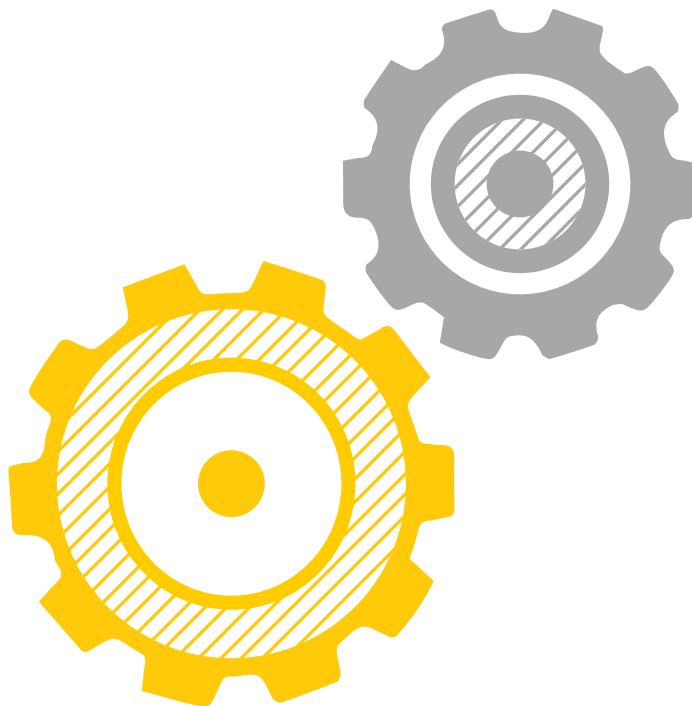# Case studies

Research showcasing leading practice in two organisations

GENDER PAY EQUITY

Contents

Foreword

We are delighted to present the results of a comprehensive case study project undertaken with ThoughtWorks and Telstra.

It is critical that in addressing gender pay equity organisations develop a pay equity approach and strategy that is tailored to the specific circumstances of their business. Through this project we show how two leading and different organisations, Telstra and ThoughtWorks, manage gender pay equity.

There are clearly common elements to how both organisations address these issues. These case studies demonstrate that leadership from the top is critical, as is detailed and regular data analysis, along with an organisational culture that supports gender equality. We see these organisations take different actions depending on the priorities that arise from the data analysis, organisation size, and different talent management processes.

We are grateful to Telstra and ThoughtWorks for their generosity in sharing their stories and we hope this encourages other organisations to take action on pay equity and share their own stories.

Helen Conway
Director
Workplace Gender
Equality Agency

ThoughtWorks®

**David Thodey**
Chief Executive Officer
Telstra

Angela Ferguson and Ryan Moffat
Managing Directors
ThoughtWorks Australia

Many people would agree there is no simple solution to the complex issue of gender pay equity. This complex and persistent problem is the result of many interconnected aspects of the way that work is valued, and who gets particular roles at an organisational level and across the entire working community. At Telstra, we have been working on many of these issues for some years, and although we have made some progress, we still have a long way to go to have true gender balance in our workforce and gender pay equity. This is why we support agencies like the WGEA and why the lessons shared through this research will be so useful to so many companies.

We value very much both the opportunity to contribute to this research, and also learn from the work of others. We hope it is useful in helping to address this important issue.

ThoughtWorks passionately advocates for gender equality within the workplace and is proud to have been asked by the Workplace Gender Equality Agency to participate in this research. We see the gendered imbalance of pay as both symptom and consequence of broader gender inequality. We hope that by sharing our journey so far we will inspire other businesses to try new approaches. As well as helping other businesses to progress on their gender equality journey, we hope to generate much-needed change in our industry.

Executive summary
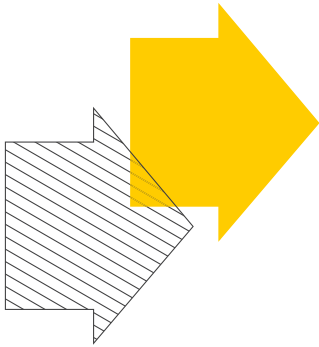
This report details the results of in-depth case study interviews conducted with executives from two contrasting organisations – Telstra and ThoughtWorks. The narrative is structured around the six steps that the Workplace Gender Equality Agency (the Agency) has identified as key milestones on the journey organisations take in order to address pay inequity. Different organisations will be at different stages of the journey at any given time and the journey is not strictly linear – some organisations may move through the six steps in sequence; others may move from one to another in a different order. Changing circumstances may also see organisations repeat some parts of the journey.

The organisations

Telstra and ThoughtWorks were selected for this research because they offer contrasting but complementary views of the corporate world. While they are both in the technology marketplace, they occupy different sectors of it, they are different sizes and they have different structures.

Telstra is a global telecommunications corporation employing around 32,000 staff, the bulk of these in Australia. ThoughtWorks is a medium-sized technology organisation of around 2,500 staff. It operates globally, providing IT software development services to clients. Telstra is a publicly listed organisation with a hierarchical management structure and several levels of reporting to the CEO. ThoughtWorks is privately owned and has a relatively flat management structure with one level of senior management reporting to the CEO.

The six steps are provided below, and are discussed in detail in the Agency's Pay Equity Toolkit:

1
Awareness and understanding:
Develop a basic understanding of the key issues surrounding pay equity

2
Build a business case:
Articulate why pay equity is important for your organisation

3
Gain leadership commitment:
Secure buy-in from the leadership team to investigate and address pay equity issues

4
Data analysis:
Identify any gender pay gaps and investigate the causes

5
Strategy and action:
Build a clear set of goals and action plans to improve pay equity

6
Review and refine:
Monitor and review pay equity continuously

The research

Researchers from the Agency conducted a series of in-depth semi-structured interviews with executives and managers in both organisations (eight in Telstra and six in ThoughtWorks). Questions were focused on how the organisation was addressing gender pay gaps, what had prompted them to begin to address pay inequity, what challenges they faced and what successes they had had. The interviews were audio recorded and transcribed and the data entered to N-Vivo for thematic analysis. Thematic analysis identified factors that influenced the organisations' attempts to address pay inequity. This analysis returned 5 overarching themes:

➡ organisational culture

➡ the way we do things

➡ what drives change

➡ how it is being fixed

➡ innovations, successes and challenges

Initial coding was conducted manually by two researchers and checked for rater consistency. Further detailed coding produced a total of 135 sub-themes and these were used to analyse the data and produce extracts for reporting.

