

# The Gender Pay Gap in the ICT Industry

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## ABSTRACT

*This paper discusses the gender pay gap in the ICT sector 30 years after Equal Pay legislation came into force in the UK. Taking a critical and feminist approach our research has highlighted contributory factors of confidence and negotiation, salary secrets, penalties for 'time-out' and issues of part-time working. We conclude with some strategies to overcome the gender pay gap and suggest that the current situation is unacceptable in the 21<sup>st</sup> century in terms of social justice and for the economy and society as a whole.*

## INTRODUCTION

This study explores the gender pay gap in the ICT industry throughout England. The UK labour market is dramatically changing with rapid technological innovations alongside globalisation and more than ever organisations are required to place a premium on human and intellectual capital. The demand for labour in ICT is outstripping supply. However, a recent comparative report of the IT workforce in Holland, Germany and the UK indicates women are haemorrhaging out of the IT sector (Platman and Taylor 2004). Given that presently in the UK there is an IT specialist's skills shortage of 18.4% (IER/IFF 2003) and female IT workers represent a mere 15% of ICT managers, 30% of IT operations technicians and 11% of IT strategy planning professionals (Miller et al 2004), this suggests that the ICT industry is not equipped for equality and diversity at work.

When the Equal Pat Act (1970) was enforced in 1975 the gender pay gap stood at 36% for full time and 40% for part-time. By 1981 this had decreased to 28% (Richardson 1984) and 1990 saw a further reduction to 23% (EIRO 2002). Although this data indicates a gradual reduction of the gender pay gap, in 2007 women still receive on average 18% less than that of their male counterparts in the UK and shockingly the part-time gap of 40% has remained unchanged.

Pay inequalities is an issue for all – it is unjust, unlawful and impacts on social justice, equality and economic performance (EOC 2001). Distribution and levels of pay and benefits impact on efficiency of organizations, workforce morale and productivity (ACAS 2005). In this paper we highlight some of the key issues, which contribute towards pay inequality experienced by female ICT professionals namely confidence and negotiation, salary secrets, penalties for 'time-out' and issues of part-time working. Taking a critical and feminist approach our research concludes with some strategies to tackle the gender pay gap and we suggest that gendered pay inequality is no longer acceptable in the 21<sup>st</sup> century.

## THEORETICAL UNDERPINNING FOR THE PROJECT

The economic, social and political root of women's inequality in the labour market is a contested theoretical area. This section discusses theories that have informed this field and the critical and feminist approach that has shaped our research.

Neo-classical economic theory explains women's pay discrimination in two main ways. Firstly there is an 'individual' explanation suggesting that the wage paid to an individual relates to the value of the output that the individual produces. If women are paid less than men this must be because the value of what they produce is less, that is, they are less productive (Richardson 1984). Human capital theorists on the other hand, try to link women's supposedly lower human capital to their role in the family. This view suggests that women have a 'free choice' and indeed choose to obtain less education and training, choosing instead the

role of child rearing. If women enter the labour market this choice therefore has an impact on pay rewards.

Of course these views can be criticised for suggesting an innate and rational economic view of the labour market and family relations divorced from actual experience. The state is involved in much of the organisation of the labour market and society through education and welfare policy for example. Not all women share the same experience and choice of education and training and such theories are attributing experiences to all women regardless of whether they work or not or have children or not.

However such approaches are now finding resonance in theories of the 'information society' or 'knowledge economy' Giddens (1984) for example concurring with Beck's individual and risk society' thesis (Beck 1992), suggests that the changing situation of men and women in the family and at work must be seen in terms of individual choice: 'we live in a world in which social order of the nation state, class, ethnicity and traditional family is in decline. The ethics of individual self-fulfilment and achievement is the most powerful in modern society' (ibid 1992).

