



Measures to address the Gender Pay Gap in Ireland

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Key messages

- Ibec supports the objective to address barriers to the full socio-economic equality of women and girls in Ireland. In this regard, Ibec has been working with its members on diversity and inclusion with a particular focus on gender balance in organisations for quite some time.
- Gender pay gap reporting alone will not identify or solve the myriad of structural, cultural and policy causes for the differences in participation rates and the employment gaps between the genders embedded in the socio-economic makeup of the country.
- Gender pay gap reporting using an appropriate method has the potential to offer a real diagnostic tool to highlight the particular issues facing distinct organisations, sectors and regions alike to enable more targeted interventions by all stakeholders.
- Ibec proposes using a gender pay reporting tool akin to the Australian model of gender pay reporting, introduced on a phased basis initially to organisations of 250+ employees, giving them a 12-month period to calculate their gender pay gap before adding the next cohort of employers. In this way, smaller employers can be assisted in the process by learning from best practice.
- Gender parity in Ireland has lost some of its momentum despite the major strides made over the last number of years. A refocus on gender balance offers us the opportunity to examine the real issues and reinvigorate the work done by all stakeholders to address the varied challenges.
- Ibec welcomes the actions already undertaken or planned to address the gender pay gap as outlined by the consultation paper. We would argue that there is still more to do to address even those causes identified by research.
- Significant interventions are required in the education system and teacher training curricula to address subject availability; subject and career choice; gender stereotyping and role modelling.
- A societal focus on the role of gender stereotypes and norms which influence the roles women and men hold in our country needs to occur if we are to further challenge the work and non-work opportunities available to all.
- The provision of affordable, quality childcare is essential to addressing some of the challenges around gender balance in the labour market as despite the investment to date the provision is still not fit for purpose.
- Ibec propose that child benefit payments should be means tested so that they remain the same for low income households but taper off gradually for higher income households with the savings redirected into childcare services.
- The Early Childhood Care and Education scheme should be extended to include children from six months to three years and to increase the duration to four hours to facilitate the gap between the end of paid leave and the start of childcare entitlement or school. This could enable mothers to remain closer to the labour market through part-time work or return to the workplace at an earlier stage.
- A formal out-of-school hours care system should be implemented to address the needs of working parents and the atypical work day.
- The tax system must be examined considering the implications of Participation Tax Rates (PTR) and Marginal Effective Tax Rates (METR) on the participation and ability of women to work more hours.
- Employers need to examine their organisational culture for unconscious biases and take corrective and preventative action to address their impact. This may include the provision of

unconscious bias training; ensuring recruitment and promotion processes are transparent and equitable; encouraging the uptake of leaves by both males and females; calibrating performance management processes while examining evaluations for bias; and gender proofing policies and practices.

- Employers have a key role to play in calculating and addressing the gender pay gap in their organisations. However, they represent only one actor in this issue and without a concerted effort on the part of all stakeholders little change is likely to occur.

Introduction

It is clear, that even though women make up over half the world's population, they are not fulfilling their potential in measured economic activity, growth and competitiveness, with serious macroeconomic consequences. In Europe, gender gaps in the labour market are attributable for an estimated 10% GDP per capita loss, while in the UK, McKinsey calculates that increasing gender parity in labour market participation, hours worked and sector mix of employment could add £150 billion in GDP by 2025. Failure to actively address this situation will increase the gender balance issues facing women in business, deprive business of the financial, innovation and problem-solving benefits of diverse teams, cost the exchequer in terms of benefits payments and lost tax revenue, put families at risk of poverty and lead to stifling of Ireland's long-term economic competitiveness and growth.

According to European figures, the national gender pay gap in Ireland is 13.9% compared to an EU average of 16.7%, placing us 11th lowest out of 28 EU countries. In the first instance, it is crucial to ensure a proper understanding as to what the gender pay gap refers. It does not indicate or denote discrimination, or indeed the absence of equal pay for equal value work. Rather it refers to the difference between what is earned on average by women and men, based on average gross hourly earnings of all paid employees. It compares the pay received by all working women and by all working men; not only the pay of women and men in same or similar jobs, with the same working pattern or with similar competencies, qualifications or experience, but all the men and all the women working in an organisation.

Ibec has been working on various diversity and inclusion issues including gender for many years, working with employers and developing policy and resources to address gender imbalance and the attrition of women from the labour market. This has ranged from hosting STEM careers events for secondary school girls; developing maternity and parenting toolkits as well as best practice guides to tackle recruitment and selection, performance management and succession planning, issues that impact gender balance in organisations. Many of our employer members have been actively engaged in challenging the issues pertinent to their organisation and sector from engaging in school visits; supporting women in leadership programmes; bringing in shared parenting leave; providing mentoring and coaching and engaging the men in their organisation around the importance of gender balance.

