



Closing the gender pay gap

actions for employers

The gender pay gap

“There shouldn’t be one. I have two daughters and want them to go into a world that is fair and equitable. If I can make things better in my position, then that is something that I certainly want to do.”

— **Nick Stanhope, Chief Executive Officer, Sovereign**

In New Zealand, on average, a woman earns 12 percent less than a man. This reduces her lifetime earnings and her ability to provide for her children and whānau.

Closing the gender pay gap is not only the right thing to do, it’s the smart thing to do. When women are recognised and rewarded equally for their work, everyone gains.

As an employer, you can play a leading role in closing the gap. Not only your organisation, but the wider economy, will reap the benefits.

This booklet is a starting point for employers who want to know if they have a gender pay gap and what to do about it.

Closing the gender pay gap is good for business

“Closing the gender pay gap is the same as any other business problem – and once it is seen that way people take it very seriously ... We’ve made it one of our core business objectives. We broke the problem down, measured it, made people accountable for it, and set a three-year target.”

— **David McLean, Chief Executive Officer, Westpac**

International research shows that a more diverse workforce leads to better decision-making and a healthier bottom-line. Measuring and closing a gender pay gap demonstrates progress in increasing diversity.

Worker satisfaction and retention is much higher when employees know their pay and opportunities are fair.

The best employers will attract and keep the best talent.

Customers, employees, and stakeholders make choices based on values. Your commitment to close the gender pay gap makes a positive statement about your organisation’s values.

Actions for employers



Lead from
the top



Make a
plan



Analyse
your data



Be aware
of bias



Redesign
your talent
management
processes



Maximise
female
talent



Normalise
flexible work
and parental
leave for men
and women

Advice for employers who want to know
if they have gender pay gaps in their
workplace, and what to do about it.



Lead from the top

“We live in a diverse world and we need to stay relevant. But to make it work, it can’t just be a pragmatic decision, any policy has to be genuine to engage people. Two or three years ago we were almost confronting in our effort to raise the level of awareness. Now it’s ingrained into our way of thinking. Once it becomes part of the fabric, people feel good about it, but really it’s just how things should be.”

— **Kevin Jaffe, Chairman and Corporate Partner, Simpson Grierson**

The chief executive and leadership team are pivotal in driving change.

Closing your gender pay gap depends on cultural change. Leaders shape organisational culture by what they say, do, measure, and prioritise.

Change needs to be a high strategic priority to succeed.

Authenticity is highly valued. Leaders ensure that public image aligns with reality by taking ultimate responsibility for change, embracing transparency, and celebrating achievement.



Make a plan

“If you are running a charity or not-for-profit with fewer than 20 employees and many volunteers, you are probably trying to do a million things at once ... if you haven’t got the capacity or capability, then seek some expert advice, or talk to others who have addressed the gap, and do it as part of an overall strategy aimed at fairness and inclusion.”

— **Paula Kearns, Chief Executive Officer, Youthtown**

Closing your gender pay gap needs action at all levels of your organisation. If you are already working to increase diversity and inclusion you may be taking some of these actions.

The plan should be based on your organisation’s data (see the next page

and our website for more information). Measurable objectives with clear accountability and regular reporting on targets will keep the plan on track.

Be persistent. It takes time to achieve tangible, sustainable results.

Analyse your data

“Unless you do an analysis of the current state of the organisation, you will not be able to make meaningful changes. Research first, then you can build targeted plans around it.”

— Susan Doughty, Partner, People Advisory Services, EY

Understanding your data means you can target action.

All organisations are different. Larger organisations will need more detailed analysis.

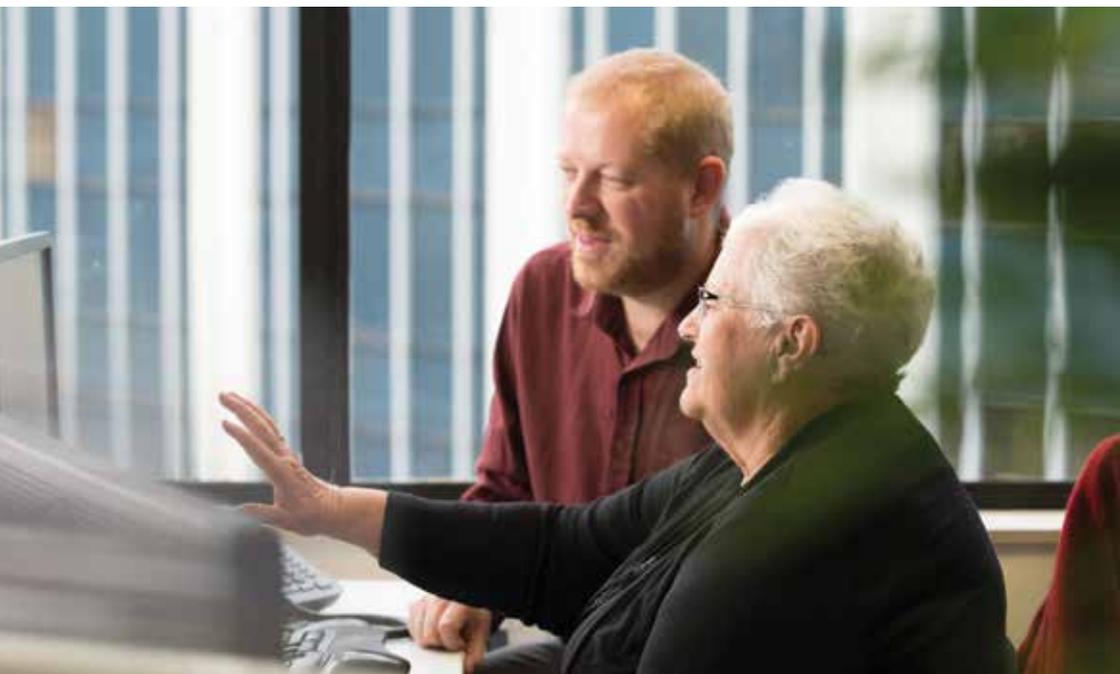
The causes of the gender pay gap are complex. Pay gaps can emerge slowly, happen at different points in the employment cycle, and can accumulate.

