



*Championing better
work and working lives*

Tackling the gender pay gap

Chartered Institute of Personnel and Development (CIPD) Ireland

CIPD Ireland thank you for the opportunity to participate in the consultation on measures and legislative proposals to tackle the gender pay gap. CIPD, the Chartered Institute of Personnel and Development is the professional body for human resource and learning & development professionals. In Ireland we represent 6,000 HR and L&D professionals in Ireland and are part of the CIPD international community of over 150,000.

Our mission is to champion better work and working lives, which will no doubt resonate with you in your ministerial and representative capacities. Our work involves education, continuous professional development, research and policy on issues to do with work, the workforce and workplace. We engage with a senior forum of HR directors and HR leaders from Irish and multinational organisations, as well as academics, on the challenges emerging on the future workforce and workplace. We are pleased to provide you with the opportunity to engage with this group on a consultation basis.

Moving the dial on the gender pay gap is a journey and below we address:

- Causes of the gender pay gap
- Benefits of closing the gender pay gap
- Tackling the gender pay gap
 - Legislative proposals
 - Societal level
 - Organisational level

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CIPD Ireland

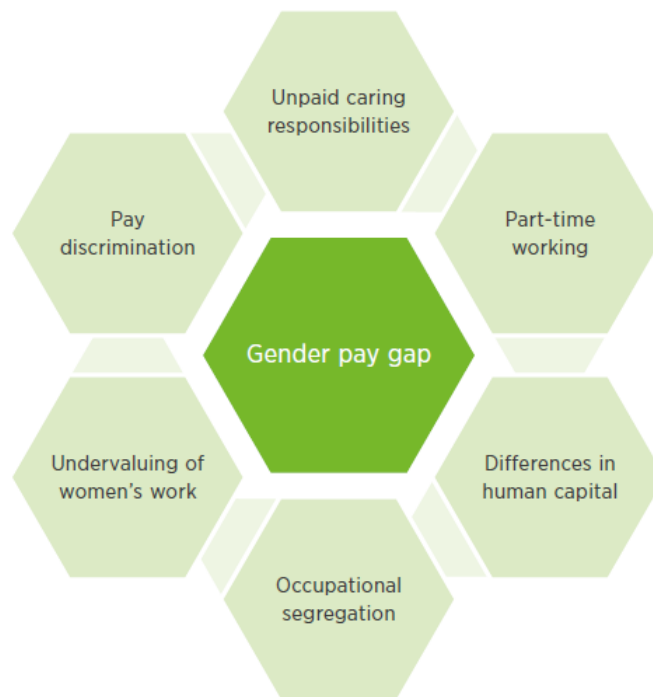
A3 The Locks, Charlotte Quay, Dublin 4.

T: +353 (0) 1 6780090 www.cipd.ie

Causes of the gender pay gap

CIPD Ireland recognises that the causes of the gender pay gap (GPG) are complex and multi-faceted and require a multi-dimensional response. Currently Ireland has a GPG of 14%, and gender pay trends are impacted by part-time working, sectors, roles, age and family status.

CIPD analysis focusses on six aspects and the GPG can result from the interaction of these causes.



1. Part-time working

Irrespective of whether the jobholders are male or female, hourly rates of pay tend to be lower for part-time than for full-time employees.

Women make up the majority of employees with constantly variable part-time hours and regular part-time hours while a majority of men (77%) work over 35 hours per week compared to 49% of women, according to a University of Limerick report in 2015. Women are over-represented in occupations such as cleaning, catering, caring, and leisure and other services, which, while offering a ready supply of part-time jobs, are in low-pay, low-productivity sectors.

2. Perceived Differences in men's and women's human capital

Women are more likely to be able to achieve pay parity with their male colleagues when they mirror what men do: that is, if they work full-time and don't take time out to have children. People who work full-time are perceived as accumulating valuable skills and experience, while those who take time out, or who work part-time (even for only a limited period) are considered to acquire less human capital; this reduction in human capital is also perceived as permanent. However, in the absence of actual evidence at the level of the individual employee of a reduction in human capital, this is a form of gender stereotyping. It may also contribute to the low number of women in leadership and Board positions.

