

THE GENDER PAY GAP WON'T CLOSE ITSELF!

A Report and Roadmap for Action.

financial
services
union





EXECUTIVE SUMMARY

In this report we will highlight details of the gender pay gap (GPG) in the financial services sector both in the Republic of Ireland and Northern Ireland. We make recommendations on how the GPG can be closed and discuss the issues that need to be addressed.

To contextualise the issue, in 2018, females in the Financial, Insurance and Real Estate activities sector earned on average €48,733 over the year, whilst males in this sector earned €74,728.

This equates to a gap of almost €26,000 in the average earnings of males and females in the Financial, Insurance and Real Estate sector.

Direct action is required to close the GPG in the EU and Ireland.

The Financial Services Union is calling for action to address it. We will rely on research from NERI and the Central Statistics Office and explain why overtime pay, working hours, pay ranges and other issues all play a part in the widening pay gap and how simply forcing companies of a certain size to publish details of the GPG in their organisation will help bring focus to the issue.

The gender pay gap can best be resolved through a willingness of employers to engage with Unions and agree a comprehensive programme of works that put this issue as a core objective of their business plan. Maintaining the status quo is not acceptable.

The FSU welcomes the recent recommendation from the citizens assembly on this issue and we are publishing this document from a trade union perspective to further discourse and action.



THE GENDER PAY GAP IN THE EU IS STILL AT 14%.

Without deliberate and conscious action, the EU gender pay gap won't end till 2104, if ever.

The gender pay gap is currently standing at 14.4% in Ireland.

The gender pay gap in Ireland 2010 was 14%, rising to 14.4% in 2017 so deliberate action is required to close the gender pay gap.





FSU is calling for action to address and close it:

- Make pay ranges public for workers to see and end pay secrecy
- Employers to publish their annual gender pay gap
- Employers to agree annual reduction targets through actions agreed with trade unions
- Encourage decent part-time and flexible working arrangements for staff at ALL levels of a company
- Audit pay increases and performance ratings each year for fairness and

equality

- Ensure that collective bargaining is a right for all workers

This is a short report prepared by FSU to explain the Gender Pay Gap and point to some measures that employers should take to address it.

WHAT IS THE GENDER PAY GAP ?

The gender pay gap is the difference between the earnings of men and women. Figures show a significant and persistent gap between the earnings of men and women. This is despite decades of equal pay legislation.

The gender pay gap is a metric that tells us about the difference in the earnings of males and females in the labour market. It is one of the main mechanisms used to assess the extent of

gender inequalities in the labour market. It is a broader concept than 'equal pay for equal work or work of equal value'. The gender pay gap may capture some actual discrimination that exists still but you can actually have a gender pay gap without having any illegal gendered pay discrimination.

So, it does a lot more than the legal discrimination framework and can suggest more structured inequalities

existing.

The gender pay gap captures the fact that different characteristics are rewarded differently in the labour market such as for example, different levels of educational attainment and males and females have different personal/family/household characteristics and work/job characteristics. Principally, the gender pay gap captures the differential economic returns from paid work rewarded to females as compared to males.

An hourly figure is often used so as to account for differences in the number of

hours worked.

Much more than equal pay legislation and rights are required to address and reduce the gender pay gap. Collective bargaining and sectoral agreements must play a key role.

HOW IS IT MEASURED?

Different statistical measures can be used to measure the earnings of females compared to males including.

Different statistical bodies, international and national organisations use different statistical measures to estimate the gender pay gap.



This creates complications when comparing percentages.

The two main statistical measures are the mean and the median.

MEAN GENDER PAY GAP

Mean earnings: The average figure calculated by adding up all the earnings and then dividing it by the number of people.

Calculate mean earnings for males:

Add together the pay of all relevant employees who are male.

Divide this figure by the number of relevant employees who are male.

This gives you the mean pay for males.

Calculate the mean earnings for females:

Add together the pay of all relevant employees who are female.

Divide this figure by the number of relevant employees who are female.

This gives you the mean pay for females.

Multiply the result by 100.

This gives you the mean gender pay gap in the pay of females compared to males.

A positive number indicates the percentage above which males earn more than females.

A negative number indicated the percentage below which males earn less than females.

CALCULATING THE MEAN GENDER PAY GAP

Take the mean pay for males & subtract the mean pay for females.

Divide the result by the mean pay for males.





EXAMPLE!

