

Distr.: General
26 April 2023

English

Economic Commission for Europe

Conference of European Statisticians

Group of Experts on Gender Statistics

Geneva, Switzerland, 10–12 May 2023

Item A of the provisional agenda

Gender pay gap and income inequality

Measuring Gender Income Gaps in Switzerland

Note by Federal Statistical Office Switzerland*

Abstract

Responding to a request of a parliamentarian in 2019, on 7 September 2022 the Swiss Government adopted the report elaborated by the national statistical office on the recording of the gender overall earnings gap and other indicators on gender-specific income differences. It provides new key figures for Switzerland and places them in relation to existing indicators. In addition, the report also offers interpretation aids to help place the results in an economic, social and institutional context. This paper summarizes the results of the report.

I. Introduction

1. Despite the progress made towards equality between women and men, gender inequality still exists in Switzerland, namely the income situation resulting from employment and old-age provisions.
2. Women's working lives used to be, and in some cases still are, characterised by interruptions and part-time employment, primarily due to family reasons. Gender inequalities in the

*Prepared by Katja Branger

NOTE: The designations employed in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

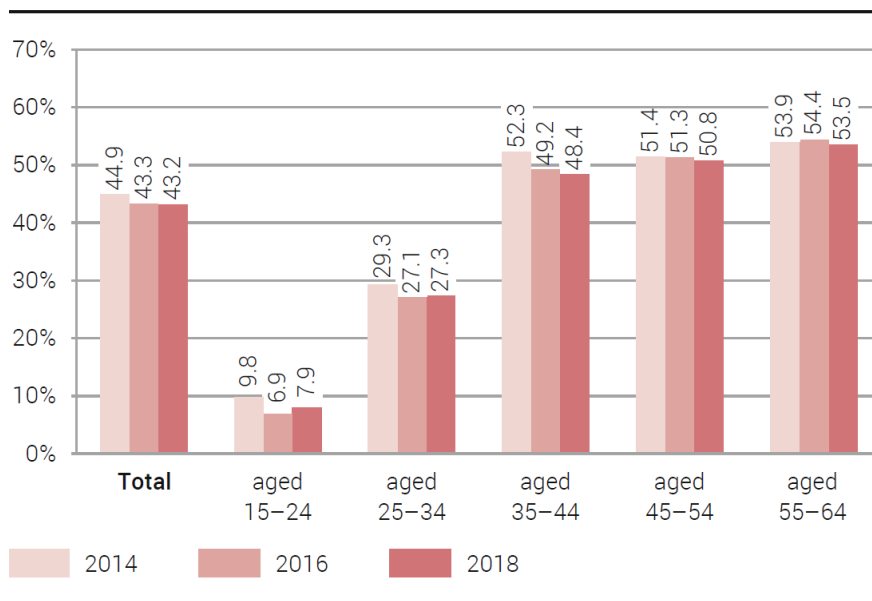
working environment, e.g., in terms of career opportunities as well as the differences in wages, also influence their income situation.

3. The available data sources allow gender income inequality to be depicted in a detailed manner. The key figures and indicators presented in this paper amount to a picture of income differences between women and men.

II. Gender overall earnings gap (GOEG)

4. The gender overall earnings gap (GOEG) is a synthetic indicator that measures the income gap between working-age women and men aged 15 to 64. It takes into account the following three factors:
 - 1) differences in gross income from employment per hour,
 - 2) differences in hours worked per month, and
 - 3) differences in labour force participation.
5. In 2018 the GOEG for Switzerland was 43.2%. This means that women's income, based on all hours worked from age 15 to 64, is 43.2% lower than that of men. The value of this indicator decreases with time. Breaking down the indicator values according to age groups shows that the GEOG increases with age.

Graph 1
Gender overall earnings gap (GOEG) according to FSO by age group, 2014–2018