3. Occupational segregation

Occupational and sectoral segregation has been increasingly identified as contributing to the GPG, and many roles in the Irish labour market are segregated by gender. However this segregation is as much a cultural as an economic phenomenon; in Russia, for example, over 30% of engineers are women.

4. The undervaluing of women's work

The problem with occupational segregation is not that men and women are doing different types of work, but that segregation results in these jobs being valued differently.

Occupational segregation has been described as *'men getting paid more for working with men, and women getting paid less for working with women'*. Many 'female' jobs involve tasks that have traditionally been carried out by women in the home, and in consequence the jobs are assumed to call for only low-level skills. The introduction of the National Minimum Wage, and now, the National Living Wage, provides a wage floor for the lowest-paid jobs, but does nothing to challenge the underlying undervaluation of the work.

The gender pay gap increases with age. It is generally lowest when starting out, where pay rates are low, and divergence increases from 35 years (Eurostat), often connected to motherhood.

5. Discrimination

While evidence of the extent of the contribution made to the gender pay gap by discrimination is contentious the existence of equal pay legislation, and claims, suggests that pay discrimination, or its perception is a risk factor. Discrimination can be both direct – paying a woman less because she is a woman – and indirect – paying a group of workers less because they work part-time, or failing to reward the emotional demands of jobs that involve caring for others. Direct discrimination may be masked by different job titles or different working patterns. Indirect discrimination tends to occur where there are overly complex pay systems and/ or occupational segregation.

Research by the World Economic Forum (2016) found that the highest barrier to gender parity was unconscious bias among managers.

6. Unpaid caring responsibilities

Women are the main providers of unpaid care. While childcare provision still needs to improve significantly, the position with regard to the care of older family members is more invisible and arguably worsening. As the need for unpaid elder care is likely to increase with an aging population, then, without policy interventions aimed both at redressing the inequalities in the distribution of unpaid care as between women and men, and at shifting care out of the family and into the formal economy – as is happening with childcare – the burden on women may increase.

Despite recent improvements in childcare provision, the cost of childcare has been identified as a particular barrier to work. Many skilled women stop work because of childcare costs, and many others attempt to keep down their childcare costs by taking part-time work. If a woman either leaves the labour market altogether for even a short period of time, or continues to work, but on a reduced hours' basis, she's more likely to be in a low-paid and low-skilled job, and to remain there throughout her working life.

Benefits of closing the gender pay gap

Insufficient attention is often placed on the benefits of closing the gender pay gap. CIPD have identified the following benefits, and an increase in visibility of the economic benefits may help to generate more positive business attitudes to taking action on the GPG.

Clearly, at the level of the whole economy, there is much to be gained from closing the gender pay gap. At an organisational level, the benefits of closing the gender pay gap translate into higher business earnings and improved growth; the ability to attract and retain the best people; the promotion of gender equality; the opportunity to enhance public perceptions of the kind of organisation you are, and to avoid reputational damage.



Diversity of leadership and decision-making has a positive impact on organisational performance. Organisations with gender-diverse profiles at senior levels make a better financial return than those who do not. McKinsey's *Diversity Matters* research has shown that for every 10% increase in gender diversity in a UK company's executive team, earnings before interest and taxes rose by 3.5%.

As women make up 50% of the talent pool, attracting and retaining them is central to future success. Women are better qualified than ever before. With women continuing to outperform men educationally, the case for taking action to ensure their skills are fully utilised is incontestable.

Tackling the gender pay gap

Government's legislative proposals

CIPD welcomes the Government's announcement of the process to legislate to require employers to report on the gender pay gap.

With the need to reduce gender pay difference, currently at 14% in Ireland, the proposed Bill has generated broad support including from the CIPD. According to the CIPD HR practices in Ireland 2018 survey, only 20% of organisations in Ireland currently calculate their gender pay gap.

