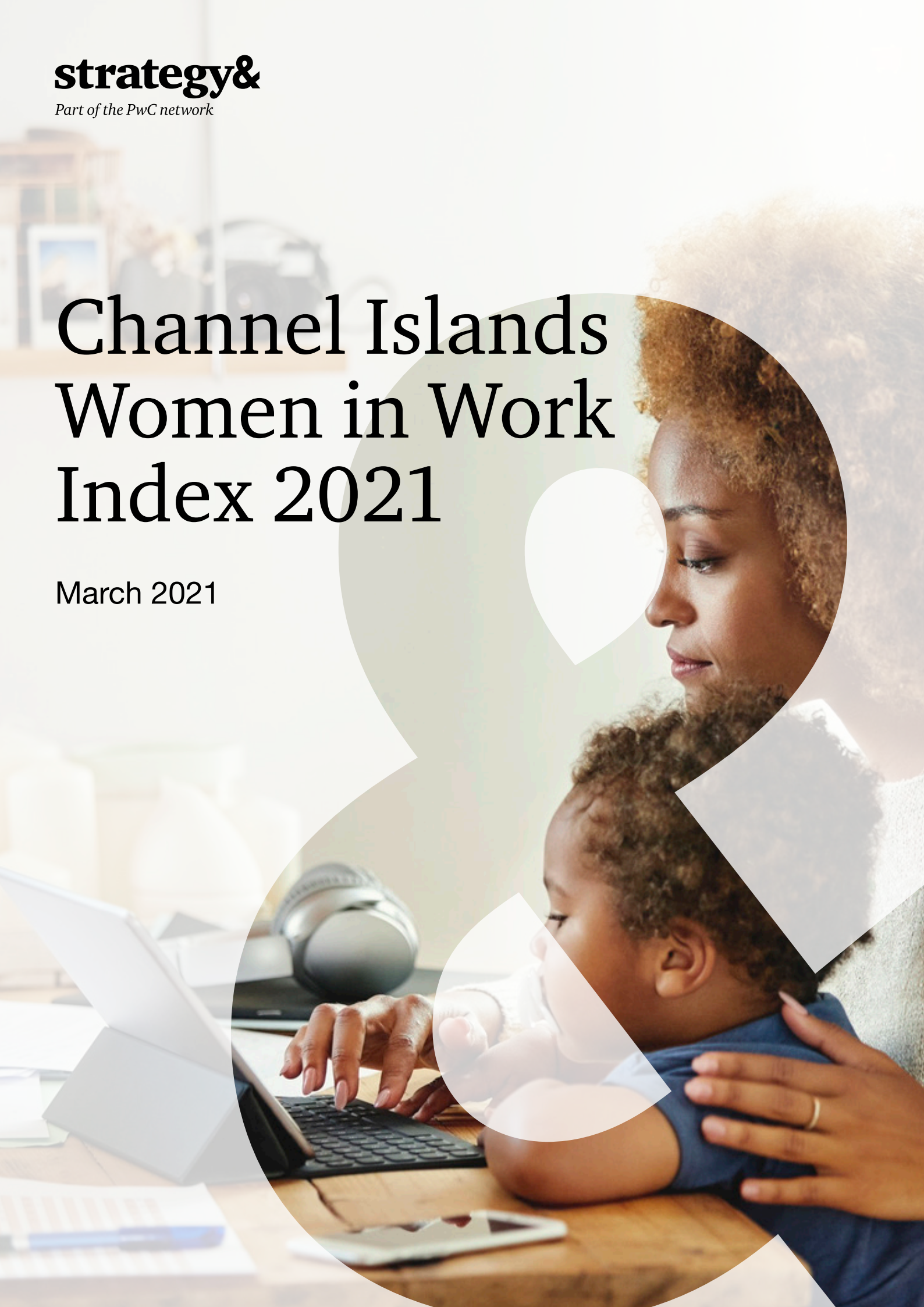


**strategy&**

*Part of the PwC network*

# Channel Islands Women in Work Index 2021

March 2021



# The impact of COVID-19 risks turning back the clock on gender equality in the Channel Islands. Getting progress back on track would not only strengthen opportunities for women, but also boost prosperity, growth and international competitiveness. How then can we make equality a reality for women here in the Channel Islands?

