Six months to go until gender pay reporting... Will you do better?

Why businesses that assume an additional 12 months will bring better news may be in for a surprise

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For HR professionals who found the process of compiling and reporting their inaugural gender pay gap extremely taxing, there is both good and bad news. The good news is that second time around, the mechanics of reporting should be significantly easier. The bad news? You're already halfway to the next deadline of 4 April 2019 (for the private sector) or 30 April 2019 (for the public sector).

In April, the first wave of reporting across 10,000 organisations employing more than 250 staff revealed that more than three-quarters had a median pay gap that favoured men. More than half of those companies paid higher bonuses to men, while 80 per cent had more women working in low-paid roles than in senior positions.

The figures provoked, in many cases, both media interest and questions from employees. And while the reporting regime was seen by many as imperfect, it did shine a light on important issues around equality of opportunity and barriers to progression.

The assumption among many businesses, however, is that they will be able to demonstrate progress by the time they submit their 2019 figures. Many have promised employees as much. But they may end up being disappointed.

"People will soon refuse to invest in companies with huge pay gaps"

For starters, reported figures are based on a one-day snapshot of a business's payroll the previous April, which means it will take time for change to filter through.

"Organisations only really started paying attention to their figures at the point they had to publish, so unless a company carried out a radical intervention, such as a restructure, there won't be a fundamental change to these figures next April," says Claire Field, senior principal consultant and gender pay specialist at Korn Ferry.

Chris Charman, principal at Mercer, agrees. "Gender pay gap reporting is best viewed over a longer time frame. The pressure will rise year-on-year for people wanting to see improvement, but we shouldn't be too quick to judge."

Ruth Thomas, senior consultant at Curo Compensation, told *People*

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Management that while some employers wanted to 'rebalance' pay internally, restrained wage growth and limited budgets were making it difficult, particularly in sectors such as retail, which are dealing with rises in the minimum wage.

The average median pay gap last year was 9.7 per cent, and for some notable businesses such as Ryanair (72 per cent) and HSBC (59 per cent) there is plenty of scope for improvement. But if your gap is below average, incremental gains become comparatively more difficult. Some measures companies are undertaking – such as encouraging more women into male-dominated industries such as STEM – could actually make figures look worse in the short term because they impact primarily at graduate or apprenticeship level.

This matters not just in terms of employee relations but also because in future, businesses failing to address gender pay gaps could put off potential investors and shareholders, says Field.

"When businesses were told to report about sustainability and carbon footprints in the 90s, everyone thought it was just a fad," she says. "But now, it's become a massive reputational issue. There are investment funds which will only invest in companies who have got their act together. There are shareholders who won't buy shares as a point of principle. In 10 years' time, we'll see people refusing to invest in companies with a huge gender pay gap."

"If people are not treated in an inclusive way, they are a flight risk"

Experts agree companies are mostly taking the gaps seriously. Charman observes that many are analysing female labour flow, including the points at which women are promoted and when they're exiting the company. Others are having 'constructive dialogues' around job flexibility and mentoring.

Charles Cotton, senior adviser for performance and reward at the CIPD, has also noticed closer scrutiny from HR reviewing the entire employee life cycle.

"We've seen many companies launch gender-neutral job adverts, introduce flexible working and launch mentoring schemes," he says. This is matched by an increase in transparency around pay structures and alignment with performance, and a decreased reliance on discretionary bonuses.

That's partly why IT solutions firm Logicalis analysed different groups of people in similar roles before it reported, to offer deeper insight into its pay structures. The firm has a 36.5 per cent gender pay gap. But Natalie Matthews, chief operating officer, insists Logicalis is taking proactive steps to address the gender imbalance, including introducing a salary benchmarking tool for new hires.

"We want more of a balanced workforce, so we've taken on a lot of female salespeople and we've had a number of big promotions into senior management positions for women," says Matthews. This year, she has launched a Women in Business programme which aims to give female employees the confidence to apply for senior roles.

But for Field, the pay gap is much more than a gender issue. The most enlightened organisations, she says, are the ones looking at the broader picture of diversity and inclusion.

"Diversity is the factual mix of people in an organisation at all levels and inclusion is how a company makes that mix work. So you may want a highly diverse organisation but if people aren't treated in an inclusive way, they become a flight risk," she says.

At the same time, companies that focus exclusively on women on boards don't think about the challenges below, so there's a danger female-orientated recruitment drives could run out of steam. Without cultural change, what Field describes as 'narrow interventions' are unlikely to work as there may be pushback and resentment from those who feel disenfranchised.

"No organisation starts an intervention wanting those results," Field says. "So it's not just about one thing getting fixed. Companies need to respond to gender pay gap reporting by looking at the distribution across the entire organisations."

BBC Radio 2's new Breakfast Show host Zoë Ball will be paid far less than Chris Evans' £1.6m salary

A stitch in time

Most employees enjoy an office pool table or free beers on a Friday afternoon, but new research by benefits platform Perkbox has revealed that extracurricular clubs like knitting and reading have topped the list of popular workplace perks, surpassing more traditional offerings like flexible working, supermarket discounts, private healthcare and even Christmas parties.

Chieu Cao, Perkbox CMO and co-founder, said: "It's especially fascinating to see how so many [employees] are moving away from what are often more boozy perks."

Now repeat after me ... knit one, purl one...

"What time were you born?"

One of the responses to a survey by recruitment firm Woodrow Mercer about strange questions people had been asked in job interviews

The number of hours British workers take off in total each year to wait in for boiler engineers

SOURCE: HOMETREE