



**CHAMBERS  
IRELAND**  
IN BUSINESS FOR BUSINESS

## **“Measures to Tackle the Gender Pay Gap”**

### **Chambers Ireland Submission to the Department of Justice and Equality**

October 2017

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of businesses from all areas in the country and represent their views.

We welcome the opportunity to contribute to the work of the Department of Justice and Equality consultation on measures to reduce the gender pay gap.

#### **Key Issues for the Irish Chamber Network**

The policy priorities of Chambers Ireland and the Irish Chamber Network are to support Irish enterprise and entrepreneurship, to advocate for initiatives that protect and enhance our competitiveness and to ensure that Ireland, as a small open economy, is best placed to both attract investment and trade with new markets. Ensuring that these priorities are central to Government’s plans for growing our economy are even more important given the UK’s pending exit from the European Union in the coming years. Taking steps to protect our national competitiveness must be a central part of how Ireland prepares for the impact of Brexit on our economy. Ireland is competing against the top performing countries in the OECD for investment and for access to markets, and if we are to position ourselves as a knowledge-economy with a highly skilled workforce, our human capital must be developed to its fullest. Therefore, ensuring that Ireland is a more equal society, where men and women are supported to reach their full potential as citizens, employees, leaders and entrepreneurs, must be a crucial part of future policy planning.

Earlier this year, Chambers Ireland made a submission to the Department of Justice and Equality regarding Government’s National Women’s Strategy and made a number of recommendations on how the strategy could support increased equality in the workforce and support entrepreneurship. As part of these recommendations, we called for increased investment in childcare services,

measures to support parenting equality, increased supports for female entrepreneurs and pension reform.

Following on from the publication of the National Women's Strategy in May of this year, Government announced a further consultation period with stakeholders to gather feedback on how to address the gender pay gap and what policy measures should be introduced.

As part of our own consultation process within the Irish Chamber Network, we engaged with our Public Affairs Forum and our Employment, Workplace and Skills Policy Council. Several issues were highlighted as being of significant concern to the business community. The problem of retaining women in the workforce has also been highlighted as a concern for employers, and was attributed to the difficulty for employees in accessing affordable childcare and lack of structures that would support greater parenting equality. Supporting female entrepreneurs and increasing the number of women working in STEM related sectors and were also identified as areas that require the attention of Government.

### **Context- Women in Ireland**

In research outlined by the Central Statistics Office in their report "Women and Men in Ireland 2013", a number of interesting statistics about the profile of women in Ireland were highlighted.<sup>1</sup> Included among these statistics was the finding that more than half of women aged between 25 and 35 have a third-level qualification compared with just over four out of ten men. However, the rate of employment for males was 65.7% but for women it was 55.9%. More than 98% of those people who were looking after home/family in 2013 were women, with close to half a million women looking after home/family compared to only 8 700 men. Finally, the CSO report highlighted that in 2011, a woman working in Ireland had an income that was approximately three-quarters of a man's income but after adjusting for the longer hours worked by men; women's hourly earnings were approximately 94% of men's.<sup>2</sup>

The Gender Equality Index, published in 2015, places Ireland 8<sup>th</sup> across the EU for gender equality, up one place from the last reporting period.<sup>3</sup> The Gender Equality Index, published by the European Institute of Gender Equality, provides an easily interpretable measure of gender equality, with scores in the range of 1, representing inequality, to 100, representing full equality. Ireland's score of 52.9 is 3.6 points ahead of the European average, but notably behind Scandinavian countries. While Ireland performs well across many of the indicators, we lag behind our European counterparts when it comes to political and economic power, where Ireland ranks only 15<sup>th</sup>.