Sources: FSO – SLFS, ESS, CCO, OASI

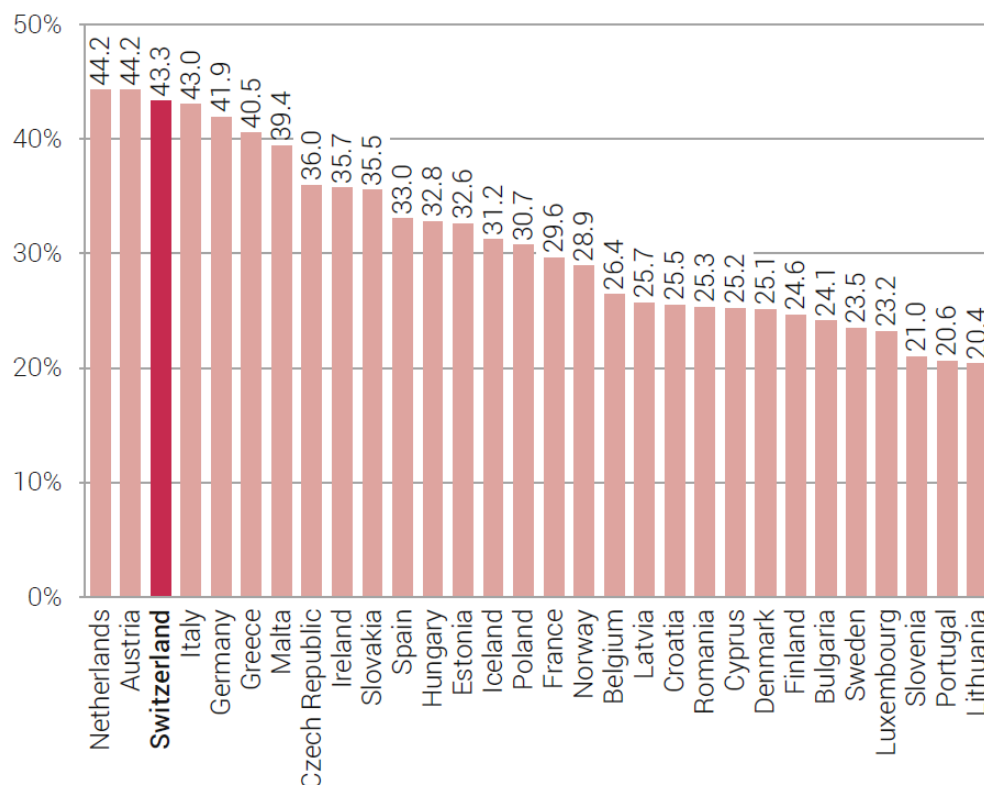
© FSO 2023

A. International comparison

6. In comparison to the rest of Europe, the gender overall earnings gap in Switzerland is relatively large. This is mainly due to the high proportion of women who work part-time. The GOEG is above 20% in all EU countries.

7. Despite the differences in methodology, the GOEG calculated by Eurostat for Switzerland with a value of 43.3% in 2018 differs only slightly from the GOEG according to the "Swiss method" (43.2%).

Graph 2
Gender overall earnings gap (GOEG) according
to Eurostat, 2018



Source: Eurostat

© FSO 2023

8. Further information about the calculation methods of Switzerland and Eurostat is available in the report available in German and French¹.

B. Components of the GOEG

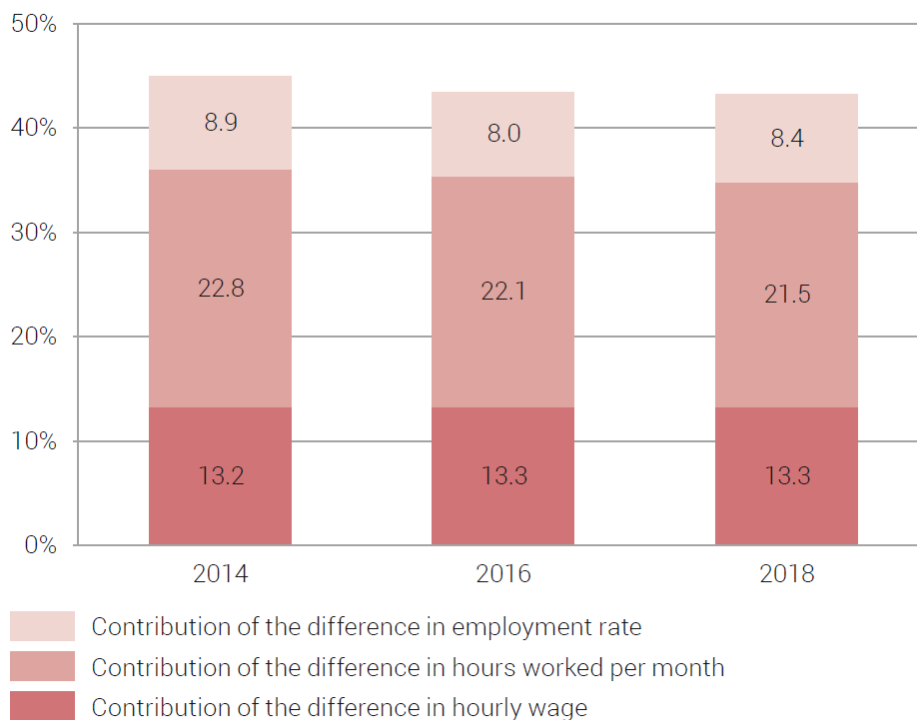
9. The most influential component of gender inequality in GOEG in Switzerland is the difference in the number of hours worked per month. An entire 21.5 percentage points of the 43.2% of the GOEG in 2018 are attributed to this component, followed by the hourly