The analysis produced seven key insights about addressing pay equity.

Key insights

➡ Raising awareness of the issues that influence pay equity and encouraging all stakeholders to acknowledge, discuss and find solutions to these issues is essential for strategies to be effective.

➡ Senior leadership commitment is vital if pay equity is to improve.

➡ Closing pay gaps requires good data, detailed and thorough analysis, and consistent attention on an ongoing basis.

➡ Gender equality and pay equity are interdependent and have a bidirectional relationship – improvements in one will lead to improvements in the other.

➡ Flexible working arrangements are vital in any attempt to address pay equity because they improve return and retention rates of mothers in the workforce. Increasing the numbers of women at every level of the organisation leads to reduced pay gaps.

➡ Maintaining a gender diverse talent pipeline will, over time, increase the numbers of women in senior leadership and this will lead to reduced gender pay gaps and increased gender equality in the workforce.

➡ Addressing pay inequity and gender inequality is an ongoing, evolving process that requires dedicated resources and will ultimately lead to improved outcomes for organisations, employees and the wider community.

Where is Telstra on the pay equity journey?

Throughout Telstra's long history it has been a leader in the Australian telecommunications market. The organisation has consistently moved with the times, embracing new technologies and new business models and changing its practice to suit its dynamic marketplace.

Along the way, Telstra has established itself as a leader in promoting and improving diversity and inclusion in its business, and has been particularly pro-active in championing pay equity and gender equality in the telecommunications arena. A company culture of fairness combined with the need to attract and retain skilled staff has prompted Telstra to implement a wide range of initiatives designed to improve gender equality and reduce pay inequality in its workforce.

To achieve pay equity, Telstra focuses on the numbers. They collect comprehensive salary data and employment metrics and analyse them in a variety of different ways to drill down to the fine detail that lies behind pay inequity and gender inequality. By using their data so effectively, Telstra is able to fix salary issues at the level of the individual, and in this way they have substantially reduced or eliminated like-for-like pay gaps[1].

Recognising that pay equity and gender equality are interdependent, Telstra has introduced other initiatives to improve gender equality and these will ultimately lead to improved pay equity. These initiatives include working with recruiters to ensure gender neutrality in selection processes; awareness-raising and education for all stakeholders from the Board down; implementing policies designed to change company culture to be fully inclusive over the long term; promoting non-traditional technical and engineering careers to schoolgirls; offering flexible work in every role; and developing high-potential women to move into senior leadership roles.

[1]Like-for-like gaps: pay gaps between women and men undertaking work of equal or comparable value (comparing jobs at the same performance standard), for example, comparing two senior engineers in the same organisation.

Where is ThoughtWorks on the pay equity journey?

From this case study research, it is fair to say that ThoughtWorks has adopted a progressive agenda in terms of addressing both pay equity and gender diversity in their organisation. The company promotes awareness of gender inequality across all areas of their business. In addition, they work directly with their clients to ensure that fair and equitable business practices are able to be implemented for their staff working on client sites.

ThoughtWorks addresses the gender pay gap through a system of regular and rigorous pay reviews. Pay reviews are conducted by a panel and are detailed and thorough. Inequities are investigated carefully and where appropriate, salaries are adjusted to ensure parity.

ThoughtWorks has also taken steps to address the drivers of the gender pay gap by implementing flexible work practices, providing leadership development training for women, and introducing quota hiring (50/50 recruitment policy) across all roles. In these ways, the organisation is helping its employees to manage their work and family responsibilities effectively, and it is laying the groundwork to develop and maintain a diverse talent pipeline from graduates through to senior leadership in the future.

How do the two organisations compare?

Telstra and ThoughtWorks, although very different organisations operating in different marketplaces, have both approached pay equity in similar ways. Each has recognised that improved pay equity both creates and requires improved gender equality and they have addressed both issues in parallel.

Both organisations have focused on collecting and using good quality data to identify areas for change, and both are keenly aware of the need for senior leadership support for change to be effective.

Telstra concentrated its initial efforts on fixing like-for-like pay gaps by drilling down to the level of the individual while also introducing initiatives to improve gender equality. Placing strong governance around salary decision-making is an important aspect of Telstra's strategy to maintain pay equity. Making flexible work arrangements available to all employees helps staff balance work and family responsibilities more effectively as well as attracting and retaining employees who value flexibility for reasons other than parenting or caring.

ThoughtWorks, as a smaller organisation, has placed emphasis on increasing the proportion of women in its workforce and on supporting mothers to return to the workforce, particularly in technical roles. ThoughtWorks' rationale is that increasing the proportion of women in the workforce and ensuring that women who leave to have children can also come back afterwards will have a flow-on effect of improving pay equity across the organisation.

At the same time, through the pay review cycle, ThoughtWorks has identified, investigated, and addressed like-for-like pay gaps. Because ThoughtWorks has a relatively flat structure, this can be quite a challenging process, but it is one which the senior executive is committed to undertaking effectively.

The main differences between each organisation's approach have largely resulted from differences in organisation size and structure. For example, ThoughtWorks tends to be highly collaborative and flexible in decision-making, and can make and change decisions quickly because it is smaller and has a relatively flat management structure. Telstra, on the other hand, is very large so making and changing decisions is a more protracted process. Telstra comfortably sets specific restrictions on who can make decisions in relation to recruitment and salaries, while ThoughtWorks provides guidelines which are open for discussion.

Despite these slight differences, both Telstra and ThoughtWorks have to a large extent approached pay inequality in much the same ways and have achieved similar results, albeit of different magnitudes. This suggests that following the six step journey to pay equity is an effective approach to reducing the gender pay gap.

