

Gender pay gap regulations awaited as firms publish reports

ANDY PRENDERGAST

While the rules for statutory gender pay gap (GPG) reporting have yet to be introduced, professional services firms Deloitte Ireland and Mazars are the latest employers to publish GPG reports, demonstrating that bonus payments are a key element to explaining why gaps exist.

Deloitte Ireland is the first the 'Big 4' accounting and professional services firms to publish a gender pay gap report for 2021, revealing a gender pay gap of 6.8% and a gender bonus pay gap of 12.6%, excluding partners.

Deloitte has been calculating its gender pay and bonus gap since 2018 but this is the first time it has published a gender pay gap report. Its pay and bonus gaps in 2018 were 10.1% and 23.6% respectively.

Bonuses can significantly skew the gender pay gap

The proportion of women earning a bonus at Deloitte has increased from 61% to 73%, in the three years to 2021. The proportion of men earning bonus in the same period has increased from 62% to 70%.

Mazars Ireland has also published new gender pay gap data, showing a negative median gender pay gap of -15.97%, with the median (middle) woman earning €1.16 for every €1 earned by the median (middle) male employee. This is explained by the fact that there are more women in job grades above trainee level at the firm.

The mean/average gender pay gap at Mazars is 0.93%. Mazars notes that the significant gap between the median gender pay gap (-15.97%) and the mean gender pay gap (0.93%) "can be explained through the mean bonus gap of 27.56%."

Mazars explains further that while a similar proportion of male and female employees receive a bonus (28.75% of males and 27.78% of females respectively), the amount received by males employees is significantly higher in comparison to female employees.

The experience at other employers, most notably An Post, demonstrates further that bonus payments can significantly skew the overall gender pay gap. An Post has eliminated its average gender pay gap but its gender bonus gap, though falling, was 11.6% for 2021.

RULES EXPECTED 'EARLY 2022'

The Gender Pay Gap Information Act 2021 was enacted last summer, two years after it was first introduced as a bill. However, the Act has not yet commenced and there have been no regulations introduced, which would clarify the process for statutory gender pay gap reporting.

In July 2021, the Department of Children and Equality said that regulations to give effect to the provisions of the law would be drafted and the Minister “has given a commitment that these will be in place by the end of 2021.”

The Act will require employers with 250 or more employees to publish gender pay gap information according to median and mean hourly and bonus pay. Reporting obligations are to extend, incrementally, to medium-sized employers, but small sized-companies (fewer than 50 employees) are exempt.

Regulations are needed, however, to outline how relevant information is to be calculated. Employers will also be expected to explain the reason(s) for their gender pay gap.

The Department of Children and Equality told IRN that regulations “are currently being developed and it is anticipated these will be finalised and published in early 2022.”

The Act will be commenced once the regulations have been published. It is further anticipated that reporting by organisations with more than 250 employees will also commence in 2022.

This Department says it is also “developing an information campaign for employers which will complement the regulations. The information campaign will set out the benefits of the reporting requirements and give information to employers on fulfilling these requirements.”

GAPS AT PARTNER LEVEL

Deloitte Ireland acknowledges that while it has worked its gender pay and bonus gap downwards, by discounting the total remuneration at partner level, it gives a limited picture as the greatest gender gap is at that level.

Whilst women make up 47% of Deloitte’s workforce, in September 2021, 27% of partners and 43.3% of directors (the grade attracting the highest level of remuneration) were women.

The firm explains that in a partnership, profits and shareholdings change annually. If all of Deloitte’s employee remuneration, together with partner distributions of profit for one year are included, Deloitte “would have an assumed gender pay gap of 31.3%.”

However, partners are not employees and their remuneration will not have to be included in statutory gender pay gap reporting.

Just over one-quarter of Deloitte's partners are women, the proportion having increased 14 percentage points since 2012.

Deloitte says that "while progress is being made, obstacles do remain." Long-standing challenges "have been exacerbated by a number of factors recently, including, for example, the competitive labour market, and the pronounced and disproportionate impact the pandemic has had on women."

It said it is "committed to progressing our gender balance action plan and are resolute in our target of 35% female partners by 2025."

Mazars has a target of 30% female partners by 2025.

SENIOR EXECUTIVE ROLES

The recent gender balance in business survey from the CSO shows while there is progress being made at director and senior executive level, the gender disparities are still stark.

	2019		2021	
	Male %	Female %	Male %	Female %
Chairpersons	92.6	7.4	86	14
Boards of Directors	80.4	19.6	78.2	21.8
Chief Executive Officers (CEOs)	88.5	11.5	86.6	13.4
Senior Executives	71.7	28.3	70.3	29.7
Chief Financial Officers (CFOs)	70.3	29.7	71.9	28.1
Source: CSO Gender Balance in Business Survey 2021				

The CSO also notes that two-thirds of appointments to senior executive posts within the past two years were from within the enterprise, with one-third of positions filled from outside the organisation.

The gender breakdown shows that for external appointments in 2021, a greater proportion were female (43%) than it was for females promoted to senior executive roles from within their organisation (33%).

In 2021, 29% of enterprises had 40% or more female representation at senior executive level. Almost one-in-five (18%) enterprises had at least 40% female representation on their board of directors.

OTHER BIG FIRMS

Balance for Better Business (B4BB), an independent business-led Review Group established by the Government, says that, in 2021, the percentage of women on the Boards of ISEQ 20 companies rose to 31%, up from 18%.

This means that the top publicly-listed companies in Ireland “are well on track to achieve the 33% goal by the end of 2023.”

For other listed companies, the percentage of women on boards in 2021 met the target of 20%, increasing from 9.6% in early 2018. For large Irish companies, the percentage of women on boards is 22%.

As of November 2021, Ireland had moved up to 12th position from 17th on the list of women on company boards for the largest companies in the EU27.

The other ‘Big 4’ firms, PwC, EY and KPMG, have yet to release gender gap data for 2021.

PwC, the largest of the Big 4 firms, published its gender pay gap data for the years 2019 and 2020, but has yet to publish a report for 2021. Its gender pay gap reduced from 5.7% to 4.5%, between 2019 and 2020. Its bonus pay gap reduced from 11.8% to 8.8% in the same year.

EY (Ernst & Young) told IRN that the firm “is currently finalising its gender pay gap report which we will be publishing in due course.” KPMG does not have a published gender pay gap report for 2021.