



Gender Pay Gap Review Panel

Gender Pay Gap in Jersey

Witness: Jersey Chamber of Commerce

Wednesday, 6th February 2019

Panel:

Deputy K.F. Morel of St. Lawrence (Vice-Chairman)

Senator K.L. Moore

Witnesses:

President, Jersey Chamber of Commerce

Chair, Jersey Chamber Human Resources Committee

Jersey Chamber Finance Committee

[14:08]

Deputy K.F. Morel of St. Lawrence (Vice-Chairman):

Thank you so much for coming in for this hearing of the Gender Pay Gap Scrutiny Review Panel. Yes, we have been taking evidence from a variety of sources to try and determine whether there is a pay gap in Jersey and also the causes of that if that is the case. So, thank you for coming in. We will start off ... well, first of all we start off if you want to have a quick look at the instruction on Scrutiny Panels, but we also start off by stating our names for the record and also, before we then get started, say where we are working from in the gender pay gap and our definition and understanding of it. But we will start with stating our names.

Senator K.L. Moore:

I am Senator Kristina Moore. I am a member of the panel.

Deputy K.F. Morel:

I am Deputy Kirsten Morel and I am Vice-Chair of the panel.

Chair, Jersey Chamber Human Resources Committee:

Lorna Pestana.

Jersey Chamber Finance Committee:

Brian Bethall.

President, Chamber of Commerce:

Eliot Lincoln, President of the Chamber of Commerce.

Deputy K.F. Morel:

Thanks. Could I just ask Brian and Lorna what ...?

Jersey Chamber Finance Committee:

Sorry, I am a member of the Finance Committee.

Chair, Jersey Chamber Human Resources Committee:

I head up the H.R. (human resources) subcommittee.

Deputy K.F. Morel:

Brilliant. Thank you so much. Yes, as I mentioned, we are working from the U.K. (United Kingdom) definition of the gender pay gap and that is about the difference between the average pay of men and the average pay of women and their differences. I will just start off at a very high level generally. I want to thank you, first of all, for your submission, which does answer this question, but this is also about getting it on the public record and in a public forum in this way. Do you think there is a gender pay gap in Jersey from your perspective, from the Chamber's perspective?

President, Chamber of Commerce:

From the Chamber's perspective, yes, there is one by that definition in terms of average pay for men and women. If you look at pay equality in terms of the pay for the same role, I think there either is not or there is a very small gap in there. But in terms of gender pay, yes, I think there is a gap here in Jersey.

Deputy K.F. Morel:

I was going to say it is interesting the difference between pay equality and the gender pay gap. Many people confuse the 2, if you know what I mean. The gender pay gap, if there is pay equality but there is still a gender pay gap, what do you think is causing that? Why does that take place?

President, Chamber of Commerce:

If you look at the lower ranks in an organisation I think you will find that there is probably little, or no gender pay gap. I think as employees move through their employment you tend to find that there is a fundamental difference in that the females, if they are going to have a family, will have a family, which will tend to take them out of the workplace for an amount of time. I think it is ... more often than not it is the female that will tend to look after the children, so you will find that there is a time in employment where the ladies, the females, are absent from work at the same time the men are continuing to work. It is not always the case and obviously we are not talking about same-sex couples and fostering and adoption and that sort of stuff, but that tends to be a clear difference between men and women in the workplace.

Jersey Chamber Finance Committee:

I was just going to say I think in the U.K. they have defined that as occupational segregation. I think they have some studies and some data. I think it is the Institute for Fiscal Studies that published some data on how the natural evolution forces people to have this occupational segregation at the time and I think that is one of the barriers that is created.

Senator K.L. Moore:

It is a very interesting topic, though, is it not? Because when you look at educational attainment, for example, it is sometimes reported that girls outperform boys at school. However, when we get to that classic situation where a couple are due to have a baby and they start to figure out how they are going to change their lifestyles to accommodate this change in family circumstances, it is often already the woman who is lagging behind in terms of pay. Because that decision of who has the best prospects and how can we cope most as a family with the cost of the child, one of the reasons for the woman stepping back is often because of their pay situation with reference to the male in the partnership, just using a classic example. Do you have any insight into why that might occur at what is quite an early stage in a person's career?

