

News

Stop keeping pay a secret if you want to solve gender inequality, employers are told

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HR professionals should think about how they justify pay decisions, as new research suggests employees are unaware of their right to talk openly



Secrecy around remuneration in the British workplace is enabling the existence of gender-related discrimination, employers have been warned.

Research by The Fawcett Society today revealed that the majority of staff (incorporating 53 per cent of women and 47 per cent of men) would be 'uncomfortable' talking to colleagues about earnings, while around one in three are unaware that pay discrimination is illegal.

Under the terms of The Equality Act 2010, it is illegal to prevent employees from discussing pay differences with colleagues, although an employer can ensure pay rates are kept confidential outside the workplace.

Despite this, 60 per cent of workers do not realise they have a legal right to conversations about pay if they suspect they are being discriminated against, while three in 10 are under the impression that their contracts prevent them from talking about pay with colleagues, despite this being legally unenforceable, the research found.

In addition, 52 per cent felt their managers would respond negatively to more openness around pay.

Sam Smethers, chief executive at the Fawcett Society, warned that the culture of pay secrecy across UK workplaces was allowing discrimination to thrive because it kept discrepancies hidden, and the problem was more common than people realised. Speaking to People Management, she said: "Pay secrecy arises through a basic discomfort in talking about pay and a mix of well-intentioned aims around privacy, as well as where employers know they're in the wrong and want to cover it up."

"When employers don't take a proactive approach and fix their equal pay issues, they face an even greater reputational risk when it comes to light. But this is also about valuing women properly – an equally paid workforce will be a happier and more productive workforce."

Lara Keenan, partner at Child and Child, Globalaw, said pay secrecy was a global problem and one that employers should be taking seriously.

"The company culture that encourages pay secrecy is rarely the kind of company that encourages transparency, equality and honesty among employees," she said. "Transparency is more likely to lead to an equal pay structure and reduce the gender pay gap, something that should be a concern for all."

Charles Cotton, senior reward and payment advisor at the CIPD, added: "Employees are reluctant to ask and employers can be reluctant to tell. Pay is often seen as the last taboo and many individuals are anxious that talking about their pay will lead to complaints of unfairness. But it's a good discipline for the people profession to think about how they would justify pay decisions if they were made public."

The research comes as companies are gearing up for the **next round of gender pay gap reporting** in April, as well as a general move towards increased scrutiny around pay and gender inequality.

Launched to coincide with Equal Pay Day on Saturday 10 November, the research marks nearly 50 years since the introduction of the Equal Pay Act 1970. Equal Pay Day symbolises the date when an average woman's salary diverges from the average man and women effectively start to work for 'free' until the end of the year.

Ornella Nsio, stakeholder engagement manager at the Recruitment and Employment Confederation (REC) said: "How pay is determined can help motivate employees to set and achieve their targets, which benefits employers by having a more productive workforce. Employers should consider publishing pay grades to help achieve greater transparency, which can help end the culture of pay secrecy."

The charity, alongside employment law charity YESS Law, has also launched a new Equal Pay Advice Service with the help of former BBC China Editor Carrier Grace, to provide legal advice and support for those on low incomes who believe they have experienced pay discrimination. Earlier this year, Gracie was involved in a **high profile equal pay row** with her employer.

Duncan Brown, head of HR consultancy at the Institute for Employment Studies, called on employers to involve employees "collectively as well as individually" in discussions around pay and create a better balance in decision-making so legal concerns and risks do not dominate discussion of what can and should be published.

"Perception and fairness, rather than absolute pay, is key here," he said. "Only about one third of employees in Europe think their pay is fair, and perceptions of unfairness are key drivers of disengagement and attrition."