The reputation of the Channel Islands, our ability to attract investment and the prosperity we enjoy are all built around the exceptional skills of our people. To attract and retain great talent and project ourselves as a skilled, dynamic and forward-looking magnet for investment, it's vital that we boost opportunities for women and create a genuinely inclusive working environment.

In 2019, we published [Boosting diversity, prosperity and growth: Channel Islands Women in Work Index 2019](#). The 2019 report, based on 2017 data, found that women are a critical but still under-utilised source of talent and economic dynamism within our islands. In this follow-up report, we look at how far the Channel Islands have come in the subsequent years and how we can work together to accelerate progress.

## About this research

PwC's [Women in Work Index](#) gauges equality in OECD countries across a range of measures: The gender pay gap (25% weighting), female labour force participation rate (20% weighting), gap between male and female labour force participation rate (20% weighting), female unemployment rate (25% weighting) and female full-time employment rate (10% weighting).

In this report, using 2019 data, we gauge how Jersey and Guernsey would perform if included in the latest Women in Work Index rankings. We also gauge the potential boost to earnings of closing the gender pay gap and the uplift to Jersey and Guernsey's GDP from bringing female participation in the labour force up to the benchmark set by Sweden, which has one of the consistently highest scores in the Women in Work Index research.



## How we compare

Our research team analysed how Jersey and Guernsey would perform in the latest Women in Work Index rankings. Worryingly, Jersey has slipped from 20<sup>th</sup> in our 2019 report to 24<sup>th</sup> place in our latest report.<sup>1</sup> Guernsey has fallen from 14<sup>th</sup> to 19<sup>th</sup>, moving it to the lower half of the index with Jersey.

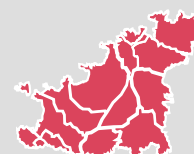
While the Channel Islands' indicators remained much the same between 2017 and 2019, other countries have been moving further and faster in improving gender equality. Pace setters include Luxembourg (5<sup>th</sup>), against which the Channel Islands directly competes for talent and investment.

The good news is that Jersey and Guernsey actually outperform the OECD average for female participation in the labour force, along with female unemployment rates. Where the Channel Islands fall down is in the gender pay gap.

At 21%, this is five percentage points above the UK and one of the highest in our international rankings. Only Estonia, Korea and Japan have a higher gender pay gap.

### PwC Women in Work Index, 2019 vs 2017

Rank (2017)		Rank (2019)	
1	=	1	Iceland
2	=	2	Sweden
3	=	3	New Zealand
4	=	4	Slovenia
6	↑	5	Luxembourg
5	↓	6	Norway
7	=	7	Denmark
9	↑	8	Finland
17	↑	9	Portugal
10	=	10	Belgium
8	↓	11	Poland
11	↓	12	Canada
12	↓	13	Switzerland
18	↑	14	Ireland
16	↑	15	Australia
13	↓	16	United Kingdom
21	↑	17	Netherlands
15	↓	18	Hungary
14	↓	19	Guernsey
22	↑	20	Estonia
23	↑	21	Israel
19	↓	22	Germany
26	↑	23	Czechia
20	↓	24	Jersey
24	↓	25	France
25	↓	26	United States
27	=	27	Austria
28	=	28	Slovak Republic
29	=	29	Japan
30	=	30	Spain
31	=	31	Italy
33	↑	32	Greece
32	↓	33	Chile
35	↑	34	Korea
34	↓	35	Mexico



Guernsey - 19<sup>th</sup> position



Jersey - 24<sup>th</sup> position

Source: Strategy& analysis.