Case study 1: Telstra

Context and history

To create a brilliant connected future for everyone.
Telstra Annual Report 2014

Telstra is a global telecommunications provider employing close to 32,000 people with 1.4 million shareholders and a presence in 15 countries. Telstra's core business in Australia is the provision of all forms of telecommunications services to both private and business users: fixed and mobile phones, internet connections and in-home entertainment options.

Telstra workforce composition:

➡ 30% women in the workforce overall

➡ 41% of the graduate intake in 2014 were women

➡ 26% of the executive team roles held by women

➡ 33% of non-executive board members are women

Telstra has an interesting corporate history, having started life as a government-owned telephone service provider. Now publicly listed, the organisation retains ownership of the physical lines that connect telecommunications equipment all over Australia. As a result, it also has a specialist workforce of technicians for whom Telstra is almost the only available employer in Australia. This specialist workforce is also heavily male-dominated and Telstra is approaching the challenge of increasing the gender diversity in this part of the organisation.

The company's history creates an interesting market dynamic for Telstra, particularly in relation to pay equity. The specialist technical workforce is predominantly male and its terms and conditions of employment are heavily regulated by enterprise agreements. Telstra's public service background has influenced its attitudes towards equity and discrimination in a positive way. One senior executive commented:

"One thing public service does provide you is a very strong framework within which to say, 'We will pay you for the work you do and not another factor.' ...all of our performance, job design, and remuneration decisions still always come back to that fundamental baseline."

Pay equity in Telstra

In this section, Telstra's progress through the six stages of the pay equity journey will be mapped based on the information given to researchers across eight in-depth semi-structured interviews with 11 individuals, including senior executives, the CEO, David Thodey, and Chairman, Catherine Livingstone. The focus of this commentary is on the ways in which Telstra has implemented pay equity and gender diversity initiatives in the organisation and how effective these have been in addressing these issues.

Step 1: Awareness

"It's on the board agenda. It's on the senior executive agenda, it's seen as important throughout the whole organisation ... there's no going back and there's a long way to go forward..."

Catherine Livingstone, Chairman of the Board

Awareness of gender inequality in Telstra has been a part of the landscape for many years. From the company's origins as a part of the Australian Public Service, the language of diversity and inclusion has always been a primary aspect of the organisation's culture. Gaining and maintaining pay equity has become a key goal of Telstra's gender diversity strategy. The organisation emphasises the importance of educating staff and other stakeholders so that they think deeply about these issues and actively engage in their resolution.

Telstra also works with recruiters and recruiting managers, educating them to evaluate candidates on merit relative to the market. Enabling managers to have conversations with their staff about gender diversity and equality is an important part of their education strategy, and encourages managers to take individual responsibility for resolving gender equality issues in their teams and operational areas.

Key insight

An important part of addressing pay equity in the organisation is educating staff and stakeholders and raising awareness that greater diversity leads to increased access to a broader pool of talent, better retention of talented and knowledgeable staff, reduced recruitment and training costs, and increased staff satisfaction and productivity.

As part of a broader gender equality strategy, Telstra aims to raise awareness with all stakeholders:

→ employees and managers

→ recruiters and recruitment managers

→ future talent and candidates

→ suppliers and clients

→ the broader business community

→ telstra alumni

Telstra has identified a persistent barrier to successfully increasing awareness and understanding of pay equity and gender equality – that is, outdated beliefs about the availability of qualified or skilled women to be recruited into some roles. While this is the reality for some areas of the business (the technical workforce, for example), Telstra is approaching this challenge by finding innovative ways to attract female talent across the organisation.

Telstra's education agenda extends beyond its own business arena. As part of the organisation's strategy to improve female representation in some of its male-dominated sectors, Telstra works with schools to promote careers in technology and engineering to girls: "…making it cool for young girls to go into maths and science and technology" (Yolande Foord, Executive Director, Remuneration & Benefits). Telstra also takes steps to develop more high-profile women in leadership through the Telstra Business Women's Awards: "…twenty years of alumni and prominent people being part of those awards are now weaving a positive narrative of female achievement …both outside and inside the company" (Troy Roderick, General Manager, Diversity and Inclusion). These initiatives raise Telstra's profile as an attractive place for women to work and serve to educate the wider community on why gender equality matters.

Step 2: The business case

"We're like any business, we want to attract and retain and inspire the best talent… and part of that is making sure we remunerate people properly."

David Thodey, CEO

The business case for Telstra is very clear – a diverse workforce produces better outcomes and increases the pool of talent from which they can recruit staff. They want/need to attract, recruit, engage and retain a diverse group of talented people and that requires diversity and inclusion to be cultural norms within the organisation. Telstra sees pay equity as a natural outcome of that norm.

"It's not altruistic … I think an environment where you've got a mix of genders and backgrounds is a far better place to work. It usually performs better. It's not because you feel you have to do it or something. I absolutely believe in it."

John Mullen, Board Member and Chair of the Remuneration Committee

The gender pay gap is also acknowledged to be an important piece of information about how well the company is performing in terms of building the gender diverse workforce they need.

Step 3: Gain leadership commitment

"This is about great leaders making good decisions…"

Troy Roderick, General Manager, Diversity & Inclusion

For any organisation, the commitment of senior leadership to the gender diversity and pay equity agenda is essential to the success of any attempt to address these issues.

Telstra's CEO, David Thodey, is personally involved in ensuring there is progress in improving gender equality in his senior executives' teams. This includes discussing not only the strength of their talent pipelines but also the gender diversity of those pipelines. If there are anomalies, they are identified and a way forward found.

David Thodey's involvement with the Male Champions of Change initiative of the Australian Human Rights Commission also has a strong influence on his interest in, and approach to, the development of gender equality in Telstra. His executive team have taken on the "Plus One Pledge" and David will specifically challenge the leaders on whether they have the gender ratio right.

In addition to the hands-on support of the CEO, Telstra's Board of Directors also takes a direct interest in the development of gender equality in the organisation. The Remuneration Committee's agenda has a standing item at every second meeting to consider and review issues around pay equity and gender equality. The Board also acts as a monitor to ensure that operational strategies align with the Board's priorities in relation to gender equality.

