



Chamber of Commerce
and Industry WA

Gender Equity

**SUBMISSION BY THE CHAMBER OF COMMERCE AND
INDUSTRY OF WESTERN AUSTRALIA**

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Gender equity

Introduction

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the State's leading business association and has been the voice of business for more than 125 years. We represent employer members from across all regions and industries in WA, including local chambers of commerce, industry associations and employers.

This submission has been shaped from the views of several CCIWA members. It emphasises the need for a multi-faceted approach to achieving gender equity and recognises that gender equity is neither a "women's issue" and nor can it be achieved by "fixing women".¹ Achieving gender equity in workplaces can benefit both female and male workers.

Background

The State Government is developing a "Women's Plan" that is intended to set the agenda for achieving gender equity in Western Australia over the next 10 years across the four priority areas of health and wellbeing, safety and justice, economic independence and leadership.² This presents an opportunity for CCIWA to identify and recommend actions that will enable the business community to contribute to the State Government's gender equity objectives, especially in the areas of economic independence and leadership. Gender equity and building a fairer community is everyone's business.

While there has been some progress over the last decade, a substantial pay gap remains despite increases in the number of women attaining higher education and qualifications. There is an often-quoted statistic of economic modelling revealing that achieving gender pay parity is over 200 years away.³ In part, this is due to the labour market still being highly segregated along gender lines, however when the gender pay gap is scrutinised further, the reasons for the pay gap are far more complex and nuanced⁴.

Both female and male-dominated industry sectors could benefit from a more diverse workforce. Increased gender workforce representation has been proven to positively affect business outcomes across geographies and industry sectors. Organisations with greater diversity have greater retention, higher levels of employee advocacy, faster growth and overall better performance.⁵

While barriers to gender and pay equity vary across industries, the most cited factors are:

- dual burden of caregiving and breadwinning of women;

¹ Fox, C. 2017 *Stop Fixing Women – Why building fairer workplace is everybody's business* University of New South Wales Sydney.

² <https://www.communities.wa.gov.au/wa-have-your-say/womens-plan/> accessed 30 April 2019.

³ Department of Communities, *Discussion Paper Women's Voices: Building a stronger WA together*, January 2019

⁴ <https://www.workflexibility.org/gender-pay-gap-interview-economist-claudia-goldin/> accessed July 2019

⁵ Bain & Company, *Better Together: Increasing Male engagement in Gender Equality Efforts in Australia*,

- unconscious biases affecting women and men;
- workplace structures and practices built around traditional family structures;
- insufficient childcare infrastructure – in the Australian context this is related to the high cost of childcare which can be a disincentive for the primary care giver to return to work⁶;
- a lack of role models; and
- confidence gaps.⁷

Further information on the current status of gender pay equity in Australia is provided in the Workplace Gender Equality Agency's (WGEA) report, *Gender Equity Insights 2018 – Inside Australia's Gender Pay Gap*.⁸ WGEA collects data on over 11,000 organisations covering approximately 4 million employees. Data alone is not the answer. However, what this compliance regime has afforded Australia is an opportunity to analyse gender pay equity issues and for practical strategies, resources and toolkits to be developed to support businesses⁹. This also ensures greater transparency regarding companies' progress in closing the gap of gender pay equity, as well as providing a benchmark at which employers can improve gender equity and diversity in their workforce. In turn, this impacts positively on their overall operations.

Gender equity in the workplace – diversity and inclusion

To date, gender equity has been considered “women's business” and focused on how women operate. There are strong social norms at play which are hard to break, therefore gender equity needs to be not just a women's issue. The conversation about gender equity needs to be reframed to being one which encompasses diversity and redefine what a successful working life looks like for both men and women.

The Workplace Gender Equality Act 2012 requires employers of 500 people or more to comply with provisions in the Act and employers with 100 or more employees need to submit data to the Workplace Gender Equality Agency against a set of questions which profile gender equity in the workplace. While this is useful for understanding trends in larger organisations, there is a lack of understanding about what is occurring in small to medium enterprises as the research to date has had a focus on large organisations and women in executive positions.

Moving away from a deficit model which suggests women “need fixing” and focusing on how a workplace operates to create an inclusive environment is a way to reframe the conversation. This is more than ticking the box on numbers when it comes to diversity in the workplace. Diversity in the workplace needs to be accompanied by behaviours which value diversity of thought and opinions which are different to our own. Employees need to be made to feel safe

⁶ KPMG, *the cost of coming back – Achieving a better deal for working mothers*, October 2018

⁷ World Economic Forum, *Accelerating Gender Parity in the Fourth Industrial Revolution – An Agenda for Leaders to Shape the Future of Education, Gender and Work*, July 2017

⁸ Cassells R and Duncan A (2018), '*Gender Equity Insights 2018: Inside Australia's Gender Pay Gap*', BCEC|WGEA Gender Equity Series, Issue #3, March 2018.