### **What is the Gender Pay Gap?**

When focusing specifically on the "gender pay gap", the definition included within the Department's consultation document notes that it is the difference between men's and women's pay, based on

---

<sup>1</sup> CSO, Women and Men in Ireland (2013) available at <http://www.cso.ie/en/statistics/womenandmeninireland/womenandmeninireland2013/>

<sup>2</sup> Ibid

<sup>3</sup> EIGE, Ireland- Gender Equality Index 2015 available at <http://eige.europa.eu/rdc/eige-publications/ireland-gender-equality-index-2015>

the average difference in gross hourly earnings of all employees.<sup>4</sup> The paper does note however that different organisations use different metrics to measure the gap. For example, the OECD defines the gender wage gap as the difference between median earnings of men and women, as opposed to the average earnings, which is used by the EU.

Eurostat reports that the gender pay gap in Ireland was 13.9% in 2014 compared with the EU28 figure of 16.7%. Ireland had the 11th lowest gender pay gap of the EU28. The problem with using a definition that focuses on unadjusted pay gap figure (as does Eurostat) is that this figure does not explain why gaps exist, and can often distort and over-simplify the reasons for gender pay gaps as being purely about rates of pay, rather than a number of complex factors around how salaries are calculated over the lifetime of an employee, such as whether workers work fewer hours, take career breaks etc.

For example, using the Eurostat “Structure of Earnings Survey” from 2014 as an example, the degree of the gender pay gap changes depending on how the data is presented.

- Mean Annual Wage: Men are paid 13.9% more than women
- Median Monthly Wages: Men are paid 22.8% more than women
- Median Hourly Wages: Men are paid 10.9% more than women
- Median Monthly Wage for under 40: Men are paid 12.9% more than women
- Median Monthly Wage for over 40: Men are paid 34% more than women
- Median Hourly Wage for under 40: Men are paid 1.8% more than women
- Median Monthly Wage for over 40: Men are paid 21.6% more than women

What is notable about the above figures is that no matter what way the figures are presented, men are invariably paid more than women. However, it is noteworthy that the gap is narrowest when wages are compared as an hourly rate rather than monthly or annual. It is also noteworthy that the gap is narrower for those under 40 years of age and is much wider for those over 40. Indeed, if you take an hourly rate of pay for those under 40 years of age, the pay gap narrows to 1.8%, whereas if you take the monthly median for those over 40 years of age then the gap widens significantly to 34%. The fact that the gap widens between men and women over 40 suggests that a “glass ceiling” exists. Therefore, policy makers must look at the circumstances of employees (men and women) who are over the age of 40 (and indeed the circumstances of those employees in their twenties and thirties) to ascertain why greater pay gaps between genders begin to take hold at this stage.

### **The Factors Creating the Gender Pay Gap**

The fact that men work more hours appears to be a societal and legacy issue in Ireland whereby the onus on caring for children or other dependants tends to fall to women, rather than men. For example, the Low Pay Commission released a study in October 2016 which considered [“The](#)

---

<sup>4</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Gender\\_pay\\_gap\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics)

[preponderance of women on the National Minimum Wage](#)". In this study, the LPC concluded as follows: *"These factors can all be seen to be interlinked; the high cost of care leads to many women taking up part-time or temporary work. As this type of work is most readily available in low pay sectors such as retail and accommodation, women are found in these sectors in disproportionate numbers. Working within these sectors and working part-time greatly increase the risk of being in receipt of the NMW and may go some of the way towards explaining the preponderance of women on the NMW. It is clear that the need for the flexibility to combine work with family responsibilities is a major factor in decisions to work part-time, and that these family responsibilities continue to fall predominantly on women."*<sup>5</sup>

Another interesting excerpt from the LPC Review in 2016 is as follows: *"Part-time workers account for over 50 percent of all NMW employees and approximately 80 percent of these are female. Understanding the reasons why females are in low paid part-time work is crucial to understanding the factors underlying the gender imbalance in NMW employment."*

The review went on to highlight that of all the persons surveyed *"over half of women who are working part-time are doing so because of caring responsibilities or due to other personal or family reasons. In contrast the main reasons cited by men as to why they are working part-time are that they are in education or training or that they have been unable to find full-time employment, which together represent two thirds of all male part-time workers."*

Accordingly, male workers are generally working part-time on a temporary basis and they are more likely to work more hours over time once their education or training has finished, or they secure more hours in the job market. Conversely, part-time female workers are generally working part-time on a permanent basis, or for longer periods, as they are tasked with caring for persons in the home over a longer period of time.