FEMALE EARNINGS

€8	€11	€12	€15	€25
Female	Female	Female	Female	Female
€8 +	€11 +	€12 +	€15 +	€25
Female 1	Female 2	Female 3	Female 4	Female 4

$$= 71.5 \% 5 = \text{€}14.2$$

MALE EARNINGS

€9	€14	€16	€20
Male	Male	Male	Male
€9 +	€14 +	€16 +	€20
Male 1	Male 2	Male 3	Male 4

$$= 59 \% 4 = \text{€}14.75$$

CALCULATING THE MEAN GENDER PAY

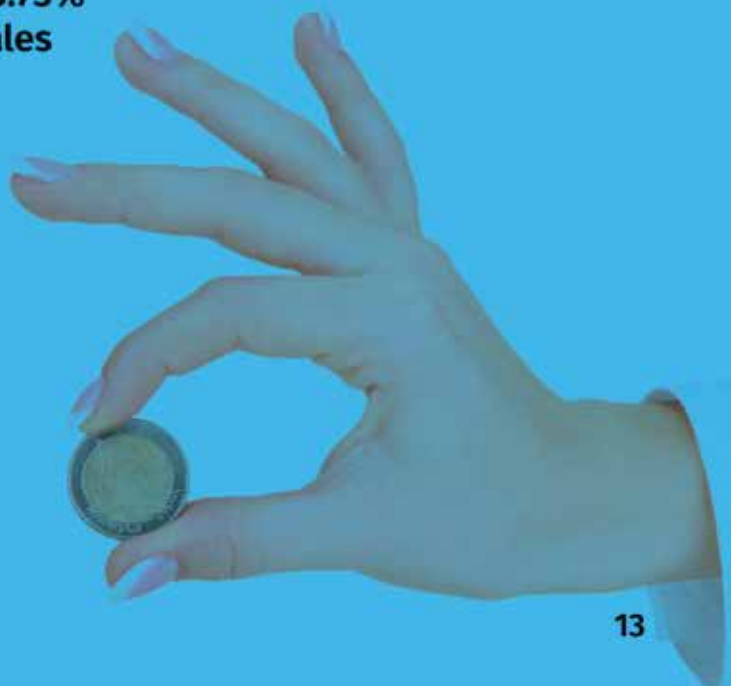


€14.75

-€14.20 X 100

€14.75
= 3.73%

**i.e. males earn 3.73%
more than females**





MEDIAN GENDER PAY GAP

Median: The average figure calculated by finding the person at the middle of the distribution.

Calculating the median gender pay gap:

Rank all males from highest paid to lowest paid. Find the pay rate/earnings of the middle male.

Rank all females from highest paid to lowest paid. Find the pay rate/earnings of the middle female.

MEDIAN GENDER PAY GAP =

MALE MEDIAN EARNINGS

- FEMALE MEDIAN EARNINGS

X 100

MALE MEDIAN EARNINGS



EXAMPLE!

€10	€15	€20
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Male Male Male

€5	€10	€12	€13	€20
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Female Female Female Female Female

$$\frac{\text{€15} - \text{€12} \times 100}{\text{€12}}$$

12

= 25%

i.e. males earn 25%
more than females





A positive number indicates the percentage above which males earn more than females.

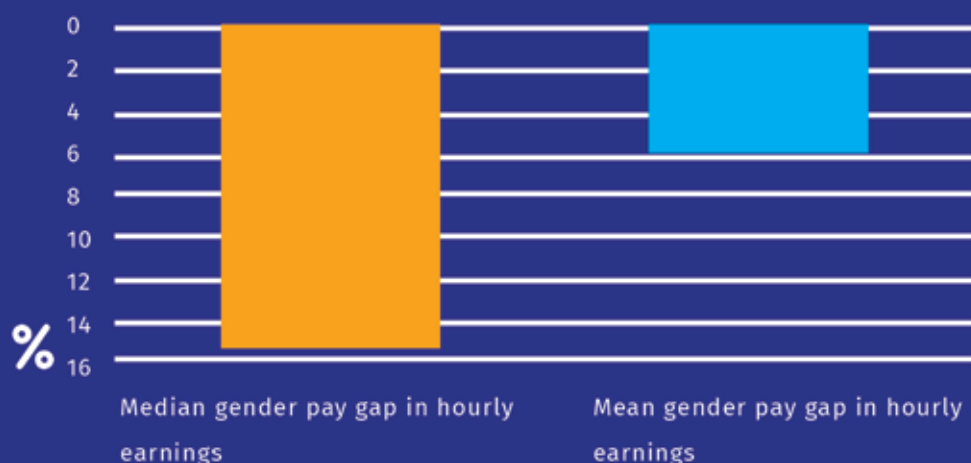
A negative number indicated the percentage below which males earn less than females.

