



The EU Mutual Learning Programme in Gender Equality

Tackling the gender pay gap

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The gender pay gap in Ireland

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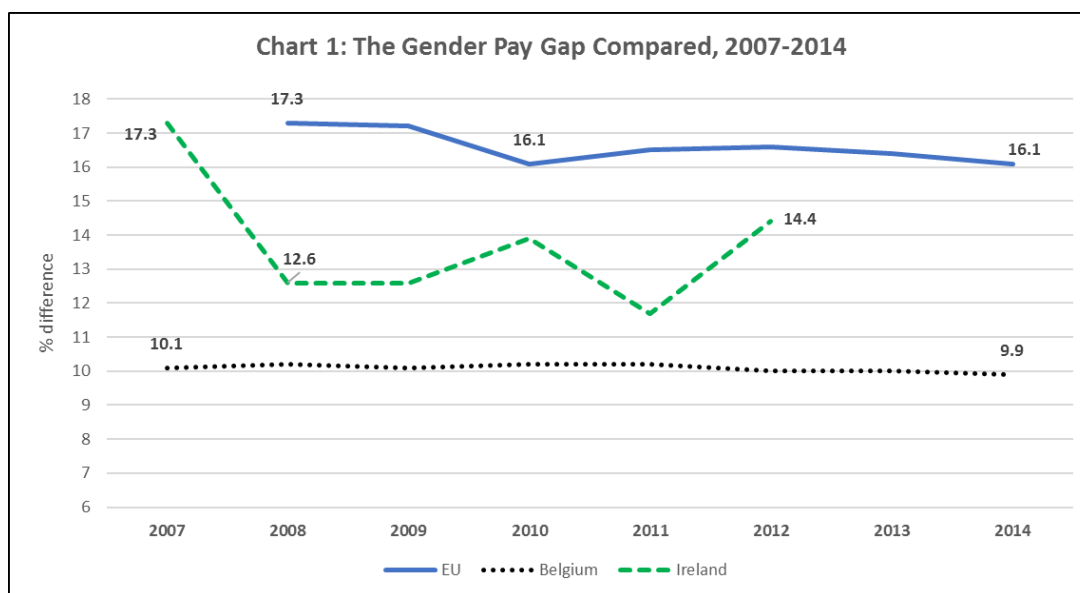
1. Introduction

This report examines the gender pay gap in Ireland. The paper first considers the empirical evidence on the gap and its evolution over recent years. Alongside this, the current policy context and the current institutional/legal structures are assessed. Section 3 reviews the current policy debate by highlighting a number of the challenges that recent and forthcoming developments are likely to present to policy objectives focused on reducing the gap. Section 4 considers the transferability of recent Belgian initiatives for Ireland, before Section 5 sets out some recommendations at both national and European levels.

2. Country context

2.1. Empirical evidence

Data on the gender pay gap for Ireland has been absent since 2012; a feature of revisions to statistical surveys and outputs given the budgetary and austerity measures of period from 2009 onwards. The latest data for Ireland, from 2012, reported that the difference between male and female gross hourly earnings as percentage of average gross hourly male earnings (gender pay gap) was 14.4 %.¹



Source: Eurostat online database (indicator *earn_gr_gpgr2*) and CSO (2016), (Note: Data for Ireland is unavailable for 2013 and 2014. EU data covers EU-27 up to 2009 and EU-28 from 2010)

¹ Data based on EU-SILC is available for 2013 onward but is as yet unpublished by Eurostat due to issues regarding the robustness of its measurement. See <http://www.genderequality.ie/en/GE/Pages/GenderPayGap>

As Chart 1 illustrates, the Irish gap has fallen over time from a figure of 17.3 % in 2007.² The decrease in 2008 is likely to have been driven by a significant and rapid change in the composition of the Irish labour market as the economic recession unfolded. In particular male workers in the construction sector lost jobs and earnings at the outset of the crisis.³

The Chart also compares Ireland's gap to the average EU figure and to that of Belgium. In 2014 rates within the EU ranged from 2.9 % in Slovenia to 28.3 % in Estonia. The Belgian figure was 9.9 % while the EU average was 16.1 %.

Table 1 compares Ireland's gender pay gap (from 2012) with that in a number of other EU Member States. These states include three other small Member States (Belgium, Denmark and Netherlands) and three large Member States (France, Spain and the UK). The latter is also of interest given the historical closeness of the structures and inter-country migration flows of the Irish and UK labour markets.

