

Gender Pay Equity: How do we make it happen?



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University of South Australia

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Elena Rorie, HR Professional

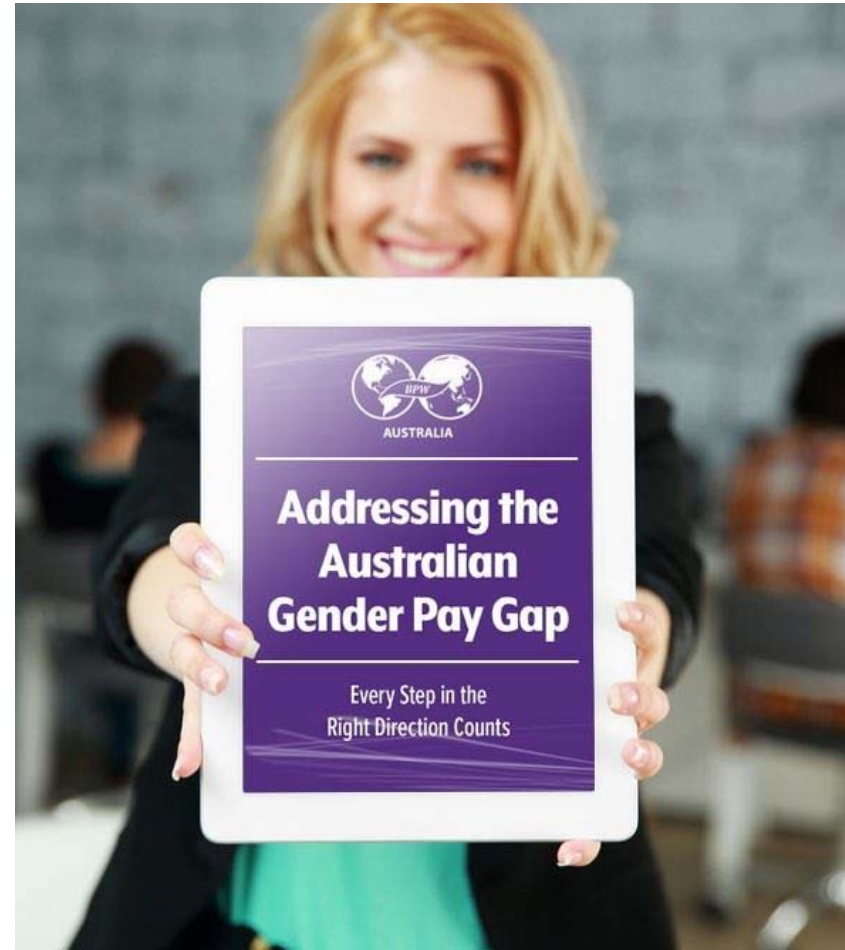
National Director of Policy
for BPW Australia