Critical approaches to women's inequality largely are rooted in Marxist or Feminist theory. Feminist theories often locate women's inequality in patriarchal gender relations within capitalist relations. Women are thus divided along class lines but share the oppression of male domination. Capitalism and patriarchy in this way continually interacts affecting women's position in the economy and family. This leads to the 'economics of male advantage' (Cockburn 1983). In Marxist analysis, women's position in the labour market depends not on market principles but arises from the organisation of production with roots in class exploitation. Inequality in the labour market is linked to women's oppression in the family. German (2003) for example explains that the family is both broken down by the effects of capitalism but also maintained and reinforced by capital as the cheapest, most convenient and most socially stable way of caring for the existing generation of workers and reproducing the next generation. The family fulfils too precious a role to be left to 'free market' individualism. In reality, three-quarters of households in the UK are still headed by two-parent families and men and women are moving closer together in terms of work and domestic life but not in circumstances of their choosing. They do so 'against a backdrop of continuing women's oppression and intensified exploitation for both men and women' (German 2003). Fitting into these roles is hard work – for women it means working for less than equal wages and for men increased unpaid childcare in the home.

Yet the family is a gendered institution and is often taken-for granted. Wharton (2005) describes how the family is viewed as 'somehow functional for society rather than a social construction and changing in relation to history and culture' and she continues to observe that though family diversity is a social fact yet this is 'obscured by a set of taken-for-granted beliefs about the family as a social institution' (Wharton 2005). These include myths of the nuclear family, the heterosexual family, women as mothers and caretakers and men as fathers and breadwinners. However it is these myths that inform the choices made including government and employment policies. As Huws (2003) suggests:

*'...more than this, women's role in the domestic sphere is used to confirm and legitimate their marginal status in the labour market. The gendering of jobs cannot be reduced to a discussion of women in the domestic sphere, but must be seen as*

*arising from the interplay between their socially ascribed, and therefore shifting, roles in both the public and private domains' (2003:28).*

So it is in this context we discuss the experiences of women in the UK ICT sector.

## METHODOLOGY

The severe under-representation of women in the ICT field has received attention from academics, industry and government agencies alike. However, there has been little attention from qualitative researchers to the gender pay gap in the UK ICT industry. Existing studies are generally of a quantitative nature (e.g. ONS 2005; e-skills 2005) and provides us with overview data of ICT professionals' salary dispersions compared by gender, age, qualifications and the gender pay gap by region.

The empirical material used in this paper is drawn from data generated by the Directing Equal Pay in ICT (DEPICT) project partly funded by the European Social Fund (ESF) and completed in December 2006. The DEPICT project focussed on women in the ICT industry in England, or those working in ICT in non-ICT organisations<sup>1</sup>. The issue of defining the ICT<sup>2</sup> sector is an ongoing complexity within the Information Systems (IS) community. We used Duerden Comeau's (2003) work on defining ICT to construct the research rationale for the DEPICT project. This goes beyond a narrow view of IT as technical departments and includes for example the creative and media sectors. In framing gender within the ICT sector the research team made the assumption that the skills and expertise required from the industry are multi-disciplinary and that the work force is generated from within a diverse boundary of disciplines (Cukier et al 2002). Although we cannot solve the issue of definition, we enabled interviewees and on-line respondents to self select and define their ICT role, occupation and sector.

Our two key means of data generation were an on-line questionnaire from which we had 236 respondents and a series of 14 case study interviews. In this paper we offer a sample from both approaches. The case studies involved interviews with women from public and private organisations of all sizes and self-defined 'entrepreneurs' and the group was self-selective with women contacting the research team directly if they wanted to become further involved with the study beyond completing a questionnaire. The women represent a broad spectrum of career backgrounds, unique family units and life experiences, each woman a 'pioneer in their own right' (Czarniawska 2005). Such an approach builds on a long tradition of feminist research which aims to take women's stories and accounts of their gendered experiences seriously, using predominately qualitative and ethnographic methods to explore their thoughts and actions (McRobbie 1997).

## PROJECT FINDINGS

In these preliminary findings we highlight some of the key factors which contribute towards the continuing gender pay gap in the ICT industry.