⁹ WGEA Gender Strategy Toolkit – A direction for achieving equality in your organisation
https://www.wgea.gov.au/sites/default/files/documents/Gender_Strategy_Toolkit.pdf accessed 24 July 2019

and comfortable in the workplace. This can be actively done by acknowledging the challenges, for example, of being a parent to a newborn baby for both men and women.

Quotas are a tool available to organisations for improving the gender balance of their workforce. However, quotas fail at inclusion as they do not target the unconscious biases which can exist even after the business has met its gender balance target. While quotas have helped companies meet their diversity targets numerically, they have not translated into benefits for companies because the behaviours associated with inclusion are not evident. Meeting the target numerically can translate to tokenism and the diversity of thought not being taken seriously¹⁰. There are strong economic arguments to make the change.

Gender pay gap

According to the Workplace Gender Equality Agency the gender pay gap is influenced by several factors, including:

- discrimination and bias in hiring and pay decisions;
- women and men working in different industries and different jobs, with female-dominated industries and jobs attracting lower wages;
- women's disproportionate share of unpaid caring and domestic work;
- lack of workplace flexibility to accommodate caring and other responsibilities, especially in senior roles; and
- women's greater time out of the workforce impacting career progression and opportunities.

The gender pay gap starts from the time women enter the workforce. The pay gap, together with time out of the workforce for caring reasons and women's higher likelihood of part-time work, impacts on their lifetime economic security¹¹.

The gender pay gap is more nuanced than being able to state that women are being paid less than men. This is not to say that the gender pay gap or gender inequality does not exist – it does – the gender pay gap is a potent symbol of inequality¹² and the Australian social norms of who should do what sort of work and how that work is valued see women being clustered in the lower paid occupations of personal and community care. Increasing female participation in the labour force will not reduce the gender pay gap. There are several structural issues operating with work design being just one.

¹⁰ Credit Suisse Research Institute (2016), *The CS Gender 3000: The Reward for Change*

¹¹ Cassells R and Duncan A 2019 "Gender Equity Insights 2019: Breaking through the Glass Ceiling", BCEC WGEA Gender Equity Series, Issue #4, March 2019

¹² Sheridan, A. (2018) "Inequality in the workplace" in CEDA – the committee for Economic Development of Australia 'How Unequal? Insights on inequality' Melbourne.

Work design and workplace flexibility

It is critical to define and reframe work design and workplace flexibility, from one which is focused on women to one which enables a more balanced division of caregiving duties between both parents in dual income families.

Citing from the work of Claudia Godin, who has done the most influential research on gender economics, the labour force differences between men and women can be accounted for by time out of the workforce caring for children and other family members and women shifting to lower paying positions which give them temporal flexibility.¹³ This highlights the role of work design in contributing to the gender pay gap and suggests a need to move away from fixing women's behaviour to approach gender equity that centres on appropriate work design and flexibility for both men and women. The more flexibility that is provided in work design, the more the wage gap will shrink as women will not be pushed into lower paying and less secure employment to maintain an income and their caring responsibilities.¹⁴

Increasingly, the redesign of work patterns and job roles to provide greater flexibility is being used as an enabler of workplace equality, as well as employee attraction and retention strategies. Parenting leave policies are another tool available to employers that can facilitate greater workforce participation by women by sharing the caregiving role in a household more evenly between both parents. Flexibility as a work design practice can challenge attitudes to the traditional notions of what is women's work and what is men's work.

Gender equity and the business case

When introducing mechanisms for improving gender equity in a workplace (whether they be quotas and targets, parental leave policies or flexible work arrangements), it can be useful to do this as part of a broader strategy which encompasses a robust business case. The WGEA provides a good data set that companies can use to make the business case for gender equity initiatives. At the same time, the numbers need to be associated with behaviour change which creates inclusive workplaces. There are strong economic arguments for companies to change. Deloitte Access Economics has highlighted that businesses could record an average 2.1 percentage point increase in profitability through reaching gender parity in senior management and increasing gender diversity in Australian business could add \$10.8bn to Australia's economy.¹⁵

The traditional ways of work are failing to deliver for men, women and employers – we need to grow more capable workforces. This requires more than just adding women in the hope that equity and diversity in the workplace will change.

¹³ Godin Claudia., (2015) *How to achieve gender equality in pay* the Milken Institute Review third quarter pp 24 - 33

¹⁴ <https://www.workflexibility.org/gender-pay-gap-interview-economist-claudia-godin/> accessed July 2019

¹⁵ Deloitte Access Economics 2017 *Westpac Diversity Dividend Report* <https://www2.deloitte.com/au/en/pages/economics/articles/diversity-dividend-westpac.html> accessed July 30 2019

Social norms and gender equity

Some of the barriers to gender equity can be attributed to workplace structures and practices built around traditional family structures and social norms.