Further, when policy makers focus solely on the gender pay gap, as opposed to the pay gap between those with caring responsibilities (frequently mothers) and those without caring responsibilities, it is possible to misrepresent the degree of pay disparity and who is impacted the most. For example, UK data notes that the pay gap between men and women is approximately 20.8%, while the "Motherhood Pay Gap" (defined a woman without any children, compared to a woman with two children) being as high as 25%.<sup>6</sup>

This suggests that the pay gap issue isn't solely due to gender and is more connected to caring responsibilities and the manner in which society and statutory leave rights are structured where caring responsibilities weigh more heavily on women than they do on men. The consequences of women's default role as care-givers frequently results in a gender pay gap, gender pension gap, interrupted career trajectories (which is one of the reasons a pay gap and pension gap exists to begin with), absence from positions associated with power and decision making, and under-representation of female directors on company boards.

While these consequences (pay, pension and leadership inequality) are often examined separately, all of these gaps extend from the same root cause; women, for the most part, assume the care-

---

<sup>5</sup> Note- [Chambers Ireland Submission to LPC on preponderance of women in low paid jobs](#)

<sup>6</sup> [http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_348041.pdf](http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_348041.pdf)

giving roles in society. In some cases this is a choice, but for many, it is often justified for economic reasons because women are either earning less than their male counterparts, or are likely to earn less over the course of their lives. The high cost of childcare in Ireland often means that for parents, particularly single parents, it is not cost effective to both work and pay for childcare. The fact that women are continuing to opt-out or take considerable time out from the work-place, to cover care-giving responsibilities will inevitably continue to contribute to poorer earnings over the course of their lifetime, a lesser pension and reduced likelihood of reaching senior levels of management or being appointed to boards of directors.

### **Narrowing the Gender Pay Gap - What is required?**

Given the likelihood of women working less over their lifetime than their male counterparts, explaining why there is a gender pay gap is relatively straightforward. However, determining appropriate solutions to bridge this gap requires a nuanced approach that tackles the root causes of why women choose to opt out of the workforce. In a report published by Chambers Ireland in 2015 “Investing for Tomorrow - Supporting the Economy through Affordable Childcare”<sup>7</sup>, lack of affordability, lack of accessibility, lack of educational focus and low levels of investment were problems identified with the current model for childcare provision in Ireland.<sup>8</sup>

Chambers Ireland continues to take the view that investment in childcare not only benefits the state by reducing the social welfare bill, but also supports the labour market by enabling greater female labour market participation. Although the rate of labour market participation is equal at 85% among men and women without children, female labour market participation falls to 59% for women with a child under three and 40% for women with two or more children.<sup>9</sup> If childcare is supported by Government through long-term sustainable investment, it is more likely that women will not opt out of the workforce. By investing in childcare and after-school services both parents will be in a better position to take up full-time employment and progress their professional careers. Higher work participation is a prerequisite for women to increase their lifelong earnings and gain more economic and political power. In this way, investment in childcare services should also be considered a step towards improving gender equality and reducing the gender pay gap. In addition to reducing the gender pay gap, higher female employment rates would also help protect families against poverty in their old age. Increasing the coverage rate – in particular of women, low-income earners and young people – will be important to protect against pension poverty in the future and to reduce the long-term social welfare bill of the Exchequer. By facilitating both women and men to remain active in full-time jobs after having children through the provision of affordable childcare, more people will be in a position to prioritise their pension savings.

