

# **THE ROLE OF LINE MANAGERS IN CLOSING YOUR GENDER PAY GAP**

## **1. Introduction**

Line managers have an important role in reducing your company's gender pay gap, as they have responsibility for making policies work in practice, and they often make decisions on pay and performance management.

It's extremely unusual for a gender pay gap to be caused by pay discrimination alone. Other employment policies and practice also have a significant impact. This includes where line managers have discretion to make decisions on recruitment, training and development, promotion, and flexible working. Gender bias can easily creep in to discretionary decision making, although it's usually not intentional. Finding out how your employment policies work in practice can help you identify if they're being implemented fairly for both women and men in your company.

## **2. What is the gender pay gap?**

The gender pay gap is the difference in average hourly earnings between men and women. The pay gap is the headline indicator of the inequalities and differences that still exist in men's and women's experiences of work. The drivers of the pay gap are specific to each organisation but there are three broad causes which are common across the labour market: inflexible working practices, and a dearth of quality part-time work; the clustering of women in lower grades and men in higher grades; and discrimination embedded in pay systems.

## Gender pay gap reporting

The Gender Pay Gap Information Regulations 2017 require employers with 250 or more employees to annually publish gender pay gap information, which includes the headline pay gap, gender gap in bonus earnings, the proportion of men and women receiving bonuses, and the distribution of male and female employees in pay quartiles. While producing an accompanying narrative is not mandatory, providing contextualising information can help to explain the figures, and reassure stakeholders that the pay gap is not a product of discrimination.

### 3. What can line managers do to close the pay gap?

It's important that line managers have a clear understanding of the causes of the gender pay gap, and good practice around advancing gender equality at work. The involvement of line managers will be critical to delivering your gender pay gap action plan.

The actions that are assigned to line managers will depend on the causes of your pay gap, and the policies and practice you already have in place. However, there are a range of areas where line managers can take steps to make sure their practice is not unintentionally disadvantaging women, and widening your pay gap

#### Creating an inclusive workplace culture

Line managers have a central role in creating a workplace culture which feels equally inclusive to both female and male employees.

#### Implementing policies fairly and consistently

Good employment policies are the foundation of any work to narrow the pay gap, but it's equally important that they're implemented in a fair and consistent way across the business. Inconsistent implementation of policies can lead to staff in different areas of your company having very different experiences, and is likely to widen your pay gap. Line managers should have an understanding of how a mismatch between policy and practice can impact on men and women differently, and therefore contribute to the pay gap.

#### Building capacity around the gender pay gap

It's important for line managers to be aware of the causes of your company's pay gap, and also to understand their own role in work to reduce your pay gap. It's useful to build capacity in line managers on the gender pay gap, with a focus on the business and economic benefits of gender equality at work. It's also a good idea to deliver a briefing to line managers on your company's pay gap information. It will enable them to understand how

their practice relates to your gender pay gap action plan, and also prepares them to deal with any questions that may arise in their teams.

## **Decision making on pay, reward and performance management**

Decisions on pay, performance and bonuses should be objective and fair. Where managerial discretion and unfair criteria are a feature, subjectivity and bias can leave your company at risk of a reputationally damaging equal pay claim, and serves to widen your pay gap.

Managers companies in pay and reward decisions, and performance management, should be trained in equality-proofed decision-making. This should include training on the gender pay gap, gender bias and discrimination in pay and reward systems, and broader equalities training, to ensure the avoidance of bias (and the perception of bias) in their decision making. Training helps to build capacity in managers to make fair and objective decisions, and ensure they understand how pay discrimination contributes to the pay gap.

Many companies use incentive schemes, such as bonus payments and performance related pay, to reward individual or group performance. While such payments may motivate staff, they are highly vulnerable to gender bias. By their nature, reward systems are designed so that individuals are paid differently for doing the same job. This, in addition to the element of subjectivity that is inevitable in assessing an employee's performance, results in a system that is far more likely to deliver pay inequality.

Managers with discretion to award bonuses, commission, performance related pay and so on, should be trained in the reward system itself, and in the equalities aspects of pay and reward. It's important that line managers make sure that staff have a clear understanding of performance standards, and how to achieve them. Line managers should hold regular meetings with their team members throughout the performance period. They should also ensure that all decision making on performance ratings, and appeals, are fair and objective, and that they're able to evidence this, to protect the company from a reputationally damaging tribunal claim.