However, we have not achieved the level of female labour market participation that is necessary for Ireland to remain competitive, and have stalled in some areas such as representative numbers of women achieving senior executive or leadership positions. The causes of this are many and multifaceted requiring action by all stakeholders if we are serious about women's economic empowerment and tackling the true causes of the gender pay gap.

1. Factors creating the gender pay gap

Research tells us that the roots of a gender gap in pay are multiple and nuanced. The disparity is not just an organisation level issue but rather symptomatic of how we think of men, women and gender. There are several complex issues that typically lead to a gender pay gap which have been well researched and often these causes are interrelated.

While the female labour force participation in Ireland has more than doubled since the early 1980's, gender gaps remain substantial and labour markets and access to economic opportunities across the world remain divided along gender lines. While the imbalance is at its greatest at the top, the problem is widespread with different sectors having leaks and blockages in different parts of the pipeline for varied reasons. The reasons for the gender gap are in part rooted in cultural and social norms but also reflect social and economic challenges and incentives. To tackle the causes of the gender pay gap, policy development must consider how women and men participate in the labour market, including pre-labour market areas such as education and skills acquisition, and how this impacts on their labour market experience and outcomes. In addition to issues of equality, this issue has implications for economic growth and competitiveness, not least because women represent more than 60% of third level graduates but also when considered in tandem with global challenges of ageing populations and skills shortages.

Some of the most pervasive causes include:

1) A gender segregated labour market

Occupational segregation, one of the main causes of the gender pay gap, is a drag on economic growth. There is segregation between women and men both vertically and horizontally in the workplace where certain genders are over-represented in certain roles or occupations. Women dominate certain occupations like education, health and caring professions while men dominate technology and engineering professions. There is a wealth of research which attributes segregation with limiting employment choices, access to higher level jobs and facilitating the undervaluation of female-dominated occupations. As recently as 2013, Eurostat identified the under-/overrepresentation of women and men in Ireland as more pronounced in both sectors and occupations than in the EU-27 and emphasised the need to encourage graduates to consider gender atypical sectors and occupations.

The roots of this gendered segregation lie in the education system and our culture. It stems from the way in which children are introduced to learning and opportunities which socialises children into an expectation of certain roles as “women’s work” or “men’s work” and into the roles men and women often assume around caring responsibilities. Such beliefs can be reinforced consciously or unconsciously by teachers, parents, employers and society.

Schools, and in particular single sex schools, often fail to offer “gendered” subjects such as physics or mechanical drawing in girl’s schools or home economics in boys’ schools or timetables can be created which pitch gendered subjects against each other. Furthermore, career guidance often seems to be deficient in bridging the knowledge gap for career choices and new perspectives for boys and girls. For example, women are underrepresented in apprenticeships in certain industries

like engineering or transport and often this career option has not been discussed or the subjects needed are not offered in the school. Where subjects are not available then career decisions may be narrowed at an early stage for students. As a result, while girls tend to outperform boys in education they are less likely to choose the subjects that lead to them being concentrated in employment sectors offering narrower scope for higher earnings in later life. This is supported by the OECD who report that the low proportion of women in science, technology, engineering and maths (STEM) fields of study and employment makes a significant impact because graduates of these fields are in high demand and as a result the related jobs tend to be highly paid. This occupational segregation thus lends itself to a gender pay gap.

2) Balancing work and family life

The role of women and men in care work, whether child or elder care, and the division of unpaid work in the home has a significant impact on work and working arrangements. Family, care and domestic responsibilities are not equally shared and more often borne by women. Women's ability to participate in the labour market is constrained by the fact that they spend more time on unpaid work, four times as much on care work (time spent to care for a child or other adult) and twice as much time on household work than men, making them less available for participation.

Of major European countries, Ireland has one of the lowest female employment rates suggesting that there is a structural issue at play. What is interesting is that the employment rates in Ireland are roughly equal until there is a permanent drop off in the female rate between the ages of 29-39, the typical child bearing years. Maternal employment rates are lower than for women as a whole and many mothers would like to work or work more but are constrained by family responsibilities. The likelihood of female participation was found to be reduced by 17-20 percent for those with a pre-school child, while having a child aged 5 to 12 years reduces the probability by 7-9 percent¹. On the other hand, fathers with children under 15 are more likely to be active in the labour market than other men². This Europe wide issue is one which Ibec has covered in detail in the policy paper on the Labour Market Participation of Women.³

Childcare costs in Ireland are among the highest in the OECD accounting for 53.5% of the average wage in Ireland, compared to an average of 27.6% in other OECD countries⁴. Ireland has a relatively low-level State funding for childcare but the second highest direct payments to parents of any OECD country because of child benefit. Unfortunately, child benefit reduces female labour market participation whereas affordable and available childcare services increase it. Ireland has an infrastructural deficit in terms of quality and affordable care facilities. It is apparent that greater levels of investment are required to fill this deficit and this issue of affordability needs to be addressed from a public policy perspective. Ibec believe this can be reformed in a cost neutral fashion through the redirection of child benefit payments into childcare and early education services.