Table 1: Ireland's Gender Pay Gap Compared to Selected other EU States

	2012	2014	2014	2014	2014	2014	2014
	Ireland	Belgium	Denmark	Netherlands	France	Spain	UK
Overall	14.4	9.9	15.8	16.2	15.3	18.8	18.3
By age group							
< 25 years	1.6	2.7	5.7	2.5	-7.0	8.2	6.3
25 - 34	5.2	3.1	12.0	1.4	9.0	10.5	4.9
35 - 44	14.4	9.3	17.8	11.1	12.2	16.4	18.0
45 - 54	19.8	11.5	19.3	21.1	18.5	20.3	26.0
55 - 64	21.4	17.1	16.8	21.3	21.6	25.5	23.6
65 years +	10.4	n/a	12.0	18.0	33.0	49.4	25.7
By selected sectors of activity							
Business	20.6	14.9	16.5	21.6	13.5	23.8	20.0
Manufacturing	n/a	10.6	12.7	19.1	14.4	23.5	18.1
Construction	4.6	-2.4	9.9	12.8	-8.9	4.4	16.6
Wholesale/Retail	20.3	16.4	18.9	26.0	19.4	25.9	22.4
Accommodation & Food	7.9	7.8	4.2	12.7	8.0	14.4	10.9
Information/Communication	26.4	14.8	18.0	17.8	15.2	16.4	16.9
Professional/Technical	32.9	18.8	21.1	24.1	21.0	20.4	23.8

Source: Eurostat online database

The data in Table 1 highlights that the size of the gap increases across the working age groups, with the figures highest among workers in the final two decades of their working careers. Within sectors of the labour market, the Irish data highlight a notable gap among those in the professional/technical sector, while the rate is low among those in sectors such as accommodation & food and construction.⁴ Although empirical evidence is unavailable from the Eurostat database, it would seem that those sectors that are most likely to have workers engaged in collective bargaining, and those with sector-wide national wage-setting mechanisms (e.g. agreed minimum rates of pay) are the ones with the lowest gender pay gap.

² See notes on the meaning and calculation of the gender pay gap indicator here: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Gender_pay_gap_\(GPG\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Gender_pay_gap_(GPG))

³ See McGinnity et al (2014)

⁴ See also Barry and Feeley (2016: 47-48).

2.2. Current policy context

As the Irish economy emerges from a deep and protracted period of economic difficulty (2008-2013), policy attention has once again returned to broader issues of public policy and societal well-being. Reflecting this, the recently elected minority Government (2016) has committed in its Programme for Government to:

- Take measures to reduce the gender pay gap – inclusive of increasing investment in childcare, and reviewing the lower pay of women and gender inequality for senior appointments. We will also seek to promote:
 - Wage transparency by requiring companies of 50 and more to complete a wage survey
 - Locally delivered courses for women, comprising a series of training opportunities on self-development and work related skills, to assist a return to the labour market and promote entrepreneurship
 - An increased level of female participation in our Defence Forces, with the goal of doubling the participation rate from currently 6 % to 12 % in the next 5 years
 - Increased female representation on state boards to 40 %
 - A strengthened role of the Low Pay Commission in relation to the gender pay gap and in-work poverty (2016: 105).

The Programme also commits to the publication of a new *National Women's Strategy* by the end of 2016 (2016: 39) and that Government will “ensure the institutional arrangements are in place to support equality and gender proofing in the independent fiscal and budget office and within key government departments and to draw on the expertise of the Irish Human Rights and Equality Commission (IHREC) to support the proofing process” (2016: 15).

Collectively, these commitments reflect the emergence of a renewed policy focus on this area and a broader appreciation of the need to establish a more robust empirical understanding of the drivers of the gender pay gap and of the need to frame emerging policy initiatives in the context of an ongoing focus to address this issue.

2.3. Legal and institutional background

A number of pieces of legislation underpin gender equality in employment in Ireland. In particular these include the Employment Equality Acts 1998 and 2008 which outlaw discrimination on nine grounds including gender. Discrimination is described in the Act as “the treatment of a person in a less favourable way than another person is, has been, or would be treated”.⁵

A division within the Irish Government's Department of Justice and Equality is responsible for much of the policy and internal Government analysis of issues such as the gender pay gap. In recent years the Government also established the Irish

⁵ A comprehensive list of other relevant legislation is available at <http://www.genderequality.ie/en/GE/Pages/Employment>

Human Rights and Equality Commission (IHREC) as an independent public body that accounts to the Oireachtas (Parliament), with a mandate established under the Irish Human Rights and Equality Commission Act 2014. The remit of the 15-member Commission extends to issues including equal pay and, as outlined in the previous section, they have been tasked by Government to assist in the establishment of new procedures to underpin equality and gender-proofing of policy proposals.⁶

3. Policy debate

This section briefly outlines a number of the key issues facing the policy system as it attempts to address the gender pay gap issue.

3.1. Low pay

Recent examinations have provided a long-absent insight into the nature and composition of low pay in Ireland. A report from the Nevin Economic Research Institute (NERI, 2016) focused on women and low pay. It examined those with hourly earnings below two-thirds of the median and highlighted that:

- 25.6 % of employees in Ireland are in low pay (344,000)
- 60 % of low paid employees in Ireland are women (207,000)
- Women employees carry a 29.3 % risk of low pay
- Just over 60 % of low-paid women work in three sectors of employment: wholesale and retail (24 %), accommodation and food (19.7 %) and health and social work (18.4 %).
- Low-paid female workers earn less than low-paid male workers (see Chart 2)

Chart 2: Mean and Median Hourly Wages for Low-Paid Employees, 2013



Source: NERI (2016:37)

⁶ See <https://www.ihrec.ie/>

The findings of this research point to challenges regarding the concentration of female employees in low-paid sectors of the economy. If the labour market continues to segment in a way that females concentrate in these sectors, it adds to the challenge for policy to successfully address the gender pay gap.