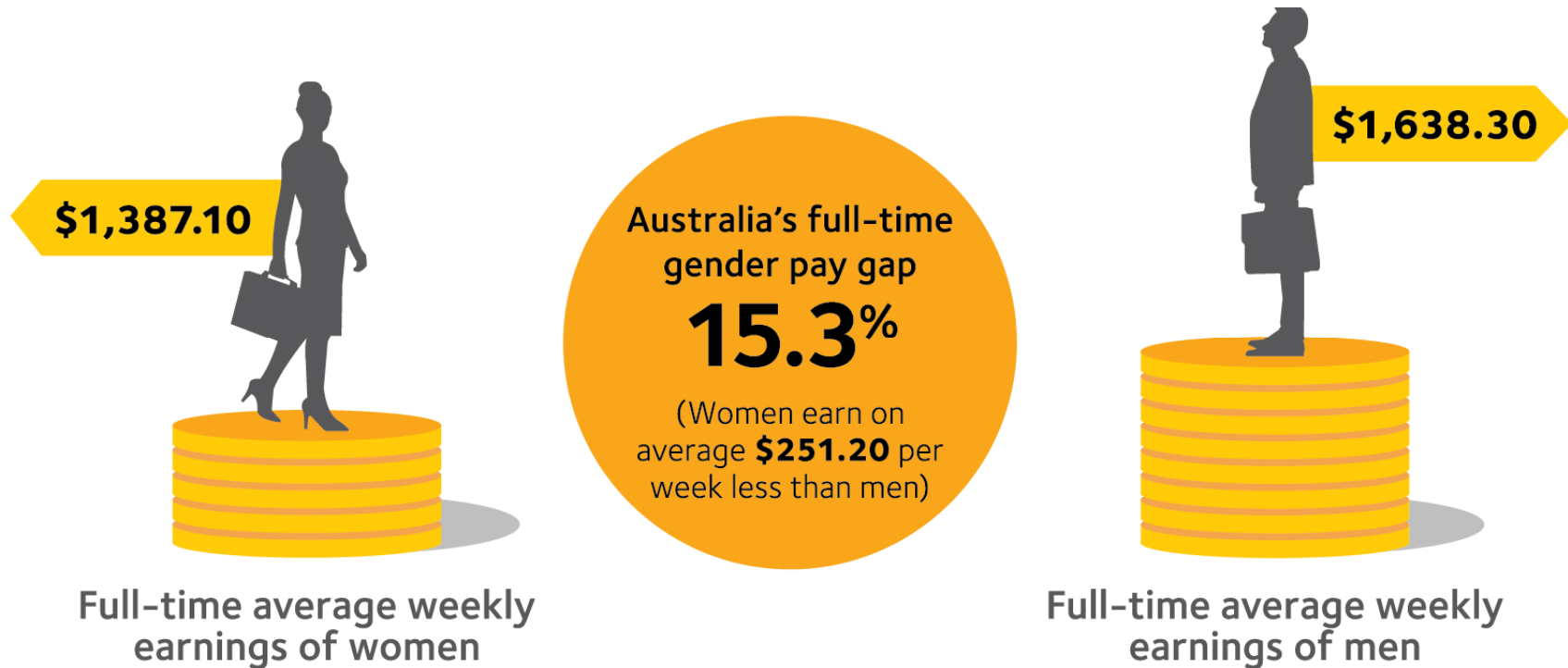
Equal Pay Day: 4 September 2017



www.equalpayday.com.au



The Gender Pay Gap



15.3% equates to \$250 per week on average

Persistent and pernicious

For two decades, Australia's gender pay gap has been stuck between **15%** and **19%**

In 1979 **Justice Mary Gaudron**, Australia's first female High Court judge, said:

- *We won equal pay for equal work in 1967. We won it again in 1969 and again in 1972 and 1974. Yet we still do not have equal pay.*

The **National Centre for Social and Economic Modelling** identified "simply being female" as accounting for 60% of the difference between men's and women's earnings.

Why?



We have legislation, policies and court decisions that are meant to prevent discrimination against working women.

We have excellent data from the Workplace Gender Equality Agency, and the highest education attainment levels for women globally.

So why is gender pay equity so hard to achieve?

And what is holding us back?



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Gender Pay Equity

How do we make it happen?

Barbara Pocock



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An international issue



H48. Pk6 Canneries. Jap Women with babies on their backs, filling cans.



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We stand on others' shoulders

Muriel Heagney, Zelda D'Aprano, Justice Mary Gaudron





‘We got it, then we got it again.....’

- 1940s activism and reports about equal pay
- 1969 ‘equal pay for equal work’
 - 18% of women affected
- 1972 and 1974 cases equal pay for work of equal value



Where we are now

- All the improvement was in the 1970s
- 1970 – 59.1% of male earnings
- 1972 – 70.4%
- 1979 – 80.6%
- Now – 82-84%
- and been around there for over 30 years



The gap

- Full-time women earn around \$260-300 a week less than the average man
- The gap matters more now because
 - many more women work (45 → 60% 1970-2016)
 - affects lifetime earnings
- Gap is much wider if consider all remuneration
 - Bonuses, overtime, cars, super....



Unequal pay starts early

- Men entering the workforce out of graduate programs earn 2.9 per cent more on a base salary than their female counterparts.
- Gap increases up to 8 per cent for higher-earning graduates.