In addition to the mean and media, when the gender pay gap is calculated by simply comparing the pay of all males to that of all females the estimate is known as the 'unadjusted' or 'raw' gender pay gap.

Calculated in this way, the gender pay gap does not consider all of the different

factors or characteristics of males and females that may play a role in determining or explaining the differences, such as for example differences in education, occupation, sector of employed, hours worked etc.

On the contrary, when the gender pay gap is calculated after accounting or controlling for underlying differences in characteristics the estimate is known as the 'adjusted' gender pay gap and that add significant factors that can point to important actions necessary to reduce the gender pay gap.



THE GPG IN THE REPUBLIC OF IRELAND

Research carried out by the NERI provides detail on the gender pay gap within the finance sector in the Republic of Ireland.

Specifically, their research shows that in the Finance, Insurance and Real Estate sector female median earnings are almost 15% less and mean earnings 6% less on an hourly basis, compared to males¹.

¹ Wilson, L. (2020) How unequal? The unadjusted gender pay gap in Northern Ireland and the c of Ireland, NERI Working Paper No. 69, Belfast: NERI.

In effect, in terms of median pay, this means that for every €1 a male employee earns, a female employee will earn 85c.

In mean terms, this means that for every €1 a male employee earns, a female employee will earn 94c.

Furthermore, when we assess the gender pay gap in this sector via gross weekly earnings gender differences in pay are much larger, than when assessed based on hourly earnings.

The below graph shows the gap in mean weekly earnings between males and females across industries.

With a gap of 34% the Financial, Insurance and Real estate activities sector is the one with the largest gap in earnings between males and females.

In 2018, Females in the Financial, Insurance and Real Estate activities sector earned on average €48,733 over the year, whilst Males in this sector earned €74,728.

Remarkably, over the year, this equated to a gap of almost €26,000 in the average earnings of males and females in the Financial, Insurance and Real Estate sector.

To be clear, the wider gender pay gap when assessed on a weekly or annual basis as compared to an hourly basis can be explained by a combination of the fact that men earn more per hour than females, tend to work longer hours over the week (and year) than women, and are also more likely to receive additional and higher pay for these hours, such as overtime pay.



Source: CSO (2020) Earnings analysis using administrative sources 2018, Dublin: CSO. Available online at: <https://www.cso.ie/en/releasesandpublications/ep/p-eaads/earningsanalysisusingadministrativedatasources2018/industry/>.

THE GPG IN NORTHERN IRELAND

Research carried out by the NERI provides some data on the gender pay gap within the finance and technology sector in Northern Ireland.

Specifically, their research shows there to be only a small gap in gendered earnings in a sector which includes the finance and technology occupations. That said, detailed reliable data which specifically captures the finance sector is not available and the data covers the 'Information, Communication, Financial, Insurance and Real Estates' sector.

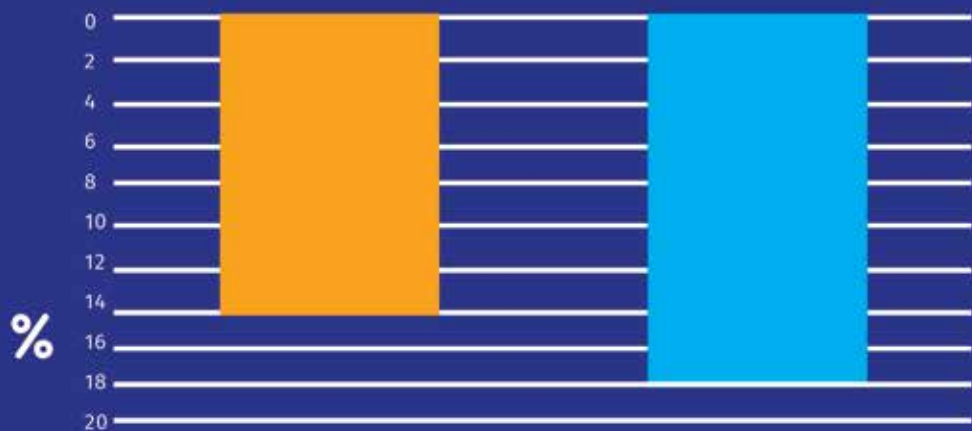
Furthermore, when we assess the gender pay gap in this sector via gross weekly earnings gender differences

in pay are much larger, than when assessed based on hourly earnings.

