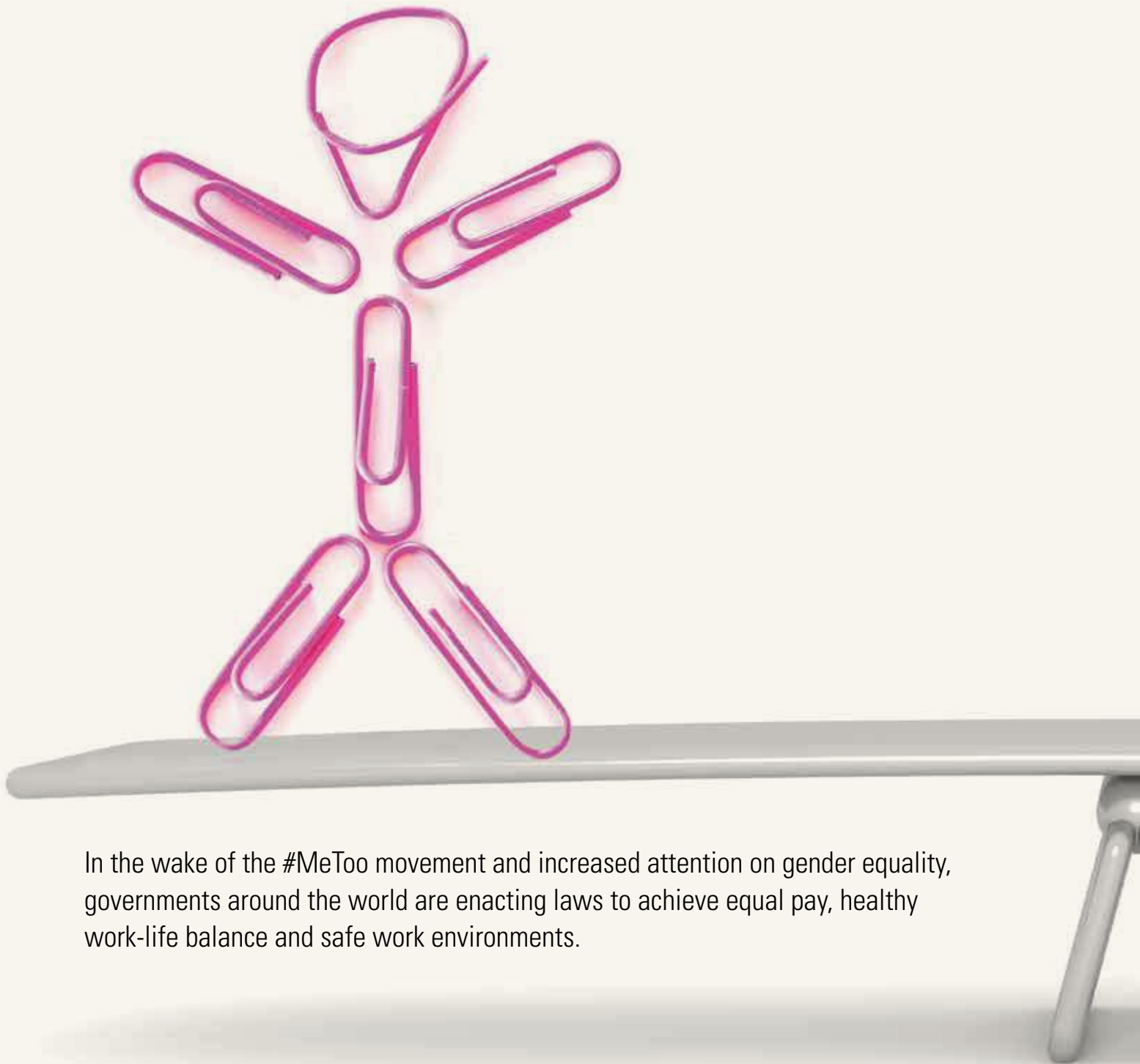


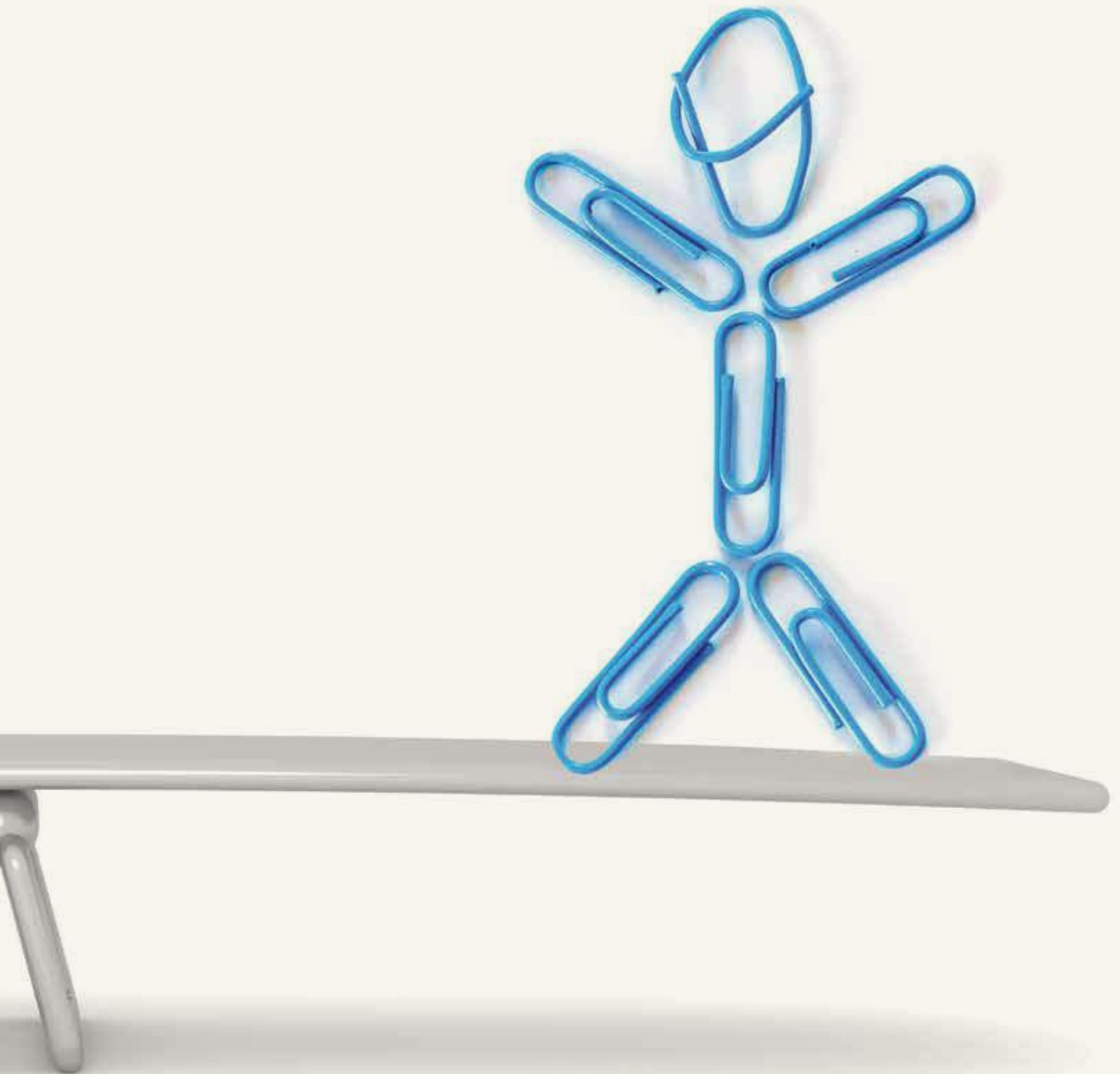
The Global Gender



In the wake of the #MeToo movement and increased attention on gender equality, governments around the world are enacting laws to achieve equal pay, healthy work-life balance and safe work environments.