Things to look for include:

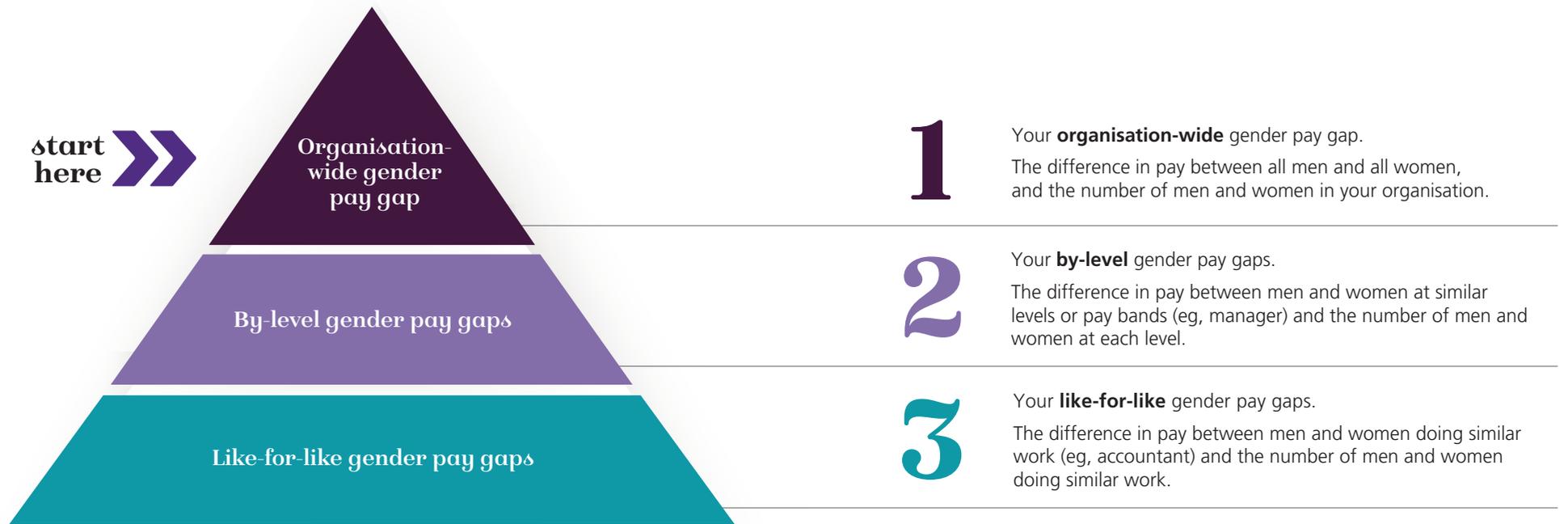
- men starting on higher salaries and progressing faster

- more men at senior levels
- more men in the types of roles that lead to senior positions
- slower career progression for employees who take care-giving breaks or work part-time.

Think about ethnicity too. Many women face the combined effects of gender and ethnic pay gaps. Pay gaps tend to be wider for Māori and Pacific women, for example. Combine ethnic and gender data to identify and address these differences.



Analyse your data to understand your gender pay gap



What else could you look for?

Career progression differences



Explore a broader range of data and evidence. Compare promotion and salary progression and annual performance ratings between men and women. Compare salaries and progression for part-time and full-time staff. Engagement surveys can explore perceptions of fairness.



Be aware of bias

“Having that empirical data will allow us to set targets, and tackle any unconscious bias.”

— Rob Fyfe, Chairman and former Chief Executive Officer, Icebreaker

Most of our thinking happens unconsciously. This ‘fast thinking’ is efficient, but when it is based on stereotypes it leads to unconscious bias and disadvantages women.