Despite women's increasing quals

- Women have been diligently increasing their qualifications
- Proportion of women with a bachelors degree or better
 - 13% - 1996
 - 28% - 2016



And it casts a lifetime shadow

- Superannuation
 - No super at all:
 - Men 19.9%
 - Women 25.1%
 - Average balances (2013/14)
 - Men \$322,000
 - Women \$180,000



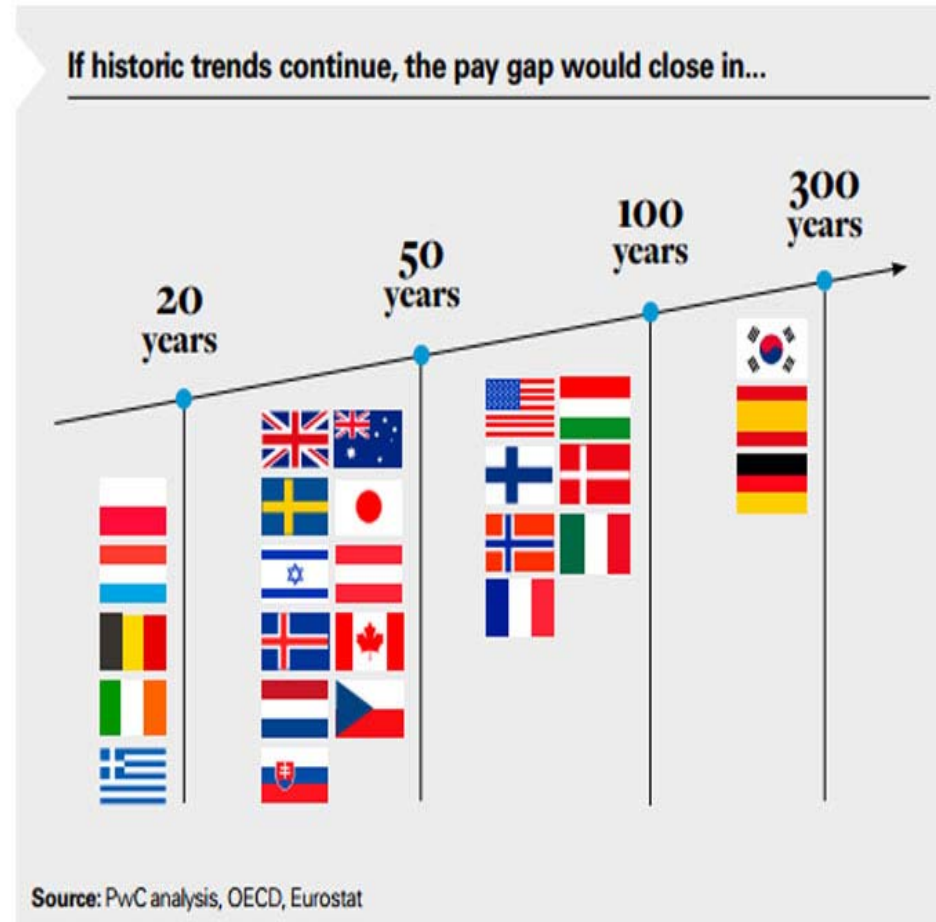
The higher, the wider

- The gap between managers and more senior people is very wide
 - \$100k a year
- Varies by industry
 - Widest in financial services
 - Rental, hiring and real estate
 - Construction and professional, scientific etc



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And it isn't going to end quickly



New problems

- Increasing individualisation of wage fixing
- Lack of transparency about pay
- Increasing casualisation of work
- Increasing female participation in paid work but no gender reallocation of unpaid work
 - years out of work, unpaid leave etc



New problems

- Cut Sunday penalty rates:
 - In cafes restaurants entertainment and retail
- Women make up 55% of accommodation, food, and retail
 - Women make up 46% of all labour market
 - Ave hourly rate is \$10/hr less than average
 - Many not paid penalties (52% compliance rate in hospitality, most of it underpayment)
- 37% of retail and 29% accommodation and food workers work only on weekends
- This is in part a work-family adaption



New problems

- But no cuts in penalties proposed for manufacturing, IT, transport, power, construction, emergency services, health...
- Because the existing rates 'align with long held community expectations'
 - These expectations are gendered; men are favoured
- Will widen the gender pay gap

What explains it?