Equality Movement

by | **Selima Crum, Nicholas Dobelbower, Ph.D., CEBS, and Valerie Evans**



Gender equality remains an unfulfilled promise despite being recognized as a human right by a multitude of international treaties. The issue has gained increased global attention with the emergence of the #MeToo movement, which quickly spread through social and mainstream media to dozens of countries, producing change in culture, politics and law.

Millions of women around the world shared their stories on social media and called for the overhaul and improvement of existing laws and policies to prevent harassment in the workplace. This increased media scrutiny, in conjunction with a wave of new legislation and regulations worldwide, brings gender equality and women's participation in the workplace into new focus for multinational employers.

Global employers face the significant challenge of keeping abreast of changing legal obligations in multiple jurisdictions. Governments around the world are passing regulations to achieve equal pay, healthy work-life balance and safe work environments to promote the well-being and productivity of the workforce.

These expanding legal requirements will make it more difficult for businesses to hide their gender inequalities, whether currently known or not. The benefits of achieving diversity, inclusivity and parity goals extend beyond basic legal compliance. Providing equal pay, equitable family leave and safe workspaces for men and women has become a necessity for multinational employers to position themselves as leaders within their sectors and to attract and retain the best talent, especially among the younger generations.

A growing body of research suggests that there are bottom-line benefits from expanding diversity. The most recent *UC Davis Study of California Women Business Leaders* found that among the 400 largest public companies headquartered in California, the 25 with the highest per-

centage of women among directors and highest paid executives realized returns on assets and on equity that were 74% higher than the entire sample group.¹

This article will examine three areas where countries have focused their legislative efforts and provide examples of the new laws. See the sidebar for information about the history of gender equality efforts.

Gender Pay Equity

Data continue to show that men are paid more than women for the same work in every country around the world, on average as much as 20% to 30%. A study from the McKinsey Global Institute highlights a potential US\$12-28 trillion that could be added to global general domestic product (GDP) by closing the gender pay gap.² Gender pay discrimination is a major issue that affects all regions of the world in both developed and developing countries. The World Economic Forum (WEF) concluded that it will take 202 years to close the economic opportunity gender gap globally. Its 2018 *Global Gender Gap Report* finds that there is a "32% average gender gap that remains to be closed."³ The annual report identifies Iceland as the most gender-equal country, followed in order by three other Nordic countries: Norway, Sweden and Finland.⁴

Seeking to close this gender pay gap, countries such as France, the Netherlands, the United Kingdom and Iceland have enacted legislation mandating equal pay for men and women; however, no country has yet met its goals, and several are now turning to sanctions.

In Iceland, for instance, gender equality in all respects is guaranteed under the Icelandic constitution and is mandated in multiple laws. Despite these laws, women are still being paid 16% less than men.⁵ To address this, the government recently passed legislation requiring companies and institutions with 25 or more employees to implement a new statutory equal pay standard.

Companies must undergo an audit and receive certification that they offer equal pay for work of equal value. The new law does not mandate paying men and women in the same position the exact same salary. When there is a wage difference for the same job, employers must prove that it is based on reasons other than gender, such as experience or performance, or they must correct the disparity. Employers face substantial fines and public shame for noncompliance, which also will negatively affect their ability to attract top talent.

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Like Iceland, the French government recently passed a law requiring employers to publicly disclose gender pay differences and establishing sanctions. Reporting is required for companies with 250 or more employees as of January 2019 and will be gradually rolled out to companies with 50 or more employees by January 2020. Companies will be scored using an equal pay index comprised of five indicators and will be required to publish their score on their websites. The indicators will ultimately be incorporated into payroll software.

