Gender Equity in the Workplace

Understanding the Gender Pay Gap in South Africa

SUPPORTED BY:
Drivers of the Gender Pay Gap in South African Workplaces

3.1 The Complex Character of the Gender Pay Gap
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5.1 Call to Action
Global Wage Report 2018/19

The gender pay gap is a symptom of complex societal and economic inequity that unfairly impacts women. However, this impact is not limited to women individually, and it has far-reaching consequences for our society and economy. According to the UN, focusing on gender equity contributes to the achievement of the Sustainable Development Goals. This is particularly so in terms of Goal 5, which aims to achieve gender equality; and Goal 8, whose objective is to promote full and productive employment, and decent work for all. Furthermore, gender equity aligns with Goal 1, which focuses on ending poverty; Goal 2, which deals with food security; Goal 3, which prioritises health; and Goal 10, which aims to reduce inequalities. The interplay of these factors is key in understanding and addressing the gender pay gap in order to drive transformation and create an inclusive economy.

In the South African context, 42.6% of households are headed by women. According to the World Bank’s report, An Incomplete Transition, female-headed households have a higher dependency ratio than male-headed households. This means that women carry the responsibility for more children and people. It is, therefore, concerning that 57.2% of female-headed households were poor in 2015, with women experiencing higher levels of unemployment and being paid an estimated 19% to 37% less than men.

What would it mean to pay women fairly for the value of their work? Firstly, increasing the income to female-headed households is likely to contribute to the eradication of poverty. Secondly, equitable pay equips women to improve the conditions of their lives. That includes the lives of those women care for in terms of access to quality education, healthcare, nutrition and other socioeconomic benefits. Lastly, the increased economic activity of women contributes to the overall growth of economies. And, therefore, as the National Business Initiative (NBI), we see efforts to address the gender pay gap as a fundamental driver for social transformation.

This is the first of a series of reports that unpacks the complexity of gender inequity through the lens of gender pay disparity. It forms an important part of the work of our Social Transformation Unit that is focused on challenging and supporting business to address issues of inequity fundamentally and comprehensively.

Foreword

Addressing gender inequality has far-reaching implications for successfully building a sustainable and inclusive society. Gender pay parity is recognised as a crucial issue that continues to be a major challenge across the globe, but has the potential to transform our economy and society fundamentally.

The gender pay gap is a symptom of complex societal and economic inequity that unfairly impacts women. However, this impact is not limited to women individually, and it has far-reaching consequences for our society and economy. According to the UN, focusing on gender equity contributes to the achievement of the Sustainable Development Goals. This is particularly so in terms of Goal 5, which aims to achieve gender equality; and Goal 8, whose objective is to promote full and productive employment, and decent work for all. Furthermore, gender equity aligns with Goal 1, which focuses on ending poverty; Goal 2, which deals with food security; Goal 3, which prioritises health; and Goal 10, which aims to reduce inequalities. The interplay of these factors is key in understanding and addressing the gender pay gap in order to drive transformation and create an inclusive economy.

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JOANNE YAWITCH
Chief Executive Officer | National Business Initiative (NBI)

1 https://econrsa.org/system/files/publications/working_papers/working_paper_761.pdf
2 Global Wage Report 2018/19
Introduction

South Africa’s growing inequality gave rise to the National Business Initiative (NBI) founding its Social Transformation programme, with the aim of working with member companies to build on best practice to create innovative solutions to drive rapid transformation.

THE PROGRAMME HAS FOUR KEY FOCUS AREAS:

1. Activating Bold and Transformative Leadership;
2. Creating a Culture of Inclusion; and
3. Enabling Economic Inclusion

Our focus on inclusion addresses issues of representation and diversity. This also encompasses tackling inclusion broadly in terms of race, gender, disability and sexuality in the workplace. Gender is a strategic focus for this pathway because business is falling behind on gender equity, despite it being well versed on the imperative to transform on race. It is the aim of the NBI to facilitate dialogue and collaboration that will help businesses mature in this regard. In addressing gender in the workplace, it has become apparent that pay differentials persist between men and women. We realise that there is a need to understand the gender pay gap in the South African context. There is also a need to support companies in understanding what underpins the gender pay gap, and how to solve it in a sustainable and systemic manner. This report is the first of two publications that dive deep into the gender pay gap in South Africa and aim to develop a standardised methodology for determining it in South African companies.

In the last few decades, inroads have been made globally in building equitable workplaces for women through legislation and prioritisation of gender empowerment by some of the world’s largest companies. As a result, more women have been entering the workplace than ever before and some occupy senior positions, which were previously exclusively dominated by men. Despite these significant gains, pay disparities persist. The gender pay gap has become a focus for companies, governments and civil society, many of which are taking active and progressive steps to reduce it. In South Africa, companies and government are beginning to have tough conversations about the gender pay differentials. It is the objective of this report to give readers an understanding of what sustains the gender pay gap in workplaces, and, in turn, what interventions can be made on all levels of society to reduce it.

The gender pay gap is a consequence of several interconnected factors rooted in societal norms. While there is no single fix to the pay gap, there are several interventions that companies and governments can start to implement, which will reduce it and, ultimately, make a dent on inequality. We expect this report to form part of the toolkit that you can use to begin your journey towards creating, and advocating for, an equitable workplace.
Understanding the Gender Pay Gap
Defining the Gender Pay Gap

Gender pay differentials are commonly assessed through a measurement known as the gender pay gap\textsuperscript{3}. The gender pay gap measures the difference between men’s and women’s average earnings in an organisation or in the labour market\textsuperscript{4} and is expressed as a percentage of men’s earnings.

