



# The gender pay gap: what employees really think

## September 2015



# Table of Contents

I.	<b>Executive Summary .....</b>	<b>2</b>
II.	<b>Introduction .....</b>	<b>2</b>
III.	<b>The Survey Results .....</b>	<b>4</b>
IV.	<b>Conclusion.....</b>	<b>7</b>
V.	<b>Recommendations .....</b>	<b>8</b>
VI.	<b>Methodology .....</b>	<b>9</b>
VII.	<b>Appendix .....</b>	<b>9</b>
VIII.	<b>Sources .....</b>	<b>10</b>
IX.	<b>Acknowledgements.....</b>	<b>10</b>

## Executive Summary

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This report, based on a survey sample of more than 1,000 employees, provides a unique insight into public attitudes towards the gender pay gap and transparent reporting. Most employees believe that there is a gender pay gap in their organisation, and think that employers should publish not only their overall gender pay gap but also pay data broken down by grade and job type. Closing the gender pay gap matters to employees – the extent of a pay gap may impact how people feel about their employer, and respondents told us they may use publicly available data to inform decision making about their career. However, they would not act impulsively – instead employees want to discuss the pay gap openly with their employer, understand its causes and find out what action their employer is taking to close the gap.

## Introduction

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### **In 2015, women still earn on average less than men**

The UK's gender pay gap is 19.1%. This means on average for every £1 a man earns, a woman earns 81p. This figure shows the gap between women's and men's hourly rate of pay. The gender pay gap exists for many different reasons, from women being concentrated in particular types of work (which may be lower level or low paid) to outright sex discrimination (which is known as 'unequal pay' and is unlawful).

The existence of the gender pay gap has a significant negative impact on businesses, households and the economy; it contributes to the loss of between £15 and £23 billion or 1.3% – 2% of GDP every year in the UK alone<sup>1</sup>. Conversely recent research by McKinsey suggests advancing women's equality worldwide could in fact *add* £7.8 trillion to annual global GDP over the next decade<sup>2</sup>.

### **Large organisations will have to publish their gender pay gap**

To help close the gender pay gap, the government is creating new regulations under Section 78 of the Equality Act (2010), which will require large organisations with more than 250 employees to publicly report on how much they pay their male and female staff. The idea is that greater transparency will force businesses to take action to close their gender pay gap and accelerate the pace of change towards gender equality.

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<sup>1</sup> EHRC (2011), *Equal Pay – A Good Business Decision*.

<sup>2</sup> McKinsey Global Institute (2015), *The power of parity: How advancing women's equality can add \$12 trillion to global growth*

This data will clearly illustrate the uneven distribution of women and men in the workforce, and where unconscious bias and discrimination are able to seep in. More specifically, it will help employers understand the root causes of inequality within their own organisation, and enable them to develop an appropriate action plan to close the gap. The pay gap figure must be viewed alongside the other diversity data in any organisation. It is not enough on its own to inform actions – simply focussing on pay will not achieve gender equality. However, it is the most significant measure of inequality in an organisation and publishing it will create a level of public accountability that does not currently exist.

## What employees think about the gender pay gap

The government is mid-consultation to understand how best to implement the Section 78 regulations. However, limited research has been done to date to understand the views of *employees*. Our report fills this gap. We surveyed more than 1,000 women and men, and asked them to share their thoughts on gender pay gap reporting, the reasons for the pay gap, their attitudes towards employers, and how they may react to their own employer's pay gap.

The findings of this research provide vital insight for employers embarking on the auditing and reporting process, and for the government in developing the legislation. Employees strongly believe that public reporting *will* help to close the gender pay gap – and they want employers to start taking action towards achieving real gender equality.

## The Survey Results

### Employees already believe that there is a gender pay gap in their organisation – but they want to know the truth

Two thirds of women believe that there is a gender pay gap in their organisation. Furthermore, over half of all respondents are doubtful that men and women working at the same level or doing similar work earn the same – even though unequal pay is unlawful.

Commenting on their answers, female participants recounted personal experiences of pay difference, pay discrimination and unfair treatment in comparison with their male peers.

“I see others who are male getting a much better package than me.”

Female participant

“I see the differences in pay, promotion, and seniority with men who have same skills and years’ experience that I do.”

Female participant

They suspect that **there is a gender pay gap but want to know how big it is**. Participants questioned the lack of transparency, access to data as well as information, and challenged the culture of pay secrecy potentially preventing them from contesting unequal pay.

“We have no transparency, which makes me more inclined to think that there is something to hide.” Female participant

### Contrary to what they think, women are not responsible for the gender pay gap

When asked to identify the main causes of the gender pay gap, women are more likely to think that it is due to **individual choices**; they are inclined to think that it is their fault if they do not get the same salary as their male counterparts.



