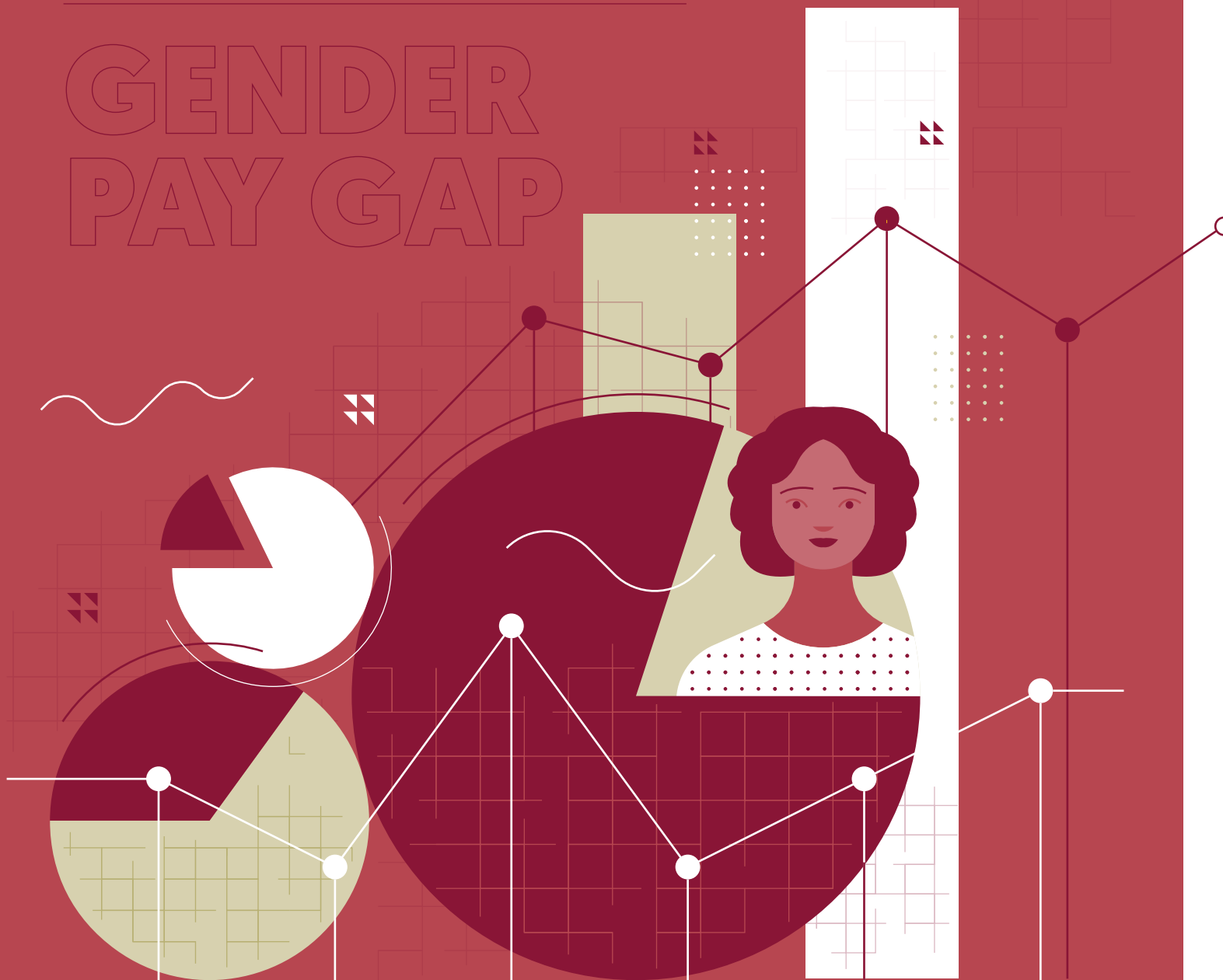


❖ The gender pay gap:
a guide for the already converted

GENDER PAY GAP



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WDBIH aims to be a catalyst of reform through strategic investments in the corporate sector and the development of women.

Reform starts with pay equality. We believe that information shared in this guide can help to level the playing field and give South Africa's working women and families a fair chance.



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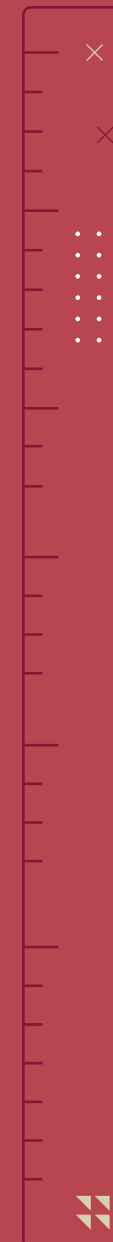
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About this guide

→ Around the world, women are paid less than men are paid.
This guide explores why this matters, and what we can do to change it.

As a guide for the already converted, this document does not spend time on facts and statistics on how big the wage gap is. Rather, the guide is a toolkit of rational arguments and suggested actions to use to help to close the gap - at an individual, organisational and national level.

PART 1

Closing the gap on injustice gives an overview of the implications of the gender pay gap to society, and explores the impact of this gap on South Africa's social structure.

PART 2

Defining and calculating the gender pay gap explains what the gender pay gap is, and how it is calculated on an individual and collective level. It also presents the steps for companies to use when conducting a gender pay gap audit.

PART 3

South African governance and legislation lays out the international conventions that South Africa subscribes to, and the South African frameworks that protect women from discrimination when it comes to pay.

PART 4

It's complicated... factors that drive the gender pay gap unpacks three categories of factors that may drive pay discrepancy. These include the career paths that women are socialised to choose, ideas about the roles women should play in society, and perceptions about how women should behave.

PART 5

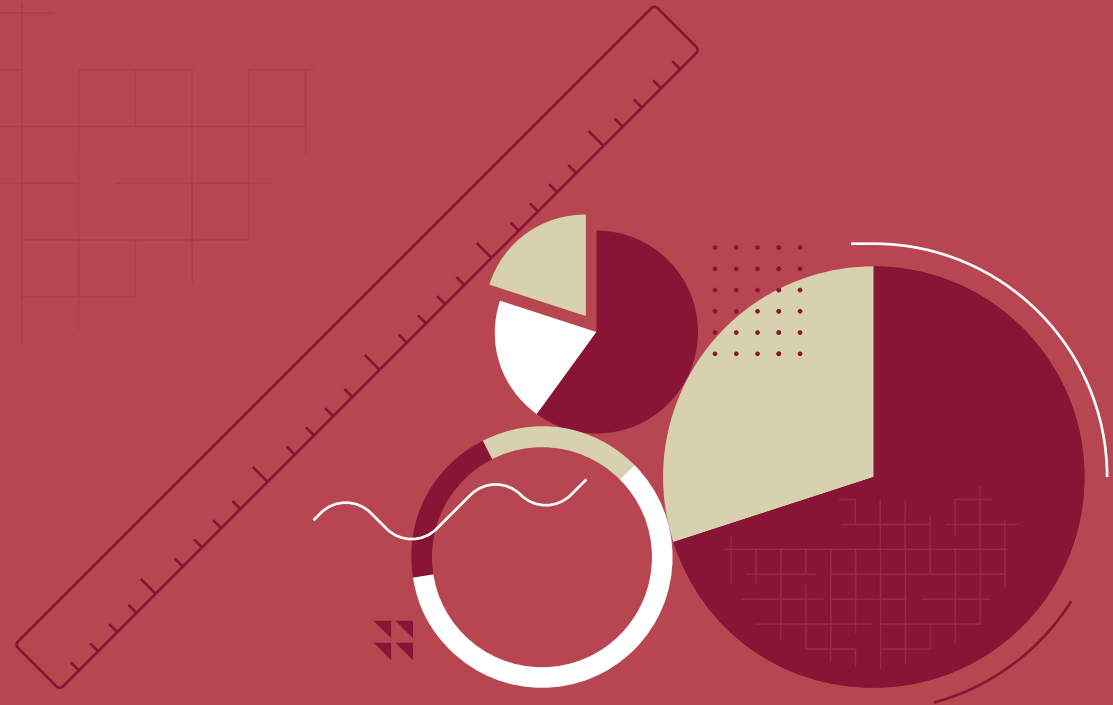
Time for change lays out paths of action that the business world, investor activists and business leaders can take to close the gender pay gap and help to build a more equal society.

