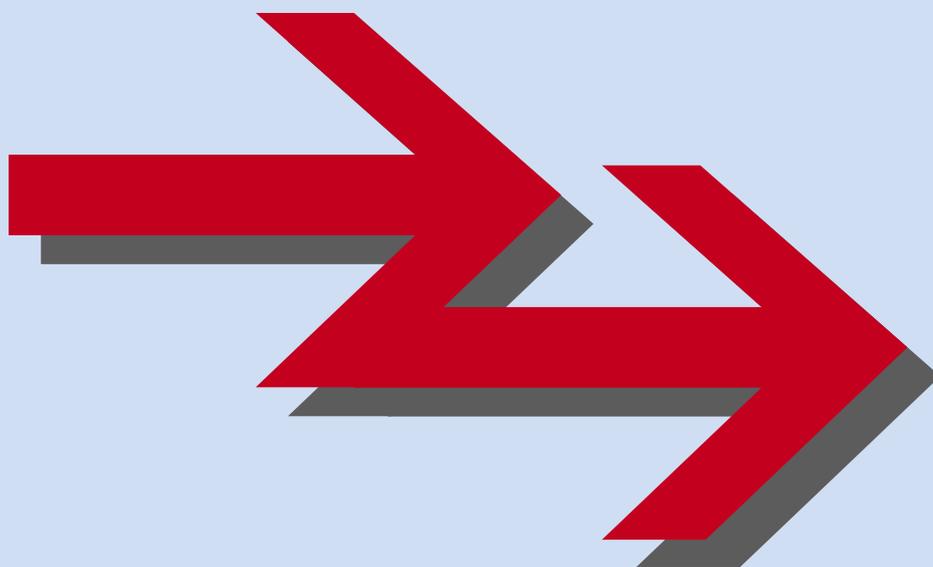


LEGISLATION CONCERNING WAGE SURVEYS, ANALYSIS AND EQUAL PAY ACTION PLANS

Report on Swedish Experiences by the Equal Opportunities Ombudsman, June 2003.



Legislation concerning wage surveys, analysis and equal pay
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Introduction

Since 1994, Swedish law has required private and public employers with at least 10 employees to conduct annual wage surveys. The rules were amended in 2001, and this report concerns JämO's findings after the change in legislation. Section 10 of the Equal Opportunities Act concerns wage surveys and analysis, and states that the purpose is to discover, rectify and prevent unwarranted differentials in pay and other terms of employment between women and men. Swedish legislation distinguishes itself in a number of ways in an international comparison. For example, pay differentials that are identifiable but cannot be explained, either on an individual level or a group level, shall be calculated and rectified as soon as possible but at the latest within three years (section 11). In this connection, it is interesting to note that pressure can be used by ordering fines if gender equality plans or wage surveys do not comply with the law (sections 34 and 35). Since wage surveys must be carried out every year, JämO has made it practice to no longer grant an extension of more than approximately six months. Since 2001, the trade union organisations on central or branch level may also apply to order fines. This change in the law was seen as an opportunity to vitalise the participation of local trade unions in wage survey work.

This English text is a summary of a report to the government made in June 2003. The original Swedish text includes detailed information on assessment made by JämO as well as a comprehensive section with appendices. The Swedish government has requested an in-depth report to be submitted on 1 October 2005. JämO plans to make an English summary that will be ready during autumn 2005.

JämO is a government agency with nearly 30 employees. JämO works to monitor the compliance of the Equal Opportunities Act and legislation on equal treatment of students at universities and institutes of higher education.

Short summary of the report

Up to now, the effects of the new regulations of the Equal Opportunities Act concerning wage formation have been minor. Among employers that JämO has assessed, the public sector has attained the best concrete results from their conducted wage surveys. Out of eleven government agencies, four were discovered to have unwarranted pay differentials due to gender. At two of these agencies, pay was adjusted for women as a collective group, and at the other two, adjustments were made for individual women. In addition, a number of the municipalities and the Government Offices (Regeringskansliet) were found to have unwarranted pay differentials, and adjustments were made as a result of the wage surveys.

Results were less explicit in the private sector. When JämO did a major survey of 500 enterprises, very few pay adjustments were granted, and in all cases, adjustments concerned pay for individual women. Methodological problems and a lack of interest most likely contribute to this rather dismal picture.

On the other hand, those apprehensions on regulations for wage surveys as a threat to the model for Swedish collective agreements have not come true. This was put forward as a major argument against the amendment in 2001. Furthermore, JämO is not aware of any litigation concerning pay setting in connection with wage surveys that has gone on to the Swedish Labour Court for resolution. Essentially, negotiations are still between the concerned parties, and not a matter for courts and lawyers. If anything, JämO finds the requirements on wage surveys according to the Equal Opportunities Act are in harmony with the newer collective agreements that often have clear formulations on requirements of objectivity in local and individual pay setting.

In summary, JämO finds that the more stringent formulation of the Equal Opportunities Act does not cause problems for wage formation, nor is it too weak to be an effective weapon against discriminatory pay setting. Instead, JämO finds that the application of the regulations of the law is deficient, and as a result, adjustments in pay levels have so far not been so frequent.

The number of enquiries and requests for advice and information indicates that the level of knowledge of both employers and union representatives at workplaces concerning wage survey regulations is low. A number of employers lack understanding of regulations and practice for pay and other terms of employment. Employers often had difficulty in using the available classification systems, in discerning between requirements of the work and the individual's ability, and understanding the meaning of work of equal value. But despite the many difficulties, results of the wage survey work showed that a number of the public sector employers could effectively use the methods that are available.

In summary, JämO finds that knowledge together with commitment have been decisive for results of the wage surveys for those employers that have been examined up to now. Increased knowledge, understanding and commitment in wage surveys are determining factors in obtaining results in the work for equal pay.

The concept of cooperation can be broadly interpreted in the Equal Opportunities Act. Therefore it is ultimately up to the local parties to agree on the forms for cooperation in wage survey work. In evaluating the major survey of 500 private enterprises, JämO has allowed Sifo Research International to ask employers to what degree they have cooperated with employees during the wage survey work. 68 per cent of employers questioned replied that cooperation occurred. Trade unions were not questioned, and so no clear conclusion on the level of cooperation can be drawn as of now. In the study of the major survey made by researcher Susanne Fransson, evidence of cooperation with employees is affirmed in slightly less than one fourth of the wage surveys that have been done. The right for trade union representatives to, according to section 12 of the Equal Opportunities Act, obtain the necessary information to cooperate in wage surveys has rarely been used.