Historically, women have been underpaid and the gender pay gap seeks to understand the extent of this disparity. While the gender pay gap aims to deal with the disparity in pay between men and women, it should not be mistaken with the principles of Equal Pay for Work of Equal Value and Equal Pay for Equal Work (see Figure 1\textsuperscript{5} on page 8).

The principle of Equal Pay for Work of Equal Value is also known by its shorthand, comparable worth. While Equal Pay for Equal Work, as a legislative tool, is a good starting point when seeking to address pay differentials between men and women doing the same job; it fails to address gendered work and the devaluation of jobs occupied mostly by women.

In short, comparable worth is an attempt to remedy the inequalities of pay caused by the long history of gender-segregated jobs and the different pay scales for men and women\textsuperscript{6}. Comparable worth is essential to address the gender pay gap because it confronts the reality that many women have been limited to low-paying roles, despite those roles displaying the same level of expertise, education and managerial authority as high-paying roles in sectors dominated by men.

\textsuperscript{3} https://www.ilo.org/wcmsp5/groups/public/@dgreports/@gender/documents/briefingnote/wcms_410196.pdf
\textsuperscript{5} https://www.equalityhumanrights.com/en/advice-and-guidance/what-equal-work
\textsuperscript{6} https://www.thoughtco.com/comparable-worth-pay-equity-3529471
Differences in qualifications, experience, occupational category and others explain part of the causes of the gender pay-gap. Those factors which are attributed to discrimination through conscious and unconscious bias are known as the unexplained part of the gender pay-gap which are still widespread and prevalent in workplaces.

Figure 1: Difference between Equal Pay for Equal Work and Equal Pay for Equal Value (World Policy Analysis Centre)

**EQUAL WORK**

Men and woman in the same employment performing equal work must receive equal pay

- China
- Egypt
- Germany
- Ghana
- India
- Iran
- Japan
- Thailand
- United States

**EQUAL VALUE**

Men and woman in work that is not similar and has not been rated as equivalent but is of equal value in terms of effort, skill and decision making must receive equal pay

- Brazil
- Botswana
- Canada
- Nigeria
- South Africa
- Sweden
- Turkey
- United Kingdom
- Vietnam

Countries that guarantee equal pay:

- China
- Egypt
- Germany
- Ghana
- India
- Iran
- Japan
- Thailand
- United States
- Brazil
- Botswana
- Canada
- Nigeria
- South Africa
- Sweden
- Turkey
- United Kingdom
- Vietnam
A Global Phenomenon: Gender Pay Gap Comparisons

FIGURE 2
Factor-Weighted Gender Pay Gap using Hourly Wages (Global Wage Report 2018/19)
The Gender Pay Gap in South Africa

In a country considered the most unequal society in the world, the gender pay gap may reveal the gendered and racialised nature of inequality. According to Statistics South Africa’s Living Conditions Survey 2014/15, 52% of women aged 18 and higher live in poverty compared with 46.1% of men. This inequality increases when the unit of comparison is the household. This is so because 49.9% of households headed by women live below the Upper-Bound Poverty Line of R 1 183 per person per month, compared with 33% of households headed by men. According to the World Bank’s Overcoming Poverty and Inequality in South Africa report, households headed by women are 10% more likely to fall into poverty and 2% less likely to escape poverty. South Africa’s socioeconomic challenges add another dimension to the gender pay gap. This suggests that reducing the gender pay gap is not only about equity, but it is also a moral imperative to reduce inequality at a societal level.

Estimates place the gender pay gap in South Africa between 19.1% and 37.7%. The wide range is caused by the multiple methodologies and calculations used for determining the gender pay gap at country or company level. As shown in Figure 3, various calculations determine the gap in terms of hourly wages, as opposed to monthly wages. The result is that the gap may fluctuate, depending on which units of measurement are used. And, while there

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7 http://www.statssa.gov.za/?p=12075
may be a smaller gap in terms of hourly pay, it may grow larger when using a month as a unit of comparison. The fluctuation is partly due to the reality that, on average, men work longer hours than women. Generally, women tend to have family responsibilities that impact on the length of time they can spend at work. The distribution of men and women in senior positions and well-paying jobs can also influence the gender pay gap.

Most calculations don’t consider the gender pay gap between two equally qualified individuals performing the same job. Instead, the calculations add the total sum pay of men and compare it to the total sum pay of women in an organisation. When calculated in this fashion, the gender pay gap confirms that senior positions are predominantly occupied by men or that high-paying technical jobs, such as engineering, are dominated by men in both these scenarios. As such, the gender pay gap does not tell the full story and, in some instances, may be close to zero when women’s life choices concerning career path and prioritisation of family are factored. While unexplained factors such as bias continue to have an impact on the earnings of many women, it is essential that the complexity of the gender pay gap is addressed in this report. That will be done to prevent overstating the gap and potentially framing all women as victims who are without agency regarding their careers and life choices.

In the South African context, an important driver of the gender pay gap continues to be gendered work. Overall, industries that are dominated by women tend to remunerate less than those dominated by men. Furthermore, industries that undergo a process of feminisation see a decline in wages over time. According to research by the University of California and the United States’ National Centre for Education Statistics, men in “feminised” roles and industries still earn more than women, and often ascend the career ladder faster than women within those industries.

In South Africa, employment opportunities for poor women are limited because of historical reasons, meaning that domestic work remains one of the few options for women with little education. This form of work is almost entirely dominated by black and coloured women. Poor men with low levels of education, while limited, are afforded employment in higher-paying work industries that have traditionally been dominated by men. Many jobs occupied by low-skilled men adhere to the national minimum wage of R 20 an hour, however, the minimum wage for domestic workers is R 16 an hour. This R 4 difference has wide-reaching societal implications for those households that are dependent on the salaries of domestic workers.

