

AN FTI CONSULTING REPORT

Gender Pay Gap Reporting in Ireland



The introduction of gender pay gap reporting in Ireland, with effect from December 2022, will provide greater transparency and enforce greater accountability on employers in Ireland in the context of their gender balance. The requirement for reporting is an opportunity for companies to regularly assess their progress in addressing imbalances in gender parity within their organisations.

While the practice has been in place in the UK for a number of years, the relevant legislation in Ireland requires not only the disclosure of data, but a requirement for companies to set out reasoning behind any gender pay gap and how the organisation intends to address it. This additional requirement means that companies not only have to share data findings, but they also need to contextualise the data in a way that demonstrates understanding of the underlying root causes of their imbalance. This additional level of scrutiny is also likely to present communications challenges over the coming months.

Gender Pay Gap Reporting

By 31 December 2022, in accordance with the Gender Pay Gap Information Act 2021, all companies in Ireland with over 250 employees will be required to disclose their gender pay gap across a range of metrics.

The gender pay gap is principally the difference in the average hourly wage of men and women across a workforce; though the legislation does also include disclosure on bonus and benefits in kind.

Gender pay gap vs pay equality

Gender pay gap reporting measures the difference between men's and women's average pay within an organisation. Gender pay gap is essentially a means of signalling if an organisation has more of one gender represented in its more highly-paid tiers. Pay equality, on the other hand, has been the law in Ireland since the 1970's under The Anti-Discrimination (Pay) Act 1974— which requires employers to give men and women equal pay if they are employed to do the same work.

In order to fulfil gender pay gap reporting, organisations have been asked to select a 'snapshot' date from the month of June 2022. Reporting will be based on the number of employees the organisation has on this date. Organisations then have six months to prepare their calculations, with a deadline of 31 December 2022 for reporting. The detail must be published on the employer's website or in some other way that is accessible to all employees and to the public.

This is the first time that companies in Ireland will be required to report on the gender pay gap. This year,

organisations with more than 250 employees are required to report. From 2024, organisations with more than 150 employees are required to report. From 2025, organisations of more than 50 employees will be required to report.

Additional requirements require deeper insights and strategy

As HR departments focus on the data collection, there is an additional requirement in the regulations which will be important for communications professionals and the wider business. Unlike the UK, where it is discretionary to include a supporting narrative, regulations in Ireland mandate that in addition to the data, employers must publish a report setting out the following:

- in the employer's opinion, the reasons that the gender pay gap exists, and
- the measures (if any) being taken, or proposed to be taken, by the employer to eliminate or reduce the gender pay gap.

How this additional detail is provided in the report will shape perceptions of the organisation by stakeholders from both a culture and reputational perspective. Detail around gender pay gap and the overall balance between men and women at different levels also informs an organisation's Environmental, Social & Governance ('ESG') disclosure and messaging. As ESG has risen up the agenda for all organisations, and companies face growing investor pressure to improve diversity, gender pay gap reporting is another resource for investors to assess how well a company is executing against its social

agenda. With pressure across stakeholder groups to increase the number of women in leadership positions, reporting on gender pay gap provides another platform for organisations to lay-out their overall approach to fostering more diversity.

Given the different challenges that many organisations face in having a gender-balanced workforce, best practice is transparency and a solution focus.

Key Considerations

In most organisations the reasons for a gender pay gap often encompass not just unique dynamics within that organisation, but also more nuanced factors within society or within specific industries. So, it is important for organisations to be clear on both the internal context shaping their gender balance, as well as the broader societal and sector factors.

As companies begin to analyse the data and prepare to present that data to stakeholders, we set out below a number of considerations on how to manage this disclosure.



Tell a bigger story

While gender pay gap reporting is now a requirement, it is also a wider signal to customers, clients, employees, policy-makers, investors and the media about your approach to diversity, inclusion and competitiveness. We recommend that discussions around efforts to drive diversity, inclusion and a more balanced workforce shouldn't just be happening when reporting on gender pay gap.

If you are engaged in ongoing activities and dialogues around efforts towards diversity, then reporting should fit into a broader narrative arc about your diversity journey.

While there is an obligation to report once yearly, the efforts you are taking to foster diversity should be an ongoing business critical consideration and remediation should be front-of-mind for the wider business and specifically HR teams on an ongoing basis.



Ensure Executive Management & Board Levels are engaged

The importance of a strong corporate culture which is communicated from the top cannot be overstated, particularly when it comes to topics such as diversity and inclusion. In order for stakeholders to support your narrative, there must be buy-in at Board and Executive Management level, in the planning for long-term strategies for cultivating gender diversity. Recognise too that if you opt to have your CEO or another senior leader introduce your report, that sends a message that gender diversity is a priority at the highest levels and one that will be duly noted by employees.



Clarify your data and understand your gap

Understand the data to identify the root causes of gender imbalance in your organisation. Only when organisations have a clear understanding of why a pay gap exists, can they take steps to address it. For example, what is the return rate for women post maternity leave? Or are lower paid roles predominately filled by women? Identifying trends that impact the gap will allow you to address the issue and make meaningful change.

In addition, ensure that stakeholders, in particular employees, understand the various data sets. Explain the difference between mean and median and discuss the difference between pay equality and pay equity in the context of your report.





Create a clear narrative and outline next steps

Clarify the reasons for your gender pay gap which may include wider sector context. Be clear on the steps you are taking to remediate the gap. Include policies and case studies where appropriate, to highlight this as a strategic focus across the business.