- Differences in human capital – 30% of gap
 - But increased quals?
 - Dismisses what women learn outside paid work
- Discrimination – 40% of gap?
- Gender segregation – 30% of gap
 - Women and men do different jobs – 60% work in an industry dominated by one gender (horizontal)
 - Women in a female dominated industry earn \$40k less than a man in a male dominated industry
 - Men run the show (vertical)



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Importance of minimum wage

- Pay gap is narrower in award or minimum wage dependent occupations
 - Like retail, clerical, service occupations
- So can narrow the gender pay gap by increasing minimum wage
- Can also narrow it by depressing men's wages



Broader context matters



Broader context matters



One reason the pay gap is so sticky is that women trade money for control of their time

Working time matters



The experience of time is different for women than men

Working women who care for others live in both CLOCK time and BODY time

Reconciling them takes effort and flexibility. And these cost \$\$ and energy



Work/care regimes matter





What doesn't work (much)?

- Antidiscrimination legislation
- Affirmative action legislation – eg naming and shaming in parliament
- Equal remuneration provisions in Workplace Relations Acts
- Increasing the number of women with jobs
- Increasing the number of women lawyers, engineers, plumbers...or the number of male nurses, aged care workers.
- Research and evidence. Spectacularly unsuccessful.



What does work?

- Governments that get it and will act – and fund, enforce
- A tight labour market
 - We win when economics is on our side
- Union support
- Increasing minimum wages
- Institutional arrangements that generalise pay increases and make discrimination visible
- Active, organised women
 - who are not worn out with paid work and care
 - Without many other priorities in front of pay equity



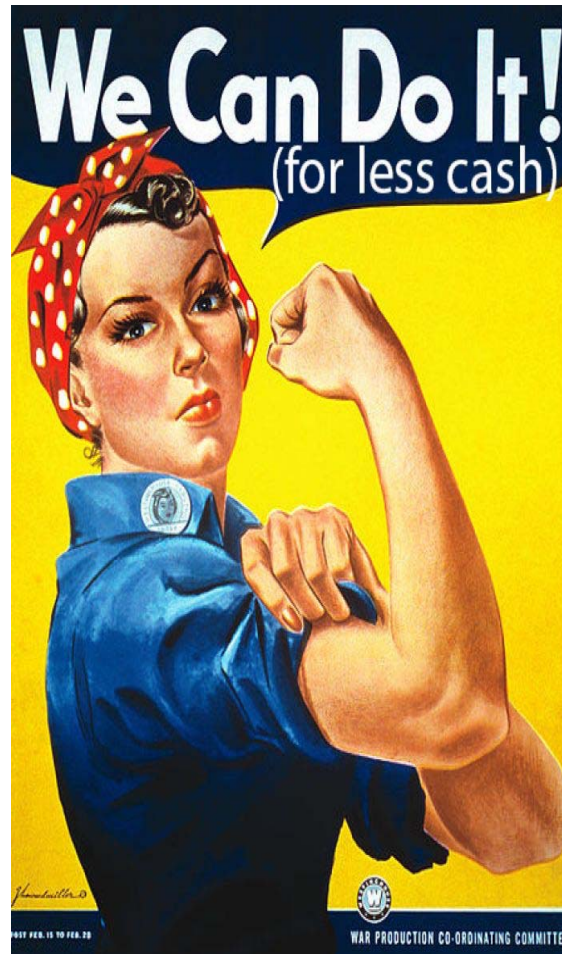
We should be leading the world



Skip the research. We have enough.
Skip the complicated industrial cases.
Just give us the money.