¹ German: <https://www.bfs.admin.ch/bfs/en/home/statistics/economic-social-situation-population/gender-equality/income.assetdetail.23325426.html>

French: <https://www.bfs.admin.ch/bfs/en/home/statistics/economic-social-situation-population/gender-equality/income.assetdetail.23325425.html>

earnings component, which accounts for 13.3 and the employment rate component, with 8.4 percentage points.

Graph 3
Gender overall earnings gap (GOEG) according to FSO by components, 2014–2018

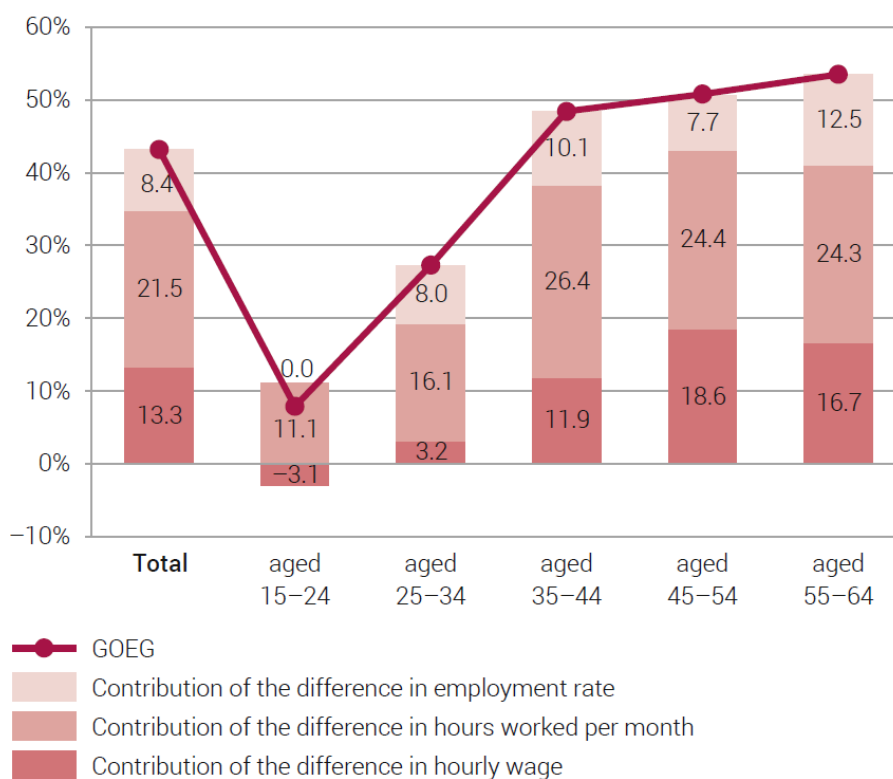


Sources: FSO – SLFS, ESS, OASI

© FSO 2023

- Breaking it down by age group shows that, with one exception, all three components of the gender overall earnings gap are in favour of men and that the influence of these factors increases significantly between 15 and 44 years of age. The exception is the difference in hourly earnings, which is only in favour of women in the youngest age group, the 15- to 24-year-olds.

Graph 4
Gender overall earnings gap (GOEG) according to FSO
by components and age group, 2018

