

TDC
GLOBAL



MIND THE GAP

TOOLKIT

ELMO

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Introduction & Overview

In today's business landscape, it's crucial for employers to have a solid strategy for advancing gender equality. As part of this, addressing the gender pay gap is now a necessity. With the recent passing of legislation in March 2023 in Australia to mandate the public disclosure of gender pay gaps, the pace of change is expected to accelerate. The [gender pay gap](#) refers to the difference between the average earnings of women and men. It's not the same as equal pay – which is where women and men are paid the same for performing the same role or different work of equal or comparable value.

While many organisations may approach the [Workplace Gender Equality Amendment \(Closing the Gender Pay Gap\) Bill 2023](#) as a compliance requirement, the real opportunity lies in implementing organisational changes that tackle the root causes of gender inequality – the systemic and interpersonal factors responsible for it. These changes can deliver positive results for all employees, regardless of gender, and contribute to the overall commercial performance of the organisation.

As with any organisational change, there are a number of steps required to yield the value that comes from a more equitable workplace. This toolkit has been designed to assist HR professionals and change managers in navigating the challenges and opportunities associated with addressing gender inequality. It breaks down the steps required and provides specific guidance on how to:

- ✓ **1** Articulate the cost
- ✓ **2** Get on the front foot
- ✓ **3** Dig beneath the surface
- ✓ **4** Equip your people
- ✓ **5** Build an inclusive workplace culture

The toolkit is most effective when followed step by step, however, some organisations may have existing capability in one element but need to dive deeper into others. As such, supplementary resources have been included to enrich readers' capabilities across all topics. While this toolkit has been developed with Australian legislative requirements in mind, the contents and steps are broadly applicable to any region.

Tailored support is available by contacting [ELMO](#) or [TDC Global](#).

ARTICULATE THE COST



Addressing the gender pay gap requires a change in mindsets, behaviours and processes. The most common barriers to any change project include a lack of understanding as to why change is important and the perceived cost of changing. To overcome these barriers and bring everyone on the journey towards change, you must be ready to engage with stakeholders on the various ethical and legal reasons why closing the gender pay gap is vital, as well as, the specific costs and rewards for closing the gap and – possibly most importantly of all – the cost of not acting. Following these 4 steps will help you to Articulate the Cost of inaction within your organisation:

Step 1: Know your numbers

Closing the gender pay gap will require investment and it is important to know your numbers before asking for funding.

Start by calculating the following:

- Salary cost of closing the pay gap: based on your organisation's approach to closing the gap, the salary change may prove to be neutral
- Recruitment cost of any additional or replacement hiring that needs to happen
- Cost of system or process changes
- Project and change management costs, including awareness building and/or upskilling programs
- Advisory costs, if needed

Once the total investment has been calculated, it's time to determine the potential return, which is the combination of a reduction in future operating costs – the Cost of Inaction – and the potential increase in capital value – the Reward for Action. Specific calculators provided in the toolkit will guide you through these calculations.

Step 2: The cost of inaction

Latest [ABS data](#) shows 9.4% of women across Australia changed jobs in 2022.

How did your company perform during this period? The Australian HR Institute estimates the cost of employee turnover as [20% of the employee's annual salary](#), so losing women – whose primary reason for leaving was a better job offer – is a costly exercise.

Calculate the specific cost to your business of failing to act to retain women as follows:

Average annual salary paid to female employees x volume of women leaving x 20% = total cost.

As a simplistic example, for an organisation that employs 100 women with an average salary of \$90,000 and 9.4% attrition of women the cost of inaction is:

90,000 x 9.4 x 20% = \$169,000

While predicting the future rate of attrition in your organisation may be difficult, the ABS data clearly shows that women are actively changing roles when a better opportunity – as defined by career advancement, pay and flexibility – becomes available.

Any improvement in the retention of women has a direct impact on reducing operating expenses and closing the gender pay gap.

