

financial services union

Submission to Public Consultation on the Gender Pay Gap

October 2017

Introduction

The Financial Services Union is the leading trade union representing staff in the financial services sector. We have approximately 15,000 members located in the Republic of Ireland, Northern Ireland and Great Britain.

Our members share common values – a commitment to decency, fairness and respect in our workplaces.

We support thousands of members building their career in the financial services sector – in banks, fintech companies, the life assurance sector and specialist support firms.

We are the collective voice of staff in some of the leading financial institutions across Ireland and beyond.

The majority of our members are women and the gender pay gap issue is a significant concern to our Union.

Earlier this year we lobbied the then Minister for Jobs, Enterprise and Innovation and the then Minister for Justice in relation to the matter.

We welcomed the fact that the recently launched *National Strategy for Women and Girls 2017-2020* included a commitment to require firms with 50 or more employees to conduct and report the results of gender pay surveys.

We were also fully supportive of the recent motion on the gender pay gap proposed by IMPACT Trade Union and unanimously accepted by ICTU at its Biennial Delegate Conference in Belfast.

The Gender Pay Gap

The gender pay gap is a very tangible example of inequality in the workplace.

The EU Gender Pay Gap Indicator, developed by the European Commission, found that the gender pay gap for Ireland was 13.9% in 2014.

The recent *PWC Women in Work Index*, published earlier this year, revealed a 14.8% gender pay gap in Ireland.

The *Morgan McKinley Gender Earnings Gap Ireland 2016* report also revealed that, what they classified as the Financial Services and Regulators sector, had the highest gender pay gap in Ireland, standing at 29%.

As a union with a majority of female members, the gender pay gap is a very real concern for us and we are determined to work with colleagues in the trade union movement, civil society organisations, the Oireachtas and the Government to achieve reform that will deliver real and meaningful benefits for women in work and all those we are committed to a more just and equal society.

What Needs To Be Done:

Given the wide number of contributory factors involved there are a range of short and medium term measures that need to be taken to narrow, and eventually eliminate, the gender pay gap.

a) Transparent Reporting

One of the most important steps that needs to be taken is to require firms with more than 50 employees to conduct and report on gender pay surveys at regular intervals.

We note that employers in the UK with more than 250 employees have been required to publish annual gender pay and bonus figures since April last.

An important part of the UK legislation is that for the purposes of gender pay reporting, the definition of who counts as an employee is defined in The Equality Act 2010.

This is known as an 'extended' definition which includes agency workers and some self-employed workers. Given recent labour market developments and the rise of the 'gig' economy this is an important aspect of the UK legislation.

As noted earlier we welcome the fact that the Government's *National Strategy for Women and Girls 2017 – 2020* included a commitment to promote wage transparency. The old adage, 'what gets measured gets done' is very pertinent in this context.

Our Union believes that the *Irish Human Rights and Equality Commission (Gender Pay Gap Information) Bill 2017* introduced in the Seanad earlier this year provides the legislative framework for the early introduction of wage transparency legislation in this jurisdiction.

We note that when debated in Seanad Éireann the Bill had all-party support, and Senator Bacik, the proposer of the Bill, stated her willingness to accept amendments at Committee Stage to address any concerns.

We would strongly urge the Government to work with other parties and independents in both Houses of Parliament to see the passage of this legislation in the next Oireachtas term with a commitment that the legislation would be on the statute book by year end.

b) Value of Trade Union membership

Research in both Europe and the US confirm that membership of a trade union and access to collective bargaining reduces the gender pay gap.

For instance, the independent non-profit think tank, the Economic Policy Institute (www.epi.org) stated in April 2017 that *“One promising way to address both gender-specific disparities and the broken link between all typical workers’ pay and economy-wide productivity growth is through the resuscitation of collective bargaining. Unions have been proven to provide women with higher wages and better benefits.”*

The value to women of trade union membership needs to be prominent in any discussion of the gender pay gap. This is especially relevant with the growth of zero hour contracts and other negative changes to workplace practices which drive down wages, particularly the wages of women. Standing up for decent standards of employment is best achieved collectively through a trade union and this fact needs to be acknowledged and promoted by Government and all with an interest in this important issue.

c) Pay Determination and its Role in Addressing the Gender Pay Gap in Financial Services

As a catalyst to assist in addressing gender pay gap issues, FSU has always argued that the pay determination models used across the financial services industry need reform.