PART 6

Conclusion gives us a timely reminder of how important it is to take action to close the gap.

PART 1

→ Closing the gap on injustice



Closing the gap on injustice

“The labour market position of (South African) women hasn’t changed much over the last decade; in fact, it has deteriorated in some respects¹.”

StatsSA August 2018

The gap between what men and women earn is an important indicator of both **equality** and **equity**. If men and women get equal pay for equal work, it is likely that society values both genders equally. On the other hand, a large gender pay gap is a signal that society is not equal and fair.

Three sources, the recent UN-WIDER study of Mosomi², the World Economic Forum’s Gender Gap Report³, and SADC Gender Barometer⁴ all show that in South Africa, men earn more than women earn.

Oxfam calculates that **the world’s 22 richest men are wealthier than all the women in Africa⁵**.

The reasons for this are complex – and the impact is profound.

Many women spend their days doing unpaid care work. On a global scale, this is estimated to be **12,5 billion hours a day** - which is three times the size of the global tech industry⁵.

If Women earn less than men, they are less able to accumulate wealth, provide for their families, and look after themselves in retirement.

This is intensified if a woman is the primary provider for a household, which may include children, unemployed adults, the elderly, and other extended family members. The 2001-2001 Census shows that household sizes tend to be larger for Coloured and black African than for white or Asian families⁶.

A DEEPER DIVE

These reports present statistics on the wage gap discrepancies in South Africa, and the rest of the world:

- Mosomi J. (2019). https://sa-tied.wider.unu.edu/sites/default/files/pdf/SATIED_WP31_Mosomi_March_2019.pdf
- Gender Gap Report (2020). World Economic Forum. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

¹ Statistics South Africa (August 2018). How do women fare in the South African labour market? <http://www.statssa.gov.za/?p=11375>

² Mosomi J. (2019). <https://www.wider.unu.edu/publication/distributional-changes-gender-wage-gap-post-apartheid-south-african-labour-market>

³ Gender Gap Report (2017). World Economic Forum. <https://www.weforum.org/reports/the-global-gender-gap-report-2017>

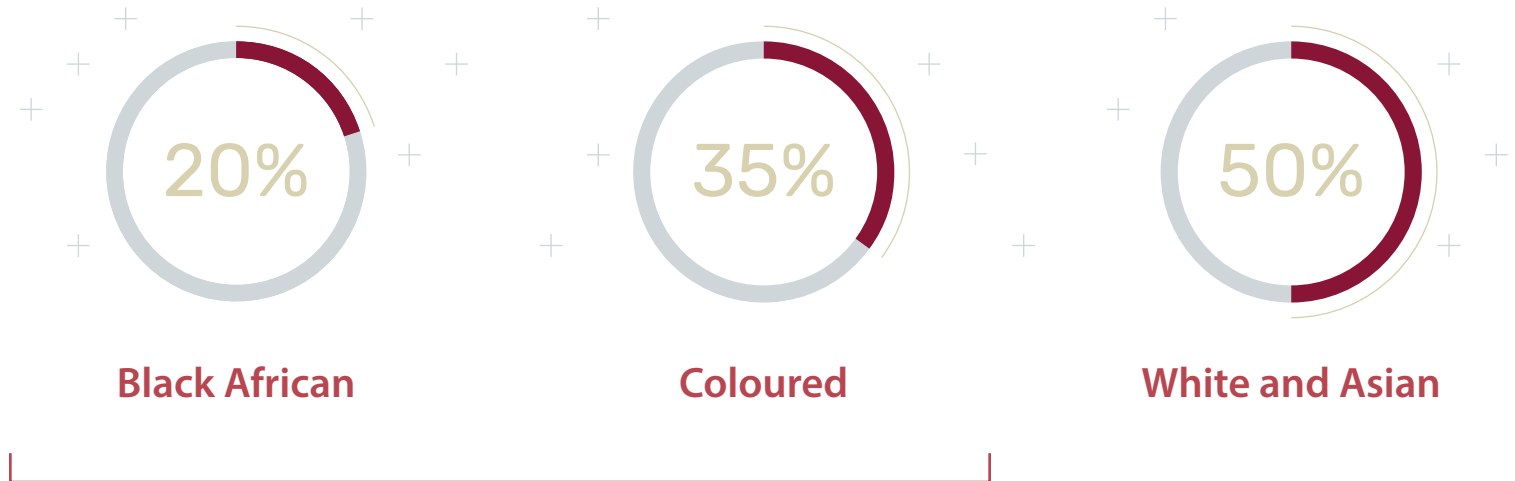
⁴ SADC Gender Barometer (2018). Gender links. <http://genderlinks.org.za/gender-links-community/sadc-gender-barometer-data-portal>

⁵ Coffey, C., Espinoza Revollo, P., Harvey, R., Lawson, M., Parvez Butt, A., Piaget, K., Sarosi, D., & Thekkudan, J. (2020). Time to care: Unpaid and underpaid care work and the global inequality crisis. Oxfam. <https://policy.practice.oxfam.org.uk/publications/time-to-care-unpaid-and-underpaid-care-work-and-the-global-inequality-crisis-620928>

⁶ Amoateng, A. Y. & Heaton, T. B. (2015). Changing race differences in family structure and household composition in South Africa. South African Review of Sociology, 46(4): 59-79. DOI: 10.1080/21528586.2015.1109476

Closing the gap on injustice

→ Only 20% of Black African, 35% of Coloured, and 50% of White and Asian households are headed up by married couples (heterosexual or same-sex)⁷. In a marriage, the financial burden is often spread across two incomes.



Black and Coloured women are the most vulnerable. They are more likely to be the primary breadwinner for a larger household than white or Asian women are. The less these women earn, **the higher the impact on their children** and extended family.

The higher the impact too on our country and the continent.

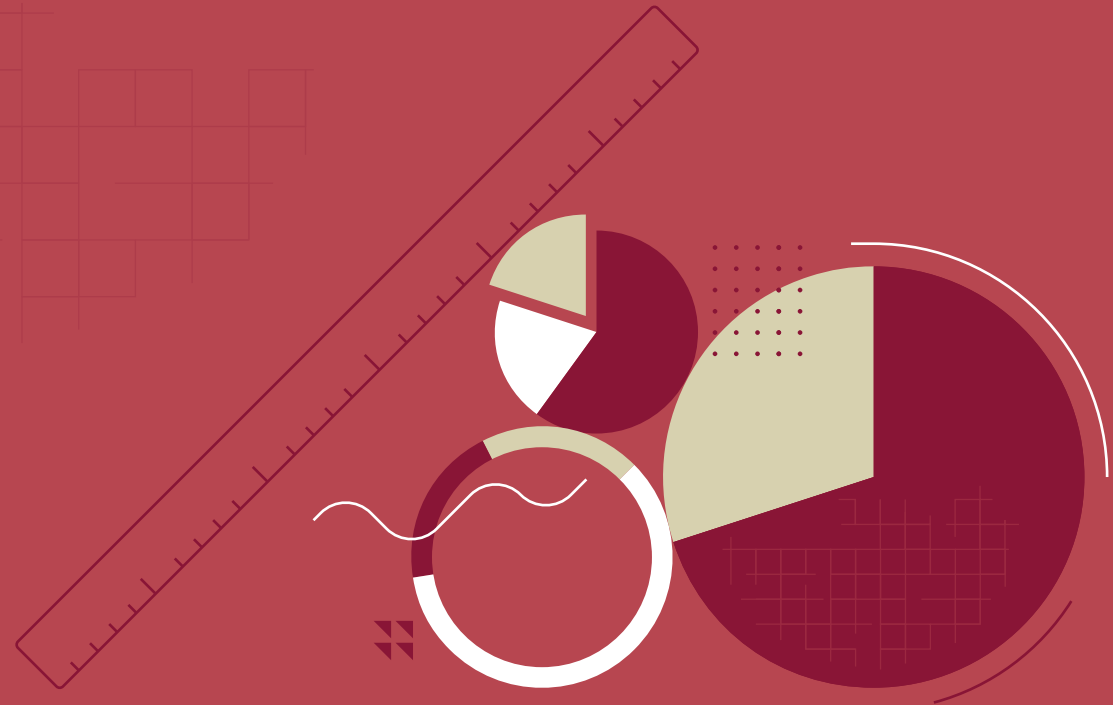
A McKinsey⁸ report projected that if each African country matched the gender equality of their best performing neighbour, \$316 billion could be added to the continent's GDP by 2025.