Step 3. The reward for action

Linking improvements in gender equality to commercial performance can be challenging, yet the outcomes speak for themselves:

[25% higher profits](#)

[87% more likely to make better business decisions](#)

[75% faster at bringing products to market](#)

To calculate a more specific reward for improving gender representation, [Blau's Gender Diversity Index](#) is a reliable tool. The research proved that for every 10% improvement in the ratio of women to men across an organisation's employee population, the firm can expect a 7% increase in market value (approximately):

[x% increase in female employees:male employees/10%] x 7% x market value = increase in market value



Start by capturing the ratio of female to male employees then determine the current market value of your organisation (easy if your organisation is publicly listed, if you work for a private company then the Finance Manager should be able to provide the data needed). Next, calculate the % increase in the ratio of female employees to male employees needed to achieve gender pay parity.

As a simplistic example, imagine a company with the following attributes:

Market value of \$10,000,000 with 35% women and 65% men, to achieve pay parity the company will need 50% women and 50% men

The current ratio of women to men is 0.54 to 1 and the desired ratio is 1:1

Therefore, the required % increase in the ratio of women to men is $(1.00 - 0.54) / 0.54 = 85\%$ increase

Converting to Blau's formula, divide 85% by 10% to get a multiplier of 8.5

$8.5 \times 7\% \times 10,000,000 = \$5,950,000$

Clearly, an 85% increase in the ratio of female to male employees represents a substantial change that will likely take some time, so, the projected return may need to be annualised over multiple financial years.

Step 4. The business case for change

Now that you have all the facts, it is important to articulate the business case for change in both quantitative and qualitative terms. First the quantitative return on investment:

$(\text{Reduction in the cost of inaction} + \text{reward of action}) / \text{Investment} = \text{Return on investment}$

Add to this the qualitative benefits enjoyed by inclusive organisations, such as improved collaboration and innovation, a broader range of perspectives, a truer reflection of customers, and higher levels of employee engagement, and the business case for change becomes compelling!

To Articulate the Cost:

KNOW YOUR NUMBERS



THE COST OF INACTION



THE REWARD FOR ACTION



THE BUSINESS CASE FOR CHANGE



GET ON THE FRONT FOOT



Conducting your gender pay gap analysis early, before it's mandatory to disclose, gives you the opportunity to explore the most sustainable ways to address it. The first step is often the hardest, so here is a simple process to follow to get on the front foot and create your own project plan:



Step 1. Gather data

- Identify data sources and access points
- Verify data accuracy and correct any discrepancies
- Assign responsibility for maintaining data integrity
- Create a dashboard or report for convenient data monitoring

Step 2. From data to information

a. Create a tool for calculating:

- The gender composition of the workforce
- The gender composition of your organisation's governing bodies
- The gender pay gap percentage (total remuneration)
- The gender pay gap percentage (base salary)

b. Ideally the tool should have the ability to slice the data by employment category, department, location or any other facet of the employee population relevant to your business.

ELMO Remuneration's gender pay gap report allows users to view their composition and analyse their pay gaps by base salary, total remuneration and benefits to give you a well-rounded picture of any existing disparities. It also highlights 10-15 groups where action would have the most impact on the overall organisational gap.

Step 3. From information to insights

- Start at an organisational level using this % gap as the baseline
- Compare each slice of the data to the baseline to understand where the pay gap is largest
- Observe whether pay gap percentages correlate with gender composition, as this will indicate a need to consider changing the balance of genders employed in that employment category, department or location
- Where the pay gap is not correlated with gender composition this may indicate that women are not being paid fairly and will need further investigation and urgent remedial action.

Step 4. From insights to action

- Share findings with stakeholders and propose action plans
- Prioritise tasks, considering dependencies, constraints, and accountabilities
- Secure executive sponsorship for organisation-wide initiatives
- Implement an internal communication plan to garner support for changes



To act early:

GATHER DATA



FROM INFORMATION
TO INSIGHTS



FROM DATA TO
INFORMATION



FROM INSIGHTS TO ACTION



DIG BENEATH THE SURFACE



Now that you have a complete picture of what's happening with pay gaps, it's time to step back and ask: what are they really telling you and why does it matter? It matters because for the changes you will make to address the pay gap to be sustainable, they must address the cause of the issue and not just the symptoms. The following steps will help you to effectively dig beneath the surface:

Step 1. Identify root causes

The key areas to investigate are:

- Hiring and pay decisions: which gender benefits from these processes? What is the data telling you?
- Female-dominated industries & jobs: what jobs are being done predominantly by women and how were the salaries determined? Are salaries based on industry benchmarks, internal job grades or a percentage increase from previous salary?
- Workplace flexibility: what are the impacts of workplace flexibility policies on women, particularly those with caring and other responsibilities?
- Part-time work: which genders are participating in part-time work and what is the balance?
- Career progression: how many women in the workforce have taken parental leave? How many men? What is slowing the rate of career progression for women? Is career advancement available to people who take up part-time work?