In the Sifo survey, 21 per cent of employers replied that they had voluntarily provided trade unions with this information, while only 17 per cent said that this information had been specifically requested by trade unions. From the side of the trade unions, problems have been noted concerning the role of trade unions in the wage survey work. The lack of guidelines from a central source, together with the lack of detailed routines on the local level, have caused frustration and difficulty for those responsible for wage survey work. To partly break away from traditional trade union duties and work beyond the limits of collective agreements involves a challenge that remains to be mastered by the local trade union representatives.

In summary, JämO finds that the wage survey work still does not occur cooperatively between employers and employees, and that the forms for cooperation must be further clarified. This responsibility is firstly in the hands of the parties themselves.

So far, JämO has been generous in granting extensions for employers that have not been able to present acceptable wage surveys within the time limit. According to the rules, employers who report they have problems in making wage surveys are offered advice. When the major survey of 500 private enterprises was done, JämO decided to order fines in 20 cases. All employers submitted the requested information after they had received orders for fines. Written court orders were needed in only two of these cases. JämO has also presented reports before the Equal Opportunities Commission in two cases. Despite several requests and summons to discussions, the employers did not present the required supplementary information. One of these cases is currently being handled at the Equal Opportunities Commission. In two cases, the trade unions involved with the collective agreements have used the right to present reports before the Equal Opportunities Commission.

In summary, JämO finds that the possibility to order fines is an effective tool for supervision, and that the driving force of ordering fines has functioned well. JämO also finds it remarkable that the trade unions have not used their right to take legal action according to section 35 of the Equal Opportunities Act to press employers to conduct wage surveys and make adjustments of unwarranted pay differentials because of sex.

JämO monitors compliance with legal provisions of the Equal Opportunities Act

On 1 January 2001, new regulations on wage surveys, analysis and action plans for equal pay and employment terms entered into force. During all of 2001 and up until summer of 2002, JämO had set aside extensive resources to inform and train employers' organisations and trade unions on the implications of the changes in legislation. Monitoring activities have mainly been concentrated to the period beginning from the summer of 2002 and onwards. The major survey that this report refers to consists of:

- 500 private enterprises
- 20 employers in the call centre business
- 15 employers in the IT business
- Another approximately 10 individual private employers
- 11 larger government agencies and the Government Offices (Regeringskansliet)
- 3 universities or institutes of higher education
- Approximately 15 municipalities and county councils, mainly in Jämtland County

Comments on the legislation

Cut-off point - ten employees or more

According to section 10, the employer shall annually survey and analyse:

- Regulations and practice concerning pay and other terms of employment, and
- Pay differentials between women and men who perform work which is regarded as equal or of equal value.

These regulations apply to all employers regardless of the number of employees. However, employers with less than ten employees are not affected by section 11, which states that employers shall prepare a plan of action for equal pay. The same applies for the other proactive measures of the Equal Opportunities Act. Nonetheless, all employers shall, according to section 3, conduct goal-oriented work for equality in working life, as described in sections 4-10. A written gender equality plan is only required if the number of employees exceeds ten.

In Sweden, there are approximately 180 000 enterprises with 1-9 employees, and there are about 491 000 persons employed at these enterprises.¹ There are 18 300 enterprises in the group with 10-19 employees, and the number of employees in this group is about 246 000. The total number of employers that are included in the requirement of written documentation is about 35 000. The number of private enterprises with at least 10 employees is slightly less than 35 000. These enterprises employ about 2 080 000 persons. There are about 680 public sector employers with approximately 1 160 000 employees.

Private and public sector employers

Size of enterprise	Number of enterprises	Per cent	Number of employees	Per cent
1 - 9	180 029	83%	490 781	13%
10 - 19	18 388	9%	245 737	7%
20 -	17 193	8%	2 990 969	80%
Total, enterprises with employees	215 662	100%	3 727 487	100%

In the major survey of the 500 employers, a reference group of 20 enterprises with 10-19 employees was included. Of these, six were disqualified, since they had employees of one sex only, or the number of employees dropped to less than ten. In the first examination, four were approved "without complaint" and six were approved with an enclosed commentary letter. The other four employers were approved in the second round after the requested supplements had been carried out. The results for this group were therefore better than the average in the entire survey.

JämO has found that wage surveys and analysis of gender equality can very well be carried out with a limited amount of effort within enterprises. Furthermore, JämO found that the number of 20 employees seems to be a kind of limit for employing a person who has personnel administration as a core competence. However, personnel administration in many smaller enterprises is often handled as a secondary occupation. This invisible, or floating boundary in personnel policy competence within the enterprise could be a factor that influences how well the requirement of written documentation is met.

Regulations and practice concerning pay and other employment terms

The requirement of wage surveys and analysis of regulations and practice concerning pay and other employment terms has been a point that has caused many problems. This review is

¹ The statistical information is from Statistics Sweden's Business Register, 2003-05-23, www.scb.se/foretagsregistret

pivotal as it defines the frame of reference for the analysis of whether there are unwarranted pay differentials or not. Experience from JämO falls under the three following categories:

- 1) The parties do not seem to understand what should be done, or
- 2) Employer informs in the documentation that current collective agreements are followed, or
- 3) Employer is made aware that there are deficiencies in wage and salary policies at his/her enterprise

On the whole, the most common response is a lack of comments (point 1).

To give a collective agreement as a guarantee for pay setting on objective grounds without any further comments is not sufficient, especially if the collective agreement is a minimum wage agreement and there are different jobs/occupations (point 2). A similar situation applies if there are several collective agreements at the workplace, since an analysis of gender equality of work of equal value requires a comparison of different agreements. Areas of work where women dominate tend to have lower pay. In the case of *Enderby*, the Court of Justice of the European Communities has expressed that the condition of pay setting resulting from collective agreements that occurred separately for two occupational categories is not a guarantee that discrimination may still exist.²

Problems relating to point 3 reflect a lack of well-defined pay policy documents. Therefore it is not possible to make a satisfactory analysis based on individual pay setting. The employer will then often request an extension to more closely define how different jobs should be evaluated in relation to each other. In many cases, criteria for individual pay setting needs to be defined. Considering that up to twenty trade union organisations are working together, and that sometimes there is a need to secure the support at a political level, the employer can request extensions of up to two years. These problems are more frequent when examining some of the public sector employers.

Concept of pay

The Court of Justice of the European Communities has given a very broad interpretation to the concept of pay. Pay can include all forms of direct or indirect benefits that are a part of an employment agreement or employment conditions. The principle of equal pay must be applied to each separate employment benefit, and an overall assessment of the total of all employment benefits is not acceptable.³ Several reports have shown that there is a clear gender aspect on so-called wage and salary benefits.⁴

When comparing pay between manual and non-manual workers in the official statistics of Sweden, hourly wages are converted to monthly salaries. JämO has recommended that monthly salaries should be used, since wage surveys shall include all employees regardless of types of collective agreements. JämO has noted that it is difficult to find a consistent concept for pay when making comparisons. It is not just a matter of converting hourly wages to monthly salaries, but also to calculate the value of such things as shorter working days, how overtime is compensated, and the value of different pension terms.

