



Gender Equality in the Workplace MEASURING WHAT MATTERS FOR TRANSFORMATIVE CHANGE

Combating gender inequality has emerged as a key area of concern within the field of corporate sustainability reporting, just as it has in the Sustainable Development Goals. Yet the data that are disclosed by companies often tell us little about progress. To be effective partners in realizing the transformative vision of the 2030 Agenda for Sustainable Development, corporations need to direct far more attention to key structural issues that determine women’s disadvantage in the workplace and set meaningful normative targets for moving toward equality.

What do corporations need to measure to know how well they are doing in their efforts to reduce inequalities between men and women? And how can the reporting standards and guidance of myriad organizations in the field of corporate sustainability assessment best support these efforts?

From the perspective of transformative change, both the measurement of gender disadvantage in the workplace and how progress is assessed are deficient. This Brief reviews what’s wrong and what needs to change. It presents key findings related to the gender pay gap, gender diversity and support for caregiving from UNRISD research in *Accounting for Sustainability: What Can and Should Corporations Be Doing?* (Utting with O’Neill, forthcoming).

The issue: Toward structurally oriented and target-based disclosure

Despite the global expansion of reporting standards and guidance (see Box 4) and some improvement in corporate reporting on gender-related issues, major limitations persist. Beyond the very mixed record in implementing existing standards (UN Global Compact et al. 2018), two major issues stand out and are the focus of this Brief.

First, indicators related to the structural conditions underpinning women’s disadvantage in the workplace are inadequate. Such conditions relate to:

1. “The sticky floor”: women’s employment is concentrated in lower paid, lower quality jobs as a result of segmented labour markets or occupational segregation;
2. “The glass ceiling”: constantly diminishing representation of women up through the occupational hierarchy of the corporation, most notably in the C-suite; and
3. “The double burden”: caregiving roles and cultural norms or bias that impede women’s transition not only from unpaid to paid work but also from lower-quality to higher-quality jobs via promotion.

Second, conventional indicators used to assess pay equity, gender balance and support for care often tell us little about whether the change reported is significant or not. At fault is not only the partial nature of the indicators used but also the failure to measure

progress in relation to a normative end goal that reflects a threshold compatible with the concept of sustainable development itself (Baue 2019, McElroy 2019, Thurm et al. 2018).

Without such a “sustainability norm” to aim for—one that sets quantifiable targets or goals, whether related to well-being, thriving, equality, justice or planetary regeneration—it is impossible to assess whether incremental improvements in performance—or harm reduction—are meaningful from the perspective of sustainable development. Achieving such a target may be a long-term endeavour or remain aspirational, but having it allows management and other stakeholders to know where a company is truly positioned on a sustainability pathway and the scale of the challenge ahead.

How, then, might corporations better assess performance in relation to the gender pay gap, gender diversity and support for caregiving?

Box 1. Sustainable Development Performance Indicators Project (SDPI)

UNRISD’s SDPI project (2018-2022) aims to contribute to the measurement and evaluation of the performance of economic entities—both in the for-profit sector and in the social and solidarity economy—in relation to the vision and goals of the 2030 Agenda for Sustainable Development. The project will assess the adequacy of existing methods and data associated with sustainability accounting; expand the scope of sustainability measurement, disclosure and reporting beyond for-profit enterprises to encompass enterprise models in the social and solidarity economy (SSE); identify and test a set of indicators that can effectively measure impacts, while ensuring that the economic behaviour of enterprises and other organizations contributes to maintaining environmental and social resources at the thresholds required for sustainable development. Phase 1 of the project, comprising both a state-of-the-art review and preliminary guidance on key performance issues, indicators and targets, was completed at the end of 2019, in view of a testing phase in 2020-2021. For more information, visit www.unrisd.org/sdpi.



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Box 2. Stark facts about gender inequality in paid employment

63% versus 94%

labour force participation rate, women versus men aged 25-54¹

22%

global gender pay gap²

48%

women in entry-level jobs³

27.1%

women in managerial positions⁴

6.6 %

women CEOs⁵

2.5 times

more time spent on unpaid care and domestic work than men⁶

¹⁺⁶ UN Women. *Facts and Figures: Economic Empowerment*. Available from <https://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>.

² Based on median monthly wages, ILO 2018.

³ Data for corporate America, Lean In and McKinsey 2019.

⁴ 2018 data, ILO 2019.

⁵ Fortune 500 companies, 2019 data.

