Silence broken on gender pay gaps but we must hold organizations to account, says workplace diversity expert

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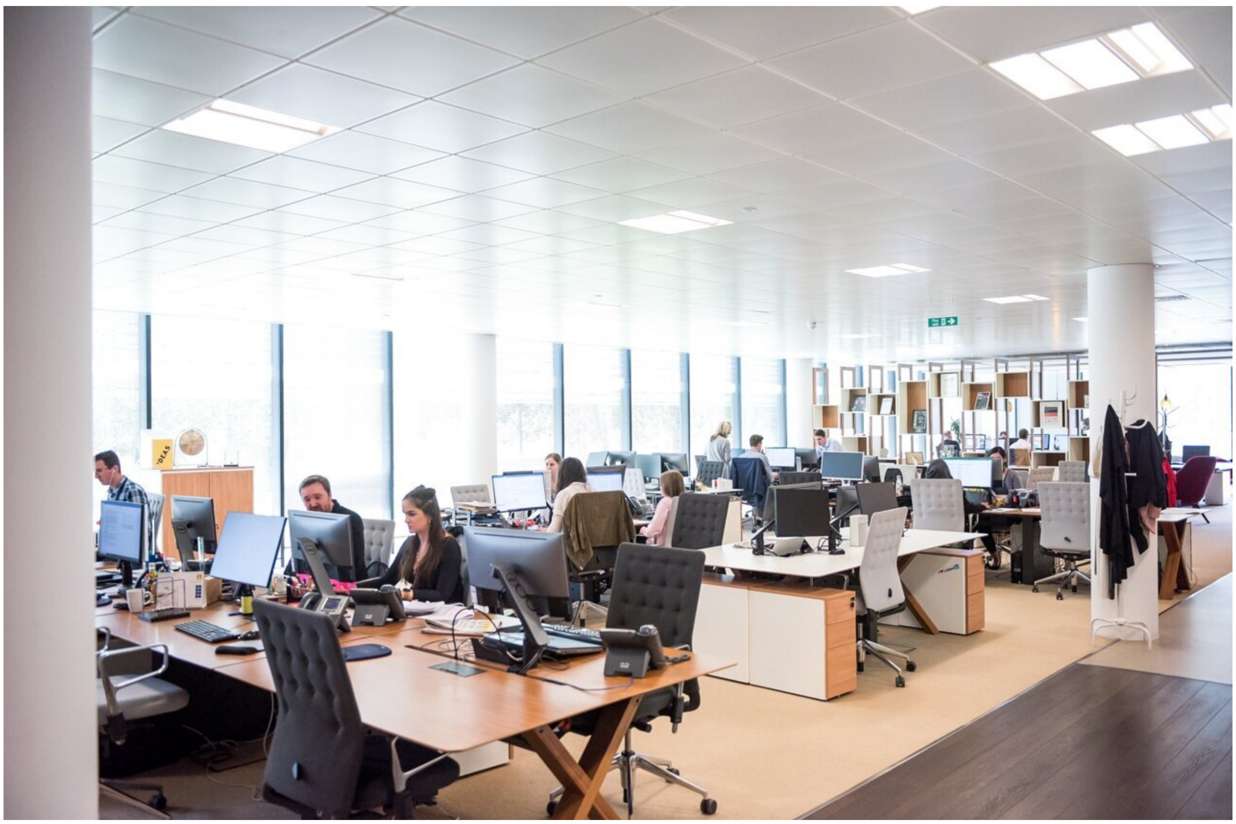

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The exposure of the gender pay gaps in large Australian organizations is a turning point for gender equality, but more must be done to hold employers to account, says a University of South Australia researcher.

Workplace diversity expert Professor Carol Kulik says the Workplace Gender Equality Agency (WGEA's) release of gender pay gaps for large Australian employers is a great first step but its impact will depend on the actions of organizations to narrow the disparity.

The WGEA—a statutory agency responsible for promoting and improving workplace gender equality— has published gender pay gaps for Australian private sector employers with 100 or more employees. It is the first time large organizations will have their gender pay gap data exposed.

In 2023, the WGEA reported that the average gender pay gap was 21.7%, meaning women in Australia are earning, on average, $26,393 less a year than men.

Professor Kulik, who has based her career on researching effective management of workplace diversity particularly in relation to gender and age, is a member of the SA Gender Pay Gap Taskforce, an advisory board reporting to the Minister for Women and the Prevention of Family and Domestic Violence.

She says the revelation of gender pay gaps in large corporations is a pivotal moment in advancing gender equality, however, further actions are imperative to ensure employers with pay gaps are held accountable.

"We now must be asking employers, in what roles and what levels of employment are pay gaps most prevalent? How are you (the employer) supporting employees' caring responsibilities? What are you doing to ensure women move into roles where they are paid more? How long will it take for you to close your pay gap?

"Until we show employers that their pay gaps influence our behavior, they are unlikely to make the changes needed to narrow pay gaps."

Researchers have documented small but consistent pay gaps between men and women at the start of their careers, including both genders graduating from the same university programs in the same year.

Professor Kulik says those gaps widen over time, as employers administer pay rises as a percentage of an employee's current salary.

"The gaps widen further when women take extended career breaks have children. Women end up retiring with only two thirds of the amount of superannuation compared to men," she says.

History shows that organizations do respond to regulatory pressure. In 2010, the ASX Corporate Governance Council started requiring ASX-listed entities to report the gender composition of their boards and executive teams, leading to a spike in female appointments to senior roles. However, the appointments generated a new inequity, because female executives were paid less than their male counterparts.

Similar unintended consequences have occurred in Denmark. Since 2006, Danish firms have been required to make pay information available on request to relevant parties, such as unions. While the legislative change narrowed the gender pay gap, employers responded by compressing salary distributions.

"Instead of women being paid more, men were paid less," Professor Kulik says. "Pay is an important motivator of employee performance, so a smart employer will close pay gaps by allocating separate funds to that purpose, rather than drawing funds from its rewards budget."

More information: Employer gender pay gaps are available on individual employer pages on WGEA's [Data Explorer.]

Provided by University of South Australia

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