FIGURE 4
Implications of Gendered Work

<table>
<thead>
<tr>
<th>MINIMUM WAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 3 500 per month</td>
</tr>
<tr>
<td>National</td>
</tr>
<tr>
<td>R 2 800 per month</td>
</tr>
<tr>
<td>Domestic Worker</td>
</tr>
</tbody>
</table>

Source: National Minimum Wage Bill
Drivers of the Gender Pay Gap in South African Workplaces
This chapter aims to unpack the complex nature of the gender pay gap by exploring women’s experiences in society and the workplace, including underrepresentation, restrictive and discriminatory workplace practices, the motherhood penalty and lack of adequate support structures.

Often, women face several of these barriers at the same time, which impact negatively on promotions and earnings. It is important to note that there is no singular universal experience of being a woman at work. This is further complicated by layered identities. A black woman’s experiences, for instance, may equally be defined by her race as they are by her gender. The same is true for women belonging to the LGBTI+ community or disabled women. It is, therefore, essential to view the experiences of women in the workplace through an intersectional lens.

Intersectionality was conceptualised in 1989 by Kimberlé Crenshaw a civil rights activist and legal scholar, to describe the manner in which traditional feminist ideas and anti-racist policies excluded black women because the face overlapping discrimination which is unique to them.

The term has since matured to include the experiences of women all walks of life. The Merriam-Webster dictionary defines it as “the complex cumulative way in which the effects of multiple forms of discrimination (such as racism, sexism, and classism) combine, overlap or intersect, especially in the experiences of marginalised individuals or groups.”
Societal Drivers

Society has implicit and explicit influences on the individual. And, in a largely gendered society, these deeply embedded characteristics impact the professional experiences and career prospects of many women. There are several societal drivers that influence how we see ourselves in relation to others. Gendered work and bias against women find their root in many of the institutions that define many of today’s societies. These include the family, our education system and religion. The socialisation we receive at these institutions is expressed in the workplace and turns the workplace into a microcosm of society.

3.2.1 SOCIALISATION

According to Professor Piet Naudé, of the University of Stellenbosch Business School, our first encounter with societal norms takes place within the family. Girls and boys are socialised into specific functional and emotional stereotypes. They emulate their parents and other people of significance in their lives to understand themselves. Beliefs and worldviews held by one’s immediate family have a strong influence on a person’s aspirations. According to research conducted by Bain & Company, roughly 80% of women respondents agreed that their families support equal career opportunities for men and women. However, women who do not aspire towards senior leadership positions are almost three times as likely to say their families do not believe in equal career opportunities for men and women.

An important part of our socialisation relates to our education. While educational institutions are tasked with teaching children and young people skills suitable for employment, they also teach how to become members...

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of society. Our education system sends implicit and explicit messages to girls and boys about their career choices, and it often channels girls into subjects such as home economics and boys into woodwork. According to research affiliated to the Encyclopaedia on Early Childhood Development, and supported by UNICEF, science, maths and engineering continue to be viewed by educators as subject choices more suited for boys.

Our education not only genders our professions, but it also reinforces stereotypes learnt in the household. This is apparent in single-sex schools, where young women are required to participate in etiquette classes; while boys are taught to emulate masculine personality traits through sports, leadership and a culture of militaristic discipline. The latter finds expression in boarding houses, where uniform inspections, codes of discipline, strict hierarchies are enforced and cadet training are commonplace. The characteristics produced in such a schooling system are often replicated and admired in many workplaces. Adam Howard, a chair and professor of education at Colby College in the US, writes that the purpose of elite schools, many of which are single sex, is to make, remake and advance the socioeconomic status of each pupil through providing pupils access to a social circuit that allows them to go from one elite institution to another and, eventually, on to high-power positions. This reinforces these characteristics as necessary traits for leadership in organisations.

As there is a demographic shift, secondary and tertiary education are increasingly challenging the norms of gendered work and subject choice. According to Statistics South Africa’s Community Survey 2016, there were more women than men in the country who possessed primary, secondary and post-secondary education. Furthermore, as of 2016, there were more women than men graduating with a qualification in science, engineering and technology. While these educational advancements are slowly beginning to reshape the workplace, this occurrence has the potential to have a large impact on the workplace in coming years.

### 3.2.2 RELIGION

The South African Board for People Practices’ (SABPP’) report on Fairness in Relation to Women at Work categorises three of the major religions – Christianity, Islam and Judaism – as male-centric belief systems. According to the Pew Research Centre’s Forum on Religion and Public Life, standard lists of history’s most influential religious leaders tend to be predominantly, if not exclusively, of men. In many religious groups, only men are allowed to be clergy. This reinforces the societal stereotype that men are “natural leaders” at home, in the workplace and in places of worship. And this order of things is justified, and natural, because it is “God’s will”. In religious texts, women are portrayed as mothers, wives and followers. The most visible women are either the mothers or wives of more prominent men or devout followers of holy men. According to a Pew Research Centre study on the gender gap in religion around the world, in most countries, the ranks of the faithful are dominated by women. In religious groupings where women have recently been allowed to hold top positions, their representation is relatively uncommon.

However, with changing times, the reality expressed above is becoming less entrenched as countermovements gain traction in all religions. These countermovements have been sources of gender justice, whose advocacy has resulted in an increase in the number of women now leading religious institutions. This, in turn, is dismantling notions of what “the role of a woman” should be.

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20 https://www.pewforum.org/2016/03/22/the-gender-gap-in-religion-around-the-world/
21 https://www.pewresearch.org/fact-tank/2016/03/02/women-relatively-rare-in-top-positions-of-religious-leadership/
3.3.1 UNDERREPRESENTATION

The workplace is a microcosm that, in many ways, mirrors the gendered nature of broader society. Within the workplace, a major driver of the gender pay gap is the underrepresentation of women in senior management and decision-making positions. While companies have made progress in the advancement of women, it is important to be aware that promoting one or few women to senior positions is not enough to yield the positive results that are associated with greater gender equity. According to an analysis by McKinsey, when there is 20% or more women at decision-making level, there is a strong correlation with improved financial performance. It is essential that there is a critical mass of women in senior positions to ensure the sustainability and growth of gender equity efforts in a company.