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1. Measuring pay, beyond the low-hanging fruit

It is important to raise the bar on disclosure related to women's pay. There is a tendency to focus on basic standards, often required by law, such as equal pay for equal work or whether women's pay meets minimum wage or industry norms. It is also vital, however, to measure the "unadjusted" gender pay gap—the difference between the average earnings of men and women as a percentage of that of men (see Box 3). From the perspective of transformative change, this indicator is key because taking corrective action requires tackling the structural constraints noted above.

However, measurement of the gender pay gap is often clouded by underreporting and methodological inconsistencies, for example regarding what constitutes "average" remuneration (the mean or the median), whether part-time employees are considered, or whether the calculation is based on hourly or monthly earnings. Given the different composition of remuneration packages, it is important that incentives and bonuses paid to executives (predominantly males)—and not simply base salaries—are factored in. Lack of granularity is also a problem, exemplified by the tendency to provide one company-wide figure rather than a breakdown by occupational or income categories (Equileap 2018).

Some governments now require large employers to report their gender pay gaps. In Great Britain, organizations with over 250 employees must report (i) the mean and median gender pay gap, (ii) the mean and median gender bonus-pay gap, (iii) the proportion of males and females receiving a bonus payment,

and (iv) the proportion of males and females in each earnings quartile.

2. Measuring gender balance throughout the occupational hierarchy

To explain and correct the gender pay gap, attention needs to focus on how well women are represented throughout the corporate hierarchy. Data on gender balance, however, are often misleading or of limited relevance. Company-wide averages, or entry-level employment data suggesting good performance, for example, may mask the fact that women are often concentrated in lower paid jobs towards the bottom of the occupational ladder. As global concern with the "glass ceiling" has increased, attention has focused perhaps rather too exclusively on women's representation in the C-suite and on company boards.

While such data shed light on important aspects, they may also serve to divert attention from four transitions that are essential to improve women's mobility and remuneration:

- (i) from the home or the informal economy into the formalized workforce;
- (ii) from operational roles to supervisory or managerial positions;
- (iii) from junior to senior management; and
- (iv) through the glass ceiling to the C-suite and the boardroom (RobecoSAM 2015).

Presenting data by occupational category and comparing different time periods (Figure 1) provides a user-friendly window onto how women employees fare in this regard. Management can easily identify specific rungs on the occupational ladder—for example, from entry level to junior management—where upward mobility may encounter an acute bottleneck. This same format can also be used to show the state of play regarding employee diversity related to ethnicity and race (see Figure 1).

3. Measuring support for caregiving—the missing link

Gender inequality in unpaid care work is the missing link in the analysis of gender gaps in labour outcomes, such as labour force participation, wages and job quality.

Ferrant et al. (2014)

Why do women earn less than men and fare less well in progressing up the company hierarchy? A crucial structural constraint are gender roles associated with caregiving (see Figure 2). Disclosure of company data related to care is often somewhat myopic. It tends to focus narrowly on pre- and post-natal care, or care following adoption, as well as whether parental leave is extended to fathers. This is, of course, important for alleviating the double burden experienced by women. But it fails to recognize that caregiving is a long-term lifecycle issue. Caregiving responsibilities that can seriously impact employment and promotion continue at least up to the child's teen years, and also go beyond childcare to include eldercare and care for persons with disabilities.

Box 3. The "unadjusted" gender pay gap

The "unadjusted" or "raw" gender pay gap is a broader measure of women's disadvantage than indicators that measure equal pay for equal work by comparing the remuneration of similarly qualified men and women doing the same or a similar job. It is calculated by measuring the difference between the average salary of men and women within a given population, whether a company, an industry or a country, and expressing the difference as a percentage of men's earnings. If, for example, men's average salary is 100 and women's is 75, the unadjusted pay gap is 25 percent.

Crucially, the unadjusted figure captures the fact that women's lower pay may be a function of women's employment being concentrated in relatively low-paid jobs or sectors, taking time off or not being promoted because of caregiving responsibilities, or because men are favoured in both promotion and bonus pay. Consequently, it reveals the impact of these structural issues on women's earnings which other indicators hide.