Jersey Chamber Finance Committee:

From my personal experience, I think we have a situation where from a professional qualification perspective the females generally outperform the males up to professional qualification stage, so average exam score results and those types of things, but then, like you say, there is a position in their career where they have to make a decision. We have a bit of a British culture of working long hours and that is carried over definitely in Jersey, especially from the U.K. I do not think we have dissimilar results in that. So those long hours make it more difficult for people to commit to when they have children and there has to be a compromise at the minute between what you prioritise. I think that is the difficult choices we have to make.

President, Chamber of Commerce:

Certainly, in my experience I have not seen that disparity in the workplace. I think that we are also looking at quite a different commercial outlook at the moment. I think that with the rise of social media and availability of information on how to look into businesses, a product like the Glass Door - I do not know if you have looked at that - is almost like a Trip Adviser for businesses and people are posting the ratings of what it is like to work in this business. The ability for businesses to have any of this sort of stuff going under the radar over the last 5 years has just started to go. So, in my experience I have not seen that disparity opening up, say, in the 20s of the people there, certainly not ... my experience is more in the senior, the older workforce. I do not know if you see the same, though, Lorna.

[14:15]

Chair, Jersey Chamber Human Resources Committee:

Yes, absolutely, I would agree with that. Again, drawing on personal experience, I think that we are at the stage now in Jersey where our legislation is beginning to catch up a bit with the U.K. with regards to family friendly. I do think further down the line we may see a big difference in who takes the career break: is it the male or the female? I think that it is moving in the right direction but there is certainly some evidence there and I do think it is part of our culture that females tend to be the main carer. It will take a while for that to come out.

Deputy K.F. Morel:

Can I just ask do you see among Chamber members that kind of ... if not acting on it now but a desire to create more family friendly workplaces in terms of flexibility and hours and that type of thing?

Chair, Jersey Chamber Human Resources Committee:

Yes, absolutely. Yes, there has been a big engagement and any work that the Chamber has done on family friendly there has been quite a large engagement to gather people's views. Yes, absolutely.

Jersey Chamber Finance Committee:

It is probably a lot easier in the finance sector for the larger organisations to bring in these types of policies, et cetera, and I think over the last 10 years as we have seen larger organisations merge and become more institutionalised, then I think that has become more the norm. Certainly, from my experience, there has been a significant change in flexible working, and I think that has partly been driven by technology as well. So it is a lot more flexible now than it possibly was when I first started, you know, and being able to work from home, work remotely or work in other jurisdictions even I

think is becoming a lot more accepted than it was, which I think will bring down at least part of that barrier.

President, Chamber of Commerce:

In terms of the family friendly legislation, as Chamber we are supportive of the legislation. However, the challenge we saw was that the onus of paying for the legislation, effectively, would fall pretty much entirely on the employer. So the larger organisations, it is another thing, you participate. Smaller businesses, it is a real challenge, especially around the unpaid maternity provisions. You think that is not costing any money, but for a small business who potentially might have 3 breaks of 6 months at a time, finding the people to backfill, to work ... and that goes for the fathers or the mothers. It is parental. Whether there is a ... I do not think there is any conscious discrimination but there may well be some unconscious bias in there thinking: "I need to take somebody on who is going to be able to run within my business and not have to think about whether there is going to be some challenges in the future." So, absolutely not, I do not think there is anyone who will go out there and say consciously: "I am not going to take on somebody of this certain age" but whether there is an unconscious bias there potentially ...

Senator K.L. Moore:

You mentioned there the cost to businesses and Chamber have made their position quite clear in the past. What would you like to see Government coming forward with in terms of a solution that would help particularly smaller businesses to cope with changes in parental leave?

President, Chamber of Commerce:

I think if you look at the U.K., certainly for smaller businesses, the U.K. social security system, National Insurance system, I think pays 103% or 107%, I cannot remember which one. They basically pay for certain costs in terms of filling the gaps that are left by family friendly legislation. I think really the benefit that accrues to the Island for the family friendly legislation that we have is for the Island, and the commercial sector is ending up footing the bill for that. I think it is something that we should think of through whether it is reduction in social security contributions or finding some way of helping with childcare provisions because childcare is ... I am sure we will get on to this, but childcare is an expensive thing in Jersey, so finding a way that as the Island we can support those families who are going to be raising the children who are going to be our next administrators, our next managers, our next leaders in industry.