The underrepresentation of women in senior positions has been excused by citing education choices, lower levels of ambition and fewer women than men entering the workforce. However, these claims are quickly disproven by employment and education data. According to the Commission for Employment Equity’s Annual Report 2017/18, women represent 45.3% of the National Economically Active Population (EAP). Men and women are entering the workforce at similar rates and, in many countries, including South Africa, women now represent the majority of graduates across all subjects. Despite these breakthroughs, women only occupy 22.9% of top management positions in South Africa and 7% of executive director positions on boards. Black women, who represent 35.8% of the EAP, account for 3.5% occupancy of top-level management positions. This, again, highlighting the intersectionality of the challenges that some women face.

Despite the myth that women are not as ambitious as men, there is overwhelming evidence that shows women in South Africa, and globally, aspire, as much as men, to reach senior leadership positions. In addition, women are as confident as men that they will reach their career goals.

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The Workplace

FIGURE

Workforce Profile at Top Management Level (Commission for Employment Equity Annual Report 2017/18)

| PRIVATE SECTOR WORKFORCE PROFILE AT THE TOP MANAGEMENT LEVEL BY POPULATION GROUP AND GENDER |
|-------------------------------------------------|---|---|---|---|---|
| AFRICAN | COLOURED | INDIAN | WHITE | FOREIGN NATIONAL |
| MALE | 7.4% | 3.1% | 7.0% | 57.8% | 3.0% |
| FEMALE | 3.5% | 1.8% | 2.6% | 13.3% | 0.5% |

23 https://www.phaidoninternational.com/resources/Gender%20Diversity%20The%20Commercial%20Imperative%202018.pdf
25 http://piv.nbi.org.za/Programmes%202019/Presentations/Addressing%20the%20gender%20wage%20gap%20background%20NBI.pptx
3.3.1 RESTRICTIVE AND DISCRIMINATORY ORGANISATIONAL CULTURES

Creating enabling and inclusive work environments is important to the success of employees in any organisation. It is not enough to promote diversity; employers must also foster inclusion, so that all employees feel that they belong. While inclusion is less quantifiable than diversity, and more challenging to implement, it has a real impact on employees’ productivity and level of engagement. Employees who feel included not only perform better, but are also more likely to innovate. Furthermore, employees who feel included are 80% more likely to agree that they work in a high-performing organisation. Inclusion also has an impact on retention and attendance. According to research by Deloitte, if just 10% more employees feel included, a company will increase attendance by almost one day per employee.

Unfortunately, for many women in South Africa, exclusionary organisational cultures persist. A Thomson Reuters Foundation poll on five key issues facing women in the G20 found that only 27% of women in South African workplaces were optimistic and confident about their ability to speak up28. Bain & Company research on the gender disparity in South Africa found that only 44% of women believed that men and women had equal opportunity to be promoted in the same timeline, compared with 62% of men.

For many women, the workplace remains a “boys’ club”, underscored by bias against women. This manifests in women reporting fewer substantive interactions with senior leaders about their work or informal interactions, such as casual conversations or lunch meetings, compared with men. Employees who interact often with senior leaders are the most likely to be promoted. According to McKinsey, women are 18% less likely than men to be promoted to become managers. This, therefore, explains why the majority of South African women do not believe they have equal opportunities to be promoted. Equally so, this is why only 40% of South African women believe that their company’s performance evaluation is fair. Bias continues to undermine the advancement of women and, according to McKinsey, only 43% of men in senior positions agree that women are as good leaders as men.

According to Paola Cecchi-Dimeglio, a behavioural economist at the Harvard Law School, the most damaging part of bias within the workplace is that men and women are judged according to different criteria29. And it is often women who are disadvantaged because of this. Women who negotiate promotions and packages, for example, often pay a social penalty because they are far more likely to receive feedback that they are “intimidating”, “too aggressive” or “bossy” when compared with men who negotiate30. Men are more likely to say that they got what they wanted when it comes to salary increments and promotions without having to ask.

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**FIGURE 9**

Workforce Profile at Senior Management Level (Commission for Employment Equity Annual Report 2017/18)

<table>
<thead>
<tr>
<th>PRIVATE SECTOR WORKFORCE PROFILE AT THE SENIOR MANAGEMENT LEVEL BY POPULATION GROUP AND GENDER</th>
<th>AFRICAN</th>
<th>COLOURED</th>
<th>INDIAN</th>
<th>WHITE</th>
<th>FOREIGN NATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALE</td>
<td>10.2%</td>
<td>4.7%</td>
<td>7.6%</td>
<td>42.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>5.4%</td>
<td>3.0%</td>
<td>3.9%</td>
<td>19.1%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

28 http://poll2015.trust.org/country/?id=south-africa
30 https://www.in.gov/icw/files/Women_in_the_Workplace_2017.pdf
These biases, whether conscious or unconscious, influence how we evaluate the performance of men and women. As mentioned at the beginning of this chapter, societal norms have a substantial impact on the workplace and masculinity continues to define what society views as leadership characteristics. As such, it is important not to let this bias hold back the many women who possess the ambition and qualities to be phenomenal leaders in the workplace. The traits that we attach to leadership positions should be as gender neutral as possible to ensure that all employees have equal opportunity to succeed in the workplace.