¹ ESRI (2009). *A Woman's Place: Female Participation in the Irish Labour Market*

² European Commission (2014b). *Gender equality in the workforce: reconciling work, private and family life in Europe*. Directorate-General for Justice and Consumers, Brussels.

³ Ibec (2016, October). *Labour Market Participation of Women*. www.ibec.ie/0/flmp

⁴ Ibec (2016). *Budget 2017*.

3) Over representation of women in part-time roles

Research⁵ on gender pay gaps reports that another of the key reasons for the gap is due to women having a lower level of human capital. While educational attainment is often higher amongst females, it does not offset the loss of work experience. Where females are working reduced hours this ultimately equates to less experience, reduced benefits value (pensions/bonuses which are usually linked as a percentage of basic salary) and therefore can generate an earnings gap that is greater than their male counterparts. This can lead to disjointed careers, a depreciation of skills, loss of networks, and have a negative impact on their career development and promotion prospects leading to lower earnings and with implications for pensions. While working part-time can reflect personal choices, the high share of female part-time employment may also stem from multiple constraints, including family and care-related reasons.

4) Discrimination and bias

Discrimination and the existence of subtle biases can lead to unintentional consequences and have a profound impact on men and women in an organisation. This tends to be less about direct discrimination and more about unconscious bias or by having prototypes of what a particular job requires that has not been challenged or questioned over time. Stereotypes and attitudes which feed corporate norms about how we do things, for example in the way organisations identify talent and capability or offer developmental moves such as secondments, can contribute to this problem.

Unconscious bias in recruitment, performance management or succession planning decisions can undermine the policies and procedures set up to promote gender balance and diversity in the organisation. Research tells us that stereotypes can lead to men being typically hired or promoted based on their potential while for women the focus is on their past performance and track record. Further stereotypes and biases can emerge regarding women with children which can prevent them being considered or selected for certain projects or development opportunities due to assumptions about their commitment or availability. Organisations that are successfully influencing a change in gender balance have started by examining their policies and practices with a gender lens.

What these varied causes of the gender pay gap ultimately tell us, is that a multi-stakeholder and multifaceted approach needs to be taken to address the real origins of the gender pay gap and to achieve greater gender balance in our organisations and economy.

⁵ ESRI (2009). *The gender pay gap in Ireland*.

2. Actions to tackle the gender pay gap

Fundamental to solving a problem requires knowing where the problem exists and what is causing it. Therefore prior to considering the actions to tackle the gender pay gap it is essential to consider the reporting tool and parameters being considered.

The *Programme for Partnership Government* and the *National Strategy for Women and Girls 2017-2020 (NSWG)*, has suggested gender pay gap reporting as part of the solutions to the gender gap. The proposals contained in these documents would require companies of 50 employees or more to publish their gender pay gap and gender bonus gap. While gender pay gap reporting has been committed to, it is very important that an appropriate tool is used to measure the gender pay gap if we are serious about using it as a diagnostic tool to help achieve the desired aim. Governments across Europe and the USA are tackling the gender gap in the workplace through the introduction of mandatory gender pay gap reporting, however methods vary. Although no method of gender pay gap reporting has been confirmed by the Department, the UK model appears to be attracting a lot of support. A Private Members' Bill which is currently progressing through the Houses of the Oireachtas identifies the substance of this model as its preferred method (although this Private Members' Bill proposes a much lower threshold than that introduced in the UK model) and also proposes a penalty for non-compliance of a Class A fine. The provisions contained in the said Private Members' Bill appear, to Ibec, to be disproportionate and would entail significant data protection concerns.

The UK has chosen to implement a gender pay gap measure that will see private sector employers with 250+ employees publishing their data annually, with the first report due in April 2018. This information will be published on the employer's website for a period of time (circa three years) and on a designated government website accompanied by a written statement, authorised by an appropriate senior person, which confirms the accuracy of their calculations. To achieve this, the employer compares:

- mean gender pay gap;
- median gender pay gap;
- mean bonus gender pay gap;
- median bonus gender pay gap;
- proportion of males receiving a bonus payment;
- proportion of females receiving a bonus payment;
- proportion of males and females in each quartile pay band.

These calculations are for all working men and all working women in an organisation including the CEO not just those men and women in the same or similar jobs; with the same working pattern or with similar competencies, qualifications or experience. As calculated it does not indicate or denote discrimination or an absence of equal pay for equal work. This is a particularly crude measure which in reality, reflects a gender representation gap rather than a true reflection of any gender pay gap.