² C 127/92, *Enderby*, section 22

³ See *Barber C 262/88* for further information.

⁴ See report from LO (Swedish central labour organisation) *Friheter och förmåner i jobbet*, Sven Nelander, 2003. *Anställningsförmåner "en fråga om kön?" En kartläggning av anställningsförmåner i Växjö kommun*, Elvi Richard & Betty Rohdin, Växjö University 2000.

Equal work and work of equal value

JämO has observed multifaceted problems in connection with equal work and work of equal value. Namely, it is difficult:

- to apply the available classification systems,
- to differentiate between the demands of the job and the individual's way to perform the job,
- to understand the concept of work of equal value,
- for JämO to reach a balance between the legal requirements and circumstances of individual employers.

Difficulties in applying available classification systems

In preparatory legal studies for equal work, it is recommended to begin with the existing classification systems such as the system used in the public sector (TNS⁵), or other systems. Many employers have complained that the divisions in the different occupations according to older classification systems have been too blunt to determine which occupations can be regarded as equal. In addition, the systems as a rule are not suitable for determining work of equal value. In some areas, the parties have initiated comprehensive and time-consuming efforts to revise and raise the quality of the system (for example, within the government sector or the banking and insurance sector). Sweden's official statistics on pay use the Swedish Standard Classification of Occupations (SSYK), which is closely affiliated with the International Labour Organization (ILO) standard ISCO-88 and the EU version ISCO-88 (COM) which is a further complication. The systems are not completely harmonised with each other.

Difficulties in differentiating between the demands of the job and the individual's way to perform the job

Some employers have found it difficult to distinguish between work as such with the way a person performs the work. These employers claim that a number of jobs indeed have similarities with the point in time when a person has recently been employed, i.e. concerning demands on knowledge and skills, responsibility etc. But as time passes, each job becomes so unique that it is hardly possible to claim that different employees are easily replaced, and that these employees could carry out the duties of others with ease. Then, jobs are no longer seen as equal, but possibly as similar or of equal value.

In this regard, we can ask if an analysis of equal work differs from an analysis of work of equal value. This question does not always have a clear answer. In more general terms, an analysis of equal work highlights criteria for individual pay setting, and if these criteria justify the existing pay differentials. In an analysis of work of equal value, the focus is pointed to the comparison of how a certain type of (female-dominated) work is evaluated in relation to other work.

However, this general description needs to be further refined in those cases where an employer argues that no work is equal on the whole, but there are many positions that are similar or of equal value that are performed by separate individuals. In these cases, it is important to make a similar analysis that is normally done for equal work, i.e. to analyse the differences in average salaries in relation to the criteria for individual pay setting.

⁵ The TNS system was replaced by the BESTA system in 2004.

Difficulties in understanding the concept of work of equal value

The concept of work of equal value is by no means an established and generally accepted reference among the parties of the labour market. Many discussions begin with employers explaining that most of the requirements of the Gender Equality Act were understandable except the question on classification based on demands of the job and the comparison of work of equal value. This problem is clear in JämO's major survey. Most of the employers have indeed made a wage survey. But the documents show that only a smaller share has more actively reasoned about the matter of work of equal value. The share of employers who report some form of evaluating the degree of difficulty in different occupations, i.e., on which grounds different occupations are considered to be of equal value, is less than 20 per cent.⁶

One explanation in this connection could be that the older wage survey regulations from 1994 did not include the concept pair of equal work and work of equal value, but used other terminology. Nevertheless, JämO notes that two of their legal cases concerning wage discrimination make the concept work of equal value more understandable.⁷ The cases concern salary comparisons between a midwife and a medical technician, and an intensive care nurse and a medical engineer. A reference to the verdicts makes it easier for many to understand which types of comparisons should be made, as well as the reasons behind the requirement for comparisons beyond labour agreement limits.

Finding a balance

JämO has accepted a more overall report of pay structures for some employers if a gender equality analysis of pay differentials probably would not provide further information. There are a number of smaller employers where women and men work at different levels and have different functions. One typical example is where women provide support and administrative functions are compared to men who are involved in occupationally specified core activities. JämO has often been satisfied with a more overall documentation from these employers.

The purpose of the law thus gives grounds for JämO to avoid requesting a detailed analysis in exceptional cases. Workplaces with employees of one sex only have not been required to take part in JämO's wage surveys.

Analysis and action plans

There is a clear internal ranking order between the three stages of wage surveys, analysis and action plans. Even in those cases where employers, via an analysis, have identified pay that should be corrected, there is often a lack of action plans that include both a cost computation and a time schedule.

In the major survey, JämO found a consistent pattern. Apparently, a wage survey that has been approved is, as a rule, accompanied by an extremely brief analysis that concludes that there are no unwarranted pay differentials. When checking these 500 private employers, JämO has noted that the analysis of gender equality has led to pay adjustments at about 3% of the workplaces.

⁶ Susanne Fransson, Lönekartläggning och handlingsplaner – en undersökning och analys av JämOs granskning hösten 2002, Göteborg 2003-04-10. Bilaga 2.

⁷ The Swedish Labour Court 13/01, Equal Opportunities Ombudsman ./ Örebro County Council. The Swedish Labour Court 76/01, Equal Opportunities Ombudsman ./ Stockholm County Council

At the same time, JämO has also noted that some public employers have allocated considerable sums to correct unwarranted pay differentials. These pay adjustments of several million Swedish kronor can be contrasted with the occasional pay adjustments of a thousand kronor or so more per month that came about in JämO's major survey. Interviews with four employers provide some evidence that the degree of admitting unwarranted pay differentials is related to the will to take on the knowledge on legislation. One of these interviews is included here in Appendix 2.

Report and evaluation from last year's plan

The requirement for annual wage surveys has existed since 1994. However, nearly all the cases examined by JämO lacked a report and evaluation of the planned measures from last year's a plan. Certain knowledge and routines are required of those responsible for pay reviews to identify pay differentials related to gender. Most of the employers examined by JämO had never done a wage survey before. A few of the employers had carried out wage surveys at irregular intervals.

