the outcome.

2

A collaborative project on a comprehensive evaluation system will be established, which will initially involve government institutions. This will be an important, long-term project, requiring the involvement of those parties with the best expertise and based on experience of such systems in Iceland and abroad.

3

The Prime Minister's Office, the Ministry of Finance and Economic Affairs, the Ministry of Social Affairs and Labour, and the social partners will establish a working group tasked with developing a negotiation process based on the New Zealand model, under the supervision of the State Conciliation and Mediation Officer. This includes establishing an accessible negotiation process to deal with equal pay demands of individuals.

4

The Prime Minister's Office, the Ministry of Finance and Economic Affairs, the Ministry of Social Affairs and Labour, the social partners and the Equal Pay Agency will work together to create a toolkit and educational materials that support collaborative projects on a comprehensive job evaluation system.

Statement from the Confederation of Icelandic Employers

The Confederation of Icelandic Employers (SA) participated in the work of the Task Force on Pay Equity that was appointed in the autumn of 2021. The Task Force included, in addition to SA, representatives from the Icelandic Confederation of Labour (ASÍ), BSRB, the Union of University Graduates (BHM), the Icelandic Teachers' Union (KÍ), the National Association of Local Authorities, the Ministry of Social Affairs and Labour and the Ministry of Finance and Economic Affairs. The report of the Task Force on Pay Equity on job evaluation is now available. It states that the group's task concerned only setting up a pilot project on the evaluation of jobs to analyse what aspects that characterise women's work may be undervalued. In the Task Force's work, the main focus was therefore on the pilot project conducted in certain selected state institutions.

In its report, the group presents four proposals that SA cannot accept without modification, in particular proposal 3 to develop a negotiation route based on the New Zealand model. The suggestion that a New Zealand-style negotiation process be developed is unexpected, as this was not part of the Task Force's work. The views of SA's representatives, that this proposal should be removed or altered to suggest that negotiation routes in general would be examined, were rejected. Furthermore, suggestions of SA's representatives for amendments to other proposals of the report were rejected.

SA objects to the proposal to develop a negotiation route for equal pay demands of individuals and unions based on the New Zealand model. The suggestion alone to choose New Zealand as a model is surprising, since the structure of the labour market in that country is completely different from that in Nordic countries, less than 17% of the workforce there is unionised and the minimum wage is determined by government legislation. The proposal concerns radical system changes to the Icelandic labour market and was submitted without a detailed examination of possible effects and consequences, for example, on collective bargaining agreements, having been made. In order for it to be possible to embark on such a system change as set forth in this proposal, it would be necessary, in SA's opinion, to conduct a more comprehensive dialogue between employers and all trade unions on this route so that a consensus can be reached.

Revaluation of the value of women's jobs must include a reassessment of the value of jobs irrespective of gender. If jobs are to be evaluated specifically for higher wages on the basis that women perform them more than men, no consensus is likely to be reached on this in the labour market. The unions are the lawful negotiating parties for their members' wages and terms of employment. If a special increase in the wages for certain women's jobs is to be achieved, it is therefore inevitable that a broad consensus must first be reached in the confederations of workers associations, on the one hand, and their counterparts in the labour market, on the other. The current arrangement for the conclusion of collective bargaining agreements, where each group follows an independent wage policy, is not favourable for achieving consensus in the labour market on the value of jobs. The prerequisite and the first step for change is that the above-mentioned workers' representatives commit to co-operation and collaboration and that labour legislation be amended to support the reform and further development of the labour market.