

# Pay equality 1/30/23



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The world has changed magnificently over the last 100 years as technological progress and democratic principles have made society more open-minded, tolerant and equal. As these things move forward, there are still social challenges that need to be taken care of. The gender gap remains a relatively stable phenomenon to this day, even though females have gained equal rights with males. In 2010, social entrepreneurs established The EQUAL-SALARY Foundation, a non-profit organisation, to fight for pay equity around the world. In words that are easy to understand, the Foundation presents data from the International Labour Organisation's Global Wage Report 2018/2019,<sup>1</sup> which states that globally women are paid 20% less than men on average. In the light of publication of the EQUAL-SALARY Foundation's annual report, we summarise key takeaways.

## Why is pay equality important today?

There is no doubt that everyone should be paid the same amount, no matter their gender, nationality or age. It's an important part of human rights protection and equal society. This may seem an easy goal to achieve, but the real situation shows it's not. According to the statistics, women in the EU are paid almost 16.2% (in Latvia 14.6%) less per hour compared to men in all types of jobs. The situation in Latvia is accurately described by Dagnija Lejina, a co-founder of Latvian women's rights organisation Novatore:

"A woman in Latvia earns only 85 cents for every euro earned by a man. Although women often have a better education and qualifications, they do lower-paid jobs and they also perform duties that are not paid at all, such as household chores, childcare, and caring for elderly parents".

The "Novatore Baltic Gender Equality Barometer 2022" shows that women are less likely to believe in equal pay for equal responsibilities. Male and female salary expectations also vary, with a difference of almost 200 euros. All these findings imply that the gender pay gap is caused by unfair stereotypes about different groups of people and cultural expectations.

At the same time, wages and salaries may vary not only according to gender but also experience and skills. Employees with lower skills tend to earn less than their advanced colleagues for the same performance. This can harm the productivity and loyalty of the discriminated staff, resulting in poor performance or even termination. The significance of pay equity cannot be underestimated as it plays a pivotal role for individuals who are assessing potential job opportunities. For instance, the new generations – the young talents – consider this point more carefully than others. Moreover, it's an important factor for any company that seeks to view itself as a modern workplace, as preventing pay discrimination helps companies ensure that all employees feel respected and fully valued for their work. This improves the workplace by creating a more welcoming, transparent and attractive atmosphere for workers.

## What is the EQUAL-SALARY Foundation?

The EQUAL-SALARY Foundation was established by Véronique Goy Veenhuys, a social entrepreneur and equal pay advocate. Early on, the organisation started to provide practical tools and instructions for employers to ensure pay equity in the workplace. One of its main activities is the EQUAL-SALARY Certification, which confirms the fair wage policy of companies around the world. This certification is not an empty extra point for reputation but it's becoming a new quality standard for the modern workplace. However, the certification process requires substantial preparation, as it consists of four stages:

1. Analysing salary data
2. Assessing the management's commitment to equal pay
3. Promoting the certificate
4. Monitoring for three years before the certificate becomes valid

The foundation has certificated companies in all continents, including DHL Logistics UAE, Cartier International SNC and Ferrari North America Inc, as well as PwC Switzerland and PwC Netherlands. Any company regardless of industry, country and size can apply to prove its commitment to equal pay for all employees.

## How can everyone be involved in this?

Along with the certification, there is an opportunity to become the foundation's ambassador or equaliser. The equaliser's main tasks are raising public awareness of the gender pay gap and promoting the foundation's values among businesses. As a volunteer, the equaliser has to participate in social activities to speak up and share the idea with other people. PwC Latvia is following this path, as our senior tax manager Irena Arbidane has become the Foundation's ambassador. We believe it's really important to help people discard stereotypes by teaching them. Together we can make our society fair and true to today's values, such as equal pay, which have already become a given. As the International Labour Organisation said - the urgent need to tackle the gender pay gap is no longer a debate, but rather the question is how.

You are welcome to watch a video recording of PwC's recent webinar "Diversity in pay and fringe benefits: present or future?".

We also encourage you to browse the Foundation's website.

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<sup>1</sup> Report 2022/2023 is available as well.