Ibec are strongly opposed to this method as it oversimplifies a complex issue; fails to measure what it purports to; may create issues through misinformation regarding what a gender pay gap as measured means; and will not identify where the particular issues arise in an organisation. This

measure could have reputational or labour relations issues for an organisation and even report a gap where justifiable reasons (e.g. long service; exercising of stock options) are at play rather than discriminatory behaviour.

Ibec would propose that a measure akin to that of the Australian model which compares like with like data would be more appropriate if real change by all stakeholders is to be achieved. The Australian model which has been in place for four years sees private sector employers with 100+ employees submitting their data annually to the Workplace Gender Equality Agency. The Agency publishes two versions of the report on its website - a public version which excludes salary data; and a confidential version which includes the aggregated salary data and is only available to those employees of the reporting organisation with authorised access – usually a senior executive and the governing body. A national report is also submitted to the Minister and a confidential competitor analysis benchmark report is provided to each employer.

The workplace profile which collects data regarding the gender composition of the workforce and equal remuneration for women and men collects:

- actual headcount (not full-time equivalents) during the reporting period;
- four standardised occupational categories for managers and eight standardised occupational categories for non-managers;
- gender, graduate or apprentice status, employment status and remuneration;

Information relating to remuneration in the report will not be published by the Agency without permission but may be published in aggregate form once it does not disclose either employer or employee (a sample is attached in Appendix A). This model would allow employers who calculate a gender pay gap to quickly identify whether there may be policy, discriminatory, structural or cultural issues that are causing a gender pay gap in their workplace.

While the UK model compares the pay received by all working men and all working women, the Australian model considers the like-for-like remuneration of standardised occupational categories for managers and non-managers below CEO level, across the gender composition and the employment status of the workforce. This is likely to provide a more meaningful interpretation of any issues arising to cause a gender pay gap, rather than the gender representation gap that the UK model calculates. In fact, the UK model is a blunt instrument which does not even measure what it purports to measure.

Once an appropriate method of reporting is developed it will offer a diagnostic approach to highlighting what the particular issues are for organisations and industry sectors alike. Such an approach would enable the discussion to be focused on the true causes of gender disparity in our organisations and socio-economic culture and given this transparency, facilitate more targeted interventions by all stakeholders.

While the *NSWG* proposal states that companies with 50 or more employees will be obliged to report their gender pay data, Ibec would suggest that this needs to be phased in over a period of time. Once an appropriate measure is developed it could be rolled out to organisations of 250+ employees giving them twelve months to gather data and calculate their own gender pay gap and

put an action plan in place for how they will address any gaps. This would enable larger organisations to develop best practice and allow smaller organisations to learn from them, phasing the reporting requirements in incremental steps.

To address the consultation's second question regarding the actions to tackle the gender pay gap there are a range of areas for consideration by Government, employers and individuals.

- **Occupational segregation**

Given the challenges and roots of occupational segregation, a number of issues would need to be addressed. There is a need to challenge occupational stereotypes by encouraging more women into male dominated industries and investing in careers advice that provides real information and options to students. This means building an awareness of gender stereotyping into teacher training curricula, overcoming the challenges of subject availability and opening up girls' horizons to broader careers for example as entrepreneurs, in STEM or other technical fields. This requires career guidance, exposure to role models from industry to bring to life non-stereotypical career opportunities and the availability of work placements in organisations in gender atypical areas. We need to ensure that key influencers such as career guidance teachers and parents are aware of the career paths and options in gender atypical areas.

Ibec welcomes the number of actions outlined under the Human Capital heading in the consultation which are aimed at promoting gender mainstreaming and reducing gender segregation in education and occupations. However many of these lack timelines and use terms such as "commence guidelines" or "develop an initiative to explore how" without a clear direction for implementation.

Missing also from this list is an action to tackle the lack of subject availability in schools. As aforementioned, the narrowing of subject choice due to lack of subject availability at such an early stage has significant implications for occupational segregation in later life. We need to increase the availability of subject choices which may require creative solutions such as the cooperation seen between some neighbouring schools to achieve economies of scale in terms of numbers taking the subject. Ultimately while we talk of what employers need to do to enable greater gender balance in their organisations, the challenge is heightened when the pipeline is leaking from such an early stage.

Ibec particularly welcome the guidelines to promote STEM careers to young people and parents but would like to see a focus on career guidance included under this heading. Continuing professional development for career guidance teachers must include updated insights into the world of work and both Government and employers have a role to support this development. An example of how this issue is being tackled is in the work carried out by a number of employers and employer bodies to address the stereotypes around girls and STEM careers. Ibec, Technology Ireland, Smart Futures (Science Foundation Ireland), Connecting Women in Technology and the 30% Club along with Silicon Republic's Inspirefest and Coderdojo have all been working with schools, students, parents, teachers and careers guidance counsellors to address the beliefs held about women and careers in STEM.