⁷ Amoateng, A. Y. & Heaton, T. B. (2015). Changing race differences in family structure and household composition in South Africa. *South African Review of Sociology*, 46(4): 59-79. DOI: 10.1080/21528586.2015.1109476

⁸ Moodley, L., Kuyoro, M., Holt, T., Leke, A., Madgavkar, A., Krishnan, M., & Akintayo, F. (2019). *The power of parity: Advancing women's equality in Africa*, McKinsey & Company. <https://www.mckinsey.com/featured-insights/genderequality/the-power-of-parity-advancing-womensequality-in-africa>

PART 2

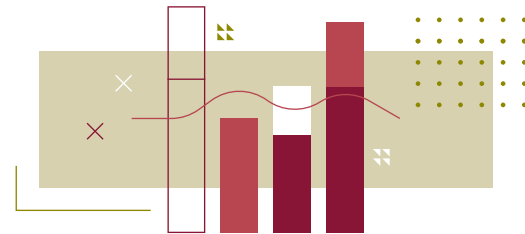
→ Defining and calculating
the gender pay gap



Defining and calculating the gender pay gap

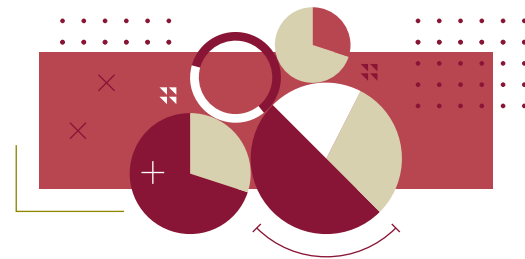
Generally, when people speak about the gender pay gap, they are referring to the measurements taken at a collective, national level. These are the statistics that are mostly reported in the media.

The gender pay gap is analysed and reported at two levels:



Individual level

Compares earnings across similar jobs.



Collective level

Looks at aggregated data to uncover patterns of differences in pay for women and men at a company and at national level.

The Gender pay gap applies to both men and women and there are instances where women are paid more than men.

Calculating the *individual level* gender pay gap

Pay equality is measured through a gender pay gap audit, taking into account⁹:

- + basic pay or wages
- + guaranteed benefits like medical aid, retirement, life cover and leave
- + incentives and rewards, like bonuses, share options, retention bonuses, and study schemes

⁹ Boninelli, I. (2015). The gender pay audit – practical steps for multi-national and local companies. https://sabpp.co.za/wp-content/uploads/2019/05/SABPP_Womens-Report-2015_Equal-pay-for-equal-value.pdf

Defining and calculating the gender pay gap

A gender pay gap audit

A gender pay gap audit uses pay data aggregated per job band (or grade) and per job function (or occupation or job family), to calculate if there are significant differences in pay for men and women. This is a top-level overview of the process¹⁰:



Remove individuals who are paid outside of the official pay scale and remove them from the dataset. These would need to be included in the company's annual income differential statement.



Determine the mean, mode, range and average for basic pay, total pay, and total package¹¹ for men versus women per occupation and grade. Explore where men and women cluster, and identify any significant differences.

→ If there are differences in the mean, mode, range or average, there may be **structural inequalities**. Responsible companies then explore the reasons behind these differences and put plans in place to close the gaps.

¹⁰Boninelli, I. (2015). The gender pay audit – practical steps for multi-national and local companies. https://sabpp.co.za/wp-content/uploads/2019/05/SABPP_Womens-Report-2015_Equal-pay-for-equal-value.pdf

¹¹See Bussin, M., http://www.humancapitalreview.org/content/default.asp?Article_ID=1121, for definitions.

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For more information on how to run a pay gap audit, get the 2015 South African Board for People Practices Women's Report.

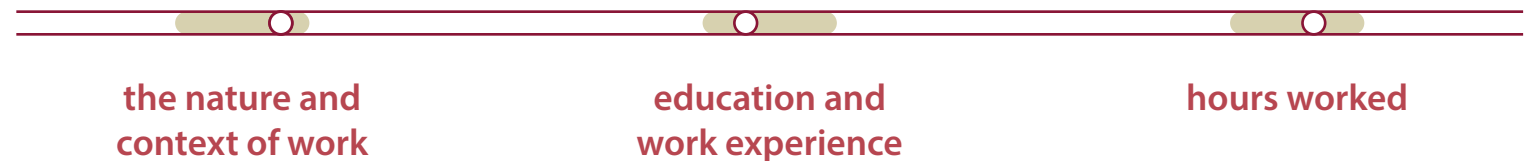
Boninelli, I. (2015). The gender pay audit -- practical steps for multi-national and local companies. In A. Bosch (Ed.), South African Board for People Practices Women's Report, 2015, pp. 7-12. Rosebank, South Africa: SABPP. https://sabpp.co.za/wp-content/uploads/2019/05/SABPP_Womens-Report-2015_Equal-pay-for-equal-value.pdf

Defining and calculating the gender pay gap

Calculating the *collective level* gender pay gap

How the gender pay gap for large datasets is calculated is important. Responsible activists look at the factors that are considered to critically evaluate the believability of the results.

These factors include:



Gender pay gap denialists contend that there is no gap, and argue that analyses do not take these factors into consideration. However, recent studies do take these factors into account.

Appropriate analysis of large sets of panel data uses statistical techniques to control for these factors when determining if a gender pay gap exists. These include the Oaxaca-Blinder decomposition (1973)¹² (a statistical method used in economics), and the Heckman two-step estimator (developed to take occupational distribution into account)^{13 14}.

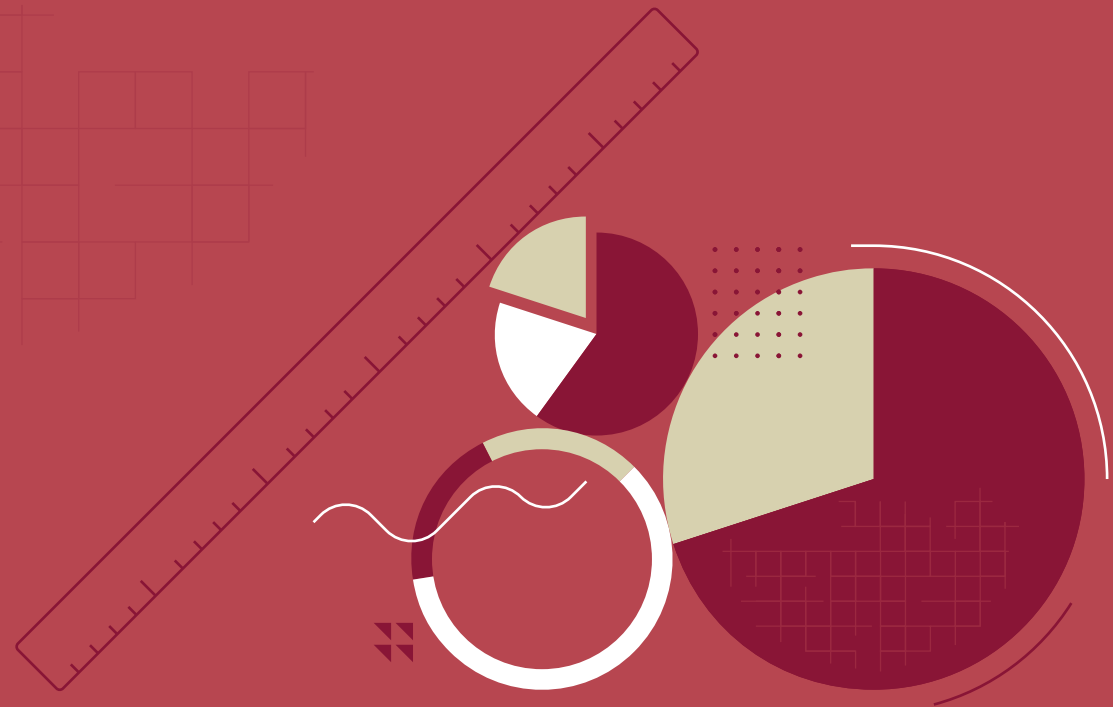
¹² Oaxaca, R. L. (1973). Male–female wage differentials in urban labor markets. *International Economic Review*, 14(3): 693-709.
Blinder, A. S. (1973). Wage discrimination: Reduced form and structural estimates. *Journal of Human Resources*, 8(4): 436-55.