Specifically, mean weekly female earnings in the 'Information, Communication, Financial, Insurance and Real Estates' sector is £479 and male earnings are £557. Median weekly female earnings are £413 compared to median weekly male earnings of £505.

The below graph shows the gap in mean weekly earnings between males and females across industries.

There is a gap of 14% in mean earnings and an 18% gap in median earnings in the Information, Communication, Financial, Insurance and Real estate activities sector.



Median gender pay gap in hourly earnings

Mean gender pay gap in hourly earnings

GENDER PAY GAP REPORTING

AN EXAMPLE - THE CASE OF BANK OF IRELAND, 2021

Percentage difference in hourly pay of females compared to males.

Median gender pay gap: 24.8% (-0.4 points on previous year).
Mean gender pay gap: 17.9% (+1.3 points on previous year).

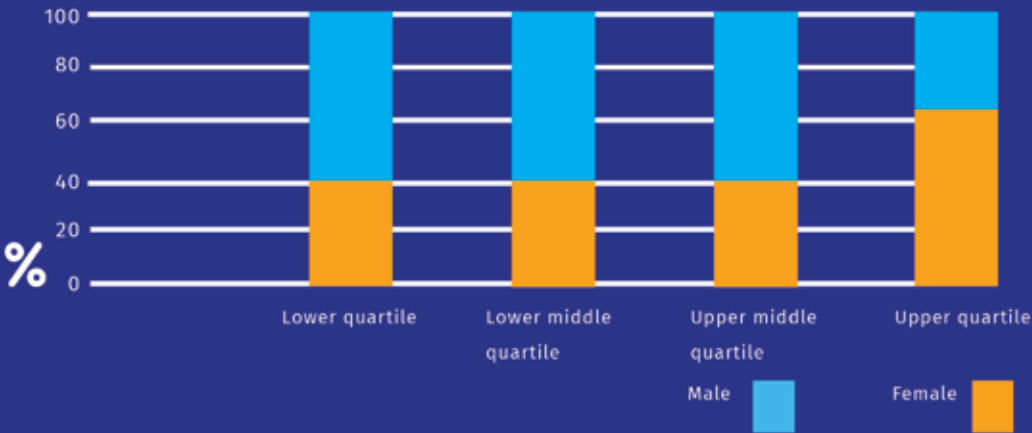
Summary statistics show a considerable gap in earnings between males and females within Bank of Ireland, with females earning between one fifth and one quarter less per hour than males.

As clear from an analysis of the two graphs presented much of the overall summary gap in earnings can be explained by a combination of two-factors.

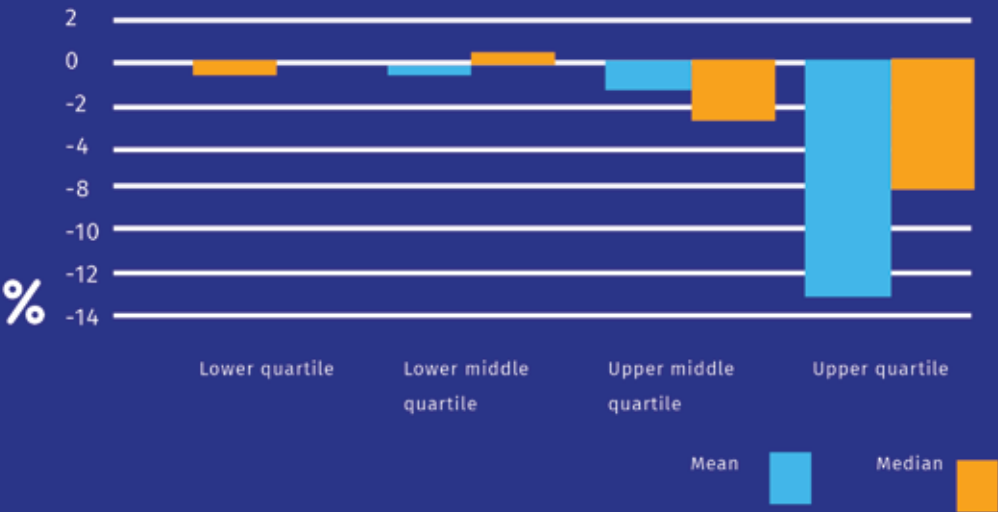
Females are underrepresented in comparatively higher earnings jobs within the Bank of Ireland.

Even within the comparatively higher earnings jobs females are rewarded much less than their comparative males.