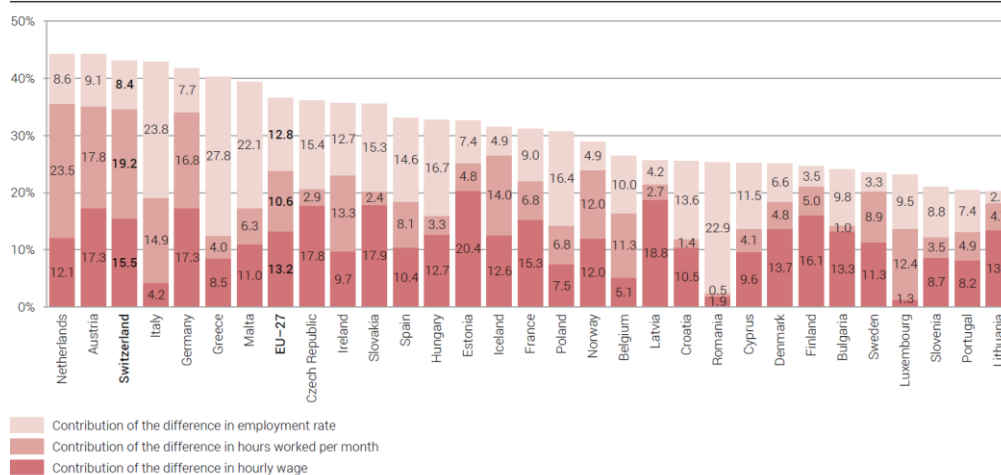


Sources: FSO – SLFS, ESS, OASI

© FSO 2023

- Compared to other European countries, the gender gap in Switzerland is small in terms of labour force participation and large in terms of hours worked per month, yet does not differ greatly from the EU average in terms of hourly earnings.

Graph 5
Gender overall earnings gap (GOEG) according to Eurostat by components, 2018



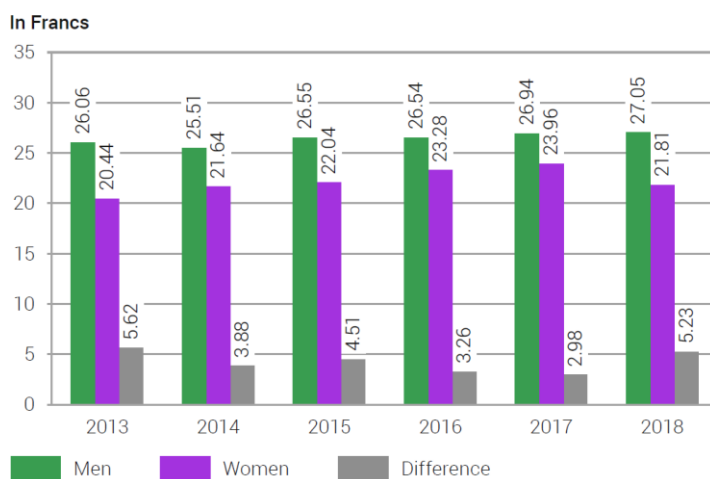
Source: Eurostat

© FSO 2023

III. Income of self-employed persons

12. The hourly earnings of self-employed persons are higher for men than for women. Compared with 2013, income levels have increased, and those of women more than those of men, thus narrowing the gender gap.

Graph 6
Average gross income from employment per hour for self-employed persons by gender, 2013–2018

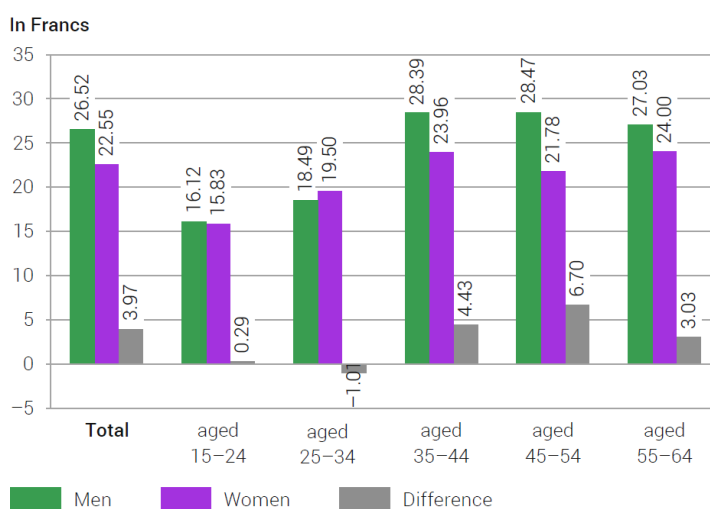


Sources: FSO – data from OASI, modelling by SFLS

© FSO 2023

13. If considered according to age groups, the picture for self-employed persons looks similar to that for employees. While the differences among younger persons aged 15 to 24 and 25 to 34 are very small, the situation in the higher age groups changes significantly in favour of men.