3.2. Economic recovery

The Irish economy, and its labour market, suffered a significant contraction when the recent recession hit. A widespread and robust recovery has only begun to emerge over the past year (since mid-2015). As this develops, it is likely that the number of employees will grow in the aforementioned low-pay sectors – which suffered during the economic crisis. This expansion has the potential to further increase the gender pay gap given the concentration of women in these sectors and the broader growth in employment throughout all other sectors of the economy. This could drive the Irish gap back towards the average EU level (as prior to the crisis in 2007).

3.3. Low hours

Although the gender pay gap measure focuses on hourly earnings it is worthwhile linking the number of hours worked to broader issues regarding living standards. Data suggests that women work less hours than males and consequently any increases in wage floors, or general pay rates, will benefit men more than women. A recent paper by Holton and Collins (2016) modelled an increase in low pay for employees in Ireland. They found that although women gain most on an hourly basis, the fact that they worked less hours per week/year implies that the overall nominal gain in income they received was less than that of similar males.

3.4. The cost of work and participation tax rates

OECD data on Ireland's taxation system shows that it is very accommodative of secondary earners, often women returning to work after caring responsibilities. For these workers, there are limited impediments in the system and, relative to other countries, it is attractive and rewarding for women to take up work.⁷ However research that also examined some of the costs families encounter with such transitions has highlighted the high cost of childcare as an impediment for women to take up work.

A study by Rastrigina and Verashchagina (2015), focused on the financial gains for families where women return to work. It calculates the 'participation tax rate' (PTR) faced by these earners, which summarises the combined effect of gains in earned gross income, payments of income tax and social insurance contributions alongside any losses of welfare entitlements. A participation tax rate of 50 % implies that half of the gains in earnings from commencing work are lost through changes to taxes and benefits. For women in Ireland returning as second earners, they found that:

- Participation tax rates for women with no children are the second lowest in the EU, at 14.2 % - only Greece has a lower rate.
- Participation tax rates are also low for women with two children, at 18.2 %, where these couples do not have to pay for childcare.

⁷ See <http://www.oecd.org/ctp/tax-policy/taxing-wages-20725124.htm>

- However, in situations where couples have to pay for childcare, the participation tax rate for women with two children rises to 94 % - the second highest in the EU.

In simple terms, the research finds that an Irish woman with two children and returning to work is 6 EUR better off for every 100 EUR gross income earned - 18.40 EUR goes to tax and social insurance and 75.60 EUR goes to childcare. If one were to take into account the additional costs of work (transport, clothing etc.) this small gain is likely to disappear.

Such disincentive effects are likely to prevent many women, even those who are skilled and likely to be higher earners, from choosing to return to work. They may also impede the choices women have (grades, work responsibilities, hours) and thus undermine their potential.

4. Transferability

The Belgian approach offers some useful insights to Ireland as it re-asserts its policy focus on issues such as the gender pay gap. These include:

- The gathering and availability of robust data which allows public policy to assess, overall and within sectors, this issue and to monitor the pursuit of policy objectives.
- The establishment of three clear targets.
- An approach which involves groups from across society (the social partners) in taking responsibility for, and implementing, the policy. This seems to have broadened the policy from an objective to one of implementation.
- A very strong legislative bedrock for the initiative.
- An acknowledgement that this is a process rather than a rapid policy change.
- A framing of the policy as having an objective that few could disagree with.

5. Recommendations

Based on the assessment above, and the recent initiatives in Belgium, here are some recommendations for tackling the gender pay gap:

- Commit to collecting more timely and robust data on the gender pay gap.
- Adopt clear targets for reducing the gender pay gap. In an Irish context, the forthcoming National Women's Strategy should contain clear and measurable targets for reductions in the gender pay gap. Ideally, there should be an overall target and a series of interim targets which would allow ongoing monitoring of the policy and its successful implementation.

- Sufficient resources should be allocated to gender-proofing all major policy proposals. Assessments of their impact should be made both ex ante and ex post.
- Acknowledge the clear association between low pay and female workers. Consequently, appreciate the important role that addressing issues of low pay has for the earnings, incomes and well-being of women and their families.
- Examine the trend towards the ‘feminisation’ of some sectors of the labour market – and in particular the feminisation of lower-paid roles in those sectors.
- In an Irish context, use the results of the proposed wage surveys of large firms to establish an evidence base for the nature of earnings and gender divides within these firms. The results should act as a baseline for assessments of progress on this issue over time.
- Address the provision of affordable childcare, which in and of itself can undermine to opportunities women have to return to work or take up additional roles in the workplace. An appropriate solution to this problem (one which is pronounced in Ireland) should be positive for women, children and society generally.
- Involve the social partners in addressing this issue. A collective appreciation that this is a societal challenge will strengthen the ability of policy to pursue any targets.

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