While certain forms of discrimination and exclusion may be unintentional, some are hostile, intentional and damaging to the personal and professional lives of women. This includes sexual harassment. According to the Thomson Reuters Foundation, one in 10 women surveyed in South African companies experienced sexual harassment in the workplace, and only 24% said they would report the harassment. These numbers speak to a discriminatory culture that not only negatively impacts women, but also gives them little recourse to report harassment.

Research by the US’ National Academies of Sciences, Engineering and Medicine31 supports the long-standing view that organisational culture is the best predictor of the occurrence of sexual harassment32. Organisations in which sexual harassment is prevalent are characterised by a culture of silence, whereby sexual harassment becomes an open secret. Survivors of sexual harassment often keep quiet because they are in positions of low power and voice, especially in relation to perpetrators. In some instances, organisations are structured in ways that discourage reporting and employees know that going public can disrupt their lives and result in retaliation33. The negative organisational cultures that enable sexual harassment are also reinforced by the silence of co-workers and bystanders, who might decide that it is not their place to report what they have witnessed.

According to the HR Certification Institute, companies often perpetuate a “superstar bias” when dealing with allegations of sexual harassment. When such allegations are made against top performers, organisations and management often choose to forgive the perpetrator. They do so by unethically rationalising that losing the perpetrator will “cost the organisation more” than losing the victim34. This superstar bias partly explains how allegations of sexual harassment can be swept under the rug for long periods.

In its research concerning sexual harassment in the workplace, the US’ Equal Employment Opportunity Commission35 has focused on “superstar harassers” and how the privileged status of these high performers, be it through income, accommodations or expectations, can lead to a self-view that they are above the rules, which can foster mistreatment36. In many instances, these high performers are rewarded for displaying these behaviours, which further reinforces a harmful culture in their organisations.

Sexual harassment results in severe personal costs to the victim and the organisation. According to a study by Canada’s University of Calgary37, companies have been

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[34] https://www.hrci.org/community/blogs-and-announcements/hr-leads-business-blog/hr-leads-business/2019/03/04/how-company-culture-helps-prevent-sexual-harassment-in-the-workplace
recorded to have lost an average of $22,500 (R 330,977) per employee harassed in costs associated with lost productivity.38.

3.3.2 THE MOTHERHOOD PENALTY

The “motherhood penalty” remains one of the major drivers of the gender pay gap and is propelled by a maternal bias and societal norms that place the bulk of childcare responsibilities on women. Sociologists conceptualised the term to explain a phenomenon whereby working mothers are considered less competent than men or women who do not have children. The assumption behind the motherhood penalty is that working mothers are not as competent as a man, or women who do not have children. Studies indicate that visibly pregnant women managers are judged as being less committed to their jobs, less dependable, less authoritative, and more emotional and irrational than women who are not expecting. The consequence is that mothers are often paid less and promoted with less frequency. According to Germany’s Institute of Labour Economics, childless women are also affected by the motherhood penalty because women are considered less loyal and reliable than men based on the assumption that they will eventually leave their workplace once they get marry and carry children.39 The inverse is true for fathers. Fathers are offered higher salaries than men who do not have children.40 Fathers are also allowed to have more days late than men who do not have children.

This is known as the “fatherhood bonus”, which explains the assumption by employers that fathers are more stable and committed to their work because they have to provide for their families.

In the South African context, however, the nuclear family is not the reality for many, with more than 40% of households headed by women. Additionally, 62% of South African children born in 2017 did not have any reliable data on their fathers, according to Statistics South Africa.41 In many South African households, the responsibility of raising children falls exclusively on women, who do not have the choice of leaving work because they are the only breadwinners. On a macro level, the “motherhood penalty” affects mothers and their children, who are financially disadvantaged by growing up in households headed by women compared with those headed by men. This type of discrimination has economic implications and makes it more difficult for South Africa to make meaningful gains in its battle against growing inequality.

Mothers who do have the support of a co-parent are disadvantaged by legislation that perpetuates societal gender roles and discriminates against same-sex couples. Under South African labour law, maternity leave is four months while paternity leave is only 10 days. This entrenches the societal norm that children are the responsibility of women. In the long run, it is women who make the most sacrifices to their professional careers as they are unable to spend as much time as men at work. In South Africa, working women on average spend more than double the time on unpaid housework than working men. And this is in addition to working full days.42

38 https://hbr.org/2018/12/study-when-leaders-take-sexual-harassment-seriously-so-do-employees
42 https://www.brandsouthafrica.com/governance/it-is-time-for-parity-in-unpaid-housework
FIGURE 10
The Macroeconomic Impact of the Gender Pay Gap (Living Conditions Survey 2014/15)

MACRO-ECONOMIC IMPACT OF THE GENDER PAY GAP

<table>
<thead>
<tr>
<th></th>
<th>National Average</th>
<th>Woman-Headed Household</th>
<th>Man-Headed Household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R 138 168</td>
<td>R 98 911</td>
<td>R 165 853</td>
</tr>
</tbody>
</table>

40% Gap

FIGURE 11
Average Number of Hours Per Day that South African Men and Women Spend on Housework (OECD)

AVERAGE HOURS PER DAY THAT SOUTH AFRICAN MEN AND WOMEN SPEND ON HOUSEWORK

Men

Woman
While the “motherhood penalty” remains a reality for many working mothers, it affects some women more than others. According to a survey by the Thomson Reuters Foundation, a considerable percentage of women polled in South Africa felt that their decision to have a family did not damage their careers. One of the findings of the Thomson Reuters Foundation survey on G20 women was that relatively higher-paid women in developing countries benefited from cheap, unregulated domestic labour, which assisted them with child-rearing responsibilities. As a result, higher-paid women in developing countries are less constrained than middle-class women in developed countries, where day care can cost as much as $1 200 a month, and lower-paid women in developing economies. While higher-paid women in developing countries are still affected by the “motherhood penalty”, they can spend more time at work and are more likely to feel that having children would not wreck their careers when compared with their lower-paid counterparts. This displays the complexity of the gender pay gap because the experiences of women in the workplace are not just determined by their gender, but also equally so by their other identities which include race, class, disability and sexuality. This makes the intersectional lens relevant as it can be an important tool in understanding the barriers that many different groups of women face in the workplace.