Deputy K.F. Morel:

Aside from just direct statutory laws, so to speak, is there potential to bring in standards and set almost voluntary codes? Is that something that you are interested in or do you think no, we need laws to define working practice and how we employ people?

President, Chamber of Commerce:

I think we are probably one of the most regulated jurisdictions on the planet, certainly well regulated. I think that any business that wants to be in business in 5 years' time has to look at how it treats its employees, how it recruits, how it retains, how it rewards, and the packages that the businesses have in place now in an employee's market. This is very much an employee's market at the moment. The cost of doing business is only going in one direction and that is up. You saw the latest business tendency survey today. The biggest negative indicator is in input costs and those input costs are around the employment costs of individuals. But that is because businesses know that they need to spend in order to have a happy workforce and to recruit the right people. So to bring more legislation or rules in there, I do not think it is needed because businesses are almost self-regulating. If you are not prepared to support your staff in terms of flexible working, in terms of working with them, you are not going to have staff certainly in a market where the employees are in high demand at the moment.

Senator K.L. Moore:

So would you say that it is your view that legislation is only needed as a point of very last resort if people are just not performing to what is perhaps deemed to be best practice from a view of Island business and what is and is not good practice?

Jersey Chamber Finance Committee:

I think we have a challenge in Jersey because of the number of people here. You can bring in legislation to change things, but ultimately it may be very difficult to achieve targets in a short space of time. So if you are looking at a 10-year horizon or a 5-year horizon, then you have to take into account the demographics of the population and the working population, and some things are very ... you know, in terms of getting a sense of people who have been out of the workplace and getting back into employment is something that a lot of firms are looking at. Because obviously the shortage of people in the Island is creating a greater opportunity for retraining and re-embedding them into the workforce. I think there are a lot of things that will happen, but I think legislation is going to be very difficult to achieve that target in the short term.

Senator K.L. Moore:

Do you think that Government currently does enough in terms of assisting people to retrain and return to the workforce?

Jersey Chamber Finance Committee:

I mean, from my personal experience, I have 2 very young children and I think one of the biggest barriers to anyone returning to work at the minute is how you look after your kids if you want to go

back to work. It is a significant cost, not just here but in other countries as well, but you are restricted in the ability, the hours of the schools, you know. We do not really have a school system here that supports people who want to go back to work. It is very rare, you know, breakfast clubs, after-school clubs. There are waiting lists probably at all the schools I am aware of and, you know, that does not really support, I guess, the wider initiative of trying to get people back into employment to support, I guess, the overall agenda of closing the gender pay gap. So whose responsibility is it to do that? I think it is for everyone.

Senator K.L. Moore:

Then there are the summer holidays and other holidays as well. I imagine they have equally heavy pressures on ...

President, Chamber of Commerce:

We are looking at easily one to one and a half to £2,000 per child per month in terms of childcare cost. You know, you have to be making a lot of money in order to stand still. For some people it is just not worth it. I know that there are organisations starting up to help those who have non-regular requirements in terms of working hours, so looking at, you know, maybe part-time, term-time pieces of work. I think that my experience certainly over the last few months has been businesses are looking. Because they cannot find the people who are there 9.00 to 5.00, Monday to Friday, they are looking at different ways of bringing people in. Sometimes some parents, they have one parent on an early shift, one parent on a later shift. Now, that is not great for family cohesion necessarily, but it provides the ability to share that load somewhat. So I think that businesses are opening their eyes to: "I do not need a bum on a seat for 8 hours a day here, it is fine. If we can set some objectives and we get those delivered, then it is fine to work different hours or to do certainly some roles." You do not even have to be in the office. Certainly in some of the more creative industries you can do that in the evenings or in the mornings. So, I think businesses are waking up to the fact that there is a massive amount of untapped resource at the moment in the parents who are looking at coming back to work and just trying to facilitate that.

Deputy K.F. Morel:

You are right there is this massive amount of untapped resource. Do you believe any of those people who could be used at board level potentially ... it has always been in my mind that non-executive roles potentially could work quite well with childcare, things like this. But unfortunately if you flick through many of Jersey's leading companies and their websites, you will not find that many women on the boards. So is that something that you think this untapped resource could help fill?