Graph 7
Average gross income from employment per hour for self-employed persons by gender and age, average values 2014–2018



Sources: FSO – data from OASI, modelling by SFLS

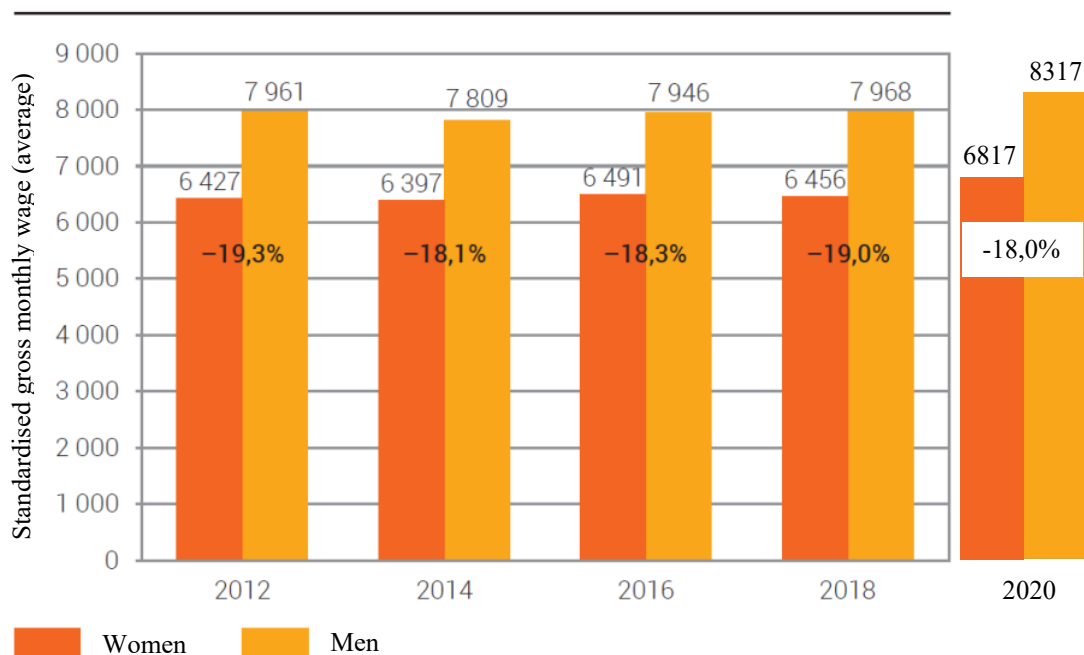
© FSO 2023

IV. Gender Pay Gap

14. On average, women's wages are much lower than men's. The standardised gross monthly wage (average)² of women in the total economy was 6817 francs in 2020 and that of men 8317 francs. This represents a wage gap of 18.0% (also called unadjusted gender pay gap).

Graph 8

Evolution of the average pay and gender pay gap, 2012-2020, total economy



Sources: FSO – Swiss Earnings Structure Survey (ESS); calculation: Kaiser & Möhr (2021, ESS 2018), Kaiser & Möhr (2019, ESS 2016), Strub & Bannwart (2017, ESS 2014) and Strub et al. (2016, ESS 2012).

© FSO 2022

15. The gender wage gap is partly due to structural factors related to personal characteristics (age, education, years of service), to the characteristics of the job held in the company, and to the area of activity performed. The remaining share of the wage gap remains unexplained. In 2020, the unexplained share of the wage gap between women and men (also called adjusted gender pay gap) in the economy as a whole was 47.8% (2012: 44.0%; 2014: 42.4%; 2016: 44.1%; 2018: 45.4%). This unexplained share of the gross wage gap in the total economy corresponded to an average of 717 francs per month. It varies widely by economic sector.
16. Looking at the average wage gap in the overall economy by age group, we find that in the oldest group (≥ 50 years of age) it is about five times higher than that of workers under 30

² Gross monthly wages are standardised on the basis of a full-time equivalent of 4 1/3 weeks with a 40-hour working week and include social security contributions, allowances for shift, Sunday and night work, one-twelfth of the 13th month's wage and one-twelfth of special annual payments.

years of age (see table). The relative share of unexplained wage gap, on the other hand, decreases with increasing age (see graph 9).