### Confidence and Negotiation

Individualized pay packages are common in the ICT industry and requires strong individual negotiation skills and a high level of confidence. Women have reported being uncomfortable with this method of pay and reward and find that masculine and aggressive organizational culture mitigates against success in such negotiation (Tattersall et al 2004). Moreover the ICT skills that women possess are often undervalued, marginalized or unrecognized regardless of achievement (Tattersall et al 2004, Woodfield 2000).

One example comes from Ann who is in her early career stage and started working for company X after graduating;

*'I was happy when they offered me £23K because a lot of people I knew from uni were on starting salaries of about £20K, I have since found out that based on tests at the interview I started on £500 less than the blokes who started at the same time.....I am comfortable with my manager that I could raise it; I am not sure that I would push it. I am not sure I would say I want a pay rise or I'm walking.*

This experience could be a factor behind the report from the Equal Opportunities Commission (EOC) highlighting that female graduates earn on average 15% less than their male counterparts by the age of 24 (Purcell 2002).

Many of our interviewees expressed how they were satisfied with the pay package they were offered at interview, displaying a kind of gratitude. However, by accepting initial wage offers and not negotiating a higher starting salary contributes to the gender pay gap:

*'They offered me £70K and as I was on £58K in my previous job I was more than happy to accept, then when I started work I found out that the other managers (all men) were getting £80K ..... I just think they will pay what people ask for and men ask for more'.*

From a total of 210 respondents 76% answered yes they found it hard to ask for a pay rise. One manager noted how everyone in her team was on £35K salaries however she said:

*'Come the pay reviews in March, they are based on performance, those who perform better; I would want to pay them more....so basically it's down to whether you have got good negotiating skills and the confidence to sell yourself'.*

### Salary Secrets

There is a culture of 'salary secrets' in the UK IT industry and women have reported that they only find out about pay inequalities once they reach management level and have access to financial or personnel information (Tattersall 2004). In research analysing gender equality in organisational pay structures and pay practices (Neathey et al 2003), data revealed that more than 1 in 5 employers did not allow their employees to share information about pay with colleagues. Employers often demand pay levels are kept confidential and disclosing this information to colleagues can lead to disciplinary action. Our questionnaire concurs highlighting that from a total of 204 respondents, 66% identified a confidentiality culture about pay in their organisation and in the same vein from a total of 205 responses 60% were unaware of how much their colleagues earn. Delia told us how she discovered she was paid less than all other managers:

*'I earned £58K and I know I was the lowest paid manager there and I was the only women manager there, I did establish that and that's one of the reason's why I went contracting because under my current contract I actually earn...well I am closer to £90 to £100K on the current rate.....how I found out I was being paid lower than the other managers was, well I did some research and went to the other managers who I knew well and I said 'If you don't mind can you tell me how much you earn?' all of them with one exception told me...it was significantly more'.*

In a bid to make pay systems totally transparent the EOC have introduced the Equal Pay Review, which is a toolkit to enable employers to highlight overt and covert inequality and discrimination within pay and rewards. Additionally the EOC have introduced an Equal Pay Questionnaire which allows individuals to uncover information about colleagues pay packages if they feel they are being paid less for a similar role. (Women and Equality Unit 2006)

### Paying the Penalty for Time Out

According to a report by the Women and Work Commission (2006), taking time out of the labour market to have children is one of the main reasons that women earn less than men. Career breaks are set against the years of work experience that a woman builds up and reduces one of the factors valued through pay by employers. The women in our study experienced discrimination in pay and promotion during and after a period of maternity leave. An on-line respondent commented that after returning from maternity leave:

*'Although they say there is no change there isn't much emphasis on my career development from them'*

Moreover, from a total of 50 on-line respondents 26% said that they did not return to the same status (e.g. responsibilities, working conditions) after a period of maternity leave. Another on-line respondent commented with regards to progression:

'employers are always dubious about your commitment once you have had children'.

This account highlights that direct and indirect discrimination is evident in the ICT sector penalising women for their gender 'difference'.