Step 2. Evolve mindsets and behaviours

Systems need to be designed to consciously include, however, they will only be as effective as the people involved in executing them. Inviting members of your organisation to reflect on their own personal biases, exploring the unintended consequences of these biases and giving people the tools to overcome them is key to embedding sustainable gender equality. For more detailed advice, jump to Equip Your People.

Step 3. Evolve systems

Having identified the systems contributing to the gender pay gap, an audit of the processes and decision making frameworks related to that system will likely shine the spotlight on opportunities to address biases. For example, a [hiring audit](#) may reveal that current sourcing channels are biased towards attracting male candidates or that the way interview feedback is being shared is enabling groupthink amongst decision makers. Once these opportunities have been uncovered, it's important to redesign processes with inclusive practices in mind. For practical ideas on how to start, jump to Build an Inclusive Workplace Culture.



Step 4: Evolve Industries

While organisations have many options within their control to redesign systems and call on their people to be more inclusive, it can seem a daunting task to make changes at an industry level. That is where engagement with government, industry bodies and contacts from other organisations are vital to understanding how different entities can have a positive impact in changing the gender composition of an industry.

A great example of industry-level change has been within the STEM sector, which saw the largest advancement in reducing the gender pay gap in the second half of [2022](#). This change has not happened by accident nor has it come overnight. Rather is the outcome of collaborative efforts made by schools, universities, government and industry bodies, private sector employers and many more to disrupt entrenched gender biases. So, don't suffer in silence. If closing the pay gap seems overwhelming, reach out to like-minded people and start a conversation about the change you want to see.

INVESTIGATE ROOT CAUSES



EVOLVE SYSTEMS



EVOLVE MINDSETS
AND BEHAVIOURS



EVOLVE INDUSTRIES



EQUIP YOUR PEOPLE



Discussing the presence of a gender pay gap and addressing it may not come easily to everyone. While we can't shy away from the sensitive nature of conversations about salary, career advancement and fairness, it's equally important that your team and the employees you support are ready to engage in these discussions. Are your people ready? The following steps will help you to Equip Your People.

Step 1. Build awareness

Start by raising awareness and educate your people on:

- **Diversity and Inclusion:** Provide comprehensive training on diversity, equity, and inclusion concepts, encourage conversations about workplace fairness.
- **Understanding Biases:** Educate people on unconscious biases and their link to gender inequality, encourage self awareness and personal accountability.

Psychological Safety: Raise awareness of what it is and ways to create psychologically safe working relationships, encourage trying new ways of working together.

Step 2. Create a safe environment

Building psychological safety is crucial for having open conversations, and can be achieved through:

- **Open Dialogue:** Foster a culture where team members are safe to express concerns and ask questions about pay, employment terms and career advancement. This can be further supported by providing [allyship training](#), particularly for male colleagues, to equip employees with the skills and awareness needed to actively support and advocate for their colleagues.
- **Support Systems:** Establish strong resources and support systems for employees and managers to ensure their well-being and success, such as:

- Access to dedicated HR representatives (such as people partners) who can address workplace concerns or issues.
- Dedicated diversity officers or an Employee Assistance Group (EAG) empowered to promote an inclusive and fair work environment.
- Employee Assistance Program (EAP) services to help individuals manage their mental and emotional well-being. Some mental health platforms include FrankieHealth and EAP Assist.