3.3.3 INADEQUATE SUPPORT STRUCTURES

Men and women are more likely to be promoted when managers advocate for them. Unfortunately, studies by McKinsey and Bain & Company indicate that women receive less support from their managers than men. This includes providing resources that will help women succeed and navigate organisational politics. According to Bain & Company’s report on gender disparity in South Africa, only 37% of women in junior and middle management surveyed said they had senior advocates supporting them in their pursuit of career-advancing opportunities. This is compared with 46% of men at the same level.

While managers’ support of gender diversity is key to employees being more committed to themselves, managers are falling short as many do not think that gender equality is a priority. It is, therefore, not surprising that only 40% of women in junior and middle management who were surveyed by Bain & Company said that they feel inspired by their leadership team, compared with 49% of men in the same positions.

The “anytime, anywhere” model, which refers to the demanding long hours and extensive travel associated with senior-level careers, is not conducive for many women who have children. According to a McKinsey global survey that looks at 10 years of insights into gender diversity, 75% of men and women agree that a top-level career requires sacrifices to one’s family life. Unfortunately, as the bulk of child rearing falls on women, the “anytime, anywhere” model is not an option for many women. In South Africa, like many developing countries, women in high-paying jobs are less constrained by the “anywhere, anytime” model if they make use of domestic labour. This, however, is not an option that many women have because of financial constraints or family expectations. And, as such, women are disadvantaged by the “anytime, anywhere” model.

According to the International Labour Organisation (ILO), workplace support for childcare is uncommon in South African corporations.
04 Interventions required to reduce the Gender Pay Gap
This report has detailed the complex nature of the gender pay gap and its impact on working women and their dependents. The complexity of a problem can often serve to demotivate people from solving it. This is not the case with the gender pay gap. While there is no silver bullet for addressing pay disparities, there is a growing understanding that a mix of interventions by governments, businesses and society can bring us all nearer to closing the pay gap between men and women.

The support of gender equality by legislation and government policy has been essential to the progression of women around the world as governments are increasingly prioritising gender equality in the workplace. However, bringing about gender equality is a collective undertaking. In countries where gender equality has been prioritised by all social partners, as is the case in Iceland, governments have been able to pass progressive legislation that has the support of all social partners.

**4.1.1 WORK OF EQUAL VALUE LEGISLATION IN SOUTH AFRICA: CONTEXT AND CHALLENGES**

The Constitution of the Republic of South Africa aims to redress the wrongs of the past while making sure that all citizens have the right to dignity be it in living conditions or employment. While the Labour Relations Act and Basic Conditions for Employment Act both protect workers against discrimination and mistreatment, it is the Employment Equity Amendment Act of 2013 that is most relevant to enforcing Equal Pay for Work of Equal Value.

The Act states the following:

**FIGURE 12**

Section 6 of the Employment Equity Amendment Act of 2013 (Cliffe Dekker Hofmeyr)

"An employer is not permitted to unfairly discriminate against any employee on any of the following listed grounds: race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth, or on any other arbitrary ground."

"A difference in terms and conditions of employment between employees of the same employer performing the same or substantially the same work or work of equal value that is directly or indirectly based on any one or more of the grounds listed in subsection (1) or on any other arbitrary ground is unfair discrimination.”
Section 6(4) emphasises the requirement of work of equal value and prohibits differentiation in terms and conditions of employment. Despite the presence of this progressive legislation, it often does not translate into practice as regulations give companies grounds to justify differences in remuneration, provided that the difference in terms and conditions of employment is “fair and rational”.

Employers can differentiate between employees by considering one or more of the following factors:

- Seniority and length of service;
- Qualifications, ability, competence or potential;
- Performance, quantity and/or quality of work (provided that employees are subject to the same performance evaluation system which is consistently applied);
- Demotion due to operational requirements;
- Temporary employment for purposes of gaining experience and/or training (internships, learnerships);
- Shortage of relevant skill or the market value in a particular job classification; and
- Any other relevant factor that is not discriminatory.

An additional challenge is that salaries are treated as confidential. The only compulsory reporting companies do is to the Commission for Employment Equity, but companies are not required to report publicly on their gender pay gap, as is the case in other countries. Lastly, the law is only as powerful as its enforcement, and there is recognition that this can be strengthened in South Africa.

### 4.1.2 CASE STUDIES

#### 4.1.2.1 GENDER PAY GAP REPORTING IN THE UK

The United Kingdom (UK) passed an Equal Pay Act in 1970. In 2017, UK government regulations started requiring companies that had more than 250 employees to publish their gender pay gap publicly to the government’s Equalities Office. According to the regulations, failure to report is against the law and the Equality and Human Rights Commission (EHRC) is empowered to take enforcement action. The EHRC also has the right to open an investigation if they suspect a considerable pay gap is being hidden by employers. The public reporting of each company’s gender pay gap has reputational implications, and this is perhaps the strongest incentive for companies to work on reducing their gender pay gaps. Companies that have high gender pay gaps run the risk of losing top talent, struggling to recruit top talent and facing public backlash.

Companies operating in the UK with more than 250 employees must report on the following:

- Median and mean gender pay gap in hourly pay;
- Median and mean bonus gender pay gap;
- Proportion of males and females in each pay quartile; and
- Proportion of males and females receiving a bonus payment.