Chair, Jersey Chamber Human Resources Committee:

Yes, I would agree with that. I think there is an opportunity there certainly in more of the professional business line where people have come out of the workplace for whatever reason and are looking for that flexibility, yes, definitely.

Deputy K.F. Morel:

Can I ask about Chamber? How does your membership fall in male and female divide? Do you keep that statistic? I do not know.

President, Chamber of Commerce:

Our members are the businesses, so we have 27,000 employees who are working in the businesses, so it would be quite ... would equal to whatever the split is in Jersey, so yes.

Chair, Jersey Chamber Human Resources Committee:

Yes, that is difficult to tell.

Deputy K.F. Morel:

Because I often wonder if the business environment itself, so not just workplace practice but whether ... in fact, we heard from someone earlier who was speaking about areas where the business environment is perhaps more conducive to men working in it rather than women in the sense of aggressively going after sales and this sort of thing. Is that something that when you look at Chamber and the big business environment you have there, whether ... in fact, I should address this to Lorna, whether that is off-putting in itself, the wider business environment is potentially off-putting for ...?

Chair, Jersey Chamber Human Resources Committee:

I could not really talk confidently about local issues around that, but certainly I know in the U.K. they have done quite a lot of studies around why females are not getting to that higher level. Yes, some of it is down to that aggressive business practice of male versus female. I think that is life sometimes and that is what is going to happen, but what society ... it is not just about the business world, I think society can change that eventually. I think it is a wider issue rather than just relating to business, to be honest, yes.

President, Chamber of Commerce:

I think any fundamental change in the composition of boards is going to take a while to wash through. You tend to find if all of the board members are male, pale and stale, then you will tend to find ... you might find that it becomes an echo chamber. However, the benefits of having a diverse board are really apparent in terms of top line and bottom line of businesses and the thinking and the lack of group think, so I think the challenge for boards ... I do not think it is about discriminating in terms

of the people coming in because if you have 20 people going for a board position and one of them is female, it is not a surprise that it is likely that a male will go on the board. For me, the challenge is about making sure that females feel able to put themselves forward to be on the board. For me, it is an educational thing and it is making sure that there are good role models in an industry. Like Charlotte Valeur, for example, who has led Board Apprentice and she is chair of the I.O.D. (Institute of Directors) nationally, people like that who are in positions of power who show, yes, this can happen, educating people that it is not a big magic world behind all closed doors. There is good corporate governance, there are good things that happen on a board, and people should feel the ability to put themselves forward and try to do that sort of thing. Yes, it has to start back in schools, and it has to start in organisations and potentially anybody, whether that is diversity through gender or race or sexuality, people feeling that they have the ability to put themselves forward and showing that this is an interesting thing to do, potentially working with charitable organisations to start with or smaller businesses and working their way up into bigger organisations.

Senator K.L. Moore:

In your submission, you make it very clear that there is a lack of data to help us understand what is going on.

Chair, Jersey Chamber Human Resources Committee:

Yes.

[14:30]

Senator K.L. Moore:

What is the view of Chamber in relation to whether there should be statutory requirements to provide data centrally so that we can build a picture of our workforce to a clear extent?

Jersey Chamber Finance Committee:

It is a challenging one, I think, in terms of the public ... I mean, if you take the U.K. as an example that brought it in obviously in 2018 for the first time and I guess the headlines that created, and we had the conversation at the very beginning of this conversation about what is a gender pay gap, you know, most people on the street will probably think that is a pay parity issue. The headlines that followed some of the disclosures probably came out supporting that view that that is what most people perceived it as. So I think it is really important if that is being considered that we make sure that everyone is aware of the context. With such a small population of firms here, statistically important, I am not sure whether we will have the volume required to get some meaningful data. That would just be my personal view.

Chair, Jersey Chamber Human Resources Committee:

Yes, I agree. It would have to be a scheme that suits our local environment rather than taking something from somewhere else, yes, absolutely.

