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Reducing the gender pay gap

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Comments paper - Ireland

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Comments paper - Ireland

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1. Introduction

The Irish Employment Equality Act 1998 prohibits discrimination in relation to employment and pay.

Policy commitments to reduce the gender pay gap are reiterated in a number of key government strategies. The most recent social partnership agreement *Towards 2016* (2006-2015)¹ established a priority to “Further exploring the causes of the gender pay gap in order to reduce it further”. The National Development Plan (2007-2013) recognises the importance of introducing policies on childcare and employment rights in order to reduce the gender pay gap and occupational segregation. The National Women’s Strategy (2007-2016) has a priority to reduce the gender pay gap on the basis that “women at all levels of income face challenges in the workplace, including a gender pay gap and lack of opportunities for advancement”. In particular, the need for gender disaggregated data is highlighted as a major barrier to achieving equality and in carrying out commitments to gender mainstreaming across all government policies and services.

Ireland does not currently carry out any systematic collection of the gender pay gap in the workplace. However, voluntary equality reviews and action plans in the workplace have been initiated by the national equality body, the Equality Authority. A methodology for assessing equality in private and public sector workplaces, covers occupational segregation, pay inequalities, the position of women in different occupational groups in the workforce, flexible working time etc. This has been carried out in cooperation with the national social partners, IBEC and ICTU. The initiative was funded by the National Framework Committee on Equal Opportunities at the Level of the Enterprise established under the national partnership agreement *Sustaining Progress* (2003-2005). This also provided resources for independent equality auditors to carry out equality reviews and action plans.

A recent study commissioned by the Equality Authority of the impact of the recession on equality in the workplace (Russell and McGinnity 2011) found that workplace equality policies have a positive impact on the perception of workers’ workplace fairness and well-being.

Evidence of the gender pay gap

The average gender pay gap in Ireland is 17.1%, slightly below the gap in the EU of 17.6% in 2008. However, there is evidence of the widening of the gender pay gap in recent years (see below).

¹ Gender equality has been a priority in all partnership agreements, beginning with the Programme for National Recovery (PNR) (1987-1990) and concluding with the latest agreement, *Towards 2016* (2007-2016).

There is substantial evidence documenting the gender pay gap in Ireland, nationally and across different sectors (Russell and McGinnity 2011, National Centre for Partnership and Performance 2005, Barry 2006, McGuinness et al 2003, Russell and Gannon 2002). This research shows that the persistent gender pay gap in Ireland is related to a complex set of factors relating to women's lower qualifications, skills and experience, the setting of pay levels and pay systems, occupational segregation, differences in working time and the burden of care responsibilities by women. An important factor in the continuing Irish pay gap between men and women is family responsibilities (McGuinness et al 2003) and lack of childcare provision (Barrett et al 2000, Russell and Gannon 2002). Overall an unexplained gap of almost 8% is caused by either factors not captured in the data or by discrimination (McGuinness et al 2003). Research has also found that the presence of trade unions and the implementation of national wage agreements have benefited women working full-time and part-time.

The most recent data from Ireland's annual Employment Survey shows that the pay gap between men and women in Ireland has widened, despite a gradual reduction in the gender pay gap over the last decade. In 2007 the unadjusted gender pay gap was 10.7%. It widened to 12.4% in 2008 to 12.8% in 2009 (CSO 2011a).

Data for 2008 shows that women's average incomes were 69.7% of men's (men had an average income of €35,966 compared to the average income for women of €25,077) (CSO 2011b)². When adjusted to take account of average hours per week spent in paid employment, women's average hourly income was close to 90% of men's in 2008. The data also shows that difference between male and female incomes for workers aged 15-64 increased with age. The average income of women aged 15-24 was 86.9% of that of men in the same age group in 2008, while for the 55-64 age group women's average income was 57% of men's.