<sup>1</sup> Our 2019 report was based on 2017 data and the 2021 report is based on 2019 data.



## Losing out on high paid jobs

The main reason why the Channel Islands' gender pay gap is so high is that men still hold most of the senior and best paid positions within businesses and in particular in financial services (FS), the mainstay of our economy. The same is also true in government where we saw a notable decline in the number of female deputies elected in the 2020 Guernsey election, now with only 21% female. And in Jersey the current States elected members are 29% female vs 71% male. Whilst our female employment participation rate is generally good, there are simply far more women working in lower paid or part time jobs which exacerbates the pay gap.

This isn't an issue that's confined to Jersey and Guernsey – [latest figures for the UK show that the gender pay gap in FS is around 30%](#). Moreover, other sectors, including our own, face a lingering gender imbalance within senior management. While the overall [gender pay gap at PwC Channel Islands is 2.5%](#), this rises to 33% when Partners are included in the calculation.

However, gender pay gaps aren't inevitable. Despite also having an economy that's highly dependent on FS, Luxembourg has the lowest gender pay gap of all OECD countries according to the latest available figures (1%) and their focused efforts on upskilling and reskilling to position people for jobs of the future will continue to have a positive impact on women's employment opportunities. The point isn't to put the Channel Islands in a bad light in comparison to Luxembourg, rather to show what can be achieved when steps to close gender pay gaps are accelerated. Luxembourg ranked one of the lowest in the Index in our first report in 2000 and has made significant efforts since then to encourage women into the workforce and remove barriers. For our part here at PwC, we know that this is an issue we need to tackle and have embarked on a [five-year talent development plan to make our leadership more diverse](#).

## Pandemic jolt

Concerns over inequality have been heightened by COVID-19. Women's jobs are being disproportionately affected because of existing gender inequalities and the disruptive impact of the pandemic on service sectors with high levels of female employment.

In Jersey, even though female labour participation rates are much lower than men (77% versus 92%), there are still more [women than men actively seeking work](#). There was a 30% increase in women seeking work between December 2019 and December 2020. In Guernsey, data available for the first nine months of 2020, shows female unemployment has more than doubled, with more women now seeking work than men. While we have no comparable figures for the Channel Islands, a recent UK Parliamentary report reveals that [women in the UK](#) as a whole are more likely to be employed in the sectors hardest hit by the pandemic and hence at greater risk of being laid off.

Women also still bear the weight of caring responsibilities, a burden which has been [increased by COVID-19](#) according to a UN report. Women now spend 7.7 more hours per week than men on childcare. This 'second shift' makes it more likely that women will have to work part-time, which is the type of employment where [job cuts among women have been concentrated](#). While some women may choose to leave the workforce temporarily due to COVID-19 with the intention to return post-pandemic, research shows that career breaks have long-term impacts on women's labour market prospects. Many women will also return to lower paid and lower skilled positions.<sup>2</sup>

For nine years, countries across the OECD made consistent gains towards women's economic empowerment. However, due to COVID-19 we predict this trend will now be reversed. In order to undo the damage caused by COVID-19 to women in work - even by 2030, progress towards gender equality needs to be twice as fast as its historical rate.

## Catalyst for change

At the same time, the pandemic could prove to be a catalyst for progress and change. For one, the upheaval of the past year has intensified the spotlight on inequalities within society and urges policymakers to recognise the value of the unpaid work performed by women. The drive to create more and better paid opportunities for women could also form an important part of the workforce-wide upskilling the Channel Islands needs in order to compete in an increasingly [digitised global economy](#).

The resulting boosts to growth and living standards of increasing female participation in the economy could be game-changing. In Guernsey, we estimate that increasing the female employment rate to match Sweden's could raise GDP by 5% a year (equivalent to

£176 million). In Jersey, matching Sweden would also deliver a 5% uplift to GDP (equivalent to £259 million).