Senator K.L. Moore:

Okay. Going back to your submission, there was also an interesting tension between the Chamber central view and Chamber Connect in relation to pay transparency. Because my understanding and reading of the Finance Committee's view was that they would not approve of pay transparency within organisations. However, Connect's view seemed to say: "Yes, that seems like quite a good thing." I am just trying to find the relevant quote.

Jersey Chamber Finance Committee:

I think one thing that we mentioned was in some countries it is mandatory. So, you know, there are some Nordic countries who publish all pay details for all people who are employed. Now, whether that should be voluntary or whether it should be made mandatory internally to organisations I think is ... I guess it is one for debate and I guess if you ask some people would they be interested to know what their bosses earn, they are probably going to say yes, but ...

Senator K.L. Moore:

Yes. I think the Connect point really was if employees wish to discuss ... well, I will read the whole thing because it is quite interesting in its entirety: "We did not feel that discussing salary should be a disciplinary matter. Disciplining employees for discussing wages could lead to increased tension and industrial action in extreme circumstances. If employees wish to discuss wages, they should be allowed, which will also ensure fair play by management." So I think it was more of a peer to peer matter and we have seen that in a focus group. A woman has described how she discovered after working in an organisation and being happy with her pay, upon exiting she learnt that a person who she thought was her equal was earning £6,000 more.

Jersey Chamber Finance Committee:

So, I mean, I can guess the view will be if people want to discuss their own salaries between themselves, in my view that should never be a disciplinary matter, but if we are talking ...

Deputy K.F. Morel:

Just to say I have had it in my own work contracts in the past that you are not allowed to discuss that and, therefore, it is a disciplinary matter.

Jersey Chamber Finance Committee:

Right, okay. That would be my personal view but ...

Chair, Jersey Chamber Human Resources Committee:

I think you will find that that is quite standard, to be honest, yes.

Jersey Chamber Finance Committee:

But it is up to individuals in my ... it should be up to individuals, I think, in my view.

Chair, Jersey Chamber Human Resources Committee:

Yes.

President, Chamber of Commerce:

This is a personal view, but I would always warrant that you should make pay awards with the expectation that they are going to be discussed. Because if you try and do everything behind closed doors, things will get out. So for me it is a case of can I justify, if I was brought up and these 2 individuals would confront me and say: "Why am I being paid more than the other person?" I would be able to explain that. So, you know, the use of metrics, the use of balanced score cards, the use of K.P.I.s (key performance indicators) is really important because if you have those, then that is why there is this disparity, and make it very clear before employment starts, during the year, when you are making any pay awards, these are the factors that have contributed to why.

Deputy K.F. Morel:

So, in your opinion, using metrics such as balanced score cards, K.P.I.s, et cetera, you know, do they play an important role in removing subjectivity and, therefore, potentially unconscious bias from not just the pay award but the hiring in the first place?

President, Chamber of Commerce:

Absolutely. In my experience, the best run businesses are those that have clear objectives at the board level that cascade down the organisation in terms of this is what we are trying to do as an organisation, this is the part that each of those parts of the organisation play in delivering that, and this is the part that each of those team members play in delivering that part of the team. If you have that cascade, that is where an organisation is marching together into the future. Where you have organisations that have challenges, you can find that they do not tend to be the organisations that are necessarily going as efficiently where they need to go. So, for me, a good, well-run business will run itself on the K.P.I.s.

Deputy K.F. Morel:

Can I ask does the Chamber have a role to play in encouraging businesses to adopt these sorts of practices? Is that something the Chamber kind of talks about?

President, Chamber of Commerce:

Yes, when we are talking to members. We have lots of events on an annual basis. There are people that come and speak at our lunches. Generally, the educational aspects of what we do is a big part of what we do. Yes, we absolutely have a part to play in trying to improve commercial businesses in Jersey.

Deputy K.F. Morel:

I just wanted to ask Lorna as an H.R. professional as well: why do you think businesses ... as I said earlier, I have had more than one work contract put in silencing clauses about pay and so stopping me when I was an employee discussing my pay with others. What is the reason behind that, do you think?

Chair, Jersey Chamber Human Resources Committee:

Yes. I do think it is quite an historical reason, to be honest. I think it is something that has just been there for such a long time and no one has really thought about it. We very often come across that within the H.R. world where you kind of read a policy and you think: "Why is that in there?" No one has just thought about what is behind it, why it has ended up there and if it is something that should be taken forward. So, yes, I honestly think a lot of it is probably in there by default but for no particular reason.