However, investing in childcare is only one part of a much broader set of solutions required to significantly narrow the gender pay and pension gap. International studies show that by increasing access to paternity leave (as opposed to just maternity leave), gaps in pay and pension provision will

---

<sup>7</sup> Available at <http://www.chambers.ie/assets/media/Downloads/Publications/Submissions/Investing%20for%20Tomorrow%20-%20CI%20Guide%20to%20Childcare%20FINAL.pdf>

<sup>8</sup> Central Statistics Office, ‘Women and Men in Ireland 2013’ available at <http://www.cso.ie/en/releasesandpublications/ep/p-wamii/womenandmeninireland2013/employmentlist/employment/#.VcsUaPIVhHw>

<sup>9</sup> CSO, Women and Men in Ireland (2013) available at <http://www.cso.ie/en/statistics/womenandmeninireland/womenandmeninireland2013/>

be reduced in the long-term. The World Economic Forum in its annual report on the Global Gender Gap, identifies the highest ranking countries as also being the ones with more progressive policy approaches to parenting equality - Iceland, Finland and Norway all rank in the top three countries globally for gender equality and all have in place policies that enable both men and women to take paid parental leave.<sup>10</sup> Along with providing the greatest entitlement to paternity leave in Europe, these countries also apply what is referred to as the “Daddy quota”. Increased access to paternity leave will bring about greater parenting equality, as the likelihood of parenting responsibilities being shared by both men and women will contribute to a cultural shift in the long-term, thereby facilitating employers to adopt more flexible family friendly work policies, accessible to both men and women, and subsequently reducing the risk of women exiting the workplace for extended periods of time. The benefits of increased parenting equality are reduced labour market inequality, the reduction of the gender pay gap and a lower female pension gap.

### **Chambers Ireland Recommendations**

We have separated our recommendations into two sections - long-term structural reforms that we believe will support the kind of evolution needed in the workplace and in society that will narrow the gender pay gap and, secondly, more immediate policy reforms that will improve how data on pay gaps is collected, how greater wage transparency can be promoted and how employers and employees can be supported in ensuring any existing pay gaps based on gender are eradicated within the workplace.

#### **1. Structural Reform**

##### *Investment in Childcare*

- As part of past recommendations Chambers Ireland called for the provision of direct subsidies in the form of means-tested capital grants, with childcare subsidies conditional on educational quality standards being met.<sup>11</sup> Government has since committed to increasing investment in childcare and recently published the heads of new legislation<sup>12</sup> for the Single Affordable Childcare Scheme, committing to means-tested subsidies based on parental income for children up to 15 years. This is a welcome first step towards increasing investment in childcare services making it more affordable for parents. We recommend that Governments continues to increase investment in child-care services in the long-term.
- We call on Government to ensure that the commitments made in the National Women’s Strategy are introduced and adequately resourced, including; maximising use of schools and existing facilities to support school age childcare, and initiatives to support women returning to work from maternity leave.

##### *Driving ambition- Supporting women in STEM*

---

<sup>10</sup> Global Gender Gap Index 2016 available at <http://reports.weforum.org/global-gender-gap-report-2016/rankings/>

<sup>11</sup>

<sup>12</sup> <http://www.dcy.gov.ie/viewdoc.asp?DocID=4108>

- Develop “educating the educator” programmes for teachers in STEM fields to encourage and support female students in business creation. This would be a helpful first step to supporting more women to be active in STEM related professions.
- We recommend that Government introduce additional supports to increase provision of management training to help female-led companies in scaling their business, especially for mid-level managers. Additionally, Government could expand the services offered by Local Enterprise Offices (LEOs) to offer starter office space and longer periods of mentoring, thereby allowing the LEOs the opportunity to increase tailored support for female entrepreneurs.

### *Pension Reform*

- The gender pension gap is a consequence of the cultural norms which result in women spending less of their lives in paid employment when compared to men. Addressing pension and labour market policies in a holistic way can contribute positively to the reduction of the gender gap in pay and pensions. Specific to Ireland, Chambers Ireland has in the past called for significant reform of the current model for pension provision. By facilitating women to remain in active employment after having children, through provision of affordable childcare and also increased parenting equality, more people will be in a position to prioritise pension savings. As part of our submission on Budget 2018, we have called for a number of reforms to be introduced so as to encourage more workers to enrol in private sector pensions.<sup>13</sup> For example, regulations governing pensions must be made flexible to allow workers to gradually transition into full retirement allowing part time work or job sharing. Incentives should be implemented to encourage enrolment in private sector pensions; a subsidy rather than a tax relief may be more attractive to workers.