While the methodology and calculations used in the UK are effective in giving one the entire gender pay gap of a

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company, this does not give the gender pay gap between men and women doing the same job in the same company. If anything, the gender pay gap methodology in the UK proves that there is a concentration of men in high-paying, senior-level jobs while women are either underrepresented or concentrated in lower-level and lower-paying jobs.

### 4.1.2.2 GENDER PAY GAP LAWS IN ICELAND

Iceland has been listed as the most gender equal country. However, despite the passing of an Equal Pay Act in 1961, the gender pay gap persists at between 14% and 20%. In response, the government of Iceland became the first in the world to enforce equal pay legally, starting in January 2018.

From January 2018 to the end of 2021, companies that have 25 to 90 staff are required to gain certification from an accredited regulator, proving that they are paying men and women equally. Companies that have more than 250 workers had until the end of 2018 to become certified. Companies that fall below the standards will face a daily fine of ISK 50 000 (R 6 012) and public scrutiny. It is expected that the country’s gender pay gap will be closed by 2022.

The equal pay standards, which have been modelled on the international ISO environmental management standards, were designed in partnership with Iceland’s trade unions. Iceland’s business confederation says it considers the standards as sound, and expects the standards to improve the images of companies and make the workforce happier.

### 4.1.3 POLITICAL WILL IN RWANDA

More than two decades after the 1994 genocide, Rwanda has not only performed impressively economically, but has also performed better than most countries in the world in advancing gender equality. The country boasts the highest percentage of women in parliament (67.5%) and, according to the World Economic Forum, Rwanda ranks sixth in its efforts to reduce the gender pay gap.

Rwanda’s impressive performance in women empowerment is the result of the country’s 2003 Constitution, which set a 30% quota for women in elected positions, with political parties adopting their own quotas for women candidates. In addition to embracing policies that promote gender equality in the government, Rwandan business has begun to embrace policies that empower women.

The Rwandan genocide changed the role of women in society completely as women had to be breadwinners and educate their children. This unfortunate event in Rwandan history made gender equality a national and political priority.

Despite Rwanda’s success in gender equality, patriarchal attitudes persist in Rwandan society and women parliamentarians are still undermined by men and their competency questioned. This is testament to how difficult the road can be to gender equality. But Rwanda shows that a country can rise from the ashes and begin the journey towards equality and respect for women and men. Surely, this ought to motivate South Africans.
Interventions in the Workplace

Companies that are committed to addressing gender imbalances do not have to wait on governments to pass legislation before implementing interventions in the workplace. It is possible to build an inclusive and empowering environment for women and all employees by making interventions that result in higher productivity and higher retentions. Proactive companies also protect themselves reputationally and are more likely to attract the best talent.

4.2.1 EMPOWERING ENVIRONMENTS MAKE BUSINESS SENSE

Building empowering environments makes business sense. There is a positive correlation between gender diversity and improved financial performance; this is particularly evident in companies with sustained women representation in their boards and executive teams. Companies with sustained representation outperformed those with sustained zero representation by 84% on Return of Sales, 60% on Return on Invested Capital and 46% on Return on Equity56.

According to research by McKinsey, the strongest correlation with improved financial performance is when there are 20% or more women at decision-making level. It, therefore, makes sense that companies with more than 30% of women represented in their executives rake in as much as six percentage points more in profits. Also, companies that have more than 20% representation of women in senior positions outperform their less diverse counterparts in key leadership and business outcomes.

Achieving the best results of gender diversity requires an inclusive organisational culture. According to Deloitte, employees achieve high performance when three inclusion indicators have been reached, these are:

![Deloitte’s Inclusion Indicators](https://www.phaidoninternational.com/resources/Gender%20Diversity_%20The%20Commercial%20Imperative%202018.pdf)

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56 https://www.phaidoninternational.com/resources/Gender%20Diversity_%20The%20Commercial%20Imperative%202018.pdf
These indicators are better viewed as steps to high performance. Confidence and inspiration are the final step, wherein teams are characterised by passion. According to Accenture’s research into enabling environments, when women rise, men do, too. In enabling environments, women’s chances of advancing to managerial positions increase 35% and men’s 23%57.

4.2.2 FIGHTING BIAS IN THE WORKPLACE

The reality is that we all hold implicit biases. However, there are strategies and approaches to ensure that our implicit biases do not adversely impact the career trajectories of others. Increasingly, companies are using design thinking and technology to counteract the implicit gender biases that may be holding women back. Design thinking is a creative, collaborative and iterative problem-solving approach grounded in employing the experiences and perspectives of real people to help design or redesign a solution57. Deloitte’s Global Human Capital Trends report found that the highest-performing HR departments were almost five times more likely to be using design thinking than their peer companies.

According to Deloitte, there are four stages to design thinking as applied to implicit gender bias, and these are:

- Exploring employee experiences to understand the implicit biases in play;
- Identifying the impact of implicit biases on women’s experiences and outcomes;
- Ideate solutions with women employees to reduce the impacts of implicit biases; and
- Evaluating impact and refine solutions.

It is important to mention that design thinking possesses several characteristics:

- It is grounded in employee experience;
- It is guided by information, not preconceptions;
- It creates tailored and more effective solutions; and
- It is iterative and user-validated.

Increasingly, technology is being used by companies to fight gender bias in hiring. There are now several apps and platforms that help employers target a diverse range of candidates for jobs. These apps and platforms include Blendoor and GapJumpers, which eliminate identifiers such as names, photos and others that engage unconscious bias59. Hiring managers evaluate candidates’ profiles on how well their profiles match hiring needs and nothing more. The use of design thinking and technology is not just for hiring, but also for fighting the biases that prevent women from moving into more senior positions.