Mainstreaming of gender equality issues on the enterprise level

Experiences from JämO's participation in the European Project on Equal Pay show that routines and knowledge to reveal changes from a gender equality perspective are lacking. In other words, key figures have not been defined.⁸ From a personnel policy perspective, examples of relevant questions are if an employer's gender equality policy corresponds to concrete results concerning pay differentials, and the representation of women and men at different levels in the enterprise. JämO is only aware of a few individual employers where the requirements of proactive measures according to the Equal Opportunities Act have been integrated into the most important steering document of the enterprise, i.e. the business plan.

Cooperation

There are a number of issues that JämO has noted concerning the regulations on cooperation between employers and employees. To what degree does cooperation actually exist, and whether the forms of cooperation are constructive are issues for discussions. In her study of JämO's major survey, Susanne Fransson noted that evidence of cooperation with trade unions occurred in less than 25% of enterprises' wage surveys.⁹ However, when Sifo interviewed employers in the major survey, 68% replied that cooperation with unions or other employee representatives had occurred. The Sifo report also informed that union representatives had asked for necessary information to be able to participate in the wage survey work at only 17% of the enterprises, according to information from employers. 21% of the employers informed that they had provided the unions with the necessary information.

The unions' right to cooperation in wage surveys gives rise to many questions of interpretation of section 12 of the Equal Opportunities Act. One of the most common questions is whether a union representative can demand to be involved with individual pay of non-union employees and members of other trade unions in order to cooperate in a gender equality analysis of pay.

⁸ Se www.equalpay.nu. For further information, read the section "facts and links" *THE KINGSMILL REVIEW: The pay gap and human capital management*. Report on non-legislative and cost effective measures to improve women's employment prospects and participation in the labour market.

⁹ Susanne Fransson, Wage surveys and action plans, p11.

JämO finds that section 12 of the Equal Opportunities Act together with the legal preparatory work give a clear answer on this issue.¹⁰ The rule on insight into individual pay setting is limited to those trade union representatives who are designated to carry out gender equality analyses in cooperation with the employer. In that respect, the local branch of the trade union is not given any general insight on pay of all employees. The question on the right of information has been a case for application of orders for fines from the side of one trade union organisation. When the local trade union received the requested information the application was withdrawn.

Views on how to carry out pay adjustments under the provisions of the Equal Opportunities Act are controversial. Should these adjustments be regarded as a part of the wage scope that the parties agree on, depending on traditional conditions of power? Or should those pay adjustments given in the action plans be regarded as a correction based on the fundamental principles of EU legislation on equal treatment and non-discrimination? In other words, should a question that concerns human rights in working life be handled in a similar way as costs for offences against the Work Environment Act, i.e. as something separate from the normal wage scope?

JämO has noted that the requirement for wage surveys beyond agreement boundaries in many cases involves questions about ingrained patterns that could lead to problems, particularly for union representatives. JämO finds that cooperation for wage surveys of pay differentials is characteristically different from those wage negotiations, which as a rule follow. Therefore, the cooperation group should not be regarded as a suitable forum for the sole purpose to look after the specific interests of union members alone. The group has a responsibility to guarantee that no unwarranted pay differentials occur, regardless of union membership or areas of pay agreements. Tension can occur in situations where those who conduct the analysis work formulate an action plan, while these people do not have the right to make decisions.

Further, problems can occur for the union representative when he/she explains that these pay adjustments do not primarily affect union members. Similar situations can occur in connection with participation in an evaluation group within a work evaluation project. To a certain extent, union representatives have received new roles to handle parallel to traditional union work.

Market factor

One could say that the requirement for annual wage surveys creates an arena for structured discussions between the parties. Parties shall first jointly examine whether the basis for pay setting is understandable and warranted. The next step is to analyse pay differentials from a gender perspective. Many collective agreements and cases from the Swedish Labour Court show that a shortage of labour could be a recurring factor that influences pay setting.

Probably, the market factor has bearing on pay setting for relatively many employers. In discussions with both employers and union representatives, JämO has received many questions regarding this issue. The discussions revealed that the verdicts of the cases concerning the midwife and the intensive care nurse are often interpreted so that a reference to the market factor is given a carte blanche when pay differentials cannot be precisely

¹⁰ Prop. 1999/2000:143, pp82-83 and p87.

explained.¹¹ A more detailed investigation on the concepts of shortage of labour or market factor does not as a rule seem to be necessary. Only in exceptional cases has JämO been able to see that the cooperating groups have more clearly defined how supply and demand of certain workers can be considered to influence the pay setting. In a gender analysis, local parties must decide if a reference to an apparent shortage of labour does not only explain a certain difference in pay, but also can explain the whole difference in pay.¹² The preparatory work makes it clear that the whole pay differential should be explained, and that it not enough to only give a number of possible explanations to a certain pay differential.¹³

In the material examined by JämO, there are two extreme examples that show how the concept of market factor, or “shortage of labour” is handled very differently.

In the first case, a private employer with about 250 employees and a gender-mixed labour force had done a serious evaluation of the work requirements for all employees. The employer used the methods described in JämO's guide "Steps to Pay Equity". In a comparison among groups of work of equal value, pay differentials were identified in average salaries between women and men in five of the groups to be between SEK 7 300 to SEK 24 300 per month. In the analysis that followed, these pay differentials nearly always referred to market forces. It is remarkable for an outsider to see how much time this employer had given to evaluate the demands of the work, which in turn justified some minor pay adjustments. In contrast, it is clear that the employer has not made any kind of investigation that examines if there really is a shortage of qualified labour that can explain the *whole* pay difference of SEK 10 000 – 20 000 per month.

The second case involves a municipality with some thousand or so employees, mostly women. This employer has also used JämO's guide "Steps to Pay Equity". Together with the evaluation of work and the wage survey, the employer has also included a report on the concept "shortage of labour". The employer informs his/her understanding of this concept, and briefly describes typical situations that exemplify how this issue can affect the pay setting. Then the employer presents a table including 13 types of work for which, according to the local labour market, it is difficult to find qualified labour. The table illustrates the median pay for each occupation within the municipality, the median pay within the country, and wage development in per cent during the last three years. The employer also states their goals for pay policies to equalise pay advances that are due to situations where there is a shortage of labour. In other words, there is clear information on the pay setting from the municipality management on how a shortage of labour on the local labour market should be evaluated and handled so that the pay setting is in line with pay policies.

Regarding questions from employers or union representatives, JämO replies that a number of points can help to limit the space for arbitrary evaluations when a shortage of qualified labour may affect the pay setting:

¹¹ The Swedish Labour Court 13/01, Equal Opportunities Ombudsman ./ Örebro County Council, the Swedish Labour Court, Equal Opportunities Ombudsman ./ Stockholm County Council and the Swedish Labour Court 51/01 The Swedish Government via the Swedish Agency for Government Employers.