*2 in 3 women think that the main reason for the gender pay gap is that women tend to be less demanding in pay reviews and negotiations.*

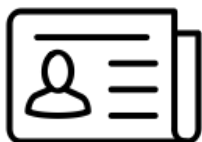
However, structural and organisational factors are the largest driving factors of the gender pay gap, in particular:

<b>Horizontal gender segregation</b>	<p>Women are more likely to be employed in sectors and occupations associated with low pay and status.</p> <p><i>45% of all employed women work in three occupational groups: caring, leisure and other services, administrative and secretarial, and sales/customer services (Kirton &amp; Greene 2016).</i></p>
<b>Vertical gender segregation</b>	<p>Women are underrepresented in the higher levels of the hierarchy. Gendered family roles and the lack of flexible working arrangements prevents them from working full-time and getting the more skilled, responsible and higher-paying jobs.</p> <p><i>Women make up just one third of all managers, directors and senior officials in the UK (ONS 2013).</i></p>
<b>Gender discrimination</b>	<p>Women are more likely to encounter discrimination in employment opportunities – recruitment, training and promotion – as well as in pay and benefits systems such as unequal pay, i.e. women being paid less than men for doing similar work or work of equal value.</p> <p><i>Sex discrimination claims reached 13,722 in 2013/14 and make up 55% of all discrimination claims (GQ Employment Law 2013).</i></p>

**An overwhelming majority believe that employers should publish their figures and that this will help close the gender pay gap**

**93% of respondents think that employers should have to publish their overall gender pay gap and 90% think that the data should be broken down for each pay grade or job type.**

To date, fewer than 10 organisations in the UK publish their overall gender pay gap – a fraction of the 7,000 organisations that will be expected to publish their pay data under the new legislation. However, employees would greatly value this transparency and believe that pay gap data must be published in order to create **accountability and comparability** between organisations and sectors.



*Even though the legislation will likely only apply to companies with more than 250 employees, 2 in 5 respondents think that the regulations should apply to all companies, irrespective of size.*

**“It is very difficult to know exactly what is going on with the gender pay gap unless you are in a position that has access to the data within an organisation. In the UK there is a culture of salaries being secretive [...] more transparency would be great.”** Male participant

**87% of respondents think that mandatory gender pay reporting will help to close the gender pay gap.**

It will enable employers to **understand and explain the causes** of their own gender pay gap – especially if they publish figures broken down by grade/job type<sup>3</sup> – and so **devise strategies** that are tailored to their own gaps and needs.

“Awareness and transparency will bring about change, where the gap can be properly explained.” Female participant

“I don’t think there are many companies that would pay women less on purpose, but some may be doing so unconsciously.” Female participant

### Publication of the gender pay gap will have an impact on people’s feelings towards their employer and on their career choices

The extent of the gender pay gap matters to employees. 89% of respondents would feel more negatively towards their employer if the gender pay gap was relatively large in their organisation<sup>4</sup>. On the contrary, if it was relatively small, 71% would feel more positively towards their employer.

The publication of the gender pay gap, accompanied by a strategy to close it, will impact an organisation’s **capacity to attract and retain talent**, since it is likely to inform individuals’ career choices.



*92% of respondents would use this information if they were looking for a job and trying to decide between two employers, and more than half of female respondents would favour the company with the smallest pay gap or the one that is more proactive in closing it.*

### If further analysis revealed pay inequity between men and women, most participants (91%) would want to talk about it at work



*Two thirds of participants reported that they would ask their employer what they are doing to close the pay gap, and more than half of the participants (52%) would ask for more information.*

All of this suggests that employees do not want to be kept in the dark over pay. They want to understand the context behind a pay gap, how it can be closed and what their employer

<sup>3</sup> Thus highlighting the uneven distribution of women and men in their organisation.

<sup>4</sup> Compared with other organisations in the sector or above the national average.

intends to do to close it – they are not interested in a single figure that lacks narrative and action.

Contrary to what many employers may fear, only 7% would seek legal advice in the case of pay inequity and less than 1% would take any legal action. Employees appear more interested in changing the status quo for all women and men.

This makes a compelling case for employers to ensure two things when planning their pay transparency strategy. First, that the data is accompanied by narrative and action planning. Second, that their internal communications keep employees updated on all aspects of pay data, solutions and progress.

“They [employers] should consult with their employees and listen to their views seriously.” Female participant

## Conclusion

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The majority of employees already believe that there is a gender pay gap in their organisation. They also suspect that men and women at the same level or doing the same work are not being paid equally. Employees want to know what the pay gap is in their organisation and how their employer is planning to close it. Employees believe that pay transparency supported by a contextual narrative and an action plan will contribute to closing the gender pay gap once and for all; they understand that a single pay gap figure is not the whole story.

Only through a detailed pay audit will employers understand how big their pay gap is, and what action they need to take to close it. Indeed, it may not be as bad as employees already believe it to be.

Contrary to concerns held by many employers, the impact of publishing their pay gap will not result in a rush of law suits. In fact, it may serve to improve employee engagement and retention, increase employee trust, and positively impact an organisation’s reputation as an employer. Enabling transparency in pay conversations within an organisation will also take employers one step closer to creating a fully inclusive culture, where all individuals can prosper equally and fairly.

