



Cracking the glass ceiling on wages: Gapsquare CEO Zara Nanu

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**Cracking the glass ceiling on wages:
Gapsquare CEO Zara Nanu**

Clara Young [00:00:02] Welcome to OECD podcast, where policy meets people. I'm Clara Young and I'm here in the studio at the OECD with Dr. Zara Nanu. She is the co-founder and CEO of Gapsquare, which is a company that uses data science to close the gender pay gap.

Clara Young [00:00:18] Thanks for being here with us, Dr. Nanu.

Zara Nanu [00:00:21] Thanks for having me.

Clara Young [00:00:23] In our publication from the OECD that came out last year, *The Pursuit of Gender Equality: An Uphill Battle*, one of the things that we talk about is the average salary difference between full-time employed men and women. And the findings there are that women are paid on average 15% less than men in OECD countries. What have you found in your data that you've been using since 2015?

Zara Nanu [00:00:50] Yeah, I mean, that's absolutely true. And the numbers that you've mentioned are valid for OECD countries. Once you look broader around the world, the gender pay gap is 60%, so it's even higher. And then on top of that, you have the World Economic Forum saying it will take 217 years for that global gender pay gap to close.

Zara Nanu [00:01:08] It might close sooner for OECD countries, but that's still a long time to wait. So we've been looking at data over the past three years that has come through from about 150 organisations that have been using our software. So we have data for 270,000 employees altogether, across 150 organisations. And we're starting to see some trends that are emerging from that data. There are certain occupations in which the gender pay gap is much higher than the 15%. It's occupations like the financial sector, where you have gender pay gaps and high 30s, low 40s percent. Then you have occupations like the construction industry where the gender pay gap is around 45%. Equally, there's the other end of the spectrum, where you have occupations with a very small gender pay gap or actually a pay gap in favour of women. But usually it's for lower-paid jobs and lower-paid roles. And you have occupations like hairdressing, where you can have a gender pay gap in favour of women of 2.5%, or some nursing occupations or occupations that are dominated more by women that have lower pay gaps.

Clara Young [00:02:21] I think that's one of the great mysteries so far in research on gender and employment is the occupational segregation, and that men tend to work in certain sectors, and sectors that men work in or dominate in numbers are higher-paid, and women choose other sectors—or not rather choose but tend to be in other sectors, and those are lower paid. What kind of information does it bring to that kind of problem?

Zara Nanu [00:02:51] Well, you're absolutely right. And the problem is wider than the data that organisations have. I was doing a talk for seven-year-olds in a school last year, and I was talking to them about the gender pay gap and the differences in occupations between men and women and why they pay differently. And even at that young age of seven, the boys were saying girls should not be working in engineering or construction because it would be too dangerous for them to work on construction sites, because a brick could fall on their head and hurt them. And although it sounded sweet, at the same time, you see, this is a younger generation that is already growing with ingrained stereotypes about the types of occupations they could or could not do. So there's a lot of work to be done at that level in terms of educating

young people to really actually believe that they can do any roles. In terms of companies. The way we work with a lot of the companies is to see how they can review the way they can recruit people into certain occupations. We no longer live in a world where you have to have a degree in data science or a degree in software development to be able to work as a software developer. We live in a world that constantly changes. Occupations are changing, jobs roles are changing. So it's about working with companies to actually seize this opportunity, and see how we can recruit people from who are coming from an arts background, or a literature background, who could come into engineering and could come in into construction. I'm one such example, because my background is political science and history. And yet now I use data science and statistical regression models to help companies understand pay disparities. And I've come into the tech sector and statistics at 35. So it's absolutely possible to change the views of how we get people of different genders and different ethnicities to come into certain occupations.

Clara Young [00:04:45] What kind of companies use your software?

Zara Nanu [00:04:47] As a company we develop software as a service that's available on the cloud, so any company around the world can use our software and get insights around what the gender pay gap is, why the gender pay gap is there, and what exactly could they do from the point of view of data to narrow that gap faster. It's a self-use software, and the reason we've made it a self-use software is that I really wanted to make sure that we put insights into the hands of decision makers, into the hands of those talent managers and company CEOs and boards who could look at the data and really understand how they can move from point A of a gender pay gap of 15% to a gender pay gap of 3[%] within the next 10 years, for instance.