¹² In Enderby, case C-127/92, discussions are held informing that market reasons can explain parts of a certain pay differential, but probably not the whole difference in pay.

¹³ Prop. 1999/2000:143, p74.

- Are sectoral statistics used when deciding if external market factors influence the pay setting?
- Is there a uniform viewpoint with trade organisations about occupations where there is a shortage of labour?
- Are there strategies to reduce the market-related part of pay if there is no longer a shortage of labour for a certain occupation?
- Have there been attempts to keep competent employees by being an attractive employer in ways other than by increasing pay?
- Upon recruitment, has the position been advertised more than once?
- Has the group that is normally seen as a recruiting base been internally or externally extended?
- Has the available personnel been trained/received further training?

Fines

General considerations

The point of departure for JämO's monitoring of regulations of wage surveys is to try to encourage employers to voluntarily comply with the provisions of the Equal Opportunities Act (section 31). Legislation makes no distinction of requirements for employers with 50 employees or 5 000 employees, perhaps with branches in several parts of the country. In practice, there are a number of factors that JämO considers when evaluating time limits for employees who need to conduct supplementary wage survey work. JämO normally takes into consideration the following circumstances: a) number of employees, b) forms for cooperation/lack of cooperation with employees' representatives c) if a precise time plan for planned efforts/supplementary work exists, d) formal channels of decision-making. For example, the team conducting the gender equality analysis of pay at a municipality involves securing the support of those at the personnel department, the political level and perhaps some twenty or so affiliated trade union organisations.

At the same time, opportunities for the Equal Opportunities Commission to order fines lead to certain limitations regarding time limits for providing supplementary information. Wage surveys are to be done annually, and the assessment of the Equal Opportunities Commission should naturally refer to a current document. Therefore, JämO's frame to grant an extension for supplementary information is usually between one and six months.

Another of JämO's considerations concerns supplementary information that is insufficient. It is often difficult to determine if an employer ought to be given another opportunity to provide supplementary information, or if the deficiencies are so great that an order for a fine should be imposed. If the remaining deficiencies are deemed to be of lesser scope, JämO may choose to inform what is expected of the employer in a letter. In these cases, JämO often writes that they intend to revert with a new examination at a later time.

In practice, JämO has shown a great deal of understanding, particularly concerning practical problems in organisations with many employees. Normally, JämO will then combine its monitoring role with an offer of consultation and/or training. Considering the background of the purpose for proactive measures, JämO has refrained from taking a stricter stand.

Orders for fines according to section 34 of the Equal Opportunities Act

JämO has the possibility to order an employer, subject to a fine, to submit information on conditions of the employer's activities that can have bearing to the ombudsman's monitoring work (see sections 33-34 of The Equal Opportunities Act). JämO took advantage of this option for the first time in connection with the major survey of 500 private employers. This occurred when reminder letters did not yield any results. JämO then decided to order fines for twenty of the 531 examined employers, in order to receive the requested information. The fines were set at a standard rate of SEK 10 000 or 20 000, depending on the size of the enterprise. Successful results occurred in 18 of the 20 cases. In two cases, JämO had to contact the police authorities who took care of orders of fines via a writ-server. As a result of the orders for fines, JämO received the information concerning wage surveys from all of the employers.

Orders for fines according to section 35 of the Equal Opportunities Act

JämO also has the possibility to report to the Equal Opportunities Commission concerning employees that do not follow any of the regulations in sections 4-13. These employees may be ordered to fulfil their obligations subject to a fine. Since 1 January 2001, this kind of order can also be directed towards governmental employers. In two cases, JämO has presented such orders before the commission in the "500 survey" where these employers, despite several requests and summons, did not present the supplementary information. The Equal Opportunities Commission is currently handling one of the cases. The amount of the demanded fine is SEK 100 000.¹⁴

In connection with the changes in the Equal Opportunities Act that occurred on 1 January 2001, trade unions, on a central level, in relation to which the employer is bound by collective agreements, have the possibility to present a report to the commission. However, a prerequisite for this is that JämO waives its possibility to present a report on the case in question. Up until now, two trade organisations have taken advantage of this new rule. In one of these cases, the purpose of the report presentation was achieved. The Equal Opportunities Commission wrote off the case from further handling, after the trade organisation was allowed to study the requested documents and information that was needed for cooperation in the wage survey work. The other case concerns a report from the Swedish Psychological Association regarding deficiencies in the wage survey work, analysis and action plan. The employer is the Stockholm County Council.

All in all, JämO has found that union representatives are usually aware of the changes in sections 10-12 of the Equal Opportunities Act, but at the same time, there is a lack of understanding for section 35 and the new possibilities for trade unions to take action, as allowed in these changes. JämO has noticed that the hopes of the legislator have not yet really been met. In the preparatory work, the insertion of the right for trade unions to take legal action before the Equal Opportunities Commission is motivated in that it can stimulate and vitalise the proactive local work and result in trade unions taking a greater responsibility in the work for gender equality.

¹⁴ The level of the fine is related to the size and turnover of the enterprise. In earlier commission cases, for example a smaller municipality, the fine was set at SEK 200 000. In an ongoing commission case (1-03) concerning a county council, the union has demanded a fine of SEK 400 000.

Conflict between legislation and collective agreements?

Some parties on the labour market have actually sometimes viewed EC legislation concerning equal treatment and non-discrimination as a threat to the Swedish model of collective agreements. In turn, this kind of viewpoint affects the will to apply the regulations of the Equal Opportunities Act. A quotation from one union periodical can serve as an example of the negative attitudes JämO is met with:

"To carry on lawsuits on discrimination is not only to set co-workers against each other in court. It is also to carry on lawsuits against one's own collective agreement. (...)The Swedish trade union movement should be careful not to become dependent on JämO, DO¹⁵ or the Armani-clad bureaucrats in Brussels. They don't care whether there is a collective agreement at the shop, the laundromat, the retirement home or the rental company. They don't take care of pay, work schedules or other benefits such as insurance. Those matters are, however, written in collective agreements.¹⁶

Development of EC legislation and ban on discrimination

In recent years, great strides have been made in EC legislation concerning formation of norms regarding individual rights for equal treatment. This development can be seen in the work with the European Constitution on basic rights. In working life today, there are directives banning discrimination that expressively include the concept *pay* in relation to ethnic origin, religion or beliefs, disabilities, sex, sexual orientation, age, part-time work and temporary work. An investigation concerning labour law (SOU 2002:56) proposed a ban on discrimination concerning parenthood. In contrast to collective agreement adjustments, the common denominator for these individual rights is that they are mandatory and cannot be derogated by employer and employees in consensus. Thus, these rights allow for a legal reconsideration of both employer decisions and agreement solutions. The development of more and more general bans on discrimination can be said to generate a general requirement of objective grounds for decisions made by management. When an employer needs to show that a decision does not have any connection to a number of various bases for discrimination, the only remaining alternative is one based on objective grounds.