Around 80 percent of the gender pay gap is driven by hard-to-measure factors including bias.

Bias can influence decisions on hiring, promotion, performance assessment and salary, as well as who gets challenging projects, and whose contributions are acknowledged.

When we are not aware of how bias works, it’s hard to make fair and

accurate decisions. We are also less able to recognise and challenge it.

Leaders and managers can get training to understand unconscious bias. This training is most effective when it:

- is combined with talent management processes designed to reduce bias
- is provided to everyone involved in personnel decisions
- is provided by people with expertise
- includes personal unconscious bias assessments
- provides strategies to reduce bias – checklists and set questions slow people’s thinking, for example
- is regularly followed up.





Redesign your talent management processes

“Initially our focus has been on recruiting and retaining more women and more Māori ... We are trying to do this in a smart way – in all parts of the business and at all levels of seniority. We have looked at how we appeal to women in advertising – language is now gender neutral in advertisements.”

— Alison Andrew, Chief Executive Officer, Transpower

Recruitment, performance review, and pay rounds are great opportunities for action on your gender pay gap.

Decisions in these areas can easily be influenced by bias.

Base employment decisions on transparent, performance-related criteria. Use consistent practices, and aim for group decisions.

Allow decisions to be reviewed by a third party. Make salaries and processes for negotiating pay transparent.

Using gender-neutral language in job descriptions and asking for diverse shortlists will help recruit more women. So will making sure your workplace is known as a good environment for women.



Maximise female talent

“You want to reflect your customer base and have their voice at the table. Our customers are mainly SMEs, where there are more women in accounting roles, so it makes sense to seek diversity in your management teams.”

— Rod Drury, Chief Executive Officer, Xero

Many women drop out, or their career stalls at each level of leadership.

This is called the ‘leaking talent pipeline’. It reduces innovation and productivity in New Zealand workplaces. Organisations lose the benefits of more diverse leadership.

Making flexible work and parental leave normal for men and women, and reducing the impact of bias, will help women advance.

You can also:

- provide mentoring and sponsorship to support women
- set targets for diversity in leadership
- monitor the number of men and women at each level of your organisation.



Normalise flexible work and parental leave for men and women

“If you are working flexibly you find zones when you work better, smarter, and harder... Slick technology means that we have multiple ways of communicating so it seems quite old-fashioned to me that an employer will require staff to always be in the office.”

**— Felicity Evans, General Manager,
Human Resources for New Zealand and the Pacific, ANZ**

Businesses promoting flexible work have a competitive advantage in attracting and keeping good staff. Work-life balance is a top priority for the majority of professionals seeking a new role.

Gender pay gaps increase when working women have families. Taking career breaks and working part-time currently prevent women from progressing.

Making flexible and part-time work normal reduces these negative impacts.

You can:

- promote and model flexible work and taking time out for caring
- understand the flexible work legislation
- assume all roles can be done flexibly unless there is a good reason why not
- challenge assumptions that flexible and part-time workers are less committed or ambitious
- support employees on parental leave and when they return
- monitor pay and promotion data for flexible and part-time workers.

A young woman with dark hair, smiling, is shown in profile from the chest up. She is wearing a white shirt and a dark apron. Her right arm is extended, and she has a large, intricate black ink tattoo of a peony flower on her forearm. She is holding a metal coffee pitcher. The background is a blurred indoor setting with warm lighting.

“You now have young people making up the majority of the workforce whose expectations of work are quite different to their parents. I see pockets of change already, but traditional hierarchical companies will find it hard to survive unless they are prepared to be more flexible.”

— Frances Valentine, Founder, The Mind Lab by Unitec

Further information:

The Ministry for Women Te Minitatanga mō ngā Wāhine has more detailed advice for employers. www.women.govt.nz/gpp

Diversity Works NZ helps businesses develop diverse and inclusive workplaces. www.diversityworks.org.nz

YWCA Auckland's Equal Pay Awards recognise best practice among businesses on the journey towards equal pay. www.ywcaequalpay.org.nz

The Women's Empowerment Principles give guidance on how to empower women in the workplace, marketplace and community. www.unwomen.org.nz/womens-empowerment-principles

Champions for Change is a group of CEOs and Chairs committed to raising diversity and inclusiveness in the wider business community. www.championsforchange.nz

There are also organisations that consult privately on workplace matters like closing gender pay gaps.

Thank you to the following for their insights on closing the gender pay gap:

Felicity Evans, ANZ; Kate McKenzie, Chorus; Susan Doughty, EY; Rob Fyfe, Icebreaker; Kevin Jaffe, Simpson Grierson; Nick Stanhope, Sovereign; Frances Valintine, The Mind Lab by Unitec; Alison Andrew, Transpower; Simon Mackenzie, Vector; David McLean, Westpac; Rod Drury, Xero, and the Workplace Gender Equality Agency, Australia

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