Models of pay focussed on secret industry norms, with no transparency not only entrench the gender pay gap, but also played a role in the financial crisis within the sector from 2008.

Individually focused pay structures provided a vehicle for employers to undermine collectivism, pit worker against worker and set out unacceptable and unsustainable business goals aimed at maximising profit at the expense of staff and customers.

New pay models need to be introduced in financial services which are geared towards:

1. Transparency of role and competencies right across the organisation from top to bottom;
2. Transparent salary ranges, salary scales and progression mechanisms in place that provide clear guidelines to all concerned on how to progress within the organisation;
3. Pay models more focussed on acquired knowledge, educational qualifications, developing skills sets and customer-focussed objectives rather than sales orientated, performance targets.

4. Comprehensive internal training and development resources to support and encourage staff to progress within the organisation and not bypass staff by traditional stereotyping;
5. Recognition in financial services that all roles have important value within the organisation and that there needs to be an encouragement of equality of opportunity across the organisation; and
6. External review of pay mechanisms to ensure that they deliver in terms of organisational needs, customer demands and staff expectations.

d) Tackling Low Pay

One of the main drivers of gender pay inequality is the large preponderance of women on minimum wage and low pay.

Tackling this issue would reduce the gender pay gap and also have a significant impact on the growing numbers of 'working poor' families whose income can't keep pace with double digit rises in rent for instance.

We fully endorse the ICTU submission to the Low Pay Commission (March 2016) entitled "*The Preponderance of Women on the Minimum Wage*".

In particular that submission highlights the need to enable women to enter and progress in occupations that are currently male dominated and also the need to strengthen workers' rights in relation to contracts of employment to tackle issues such as zero hours contracts, the 'if and when' culture and the introduction of an 'hours floor'.

The current Government commitment to legislate in this area by 2020 (Action 1.15 in National Strategy for Women and Girls) is not ambitious enough. Legal reform to strength workers' rights in this area is urgently needed and cannot be put on the long finger.

e) Investment in childcare

Women still undertake a disproportionate degree of responsibility for childcare. Investing in childcare and early years' education is one of the most important investment decisions a State can make. The positives that flow from an affordable, accessible childcare and early years system are many and that includes tackling the gender pay gap.

At present many women take career breaks, leave the workforce or work part-time due to the inability to find affordable childcare. This impacts on their earning potential and copperfastens the gender pay gap.

It should also be noted that the traditional caring role that many women take on, with a resultant impact on earnings and career advancement, now also includes caring for elderly parents or other relatives. A long-term strategy to plan for the needs of an aging population is required. At present too many families, especially female family members, are taking on a caring role with little formal State support.

f) Promotion of STEM subjects and apprenticeships

Educational segregation results in subsequent labour market segregation, with many young women not having the opportunity to contribute to growing and well paid sectors of the economy.

We acknowledge the recent work done in highlighting the low participation rate of young women in STEM subjects in second and third level education, including the 2016 report of the STEM Education Review Group.

We strongly recommend that Government works with partners in civil society, the trade union movement and the business sector to increase the participation by young women in STEM subjects at second and third level.

We recognise that actions 1.8 – 1.10 in the National Strategy for Women and Girls focus on this important agenda but we are concerned that the timeframes contained in the strategy to complete these actions will be missed. For instance the National STEM Education Policy Statement was intended to be completed by end Q2 2017, yet it appears that the consultation stage is still in progress and publication of the Policy Statement is still some time away.

Likewise the Financial Services Union acknowledges that the National Strategy for Women and Girls includes a commitment to examine the barriers to female participation in apprenticeships. Our union welcomes the expansion of the apprenticeship model into new areas, including financial services, and urges the Government to ensure that this important review is completed by end 2018.

Larry Broderick

General Secretary