Development of proactive measures

One of the ongoing developments within EC legislation is the possibility for EU member states to complement bans on discrimination with various forms of proactive measures.¹⁷ In the preparatory work for the Swedish Equal Opportunities Act, the supplementary connection between ban on discrimination and proactive measures has repeatedly been exposed. An interesting question is if the broadening of bans against pay discrimination to a number of other bases besides sex has bearing on the method for wage surveys, analysis and action plans as directed in the Equal Opportunities Act.

Tendencies in newer collective agreements

There is considerable evidence that the parties in certain areas of collective agreements seem to agree that the analysis model of the Equal Opportunities Act should form a basis when a current analysis is conducted before pay negotiations. However, this analysis must also include other bases for discrimination, or even a general quality control that the setting of pay is in fact based on objective grounds. Even in those agreements that do not directly refer to

¹⁵ DO is the abbreviation for Ethnic Discrimination Ombudsman

¹⁶ Article from LO periodical on 12 April 2002.

¹⁷ For an example, see EC Treaty article 141.4 and Directive 2000/43, article 5 and Directive 2000/78, article 7.

the Equal Opportunities Act, surveys and analysis of pay differences between the sexes are often built in to form a basis when pay is decided locally. The agreements normally include formulations that pay differentials that are "unjustified", "unwarranted" or "discriminatory" shall be taken care of in connection with the negotiations.

Those trends observed by JämO hardly support the misgivings that the development of legislation against discrimination is a threat to the Swedish collective model. Only a small number of employers have been confronted with reconsiderations of pay setting or agreements via the courts.¹⁸ Furthermore, to the best of JämO's knowledge, the local work with wage surveys and analysis for equal pay has not led to any reports of pay discrimination. The legislator has thus created a frame for a self-reconstruction process, but the parties are still in charge of the contents and the results. As mentioned previously, JämO or the Equal Opportunities Commission cannot invalidate the results of a certain analysis. The tendency of the formulation of collective agreements shows that the requirements of a joint analysis among the parties include the methods in sections 10-11 of the Equal Opportunities Act. But the requirements for analysis go one step beyond only including the gender aspect.

Integrating legislation and collective agreements

The following general pattern can be observed in the relationship between legislation and collective agreements. Between 1980 and 1992, collective agreements were the main legal sources for norms concerning gender equality. When the report "Tio år med jämställdhetslagen" (Ten years with the Equal Opportunities Act) noted a significant passivity from the parties, gender agreements were replaced by forced legislation.¹⁹ After the most recent change in the law on 1 January 2001, a new tendency can be seen in the formulation of wage agreements. Namely, agreements include texts about the need for coordination between wage surveys/analysis according to the Equal Opportunities Act and the local wage negotiations. In a report from the National Mediation Office, the trade union agreements on a central level have been divided into three categories:²⁰

1. Agreements that refer to the obligation to carry out wage surveys and analysis according to the Equal Opportunities Act. In this category we find some agreements for the government sector, civil servants and academics for municipalities and county councils, and the agreement for the insurance sector.
2. Agreements that include pay principles banning discrimination and rules that unjustified pay differentials shall be adjusted in connection with the local wage negotiations. Agreements for the engineering industry and other union agreements within industry are some examples.
3. Agreements that establish the principle of equal pay and order that wage surveys and analysis of the pay situation shall be done in connection with the local negotiations. Agreements for the hotel and restaurant industry are included here.

¹⁸ Since the introduction of the Equal Opportunities Act, the Swedish Labour Court has sentenced about one pay discrimination case every other year.

¹⁹ Tio år med jämställdhetslagen, SOU 1990:41.

²⁰ The National Mediation Office, 2002-10-31, No. 298/01.

Consequently, the parties have begun a process to integrate wage survey regulations into the collective agreements. However, after examining nearly 600 wage surveys, JämO notes that in many cases, the rather general formulations in the union agreements do not provide enough guidance. Interest from unions and employer organisations to work out guidelines that are more adapted to their particular industry or sector seems to have been limited up to now. JämO has time after time noted that local parties have been looking for more detailed guidelines from a central level. This was so when JämO checked the eleven government authorities, among others. There are only a few areas in collective agreements where the parties, on their own or jointly, have developed (non-legally binding) guidelines that give practical advice to the individual employer and the local union representatives. Another problem is that the various union agreements only regulate conditions among members in the respective organisations. Therefore, the National Mediation Office sees a need to include the same formulations on coordination for wage surveys among different agreement areas in the central agreements for each industry or sector.

Consequences for the wage formation process

Apprehensions about the changes in legislation

Swedish Parliament accepted the present regulations in autumn of 2000. A large majority in Parliament and all central union organisations supported the changes. One of the parties in Parliament and above all employer organisations expressed direct opposition. The most significant objections can be summarised as follows:

- *A move back to the old system.* Critics feared that the regulations for wage surveys would block an ongoing development, away from the centrally agreed wage system towards an individualised and differentiated wage formation. These critics felt that the proposal for changed legislation required a centralised wage formation model.
- *Governmental intervention in collective wage negotiations.* The parties' responsibility for wage formation would be hindered, since the government, via JämO would be given a more active and controlling role in the wage formation process. Critics also were afraid that a court would not approve the results of wage surveys and analysis. A court would probably lack the necessary information on the enterprise to be able to decide if the employer made a correct analysis or not.
- *Negotiations between the parties would be more difficult.* The legislation requires a comprehensive and costly project to evaluate the work situation, which considerably complicates the local wage formation process. Job evaluation as a method is subjective and unreliable. The current nomenclature for positions is sufficient to analyse any unwarranted pay differentials.
- *An invasion of privacy.* The obligation to submit information on pay for individuals might be in conflict with article 8 of the Council of Europe's Convention for the Protection of Human Rights²¹ and conflict with the protection for the negative freedom of association.

These points are partly taken up in this section or in other sections of the report.

Various types of agreements

Today's wage agreements vary from centrally established wage tariffs with practically no individual pay setting (the transport sector), centrally established pay advances in combination with funds available for local distribution (large parts of the private Swedish

²¹ The Council of Europe's Convention for the Protection of Human Rights and Fundamental Freedoms

central labour organisation sector) and the central government agreement with SACO-S (The Swedish Confederation of Professional Associations) where everything is decided locally without centrally defined wage scopes (known as agreements without figures). It is particularly problematic when different types of collective agreements are included in the same wage survey, and the identified wage adjustments are to relate to the "normal wage scope".