### Part-Time Working

Many employers are failing to tap into the available talent of a part-time work force. People with or without caring responsibilities need or want to work part-time, yet this can be considered as incompatible with working in the ICT sector. Part-time working is rarely an option and part-time workers are often under-valued and lack support from inside and outside of the organisation (EOC 2005). Men perceive that part-time work can affect their career chances (Crown 2004) which may go some way to explain the low take-up of part-time work in ICT. In our study the number of women respondents who work part-time/part-time flexi-time, equates to a mere 9% (from a total of 222 respondents). Additionally, 51% (from a total 201 respondents) said that they did not feel that it would be possible to do their job working part-time hours. A report by the DTI (2004) 'Flexible Working in the IT Industry' notes that 74% of senior managers felt that conducting their job on a flexible basis would attract lower pay, diminished promotional opportunities and less interesting project work and activities. These factors are exemplified by Rose who explains how her career was put on hold whilst she worked part-time hours:

'Basically I was made P.O.1 [grade] before I had my first child and 10 years later I was still on P.O.1. It was because I went part-time. It wasn't even in question with my boss, it was 'yes you can go part-time that's fine but what you will be doing will be menial, low level programming, it's your decision', so I traded, I traded for flexibility'.

Carly, a senior IT manager describes her feelings about part-time workers:

'Most people who have joined our department are aware of what it takes to get on and this is not just about women its about men too; I think a company this big can offer a number of working choices. I think the difficulty is when you have 4 or 5 women who all want to work part-time and then you have got one man left, I am in the situation where I don't have children; I will be totally honest, I want to support those women and I think its great but I don't want to work with 4 of them...I know that I am doing more work than them.'

The introduction of flexible working legislation in the UK in April 2003 has gone some way to address the rights of parents with young children under the age of six, to work part-time hours. The Maternity Alliance Group<sup>3</sup> conducted a survey one year after the legislation was introduced. They found that 25% of requests for flexible working are turned down. In addition many of those who were actually 'allowed' to work flexibly had to take pay cuts or have lost status within their companies. Also men are less likely to ask for flexible working hours than women. This frames the 'problem' of balancing work and family commitments as a 'female' dilemma rather than a familial and societal one.

### DISCUSSION

In this paper we have established that the ICT sector in the UK is ill equipped to deal with a diverse workforce where (often blatant) pay inequality and discrimination remains a continuing problem more than three decades after the Equal Pay Act came into force. This is unacceptable in the 21<sup>st</sup> century when fairness and social inclusion are high on the political agenda - governments and organizations alike have a social responsibility to eradicate its existence. Gender difference is penalised not only in general and cultural terms but also in financial terms. Within this paper we have highlighted the gendered factors that reinforce the

pay gap. These include issues relating to women's confidence and negotiation skills, the embedded culture of salary secrets, time taken out of the industry for (e.g.) a period of maternity leave and part-time working. We suggest that there needs to be a major cultural shift within the ICT industry in order to address these issues. Strategies could include the adoption of transparent pay systems with no hiding place for inequality or discrimination. In this vein we suggest legislation to enforce Equal Pay Reviews would be a positive step and in turn will contribute to removing the embedded culture of salary secrets that exists within the ICT industry. The ability of an individual to do a job should solely determine their associated pay and reward not their gender or gender difference. Flexibility is a requirement of today's ICT workforce, women (and men) want to have a career and a family. We suggest that in order to change an industry that predominantly values and rewards those who work full-time with traditional career trajectories, flexible working options and career breaks should be offered to all. Furthermore, these issues need to be taken seriously by senior management with 'buy in' to cultural change. By not utilising women's ICT talents and abilities it is not just the women themselves that lose out in terms of unequal treatment but also the economy and society as a whole.

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**ENDNOTES**

- <sup>1</sup> Please see the DEPICT website for further details <http://www.isi.salford.ac.uk/gris/depict>
- <sup>2</sup> For a detailed discussion of the difficulties of defining IT, ICT and the ICT industry please see Duerden Comeau, T. 2003, Information Technology (IT) Employment: What is IT?, Workforce Ageing In The New Economy (WANE) working paper, [www.wane.ca](http://www.wane.ca)
- <sup>3</sup> See [www.maternityalliance.org.uk](http://www.maternityalliance.org.uk) for further details.

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