



④ Gender wage equity

Addressing gender pay gaps a powerful strategy to unlock women’s full potential

By tackling gender wage disparities head-on, business leaders, investors and policymakers can empower women to progress at work while delivering significant social and economic benefits.

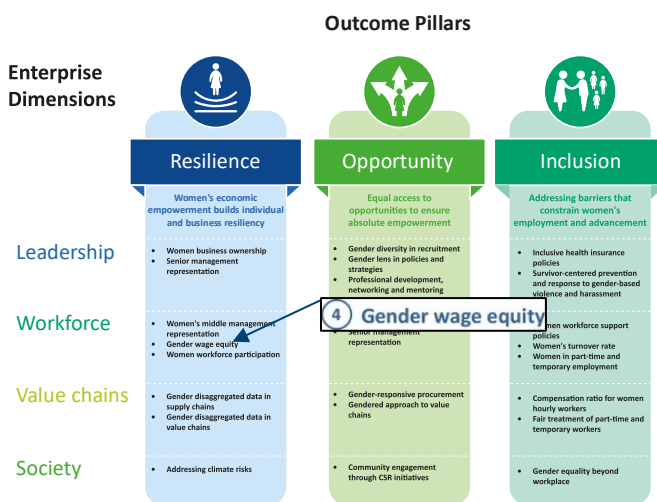
Women may be a growing force in the labour market, but in most countries the financial odds are still stacked heavily against them. International surveys point to a stubborn pay gap between women and men that’s been exacerbated by the Covid-19 pandemic.

This gender wage inequity doesn’t affect a woman just once; its compounding effect reduces earning capacity over her lifetime. Women are less likely than men to progress in their careers and they have fewer funds when they retire, even in wealthy economies like Australia. For some, it’s a short slide into poverty.

The World Economic Forum’s 2023 Global Gender Gap Report notes a ‘stagnation or backsliding on wages parity’ since its last edition, even in countries like Iceland and Germany where women leaders have been prominent. In populous nations like Nigeria, Mexico and Indonesia, women are paid around half what men are paid for the same work. Many of those women, more than likely, also do hours of unpaid labour caring for families beyond their day job.

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Rowena Reyes, a Sweef Capital Director and a member of the firm’s investment team, said the causes of pay gaps were complex, but gender stereotyping of men as the primary breadwinner was an underlying cause in many cultures.



Sweef Capital Gender ROI™ indicator matrix

“There’s a frustrating Catch-22,” Ms Reyes said. “Employers tend to benchmark wages to a job candidate’s salary history without acknowledging the structural and cultural barriers women face. So women who are being underpaid now risk having a poor salary history that undermines their future wages.”

There’s also a ‘motherhood penalty’ that sees mothers in regions like South Asia, Southeast Asia and Latin America experience an additional pay shortfall when compared with women without children.

The gender pay gap persists at senior levels of organisations, where professional women



often juggle complex family arrangements that reduce their visibility with decision-makers and access to influential conversations in the so-called boys' club.

While the notion of a 'care economy' is gaining currency among policymakers, politicians and social change advocates, occupational segregation – where women are overrepresented in care-related jobs and industries like health and aged care – remains a significant and complex issue to navigate.

According to the International Labor Organisation, in some countries, working in an enterprise with a mainly female workforce can apply a 14.7 per cent wage penalty. Women are less likely to have digital skills and are thus excluded from in-demand and high-paying jobs in science, technology, engineering and mathematics (STEM) fields.

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- Kelly Baldoni, Impax Asset Management

Against this challenging backdrop, investors are starting to ramp up pressure on organisations to identify and address discriminatory pay practices and unlock the value of an engaged and fairly remunerated workforce of women.

Impax Asset Management, a global pioneer in sustainable and gender lens investing, has been tracking the impact of diversity on businesses' financial performance since 2014, when it launched the Impax Ellevest Global Women's Leadership Fund (see Spotlight).