Today, most of the existing agreements state that the pay setting shall be individualised and differentiated. This model takes for granted that all employees are able to understand the principles on which pay is based. Consequently, individualised and differentiated pay setting implies that each separate employer reports how different types of work are evaluated in a structured manner, and that there are well-known criteria for assessment of individual qualifications which are also applied in practice. When the Equal Opportunity Act requires wage surveys and analysis, the sphere of comparison is usually the same as the sphere of the pay policy document, namely, all employees.

To meet the demands in the normal collective agreements that require a decentralised wage formation, the pay policy of the employer must have a clear structure. Usually, the pay setting is based on the questions *what* (are the job requirements) and *how* (the individual does the job). This approach is well in line with the demands of analysis according to the Equal Opportunities Act. Section 2 of the Equal Opportunities Act defines the criteria to be used when demands of the job are to be clearly defined. These criteria only constitute a codification of case law when the question of a comparison of different work but still work of equal value has come up.

A common problem that JämO has run into in connection with checking employers' wage surveys etc. has been that, in many cases, it is clear that the employer has had difficulties in reporting the current pay policy in other than more general terms.

Visible results concerning pay adjustments

Of the 500 employers that have been included in JämO's extensive survey, less than 20 employers have identified unwarranted pay differentials, i.e. about four per cent. In all these cases, pay adjustments were made on an individual basis, and not as a group of employees who have been wrongly evaluated. At eleven of the larger government agencies that JämO checked, unwarranted pay differentials were found at four of them. In two cases, the adjustments concerned separate individuals. More structural pay differentials between women and men were found at the other two agencies, and the women were then given higher pay. At one of the agencies, the difference between average pay between women and men was reduced by ten per cent as a result of these particular efforts. The number of employees at these agencies varied between 1 200 and 6 500.

At the same time, JämO has noted large contrasts in the results of the pay analysis in comparable activities such as in municipalities. As a result of the pay analysis, some employers have set aside special funds for pay adjustments. One municipality with about 6 000 employees has annually set aside SEK 6 million, which within three years will result in SEK 500 more a month above and beyond the existing wage scope. Another municipality with about 32 400 permanent employees has set aside a total of SEK 40 million, of which SEK 35 million will be distributed during the first year. One administrative government agency with about 4 000 employees has so far identified pay differentials that will be settled for an amount of SEK 6.5 million.

All in all, JämO has assessed that the changed regulations for wage surveys have so far not particularly influenced wage formation or pay differentials in general. The few exceptions confirm the rule. In all cases, those pay adjustments that have been identified are the result of the analysis carried out by the local parties. JämO does not know of any cases where the Swedish Labour Court has taken an active role in the wage formation process. Further, JämO has not seen any cases where disputes concerning the changed regulations on analysis and action plans have resulted in the filing of discrimination reports (sections 15-17 of the Equal Opportunities Act) where the Swedish Labour Court has in turn had to take a stand. In the case of a report according to sections 10 and 11, i.e. the proactive measures, JämO sees only slight possibilities for the Equal Opportunities Commission to invalidate the results of an analysis. The task of the Commission is to examine if an analysis has been carried out according to the law. However, the Commission does not take a stand on whether the results are equitable or not.

The fact that nearly all employers in JämO's survey lack reports and evaluation from last year's plan shows that the mandatory regulations that were introduced in 1994 have largely been ignored by the parties. More to the point, one could say that the changes in legislation in 2001 have resulted in employers living up to the level that has been in force since 1994, i.e. to perform wage surveys that take into account the concepts of equal work and work of equal value.

For the time being, knowledge about the methods to analyse a pay structure from a gender perspective seems to be limited. Likewise, there seems to be considerable uncertainty at workplaces about how cooperation should be made with ordinary routines during pay negotiations. According to JämO, the fact that the differences in outcomes of a pay analysis are significantly large among the various government employers or among municipalities indicates that the degree of discovering unwarranted pay differentials increases with the degree of knowledge on how to carry out a gender equality analysis. These comments also apply to the private enterprises that were included in JämO's major survey.

In a report based on a study of all of the files in the major survey of 500 private employers, we find the following commentary:

"One the whole, it appears that women in private enterprises, who carry out the same work as their male colleagues, are generally younger, have been employed for a shorter time, have less education and even achieve less than their male colleagues. One question I must ask here: Can this really be true in 2002?"²²

Other effects that could influence wage formation in the future

In addition to the direct wage survey work, JämO has noted a number of parallel processes that have been initiated that by and large could be seen as the start of integration or mainstreaming of a gender perspective when setting pay. These "side effects" will undoubtedly contribute to more long-term and lasting changes in attitudes on the labour market:

- The demand for information and participation from JämO concerning the new rules has been very extensive. JämO has noted that those who have been present are often managers in charge of pay setting or union representatives responsible for wage negotiations. JämO

²² Susanne Fransson, Wage surveys and action plans, p10.

was able to get in contact with these categories to a much lesser degree before the legislation change took place.

- The change in legislation has markedly stimulated the development of tools for pay analysis. Above all, this development of methods can be recorded for certain trade unions and employer organisations, consultants and JämO.
- The joint work among the parties has in some places begun to assure quality of existing classification systems or make revisions to better harmonise with the concepts of equal work and work of equal value in the Equal Opportunities Act.
- Another sign of initial mainstreaming that has come about after the change in legislation is that clear instructions have been given in collective agreements on a central level on how to coordinate wage surveys with local wage negotiations.
- This trend has been strengthened by the National Median Office, which, as assigned by government, has paid attention to the importance that the central collective agreements are constructed so that the agreements promote the work on pay issues of the local parties from a gender perspective.

Closing comments

In Appendix 2 of this report, we give an example of one employer's experience that proactive work on equal pay gives added value for personnel policies on the whole. JämO is aware that this understanding is not shared among all employers. Some feel that the regulations for wage surveys bring on fees for consultants amounting to tens of thousands of kronor to meet the requirements of JämO, and that as a rule, the analyses only confirm that the pay setting is already based on objective grounds. In the major survey, JämO found this view to be partly true. At nearly four per cent of the enterprises, a need to make pay adjustments as a result of the gender equality analysis was identified. On the other hand, in connection with other surveys, JämO has found considerable contrasts in the results of the pay analysis in comparable activities, municipalities for example. Some municipalities have set aside special funds for wage adjustments amounting to millions of kronor, while others have not found any unwarranted pay differentials at all. JämO has noted that knowledge on methods to analyse wage structures from a gender perspective is still limited. There is probably a connection between the ability to discover unwarranted pay differentials and the level of knowledge of how a gender equality analysis is to be carried out.