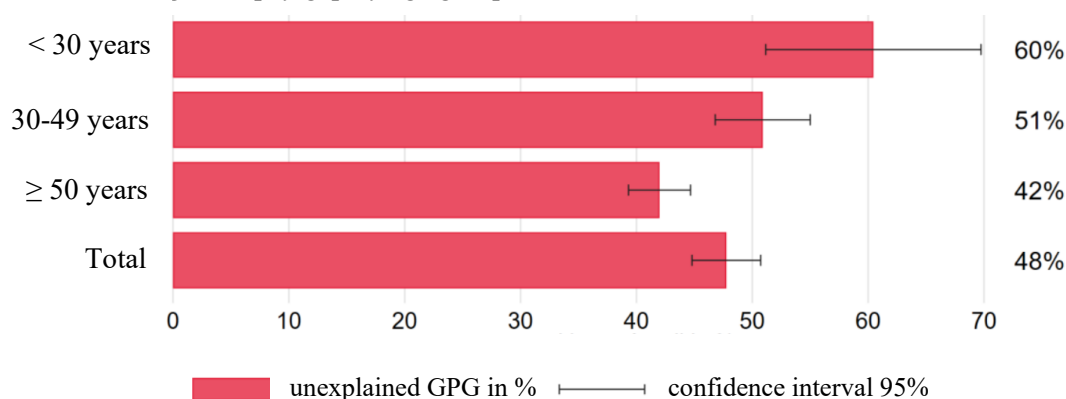
Table 1: Employment and gender pay gap by age group, 2020

Age group	Employed			Proportion of women	Pay gap
	Men	Women	Total		
< 30 years	16.3%	18.7%	17.4%	47.6%	-4.9%
30-49 years	50.8%	49.8%	50.4%	43.7%	-14.8%
≥ 50 years	32.9%	31.5%	32.3%	43.2%	-24.8%
Total	100.0%	100.0%	100.0%	44.2%	-18.0%

Source: FSO – Swiss Earnings Structure Survey (ESS), total economy; calculation: BSS, Kaiser & Möhr (2023, ESS 2020).

Graph 9

Unexplained gender pay gap by age group, 2020



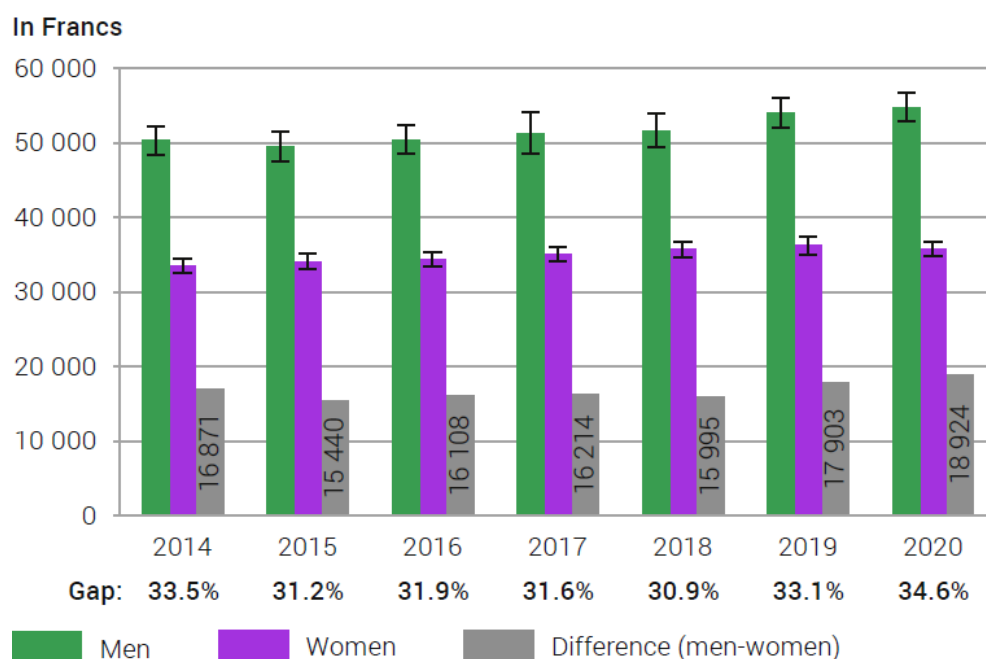
Source: FSO – Swiss Earnings Structure Survey (ESS), total economy; calculation: BSS, Kaiser & Möhr (2023, ESS 2020)

V. Pension gap

18. The gender pension gap is the percentage difference in average pensions between women and men in the permanent resident population living in private households aged 65 and over. The calculations take into account pensions from the state old-age and survivors' insurance OASI (1st pillar) as well as any pensions from occupational pension plans (2nd pillar), private pension funds (3rd pillar) and pensions from foreign pension funds. In addition, according to the Eurostat standard, helplessness allowances from the OASI as well as supplementary benefits (SB) to the OASI are also included.
19. In 2020, the average pension of women in Switzerland was CHF 35 840; that of men CHF 54 764. The average annual total pension of women in 2020 was thus CHF 18 924 lower than that of men, which corresponds to a gender pension gap of 34.6%. Over the last few years, this value has hardly changed.