"It's one thing having the strategic perspective, but if there aren't mechanisms for implementing the strategy at the operational level, then you can have all the rhetoric you like and nothing happens."

Catherine Livingstone, Chairman of the Board

Telstra sets clear expectations that leaders will facilitate women to stay in the talent pipeline in the longer term by making recruitment and promotion decisions that promote diversity and inclusion. This operates in parallel with the organisation's broader focus on inclusion inherent in their purpose, which is focused on connection for everyone.

All levels of leadership are needed to address pay equity

➡ Board
➡ CEO
➡ executive leadership team
➡ broader executive group
➡ line and other managers
➡ future leaders

Telstra also pays careful attention to the development of future leaders. "The League" is the organisation's flagship leadership development programme. Members are provided with significant support, mentoring, coaching and other career development opportunities to ensure that they are well equipped to progress into senior leadership roles. Part of their training, of course, is around gender equality. The programme itself is designed to be flexible to accommodate changing circumstances and this includes, for example, members going on parental leave and advance planning of their career progression when they return.

Key insights

Attempting to improve pay equity or gender diversity in an organisation without the active support of senior leaders is a near-to impossible task. The success of initiatives to address pay equity and gender diversity depends on senior leaders setting the agenda, implementing strategies and policies and then regularly checking and reviewing progress with managers and making changes where necessary. It is an ongoing, evolving process that requires dedicated attention from senior leaders to succeed.

Step 4: Data analysis

"I think data and how you look at it and what you do with it, et cetera, can be a game changer."

Yolande Foord, Executive Director, Remuneration and Benefits

Telstra places a strong emphasis on ensuring that they collect good data, analyse it thoroughly and use the results to review and refine policies and procedures where needed. Data also allows Telstra to track progress and effectiveness of different programs and activities, and to make changes where needed.

The organisation has been analysing its payroll regularly since at least 2007, and uses the outcome of the payroll analysis to inform programs and activities that promote pay equity. In the annual pay review cycle, data is analysed at several different levels to identify any gendered pay differences. Data is also used to assess any pay anomalies in the context of performance ratings and experience.

Telstra analyses data in a variety of ways to investigate pay gaps and other issues around gender equality. Data analysis will often shed light on issues that had not previously been considered and this gives Telstra opportunities to consider ways to deal with things that are known to drive the gender pay gap such as job segregation or applicant conversion rates.

Telstra has a target to have 35% women across the whole company and investing managers with personal responsibility for meeting gender equality targets – particularly around recruitment and retention – is one strategy Telstra uses to make progress towards this goal.

Data analysis at a glance

➡ annual payroll analysis since at least 2007

➡ clear set of pay equity policies and procedures, regularly reviewed

➡ identification and consideration of all types of gaps

➡ data analysis includes range of variables including performance rating, job segregation, market data, tenure, education level, employment status, workforce sector

➡ data analysis is by both human resources and accountable line managers

Data is also collected about why people leave the organisation and analysis of this information helps Telstra understand how to increase retention rates. The overall purpose of these data collection and analysis activities is to give managers as much good information as possible so that they can in turn make good decisions about recruitment, remuneration and retention.

Going beyond the aggregate to consider individual cases is recognised as important to successfully address pay equity and gender equality issues. This gives information that can be used to change individual circumstances and thereby change the picture of pay equity and gender diversity within a team or department.

Key insight

To maintain pay equity, or progress towards it, good quality data must be collected and must be continually revisited and rechecked, anomalies identified and appropriate action taken.

Step 5: Strategy and action

Telstra has implemented a variety of strategies and actions that are designed to address both pay equity and gender equality in the organisation, on the understanding that these are interdependent relationships. Embedding gender diversity and pay equity into the core of the business is seen as necessary to achieve long-term change. Ensuring that data and analysis back up the policies to drive change is also recognised as essential. Putting aside budget that is specifically allocated to address pay inequities is simply considered to be good business practice.

Ensuring consistency across all areas of the business is also important in the pursuit of organisation-wide gender equality. Telstra's commitment to equality is not confined to Australia but extends to its global business landscape. They implement the same processes globally as exist in Australia to ensure there is equity across all business units.

Improving gender diversity across all areas of the organisation has a natural outcome of improving gender pay equity and if pay equity is the norm, then gender diversity will improve, as more women are attracted to the organisation.

This section is divided into two parts: making Telstra a gender equal workspace and dealing with pay gaps in Telstra.

Making Telstra a gender equal workspace

"Before you even get someone to apply, how do you get more females to apply? How do you make it a more gender-friendly, neutral environment?"

John Mullen, Board Member and Chair of the Remuneration Committee

Telstra's focus on developing a gender diverse, inclusive and equal workplace runs through the whole organisation, from graduate intakes and the way that external recruiters assess and recommend candidates, through every operational area to the senior executive. Setting expectations of recruiters to provide gender equal shortlists has paid off in a number of ways, not least in the female graduate intake which has lifted from 29% to 41% since 2012.

Substantial changes in the gender diversity of the organisation can be seen in the senior leadership roles that are now held by women, a circumstance that some would never have expected. As one senior executive commented,

"...as an engineer, 32 years ago when I started, the idea that a female or a non-engineer could be leading the engineering part of this company was just unimaginable under any circumstances."

Phill Sporton, former Executive Director, Service Delivery

Tracey Gavegan, Group Executive, Human Resources, commented on the different attitudes that prevailed towards women in senior leadership roles in the recent past.

"We now have much more open and frequent conversations around parenting in the workforce. We want to support all parents including senior leaders to be both the employee and parent they want be. It's such conversations which lead to acceptance so that our people are comfortable taking advantage of the formal polices and tools we provide to support them."

While progress has been made, the Board and executive of Telstra are aware that there is still a long way to travel before gender equality is really achieved, and the organisation continues to face challenges in recruiting women into senior operational management roles and into non-traditional work areas such as engineering.

Meeting this challenge requires a many-faceted approach, including valuing the women who are put forward to roles in these areas. Thinking outside the box is encouraged when comparing a woman's experience in a non-traditional field with a man's experience in the same field. This could mean accepting that while a woman's direct experience may be less than a man's for the same role, the value that she may bring in terms of increasing gender diversity should also be taken into account.