Clara Young [00:05:30] So have you seen companies who have put into effect policies to change that based on your data from Gapsquare?

Zara Nanu [00:05:36] Yeah, yeah. So we have we have about 150 organisations around the world using our software and some of the bigger customers that we have are the likes of Vodafone, Sakho, Babcock, [and] Condé Nast, which is a publishing institution. And we've seen some of them more than others. The ones we hear more from other public-sector ones, because they are more used to dealing with equalities data and they're more used to being vocal about what they're doing about it. So we've had organisations that have reviewed their remuneration and compensation structures and reviewed different types of elements of pay, when as a result of the software, they have seen that some elements of pay that they give to their employees seem to favour men more than women. We have had companies who have taken strategic decisions to have their gender pay gap increase over the next five years because they want to take in more women at entry-level roles, usually in engineering and tech sectors, so they can move them through the pipeline over the next several years.

Clara Young [00:06:40] You were saying earlier before we began this interview that that was the case with some engineering firms that you have as clients.

Zara Nanu [00:06:46] Yes, yeah. Because you had a lot of the engineering and technology sector customers that use our software. Their key issue is, because of occupational segregation, lack of women. And even if they do have women in their organisations, they usually in departments that are in occupations

that pay less per hour. So you'd have women in H.R. and in finance and in administrative roles, and then you'd have more men into more engineering data science roles that pay much more per hour. And that exacerbates the gender pay gap. So they have taken decisions to increase the number of women in engineering and technology roles by taking on apprentices who could join the company from other backgrounds, and then they could help them grow and reach higher levels of their career.

Clara Young [00:07:34] In Great Britain, they've put through legislation about gender pay gap, where companies that have over 250 employees have to report on that. Now, where does your software come in?

Zara Nanu [00:07:46] So I think there's [are] three key drivers around this agenda in the world that we see in different countries. One of them is legislative. And we've been really interested in following legislation around the world because it helps us access the market faster. There's more interest in the market to look into this issue. So legislation has come in in the UK, legislation is coming in in France, legislation in Germany has come in a couple of years ago. The United States had legislation that they then unfortunately abandoned last year under the new presidency. But legislation is only one of the drivers. The key driver is that most of the current workforce is actually made of millennials and Generation X and Y, and they're very interested in pay transparency. They're very interested in pay fairness. And they would walk out of a job if they knew that their colleague or their friend is being paid less, or if they felt that they're not being valued through remuneration by their employer. So that's the kind of the second driver.

Clara Young [00:08:50] One of the things that came out—the big points that came out in *The Pursuit of Gender Equality: An Uphill Battle* from last year, is that women who stopped working for a while to care for children or for other members of the family, they get hard hit in terms of pay. Do you see that in your data?

Zara Nanu [00:09:08] Yeah, that actually has been one of the most striking things that we've seen by looking at the aggregated data that we have through our software. And that is that when women start employment around their 20s, so from 20 to 30 years of age, the gender pay gap is tiny or almost non-existent. And then after 30, you have a gender pay gap of about 5%, and then it starts doubling every year. So it's not only that, it's increases by 2% or 3%. It's 5%, then it's 10%. Then it's 20%. Then it's over 20% for women over 50. So it has a significant that that particular issue of caring responsibilities alongside jobs has a big impact on the gender pay gap.

Clara Young [00:09:51] Now, Gapsquare uses machine learning to analyse the data. Can you tell me a bit more about that?

Zara Nanu [00:09:58] So it's a really interesting one, because machine learning can mean different things to different people and there's [there are] different ways to do it. But the initial vision for us was that we really wanted to remove bias from the data and we really wanted to see if machine learning can help us unpack some trends that we haven't thought about before, if there's any particular things in the data that will jump out to a computer that we don't see, because we have that bias when you look at the data anyways. And the interesting thing is that the results we're getting through that are also biased, because with the data we're putting in is biased. So the biggest piece of work for now for us now is looking at how

do we develop algorithms that look at that data, and remove that bias from the data before producing insights and before producing recommendations.