Closing the gender pay gap in Guernsey would generate a 26% increase in female earnings, equivalent to a further £111 million boost. In Jersey, this 26% increase would generate the equivalent of £226 million in increased earnings. These potential economic benefits may seem far fetched, but could be achievable if we upskill women into higher value jobs, encourage more 'non-employed' women back into the workplace or help them become entrepreneurs. The 'part-time penalty' could be eradicated if employers focused more on flexibility and output and less on time on the clock. But above all there are numerous studies that show clear links between diverse organisations and business success.

<sup>2</sup> See McKinsey & Company, LeanIn.Org. (2020). Women in the Workplace 2020. [https://wiw-report.s3.amazonaws.com/Women\\_in\\_the\\_Workplace\\_2020.pdf](https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2020.pdf)

# Five ways to boost equality

**How can we move forward? Building on the action plan set out in our [2019 Women in Work Index report](#), here are the five priorities we believe will accelerate progress as we move out of the pandemic:**

## 1. Future-proof jobs

A step-up in upskilling offers the win-win-win of helping to keep women economically active now, while equipping them with the in-demand skills they and their employers need in the future. This skills boost would in turn help women secure higher salaries and hence narrow the gender pay gap. Globally, PwC research estimates that [upskilling could deliver as much as a \\$6.5 trillion uplift to GDP by 2030](#).

## 2. Take a diversity lens to key decisions

Look at public policies and business strategies through a diversity lens to ensure women and other potentially marginalised groups are not unintentionally disadvantaged by the COVID-19 response and recovery plans. This includes ensuring that upskilling for women forms a central part of recovery plans.

## 3. Reduce the burden of unpaid care

Policies such as shared parental leave, affordable access to childcare, and flexible working options for both women and men enable women to work more and develop their careers. Jersey continues to make valuable strides, with the 2020 extension and sharing of parental leave, as well as the recent announcement to increase free [nursery hours from 20 - 30 hours per week from September 2021](#). In Guernsey, progress has been slower and benefits are less generous.

It's important to keep pushing the bar higher so that we can match or overtake other countries. It's also essential that the value of the unpaid work women do is fully appreciated.

## 4. Open new doors

Both islands can do more to encourage more female participation in work. A number of women move to the Channel Islands when their partners take up posts in FS here. But unless they've worked in FS themselves, they can find it hard to find suitable roles and this may be leading them to opt out of the workforce.

Encouraging and supporting women to set up their own businesses could provide a route back to being economically active. Perhaps Government could create incentives to promote more female entrepreneurship. At the same time it's critical that employers become much more open to possibilities when they think about skills and roles. In many respects skills acquired in one sector can be easily transferred into another, including FS.

## 5. Tell it how it is

With reporting still voluntary, very few private sector organisations currently disclose their gender pay gap in Jersey or Guernsey. Clearly, they may have a lot of other priorities right now, and even in the UK gender pay gap reporting was suspended for 2020 and 2021. But tracking and reporting progress is the surest way to identify issues that need tackling and holding the business to account – what gets measured gets done.

In the public sector it's important to build on the foundations of gender pay gap reporting that have already been disclosed in both islands, by continuing to track and publish progress through annual updates. Having clear targets they are working towards would also be helpful.

