

Navigating Change: The EU Pay Transparency Directive – Insights and Practitioners' Notes from Sweden and Finland

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Agenda

1. Sweden - the current state
2. What do the Swedish guidelines say?
3. Finland – the current state
4. Three common themes:
 1. Increased transparency and burden of proof
 2. Equal pay and pay for performance
 3. New reporting requirements without a setup of new regulatory bodies

Sweden – the current state

1. Lönekartläggning

The basics of Equal Pay Analysis the foundation to the work on Equal Pay

- Conducted on a **yearly basis in collaboration** with Employee representative
- With a purpose to detect and prevent differences in pay between women and men
- Analysis of Pay policy and practices
- Three layers of pay analysis; **equal, equivalent and between different levels of equivalent jobs**

2. Feelings after the National guideline report launch:

1. Persistent Pay Gap
2. Impact of New Directive
"Closing the gap or only creating an administrative monster?!"
3. Union Concerns
4. Corporate Challenges

What do the Swedish guidelines say?

1. Salary policy and structures in place
2. “Lönekartläggningen” will be the basis for information
3. Key requirements for employers:
 - For job applicants
 - Information on exact starting salary or salary range
 - Salary-setting principles from the latest pay analysis report
 - Prohibition to ask current salary level
 - For current employees
 - Salary development for employees on parental leave
 - Employers with at least 100 employees must periodically complete a salary report with information on salary differences between women and men.
4. Salary report more details
5. New penalty structure
6. New tasks for the Equality Ombudsman

Finland – the current state

1. Gender pay equality

- The gender pay gap is relatively high, partly due to factors like gender segregation in education and in the labour market.
- Current gender pay gap in Finland is 15,6% which is well above EU average of 12,7% and Sweden's average of 11,1%:
- There are dedicated resources as public authorities and ombudsman for equality to supervise compliance with the Act of Equality between women and men.

2. Topical in Finland:

- Several discussions ongoing in the median on pay transparency – some what high level
- Some organizations are unprepared and underinformed about the directive and its everyday implications to organizational pay practices:
 - Important to understand the consequences of inaccurate job evaluation methodologies resulting in poor data quality, unfair salary setting and discrimination in worst cases
 - similar concerns as in Sweden for example on the notion of equal pay and whether or not the performance factor will be diminished

1. Increased transparency & burden of proof

- There is a clear shift in the positioning of employee/ employer responsibility
 - Job seekers perspective
 - Internal employees
 - Employers need to have a salary structure in place
- Practical preparations what will ease the pain:
 - The fundamentals in place (policies & practices)
 - Structures in place: job evaluation & job architecture, salary structures
 - Training & communication plan for increased awareness and ownership

2. Equal Pay and Pay for Performance

- Finding a balance between equal pay and performance-based compensation remains as a significant challenge.
- There is a fear of the Directive developing towards a more tariff-like salary setting approach, where employers fear to differentiate with the risk of being accused of discrimination. This would lead to at least changes in the pay for performance principles in organizations.

3. New reporting requirements without a setup of new regulatory bodies

- The growing role of the ombudsman on equality, is already set in Sweden's national guideline report, but what would be the situation in Finland?
- A clear increase in the requirements for reporting and communication in Sweden, and if Finland will develop similar guidelines as to Sweden there will clearly be an increased need for resources and budget.
- New reporting requirements leads to discussions at a societal level as well as budgeting challenges in both countries.

Thank you!