Finding the most effective ways to support parents in the workforce is another ongoing challenge. Telstra is open to experiment with new ideas and different ways of doing this. In one business unit, the concept of "Home for Dinner" has recently been trialled wherein employees agreed not to schedule meetings after 5pm, giving them the chance to be home for dinner.

The organisation also uses technology – including an internal communication tool, Yammer, to encourage discussion of issues around work, including gender equality and work-family balance issues.

Another aspect of Telstra's approach to pay equity is to drill down to individual cases. Paying attention to individual cases is considered to be a valuable way of addressing inequity and eventually closing the gender pay gap. Dealing with equity at the individual level can also lead to change in other areas.

Key insight
Building a gender inclusive culture as part of a broader gender equality strategy is an important part of removing gender bias in performance and pay related decisions. Impetus must come from the top of the organisation and initiatives be implemented consistently through all areas of the business, with flexibility to experiment with new and novel ideas.

Dealing with pay gaps in Telstra

"I think it's fine to say that [the pay gap is] something we give attention to, but ... If it's an add-on to someone's day job, it'll get crowded out, whereas if you allocate the resources, ... then it has much more chance of getting the true attention that it needs."

Catherine Livingstone, Chairman of the Board

The frameworks used for addressing and managing pay equity issues in Telstra are developed by the human resources function and implemented organisation-wide. Recruiters are educated to consider pay equity when negotiating starting salaries. A budget is set aside primarily to address any discrepancies between women's and men's salaries at the individual level. Policies and procedures around remuneration are designed to maximise uniformity in pay decisions and to minimise manager discretion which may lead to inequities, whether intentional or not.

Understanding that just giving women more money is not the long-term answer to the gender pay gap is an important insight that drives much of Telstra's activity in addressing gender equality issues. Data simulations undertaken a few years ago showed that even if Telstra just paid all the women in the organisation more, they would still have a gender pay gap.

"We worked out that you actually needed an equal proportion of men and women throughout the organisation at all the levels being paid the same amounts of money to get a zero gap. That's right. It's the result of all of the other things that you might do to create a gender balanced workforce that will help close your pay gap."

Troy Roderick, General Manager, Diversity and Inclusion

Pay equity is not just about what women are paid, of course, and Telstra has also taken steps to ensure that salaries don't just keep increasing if there is disparity between women's and men's earnings in a team or group. This includes actively addressing imbalances by containing fixed remuneration increases for those highly paid relative to market.

Top actions to address pay equity

➡ designated budget for adjusting pay inequities
➡ education of recruiters to consider pay equity of commencement salaries
➡ policies and procedures around remuneration are designed to maximise uniformity in pay decisions
➡ culture of inclusion to reduce gender bias in performance and pay decisions
➡ flexibility campaign to mainstream flexibility and reduce bias against those on flexible or part-time work arrangements

Despite good progress in Telstra, bias still exists in some sectors of the organisation. Bias is particularly prevalent around flexible working with entrenched views that some roles just can't be done flexibly. Telstra's response to this has been to implement the "All Roles Flex" initiative where flexibility is the starting point for work in every role. A line manager must prove why a role can't be done flexibly before they can refuse a flexibility request.

This approach is important for both men and women. The intake of women is likely to increase if they are offered flexible work and men will be more likely to stay if they also have flexibility built into their roles. This will lead to improved gender diversity and a reduction in gender pay gaps.

Similarly, supporting employees to work in part-time roles is also important to developing gender diversity and reducing pay gaps. Tracey Gavegan, Group Executive, Human Resources, noted that supporting parents who take a break from the organisation to have or raise children starts before they take leave and continues well after they return.

"But it doesn't stop there. Our aim is for our people to enjoy a long career at Telstra so after the transition back, we also look to support them through various stages of the family lifecycle."

Key insight

Pay equity can be achieved through increasing gender diversity and ensuring that women's and men's salaries keep pace with each other. Positioning Telstra as a family-friendly and women-friendly place to work gives greater access to talented employees and increases progress towards gender diversity which will in turn reduce gender pay gaps.

Step 6: Review and refine

"If you don't manage [pay equity] day-to-day, it just slips away from you."

John Mullen, Board Member and Chair of the Remuneration Committee

Telstra is aware that pay gaps can inadvertently creep back through normal workforce fluctuations. Because they undertake regular in-depth pay reviews and payroll analyses, they are generally able to identify and remedy these before they become entrenched. As the executive and management deal with changes in pay gaps, they are also able to revise and refine strategies, policies and procedures to be more supportive of pay equity.

Telstra's Chairman, Catherine Livingstone, noted that the Board plays a key role in maintaining focus on pay equity and gender equality, but that sometimes things don't work out as well as they would like. She cautions that this does not mean that progress is not possible:

"It's consistency of policy over time that will make progress and some years, you just go backwards... but to say, well, therefore this is not working is the wrong answer. So the board's role is to say, how could we refine what we're doing, maybe this needs longer, maybe this needs refashioning et cetera, so the board can give that positive encouragement when management's finding it so tough..."

Catherine Livingstone, Chairman of the Board

This message is echoed by CEO David Thodey who said properly addressing the pay equity issue was much more complex than just committing additional funding. His message to organisations looking to create pay equity was that there are no quick fixes and if gains are to be made and maintained, dedicated resources are needed to monitor changes and adjust strategies, policies and procedures accordingly.

Key insight

Pay equity is a complex issue and is influenced by many interrelated factors. Dealing with gender pay gaps means dedicating resources to give the issue constant and consistent attention across the whole organisation with flexibility to revise strategies, policies and procedures as needed.

Case study 2: ThoughtWorks

ThoughtWorks®

Context and history

"...a community of passionate individuals whose purpose is to revolutionise software design, creation and delivery, while advocating for positive social change."

www.thoughtworks.com.au/about-us (August 2014)

ThoughtWorks is an innovative organisation in the information technology industry whose business model is based on an ethical framework of social and economic responsibility. They have 2500 employees in 30 offices across 12 countries and approximately 200 employees in Australia.