Kelly Baldoni, Impax's US-based Vice President of Global Women's Strategies, said there had been a noticeable shift in attitudes to gender issues and acceptance of the business case for diversity among investors and organisational leaders.

“When we started, we were the only firm talking about gender diversity,” Ms Baldoni said. “Adoption is still growing – it's not mainstream by any stretch – but we're seeing more institutional investors look for general-end strategies, which always has a trickle-down effect on retail investors.”

Credible data helps build the case for change. Impax research has identified that pay equity and diverse talent pipeline initiatives are the most significant gender-related factors correlating with performance across its portfolio.

“Our research shows pay equity is a strong signal from an alpha generator (superior performance) perspective,” Ms Baldoni said. “Pay equity disclosures have increased significantly since we started collecting workplace equity data in 2019, from 31 per cent of companies in our Impax Global Women's Leadership Index to 64 per cent now.”

For Ms Reyes, change at an enterprise level required a commitment to practical first steps and learning from pioneers in the field. Leading companies ensured their pay practices were not discriminatory by, for example, analysing payroll data and regularly benchmarking salaries against the market.

“Being proactive on gender wage equity allows companies to attract and retain top talent – a key competitive advantage.”

- Rowena Reyes, Sweef Capital

“Being proactive on gender wage equity allows companies to attract and retain top talent - a key competitive advantage,” she said. “It also builds the leadership pipeline, boosts women's participation in the workforce and reduces turnover and retraining costs. An equitable pay system just makes good business sense.”



The **Sweef Capital Gender ROI™** identifies gender equality and diversity gaps and informs interventions to build resilience, equal opportunity and inclusion. This Insight Series explores how each indicator contributes to delivering social, financial and economic returns: <https://sweefcapital.com/gender-roitm/>

About the contributor



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Sign up [here](#) for the Insight Series and for updates on Sweef Capital news and events, including Sweef Capital Gender ROI™ forums and activities. We're keen to hear your feedback about the series and the Gender ROI™. Follow us on [LinkedIn](#) to keep in touch.



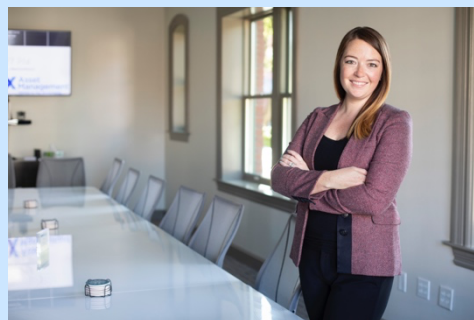
Impax: Smart data highlights the diversity dividend

Impax Asset Management has been a trailblazer over many decades in highlighting the link between sustainability, diversity and superior financial performance in organisations.

In 2014 it launched the first gender-lens index and fund in the US – the Impax Global Women's Leadership Index and the Impax Ellevate Global Women's Leadership Fund.

The following year Ellevate received *WealthManagement.com's* coveted Industry Award. Impax started engaging with companies on gender pay equity, petitioning the Securities and Exchange Commission in 2017 to require public companies to disclose gender pay ratios on an annual basis.

According to Kelly Baldoni, Impax's US-based Vice President of Global Women's Strategies, the performance outcomes speak for themselves.



"One of the biggest misconceptions is that you have to concede performance to invest sustainably, with your values, or to make an impact," she said. "It's just not true. Impax has had a strong conviction for more than two decades that gender diversity can be an alpha generator. So if you're not on board, you're missing the boat. Globally people want to make a change and through their investments makes sense."

While Impax started with data on women leaders at board and senior executive level, over the years its focus has broadened to include metrics on organisational culture and workplace equity, including pay equity, diversity goal setting and talent development.

Ms Baldoni said these factors are integrated into Impax's Gender Score tool and enable a deeper understanding of the cumulative impact and value of diversity on performance.#

For more about Impax, visit www.impaxam.com



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