

Pay and Workforce Gender Equity

economic Security4Women is working towards a greater awareness of the gender pay gap and gender pay issues nationally, particularly amongst people under 35 years.

We have a current focus on gender pay equity in the small to medium enterprises (SME) sector, working to engage such businesses in the steps and processes needed to ensure they offer pay equity across genders.

A gender pay gap is measured as the difference between male and female earnings expressed as a percentage of male earnings. Pay is inequitable when men and women doing work of equal or comparable value whether the work is similar or not are paid differently.

The Equal Opportunity for Women in the Workplace Agency (EOWA) finds that as of 30 May 2012 [women's wages are now 17.5% lower than that of men](#). There has been no progress for twenty years. This equates to \$252.80 per week less than men.

Current context

The causes of the gender pay gap are complex. It reflects the different industries that men and women work in, their different work patterns as well as conscious or unconscious bias/discrimination.

Australia's work force is significantly segregated by gender and people working in feminised industries tend to receive lower rates of pay; – as demonstrated in the recent equal pay case run by the Australian Services Union.

Many women are employed in paid work for fewer hours than men. This is usually a result of their families need for care work and the lack of financial incentives for them to go back into paid work. The second income earner in a family – usually, but not always, a mother – needs to take home a greater proportion of their income after tax, welfare and childcare costs¹.

Given that the Gratten Institute has recently proposed an increase in women's participation in the workforce by six per cent would increase the size of the Australian economy by about \$25 billion per year, gender workforce equity can be a real game changer for women and the nation.

While more flexible working arrangements are often sought by women returning to work after having/raising children we are not convinced that part time and casual work alone are what they are seeking. The ACTU has recently found that large numbers of both men and women who are currently engaged in insecure work – without the entitlements of permanent work – want more secure and stable working arrangements²..

¹ Daley J 2012 Game Changers: Economic Reform Priorities for Australia Gratten Institute Melbourne Victoria. Viewed on 20 July 2012 at <http://grattan.edu.au/publications/reports/post/game-changers-economic-reform-priorities-for-australia/>

² ACTU 2012 Lives on hold: Independent Inquiry into insecure work. ACTU Melbourne Vic.

Women also have a slightly higher rate of unemployment than men and their underemployment is consistently much higher³.

Disincentives are also found in workplace cultures especially those with threatening environments characterised by episodes of sexual harassment and levels of sexism in the organisation.

Equal pay in small business?

Significant advances around gender pay equity and women's workforce participation have been made in the large firms of Australia, possibly as a result of the work of Equal Opportunity for Women in the Workplace Agency (EOWA). Large firms are required to report to the Australian Government on their progress towards the elimination of discrimination and on their contribution to equal opportunity for women in the workplace. EOWA offers support to these firms to develop effective workplace programs.

However, little is known about what is happening in SMEs and little support is available to them.

Does this matter?

We think it does matter what happens with gender equity in small business, given that in Australia, they make significant contributions to servicing and producing Australia's economic growth, wealth, employment and innovation. Small businesses are a vital part of the Australian economy, providing almost half of total industry employment and around a third of industry value added in 2009–10⁴. SMEs make up 96% of all businesses. There are approx. 2.5 million of them with one million employing approx. five million other people⁵.

In order to ensure SMEs are able to take advantage of the increased participation of women in the workforce, they will need to demonstrate gender pay equity and be prepared to consider more flexible working arrangements. They will often have to compete with the large firms that are already required to be gender aware and are, as a result, more likely to offer women more attractive employment conditions.

Small businesses that fail to understand the importance of gender pay equity may fail to get and keep the best person for the job. economic Security4Women has found that women are less likely to commit to an organization that is prepared to undervalue their work; they are less likely to stay with an organisation that allows the existence of a gender pay gap or pay inequity.

In 2011, an online survey of 230 women (results unpublished) – with approx 45 per cent under the age of 35 – found that the majority had an understanding of pay equity and expected equal pay:

³ Sheen V 2012 Mind the Gap; But there is more to gender equality than pay parity Viewed on 12 August 2012 at <https://theconversation.edu.au/mind-the-gap-but-theres-more-to-gender-equality-than-pay-parity-7436>

⁴ <http://www.innovation.gov.au/SmallBusiness/KeyFacts/Documents/SmallBusinessPublication.pdf>

⁵

http://www.cosboa.org.au/_blog/Peter_Strong%27s_Blog/post/Peter_SXtrong%27s_Address_to_the_National_Press_Club_on_8_August_2012/

- The majority indicated that they would feel let down if they found out that the pay system at their place of work was gender unfair; 40 per cent would start looking for another job and 5 per cent would resign.
- Almost 80 per cent felt that the government should take action to redress any gender pay gap, with employers and unions also being held responsible.

Furthermore, many women are looking for flexible working arrangements. Over 80 per cent of those who had considered starting their own business would do so to have the freedom to organize their own working hours.

Attitudes to gender pay equity in smaller firms

Research undertaken by eS4W found that many small business owner/managers understand their obligations not to discriminate on the basis of gender, but the concept of pay equity, and particularly 'equal pay for work of equal value', is not well understood.

Key findings of research:

A small survey of predominantly Western Australian firms found:

1. There is a lack of knowledge about gender pay equity within SMEs and that managers and owner managers of SMEs are generally noncommittal about applying a gender pay audit to their firms.
2. That in SME's there is both 'traditional' attitudes of managers in relation to women's and men's work and more inclusive attitudes as a result of changes in the economy and society as a whole; it is the owner-manager's values, attitudes and previous work experience that is important in terms of their treatment of women
3. That awards hold back pay inequity between award covered, lower paid employees while pay equity gaps are biggest when individualised 'rewards' are given to high performing or 'meritorious' employees.
4. Furthermore, SMEs have been difficult to reach with information and advice about a range of business topics generally and more so about those difficult to understand such as pay equity.
5. SMEs also generally lack formal systems to manage the employment relationship, specifically formal human resource management (HRM) practices. In smaller firms there are likely to be fewer jobs undertaken and therefore any comparison between the pay for these jobs should be a relatively simple process.

If external forces for change – regulation and reporting regimes for example – are not used to encourage change in smaller firms, then recent research undertaken for eS4W shows that internal forces are also unlikely to operate to encourage an examination of pay practices in smaller firms to identify and overcome pay inequity.

Recommendations based on these findings included:

1. Training about and resources for HRM needs to be provided for SMEs with a focus on recruitment and selection processes, job analysis and job descriptions, developing performance management systems and reward systems and pay equity.
2. Further research into attitudes to gender pay equity in other Australian States and Territories, based on these findings, be undertaken to describe how widespread these attitudes are and to what extent they require a national response.
3. A strong, effective and up-to-date modern award system and national employment standards be maintained to ensure a basis for the terms and conditions of employment, including, base pay rates, job requirements and other 'rewards' associated with particular jobs.

Call to action

economic Security4Women calls on the Australian Government to quickly develop tools for small to medium enterprises to identify and reduce gender pay inequities and assist those firms to change business practices to ensure they get and keep the best person for the job.

About eS4W

economic Security4Women (eS4W) is one of six National Women's Alliances funded by the Australian Government through the Office for Women, Department of Housing, Families, Community Services and Indigenous Affairs.

eS4W is committed to strengthening economic wellbeing and financial security for all women. These are essential ingredients to achieving equity for all women and impact on all aspects of women's lives including their family, education, health, employment, retirement, housing and personal safety.