The company was founded by Roy Singham in Chicago more than 20 years ago with the aim of building an IT community based on 'attitude, aptitude and integrity' (www.thoughtworks. com.au/about-us). Roy remains the owner of the company and although he was not interviewed for this case study, a number of the executives commented that the flat structure of ThoughtWorks makes implementing new policies and strategies relatively easy when compared to organisations with more complex hierarchies.

ThoughtWorks' ethos of fairness and justice influences their attitudes towards equality, including gender diversity and pay equity. When asked what motivated ThoughtWorks to take steps to fix any gender pay gaps in their organisation, Jo Dillamore, Head of People, commented, "We wouldn't dream of not addressing it." The company's executive also sees pay inequality as an outcome, or end point, of a lot of other inequalities.

"It's not [just] about pay equality. It's about all the other things behind this that can cause the inequality."

Jo Dillamore, Head of People

ThoughtWorks' workforce composition

➡ 42% women in the workforce overall

➡ 50% of the graduate intake in 2014 were women

➡ 38% of the executive team roles held by women

➡ 29% of non-executive board members are women

Pay equity in ThoughtWorks

Step 1: Awareness

"For our staff, it's considered part of your job to understand these issues and be able to talk about them... and talk about them with other people."

Lindy Stephens, Global Head of People Operations

Awareness in ThoughtWorks of pay equity and gender inequality has its origins in the founder's ethos of social justice. In essence, the journey to pay equity for ThoughtWorks started with his strong philosophical position of ensuring fairness in all aspects of the business.

This ethos of social justice drives much of the equity and diversity agenda in ThoughtWorks and extends to a desire to create change in the broader industry by modelling best practice and changing the way women are viewed and treated in the IT industry. Emphasis in ThoughtWorks is placed on educating staff and other stakeholders about the issues that drive gender inequality and gender pay gaps. This education focus includes open communication and regular discussions in staff and management meetings.

The company's focus on bringing diversity and gender equality into everyday life in the company is also evident in recruitment. During interviews, potential employees are asked about their views on gender equality and their answers can be a determining factor in deciding whether to recruit them or not.

"I remember doing one particular interview and asking somebody why you think there is not that many women in IT compared to men and their response was "well women aren't as smart as men." Thank you for that answer, I don't think there is a job here for you."

Kristan Vingrys, Head of Operations

Key insight

Educating staff about gender equality and encouraging them to raise and discuss issues about diversity and gender are important components of strategies to address pay equity.

Step 2: The business case

"The industry that we're in is dominated by men and it's sometimes not very friendly to women."

Jo Dillamore, Head of People

ThoughtWorks' business case for improving gender diversity and pay equity in the organisation has been built around a number of business imperatives. The first of these is the "war for talent" in the information technology industry. The second related imperative is the desire to differentiate the company in an industry where sexist attitudes and behaviour are historically prevalent and the gender pay gap is high at around 25%. The third derives from the company's ethos of social and economic justice in that ThoughtWorks would like to be a catalyst for positive change in the way women are viewed and treated in the IT industry more broadly.

Key drivers for diversity at ThoughtWorks

→ it's the right thing to do
→ the war for talent
→ innovation through diversity

In a market where talented staff are difficult to find, ThoughtWorks has recognised the untapped pool of talent among women who may be experienced in IT but do not participate in the workforce. On the premise that if the workplace is one that is comfortable for women, then more women will be attracted to work for the company, they have made a number of strategic decisions designed to increase ThoughtWorks' profile as an organisation that values gender equality and diversity. Over time, increased gender diversity will lead to decreased gender pay gaps.

These strategic decisions will also serve to differentiate ThoughtWorks in the industry, raising their profile as a role model for best practice in the IT space. The company's public stance supporting gender diversity and inclusivity is also expected to influence the broader industry by improving attitudes and behaviours towards women in IT.

Step 3: Gain leadership commitment

"You really need the support from senior management to make a positive impact."

Mark Yates, Head of Finance

The strong philosophical position of ThoughtWorks' founder has created an ethos among the senior leadership team that diversity and equality should be at the forefront of business decisions. The commitment of the leadership team manifests in open communication and discussion about these issues and in the initiatives that they have introduced, some of which are quite radical.

This level of leadership commitment is consistent with ThoughtWorks' broader approach to business - they position themselves as an innovative, experimental company that prides itself on its ethical business model. This includes a collaborative approach to decision-making and policy-setting.

ThoughtWorks' leadership commitment to transparency of communication means that messages about gender equality and pay equity are disseminated throughout the company. The conversation is frequent and open, meaning that employees are well aware of the company's vision and stance on gender equality.

The leadership team has also accepted that there may be some risks involved in implementing strategies to address inequality. For example, the introduction in Australia of a 50/50 quota hiring policy across all roles has meant that some difficult decisions have had to be made that may seem counter-intuitive in a market in which talented staff can be hard to find. This highlights the importance for clear and considerate communication with people to help them understand the reason for these decisions.

Key insight

Change in gender diversity and pay equity is driven from the top of the organisation with senior leaders fully engaged in the process of improvement. The company ethos ensures that communication is open and regular with all staff aware of the company's vision and stance on gender equality.

Step 4: Data analysis

"Every time we do a pay review [every six months] we run numbers that look at gender specific aspects of pay, looking across the different roles we have within the organisation. Trying then to determine if we have any gaps."

Kristan Vingrys, Head of Operations

ThoughtWorks has implemented a range of strategies to help them identify where there are gaps and to analyse the causes of those gaps, which then informs their decision-making around how to address the gaps. The process of reviewing salaries means that anomalies can be detected early and where appropriate, rectified. For example, an issue the pay review process has recently identified is the increased gender pay gap since more women were recruited into the lower salary bands.

Regular, structured salary reviews are fundamental to the process of collecting and analysing pay gap data. The company undertakes a six-monthly pay review cycle, with half of the workforce included in each six month review (so everyone is reviewed annually). A committee conducts reviews and mentoring is offered to everyone included in a pay review cycle prior to the review date.