4.2.3 LEADERSHIP BUY-IN

An important step towards fostering gender equality within your organisation is making sure that there is leadership support. It is important that the company’s executive team, led by the CEO, and the board come to a consensus on gender equity ambition and goals. The message should be promoted from top down, ensuring that middle management takes action.

According to Bain & Company, successful change efforts have three elements in common:

- Ambition;
- Aligned leadership; and
- The ability to cascade the message through the organisation.

According to McKinsey’s research, companies that have successfully ingrained gender diversity at leadership level are twice as likely to place gender equality among their top three priorities in their strategic agenda. Additionally, these companies have strong support from the CEO and management and are committed to integrating gender diversity at all levels.

Having visibly committed leadership is important. As mentioned earlier, only 40% of South African women in junior and middle management feel inspired by their leadership teams. Having CEOs and management teams that prioritise gender equality can have a big impact on lifting morale and commitment. This is especially true for Millennial and Generation Z employees, who are more driven by a company’s purpose than previous generations60.

4.2.4 BUILDING SUPPORT STRUCTURES

An essential prerequisite to promote gender equality and empowerment in companies is providing the necessary support that allows all employees to be the best they can be. This support can be in the form of policies, the creation of spaces for mentorship and the provision of childcare services.

There is a correlation between involvement in women’s networks and women’s advancement. Women’s networks provide a good platform for networking and mentorship. According to Accenture, 67% of fast-track women participate in a women’s network. Companies performing well in promoting gender equity also have women in Lean-in Circles, which are small peer groups that meet once a month to support each other and learn new skills.

57 https://www.accenture.com/_acnmedia/PDF-73/Accenture-When-She-Rises-We-All-Rise.pdf
Companies can also invest into formal mentorship and sponsorship programmes to provide additional guidance.

Building support for working mothers is essential if a company is serious about promoting more women to senior positions. According to the ILO, workplace support for childcare is uncommon in South Africa and, as a result, countless productive hours are lost because of higher rates of absenteeism because of mothers having to take time off to take care of children. KPMG in the US has been able to save $3.36-million in productive hours by offering back-up care to employees who would otherwise have to miss work if regular care arrangements fell through. Increasingly, companies are also designing policies that encourage parental leave versus maternity leave alone. This approach eliminates the negative impact on a woman’s career advancement as it encourages men to share child rearing responsibilities with their partners. This also has positive implications for couples in same-sex relationships.

4.2.5 FLEXIBILITY AND TECHNOLOGY

Increasingly, companies are implementing flexible work structures which are benefiting working mothers. A total 65% of fast-track women use technology to attend everyday meetings virtually, compared with 49% of all women. This helps women who have family responsibilities to balance their work responsibilities.

Flexibility goes beyond the use of technology and includes the use of flexible hours and work arrangements. Companies should introduce policies that allow for flexible working schedules, extended leave and programmes that support women through re-integration in formal return-to-work programmes. Additionally, HR departments should have the flexibility, through policy, to negotiate work and pay structures that allow women to work part-time and be paid accordingly. Professor Mariette Coetzee, of the University of South Africa, states in an article published in the SABPP’s Women’s Report 2017, that accommodating women’s unique needs is essential to the high retention of women in an organisation.

62  https://www.workingmother.com/best-companies-kpmg
FIGURE 14
Retention of Women (The SABPP Women’s Report 2017)

- Support
- Growth Opportunity
- Recognition
- Relationships
- Work Conditions
- Unique Needs

RETENTION OF WOMEN
Conclusion
and Call
to Action
Call to Action

This report has detailed the complex and interrelated causes of the gender pay gap. It has also provided interventions being used across the world to reduce it and build equitable workplaces where women feel supported and confident.

Through research and engagement, we believe we have begun to demystify the gender pay gap and show others that it is possible to reduce it. We cannot allow the gender pay gap to persist as it has implications on household poverty and inequality in South Africa. To close it in South Africa, we need businesses, civil society organisations and government to be committed and unified to ending gender discrimination in the workplace. The most successful examples of reducing the gender pay gap are always characterised by collaboration and committed leadership.

We hope that this report has equipped you with the tools to begin having a conversation about reducing the gender pay gap in your organisation and building an equitable workplace for women and men. This report has been mainly focused on the experiences of white-collar workers in large corporates, but we believe there is still much to understand about the gender pay gap in blue-collar employment in South Africa. We believe by understanding the experiences of South African women across all levels and sectors, we can begin to advocate collectively and implement strategies that will have a real impact on the living and working conditions of South African women and their dependents.

One of the main drivers of the NBI’s Social Transformation programme is the desire to create content that is unique to the South African experience and which acts as a catalyst for sustainable change. This report attempts to understand the drivers of the gender pay gap using the best local and international knowledge. However, it is not enough that this report explains the phenomena of the gender pay gap, it is the belief of the NBI that this knowledge should inspire you to begin making interventions that will help build equitable workplaces. It is in this spirit that the second phase of this work aims to co-develop a methodology for standardised and simplified calculation of the gender pay gap in South Africa, with the goal of addressing and improving pay disparities. To achieve this, the NBI must work with social partners, including our member companies.

“If you belong to a company or organisation that is interested in engaging with our strategic focus on women in the workplace or would like to participate in the collaborative process of co-developing a standardised methodology, please contact me.”

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Gender Equity in the Workplace
The National Business Initiative (NBI) is a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action. Since our inception in 1995, the NBI has made a distinct impact in the spheres of housing delivery, crime prevention, local economic development, public sector capacity building, further education and training, schooling, public private partnerships, energy efficiency and climate change.

The NBI is a global network partner of the World Business Council for Sustainable Development (WBCSD) and an implementation partner of We Mean Business, the CEO Water Mandate and CDP.