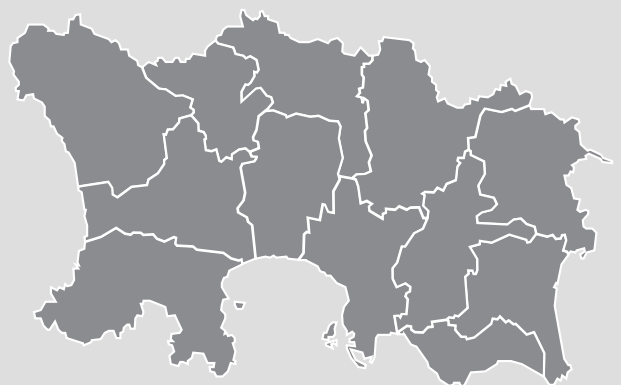
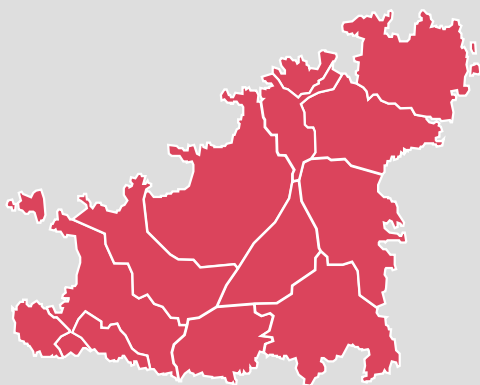
Actioning and reporting on board gender diversity has made a difference - FTSE 350 companies, including UK, Guernsey and Jersey companies, report achieving 30% representation of women on their boards. Our local picture outside of FTSE 350 is not so positive. One review by a local researcher of the gender breakdown of Jersey and Guernsey incorporated companies on the LSE main market and AIM as of 2019, indicates that for Guernsey companies, women's representation on boards was 16% and 45% of companies had all male boards. For Jersey companies, women filled 21% of board roles and 33% had all male boards.<sup>3</sup> Reporting across all boards, not just those of the biggest companies would go a long way to accelerate change.

<sup>3</sup> Board gender diversity review undertaken by Siobhan Lavery, Director, Board Apprentice Global Limited

Whilst it is disappointing to see Jersey and Guernsey slip down the Women in Work Index, we do feel some progress has been made. But we must acknowledge there is a long way to go and that our efforts need to be ramped up if we want to be seen globally at least on a par with similar jurisdictions. Governments and businesses in the Channel Islands must continue to work together to address the underlying gender

inequalities that have been exacerbated by the pandemic. Finding ways to tackle our uncomfortably high gender pay gap can be achieved if we support female progression and leadership in the workplace. The digital revolution also provides a clear opportunity to start laying the foundations to create employment and business opportunities for women in future growth sectors of the economy.

Keeping a spotlight on gender equality and pushing the bar ever higher will reap considerable benefits for the economic prosperity and global reputation of the Channel Islands. If we don't, we risk falling even further behind.



# Appendix: Index methodology - variables included in scoring

Variable	Weight%	Factor	Rationale	Additional notes
<b>Gap between female and male earnings</b>	25	Constructed by subtracting median female income from median male income. Wider pay gap penalised	Earnings equality underpins the fundamental principle of equal pay for equal work	Since gender pay gap data is unavailable, data on number of employees in each income bracket is used to calculate median income levels for females and males. The median female income is then subtracted from the male median income  Data for Guernsey is used as a proxy for Jersey's gender pay gap
<b>Female labour force participation rate</b>	25	Higher participation rates given higher score	Female economic participation is one of the cornerstones of economic empowerment, which is a factor of the level of skills and education of women, conducive workplace conditions and broader cultural attitudes outside the workplace (e.g. towards shared childcare and distribution of labour at home)	
<b>Gap between female and male labour force participation rates</b>	20	Higher female participation rate relative to male participation rate given higher score	Equality in participation rates reflect equal opportunities to seek and access employment opportunities in the workplace	
<b>Female unemployment rate</b>	20	Higher unemployment penalised	The female unemployment rate reflects the economic vulnerability of women. Being unemployed can have longer-term impacts in the form of skills erosion, declining pension contributions and increased reliance on benefits	
<b>Share of female employees in full-time employment</b>	10	Higher share of full-time employment given higher score	The tendency for part-time employment may adversely affect earnings, pensions and job security. However, this factor is given a lower weight in the Index since some women may prefer part-time jobs to fit flexibly with caring roles	Data for Jersey is used as a proxy for Guernsey's full-time employment rate

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