Data analysis at a glance

➜ regular payroll analysis
➜ structured salary reviews
➜ consider all three types of gender pay gaps
➜ investigate causes of any gaps
➜ pay review committee
➜ consensus model on decisions following pay reviews
➜ apply the 'WikiLeaks' test

ThoughtWorks operates largely on a 'management-by-consensus' model, and so the pay review includes input from a range of internal stakeholders. They look at their data in a number of ways and then make salary decisions based on their ethos of equality and ensuring that they are paying people fairly.

Being able to withstand the "WikiLeaks" test is a measure used for ensuring that salary decisions are fair: "Would you be able to look this person in the eye and explain to them why they get paid what they do?" If it doesn't feel right, the committee goes back to the data to look at it again.

Pay reviews are undertaken with a clear view of the business imperatives, particularly that the business continues to be sustainable and that there is not a 'wages fallout'. Pay reviews are also open to negotiation. It has been noticed that women will tend not to negotiate so strongly as men, and ThoughtWorks takes pains to encourage women to engage in negotiations about their pay. If a negotiation leads to inequality in pay for two people in the same pay band, then the salaries will be adjusted accordingly.

Key insight

Data is collected and reviewed regularly, particularly in relation to salaries. When anomalies are identified, they are addressed to ensure equitable outcomes.

Step 5: Strategy and action

ThoughtWorks has taken a holistic approach to addressing issues that affect pay equity. As part of the regular pay review process, the management team investigates any differences in salary by job and by grade and corrects individual salaries where necessary. ThoughtWorks' executives are also aware of how easy it is to develop an "insidious gap" (one where changes in job structure, staff turnover or just not keeping a detailed eye on salaries leads to a previously closed gap reopening) and recognise that ongoing dedicated attention is needed to ensure that pay gaps remain closed. Regular payroll analysis is an essential component of this.

In addition, they have focused on increasing gender diversity by attracting female talent both through recruitment of new staff and increasing the numbers of women returning to work after having children. Supporting employees to effectively balance their work and family commitments has become a top priority for the organisation, and ensuring that they maintain a healthy and gender-balanced talent pipeline into senior management is a key strategy for gender equality in the future workforce.

Top actions to address pay equity

➡ focus on gender equality at recruitment

➡ specific strategies to address pay inequality

➡ strategies to retain female talent

➡ support for family and caring responsibilities

➡ proactive talent management and succession planning

Recruiting and keeping female talent

"We find amazing women and hire them."

Ange Ferguson, Managing Director

One factor known to contribute to the gender pay gap is that more women are employed in lower paying jobs and more men are employed in high-end salaried positions. This is at least partially attributable to the difficulties women experience in meeting the expectations of extended working hours and travel that accompany most high-paying roles. In ThoughtWorks, women are predominantly employed in office-based roles in operations and administration. Professional services staff are highly paid and are required to travel and work on client sites. Today, around 60% are men and ThoughtWorks finds it difficult to recruit women into these roles.

As a first step to addressing this issue, ThoughtWorks has implemented a quota for hiring people where they aim to create a 50/50 gender mix of new recruits. The percentage of gender diversity among new hires is reported each week (across role and seniority) and recruiting is refocused depending on where that balance is sitting. This strategy has important implications for pay equity because the more women who are employed in all areas of the business, the more likely it is that equal numbers of men and women will rise to the top of the salary bands, and over time this will reduce the pay gap at all levels of the organisation.

The attitudes of recruitment consultants towards gender equality can have a strong impact on how gender diversity develops in organisations, and ThoughtWorks has taken steps to educate their recruiters on the importance of gender diversity and to bring them along on the 50/50 recruitment strategy. Challenging any unconscious bias in recruitment and salary decisions is another key facet of ThoughtWorks' strategies to deal with inequality and pay equity.

There are risks in adopting a 50/50 recruitment quota, not only in the potential for missing good candidates, but even more so in the potential to be accused of tokenism.

"The other thing we have been quite strict on is not lowering the bar. One of the worst things you can do is say 'we need to hire 5 women', then go out and hire just what you can get and they're not at that right skill set … and people say, 'well clearly they're not up to standard, they're only here because they're women'. You go out and hire great people and they're smart and they're intelligent and people realise that, and they stop even thinking whether they're female or not. It's just this is a great person, a great developer, they're teaching me, I'm learning from them."

Kristan Vingrys, Head of Operations

To find women of the right calibre within the 50/50 quota hiring recruitment strategy often means waiting for the right people. While this can cause some tension between having enough people available to meet clients' needs and ensuring the recruitment target is met, the senior managers have been able to implement the strategy without giving way to pressure.

Quota hiring has led to a significant change in the percentage of women in the business. In 2009 women made up 22% of the professional services business. Initially, targets were introduced but they were not enforced. At the start of 2011 when the needle hadn't really moved, quota hiring was introduced focusing just on graduate hiring, however, this now encompasses all roles. This focus has taken the percentage of women in the ThoughtWorks professional services business to 40.5% today.

Key insight

Pay gaps arise from gender inequality in the workforce, so addressing gender diversity at all levels of the organisation will also improve pay equity. Changing recruitment practices to be gender neutral is an important component of any attempt to increase gender diversity. Ensuring that only women of the right calibre are recruited – even if it takes a little longer to find them - helps to avoid accusations of 'tokenism'.

Helping employees to balance work and family

"I think it says that we're … a destination for women, for women developers particularly, for women in technology generally."

Jo Dillamore, Head of People

Building greater gender diversity into their teams has also raised issues around how work and family roles intersect for both men and women. As a result, ThoughtWorks now places greater emphasis on developing strategies to support parents in the workforce so that they can better balance their work and family demands.

The IT industry has historically been fairly lacklustre in supporting women to return to work, and in their efforts to position themselves as a great place for women to work, ThoughtWorks has made supporting new mothers to return to their former jobs a priority for their business. This differentiates them further from the standard response in the IT industry that once a woman from a technical role has been away for extended leave, she is not seen as being able to catch up with the rapid pace of change to get back into a technical role. In the words of Lindy Stephens, Global Director of People Operations, "…within the industry itself, …women are just… cast out".