Various events and workshops have been held to raise awareness and challenge the misinformation around this issue. These events have been supported by employers who recognise the importance of

addressing the imbalance of representation of women. However many of these events and talks happen only in bigger cities and there is an urgent need to roll such local programmes out nationally. Arguably this work also needs to start earlier with children at primary level.

Teachers are key to the development of interest and commitment to STEM subjects and careers. To support their development and understanding, Accenture recently piloted a programme for a small group of trainee teachers to engage in paid internships during the summer to raise the awareness of careers in technology among this cohort of key influencers. This will be rolled out further by other technology organisations in the coming year. However consideration could be given to an initiative that focuses on developing more STEM teachers at all levels since so many of our global challenges, from climate change to economic inequality, require STEM based solutions. Initiatives such as the *100Kin10* in the USA which unites the nation's top academic institutions, nonprofits, foundations, companies, and government agencies to encourage the development of "100,000 excellent STEM teachers into classrooms by 2021"⁶ may be worth investigating.

Another welcome action proposed in the consultation document concerns addressing gender stereotypes from the youngest age as we see this as key to changing societal culture and expectations of our men and women within the workplace and the home. However the items under this action should also include changes to teacher training pedagogy if real changes are to be made. Studies from the US and Sweden have shown the impact that norm-conscious or gender neutral teaching practices can have on changing children's gender stereotyping behaviours which start as young as age five or six.

- **Balancing work and family life**

It is clear that gender norms and stereotypes have perpetuated views, structures and systems that encourage the delineation of work and non-work life along gender grounds. It is beyond the scope of this document to discuss this at length but extensive research provides the arguments that change is needed at a societal level if real traction is to occur around gender norms. Culture change is needed to see greater balance between the number of men involved in child and elder care, making use of the generous parental leave and paternity leave that is provided for in Irish legislation and the acceptability of that in both organisations and society.

It is necessary to consider both men and women as having caring responsibilities and not see this as an obstacle to career progression. In fact, assumptions about what women or men want from their careers generally needs to be checked. To support this, a number of organisations have started to make strides in this field with Arthur Cox and Facebook launching shared parenting leave policies. Others such as Citibank and ESB provide not only workshops and supports for pregnant employees and those returning after maternity leave but also for new fathers to ensure they are supported at this time. Often this starts with maternity coaching for individuals and line managers so that the entire process is managed appropriately, open communication occurs from the start and clear indications of what changes might be needed are raised.

⁶ <https://100kin10.org/>

While actions are included in the consultation document for assisting women in female-headed households to participate in the labour force it would be important to see a broader focus on female labour market participation overall. While a myriad of issues can influence an individual's decision to participate in part-time or full-time employment, two issues, less about choice and more about the unintended consequences of childcare and personal tax policy decisions, result in penalties which hamper females with children in the labour market. Entry cost effects from childcare and tax burdens reduce the net reward from employment with childcare costs representing the largest additional cost associated with taking up employment thus acting as a disincentive to work especially for second earners in dual earning couples.

Supporting the balance of work and family life and the challenges facing women who work part-time due to external constraints requires a childcare strategy to provide quality and affordable childcare and out of school hours care to enable women in particular to have the choice to remain in or enter the labour market. To help achieve this:

- Child benefit payments should be means tested so that they remain the same for low income households but taper off gradually for higher income households with the savings redirected into childcare services.
- The Early Childhood Care and Education scheme should be extended to include children from six months to three years and to increase the duration to four hours to facilitate the gap between the end of paid leave and the start of childcare entitlement or school. This could enable mothers to remain closer to the labour market through part-time work or return to the workplace at an earlier stage.
- A formal out-of-school hours care system should be implemented to address the needs of working parents and the atypical work day.

In addition to childcare, studies⁷ have identified taxation as having a significant role to play in the labour market participation of women as the treatment of married couples often results in married females being taxed more heavily than males or single females. It would be important to review the tax treatment of second earners and the unintended consequences faced typically by women caused by the current Participation Tax Rates (PTR's) and the Marginal Effective Tax Rates (METR's).

Due to the narrow tax base and low tax rates charged on initial incomes, average PTR's for second earners in Ireland appear to be the second lowest in the EU. This should mean that there is a very strong incentive to enter the workforce as only 18% of earnings would be taken away. However, this does not take into account childcare costs which also reduce the financial incentives from working. Once these costs are taken into account, PTR's go from being one of the lowest in the EU to one of the highest. Employees with no childcare costs will only lose 18% of their income, compared to 92% for someone with children.