This significant Bill will require employers with a certain number of employees (initially 250 or more) to publish information on the gender pay gap in their firm. The regulations will apply to the public as well as the private sector subject to the employment thresholds. In addition to differences in hourly pay, information on differences in bonus pay, part time pay and pay of men and women on temporary contracts will be among the data which must be published.

The passing of this Bill and its subsequent implementation will help ensure organisations become more aware of their gender pay difference and start to take proactive steps in reducing it.

The Government will also need to consider the provision of tools and formula to support the calculation of the gender pay gap. The UK experience has highlighted the benefit of organisations providing a commentary on the identified pay gap. Depending on factors that drives pay difference in each organisation, the solution might include recognising unconscious bias inherent in HR policies, increasing the females in leadership positions, redesigning and re-evaluating jobs, addressing gaps that may arise through taking up care responsibilities and maternity leave amongst others.

Below are specific comments in relation to the General Scheme of Gender Pay Gap Information Bill, drawing on the learnings from the first round of GPG reporting in the UK.

Comments on current 2018 egislative proposals

Employer

It is necessary to specifically clarify how an employer / organisation/ enterprise is defined. It should be clear how different divisions and places of work are to be treated, including employees not based in Ireland. These are significant as they impact both which employers will report and which employees will be reported on.

It is helpful to apply the same regulations to both the public and private sector organisations, including NGO sector.

Employer size, risk of going as low as 50+ employees

CIPD believes adequate time of up to two years has to be allowed before GPG reporting is required. This will give employers the opportunity to understand their requirements and have the right systems in place to record and report on the data.

We recognise that a phased approach is being adopted

- Over 250 employees
- After 2 years, less than 250 and more than 150 employees
- After 3 years, less than 150 employees. CIPD believes that a longer pause and full reviewer should take place before the regulations apply to those of less than 150 employees. This review could be triggered in the current regulations, rather than the specification of the time line.

Organisations of 50 to 150 employees face additional difficulties:

- The GPG will suffer high levels of variation, from individual changes. The gender of the most senior individual will have too large an impact.
- Issues such as seasonality and gender distribution will have a greater impact. For example, if only 10% are M or F, small changes in personal at any level can distort the GPG. Greater gender balance may have more impact
- Below 150 employees the capability and expertise to implement the regulations will be significantly less. The accessibility of the data will be harder. Outsourced payroll systems and lack of HR expertise will be more common, and the investment and time for systems to adapt will require more time.
- Below 150 employees, the scale of employers to be included is much greater, and will place more stress on the system to monitor and oversee the volume of companies.
- There may also be a case for less onerous or less frequent reporting for smaller organisation – a question to be addressed in an implementation review.

CIPD believes a full review of the operation of GPG reporting and further consultation should take place before moving to organisations of less than 150 employees

Systems can determine data that is available. Where companies have grown by acquisition and operate different systems, difficulties in aggregating data emerge.

Employees – definition, number calculation

Definition and description of ‘employee’ under this legislation should be provided. Employers should be clear who to include and what relationships are excluded. The inclusion of partners / directors should be clear. The specification of a date for reporting and the way to account for those on protective leave and who started/finished should be clear.

Calculations

Tools to help analyse and assess pay inequalities need to be available, accessible and user friendly. Standardised methodologies and online tools need to be developed and freely available to enable organisations to calculate and understand their GPG. Work in the UK, to support the implementation of GPG reporting provides examples of this, e.g. <https://www.gov.uk/guidance/gender-pay-gap-reporting-make-your-calculations#gender-pay-gap-figures-youll-need-to-calculate> and CIPD’s [Guide on gender pay gap reporting](#)

Definition of pay

CIPD recommends GPG reporting based on an hourly rate of pay, to provide more differentiation than annualised pay reporting.

Bonus payments

There is a clear need to define bonus payments - what is included, what’s not included, referred payments. Where bonus payments are

annualised, not calculated pro rata by hours, the GPG can appear greater as more females work part-time.

Bonus payments were not calculated on an hourly pro-rata basis in the UK, so a larger Bonus gap is being reported. Reporting bonuses on a pro rata basis by hour is a better way to assess and likely to be more accurate. The number of males / females receiving a bonus would also be a useful indicator.