Step 3: Have courageous conversations

Preparing with a mental framework before addressing sensitive topics can alleviate nervousness. Here's how to use the Situation Behaviour Impact (SBI) framework to prepare for courageous conversation:

- **Situation:** describe the specific situation or context to help the other person understand the circumstances.
 - **Scenario 1:** You are a manager discussing the promotion process with an employee who has raised concerns about the lack of women in senior roles.
 - **Scenario 2:** You are in a team meeting discussing project assignments and notice a pattern where male team members are consistently given more high-visibility projects compared to female team members



- **Behaviour: Discuss the behaviour or actions that you want to address. Be specific about what you've noticed.**
 - Scenario 1: You have also observed that fewer female employees have been promoted to leadership positions, and point out that it is based on the requirement for a minimum of 5 years' tenure with the company, which many female colleagues do not have.
 - Scenario 2: You ask for a meeting with the project director and point out the imbalance in work assignments.
- **Impact: Highlight the impact of these behaviours on individuals and the organisation, explore potential solutions.**
 - Scenario 1: You empathise with the colleague and discuss how the need for 5 years' tenure with the company is adversely affecting women, exploring options for how this could be remedied.
 - Scenario 2: You emphasise that this imbalance impacts female team members' career growth, visibility within the organisation, and overall engagement. The underutilisation of female colleagues also means the team can not reach its full potential. You call on the project director to reconsider how they distribute work assignments.

- **Manager Training:** In addition to the training outlined in Steps 1-3, managers must have an advanced level of self-awareness of their own mind traps - the biases and assumptions we all make that limit our ability to be inclusive - and create solutions for overcoming these limitations. Inclusive Leadership training that focuses on reflection and problem solving capabilities - rather than check lists of do's and don'ts - are the most effective.
- **Performance Metrics:** Build inclusion metrics into managers' performance evaluations. In addition to gender pay KPIs, examples of qualitative metrics include:
 - "I believe that diversity is valued and respected in my team"
 - "I feel that my manager actively promotes a culture of inclusion within our team."
 - "I have equal opportunities for professional growth and development regardless of my background."

To equip your people:

BUILD AWARENESS

CREATE A SAFE ENVIRONMENT

HAVE COURAGEOUS CONVERSATIONS

Step 4. Drive managerial accountability

Managers have a significant role to play in driving systemic change as their actions impact workplace culture and employee engagement. Therefore, ensuring managers are aware of the importance of addressing gender disparities and their personal accountability in making change happen is vital to closing the gender pay gap.

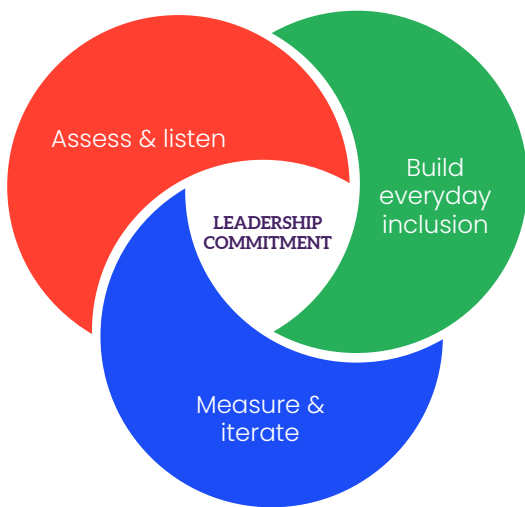


BUILD AN INCLUSIVE WORKPLACE CULTURE



[Building an inclusive workplace culture](#) is a continuous journey. It's about creating an environment where diversity is celebrated, and everyone feels valued and empowered. However, it's essential to move beyond good intentions and strive for meaningful impact. To build an inclusive workplace culture, harness the power of everyday inclusion, backed by both intention and impact.

BUILD AN INCLUSIVE WORKPLACE CULTURE



Step 1. Assess and listen

The journey to an inclusive workplace starts with an assessment of your current state of maturity. Employee experience data can complement your gender pay gap analysis, however, the most powerful insights will come from listening to the voices of your people. EAGs, listening sessions and informal conversations are all essential elements of creating a detailed assessment of the organisation's strengths and weaknesses.

Step 2. Build everyday inclusion

Promote everyday inclusion by encouraging simple yet impactful actions.