The difference between the adjusted and unadjusted wage gaps can be significant. A study by PayScale, a data and compensation software company, found that for the adjusted wage gap in the United States (in this case measuring the median salary of men and women with the same job and qualifications), women earn USD 0.98 for every dollar earned by men with the same job. However, this compares with just USD 0.81 for the unadjusted gender pay gap (PayScale 2020).⁷

⁷ PayScale. 2020. *The State of the Gender pay Gap 2020*. Accessed 1 June 2020. <https://www.payscale.com/data/gender-pay-gap>.

Figure 1. Representation (%) of men and women in the corporate hierarchy in relation to gender parity (United States and Canada, 2015 and 2019)

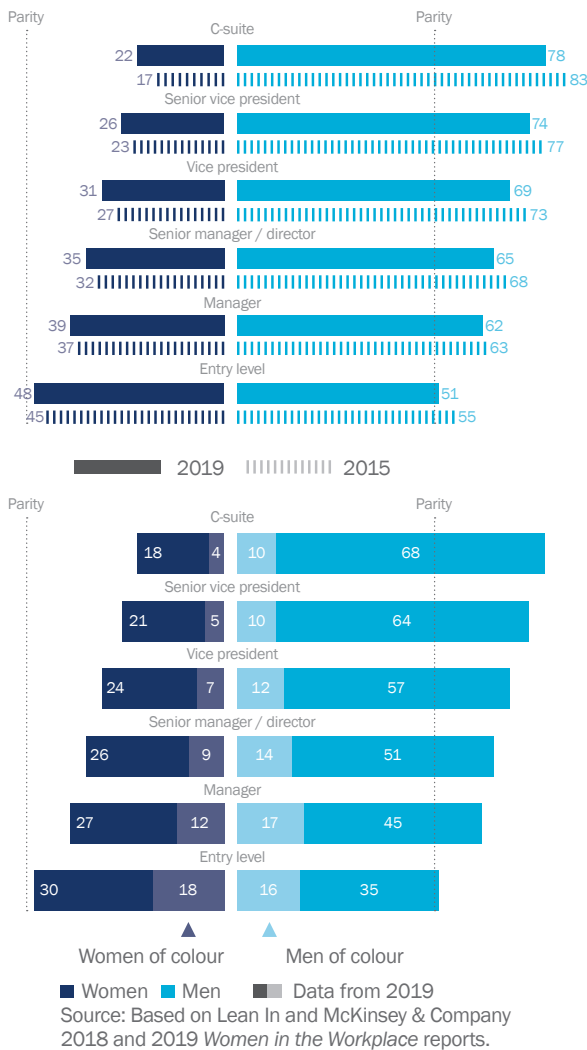
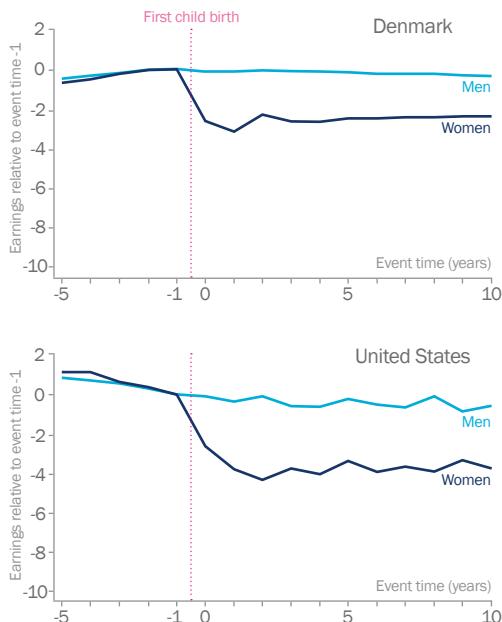


Figure 2. Earnings relative to pre-child earnings (Denmark and United States, 2015)



Source: Based on Kleven et al. 2019.

Public policy must play a key role in facilitating caregiving. But there are numerous ways in which corporations themselves can support care. Emerging best practice suggests the need for multiple types of support:

- (i) paid maternity/paternity leave beyond legal norms;
- (ii) on-site provision of childcare services, or subsidies to access off-site facilities;
- (iii) emergency back-up childcare services accessible for a certain number of days per year;
- (iv) emergency back-up care or leave arrangements for eldercare and family members with disabilities;
- (v) flexitime or compressed work weeks;
- (vi) teleworking; and
- (vii) programmes to smooth transition to and from extended leave (Lean In and McKinsey & Company 2018).

Corporate sustainability disclosure needs to reveal which of these forms of support are provided. Quantitative indicators can also be useful, such as the level of financial support provided and the number of beneficiaries, as well as how such metrics have changed through time.