An explanation of bonus gaps could be included in a narrative. In considering reporting on those receiving BIK, analysis by the Revenue Commissioners would be a powerful way to assess gender gaps.

Job classifications

The value add of reporting based on job classification needs to be reconsidered, as this is substantial work for employers and could mean development of pay classification systems. While there may be consistencies and relativities in roles across the public sector, this across-organisation comparability does not exist for many roles in the private sector, especially in SMEs.

There may also be a significant Industrial relations risk for companies publicising pay gaps by job classifications. Further consultation may add additional insights. The UK approach to reporting by quartile may provide a simpler but equally valuable approach.

Sector analysis

Some information on main sector and county would be useful in GPG reports to allow us to build sectoral and regional understanding and trends. Sectoral benchmarks of the GPG, not just the national figure, could be produced as this would help employers have a more accurate assessment.

Reporting

It is important to clarify who is responsible for reporting, both at organisational and individual level. UK issues emerged particularly in the public sector among agencies which were funded by larger enterprises and reporting responsibilities were unclear.

It is necessary to define where GPG reports need to be published, on both government and company web sites. The UK website, <https://gender-pay-gap.service.gov.uk/> is an excellent tool to review the GPG reports, and we recommend an approach to the UK Government to 'lift and land' their development.

The inclusion of a narrative / action plan will add value to GPG reporting and is likely to appear in an evolution of GPG reporting in the UK

Enforcement

The enforcement mechanisms include a power for the Irish Human Rights and Equality Commission to apply to the Circuit Court for an order requiring an employer to comply with the legislation. Also, an employee of the employer concerned may apply to the Workplace Relations Commission for an order requiring compliance. There is a

provision too for designated officers who would investigate a sample of employers to ensure that the information published is accurate.

At a societal level

The gender pay gap will not be addressed solely by reporting or employer initiatives. Wider education and promotion by Government are necessary to effect change.

- ▶ **Awareness and information** is not solely about having appropriate data, but it's about how it's used. A government publicity campaign to increase awareness of the gender pay gap, its impact on women and response options is central to heightening understanding.
 - ▶ Significant effort is required to start to reduce the confusion between the meaning of equal pay and the GPG.
 - ▶ There needs to be a concerted and integrated effort to address gender stereotypes that, from the youngest age, limit women's and girls' educational and occupational opportunities. This should not be left to a number of voluntary initiatives. The promotion of male, as well as female role models across the business community who can show action on GPG needs to be a strong strand of action.
 - ▶ The tight labour market will generate increased opportunities for those considering returning to the labour market. Initiatives to increase access and funding for women returners is to be welcomed. It is important that these interventions do not solely focus on low skill and precarious work areas, but facilitate women returning to future-focussed careers. Further details of targets and outcomes should be provided annually.

▶ **Women's pension gap**

The GPG debate needs to have a more solid focus on pensions and the risk of poverty from State dependence which face more women than men. This needs to be addressed directly in tackling the GPG. It is acknowledged that the overall and the supplementary pension system Ireland is unsustainable, particularly in view of our aging population. The Government's GPG strategy has to identify and acknowledge this concern, and ensure the Government strategy to address the pension funding crises make strong allowance to cover career and caring gaps, and build a more equitable society.

▶ **Parenting and caring**

The gaps in accessing affordable quality childcare has emerged as a hindrance to enabling parents, often women, to remain in or re-join the labour force, and must be urgently addressed as part of the GPG strategy. Ireland's labour force has tightened significantly and we need to engage fully with all the talent available to the labour force, particularly as our workforce ages.

▶ **Sectoral implications**

Of further concern is how certain sectors and roles, eg personal service and sales workers, are found to regularly work low hours, and given that these occupations are highly feminised, more women than men work low hours in Ireland. Consequently working hours, patterns of working time and employment protection are a vital strategic consideration for the GPG as well as the employment and retention of women for a productive economy and a balanced healthy society.