Deputy K.F. Morel:

Do you also see an increasing number of businesses using metrics as Eliot suggested? Is that catching on?

Chair, Jersey Chamber Human Resources Committee:

Yes, absolutely, and I think that is driven a lot by legislation, too. For example, we need to be able to now look at making sure all our practices are non-discriminatory, the equality issues. So, yes, I think we are going in the right direction and more and more businesses are introducing the balanced scorecard type processes, yes.

Jersey Chamber Finance Committee:

I think people want transparency as well about how their career is going to progress now. So, one of the questions which is quite common again is, okay, I can see a career path; how do I get there and how am I going to be measured? So, the balanced scorecard approach is one of the ways in which you can do that and explain to people. I would be very surprised, if you want to be an employer of choice, which most of us attain to be, then you need to have something very similar in place.

President, Chamber of Commerce:

The recruitment process, I have participated in many, many interviews over the past 20 years and nowadays it is a 2-way process. It used to be: do I want you to work for my organisation? Now, I am being interviewed as well by the person on the other side of the desk and they will ask about progression. They will ask about C.S.R. (corporate social responsibility). They will ask about discrimination. They will ask about ... "Do I want to work for that organisation?" is absolutely one of the questions that are happening now and businesses that are working with that are the ones that are being successful now in terms of attracting and retaining the best employees.

Chair, Jersey Chamber Human Resources Committee:

Yes, absolutely.

Senator K.L. Moore:

Okay. Earlier you mentioned and talked about parental leave as opposed to maternity and paternity leave. So can I take that as it is the Chamber's view that we should move more in a direction of parental leave or perhaps even family leave as opposed to defining maternity and paternity leave in future?

Chair, Jersey Chamber Human Resources Committee:

It is a really interesting question and I think what you need to do first of all is align the social security system with these types of processes because at the moment there is inequality there. Because if you take maternity leave, you can claim maternity benefit; if you take parental leave or adoption leave, there is no benefit available. So, there is a lot of work to be done around that but, yes, I agree, in the future parental leave is the way forward irrespective of ...

Deputy K.F. Morel:

Do you think having maternity and paternity leave as separate things has played into, or possibly played into, the idea that hiring younger women, they will, therefore, take longer leave, they will cost the business more?

Chair, Jersey Chamber Human Resources Committee:

Yes.

Deputy K.F. Morel:

Do you think it has had a role to play in that?

Chair, Jersey Chamber Human Resources Committee:

Yes, that has definitely been one of the unintended consequences of legislation, yes, definitely.

Deputy K.F. Morel:

Interesting. Do you have any more? No. That is it from us.

Chair, Jersey Chamber Human Resources Committee:

That is lovely.

Deputy K.F. Morel:

You covered a lot of the stuff we wanted to talk about, childcare, **[Laughter]** unless you have more you want to talk about on childcare because that was an area that we covered off much earlier than I thought.

Jersey Chamber Finance Committee:

I think we have probably covered it. Thank you.

President, Chamber of Commerce:

One of the things that I think is really important for the Island, the work that Doctor Ian Skinner did in terms of Future Jersey, a really good piece of work last year, is just making sure that it bridges the gap between the last States Assembly and this one. I know that there is discussion there, but in terms of ... really, this is about what kind of Island do we want, not just this year and next year, in 20 years' time. Because the discussions we are having here are going to play out over the next 20 years, so it is about that strategic plan for the Island. What do we want and how do we get on the path towards getting there? Because if you are making decisions around legislation that are covering children that have not even been born yet, you cannot make that in a vacuum. So it is that, making sure that we are ... which of those measures, which curves do we want to turn, what do we want to improve, what do we want to get rid of, and finding our journey forward there. So I think that is something that I have not heard a lot about in the past few months and it is something I think we just need to make sure we do not lose sight of.

Deputy K.F. Morel:

I could not have put it better myself. It is about what kind of Island we want, and we must not lose sight of that, so no, I will take that into account, and I will definitely do the reading. Thank you so much. That was really helpful.

Senator K.L. Moore:

Thank you for your time. It was very helpful.

[14:41]