¹³ Beblo, M., Beninger, D., Heinze, A., & Laisney, F. (2003). Methodological issues related to the analysis of gender gaps in employment, earnings and career progression. European Commission: Employment, Social Affairs & Inclusion DG. <http://ec.europa.eu/social/BlobServlet?docId=2142&langId=en>

¹⁴ Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

PART 3

→ South African governance and legislation



South African governance and legislation

→ This section covers how gender pay issues are governed in South Africa.

Aligning to international conventions

South Africa’s legislation on equal rights aligns to these international frameworks¹⁵:

- + The Universal Declaration of Human Rights (1948)
- + The European Social Charter (1996)
- + The European Equal Pay Directive (1975)

Additionally, South Africa has ratified a number of International Labour Organisation (ILO)’s conventions which relate to pay. These are listed below:



¹⁵Truter, L. (2015). Equal pay for work of equal value: Legislative framework. <http://www.sara.co.za>

¹⁶<http://www.ilo.org>

South African governance and legislation

The South African framework

There are three main legislative and governance frameworks to ensure gender pay equality:

- 1 The Bill of Rights in the South African Constitution
- 2 The Employment Equity Act
- 3 The King IV Corporate Governance Report and Codes

These are discussed below.



The Constitution

The Bill of Rights 9 Subsection 3 of the SA Constitution states that equality includes:

“ ...race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth”.



There may not be discrimination based on any of the above grounds, including pay discrimination based on gender.



Employment Equity Act

The Employment Equity Act aims to achieve equality in the workplace through equal opportunity, fair treatment and affirmative action for designated groups.



South African governance and legislation

Regulation 7 of the EE Act: Justification for differences in remuneration

Regulation 7 of the EE Act makes provision for “fair and rational” differences in pay, based on:

- + seniority and tenure
- + qualifications, ability, competence, or potential
- + performance, quantity, and quality of work (provided that employees are subject to the same performance evaluation system and that it is consistently applied)
- + demotion due to operational requirements
- + temporary employment for purposes of gaining experience and training (internships, learnerships)
- + shortage of a skill or the market value of a particular job classification
- + any other relevant factor that is not discriminatory.

If these principles are used to justify pay differences, then they must be proportionally applied to all employees¹⁷.

EE Act pay reporting

Companies with more than 50 employees need to report equality statistics to the Department of Labour each year. This report includes an Income Differential Statement.



This statement is the only source of aggregated pay data that can be linked directly to organisations in South Africa but it is regarded as confidential. This data is aggregated into a national dataset to determine pay equality across South Africa.

The data includes:

- + economic sector, which in-part addresses information needs about industry
- + occupational levels, which attempt to incorporate a number of job evaluation hierarchical levels
- + occupational types, which use the StatsSA’s Occupational Classification code list
- + gender and race differences

¹⁷ Pienaar, H. (2015). The meaning of equal value in terms of pay. https://sabpp.co.za/wp-content/uploads/2019/05/SABPP_Womens-Report-2015_Equal-pay-for-equal-value.pdf

South African governance and legislation

The consequences of breaching the Act

Given that the equal pay provisions are found in the EEA, a claim can be successful only if the inequality was based on unfair discrimination. In terms of Section 6(2) (a) of the EEA, an employer may discriminate if the discrimination is based on (a) inherent requirements of the job or (b) affirmative action.

3

Companies Act, King IV Codes on Corporate Governance and JSE Listing Requirements

The King IV Codes state that a board of directors must approve a remuneration policy and implementation report, which must illustrate that “the organisation remunerates fairly, responsibly and transparently”¹⁸. This includes gender parity.

The JSE Limited, through their Listing Requirements¹⁹, has made it compulsory for all listed companies to disclose their organisation-wide remuneration policies and implementation reports through a board sub-committee on Remuneration, as well as to disclose director’s remuneration in annual reports, in line with both the Companies Act²⁰ and the King IV Codes on Corporate Governance²¹.

The JSE Listing Requirements, Section 3.84 on Corporate Governance states:

“ ... issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. The effect of incorporating certain practices from the King Code in the Listing Requirements *is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary*”.

¹⁸ King IV Codes. Remuneration Governance, Principle 14.

¹⁹JSE Limited Listing Requirements, Lexis Nexis.

²⁰ Companies Act No. 71 of 2008 as amended by the Companies Amendment Act No. 3 of 2011, Section 30 subsections 4, 5 and 6.

²¹ Tshwane, T. (2018). South Africa, mind the pay gap. Mail & Guardian. <https://mg.co.za/article/2018-05-11-00-south-afri-ca-mind-the-pay-gap>

South African governance and legislation

In this regard JSE Listing Requirements Section 3.84 (c) states that:

“ all issuers must, in accordance with the King Code, appoint:

- (i) an audit committee,**
- (ii) a committee responsible for remuneration and**
- (iii) a social and ethics committee.**

The composition of such committees must comply with the Companies Act (as applicable) and should be considered in accordance with the recommended practices in the King Code”



JSE Listing Requirements Section 3.84 (k) states:

“ the remuneration policy and the implementation report must be tabled every year for separate non-binding advisory votes by shareholders of the issuer at the annual general meeting. The remuneration policy must record the measures that the board of directors of the issuer commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised.”

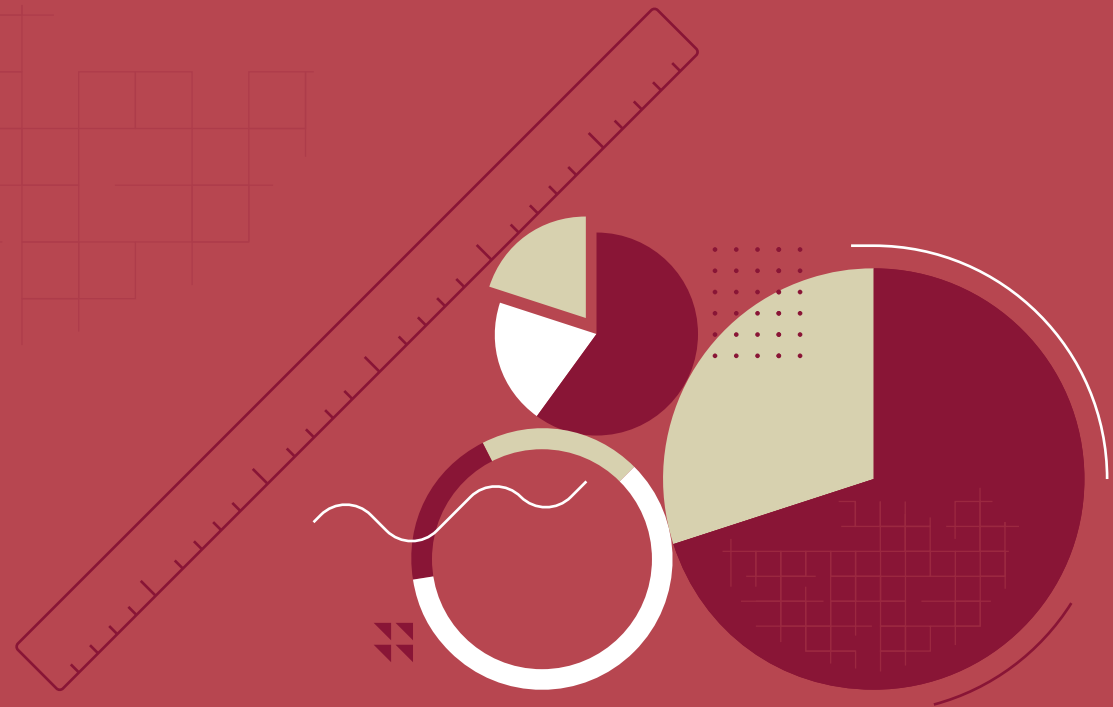


Not only does the Listing Requirements mandate reporting on fair remuneration but shareholders can also vote against the remuneration policy and implementation report if they oppose the fairness of the proposed measures. JSE Listing Requirements with regard to the adoption of the King IV Codes on Corporate Governance and other governance arrangements became effective on 19 June 2017²².