## **Supporting training and development**

Line managers usually have a key role in enabling staff to undertake training and development, which can be an important factor in closing your pay gap. Line managers should discuss training and development needs with their team members while conducting performance appraisals, and agreeing development plans. It is critical to ensure that development opportunities are shared across teams, and that all staff have equal access, where appropriate. Employees working part-time, the majority of which are women, are often overlooked for development opportunities, as opportunities are assumed to be

unsuitable for part-time staff. This results in many part-time women working below their skill level. Inequality in accessing training and development is a barrier to women's progression, which in turn contributes to the pay gap.

## **Making flexible working work for their teams**

Creating a company that embraces flexible working is a critical factor in closing your gender pay gap, and involving line managers in this process is key. Line managers often have discretion over whether or not employees are able to work flexibly. Line managers should have a clear understanding of your flexible working policy, and how to implement it in their teams. The business case for flexible working is well rehearsed but is often not cascaded down to line managers. It's therefore good business sense to ensure all line managers are briefed on the business benefits of a flexible and agile workplace. It's particularly important to highlight that employee autonomy over working hours is linked to improved staff morale, and higher productivity.

Building line managers' confidence in managing flexible working is an easy way to reduce your pay gap. Where line managers have thought creatively about how to make enable their teams to work flexibly, share this as a good practice case study across the company. Where line managers are trained to support their teams on different working patterns, staff will be better supported in their roles individually, and teams better able to work together.

## **Managing pregnancy and maternity**

Recent research<sup>1</sup> found that one in nine women lose their job because of pregnancy and maternity discrimination, and one in five experience harassment or negative treatment related to pregnancy and working flexibly. It's therefore important for line managers to be able to manage pregnancy and maternity fairly, as this can protect your company from a costly discrimination claim. This includes keeping staff informed about training, development and promotion opportunities while they are on maternity leave, and supporting them to use their Keeping In Touch days. Supporting staff on return to work is also crucial, through offering additional training, and granting requests for flexible working or a reduction in hours. By supporting employees who are pregnant, on maternity leave, or just returned to work, you'll be able to retain key people, enhance your company's reputation, and protect your business from costly tribunal claims. Enabling women to return to work after having children can support progression and will narrow your pay gap.

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<sup>1</sup> Equality and Human Rights Commission (2016) *Pregnancy and Maternity Related Discrimination and Disadvantage* [www.equalityhumanrights.com/en/managing-pregnancy-and-maternity-workplace/pregnancy-and-maternity-discrimination-research-findings](http://www.equalityhumanrights.com/en/managing-pregnancy-and-maternity-workplace/pregnancy-and-maternity-discrimination-research-findings)

## 4. A checklist for line managers

Below is a checklist for line managers that can help them consider their practice, and contribute towards work to close the pay gap.

CHECKLIST	
Share information about training, development and job opportunities with all members of your team.	
Include a discussion on training and development needs as part of staff annual performance process.	
When it comes to making decision on pay and reward, be mindful that it's easy for bias to creep in, and make sure that you're decisions are objective and fair, and they align with your pay and reward policies.	
If a member of your team is pregnant, or on maternity leave, make sure you refresh your understanding of the relevant policies, and are aware of best practice.	
Take time to seriously consider requests for flexible working from your team, and think creatively about how it could work in your team.	
Make sure that team meetings are scheduled to take place when all staff can participate, including those who work part-time.	
Where there are members of your team working flexibly, consider sharing your experiences with other managers of how this works in practice.	
To make sure you're fostering an inclusive working environment, be prepared to challenge any discriminatory language or behaviour by team members.	
If your team have any concerns about the company's gender pay gap, address these openly by signposting them to the contextualising narrative, and making them aware of the pay gap action plan.	

This briefing accompanies the **Close Your Pay Gap tool**, developed by Close the Gap, Scotland's expert on the gender pay gap. To use the tool, and find guidance on the causes of the pay gap, go to [www.closeyourpaygap.org.uk](http://www.closeyourpaygap.org.uk).