The IT industry is very dynamic and the skills required in software development change rapidly. Keeping up to date can be a challenge even when in full-time employment; it can become almost impossible for someone who is away on parental leave. ThoughtWorks has implemented strategies to help women stay in touch with their jobs and the industry, and to try and keep their skill development progressing while on parental leave.

Ensuring that women are able to remain in the business after they have children, and that parents are supported to give time to their caring responsibilities as well as their work is a key strategy that ThoughtWorks employs to deal with issues of inequality. This strategy has an impact on pay equity in the company because it gives women opportunities to progress further along the pipeline to senior grades, and prevents the brain drain that tends to happen when experienced women leave the industry because it is too difficult to balance their job demands with their families' needs.

ThoughtWorks also has processes in place for people on parental leave to keep in touch with the office and with the work that is happening through regular lunches. They also provide employees on parental leave with ongoing technology and communication capabilities to make it easier for them to stay in touch with the organisation and the IT industry more broadly.

In addition, new parents who are returning to work after an extended absence have the option to use their training budget before they come back to work. This benefit is intended to help a person feel more confident about their impending return should they feel their skills need brushing up or they want to learn something new that will benefit them on the job.

In challenging both themselves and their industry to 'do better' in terms of gender equality and encouraging women into the industry, ThoughtWorks aims to make their organisation as attractive and comfortable as possible for women and new parents. As part of this, ThoughtWorks is also keen to develop women who can be good role models for the industry and for other women who may want to work in the industry but are put off by the 'brogrammer' image.

ThoughtWorks' strategies to increase women in senior leadership include the WiLD (Women in Leadership Development) program. Women selected to participate are in the program for two years. During that time they participate in a range of initiatives to develop them as leaders. This has had a substantial impact on the numbers of women in senior leadership in the organisation, and has helped to position ThoughtWorks as a place that women will want to work. Lindy Stephens, Global Head of People Operations, commented:

> "And those are the things that make all the difference. If you see that there's a path for you, you see other women succeeding, you can see that happening. And you can see career paths."

Another way that ThoughtWorks help their employees to balance their work and family responsibilities is through the provision of flexible work options. This has particular challenges for an organisation whose technical workforce is deployed largely on client sites around the country.

Clients are not always as amenable to flexible work as ThoughtWorks may need, so the company has faced some difficulties in meeting the work–life balance needs of some employees. However, there have been successes and they are finding as time goes on that new ways of working are evolving that can help everyone meet their needs.

ThoughtWorks is open to experimenting with different ways of working to help their employees manage their work and family responsibilities effectively, and this has included job pairing arrangements between two of their senior leaders, job sharing between two new mothers returning to consulting work, and part-time work among their professional services staff (for both women and men). Even so, they continue to find that while it is relatively straightforward to introduce these modes of working to operations staff in 'back office' roles, it continues to be challenging for client-facing roles.

Finding ways for parents – and mothers in particular – to work in professional services and manage the amount of travel usually required to do these roles is an ongoing challenge. ThoughtWorks is looking at various ways that travel can be minimised or changed to help mothers returning to work manage their work and family roles more effectively. One approach that ThoughtWorks is experimenting with is the use of fly-in-fly-out arrangements.

All of these efforts to retain women and parents at ThoughtWorks are helping to address issues around the talent pipeline for ThoughtWorks and for the industry as a whole. The ultimate effect will be to increase gender diversity and equality which will lead to decreased gender pay gaps.

Key insights

Supporting parents to stay in the workforce is key to any attempt to address gender inequality and pay equity. Helping mothers to continue to grow their careers after having children is particularly important. Flexible working arrangements are highly effective in helping parents balance their work and family lives, and ensuring that both women and men have access to flexible work will go a long way to retaining parents in the workforce.

Maintaining a diverse talent pipeline

> "We are going through some succession planning at the moment… we're looking at some particular roles and seeing who could be the successor, and we put down five or six names, and then we will look back at that and say okay how many women were in that list. If there are two or three in the five or six that feels about right."

Kristan Vingrys, Head of Operations

The talent pipeline is fed initially by recruitment of graduates into the business – something which ThoughtWorks has focused on for the last few years, with an emphasis on increasing the numbers of female graduates they successfully recruit.

Building relationships with universities to encourage women to study information technology programs, and working with the universities to help develop talented students are ways that ThoughtWorks is strengthening its talent pipeline. The company runs a program called 'Level Up' which is designed to give university students hands-on experience and training in a live IT environment.

Offering more senior people flexible terms is an important strategy that can help to keep women in the pipeline after they have children. Also encouraging men to take up flexible work and part-time options at any level of the business helps to reduce inequities in gender mix that lead inevitably to inequities in pay. ThoughtWorks is experimenting with these options and having some successes.

Key insights

Maintaining a healthy and gender diverse talent pipeline to senior management requires workforce planning from the time that graduates are recruited into an organisation. Ensuring gender diversity at this stage of the career path pays off by helping to increase the representation of both genders throughout the talent pipeline. In addition, implementing strategies that help parents – particularly mothers – balance their employment with their family responsibilities helps to keep talented and experienced women in the pipeline after they have children.

Step 6: Review, report and refine

"…the philosophy of ThoughtWorks is we're not quite a democracy but it's as close to a democracy as I've seen in a corporate business…. We don't just lock things down forever, we always leave them open for review in the future."

Mark Yates, Head of Finance

ThoughtWorks' culture of open communication, collaboration and consensus decision-making fosters an environment in which decisions can be constantly reviewed and refined to meet changing needs. A process of constant review and actively encouraging feedback from all sectors of the business means that ThoughtWorks' strategies and processes are constantly evolving. The philosophy of "strong opinions loosely held" guides much of their decision-making.

ThoughtWorks' willingness to experiment has helped them to develop new ways of working that can assist their employees to maintain their career momentum over time, even if they take time out to have children. At the same time, ThoughtWorks is constantly reviewing their processes and strategies to ensure that they are effectively meeting the needs of their employees, clients, and other stakeholders.