METR's are similar to PTR's, except they apply to people who are already in work and they measure the proportion of extra income that will be lost if more hours are taken on. This can be due to the loss of benefits or high marginal tax rates. On initial incomes METR's are relatively low, again due to

⁷ IMF (2016). *Individual Choice or Policies? Drivers of Female Employment in Europe*. IMF Working Paper, WP/16/49/

the narrow tax base. Those in the bottom 25% of second earners in Ireland are faced with one of the lowest METR's in Europe. However on higher incomes, these rates rise significantly. This is because in Ireland the top marginal rate of tax is much higher than other countries and it also applies at earnings which are below the national average. Therefore a very large number of people end up paying these very high tax rates.

Median METR's for second earners in Ireland are the fourth highest in Europe while the top 25% of second earners pay METR's of almost 60%- the highest rate after Belgium. As this study was conducted during 2012, recent cuts to the USC would have brought these rates down somewhat since then. Unlike high PTR's which can prevent people from entering the labour market, high METR's can also reduce the incentive to take on more work and increase hours keeping females working fewer hours. This is particularly true for second earners. In Ireland, the number of hours worked by females is low, particularly in a European context suggesting that these high marginal tax rates are causing more people to work part-time than otherwise would be the case.

- **Discrimination and bias**

Many employers have been working to tackle bias and discrimination for some time. This has included the introduction of unconscious bias training to increase the awareness of people to the shortcuts and assumptions that they use. It has involved examining the organisational culture to identify where practices and unwritten rules may be acting in contravention of espoused policies and procedures.

Several factors also contribute to this area, including:

- how women's disproportionate responsibility for caring for children and older people is interpreted with regards their career aspirations, availability or commitment;
- organisational cultures which esteem and reward stereotypically male attributes and rely on stereotypical assumptions about women's capabilities and talents;
- inflexibility in working arrangements for employees operating at senior level.

There are a range of actions that can be taken to address these issues and proactively encourage greater gender balance throughout the organisation. This may include increasing awareness and promoting good practice in gender proofing policies and practices in the workplace, in particular the examination of human resource management processes that have an impact on the progression of women's careers i.e. recruitment, performance management and succession planning.

For example, research tells us that women are less likely to apply for a position unless they have 90-100% of the requirements in the job description while men are likely to apply if they have 60%. To address this requires examining job descriptions for what is essential and also ensuring that gender neutral language is used if we want to see a difference in the applications coming through. It is also essential to examine whether there are prototypes for different roles or positions in the organisation. If so, questions need to be asked whether these are essential or just norms that can be changed.

Performance management systems need to examine what is evaluated and ratings calibrated to see if any bias may have caused differences between male and female employees. Research tells us that men also receive more constructive and developmental feedback than females so training for reviewers is key.

While flexibility has been identified as a key way of enabling men and women to balance work and family life, employers are facing conflicting demands when it comes to engaging on this topic. On the one hand employees are seeking greater flexibility which often employers can facilitate. However on the other hand there is a contradictory narrative and criticism of flexible modes of working and increased calls for further regulation of flexible working arrangements, particularly in the context of the debate regarding so called precarious forms of employment. Any increased regulation in this area may impact employers' ability to offer flexible working arrangements.

This issue needs to be considered very carefully as flexibility in working arrangements comes in different forms and the more flexibility available, the more parents and those with caring responsibilities etc will be able to balance the demands of their caring/parental responsibilities and work, thus fulfilling the option they want in terms of career and family while also adding value in the workplace.

Other methods that are being used by employers to address these challenges and to increase gender parity include the identification and promotion of role models; the development of mentoring programmes and more importantly sponsorship programmes; and the increased transparency in recruitment and promotion methods. While this list is not exhaustive it gives an indication of the types of actions that can and are being utilised in organisations to help address the challenge of gender balance.

3. Ibec's role in the implementation of actions

Ibec has been engaged in diversity and inclusion with a particular focus on gender balance in organisations for quite some time. We work with employers and interested parties to address the challenges within organisations and society that prevent greater gender parity. In the past this has included developing tools and guidelines such as the *Maternity and Parenting Toolkit*; co-hosting leadership and gender conferences with the Department of Justice and Equality and leading or participating in European funded projects to further the aims of gender balance in employment.

We look forward to engaging with Government and relevant agencies to develop a suitable reporting tool, provide support for their actions as well as providing assistance and guidance for employers on addressing gender gaps and creating cultures supportive of gender balance.

Conclusion

Proposals for gender pay gap reporting are flawed and not without their challenges. The proposals would not only place a significant and potentially costly administrative burden on employers, but they also have the potential to unfairly and negatively impact on a company's reputation. Alone, gender pay gap reporting will not be effective. However, if implemented appropriately, and in conjunction with other appropriate measures, gender pay gap reporting may yield business benefits and encourage movement in the achievement of gender balance in the workplace.