Our recommendation to employers is that they listen to what employees are saying and take action now to understand and publish their pay data.

We understand that publishing pay data can be a daunting prospect for employers – yet the reality is that legislation is coming. This is an opportunity to be a leader and to gain employees’ trust.

**The positives outweigh the negatives.**



## Recommendations

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**All leaders, men and women, should commit to taking personal action to close the gender gap**

### **Publish the gender pay gap**

- ✓ Measure your overall gender pay gap, your pay gap broken down by grade and job type, and your pay gap for full-time and part-time employees
- ✓ Investigate the causes of your pay gaps and write a contextual narrative to illustrate those figures
- ✓ Consult with your employees and put an action plan in place to tackle the causes of the gender pay gap in your organisation
- ✓ Consider publishing your pay gap *before* the legislation comes into effect, in order to show your commitment to fairness and enhance your corporate reputation

### **Tackle occupational segregation**

- ✓ Carry out regular and transparent performance review, objective setting and appraisal processes
- ✓ Provide flexible working arrangements to all employees – such as home based working supported by technology – and promote an agile culture to help attract and retain women to your organisation
- ✓ Develop stronger support for women returners to reintegrate into the workplace
- ✓ Take action to redress the imbalance of men and women in particular jobs, functions and industries

### **Prevent gender discrimination**

- ✓ Conduct gender pay audits every year
- ✓ Address unconscious bias and discrimination in the workplace and ensure that employment opportunities – recruitment, training and promotion – are equally available to men and women
- ✓ Ensure that pay, rewards and benefits systems are equitable, fair and transparent
- ✓ Review starting salaries for all employees to ensure that certain groups are not negotiating higher salaries than are fair

**If you want to publish early and need advice, you can become a member of Business in the Community's gender equality campaign. Our members receive access to personal advisory support, online guidance – including toolkits and case studies – and invitations to private events such as peer-learning forums and information sessions.**

**[Visit our website for more information](#)**

## Methodology

The intention of this research was to listen to what employees had to say about the impact of the forthcoming legislative changes under Section 78, and provide employers with useful insights as they prepare for the reporting requirements.

The survey was designed by Business in the Community's gender research and policy team. The questionnaire included a series of 29 questions, including open-ended questions to gather further insight on the reasons for certain perceptions, experiences and attitudes. We distributed the survey using a snowball sampling method, making initial contact with individuals via Business in the Community gender equality campaign members, Business in the Community members, external campaign stakeholders and Business in the Community social media, website and member bulletins.

The survey opened on 14<sup>th</sup> August 2015 and closed on 6<sup>th</sup> September 2015. A total of 1,179 responses were received, comprising 4,104 written comments and answers.

## Appendix

Gender	
Female	86.1%
Male	13.7%

Age	
60 years or older	2.2%
50-59 years	13.7%
40-49 years	24.4
30-39 years	37.9
22-29 years	21.4
18-21 years	0.3

Sexual orientation	
Bisexual	2.1%
Gay/lesbian	4.4%
Heterosexual/straight	87.8%
Prefer not to say	5.4%
Other	0.3%

Ethnicity	
Asian/Asian British : Other Asian	0.64%
Asian/Asian British: Bangladeshi	0.11%
Asian/Asian British: Chinese	0.32%

Asian/Asian British: Indian	1.71%
Asian/Asian British: Pakistani	0.32%
Black/African/Caribbean/Black British: African	0.75%
Black/African/Caribbean/Black British: Caribbean	0.86%
Black/African/Caribbean/Black British: Other Black	0.43%
Mixed/multiple ethnic groups: Other mixed	1.28%
Mixed/multiple ethnic groups: White and Asian	1.18%
Mixed/multiple ethnic groups: White and Black African	0.21%
Mixed/multiple ethnic groups: White and Black Caribbean	0.43%
Other ethnic group: Any other ethnic group	0.86%
Other ethnic group: Arab	0.21%
Prefer not to say	2.46%
White: English/Welsh/Scottish/Northern Irish/British	72.19%
White: Gypsy or Irish Traveller	0.11%
White: Irish	1.39%
White: Other white	14.55%

Organisational seniority	
Business owner/partner	3.66%
Board level	1.7%

Director level	5.88%
Senior level managerial, professional or technical	19.25%
Mid-level managerial, professional or technical	35.86%
Junior level managerial, professional or technical	27%
Supervisor of manual workers	0.17%
Skilled manual worker	2.04%
Semi-skilled or unskilled manual worker	0.26%
Other	4.17%

251-500	7.4%
501-1000	5.5%
1001-5000	11.8%
More than 5000	55.5%

Sector	
Private	76.7%
Public	12.7%
Third	10.5%

Organisation size	
Less than 25	6.6%
26-50	2.8%
51-100	2.6%
101-250	5.5%

Not all figures add up to 100% due to rounding and/or the exclusion of 'other' and 'don't know' responses.

## Sources

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## Acknowledgements

To the 1,179 people who contributed their time to completing the survey, thank you. Your insights will help us to help employers to take real action to close the gender pay gap.

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