Businesses will have three years to eliminate an identified pay gap (companies with 50-250 employees have an additional year), or they will have to pay a fine of up to 1% of their payroll.⁶ The law does not apply to companies with fewer than 50 employees, which comprise the majority of enterprises in France.⁷ By focusing on enforcement, introducing public reporting requirements and sanctioning noncompliant companies, Iceland, France and other countries such as Australia, Norway and the U.K. aim to create a general obligation of transparency.⁸

The examples of progressive Western Europe, while valuable as case studies, do not reflect the reality of the issue in other regions. In developed countries, pay gaps are usually more pronounced for minorities. For example, Hispanic women in the U.S. are paid an average of 47% less than white men and 31% less than white women for the same positions, including the highest paid jobs.⁹ The minority pay gap also occurs in developing countries and especially countries affected by conflict and fragility.

Despite the high unemployment rates of women in the Middle East re-

History of Gender Equality Efforts

In industrialized countries, the role of women in the workforce evolved as men went off to war and women took jobs that were previously held only by men. It became clear that women's participation in the workforce enabled overall economic development, and in the 1970s countries such as the United States and France started enacting laws to encourage of gender equality in the workplace.* Since then, governments around the world have stepped up their efforts to reap the benefits of the female labor force by passing laws that encourage their participation, principally by promoting greater equality between men and women in the workplace.**

Women have achieved a lot over the past two centuries, but gender equality is still a work in progress in most countries around the world. While most developed countries have steadily introduced gender provisions since the 1970s, more socially conservative countries are just now putting regulations in place to support gender equality. However, legislation alone is proving inadequate: Women are still being paid less than men, discriminated against during pregnancy and often harassed. Legislation that applies only voluntary measures and self-regulation models rather than sanctions appears unable to achieve its stated goals. This realization has led multiple countries to recently refresh their gender equality laws to ensure full implementation through a sanction mechanism.

*See [www.europarl.europa.eu/RegData/etudes/IDAN/2015/510024/IPOL_IDA\(2015\)510024_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/510024/IPOL_IDA(2015)510024_EN.pdf) and www.eeoc.gov/laws/statutes/pregnancy.cfm.

**See <https://bebusinessed.com/history/history-of-women-in-the-workforce/> and <https://resources.saylor.org/wwwresources/archived/site/wp-content/uploads/2012/08/HIST201-8.2.3-WomenRenaissancetoEnlightenment-FINAL.pdf>.

gion, countries such as Saudi Arabia and the United Arab Emirates (UAE) have introduced bills for equal pay between men and women.^{10,11}

Gender pay equity is not the whole picture. Several other forms of gender discrimination occur in the workplace, including discrimination in hiring, firing, promotions or benefits, as well as gender stereotyping. When used to rank job candidates, technological advances, such as artificial intelligence, have even been found to mirror some of these biases. Men also tend to be promoted to manager and director positions more often than women. The 2018 WEF report remarks that “while there is still relevant gender-biased labour market outcomes, the presence of women in management

roles is today one of the main barriers to overcome, both in the public and private sector, in order to achieve full economic gender parity.”¹²

Family Leave Benefits

Governments and businesses alike realize that encouraging men to be actively involved in child rearing is crucial to achieving gender equality in the workforce. Women are often penalized or slowed in their career path when having kids, which can force a choice between their career and having children.

More and more countries are recognizing the benefit of having new fathers carry a more equal share of the responsibility of parenthood. Family leave benefits can encourage the participation of

New Parental Leave Benefits Around the World

The following are examples of countries that have expanded their parental leave benefits.

New Zealand

The government of New Zealand is extending parental leave from 18 weeks to 26 weeks in two phases to be complete July 1, 2020. Maternity, paternity and adoption leave are part of the parental leave provisions, also called "Primary carer leave," of the Parental Leave and Employment Protection Act.*

The current maximum amount paid by Inland Revenue is equal to the employee's average weekly earnings up to a maximum of NZ\$538.55 a week. It is common for competitive employers to provide top-up payment to 100% of current salary for a period that may vary from several weeks to the full period of government-paid parental leave.

The Netherlands

Paternity/partner leave increased from two days to one workweek on January 1, 2019, and an additional five weeks will be available beginning July 1, 2020. The five additional weeks of leave will be paid to the employee from the Employees' Insurance Agency up to 70% of the latest earned salary, with a maximum daily wage of EUR\$209.26 in 2019.