The business case for diversity and inclusion is well established. While much has been achieved, momentum seems to have stalled in recent years. Greater gender parity yields stronger business results, higher quality decision making, enhanced innovation and creativity and has the potential to impact GDP. Transparent gender pay reporting could, if properly implemented, enable organisational leaders to identify the true obstacles holding their organisations back and ensure all stakeholders - individuals, employers and Government, take the necessary actions to address gender parity.

Ibec look forward to working with the Department to achieve the objective of empowering women and addressing the gender pay gap.

Appendix A – Australian gender pay gap reporting tool

Workplace profile instructions

Complete both tables with aggregated data.

This requires calculating and including:

- Aggregated employee numbers per category
- Aggregated average base salary and total remuneration per category

Employee numbers will be automatically totalled as you progress.

Categorising employees

- When allocating employees to manager and non-manager occupational categories, use the standardised definitions in the Occupations definitions.
- When determining which non-manager category to assign your job roles, refer to industry-specific examples contained in the guide on non-manager categories.
- Managers should be assigned their reporting level to the CEO (or equivalent). This is not required for non-managers.
- Assign gender to each

Calculating remuneration data

- Do not include remuneration data for the CEO or equivalent
- Base salary and total remuneration amounts must be based on actual amounts paid to the employee in the 12 months prior to the date selected for reporting on the workforce profile.
- Base salary refers to gross (pre-tax) salary paid to employees, including salary sacrificed items, but excluding allowances, pension and any other additional payments. It is to be converted to annualised (for employees who have worked less than the 12 months covered) and full-time equivalent (for part-time or casual employees) amounts.
- Total remuneration includes base salary plus any additional benefits whether payable directly or indirectly, whether in cash or in a form other than cash. Total remuneration components paid on a pro-rate basis must be converted to an annualised and full-time equivalent amount. Fixed components of total remuneration must be reported as the actual amount paid (not annualised or converted to FTE). These may include fixed rate bonuses, overtime or allowances where employees are paid the same amount regardless of the period of time they have been employed, or whether they are full-time or part-time.
- Amounts must be averaged for each manager/non-manager category.

Standardised manager categories

- **CEO** – The head of business in Australia
- **KMP** – Key management personnel – those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Their influence is at the entity level. They are likely to be heads of functions and direct how that component contributes to the entity's outcome, with a strategic focus. The KMP is a manager who represents at least one of the major functions of the organisation and participates in organisation-wide decisions with the CEO.
- **Other executives/general managers** – these individuals hold primary responsibility for the equivalent of a department or a business unit. In a large organisation, this manager might not participate in organisation-wide decisions with the CEO. Alternatively, this manager could have influence in organisation-wide decision-making forums to provide expertise or project development but because they do not actually hold authority at an entity level they would not be defined as KMP.
- **Senior managers** – these individuals are charged with one or more defined functions, departments or outcomes. They are more likely to be involved in a balance of strategies and operational aspects of

management. Some decision-making at this level would require approval from either of the three management levels above it. They are responsible for resourcing, a budget and assets (capital expenditure).

- **Other managers** – these individuals plan, organise, direct, control and coordinate an operational function. They usually oversee day to day operations working within and enforcing defined company parameters. They might implement, determine, monitor and review strategies, policies and plans to meet business needs as it relates to their own function/work area. They are accountable for a defined business outcome which usually involves the management of resources that also includes time management, coordination of different functions or people, financial resources and other assets. Line manager may be included in this category but supervisors would not – they would be classified in the non-manager group.

Standardised non-manager categories

- **Professionals** – Perform analytical, conceptual and creative tasks through the application of theoretical knowledge and experience in the fields of the arts, media, business, design, engineering, the physical and life sciences, transport, education, health, information and communication technology, the law, social sciences and social welfare.
- **Technicians and trade** - Perform a variety of skilled tasks, applying broad or in-depth technical, trade or industry-specific knowledge, often in support of scientific, engineering, building and manufacturing activities.
- **Community and personal service** - Provide services in hospitality, policing and emergency services, security, travel and tourism, fitness, sports and personal services. It includes carers and aides in schools and community settings as well as those who assist health professionals in the provision of patient care, and those who provide information and support on a range of social welfare matters, and in the areas of aged care and childcare.
- **Clerical and administrative** - Provide support to managers, professionals and organisations by organising, storing, manipulating and retrieving information.
- **Sales** - Sell goods, services and property, and provide sales support in areas such as operating cash registers and displaying and demonstrating goods.
- **Machinery operators and drivers** - Operate machines, plant, vehicles and other equipment to perform a range of agricultural, manufacturing and construction functions, move materials.
- **Labourers** - Perform a variety of routine and repetitive physical tasks using hand and power tools, and machines either as an individual or as part of a team assisting more skilled workers such as trades workers, and machinery operators and drivers.
- **Other** - Employees whose work is highly specialised or unique and is not defined by above categories
- **Graduate** - Any person employed in a formal graduate programme. Someone who has graduated from a tertiary institution but is NOT part of a formal graduate programme, is not to be included in this category.
- **Apprentice** - Any person employed by an employer as an apprentice. A trainee is not considered an apprentice. Trainees need to be classified according to the eight standardised occupational categories of non-managers provided.