The impact of having children on women's labour force trajectory in comparison to men sees men and women diverge sharply at this point and they do not converge again.¹⁶ There is a child penalty for women as the double burden of paid and unpaid work often falls to women.

Using a gender analysis to support change

The social norms of who does the caring work can also construct a work environment in which men are unable to forgo the fulltime work for part time work. However, the future of work requires a reset and the exploration of more flexible work arrangements that strike the right balance between work and family needs to become the norm for both women and men. This is about bringing a gender lens to the work and asking questions about how these policies impact on the lives of women as well as the lives of men. A gender lens for example helps us assess and understand the implications of parenting leave policies for both men and women. Gender is social not biological. Workplaces need to serve men and women equally well and that can sometimes mean serving them differently. Encouraging part-time and other flexible forms of work as a mainstream option for all employees could reduce the stereotyping that may be associated with such work practices as well as promoting a greater role for men in actively caring for their families¹⁷.

Unpaid care work

Women's considerable contribution to unpaid care work in comparison to men is a barrier to achieving gender equality as it reinforces the gender stereotypes of the female homemaker and male breadwinner.¹⁸

In Australia, women do far more unpaid care work than men and this can reinforce the gender stereotypes of the "male breadwinner model".¹⁹ This stereotyping of women's and men's roles also leads to less participation of women in the workforce and as a consequence women retire with no or limited superannuation due to their limited workforce participation. In 2012, Economic Security 4 Women released a report which calculated the monetary value of unpaid care work in Australia to be estimated at \$650.1 billion, the equivalent to 50.6% of GDP. However, unpaid care work is not included in the calculation of the GDP²⁰. This report highlighted the implications

¹⁶ Henrik Kleven, Camille Landais, and Jakob Egholt Sogaard January 2018 *Children and Gender Inequality: Evidence from Denmark* NBER Working Paper No. 24219

¹⁷ Sanders M, et.al 2015 *The Power of Flexibility: A key enabler to boost Gender Parity and Employee Engagement*, Bain & Company and Chief Executive Women

¹⁸ Workplace Gender Equality Agency November 2016 *Unpaid care work and the labour market – Insight Paper* accessed 18 July 2019 <https://www.wgea.gov.au/data/wgea-research/unpaid-care-work-and-the-labour-market>

¹⁹ Workplace Gender Equality Agency November 2016 *Unpaid care work and the labour market – Insight Paper* accessed 18 July 2019 <https://www.wgea.gov.au/data/wgea-research/unpaid-care-work-and-the-labour-market>

²⁰ Hoenig, S.A., and Page. A.R.E., (2012). Counting on Care Work in Australia. Report prepared by AECgroup Limited for economic Security4Women, Australia.

of the monetary value and the importance of paid and unpaid care work to the overall well-being and productive capacity of Australians. Unpaid care work contributes to maintaining a productive and healthy workforce through providing support to individuals and families by performing such duties as washing clothes and preparing food.

What is CCIWA doing as an advocate for change?

As an advocate for change in relation to gender equity, CCIWA would like to be transparent about our own efforts to improve gender equality and shift the focus to solutions. We have been providing data to the Workplace Gender Equality Agency since 2007. This data is an important benchmark for the organisation to improve gender equality and we have been working towards changing our systems, policies and processes in this regard. This has not been an easy task as there is no single solution for this change to occur within CCIWA.

There is a plethora of empirical evidence to support the business case for these changes and the evidence highlights that equal Board composition is important for starting a conversation and behaviour change within the organisation. In the last two years our Board composition has changed to become more balanced and now comprises of 50% women.

Unpicking the gender pay gap also requires a deeper dive into the data. This critical analysis of the data can highlight challenges which require remediation. Aon Hewitt highlighted that there are four discrete policy or pay decisions which have been found to contribute to gender pay inequity:

1. Appointment and promotions;
2. Annual salary reviews;
3. Bonus incentive allocations; and
4. Pay policy for those on extended (particularly parental) leave²¹

CCIWA in the last few years has been done significant work towards gender equity, resulting in (for the WGEA FY19 reporting period):

- CCIWA's Board composition shifting to 50% female representation (up from only 10% in 2013);
- 50% female representation at management level;
- 60% female representation across the broader organisation;
- More equal representation of men in the workforce (up from 29% in 2013 to 40% in 2019);
- 100% of parents returning to work after accessing parental leave;
- More men than in any prior year accessing flexible working arrangements; and
- The organisation's gender pay gap having contracted to a negligible gap at all levels throughout the workforce.

²¹ Aon Hewitt Consulting September 2015 *Enhancing gender pay equity*

Through a range of initiatives, the organization is tackling the matter of gender equity head on and making significant gains in this area. This is an on-going piece of work requiring not only changes to policies and systems but embedding a culture and mind-set that supports and celebrates diversity and inclusion and challenges ingrained social norms.