Graph 8 Average annual pensions from old-age provision, by gender

Pension recipients¹ aged 65 and over



I Confidence interval (95%)

¹ Pension recipients are persons who receive at least one pension from one of the three pillars of the Swiss pension system or from abroad. Persons living in care institutions are not included.

Source: FSO – Survey on Income and Living Conditions, SILC

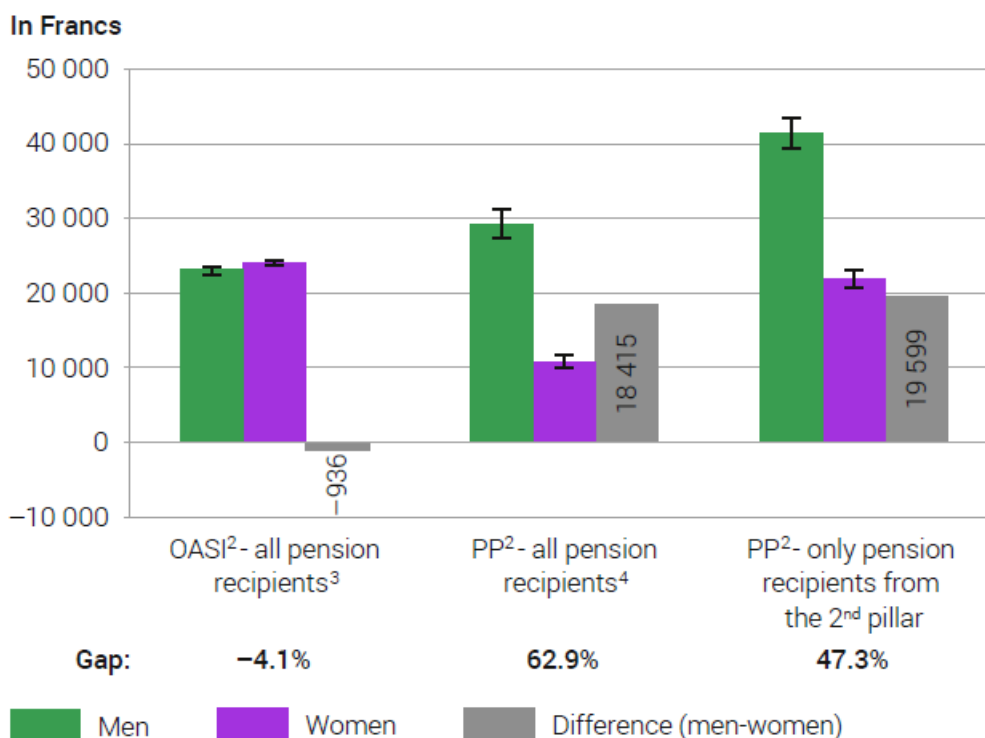
© FSO 2023

C. Differences between the 1st pillar (OASI) and 2nd pillar (PP - Occupational pension plans)

20. The levels of OASI pensions hardly differ between the genders. In fact, the average annual pension of women is even slightly higher (4.1%) than that of men, partly because of the large proportion of widowed women who on average receive a higher pension. In contrast, the differences in occupational pension plans are large: women receive these second pillar pensions significantly less often than men (49.7% vs. 70.6%), and when they do, they are on average around 47% lower than those of men.

Graph 9 Average annual pensions from OASI and PP, by gender, 2020

Pension recipients¹ aged 65 and over



I Confidence interval (95%)

- ¹ Pension recipients are persons who receive at least one pension from one of the three pillars of the Swiss pension system or from abroad. Persons in care institutions are not included.
- ² OASI = old-age and survivors' insurance PP = Occupational pension plans.
- ³ Including persons who do not receive a pension from OASI but at least one pension from one of the other pillars of the pension system or from abroad.
- ⁴ Including persons who do not receive a pension from PP but at least one pension from one of the other pillars of the pension system or from abroad.

Source: FSO – Survey on Income and Living Conditions, SILC-2020 (version from 6.11.2021)

© FSO 2023

21. The reasons for the differences between women and men are closely related to their employment histories and to models of family structure. For example, women interrupt their employment more often and work more part-time, primarily for family reasons. This also affects the amounts saved in the 2nd pillar.