The gender pay gap and the economic crisis

Although the economic and financial crisis has had a major impact on employment and pay in Ireland, it is too early to detect how far this will have a long-term impact on the gender pay gap. Despite this, as shown above the gender pay gap widened in 2008 and 2009.

The severe economic and fiscal crisis in Ireland led to GNP contracted by 2.8% in 2008 and 10% in 2009 (Barrett et al 2009). A deterioration of conditions affecting businesses has led to job losses and wage cuts in the private sector. In the public sector the deterioration of public finances has led to an effective wage cut in the form of public sector pension levy. All employees have experienced an increase in taxes and the introduction of a universal social charge.

The decline in the number of employees from its peak in 2007 has been much greater among men than women. Since the onset of the economic crisis in 2007 women's employment declined from around 75% to 67.3% in 2009 and 64.5% in 2010. In 2010 46% of those in employment were women. Women worked an average of 30.9 hours a week compared to men at 39.4 hours a week. There has been a significant rise in the

² The National Employment Survey has been adapted to take account of the Eurostat Structure of Earning Survey. It covers all paid employees in enterprises with 10 employees or more in NACE rev.2 aggregate B to S (excluding O). This covers all economic sectors with the exception of agriculture, forestry and fishing, public administration and defense.

unemployment rate, which stood at 5% in recent years, to 15.1% in 2009 and 16.7% in 2010. The unemployment rate for women, which stood at about 4% over the last few years, increased in 2009 to 8.1% and rose again in 2010 to 9.8%. For the 20-24 age group, 32.9% of men and 18.7% of women were unemployed in 2010. There were 863,000 women and 996,100 men employed in Ireland in 2010.

One of the most significant factors impacting on the gender pay gap is women's shorter working hours and women's predominance in part-time work. About one-third of women work part-time. The economic crisis led to a significant increase in the numbers of women and men working part-time between 2007 and 2009 (Russell and McGinnity 2011). The rise in part-time work has contributed to the drop in average working hours for those in employment, from 37.6 hours per week in 2003 to 35.1 hours in 2009 (Russell and McGinnity 2011). Recent analysis of the gender pay gap (McGuinness et al. 2009) found that women working part-time received lower financial reward, compared to men working part-time, in relation to their education, work experience and job tenure. The study found that women's higher rates of part-time work further widened the gender pay gap by 1.9%. The concentration of part-time work in low-paid occupations and sectors accounts for most of the gap in pay. Female part-time workers experience a 6% pay penalty, compared with women working full time, while men working part-time with similar personal characteristics did not experience a pay penalty (Russell and McGinnity 2011).

2. Transferability issues

The Logib models developed in Germany and Austria are of great deal of relevance in an Irish context. Currently there are no specific tools that have been developed to enable all companies to systematically assess the gender pay gap and the factors that lead to gender bias and that address the unequal value of women's and men's pay. Despite the initiative referred to above of voluntary equality reviews and action plans, these have tended to be one-off initiatives and have been dependent on financial support from the Equality Authority, which has now ended.

Although national data is collected on the gender pay gap through the annual Employment Survey, few companies systematically collect data on the income distribution of the workforce. This is a major barrier to identifying and tackling the gender-pay gap. The Logib model would be very transferable in an Irish context as it has the overall consequence of making pay data transparent, and most importantly it is a national methodology that has the potential to enable comparability across sectors and companies.

The tool provides a very important set of data for pay bargaining and would be of significant importance for the Irish national social partners in future pay bargaining. This would be a valuable tool to enable the social partners to fulfil commitments to reduce the gender pay gap, adjust pay systems and integrate gender pay inequalities into future agreements.

It does appear from the two papers that the model developed and applied in Germany is far simpler than in Austria. This is important because it raises the question about the level of expertise that is required to complete a pay survey on-line. While it is important to have a tool that is simple to use, and particularly to get wide use by companies

across the economy, this may not be sufficiently detailed and robust to take account of all factors impacting on the gender pay gap.

