More than just Money.

Lifting the Lid on Gender Pay Gap Reporting in Ireland.

In a working paper on gender pay gap, the OECD indicates that while 60% of wage discrepancy is due to glass ceilings, the remaining 40% is caused by "Sticky floors". The former is due to a motherhood penalty which hinders career advancement. The latter is driven by social norms, gender stereotypes and discrimination.

Tom Spiggle, an employment lawyer writing in Forbes believes much of this is complex to address. Society seems to place a greater burden of family responsibility on their choice of jobs, such as proximity to the family home, in favour of higher cash compensation.

This does little to explain why in some cases, women earn less than men for doing equal work or work of equal value, within the same organisation. In 2020, women within the EU earned 13% less than men. The scale of the gap also varies greatly from country to country, from a lowly 0.7% in Luxembourg to a huge 22.3% in Latvia. None of this can be linked to worker or workplace characteristics such as education, occupation, working time or economic activity and so clearly greater transparency is needed.

Interestingly, pay gap data for Ireland was not available in 2020 when this data was collected and analysed. However, since that point Ireland has introduced the Gender Pay Gap Information Act of 2021 which came into force in May of 2022. From December 2022, qualifying organisations must by law, publish a report on their company website on male and female employee pay. Initially employers with 250 or more employees will be included, joined on the second anniversary of the act by those with less than 250 employees. Beyond that on the third anniversary, employers with less than 150 employees will be required to report, but SME's or firms with less than 50 employees will remain excluded.

A recent KPMG report on pay gap reporting in Ireland, explains the three key metrics organisations must track:

1. The Mean Pay Gap
The mean gender pay gap is the difference between women's mean hourly wage and men's mean hourly wage. The mean hourly wage is the average hourly wage across the entire organisation.

2. The Median Pay Gap
The median gender pay gap is the difference between women's median hourly wage (the middle paid woman) and men's median hourly wage (the middle paid man). The median hourly wage is calculated by ranking all employees from the highest paid to the lowest paid and taking the hourly wage of the person in the middle.

3. The Quartiles Pay Gap

Quartiles are calculated by splitting all employees in an organisation into four even groups according to their level of pay. Looking at the proportion of men and women in each quartile gives an indication of the gender representation at different levels of the organisation.

The CIPD site for Ireland, www.cipd.ie, also gives an excellent guide to managing the requirements of The Gender Pay Gap Information Act 2021.

Initially it seems likely organisations will fall foul of the regulations and though context may explain how gaps may have arisen, firms will be expected to show how they are changing key HR policies, that effect pay gaps:

- What genders are you hiring into different roles? What recruiting price are you paying for different genders?
- What does your succession management programme consider when choosing high performers, how does it make allowances for maternity leave without penalising female employees?
- Who do you choose for your learning and development programmes, what is the gender split?
- Have you made counter offers for resigning employees or do you use pay or bonuses to retain employees, how are these addressed between genders?
- What specific actions does your firm take to demonstrate a proactive approach to diversity and inclusion and what has resulted from these?

We know firms are talking about diversity and inclusion and in many cases making great inroads to cultural gaps in their organisations.

In reality, firms that don't appear progressive and respectful in this area are likely to see themselves shut out of a large proportion of their target talent pool. However, the ultimate respect a firm can pay their employees is to be equitable and transparent in what they pay their employees.