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Recent academic research findings about gender inequity in the workplace

Yoshio Yanadori
Centre for Workplace Excellence
13 September 2017



University of
South Australia

Business
School

My Presentation

- Introduces 3 recent academic (empirical) studies on gender pay gaps
 1. Gender pay gaps at executive level (Yanadori, Gould, & Kulik, 2016)
 2. Organisational strategy to reduce gender pay gaps (Castilla, 2015)
 3. Female wage premiums (Leslie, Manchester, & Dahm, 2017)

Research 1

Yanadori, Gould, & Kulik (2016)

- Are female corporate leaders paid equally to male corporate leaders?
- Analysis on executive pay for ASX 500 firms from 2011 to 2014
 - 3,478 distinct executives (“key management personnel”) from 384 distinct firms
 - Total pay (salary, incentives, and benefits)

Research 1

Finding 1

- On average, female executives earn 80.7% of the total pay earned by male executives

Average Executive Pay in 2011-2014

	All executives	Male executives	Female executives	Female/Male ratio
Base salary	\$ 455,394	\$ 465,027	\$ 366,538	78.8%
Financial incentives	\$ 401,382	\$ 408,007	\$ 340,265	83.4%
Total pay	\$ 973,223	\$ 991,991	\$ 800,109	80.7%
N	8,343	7,527 (90.2%)	816 (9.8%)	

All pay data are reported in 2011 Australian dollars.

Research 1

Finding 2

- Part of the gender pay gap is explained by the gender difference in positions held

Average Executive Total Pay according to Position Category

	Number and proportion			Mean total pay		
	All executives	Male executives	Female executives	All executives	Male executives	Female executives
CEO	1,345	1,295 96.3%	50 3.7%	\$ 1,804,835	\$ 1,790,854	\$ 2,166,938
Managing Director	971	919 94.6%	52 5.4%	\$ 1,321,765	\$ 1,318,530	\$ 1,378,927
Chief Officer of a Functional Department	2,366	2,103 88.9%	263 11.1%	\$ 881,135	\$ 887,457	\$ 830,579
Executive Director	439	413 94.1%	26 5.9%	\$ 823,649	\$ 815,690	\$ 950,081
General Manager	2,676	2,393 89.4%	283 10.6%	\$ 606,572	\$ 609,926	\$ 578,214
Company Secretary	444	308 69.4%	136 30.6%	\$ 493,825	\$ 506,947	\$ 464,108

All pay data are reported in 2011 Australian dollars.

Research 1

Finding 3

- Even after controlling for relevant factors (e.g., position, firm size, industry), there remains a 15.1% gender pay gap

Results of Analysis Estimating Executive Pay

	Total pay	
Female executive	-.164 (.032)	$(1 - \exp(-.164)) = 15.1\%$
Firm size (total assets)	.277 (.007)	
Firm performance (ROA)	.109 (.058)	
Firm risk (Std Dev. of ROA)	.023 (.008)	
Other factors	controlled	

Research 1

So What?

- Women are underpaid even after they break through class ceiling
- Increasing women's representation at the top is meaningful but gender pay gaps at this level also need to be monitored

Research 2

Castilla (2015)

- How can an organisation address the gender gap in annual raises?
 - Previous research demonstrated that men tended to receive larger raises than women with the same performance rating
- A quasi-experiment at a US service company
 - Examined the effect of new pay setting procedures

Research 2

Two New Procedures

- **Accountability**
 - Managers are asked to complete the form and justify their raise decisions
 - Organisation appointed a performance-reward committee that monitors raise decisions
- **Transparency**
 - All senior managers (and key HR staff) are given an access to the information about the raises for all employees in their department

Research 2

Finding

- As a result of introducing the two new policies, the gender gap in annual raise disappeared
 - Gender gap in annual raises is statistically insignificant
 - Racial gap in annual raises also disappeared

Research 2

So What?