Estonia

Parental leave and benefits in Estonia are among the most generous in the world. Fathers have ten days of state-paid paternity leave to be taken within two months of the child's expected or actual birth, and parents can share up to 435 days of parental leave, by turns, until the child reaches the age of three. Despite this generous system, the share of fathers receiving parental benefits in Estonia remains very low.

Beginning March 1, 2018, parental benefits are no longer reduced if the parent receiving the benefit earns extra income not greater than half of the maximum parental benefit amount. Beginning July 1, 2020, paternity leave will be extended from ten to 30 days and can be taken more flexibly than before.

Canada

In Canada, an increased parental sharing benefit went into effect March 17, 2019. Parents who choose the standard benefit option of 55% of insurable earnings are now entitled to share 40 weeks of leave instead of 35 weeks, whereas parents who choose the extended benefit option of 33% of insurable earnings are entitled to share 69 weeks of leave instead of 61 weeks.

*See http://s3-us-west-2.amazonaws.com/lockton-corporate-website/Uploads/IPS_2/New_Zealand_Increase_Parental_Leave_may16.pdf.

both parents in the education and development of their children, especially when both parents work full-time. Working fathers who care for and interact with their children tend to report better physical and mental health as well as greater life satisfaction than fathers who don't.¹³ As a result, many countries around the world are expanding both parental leave and paternity leave benefits to encourage fathers to take time off after the birth of their child.

Paternity Leave

Paternity leave remains very modest globally compared with maternity leave; most often only one to two weeks when provided. The most progressive countries providing paid leave for new fathers include Sweden, Japan, South Korea, Portugal, Norway, Luxembourg and Iceland. Paternity leave is usually not fully funded by the social security system, with a typical reimbursement of only 30% of average earnings compared with 100% of average earnings for maternity leave.

Finland and Sweden offer some of the highest payment rates, averaging 75% to almost 100% of gross earnings.^{14,15} While all 41 countries in the Organisation for Economic Co-operation and Development (OECD) provide maternity leave, and 31 out of 41 provide paternity leave, there is still no statutory requirement from the U.S. federal government to provide paid paternity leave. U.S. employees are entitled to a minimum of 12 weeks of unpaid leave under the Family and Medical Leave Act (FMLA) for serious medical conditions, which include the birth of a child.

Parental Leave

Many countries offer statutory parental leave to working parents. The most progressive countries offering more than a year of paid parental leave for the birth or adoption of a child include Estonia, Bulgaria, Hungary and Japan.¹⁶ Parental leave policies should reduce gender discrimination in the workplace if both men and women are equally likely to take the leave, thereby removing employers' reluctance to hire women.

Countries such as Denmark, Sweden and Norway mandate a *father's quota*, which is a use-it-or-lose-it portion of paid parental leave reserved for fathers to ensure shared parental leave and encourage fathers to take time off.¹⁷ This policy also has proved to be effective in parts of the world, such as South Korea, where cultural traditions made it difficult for working fathers to take time off to care for their children. See

the sidebar for more examples of global parental leave programs.

Working partners tend to take advantage of their leave benefit more often when it is fully paid without loss of income.¹⁸ In some countries, cultural and societal norms discourage workers from using generous parental leave policies. In Japan, for instance, it is not very common for new fathers to take advantage of the generous leave entitlement because of the prevailing male-dominated work culture.¹⁹ In other countries, leave benefits are subject to taxation, which decreases the amount that employed parents receive.

When neither parental leave nor paternity leave is mandated, employees are left to rely upon their employers for additional benefits. Some companies offer their employees paid parental leave for 12 weeks, but some high-profile organizations, such as Netflix, Amazon, Microsoft, Facebook and Spotify are more generous, offering as much as six months of fully paid parental leave to all of their employees, regardless of their position within the company or their gender, and they include adoption, surrogacy, foster care or legal guardianship as circumstances qualifying for leave.²⁰

Many countries have reformed or proposed extending their parental leave and paternity leave legislation for a variety of reasons. These policies not only encourage gender diversity and women's participation in the workforce but also encourage women to have more children, which is crucial for countries with aging populations and lower fertility rates such as Japan, Italy, Greece and Germany. The sidebar offers four examples of recent changes in global parental leave benefits.