Acknowledge employees as the most critical stakeholder

Failing to engage properly with staff on this topic can have a damaging impact on a business – both for existing and prospective employees. There is often complexity to the causes of a gender pay gap within an organisation, and it is critical that companies take the time to help their employees understand this in the context of their business and their sector. Adverse commentary – either on social media, Glassdoor or in wider news media – can have a detrimental impact on an organisation and extend beyond HR issues to wider reputational concerns among customers, suppliers or other stakeholders.

For unionised workplaces, positive engagement with employee representatives on the gender pay gap, will be crucial to successful communication of organisations' strategies for addressing the gap.

There is no overnight solution to a gender pay gap and given how the data is collected, it is very difficult to see progress from year to year. However, employee opinion is likely to be less unforgiving during the yearly gender pay gap reporting cycle if your people are seeing a year-round robust commitment to diversity via development programmes, balanced hiring policies, improvements in

representation at the highest levels, and a performance management and promotion process that feels transparent and fair. Ultimately, dialogues around gender balance and exclusivity should be ongoing – and not relegated to the yearly gender pay gap reporting deadline.

It is also important to gather feedback from employee networks such as women's networks, D&I networks and LBTQI+ networks to ensure their feedback for improvements is part of the mix. Additionally, all organisations should assume that their internal communications to employees will leak externally – particularly if they are a high-profile organisation. Therefore, it is critical that there is consistent and timely messaging with all audiences to support company credibility and reputation.



Adopt a sensitive approach to employee gender identification

Where an employee does not identify as male or female, the organisation may omit the individual from the gender pay gap calculations. While this is straightforward when it comes to data and calculations, employers must ensure that this subject is approached sensitively from an employee welfare and communications perspective.



Be pragmatic

Be realistic with audiences about the time needed. Addressing gender pay gap is not an overnight fix and actions that are sustainable, traceable and reinforced will be more credible.



Anticipate the media focus

There has been relatively little Irish media coverage to date but as the deadline for reporting approaches, media attention is likely to increase. Coverage so far has centred on companies who have already disclosed their gender pay gap. Some companies that have demonstrated significant progress have been quick to disclose their statistics. For example, An Post announced in December 2021 that they closed their gender pay gap, reducing it from 3.7% to effectively 0% over a two-year period. Earlier this year, LIDL also released data revealing their gender pay gap reduced by 30% to 6.2%, citing the removal of obstacles to career progression and putting in place measures to assist women as contributing factors.

Over the coming months, we are likely to see companies with positive metrics disclosing ahead of the December deadline in order to secure standalone positive coverage. Similarly, some companies may report ahead of the December deadline to avoid being swept up in the net of round-up coverage.

As reporting is mandatory come December, it is likely that we will see media focus on specific sectors, comparing and contrasting how some industries are doing against others, similarly to what we saw in the UK in 2017.

Reputational Implications

Reporting a gender pay gap may not, of itself, create a reputational issue. However, the way you report the data, address the findings and detail plans to bridge the gap may ultimately affect the reputation of your organisation - particularly if either internal or external stakeholders see a disconnect between what is being planned and what has been done previously.

Stakeholders will want to see what plans and policies companies are introducing to overcome pay gap issues and what targets are being set to ensure they are ambitious and meaningful.

While some industries will have higher gender pay gaps than others, blaming the industry is not advised. If you operate in a traditionally male dominated industry, stakeholders will want to see what steps your organisation is taking to attract more women. For example, are you investing in STEM initiatives? Do you have flexible family-friendly work policies? Or how are you attracting women to the workforce post maternity leave?

How companies prioritise diversity and inclusion is a key barometer of a good culture. In a tight labour market, failing to properly address an organisations gender pay gap could cause long term competitive disadvantage.

Summary

As the deadline approaches for Irish companies to report their gender pay gap, there are reputational, organisational and communications issues to consider. Organisations that decide to do the bare minimum are likely to come under greater scrutiny than those that are open and transparent and are able to detail a coherent plan for driving progress. Forward-looking organisations should see this requirement not as a risk, but as an opportunity to frame a pragmatic, credible plan for achieving the many operational benefits that are delivered by a more gender-balanced, diverse workforce.



We can help

FTI Consulting has deep experience helping organisations both prepare for gender pay gap reporting, as well as more broadly introducing sustainable culture and operational changes to bring about a more diverse workforce overall. Specifically, we can support:

— Data analysis

We have teams that can help you determine how to assess your data and best understand what it's telling you—or if you've not yet captured your data, we can advise on how and what to measure to provide the most accurate picture of your organisation.

— Diversity strategy development

We can help you develop strategies for driving better gender balance across your organisation. Our support can encompass areas such as talent attraction & retention; HR functional support; employee value-proposition and leadership development programmes.

— Culture change

We can help you 'shift' or 'nudge' your culture to help you ensure that you are both achieving more success in attracting top diverse talent as well as ensuring that your culture is encouraging the success of all talent segments consistently.

— External Reputation management

We have teams that can help you craft the narrative around your gap so that you can clearly articulate your underlying causes from a corporate or sector standpoint, and put in context the actions you are taking to progress.

These are just a few of the services we can offer at FTI to help you ensure that your diversity strategy is working in tandem with your business objectives. We welcome the chance to learn further about your needs and tailor a solution that works for you and your business.

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