Top jobs still don't come with top pay for top women

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As we mark International Women's Day in Australia there is sure to be some celebration of progress.

In the past 10 years the proportion of female directors on the boards of the ASX200 jumped from 8 per cent in 2019, to an all-time high of just under 30 per cent.

And there has been a parallel leap in the proportion of female executives – now over 23 per cent in the ASX 200—although 20 or so ASX 200 companies still have no women in their executive leadership team.

But are those encouraging trends hiding a dirty little secret?

According to Professor Carol Kulik at the University of South Australia's Centre for Workplace Excellence, while you would be right to expect women at the very top of their game to be paid the same as their male counterparts—you'd be wrong

"We analysed the pay packages of more than 3000 executives working in ASX500 firms over a five-year period (2011-2014) and found there is still a 20 per cent gender gap both in base salary and in incentives," Prof Kulik says.

"Variables such as executive tenure, firm financial performance and industry, account for some of that gap, but even after controlling for those factors, the gender gap for executives is still more than 15 per cent."

Prof Kulik notes the Workplace Gender Equality Agency's latest gender equality scorecard (using 2017-2018 reporting data) reports an overall gender pay gap of 21.3 percent.

"On average, men still take home $25,717 a year more than women, and our data shows that even women at the top of organisational hierarchies, with all the experience and qualifications that they have, still experience a pay gap.

"And given the higher wages of senior executives, the female executives in our dataset were about $166,000 out of pocket each year compared to their male counterparts."

Interestingly, the researchers found that the gender pay gap for executives was much larger in ASX firms with no women on their boards.

"In firms with no female directors, the salary gap was 40 per cent," Prof Kulik says.

"The incentive parts of pay packages are the most highly customised – and that means there's more opportunity for gender and other biases to exert influence and that is where we found the gap was a whopping 54 per cent."

Having women on the board of directors sensitises an organisation to gender issues, so in those organisations with women on the board, there is more likely to be some monitoring and correction of gender pay gaps.

The team from UniSA's Centre for Workplace Excellence – Dr. Yoshio Yanadori, Dr. Jill Gould and Prof Carol Kulik have provided seven key organisational tips to help reduce the gender pay gap.

- Conduct pay audits. Many organisations are so convinced that they won't find a gender pay gap, they never look at the data. Even organisations that are salary leaders in their industry can exhibit pay gaps.
- Audit pay at all levels and for all jobs. Small pay gaps at lower levels increase as employees advance in higher level roles because promotions are usually accompanied by salary rises expressed in percentages.
- Don't rely on previous salary as a merit indicator. Some

organisations give new employees a percentage boost over their previous salaries, perpetuating any gender bias that exists in the external market. Base the salary strictly on the job's demands and employee's skills.
- Double-check organisational responses to employee negotiations. Research demonstrates that managers perceive women and members of racial minority groups as pushier and more aggressive than white men when they make the same "ask".
- Include incentives and perks in your audit: salary add-ons are customised to the individual and that makes it harder to make direct comparisons across employees and easier for gender bias to sneak in.
- Compare performance as well as pay. Make sure that your organisation's performance management system focuses on objective indicators of performance and doesn't overly rely on subjective ratings. Subjective performance ratings are also subject to gender bias and can be inaccurate.
- Conduct another pay audit. Compensation systems are dynamic. They change in relation to market pressures and organisational strategies. Pay audits should be conducted regularly (every 1-2 years).

The research was recently published in the *International Journal of Human Resource Management*.

More information: Yoshio Yanadori et al. A fair go? The gender pay gap among corporate executives in Australian firms, *The International Journal of Human Resource Management* (2016). DOI: 10.1080/09585192.2016.1255985

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