Beyond direct forms of support, corporations can intervene indirectly to facilitate care, for example, by lobbying for progressive social policy and facilitating collective action and claims making by employees concerned with employment conditions and work-life balance. The Covid-19 pandemic has suddenly placed issues of care, flexitime and teleworking at the centre of the coping strategies of companies and employees. This context may be conducive to more proactive public and corporate policy on this front.

Recommended targets and goals

Among the cutting-edge innovations in the field of corporate sustainability assessment are attempts to measure progress in relation to sustainability norms. While far more work needs to go into identifying appropriate targets, some pointers are provided by the standards and criteria used by ratings, monitoring and advocacy organizations, as well as by public policy initiatives. Examples encountered during this UNRISD research include:

Gender pay gap: An unadjusted gender pay gap of less than 3%. Annual reductions in the gender pay gap of more than 3 percent per annum.

Women's representation: Parity with men. While this may be a fairly low bar at the entry level where women's employment is often concentrated, the real challenge lies in higher occupational categories, where targets within the range of 30 to 50% are gaining currency.

Caregiving: Create a broad portfolio of measures to support employees with care responsibilities across the lifecycle. Disclose the level of financial commitment and the number of actual and potential beneficiaries.

Box 4. Institutional arrangements promoting gender equality

Increasing attention within sustainability reporting to gender inequality has been due, in no small measure, to heightened rights-based expectations and pressures. This is reflected in a growing number of regulatory, standard-setting and monitoring initiatives, including the following:

Laws and regulations such as ambitious gender quotas for companies' boards of directors in Norway, Finland and Spain; EU Directives on Non-Financial Reporting (2014/95/EU) and Work-Life Balance for Parents and Carers (EU) 2019/1158; gender pay gap reporting regulations in Great Britain; and India's amended Maternity Benefit Act.

Global standards such as the Gender Dimensions of the Guiding Principles on Business and Human Rights, the Women's Empowerment Principles (WEP) and the ILO Violence and Harassment Convention.

Codes of conduct and guidance provided by the Ethical Trading Initiative, the Fair Labor Association, and SA 8000.

Reporting guidelines related to employment, diversity, equal opportunity and empowerment developed by standard-setting organizations like the Global Reporting Initiative (GRI) and the Global Impact Investing Network (GIIN).

Ratings and ranking initiatives such as Equileap, Bloomberg's Gender Equality Index, RobecoSAM's Corporate Sustainability Assessment, MSCI ESG Indexes and Oxfam's Behind the Brands scorecard.

Regular evaluations such as McKinsey's Women in the Workplace report and the WEP Gender Gap Analysis Tool.

Target setting and promotion conducted by the Equal Pay International Coalition, the Women in Finance Charter (UK) and the 30% Club.

Equality and diversity agreements signed by multinational enterprises and global union federations such as the International Union of Food and Allied Workers' Associations (IUF).

Collective action by women workers themselves whether via conventional forms of collective bargaining or rights-based campaigns related to remuneration, discrimination, safety and care.

Main takeaways

1. The structural constraints which hold back gender equality in the workplace cannot be ignored. These include segmented occupational roles, gender imbalance within the corporate hierarchy and in promotion, and lack of support for caregiving.
2. The unadjusted gender pay gap is a more useful metric for assessing the structural elements of fair remuneration than equal pay for the same job and qualifications, or compliance with minimum wage legislation and industry norms.
3. Fair gender representation must be measured within all major occupational categories, as it cannot be gauged by company-wide metrics or by focusing on the top and bottom of the occupational pyramid alone.
4. Corporations should put support programmes in place for different care responsibilities and needs of employees and their families at all stages in the lifecycle, as a vital complement to public policy provisions.
5. Corporate commitment to sustainable development should be assessed in relation to benchmarks or normative targets that reflect thresholds at which human well-being and planetary regeneration can be assured.
6. Key targets include a gender pay gap approximating zero, gender balance throughout the corporate structure, and the provision of multiple care support programmes.
7. Disclosure of company data and sustainability reporting that highlight both structural constraints and normative targets are essential in order to achieve the transformative change envisaged in the 2030 Agenda for Sustainable Development.
8. There are significant blind spots in the sustainability reporting landscape. Read the full report to discover which key issue areas and indicators remain underreported; how important normative goals are for assessing progress towards transformative sustainable development; and what the United Nations and other standard-setting organizations should be doing about it.

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