²²South African Institute of Chartered Accountants. <https://www.saica.co.za/Technical/LegalandGovernance/Legislation/JSEListingRequirements/tabRid/1912/lan guage/en-ZA/Default.aspx>

PART 4

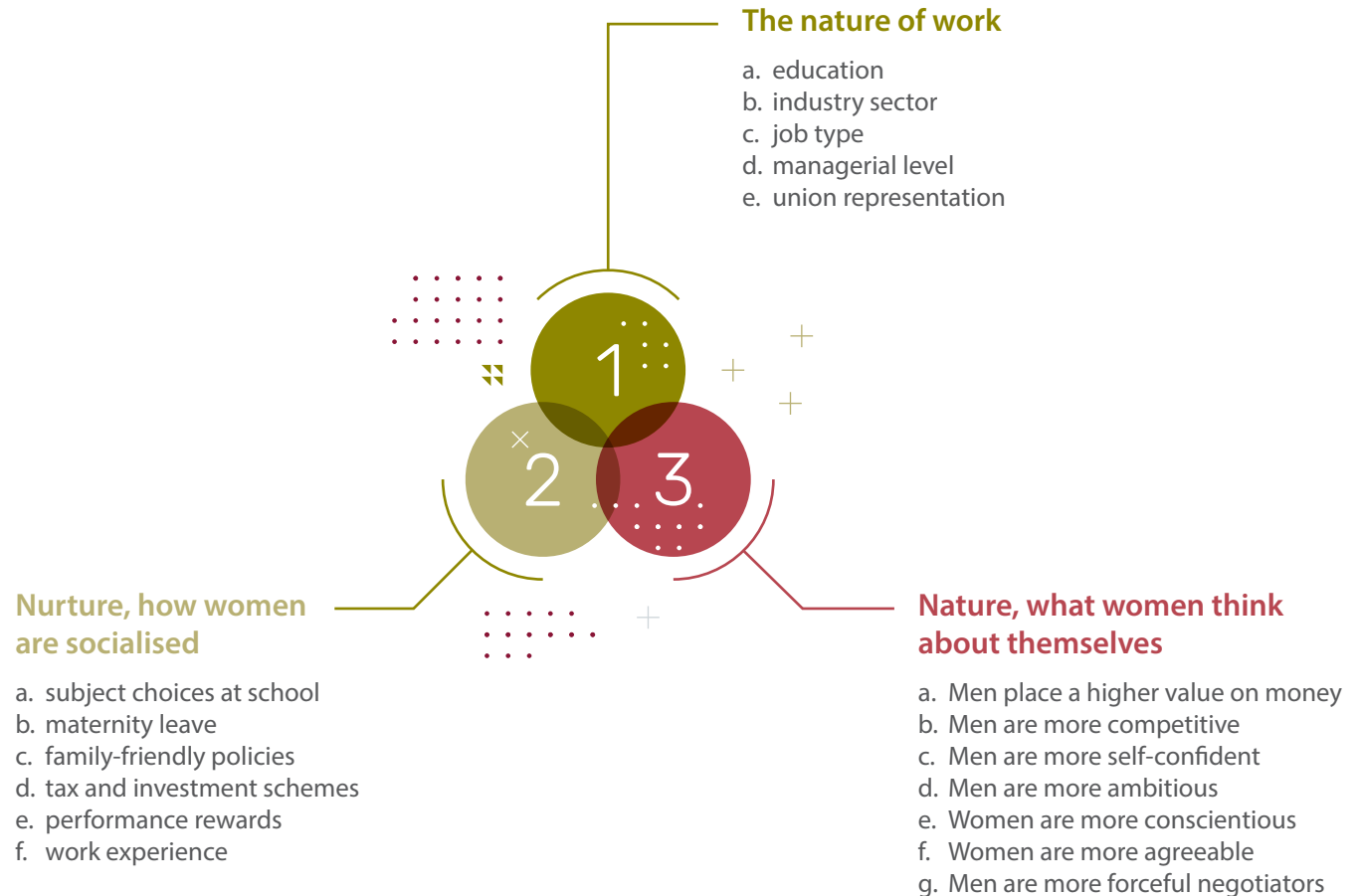
→ It's complicated... factors that drive the gender pay gap



It's complicated... factors that drive the gender pay gap

→ International research has uncovered range of factors that contribute to gender pay gaps²³.

We group these into these categories:



²³Some of these studies have not yet been replicated in South Africa.

It's complicated... factors that drive the gender pay gap

1. The nature of work

- Factor
- * Impact
- ⚡ Actions

1. The nature of work

→ In 2018, women were over-represented in low paying work (97% of domestic workers), and underrepresented in high paying work (32% of managers were women)²⁴.

There are many factors that influence the options open to women and the choices that they make when it comes to choosing their jobs and careers.

This section of the guide lists six factors, highlights the impact they can have, and suggests actions to mitigate against them.

The factors covered are:

- | | | |
|---------------------|-------------------------|-------------|
| a. education | b. industry sector | c. job type |
| d. managerial level | e. union representation | |

○ a. Education

* **Better educated women can access higher paying jobs.**

Degrees and certificates are a barrier to entry to higher paying jobs.

⚡ **Invest in educating women:** Increase bursaries and educational funding directed at women, with a focus on scarce skills and science, technology, engineering, and mathematics (STEM).

Balancing learning and childcare: Women with children need to balance child development and their own studies. Mechanisms to provide adequate childcare will help these women have uninterrupted time to study, without compromising child development²⁵.

²⁴Statistics South Africa (August 2018). How do women fare in the South African labour market? <http://www.statssa.gov.za/?p=11375>

²⁵Biersteker, L. (2014). Childcare in South Africa. In A. Bosch (Ed.), South African Board for People Practices Women's Report 2014: Work and women's reproductive health, pp. 30-37. Parktown, South Africa: SABPP.

It's complicated... factors that drive the gender pay gap

1. The nature of work

- Factor
- * Impact
- ⚡ Actions

○ b. Industry sector

* Industries where more men are represented tend to have a higher wage return.

An American study looking at data from 1980-2010 found that “industries are quantitatively the most important measurable factor explaining the gender wage gap²⁶”.

⚡ **Examine the culture of the workplace:** Many male-dominated industries are characterised by long hours under difficult conditions in remote locations. This often results in a culture of machismo, and women who enter these workplaces tend to leave relatively soon. This may perpetuate the idea that women are not suited to the industry.

Integrate families in male-dominated industries: Provide education and schooling infrastructure through stable internet access, package remote work sites as areas of cultural exploration for those families seeking alternative life learning experiences, provide social and work interaction for trailing spouses.

Promote the job in a way that appeals to women: Recruitment adverts targeting women in male dominated industries need to use gender-neutral language, and make the benefits for women clear.

c. Job type

Women are over-represented in low-paying occupations like nursing, teaching and clerical work.

Within these occupations, men and women are generally paid equally. The earning potential is equally low for both.

Strengthen the TVET system in South Africa²⁷: A stronger TVET system will deliver more women in technical trades.

²⁶Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 854.

²⁷Moleko, N. (2018). Women en route to technical vocations. In A. Bosch (Ed.), *South African Board for People Practices Women's Report 2018*, pp. 19-23. Rosebank, South Africa: SABPP.

It's complicated... factors that drive the gender pay gap

1. The nature of work

- Factor
- * Impact
- ⚡ Actions

○ d. Managerial level

* **Women are underrepresented in senior positions: only 32% of managers in South Africa are women.**

Managers often work longer hours, have higher levels of responsibility, and earn more than the people who report to them.

⚡ **Help women see themselves as leaders:** Women's leadership identity development has been proven to enhance the propensity of women to apply for managerial positions.

Help women help each other: Use women's forums, sponsorship within organisations, mentorship, and other mechanisms strengthen the pipeline of women managers.

Take time out: Organisations that demand that their employees are available at all hours run the risk of causing burnout for their employees.

Take responsibility: Recognise the role that companies play in maintaining the status quo. Actively encourage the creation of a level playing field.

e. Union representation

* **Unions negotiate for equal pay for equal work for their members.**

Women who are part of a union have a layer of protection that non-unionised workers do not²⁸.

Help unions help women: Strengthen union members' understanding of gender pay issues and train union representatives to deal with this area.

Spread the word through information sessions: Combine women's and union representatives' and members' information sessions about pay equality. This will create an imperative for unions during wage negotiations.

