Gender pay gap – where are we now?

By Raoul Parekh and Kate Potts - 30 April 2019

In early April the deadline passed for large UK employers to report on their gender pay gap ("GPG"). This is the first chance we have had to compare employers' pay gap figures with previous years, putting new pressure on employers to demonstrate the positive action they have taken to reduce the gap.

This article takes a look at this year's statistics, the reasons behind those stats, along with some top tips on what employers can be doing to reduce their GPG.

What do the numbers say?

Many media outlets have reported with disdain the increase in the UK median GPG from 9.2% in 2017/18 to 9.6% in 2018/19. Indeed, this lack of improvement is disappointing, particularly given that some employers have been working hard to tackle their GPG.

So, why hasn't the gap reduced?

A mixed picture: the gap has reduced for some employers

48% of businesses did reduce their gender pay gap, showing that some (albeit it slow) progress is being made.

This year two-thirds of organisations supplied external URLs pointing towards information on their gender pay gaps to explain the background behind the figures. On their own the figures do not tell us much, so providing a narrative can help employers clarify their figures and what action they are putting in place and why progress is slow.

Lack of sanctions

Some attribute the slow progress to the lack of sanctions available to the Equality and Human Rights Commission ("EHRC"), who is the body responsible for enforcing the GPG rules. The Guardian reported that the EHRC sent 1,456 enforcement letters to companies in

April 2018 requiring them to submit data. All of the employers did so.

Multiple companies submitted mathematically inaccurate data on the government portal in respect of both the 2017 and 2018 figures, reporting pay gaps of more than 100%, many of which still remain uncorrected on the government website. Despite these obviously inaccurate results, the EHRC have stated that they are not currently pursuing enforcement action against any companies who reported last year.

Arguably then, the biggest pressure on businesses to report accurately and to explain their figures comes from public interest and pressure from the internal workforce for change, rather than any regulatory body waving the stick.

It takes a long time to make big changes

For those employers who saw little change, or even an increase in their gender pay gap, this does not necessarily indicate a lack of progress. Some employers such as easyJet reported an increase in their gender pay gap, but explained that this was due to their drive to recruit new female pilots who tend to enter the career ladder at a lower level, temporarily skewing the figures before they move up the ranks. One step back today may lead to two steps forward tomorrow.

Getting more women in the door is not a panacea; employers need to engage with, promote, reward and stop women leaving, alongside a host of other factors to consider, as explored in brief below.

P*ositive action businesses can take to reduce the gender pay gap*

Sam Smethers, CEO of the Fawcett Society recommended that it was:

“time for action plans, not excuses… employers need to set out a five-year strategy for how they will close their gender pay gaps, monitoring progress and results”.

While putting together an action plan is not mandatory, it is a big step in the right direction for businesses who are serious about closing their GPG. Below we have set out our tops tips for businesses to consider when putting together their action plan.

1. Advertising and recruitment

Analysing your advertising and recruitment materials, including the photos of your workplace and workforce helps to attract a more diverse pool of job applicants. Introducing blind recruitment processes to reduce unconscious bias and setting targets for “hot spot” areas are also useful tools.

2. Promotion and development

Looking carefully at senior positions and the talent pipeline for those positions is an important part of putting together an action plan, particularly since it is these positions that are likely to most significantly influence GPG statistics.

3. Pay scales and bonuses

Examining pay and bonus awards is the most obvious element of tackling the GPG. Employers might decide to take a look at their appraisal and bonus systems and consider carrying out a pay audit in order to ensure transparency and fairness.

4. Family friendly rights

Enhancing family friendly policies to make it more culturally and financially viable for both men and women to take periods of leave to look after their families is a necessary step to help address the high number of female employees dropping out of the workforce at crucial times in their career.

5. Culture

Finally, to make any policy or practice changes stick, employers will need to critically examine their culture to identify how women can be better supported. This may take the form of training for managers, or improving flexible working arrangements and managers' attitudes towards flexible working.

Ultimately, businesses need to play the long game if they want to make meaningful changes to the GPG; a quick fix might impact the figures for one year, but it will take investment (both financial and management commitment) to make changes that will continue to impact the GPG. Ultimately employers who are committed to reducing their GPG will need to think about all five aspects of the action plan referred to above to ensure that strategies are in place to make a meaningful difference to the participation and reward of women in the business on a short and long term basis. For a more detailed analysis of what businesses can do to reduce their GPG, please see our earlier thought piece on narrowing the GPG.