Sample company report from Workplace Gender Equality Agency

Organisation and contact details

Submitting organisation details	Legal name	WGEA Test Pty Ltd
	ABN	11122233344
	ANZSIC	J Information Media and Telecommunications 5700 Internet Publishing and Broadcasting
	Business/trading name/s	
	ASX code (if applicable)	
	Postal address	Level 7, 309 Kent Street SYDNEY NSW 2000 AUSTRALIA
	Organisation phone number	0294327018
Reporting structure	Ultimate parent	WGEA Test Pty Ltd
	Number of employees covered by this report	96
CEO (or equivalent) details	Name	Ms Julie Burton
	Job Title	Chief Executive Officer
	Phone number	0294327018
	Email address	Julie.burton@wgea.gov.au
Primary report contact details	Name	FredReza Fani
	Job Title	
	Phone number	
	Email address	wgeatest22@gmail.com
Report contact details	Name	Ronald Galea
	Job Title	Human Resources Manager
	Phone number	
	Email address	vanessa.paterson@wgea.gov.au

Workplace profile - Manager

Manager occupational categories	Reporting level to CEO	Employment status	No. of employees			Annualised average full-time equivalent base salary \$		Annualised average full-time equivalent total remuneration \$	
			F	M	Total	F	M	F	M
CEO/Head of Business in Australia	0	Full-time permanent	0	1	1				
		Full-time contract	0	0	0				
		Part-time permanent	0	0	0				
		Part-time contract	0	0	0				
		Casual	0	0	0				
Key management personnel	-1	Full-time permanent	2	1	3	250,000	200,000	450,000	300,000
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	1	1	0	200,000	0	500,000
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				
	-2	Full-time permanent	0	1	1	0	200,000	0	450,000
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	0	0	0	0	0	0
		Part-time contract	1	0	1	200,000	0	450,000	0
		Casual	0	0	0				
Senior managers	-1	Full-time permanent	1	0	1	160,000	0	180,000	0
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	0	0	0	0	0	0
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				

Manager occupational categories	Reporting level to CEO	Employment status	No. of employees			Annualised average full-time equivalent base salary \$		Annualised average full-time equivalent total remuneration \$	
			F	M	Total	F	M	F	M
	-2	Full-time permanent	0	0	0	0	0	0	0
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	1	1	0	160,000	0	180,000
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				
	-3	Full-time permanent	1	2	3	160,000	160,000	180,000	180,000
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	0	0	0	0	0	0
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				
	-4	Full-time permanent	0	0	0	0	0	0	0
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	1	0	1	155,000	0	175,000	0
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				
Other managers	-5	Full-time permanent	1	0	1	130,000	0	150,000	0
		Full-time contract	0	0	0	0	0	0	0
		Part-time permanent	0	0	0	0	0	0	0
		Part-time contract	0	0	0	0	0	0	0
		Casual	0	0	0				
Grand total: all managers			7	7	14				

Workplace profile - Non-manager

Non-manager occupational categories	Employment status	No. of employees (excluding graduates & apprentices)		No. of graduates (if applicable)		No. of apprentices (if applicable)		Total employees	Annualised average full-time equivalent base salary \$		Annualised average full-time equivalent total remuneration \$	
		F	M	F	M	F	M		F	M	F	M
Professionals	Full-time permanent	5	17	0	0	0	0	22	88,000	113,235.29	108,000	133,117.65
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	9	6	0	0	0	0	15	82,000	113,000	95,000	132,666.67
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Technicians & trade	Full-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Community & personal service	Full-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0

Clerical & administrative	Full-time permanent	2	10	0	0	0	0	12	66,000	66,000	75,000	85,000
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	8	0	0	0	0	0	8	66,000	0	80,000	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Sales	Full-time permanent	1	18	2	0	0	0	21	49,666.67	77,000	65,000	93,055.56
	Full-time contract	3	0	0	0	0	0	3	77,000	0	91,666.67	0
	Part-time permanent	1	0	0	0	0	0	1	66,000	0	80,000	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Machinery operators & drivers	Full-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Labourers	Full-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0

Others	Full-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Full-time contract	0	0	0	0	0	0	0	0	0	0	0
	Part-time permanent	0	0	0	0	0	0	0	0	0	0	0
	Part-time contract	0	0	0	0	0	0	0	0	0	0	0
	Casual	0	0	0	0	0	0	0	0	0	0	0
Grand total: all non-managers		29	51	2	0	0	0	82				

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