²⁸Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. Journal of Economic Literature, 55(3): 854.

It's complicated... factors that drive the gender pay gap

2. Nurture: how women are socialised

→ Insidiously culture teaches women to behave in certain ways. These are not overt lessons, but subtle messages that create gendered roles and stereotypes. From the misperception that girls are not good at maths and science, to the expectation that women will take time out of their careers to have children, these messages are persistent and powerful.

An unintended consequence is that women end up in lower paying jobs.

Organisations unconsciously reflect these systematic biases. It takes brave action to break through these patterns and raise awareness of the issues.

This part of the guide covers six factors, lists the impact of each, and suggests actions that organisations can take to reduce the impact of each factor.

The factors are:

- a. subject choices at school
- b. maternity leave
- c. family-friendly policies
- d. tax and investment schemes
- e. performance rewards
- f. work experience

It's complicated... factors that drive the gender pay gap

2. Nurture: How women are socialised

○ Factor * Impact ⚡ Actions

²⁹Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

³⁰Phume, L. B. & Bosch, A. (2018). The attraction and retention of black woman actuaries. *Global Business Review*, 21(2): 1-12.

³¹Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

³²Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

³³Thomas, M. (2015). The impact of mandated maternity benefits on the gender differential in promotions: Examining the role of adverse selection. Unpublished.

³⁴Biersteker, L. (2014). Childcare in South Africa. In A. Bosch (Ed.), *South African Board for People Practices Women's Report 2014: Work and women's reproductive health*, pp. 30-37. Parktown, South Africa: SABPP.

³⁵Boninelli, I. (2016). Career decisions for women considering pregnancy. In A. Bosch (Ed.), *South African Board for People Practices Women's Report 2016: Pregnancy in the workplace*, pp. 7-13. Parktown, South Africa: SABPP.

○ a. Subject choices at school

* **Choose wisely:** subject choices at school can open doors, or shut them.

Subject choices at school and in higher education impact career options²⁹.

STEM subjects open doors to better career prospects and higher earning positions.

Parents play a major role in shaping subject choices: a South African study found that parental encouragement of girls to take up school subjects that are traditionally male-dominated was cited by women as one of the main motivators to become an actuary³⁰.

b. Maternity leave

A double-edged sword

Maternity leave encourages women to remain loyal to the organisations that they work for³¹.

However, women who take extended maternity leave may stunt their professional development³² as they are less likely to be promoted at the same rate as their male colleagues³³.

Women who have to take unpaid maternity leave may claim from the UIF but at a much lower rate than their full salary.

⚡ **Build solid foundations:** Support early childhood development initiatives that teach maths and science to girls.

Focus on maths and science: Invest in bursaries, education, and mentoring support for girls to take up studies in STEM.

It starts at home: Parents should support their girls in choosing STEM subjects.

Maternity leave is not the only option to childcare. Paternity leave, workday flexibly and onsite creches can help women nurture their careers as well as their families³⁴.

It's all in the timing: Taking a maternity break after a promotion or key projects are completed, could help to prevent women missing out on key experiences that could lead to promotion³⁵.

It's complicated... factors that drive the gender pay gap

2. Nurture: How women are socialised

- Factor
- * Impact
- ⚡ Actions

○ c. Family-friendly policies

* **Bring your whole-self to work:**
Family-friendly policies help balance home and work responsibilities.

Family-friendly policies must be gender neutral, or they run the risk of boxing women further into traditional gender roles, thereby reducing work experience, and leading to lower pay.

Without decent childcare for children from birth to high school (or childcare enablement through tax relief), women will continue to carry the burden of loss of experience and other lowered career investments, resulting in lower wage outcomes than those of men.

Gender equality is not the same as gender equity.

Gender equality—often used in the sense of ‘sameness’ between men and women—and gender equity, defined as the ability of both men and women to participate fully in both work and personal life⁴⁹.

⚡ **Helping men be present fathers:**
Studies have found that when male leaders use parental leave, so do their male subordinates.

Enable decent childcare³⁶ as “a necessity for working families, not a concession to women³⁷”.

Gender equity is as important as gender equality.

Acknowledge that women may carry societal roles over which they do not have a large amount of control. Asking these women to compromise on these, or run the risk of damaging her career⁵⁰ and remuneration prospects, will put her in a difficult position.

³⁶Biersteker, L. (2014). Childcare in South Africa. In A. Bosch (Ed.), South African Board for People Practices Women’s Report 2014: Work and women’s reproductive health, pp. 30-37. Parktown, South Africa: SABPP.

³⁷Gouws, A. (2012). Reflections on being a feminist academic/academic feminism in South Africa. *Equality, Diversity and Inclusion: An International Journal*, 31(5/6): 526-541.

³⁸Gambles, R., Lewis, S., & Rapoport, R. (2006). *The myth of work–life balance. The challenge of our time for men, women and society.* Chichester: Wiley.

³⁹Holt, H. & Lewis, S. (2011). You can stand on your head and still end up with lower pay: Gliding segregation and gendered work practices in Danish ‘family-friendly’ workplaces. *Gender, Work and Organization*, 18(S1).

It's complicated... factors that drive the gender pay gap

2. Nurture: How women are socialised

- Factor
- * Impact
- ⚡ Actions

○ d. Tax and investment schemes

* Reasonable tax breaks for childcare.

The South African Revenue Service does not allow for childcare expenses as tax deductible items.

As women mostly either directly or indirectly pay for childcare, these costs reduce the wealth that a woman can accumulate over her lifetime.

⚡ Tax breaks for childcare expenses:

Some of the costs of childcare, from lost hours at the workplace, to the costs of feeding, clothing and educating a child should be tax deductible.

The nuances of South African non-nuclear family structures should be considered when exploring these tax breaks.

Additionally, tax-friendly investment opportunities for women to invest in children should be explored.

e. Performance rewards

* Rewards that don't come at a price which women are not prepared to pay.

Some company reward structures favour staff who are able to put work before family responsibilities. Generally, women with children are not in a position to do that^{40 41}.

Make performance assessment criteria transparent and fair. This is the first step to uncovering the unconscious biases that may be tilting the scale in favour of masculine behavioural patterns.

Include assessment criteria in annual reports: This signals that the organisation takes evidence-based performance management seriously and can be held accountable at governance level.

⁴⁰Boninelli, I. (2016). Career decisions for women considering pregnancy. In A. Bosch (Ed.), South African Board for People Practices Women's Report 2016: Pregnancy in the workplace, pp. 7-12. Parktown, South Africa: SABPP.

⁴¹Holt, H. & Lewis, S. (2011). You can stand on your head and still end up with lower pay: Gliding segregation and gendered work practices in Danish 'family-friendly' workplaces. *Gender, Work and Organization*, 18(S1).

It's complicated... factors that drive the gender pay gap

2. Nurture: How women are socialised

- Factor
- * Impact
- ⚡ Actions

○ f. Work experience

* **Companies pay more for the right kind of experience.**

Women with the right type and length of work experience increase their earning potential – but women may take a break from work to have children⁴².

Taking a break from work to have children is one of the biggest contributors to the gender pay gap.

⚡ **Develop critical skills:** Consciously chose to give young women high-profile, stretch assignments before they have children so that they can firm up their skills.

Nurture future leaders: Plan strategic work experiences for women that will enhance the probability that they will take up leadership roles.

Reflect on how tasks are allocated: Examine the process by which work tasks are allocated for potential gender bias. This starts by asking who is responsible for allocating tasks and what is of significance in this allocation⁴³?

Make sure women get their fair share of the high-profile, strategic projects: Strategic project work is often a fast-track to salary increases and promotions.

⁴²Boninelli, I. (2016). Career decisions for women considering pregnancy. In A. Bosch (Ed.), South African Board for People Practices Women's Report 2016: Pregnancy in the workplace, pp. 7-12. Parktown, South Africa: SABPP.

⁴³Holt, H. & Lewis, S. (2011). You can stand on your head and still end up with lower pay: Gliding segregation and gendered work practices in Danish 'family-friendly' workplaces. *Gender, Work and Organization*, 18(S1).

It's complicated... factors that drive the gender pay gap

3. Nature: how women see themselves and are seen by others

→ In the same way that women are taught to behave in certain ways, men and women are taught to believe that women inherently feel differently about their careers than men do.