- Even with pay-for-performance, men tend to be paid better than women
- Increasing accountability and transparency in organisational pay settings addresses gender pay gaps

Research 3

Leslie, Manchester, & Dahm (2017)

- Are there any possibilities that women earn more, as opposed to less, than men?
- One laboratory experiment and two field studies in the US

Research 3

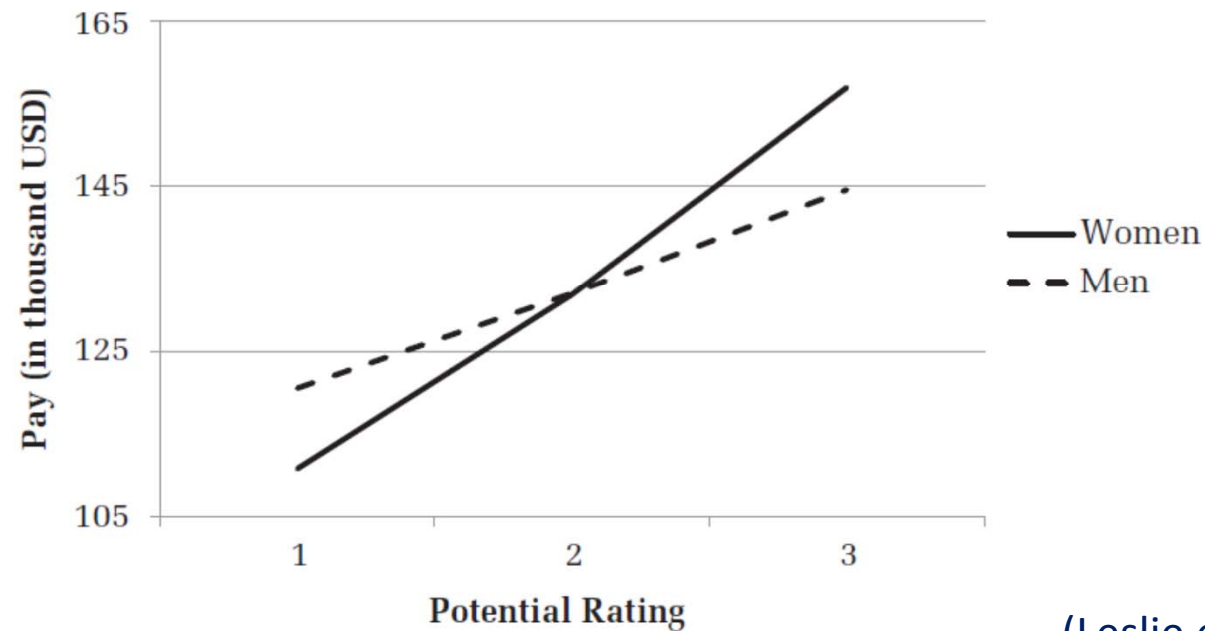
High Potential Women

- High potential employees, both men and women, are highly valued by organisations and thus are offered higher pay
 - High potential employees as those that have the capacity to reach a high level position
- Organisations differ in the level of their support for gender diversity

Research 3 Finding

- In organisations that support gender diversity, high potential women are paid more than high potential men

A



(Leslie et al., 2017: 410)

Research 3

So What?

- Being female is not necessarily a disadvantage. It could be an advantage.
- Organisational policy matters – women achieve good employment outcomes when their organisations support gender diversity

Recap

- Gender pay gaps exist at any level in organisational hierarchy
- Gender pay gaps could be fixed
 - Two key organisational practices – accountability and transparency
- Gender pay gaps may be reversed in some situations
 - High potential women may be able to enjoy female premiums

References

1. Yanadori, Y., Gould, J. A., & Kulik, C. T. (2016). A fair go? The gender pay gap among corporate executives in Australian firms. *International Journal of Human Resource Management*.
2. Castilla, E. J., (2015). Accounting for the gap: A firm study manipulating organizational accountability and transparency in pay decisions. *Organization Science*, 26: 311-333
3. Leslie, L. M., Manchester, C. F., & Dahm, P. C. (2017). Why and when does the gender pay gap reverse? Diversity goals and the pay premium for high potential women. *Academy of Management Journal*, 60: 402-432.



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If it was easy, it would probably be done by now...