Gender representation across earning quartiles: Percentage of males and females at different points of the earnings distribution



Gender pay gap in hourly earnings across the earnings distribution: Percentage gap



ACTIONS TO ADDRESS THE GENDER PAY GAP?

1. MAKE PAY RANGES PUBLIC FOR WORKERS TO SEE AND END PAY SECRECY

FSU is calling for pay ranges to be made open and transparent for workers to see. This will provide workers with important information in making choices. It will also highlight potential wage differences and pressure employers to ensure there is decent, fair pay and address the gender pay gap actively. It will highlight if roles are 'valued' more or less in a company which is potentially creating the gender pay gap.

2. MAKE EMPLOYERS PUBLISH THEIR ANNUAL GENDER PAY GAP

Analysing and publishing the gender pay gap is the first step in addressing it. It accepts it exists and it transparently highlights it to workers. It is a sign that the employer is taking it seriously. With analysis and discussion with unions it will also suggest some of the causes and so also remedies to address the gender gap and close it.



3. MAKE EMPLOYERS AGREE ANNUAL REDUCTION TARGETS THROUGH ACTIONS AGREED WITH TRADE UNIONS

While accepting and publishing the gender pay gap is a step, action is also required. Employers should agree action plans and targets with Trade Unions to reduce the gender pay gap. Listening to the voice of workers and negotiating solutions is vital to successful and sustainable outcomes supported by staff. Without plans and targets nothing will change

4. ENCOURAGE PART-TIME AND FLEXIBLE WORKING ARRANGEMENTS FOR STAFF AT ALL LEVELS OF A COMPANY

We know that the vast majority of people in part-

time or working reduced hours are women.

Not providing for these arrangements at all levels in a company is a serious hindrance and block on many women's careers, giving men an unfair advantage and contributing to the gender pay gap. These arrangements need to be provided and encouraged for all genders and at all levels of a company.

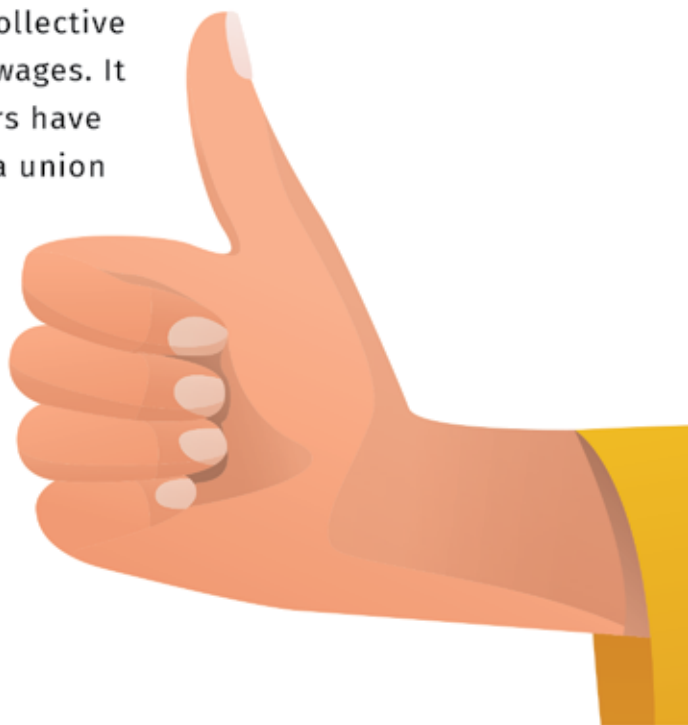
5. AUDIT PAY INCREASES AND PERFORMANCE RATINGS EACH YEAR FOR FAIRNESS AND EQUALITY

Actions to reduce the gender pay gap will fail if annual pay increases hide gendered inequality. It is important that a gender audit of annual pay increases is completed to ensure that pay increases are applied fairly.

As pay, and job security, is now linked to performance ratings it is equally important that a gender audit of performance ratings is conducted.

6. ENSURE THAT COLLECTIVE BARGAINING IS A RIGHT FOR ALL WORKERS

Female-dominated occupations are often low pay and non-union. Collective bargaining increases wages. It is vital that all workers have the right to organise a union and to collectively bargain better pay and working conditions. Union must also prioritise gender issues as part of their bargaining agenda.



This is a short report prepared by Gareth Murphy, Head of Industrial Relations and Campaigns in the Financial Services Union (FSU) to explain the Gender Pay Gap and point to some measures that employers should take to address it.

FSU would like to take this opportunity to thank Dr Lisa Wilson in the Nevin Economic Research Institute (NERI) for her assistance in the development of this paper.

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