Women are seen to be more agreeable and conscientious - while men are more driven, competitive, ambitious and forceful.

These beliefs create self-fulfilling loops that cement how men and women behave in the workplace, and widen the gender pay gap.

This part of the guide covers seven factors. It lists the impact of each factor and suggests actions that organisations can take to reduce its impact.

The factors are:

- a. Men place a higher value on money
- b. Men are more competitive
- c. Men are more self-confident
- d. Men are more ambitious
- e. Men are more forceful negotiators
- f. Women are more conscientious
- g. Women are more agreeable

It's complicated... factors that drive the gender pay gap

3. Nature: How women see themselves and are seen by others

○ Factor * Impact ⚡ Actions

⁴⁴Fortin, N. M. (2008). The gender wage gap among young adults in the United States: The importance of money versus people. *Journal of Human Resources*, 43(4): 884-918.

⁴⁵Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

⁴⁶Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

⁴⁷Niederle, M. & Vesterlund, L. (2007). Do women shy away from competition? Do men compete too much? *Quarterly Journal of Economics*, 122(3): 1067-1101.

⁴⁸Flory, J. A., Leibbrandt, A., & List, J. A. (2015). Do competitive workplaces deter female workers? A large-scale natural field experiment on job entry decisions. *Review of Economic Studies*, 82(1): 122-155. UK women are less likely than men to have jobs linked to pay for performance.

⁴⁹Gneezy, U., Leonard, K. L., & List, J. A. (2009). Gender differences in competition: Evidence from a matrilineal and a patriarchal society. *Econometrica*, 77(5): 1637-1664.

○ a. Men place a higher value on money

* Men are under pressure to provide.

Men are more willing to accept a difficult work environment in return for higher pay⁴⁴.

These men are often seen as hard workers, and are consequently rewarded with higher pay when negotiating⁴⁵.

⚡ It's more than just money: A focus on broader benefits can help to get women into the workplace, but it is not going to help to close the gender pay gap.

b. Men are more competitive

It's not about winning at all costs.

Women who shy away from competitive occupations or business settings, end up in lower paying jobs⁴⁶.

Low-performing men compete more than high-performing women. Low-performing men often compete too much and eventually forfeit pay maximisation⁴⁷.

Products of our culture.

In patriarchal societies, men compete at twice the rate of women. In matrilineal societies women are more competitive than men⁴⁹.

Packages that are only slightly based on rewarding an individual's performance relative to that of a co-worker (or on team performance) do not show gender differences in the attraction of prospective candidates.

Construct packages that appeal to both men and women: Compensation packages that focus on rewarding an individual's performance will attract more men. Highly competitive regimes disproportionately attract low-ability men (as they compete to maximise monetary payoffs)⁴⁸:

Take South Africa's highly patriarchal culture into account: South Africa's men will be more competitive than her women. To counter this, make sure your reward packages favour co-operation over competition.

It's complicated... factors that drive the gender pay gap

3. Nature: How women see themselves and are seen by others

- Factor
- * Impact
- ⚡ Actions

○ c. Men are more self-confident

* Self-confidence is a ticket to the top.

Self-confident executives gain more reward advantages than self-confident clerical workers⁵⁰.

⚡ **Critical self-reflection:** Be aware of gender biases when considering or observing the behaviour of employees, such as employee displays of self-confidence.

d. Men are more ambitious

Ambition is a man's game.

Men may be rewarded for being ambitious, while such women are regarded as aggressive and not acting according to the expected norm of femininity⁵¹.

Be careful what you wish for: What is rewarded sets the dominant culture for the organisation. Many women will not thrive where aggressive ambition is the norm.

e. Men are more forceful negotiators

Men are rewarded when they negotiate in a forceful and determined manner, but women who negotiate like that are not.

Union representation smooths out negotiation outcomes: Differences are reduced when a negotiator negotiates on a woman's behalf⁵⁴.

Generally, men negotiate their salary when applying for a job, but women only do so when the job advertisement says that the package is negotiable⁵².

Set clear rules: When advertising a job opening, clearly state if the salary is negotiable or not.

Women may anticipate labour market discrimination⁵³, and therefore do not even try to negotiate for a higher wage.

⁵⁰Cattan, S. (2014). Psychological traits and the gender wage gap. Unpublished.

⁵¹Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

⁵²Leibrandt, A. & List, J. A. (2015). Do women avoid salary negotiations? Evidence from a large-scale natural field experiment. *Management Science*, 61(9): 2016-2024.

⁵³Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

⁵⁴Mazei, J., Hüffmeier, J., Freund, A. P., Stuhlmacher, A. F., Bilke, L., & Hertel, G. (2015). A meta-analysis on gender differences in negotiation outcomes and their moderators. *Psychological Bulletin*, 141(1): 85-104.

It's complicated... factors that drive the gender pay gap

3. Nature: How women see themselves and are seen by others

- Factor
- * Impact
- ⚡ Actions

○ f. Women are more conscientious

* **Conscientiousness is a blessing and a curse**

Conscientiousness is cited as a reason why women's levels of education are on the rise and, in certain fields, are overtaking those of men. This is helping to close the gender pay gap.

The dark side of conscientiousness is that women feel compelled to help out, and take on work that does not benefit them personally.

⚡ **Strategic investment:** Reward conscientious women by investing further in their education.

Strategic counselling: Make women aware that they do not always have to put other people first, they have a choice to put themselves forward for strategic projects which will develop them to progress in the organisation.

○ g. Women are more agreeable

* **Being agreeable is not always a ticket to a higher pay-package.**

Agreeable people tend to be warm, approachable, and tactful – and women are expected to be agreeable.

Disagreeable men tend to earn more than agreeable ones, but the same is not true for women⁵⁵.

Let women be women.

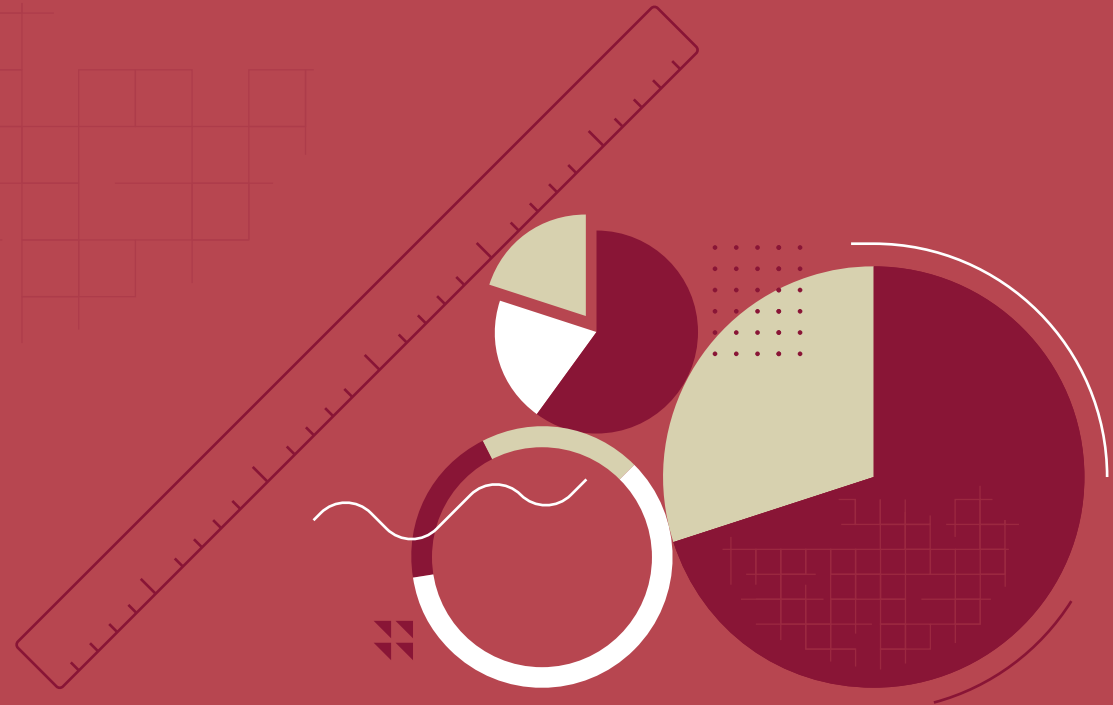
Women leaders should be encouraged to lead authentically, even if that means that they lead in a feminine way. This will allow other useful leadership styles to develop.