Clara Young [00:10:52] What kind of data bias? Could you give us an example?

Zara Nanu [00:10:56] So, for instance, if it's in terms of career progression, the machine can pick up that men in their 30s progress quite quickly through their career. And then it would recommend that that is the key thing that's happening. And that's how it should—we could continue to do the same thing, because that's what the machine is picking up, that men are better at progressing in their career, and having men do better progress in their career becomes a thing. So it's about removing the bias from that data and actually putting in clauses to say this is what is going to happen. You're going to see through the data that more men progress through their careers much faster. But this needs to be taken into account when analysing how do we ensure that women also move through their careers fast?

Clara Young [00:11:46] Now, I would assume that when you're comparing wage differences between men and women who do the same job, it's relatively straightforward. But going back to the occupational segregation problem, what about when you're comparing men and women who do different jobs? How does how do you programme that in the algorithms?

Zara Nanu [00:12:08] It's an interesting topic. So we do you—there's legislation around the world in most OECD countries around equal pay, which means it is illegal to pay people differently if they're doing the same job. Unfortunately, the numerous cases in employment tribunals around the world show us that that is still happening and that is still a case. There was actually a report from Gartner a year ago, that was saying in order for companies to close those gaps in terms of pay disparities, they would need, for a company of 10,000 people, they would need GBP 14 million (pounds) to close those gaps. So it's quite significant amounts involved in this. When you look at different types of roles, you have the same role but in different departments, that is often valued differently. So an assistant in an H.R. department versus an assistant and a finance department could be earning different amounts. So you have that too. And then you have the different types of occupations. And on top of that, you have the added layer of equal pay for equal value. There's [are] a lot of cases in the UK in an employment tribunal right now around workers and supermarkets, where people at checkouts get paid less than people in warehouses behind the scenes. And what employees are arguing is that, ultimately, they bring the same value to the supermarket and they should be paid the same. Because what happens is you have women at the checkouts in front of the store, and they get paid less. And you have men at the back of the store in warehouses, and they get paid more. So this agenda in terms of equal pay for equal value is increasingly coming up. And we live in a world where really we need to rethink remuneration overall, and what it means, because a lot of organisations are starting to move towards output-based remuneration. So it doesn't matter as long as you produce certain outputs for the company or for the organization—that's how much you get paid. So we live in a time where it's really an opportunity for us to reconsider how we pay people, how we value people in the organisation. And that can have a significant impact on narrowing the gender pay gap and making workplaces more inclusive.

Clara Young [00:14:27] I think I would have one last question, which is, has [have] there been any surprising trends or surprising information that research hadn't picked up until now?

Zara Nanu [00:14:38] I think the most surprising one for me has been how actually stark the age and length of service, gender pay gaps are. So it seems like for women, the older they get, the higher the gender pay gap gets. More, on top of that, there's the added layer that if they stay with the same employer, then the gender pay gap gets even higher. So women get penalised for loyalty in a world where companies actually seek to reward loyalty, because that's where you get most out of your talent. So when I first looked at our aggregated data for women over 50 who worked for the same company for more than 20 years, I almost wanted to cry, because I thought, how is this possible? Because those women have worked so long, so many years they have put into that workplace. And it seems like they're actually not being rewarded or being penalised for having done that all of their life. So there's different things like this. But luckily, through the data, we can actually help employers take decisions around that so they can reward their employees accordingly. They can build more loyalty, build more trust sustainability, and build more diverse workplaces that work for everybody.

Clara Young [00:15:49] Well, thank you very much, Dr. Nanu. That was very, very interesting.

Outro [00:15:53] If you want to find out more about OECD's work on the gender wage gap, please go to [OECD.org/gender](https://oecd.org/gender). And to listen to other podcasts, find us on iTunes, Spotify, Google Play and of course, [soundcloud/oecd](https://soundcloud.com/oecd).