EU analysis of the specific sectors clearly indicate that different patterns lead to gender pay gaps in the relevant sectors. The first conclusion is that sector- specific initiatives are necessary to reduce the gender pay gap. For example initiatives in the financial and insurance sector should focus on the topic of intransparent flexible payment and bonus schemes.

At an organisational level

► Inclusion and talent management

There is increasing awareness that the GPG is becoming a major talent issue, one that needs stronger action to be taken within organisations. The language and direction of inclusion means valuing and trusting each employee as an individual. That is not to say interventions are not needed to address specific issues such as the GPG, but that they come from an agenda of inclusion.

While the current focus is on the gender pay gap, other grounds and complex combinations are also at play. The Department needs to provide guidance on the collation of data to provide future insight on pay gaps from other equality grounds.

The current situation where 60% of the civil service are female but only 29% of the senior public servants (Ass Sec upwards) are female is unsatisfactory and immediate actions and targets should be agreed

CIPD recommends that promotional efforts are required in order to stimulate employers to act. It is vital to raise awareness about the reasons why addressing the gender pay gap makes good business sense and the good practice that can be adopted to help put things right. This calls for a clear and well-evidenced communication strategy and simple, accessible guidance. This should cover how to evaluate and report on an organisation's pay gap, help employers to understand the basis of their gender pay gap and the kind of practical measures they can take to close it, and the resulting benefits.

- **Tools** to help analyse and assess pay inequalities need to be made available, accessible and user friendly. Standardised methodologies and tools need to be developed to provide support to organisations to understand their GPG. CIPD Ireland 2018 research on what would be effective in terms of closing the gender pay gap found that monitoring, pay transparency and tools were among the supports required.

| | % |
|---|-----|
| Regular monitoring | 30% |
| Internal pay transparency | 21% |
| Development of a tool to calculate the gender pay gap | 15% |
| Having a senior manager accountable | 14% |
| External Reporting | 9% |
| Financial reporting | 4% |
| Other, Please State | 8% |

Experience also shows that reporting on the GPG requires significant internal education and information. This has to start with addressing the confusion between the meaning of equal pay and the GPG. Templates and tools to support organisations manage the education and communications process would be valuable.

► Promote specific action by enterprises

1. Require organisations to determine who is responsible – this question is central to starting to examine the issue. Step one is for a senior person within the organisation to take

responsibility for the gender pay gap and for overseeing interventions to diagnose and address any gaps.

2. Organisations should be encouraged to examine how recent appointments and performance rating, pay increases/ bonuses have benefited one gender over the other. This is a technical piece of work with greater complexity than a simple wage survey.
3. Support transparency in pay and compensation. This is not an easy win where forces to blur pay levels and differences are active. Examining the equity of benefits and where and why anomalies lie will also help.
4. Development / mentoring programmes to 'pull potential female leaders up the organisation' to decisions making positions which are visible and role model leadership.

The proposed actions under the National Strategy for Women and Girls 2017-2020 to explore and research the actions for greater gender balance in business and public sector leadership need attention, along with ongoing support for the Better Balance for Better Business initiative.

► **Additional barriers to change**

The **World Economic Forum** reported on tackling barriers to close the gender gap (wider than the GPG) perceived by industry, as part of its evaluation of the Fourth Industrial Revolution on the workforce and workplaces. At organisational level, unconscious bias among managers was recognised as one of the biggest blocks to gender parity, not just pay.

**Industry Gender Gap Report: Women and Work in the Fourth Industrial Revolution.
World Economic Forum, Executive Summary, January 2016**

BARRIERS TO CHANGE

The World Economic Forum's online *Repository of Successful Practices for Gender Parity* pools information on the practices that have been successfully used in leading companies worldwide to close gender gaps at the company level, as well as along the companies' supply chain and surrounding communities. The repository suggests six dimensions around which to focus an organization's gender parity efforts.