In Austria and Germany the support and training provided by the respective ministries has been very important to successful implementation (from the BMFSF in Germany and the Ombud in Austria). In Germany, the provision of consultancy services to analyse the data and to highlight actions to resolve pay inequalities the provision of expert advice from the Ombud for Equality in Austria are very important. In an Irish context, the provision of consultancy services under the Equality Authority's equality reviews and action plan initiative undoubtedly provided a level of expertise, analysis and detail that many companies could not have achieved alone. In the current economic climate, typified by punitive reductions in public expenditure and cuts in staffing levels in public administration, it is extremely unlikely that additional revenue would be available for this. This might suggest that a simple tool that is easy for companies to administer may be more suitable for Ireland in this current climate, but on the basis that there would be scope for a more detailed and systematic approach in the future.

In addition, the provisions under Austrian legislation do point to the importance of making workplace income data collection by gender a regulatory requirement. In Austria the phased implementation of the model is particularly important in developing buy-in, awareness and understanding for companies. This should also enable the government to evaluate the implementation of the model and the transferability to all companies.

The role played by the Austrian Ombud and the BMFSF in Germany demonstrates the important role that government agencies have in supporting the capacity of companies to carry out these functions. Essential to this is creating awareness of the causes of the gender pay gap and how this can be reduced. This is important because the gender pay gap is a complex issue that requires a multi-faceted approach to tackling occupational segregation, the undervaluing of work and the societal processes, norms and values that reinforce discrimination and the gender pay gap. The introduction of a manual, brochure, seminars training and conferences for Works Councils and employers and the introduction of the gender pay gap calculator are all very transferable in an Irish context.

It is very important that the tool is adjusted to take account of the factors that lead to the gender pay gap. It would be useful to have further clarity and detail on the comprehensiveness of the criteria that are taken into account in adjusting the pay gap. The German paper does refer to variables such as years of employment, adjustments made according to the age structure, occupational structure, skills, and the extent to which women are in managerial positions. An expanded regression takes into account the profile of the job under six criteria, and six occupational categories. More information about the results and outcomes of this approach would be most valuable.

Learning from the implementation of the Logib tool in Austria and Germany is the importance of the active involvement of the social partners in agreeing an approach for all companies to implement. It appears that this will be essential for the ongoing implementation of the tool. In an Irish context this would be very important in getting the buy-in of the social partners as part of the implementation of the Croak Park agreement (2010-2014).

In both countries ensuring that the data report of the gender pay gap is accessible to the Works Councils and employees is a crucial component of this. In an Irish context it would also be important to promote the active involvement of the trade unions and

workplace representatives in the overall implementation of the data collection and reporting.

3. Policy debate

In an Irish context, albeit in an economic climate that is resulting in reduced public expenditure and fiscal constraint, the Logib model does offer a way forward in meeting the obligations to reducing the gender pay gap in successive national partnership agreements, the National Development Plan and the National Women's Strategy. This has relevance in the context of the response to the economic crisis, which led to an agreement between the social partners 'The Croak Park Agreement 2010-1014' to introduce public sector reform and restructuring.

It could also be argued that implementing equality in the workplace and actively promoting the closing of the gender pay gap is crucial for the sustainability of the Irish economy and long-term economic development. This is coupled with commitment under these national strategies to improve gender balance and gender representation on state boards, in the political system and in the economy, along with commitments to improve access to childcare and family friendly working environments. It is vitally important that the commitments to gender equality contained in national policy strategies are not subsumed as being of lesser importance in the light of pressures for economic recovery and employment creation.

It is therefore relevant that closing the gender pay gap is seen as an essential component of creating economic competitiveness and quality jobs. Valuing women's work and building capacity to implement equality in this context is not only good in fulfilling the goals of equality and social justice, but also to creating the conditions for workplaces of the future that are sustainable, productive and competitive.

Sources

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