Make sure that disagreeable behaviour is not rewarded: Rewarded behaviours will set the dominant culture in an organisation. A culture that rewards disagreeableness is dangerous to the health and wellbeing of the people who work there.

⁵⁵Blau, F. & Khan, L. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3): 789-865.

PART 5

→ Time for change



Time for change

The gender wage gap will not close itself. It will take a concerted effort from all South Africans to ensure that women are paid fairly.

→ This section of the guide covers actions that lobby groups, directors, investors and the media can take to close the gender wage gap.

For the business world: enforce existing legislation and do the right thing

South Africa has a robust legislative framework to support pay equality, and both listed and unlisted companies are expected to pay fairly, responsibly and transparently. Do the right thing by taking responsibility for pay practices by being fair and transparent.

🔗 **The EE Act enforces the principle of equal pay for work of equal value.** It stipulates that any organisation with 50 or more employees must report income differentials to the Department of Labour.

🔗 **The King IV Codes** infer that companies do a gender pay audit, adjust remuneration policy and provide implementation plans for changes.

🔗 **The JSE Listing Requirements** mandates companies to table their remuneration policy and implementation report at their annual general meeting. This report must include gender pay gap reporting. Shareholders have a right to vote against a remuneration policy. Investor activists should report against the policy or implementation report if gender equality is not guaranteed or made explicit.

Time for change

For investor activists

→ Investors should engage with the chairs of the Social and Ethics and Remuneration and Benefits sub-committees to understand the board-level strategies to close the gender pay gap.

As greater levels of transparency make companies focus on important equality indicators, investors can ask these committees to drive the quantity, quality, and transparency of gender reporting with regard to pay, including gender pay audits.

Indicators to focus on

Responsible investors will invest in companies who show year-on-year improvement to closing the gap on the following indicators:



Pay grade and leadership level:

The gender split in organisational hierarchical levels.



Justifications for pay differences:

if there are any reported justification for differences in remuneration, target the ones that remain unchanged over time.



Occupation types:

The number of women and men in different occupational types.

If companies are not improving on these indicators, investors should ask companies to explain the reasons for this and what their plans are to improve.

Time for change

For business leaders

Directors, leaders and managers all have a role to play in creating workplaces that support and encourage women to develop their full potential – and close the gender pay gap.

Here are some ways to support and encourage women at work.

Attract the right women

- + **Audit recruitment and selection practices for gender bias:** Make sure that positions are promoted in a way that will appeal to both men and women. For example: Is it clear if the salary can be negotiated? Are the reward schemes based on individual performance with reduced hyper-competitiveness? Are family-friendly support structures mentioned?
- + **Make sure salary negotiations are fair:** Consider having female salary negotiators for women candidates.
- + **Don't ask for payslips:** Women traditionally earn less than men. Asking for their previous salary slip perpetuates existing pay discrepancies.

Develop family-friendly workplaces

- + **Find ways to make the workplace family-friendly:** In male-dominated environments and industries, find ways to normalise the integration of families into organisational life.
- + **Make it possible for men and women to be present parents:** Provide decent childcare for working families, and make it possible for both men and women to fulfil their family obligations.
- + **Look beyond maternity leave:** Explore the potential for onsite creches, flexible working arrangements and childcare subsidies to close the wage gap. Find ways to give all parents the opportunity to be actively involved in their children's education.

Time for change

- + **Encourage men to be active parents:** Make sure that men feel comfortable using the parental leave available to them.
- + **Support primary caregivers who are studying:** Implement study support mechanisms like paying for childcare while primary caregivers are studying.

Evaluate HR practices for gender bias

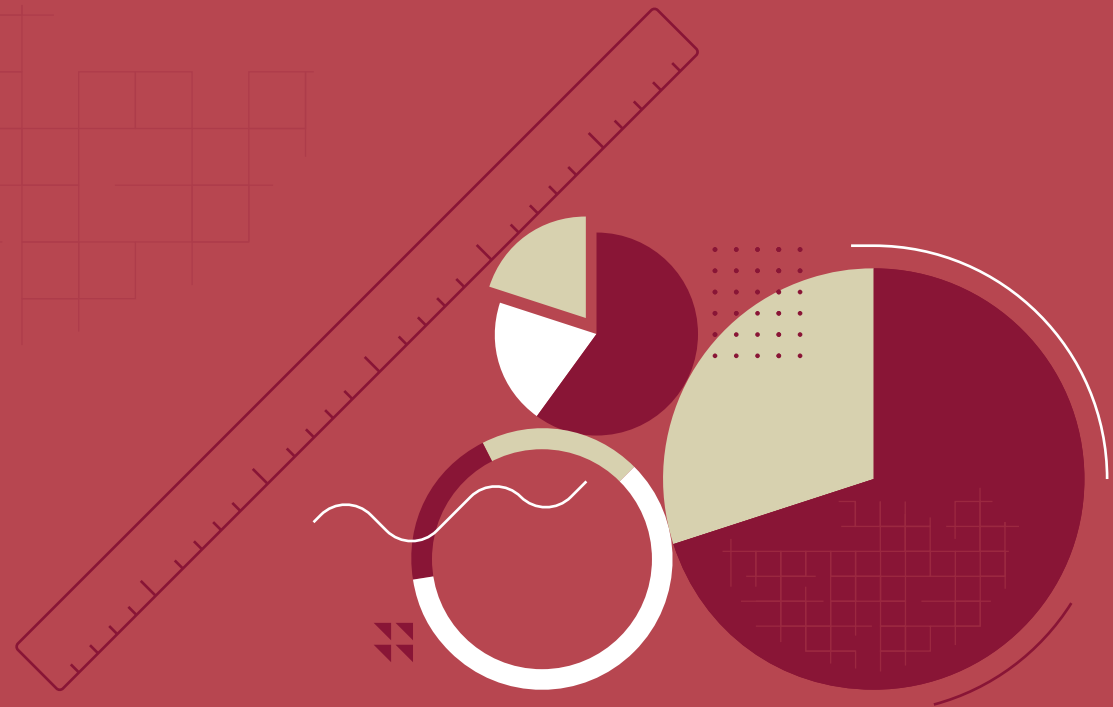
- + **Look for unconscious bias in performance criteria:** Evaluate performance criteria to look if hyper-competitiveness, self-confidence and disagreeableness are encouraged and rewarded.
- + **Are highly competitive reward schemes necessary:** Rewards linked to highly competitive behaviour may have unintended gender consequences.
- + **Look for an excessive focus on facetime:** Does the organisation demand long hours at the cost of family time?
- + **Who gets the glory projects:** Examine how strategic projects are allocated and the decision criteria that are used when individuals are chosen to work on key projects.
- + **Let women leaders be women:** Highlight and educate the workforce regarding potential gender differences in leadership, specifically with regard to the perceptions and preferences of followers. These follower preferences may lead to women being underrated as leaders, thereby impacting their career prospects and pay.
- + **It's a collective effort:** Encourage unions to pay attention to the gender wage gap.

Mentor and support developing women

- + **Guide young women to fast-track their performance:** Key career sponsors can identify stretch assignments and help young women understand the consequences of career and leave choices.
- + **An informed, conscious choice:** Make sure that women realise the impact that taking extended maternity leave may have on their careers.

PART 6

→ Conclusion



Conclusion

→ The points raised in this guide are based on many global and local studies and various legislative inputs. It is clear that more research is required in South Africa, specifically to determine the unique cultural and workplace forces that create opportunities for discrimination.

Women, the law is on your side. You have a right to demand equal pay for equal work. But, it's not as simple as that. The gender pay gap is complex and multi-faceted.

The time for change is now. Around the world lobby groups are putting pressure on organisations and governments to make sure that pay is fair and equitable.

In South Africa, the already converted can use the facts in this guide to influence companies to take a stand against discrimination.

Prof Anita Bosch
January 2020

A DEEPER DIVE

Our latest academic article puts forward an argument that South Africa cannot truly close the wage gap until we know exactly how large it is. It presents the challenges to access to accurate pay data, and suggests mechanisms to overcome these.

Read it here:

Bosch, A., & Barit, S. (2020). Gender pay transparency mechanisms: Future directions for South Africa. *South African Journal of Science* 116(3/4), <https://doi.org/10.17159/sajs.2020/6772>

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