- *Measurement and target setting:* Achievable, relevant recruitment and retention targets at all levels, with an embedded accountability mechanism, are critical. Developing a disaggregated database can help to evaluate the causes of gender imbalances and track progress. Transparent salary bands to track and address male and female salary gaps are additional useful tools to understand the status quo in organizations.
- *Mentorship and training:* Companies have benefitted from programmes that promote guidelines on the value of diversity as an underlying culture of the organization, and impart knowledge on how to manage a more diverse workforce and how to attract, retain and promote female talent. These training programmes, for both men and women, can be relevant for shaping an environment within the broader employee base for women to successfully lead. A repositioning of the human resources function beyond a focus on systems and administration to talent development and training can help address specific roadblocks for women, in addition to better overall talent management.
- *Awareness and accountability:* The focus of many companies on building awareness indicates that the case for change still needs to be built to make progress. Accountability of the senior management and transparency of career paths and opportunities have proven to be effective practices. Ensuring that management policies, processes, systems and tools do not

harbour gender-based discrimination, as well as enhancing the understanding of unconscious biases can, also make inclusive leadership more tangible.

- *Work environment and work-life balance:* Women are often the primary caregiver for both children and the elderly in most countries. Ensuring smooth on- and off-ramping and appropriate childcare options, and developing guidelines on implementation of work-life balance policies and mentoring for women going through a transition are important levers to ensure a sustained career progression towards management. For those companies that already offer parental leave, flexible working hours and other work-life balance programmes, the next steps lie in accelerating their use and acceptance by both female and male employees.
- *Leadership and company commitment:* Visible leadership by the chief executive and top management on supporting women in management has proven to be one of the most important levers for progress in achieving gender diversity in a corporate context. This includes concrete and symbolic actions by top management and, in many cases, establishment of a position or department to lead diversity efforts. Regular communications by senior management on gender equality have been found to be critical.
- *Responsibility beyond the office:* Many companies have leveraged the opportunity to exercise external influence along the value chain, including diversity training for suppliers, distributors and partners and training to support women-owned businesses in the organization's value chain. External influence can also be exercised by ensuring gender neutrality in advertising, engaging girls and young women to display possible career paths and developing partnerships with gender parity-focused civil society and public sector initiatives.

► Flexible working

The equitable implementation of working Family Payment is necessary to provide low-income families with a mechanism to ensure that increases in working hours do not lead to reduction in pay and supported payments. While positively supporting individual employees, especially females and their families, this will start to address some of the difficulties in retaining and developing such employees.

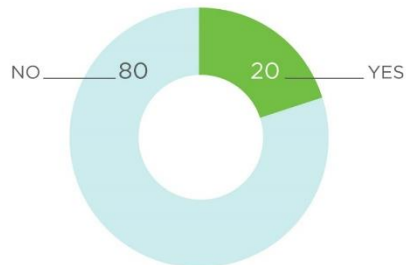
The Government also needs to assess to see how the regulations around access to part-time and flexible working can be made more responsive to the needs of parents and people with caring responsibilities. The Department should examine the impact of more flexible working arrangements for employees in general, and those with other caring responsibilities. We would be happy to work with the Dept to review the implications of providing flexible working arrangements in such circumstances. This could incorporate an examination of the extent to which a lack of entitlement to part-time working restricts new mothers/ partners access to employment and returning to work. It would also look at how lack of senior men and women working part-time restricts the options for more junior / lower-paid females and is likely to exacerbate the feminisation of junior roles.

► Research

CIPD's 2018 pay survey captured responses on measuring the gender pay gap (GPG) and currently only 20% of organisations in Ireland calculate their GPG. This reflects similar survey findings, and CIPD results indicate that more large, and public service organisations were likely to do such analysis. We are currently planning our 2019 research and propose to address the implementation and support requirements of GPG reporting. The slow response-time in the UK

to the legal requirement to calculate and report on gender pay shows the resistance this faced much of which we believe relates to the risk to Brand reputation.

Does your organisation currently calculate its gender pay gap %?



CIPD-IRN 2018 Pay survey, www.cipd.ie

CIPD Ireland is currently planning the implementation its 2019 HR research programme and plans to address the gender pay gap to gather current information on the government's proposals.

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A3 The Locks, Charlotte Quay, Dublin 4.

T: +353 (0) 1 6780090 www.cipd.ie