### *Parenting Equality*

- In September 2016, Government introduced two weeks paid paternity leave for fathers. Indications given in the Programme for a Partnership Government suggest that Government plans to expand this entitlement over the coming five years. If gaps in pay and pensions are to be eradicated in the long-term, a cultural shift will be required in how care-giving responsibilities are met in society. If women continue to bear the brunt of these obligations, the gender gap and socio-economic inequality will continue to exist. We call on Government to work with employers groups to examine how increasing parental leave provisions can be introduced and managed with minimal burden to employers.

## 2. Policy Reform

*Reform on the gender pay gap is calculated.*

- The gender pay gaps should always be calculated on an adjusted basis to reflect a true figure. Utilising an hourly figure appears to provide the truest adjusted figure.

---

<sup>13</sup> <http://www.chambers.ie/assets/media/Downloads/Publications/Budget%202017%20D4.pdf>

Consistency in how this is calculated and publicised will allow for more effective strategic planning. As noted earlier in this submission, the problem with using a definition that focuses on unadjusted pay gap figure (as does Eurostat) is that this figure does not explain why gaps exist, and can often distort and over-simplify the reasons for gender pay gaps as being purely about rates of pay, rather than a number of complex factors around how salaries are calculated over the lifetime of an employee, such as whether workers work fewer hours, take career breaks etc.

- We also recommend that Government closely monitor the distinctions in pay between those individuals with caring responsibilities and those without, as distinct from gender.

#### *Promote tools and resources for employers to promote wage transparency*

- The Programme for a Partnership Government includes a commitment to put the reduction of the gender pay gap formally on the political agenda. While the full details of what this will look like have yet to be defined, the Programme for a Partnership Government outlines the introduction of wage surveys for companies of 50 or more employees. While we appreciate the view that having access to precise information on wages and how they are paid may be a useful tool to help policy makers understand the extent of the wage gap, it is not clear from current suggestions why the data is being collected and how it is going to be used. At present, legislators already have access to ample wage data for analysis without adding further layers of reporting for employers, especially SMEs. Additionally, a wage survey, as has been committed to as part of the Programme for a Partnership Government, is likely to reveal little about causality and therefore is unlikely to shed any new light on why gender pay gaps existed and how these gaps can be bridged. This has most recently been evidenced by the Low Pay Commission report into female wage rates. We recommend that Government avoids legislating for additional layers of reporting which will subsequently add to administrative burdens on business, particularly when it is unclear as to how collecting this data will support the policy objective of increased gender pay equality.
- Develop and promote practical information resources to explain and increase understanding of the multifaceted aspects of the gender pay gap and gender pension gap, its causes (i.e. traditional role models, gender-segregated education and labour market, the challenges of balancing work and family life, the difference in participation of men and women in family responsibilities, the availability of quality, affordable childcare facilities and out-of-school hours care, and processes within organisations where imbalance needs to be addressed).
- Develop practical tools to assist employers to calculate the gender pay gap within their organisations and to consider its aspects and causes, mindful of obligations regarding privacy and data protection. For example, employers could be encouraged to use and publicise salary scales and entry level rates of employments so as to promote greater transparency within the workplace

#### *Regulatory Oversight*



- Feedback from our Network and our Policy Council recommended that Government should introduce some form of regulatory oversight on the gender pay gap. For example, if the Workplace Relations Commission identifies a gender pay gap which there is no justifiable basis for, then the WRC can provide guidance and instruction on how to narrow/close the gap and issue a compliance notice. As with the current compliance notice system, the employer should have a right of appeal to the Labour Court if they feel the compliance notice is unwarranted. If the employer does not take measures to address this gap then the WRC, for example, can utilise a name and shame system as part of their annual reports. There is already a system like this in place whereby the WRC, in its annual report, names employers who have been prosecuted for non-compliance. The Food Safety Authority also name and shame business that they shut down for health and safety reasons.