When the fertility rate falls, the labor force shrinks, making it more difficult to fund social security and social health benefits. Aging populations also create greater burdens on pensions, health care and long-term care provisions. The dependency ratio is a major concern for developed countries where a smaller number of workers are paying taxes and health care spending obligations are higher. In addition, lower birth rates can lead to higher labor costs and a shortage of qualified employees, which makes it more difficult for companies to be internationally competitive. Leave benefits for working fathers are one way to help alleviate and prevent this major issue.

Flexible Working Arrangements

Flexible and reduced schedules were initially introduced in the 1990s to keep highly skilled women in the workforce. Companies understood that a better work-family life balance allowed working mothers to maintain their traditional role of primary caregiver and their career.²¹ New technology has played a significant role in the

rise of flexible working arrangements. Over the past few years, companies such as Airbnb, Apple, Gallup and Deloitte have started offering employees the opportunity to work from home and to work part-time. Flexibility of working time can be an important strategy to increase the competitiveness of employers while improving employee well-being, loyalty and productivity.

Governments also have recognized that flexibility in the workplace can be an important tool to further enhance gender equality. The Japanese government recently passed legislation establishing fixed overtime limits, while the Italian government passed a law on smart working aimed at improving the work-life balance of employees. The laws allow employers and employees to agree that work can be performed with no fixed location and no constraints in terms of working hours (so long as it is done in accordance with the law and collective agreements concerning the maximum daily and weekly working hours).

Some countries have gone even further by mandating that employers provide on-site day-care. The Indian

takeaways

- Global employers should pay attention to gender equality issues such as equal pay, equitable family leave and safe workspaces as governments around the world pass regulations addressing these concerns.
- Men are paid more than women for the same work in every country around the world, on average as much as 20% to 30%. Countries such as France, the Netherlands, the United Kingdom and Iceland have enacted legislation mandating equal pay for men and women.
- Family leave benefits can encourage the participation of both parents in the education and development of their children, especially when both parents work full-time. All 41 countries in the Organisation for Economic Co-operation and Development (OECD) provide maternity leave, and 31 out of 41 provide paternity leave.
- Flexible and reduced schedules were initially introduced in the 1990s to keep highly skilled women in the workforce, and governments have recognized that flexibility in the workplace can be an important tool to further enhance gender equality.

government recently passed legislation requiring employers with 50 or more employees to provide day-care facilities. Although nonbinding guidelines have been released, how the day-care requirement will be enforced is still unclear.

Implementation of flexible working arrangements can be complicated, and flexible or remote working arrangements may not be practical for all types of work.

Conclusion

Women comprise more than 50% of the world population and yet own only 1% of the world's wealth.²² Women alone cannot bridge the gender gap; a combination of legislation, business leadership and social evolution is necessary to end gender discrimination in the workplace. The rising trend of legislative initiatives requires parallel, complementary work in the private sector to truly make progress on gender equity. There is an overall arc of progress since the first introduction of gender legislation. Governments and multinationals alike are trending in the right direction, but work remains to be done.

Multinational companies should consider the following facets of gender equality to attract and retain the best talent and to most effectively use their workforce:

- Comply with local legislation.
- Consider offering flexible working arrangements and increasing paternity, parental and maternity leave policies to be more competitive in the war for talent.
- Identify and correct gender pay gaps. The rise of technology makes gender-based disparities difficult to ignore at best and difficult to conceal at worst. It will become easier and easier for employers to be publicly shamed for inequal practices. In addition, having internal policies on gender equality makes companies more attractive and competitive.
- Ensure that gender equality is an integral part of the business culture to encourage employees to take advantage of the generous benefits offered.

Developing a cohesive strategy to address gender issues takes thoughtful consultation with regional and country-level HR professionals. The potential return on investment is high once women are fully participating and contributing to the workforce. 🌐

bios



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Endnotes

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