- Major contributing factors to the Gender Pay Gap
- What's in it for businesses to embrace and promote equal pay
- Tips and tools to get you started
- Initiatives that support and promote equal pay and women's empowerment

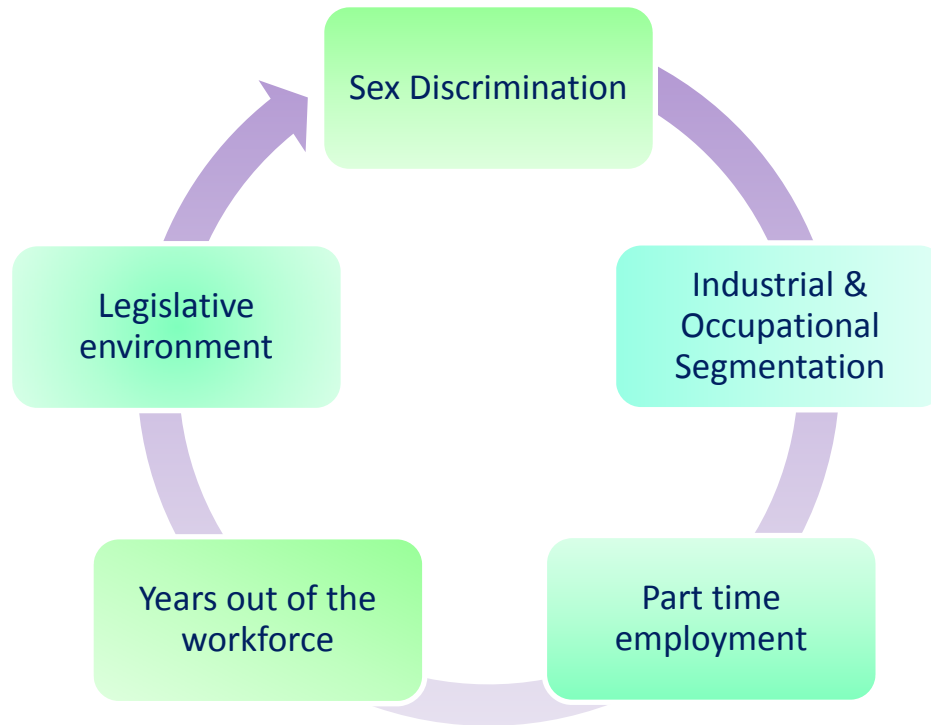


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Major contributing factors to the Gender Pay Gap

According to KPMG's latest analysis of the 2014 HILDA survey

KPMG, "She's Price(d)less – The Economics of the Gender Pay Gap", Oct 2016, www.kpmg.com.au/paygap



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**What's in it for businesses
to embrace and promote
equal pay?**



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What's in it for businesses to embrace and promote equal pay

**Attracting
top talent**

By creating a workplace that is appealing to both men and women

**Saving
money**

Reduce expenses, as replacing an employee can cost 75% or more of their annual wage

**Economic
Improvement**

In Australia, increasing the female workforce participation by 6% has the potential to add \$25 billion each year to the economy

**Better use of
resources**

Of years of investment in higher education of women – around 58% of Australian university graduates are women but only 67% are in paid work



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Tips and tools to get you started



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Successful Gender-diversity ecosystems

Persistence

*CEO
commitment*

*Comprehensive
transformation
programs*



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WEP – Women's Empowerment Principles Gap Analysis Tool (WEPs Tool)



The WEPs Tool helps companies identify strengths, gaps, and opportunities to improve their performance on gender equality.



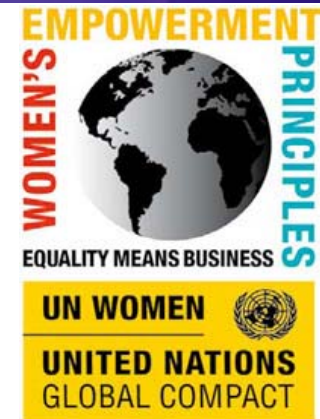
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Gap Analysis Tool (WEPs Tool)

- Grounded in the WEPs Principles and uses a global framework that has strong support from business, the UN, governments, and civil society.
- Business Driven as it was developed in consultation with more than 170 companies. The questions are based on real-life company practice, international standards, and indicators.