Build systemic inclusion through:

- **Inclusive Meeting Practices:** create time for everyone to speak, actively solicit input from quieter team members, rotate meeting facilitators to diversify leadership roles, with managers encouraged to role model active listening, speaking last to ensure all voices are heard.
- **Mentorship and Sponsorship Programs:** provide [mentorship and sponsorship programs](#) to pair employees from underrepresented groups with experienced colleagues who can help them navigate career challenges and provide opportunities for advancement.

Diverse Interview Panels: diverse representation on interview panels minimise biases during the hiring process, provide female role models to incoming employees and demonstrates the organisation's commitment to gender diversity.



Build interpersonal inclusion through:

- Employee Resource Groups: ERG or affinity groups focused on various dimensions of diversity, such as LGBTQIA+ status, caring responsibilities or ethnicity, enable an intersectional approach to experiences of inclusion for women.
- Inclusive Language: Encourage the use of inclusive language in all communications and documents by providing guidelines on how to use gender-neutral terms and avoiding exclusionary language.
- Celebrate small wins: Create a culture of celebrating small victories on the path to inclusion. Acknowledging efforts and improvements in fostering a more inclusive workplace will lead to ongoing, incremental change.

Step 3. Measure and iterate

Develop clear metrics and Key Performance Indicators (KPIs) to measure progress in building an inclusive culture that is linked with the organisation's strategy and values. These could include metrics related to diversity in recruitment, promotion rates, employee satisfaction, and retention.



MEASURES OF SUCCESS - OPTIONS

- ✓ Talent Representation
- ✓ Promotion Rates
- ✓ Length of Service
- ✓ Attrition
- ✓ Learning Effectiveness/Behavioral Change
- ✓ Pay Equity
- ✓ Equity of Employee Experience

Similar to the dashboard created for monitoring the gender pay gap, access to real time data will help you review your strategies and initiatives for impact. Use feedback from employees, stay up to date with DEI thought leaders and adjust your approach as needed. Inclusion is not a one-size-fits-all solution, so be adaptable in your efforts.

Step 4. Encourage leadership commitment

While there is no silver bullet when it comes to building an inclusive workplace, one of the most powerful indicators of success is the extent of leadership commitment. When senior leaders actively participate in fostering an inclusive culture, their actions set the tone for the entire organisation. Leaders have the ability to reinforce the significance of inclusion and its role in driving a diverse and successful workplace.

That said, taking all leaders on the journey to inclusion requires a personalised approach - some will be swayed by the commercial benefits the company can enjoy, others will want to know how they will be impacted by changes in talent representation. Applying the inclusive principles of respect, listening and empathy is just as vital with leaders as any other member of the organisation when it comes to gaining their commitment.

To build an inclusive workplace culture:

ASSESS & LISTEN



BUILD EVERYDAY
INCLUSION



MEASUREMENT &
ITERATE



ENCOURAGE LEADERSHIP
COMMITMENT



DON'T JUST MIND THE GAP, REMOVE IT



Australia is one of the most advanced countries in the APAC region when it comes to reporting and legal frameworks to tackle gender inequality. However, it's not enough for Australian employers to simply mind the gap. Through complying with government guidelines, the bigger opportunity is to make lasting changes that will see the women of Australia thriving in workplaces that enjoy enhanced commercial performance, spiralling up to greater economic gains for everyone.

This toolkit outlined how to effectively navigate the journey to pay equality. First, by being able to articulate the cost of inaction together with the rewards for change, HR Managers and Change Managers can deliver a powerful business case for change.

Diving deeper to identify root causes enables sustainable change to take place. Equipping all members of the organisation to hold courageous conversations, with a specific focus on the role managers play, can fast track solution design.

Finally, continuous improvement happens with small, impactful actions that are repeated consistently over time and at all layers of an organisation. Building an inclusive workplace culture is possible through intent, design and leadership commitment.



[TDC Global](#) is a diversity, equity, and inclusion (DEI) consultancy that enables organisations to succeed by integrating DEI. We equip our partners to attract, retain, and advance top talent through leveraging generational, cultural, and gender diversity. We are a passionate collective of changemakers that spark lasting impact for organisations and exist to accelerate societal progress towards equity.

As specialists in DEI, we are well equipped to support you with the steps in this toolkit or beyond, so, if you'd like to have a conversation about accessing tailored support, please [get in touch](#).



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