D. The gender pension gap varies according to marital status

22. The gender pension gap is most pronounced among married PP pension recipients (55.8%), although this should be seen in the light of the fact that married couples generally form an

economic unit and pool their household incomes. The gender pension gap is smaller among widowed (47.4%) and divorced (37.0%) PP pension recipients. No statistically significant gender pension differences can be found among single PP pension recipients.

E. Lump-sum benefits from the occupational pension plan (2nd pillar) and pillar 3a

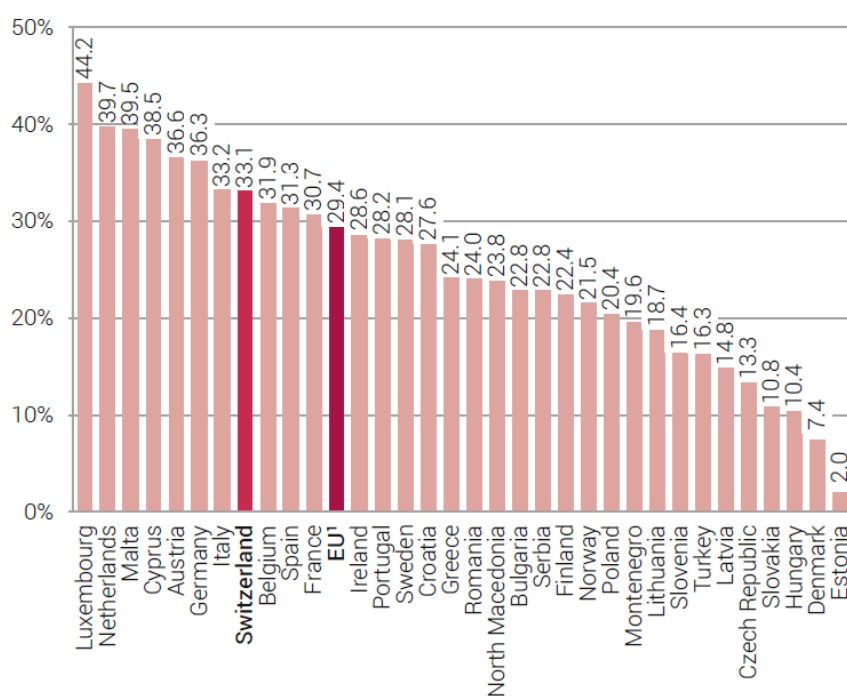
23. Lump-sum payments from old-age pension funds are capital transfers and not income. Therefore, they are not taken into account in the calculation of the gender pension gap. The FSO publishes various information on lump-sum benefits by gender and marital status on the website: New pensions statistics³.

F. International comparison

24. In a Europe-wide comparison, Switzerland has a relatively high gender pension gap and was above the European average of 29.4% in 2019.

Graph 10
Gender pension gap: Switzerland in comparison to Europe, 2019

Percentage difference between the pensions of men and women aged 65 and over



¹ EU-Member states on 20.09.2021

Source: Eurostat – EU-SILC 2019 (version from 20.9.2021)

© FSO 2023

³ <https://www.bfs.admin.ch/bfs/en/home/statistics/social-security/old-age-provision-reports/new-pensions-statistics.html>

VI. Conclusion

25. The report summarized in this paper shows how the different aspects of the gender income gap can be statistically recorded and calculated. The different facets of the income inequality between women and men are not only visible in the employment biography, but also at retirement age. In order to obtain a picture as complete as possible, the Federal Statistical Office has combined existing indicators and new calculations. Internationally used methods form the basis of the new results, but were, where justified and leading to a gain in knowledge, they have been supplemented with additional data from available sources.
26. The main difference between the Gender Overall Earnings Gap (GOEG) and the Gender Pay Gap (GPG) is that the GPG does not take into account the difference in the amount of gainful work performed by men and women over the course of their lives. Moreover, the GOEG indicator calculated by the FSO covers both employees and the self-employed. The GPG analyses, on the other hand, refer to employees. It has the advantage that, in Switzerland, analyses of the explained and unexplained wage gap have been established for several years.
27. Both indicators highlight gender-specific income inequalities to the disadvantage of women. The GOEG according to the "Swiss method" was 43.2% in 2018. This means that women's cumulative earned income over their entire working lives is 43.2% lower than that of men.
28. The Gender Overall Earnings Gap (GOEG) calculated for the first time in the context of the postulate report according to the extended Swiss method and the Gender Pension Gap will be included in the ongoing statistical production of the FSO. The existing indicators of the gender pay gap and its unexplained share, as well as those related to unpaid work and its monetary valuation, which were not the subject of this paper, will be continued.