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Gap Analysis Tool (WEPs Tool)

A free, user-friendly, and strictly confidential online platform that helps companies to assess current policies and programmes, highlight areas for improvement, and identify opportunities to set future corporate goals and targets.

Results are provided in a concise and clear format so companies can easily identify areas for improvement.





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Gap Analysis Tool (WEPs Tool)

Companies can use the tool to:

- Assess the company's strategic approach to gender equality.
- Identify gaps and opportunities for continuous improvement.
- Learn about best practices on gender equality globally.
- Set concrete goals and targets, and measure progress over time.





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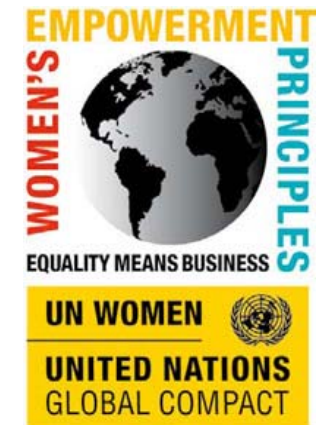
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Gap Analysis Tool (WEPs Tool)

Companies can use the tool to:

- Benchmark against peers and industry standards.
- Leverage global gender equality resources to guide future actions.
- Contribute to the UN Sustainable Development Goals by investing in women and girls and *Making Global Goals, Local Business.*





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**Initiatives that support and promote
equal pay and women's empowerment**



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Chiefs for Gender Equity

The Chiefs for Gender Equity are a group of senior business leaders from prominent South Australian companies representing key industry sectors brought together with the common aim of advancing gender equity.

The Chiefs are working to progress sustainable change within their own organisations and to increase the participation of women at the highest levels of industry.

<http://www.eoc.sa.gov.au/eo-business/chiefs-gender-equity>



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Male Champions of Change

Male Champions of Change (MCC) use their individual and collective leadership to elevate gender equality as an issue of national and international social and economic importance.

The MCC coalition now encompasses eight groups, amounting to around 130 leaders across Australian sectors and industries.

<http://malechampionsofchange.com/>



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Women on Boards

- Recognised leader in a growing ecosystem of organisations and networks promoting and supporting women; dedicated to breaking down barriers to entry into leadership and onto boards.
- Known for [strategic and practical events and programs.](#)
- Their aim is to have 40 per cent of these roles occupied by women by 2025.



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WeConnect

WEConnect International connects women-owned enterprises to corporations under their Supplier Diversity and Inclusion programs.

In Australasia, WEConnect International works in collaboration with women's organisations including BPW (Business & Professional Women), The Ruby Connection (part of Westpac Bank), Women In Global Business (part of Austrade), WCEI (Women Chiefs of Enterprise International). Certification is offered in Australia and New Zealand.

<https://weconnectinternational.org/en/about-us/who-we-are>



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Diverse City Careers

“We ask the hard questions on your behalf to help women find employment in companies that want you for who you are”.

DCC pre-screen employers on paid parental leave, pay equity, flexible working and much more. If they don't meet our criteria, they simply cannot advertise. This information is not publicly listed elsewhere and is an essential tool in the job search when assessing employers.

<https://www.dccjobs.com/>



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BPW Australia - Employers' Awards

This year, BPWA will celebrate its 70th anniversary. To commemorate this milestone, the organisation has created a new Award, simply called the "Employers' Award," that rewards every step in the right direction that the business takes.

Since BPWA wants to recognise efforts by all businesses, they will open these awards to businesses both big and small.



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BPW Australia - Employers' Awards

BPWA invites businesses to let them know if they have any of the following improvements in place: gender pay equity measures, flexible working arrangements, paid parental leave, and other initiatives that assist families—in particular, women—to achieve economic independence and maintain rewarding employment.

BPWA will release more details about the award soon but welcomes businesses to keep in touch.



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Thank you

Gender Pay Equity: How do we make it happen? Questions