In summary, the changes in requirements have not led to the chaos some sceptics on the Swedish labour market had feared. On the other hand, the optimists ought to be disappointed when the hopes that unwarranted pay differentials between women and men would by and large be eliminated by the insertion of the "three year rule". After nearly two and a half years with the changed regulations, the situation can be described as though the runners have just started the race instead of nearing the finish line.

JämO finds that it is too early to say if the regulations have led to the impact that was intended. Union representatives and employers need more time to integrate wage survey work and analysis with existing routines and pay policy work.

For more information on pay issues etc., see www.jamombud.se/en/ or contact Anita.Harriman@jamombud.se and Eberhard.Stuber@jamombud.se

**Excerpts from the Equal Opportunities Act 1991:433
(including amendments up to and including SFS 2000:773)**

Appendix 1

Section 2. Employers and employees shall co-operate as regards active measures to ensure that equality in working life is attained. They shall in particular endeavour to equalize and prevent differences in pay and other conditions of employment between women and men who perform work which is regarded as equal or of equal value. They shall also promote equal opportunities for pay development for women and men.

Work is to be regarded as of equal value with other work if it, on an overall assessment of the requirements imposed for the work and its nature, may be deemed to be of equal value with the other work. The assessment of the requirements imposed for the work shall be made taking into account criteria such as knowledge and skills, responsibility and effort. When assessing the nature of the work, particular regard shall be taken of the working conditions.

Section 10. With the purpose of discovering, rectifying and preventing unwarranted pay differentials and other terms of employment between women and men, the employer shall annually survey and analyse

- regulations and practice concerning pay and other terms of employment that are applied with the employer, and
- pay differentials between women and men who perform work which is regarded as equal or of equal value.

The employer shall assess whether the existing pay differentials are directly or indirectly connected to sex. This assessment shall in particular relate to differentials between

- women and men who perform work which is regarded as equal, and
- groups with employees who perform work that is or is usually regarded to be female dominated and groups with employees who perform work which is regarded as of equal value with such work but neither is nor normally regarded as female dominated.

Section 11. The employer shall each year prepare a plan of action for equal pay and therein report the results of the survey and analysis in accordance with Section 10. The plan shall state what pay adjustments and other measures are necessary to be implemented to attain equal pay for work which is to be regarded as equal or of equal value. The plan shall contain a cost computation and a time schedule with the aim that the pay adjustments that are necessary shall be implemented as soon as possible and at the latest within three years.

A report and an evaluation of how the planned measures were implemented shall be included in the plan of action for the following year.

The obligation to prepare a plan of action for equal pay shall not apply where the employer had less than ten employees at the end of the immediately preceding calendar year.

Section 12. The employer shall supply an employees' organization in relation to which the employer is bound by a collective bargaining agreement, with the information that is necessary to enable the organization to collaborate in the survey, analysis and preparation of a plan of action for equal pay.

If the information concerns data relating to pay or other circumstances that affect an individual employee, the rules of confidentiality and damages contained in Sections 21, 22 and 56 of the Employment (Co-Determination in the Workplace) Act (1976:580) apply. The provisions of Chapter 14, Sections 7, 9 and 10 of the Secrecy Act (1980:100) apply in public activities.

Appendix 2

Interview with Björn Seve, Planning Manager, City of Göteborg Integrating legislation, collective agreements and wage formation

1. Describe briefly how changes in wage formation during the last 10 years that have become more individualised and decentralised have affected pay policies of the municipality.

City of Göteborg: Individualised and more decentralised wage formation has made it necessary to clarify how individual pay is formed. In the municipality of Göteborg, this has taken place in the form of a "Pay policy for the City of Göteborg". Among other things, this guide informs the basic principles for pay setting for individual employees, and pay is differentiated by taking into account the level of difficulty of the work, how well the employee fulfils the work requirements, results and incentives of the employee, as well as any needs to adapt to the situation on the labour market. Pay policies also include a description of how the level of difficulty should affect pay. This is in the form of a pay curve and pay boxes that state the desired wage dispersion in occupations with different levels of difficulty.

Since the level of difficulty of the work is an important criterion for individual pay setting, the municipality of Göteborg has also found it necessary to conduct an evaluation of all positions/occupations. As a result, we have been able to note that by and large, we are not able to live up to our pay policies. Accordingly, the municipality has decided to make individual pay evaluations beyond the annual pay evaluations - for groups that do not reach the levels stated in the pay policies.

Other consequences of individualised pay setting include a requirement for comprehensive training of management to clarify: 1) how we obtain criteria, how to conduct pay discussions, etc., 2) how we set levels of difficulty for different occupations, and 3) the role of pay policies when defining the pay level for newly recruited personnel in the annual pay evaluations and to observe wage adjustments for special target groups. To deal with these issues, we have worked out a training program adapted to the municipality that all management will go through.

2. If you reflect on the changes in the wage surveys of the Equal Opportunities Act that were carried out on 1 January 2001, how have these changes affected the organisation in terms of the pay policies and wage negotiations?

City of Göteborg: In Göteborg, pay policies were decided before the changes in the regulations for wage surveys in the Equal Opportunities Act were carried out. As a result, we were further motivated to continue the work we had already begun. Since the pay policies of the municipality lead to changes of relative wages, the requirements of the Equal Opportunities Act are probably a necessary ingredient. Opposition to change in relative wages can be extremely great, and then it is gratifying to have support of legislation.

3. Have the regulations for wage surveys contributed towards the development of activities and the work for personnel policies? If so, how?

City of Göteborg: As seen, we have already begun the wage survey work as a result of our pay policies, and so the regulations for wage surveys actually helped to carry out pay policies.

4. *Have you encountered any problems in following the regulations of the wage surveys of the Equal Opportunities Act? If so, please explain.*

City of Göteborg: We do not see the regulations of the wage surveys as a problem, but perhaps the rules for analysis can cause problems, even if this has not yet occurred. In the City of Göteborg, we compare pay for work where women dominate with those goals we have listed in our pay policies. A women's group can then attain these goals, but at the same time we can have occupations dominated by men with the same degree of difficulty (work of equal value) that are higher paid than what is given in our pay policies. In these cases, we define pay for these men as being set too "high" as an effect of the market. At the same time we note that we have very large groups of women for whom we do not live up to our pay policy goals. We are trying to alleviate this problem. In the long-term, we strive to reach such levels in our pay policies so that we attain the levels where our "highly paid" groups are today. However, this will take several years, since costs are very high.