

THE GENDER PAY GAP: WHAT SENIOR LEADERS NEED TO KNOW

1. Introduction

Leadership plays a critical role in closing your pay gap by driving cultural change, and ensuring that appropriate action is taken to enable your company to reap the benefits of gender equality.

It's important that senior leaders understand why there is a pay gap in their organisation. Analysing pay data, by gender, will enable the causes of your pay gap to be identified, and can provide reassurance to shareholders, employees and other stakeholders that your pay gap is not a product of discrimination. To mitigate reputational risk, it's useful for this contextualising information to be included in a narrative with your pay gap information.

Understanding the causes of your pay gap will mean that you're better able to allocate adequate resources to targeted activities and initiatives that will ultimately reduce your pay gap.

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 top line indicator of the inequalities and differences that still exist in men's and women's working lives. While the causes are distinct to each company, there are commonalities across all companies and sectors that can be broadly identified as: inflexible working practices, particularly at senior levels; the clustering of women in lower grades and men in higher grades; and discrimination embedded in pay systems.

While the headline pay gap is a useful measure of women's position in the labour market,

a single figure can mask inequalities and pay gaps at grade and departmental levels. For instance, it's possible for a company to have a very low pay gap but for women still to be clustered in the lower grades and under-represented in senior positions.

Gender pay gap reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2107 requires all employers with 250 or more employees to annually publish gender pay gap information. Employers are required to publish the information with a written statement, signed by a director, on their website which is accessible to the public, **and to remain there for at least three years from the date of publication.**

Employers are obliged to publish

- The mean average gender pay gap;
- The median average gender pay gap;
- The mean average gender gap in bonuses;
- The median average gender gap in bonus earnings;
- Proportions of men and women receiving a bonus payment; and
- The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands.

3. What senior leaders can do

As with other business issues, the pay gap is more likely to closed with buy-in from senior leaders. Gender equality and diversity may already be an organisational priority for your company, which gives you a solid starting point for work on the pay gap.

Understanding your pay gap

You should be aware of the reported pay gap figures, and understand the causes that are specific to your company. As a senior leader, you should also have oversight of the development and implementation of an action plan to close the pay gap. Building organisational capacity on gender equality, and good practice in this area, at all levels of the business will make responses to the pay gap more effective.

Driving change through action

Developing and delivering a gender pay gap action plan is a critical first step in closing your pay gap. Action plans should include a range of tailored specific, realistic and achievable actions, with measurable targets to be achieved within specific timescales, and clear indicators of improvement. Delivering an action plan means that your company will be able to report on progress to close the pay gap when reporting the following year. By taking

action you'll be to demonstrate progress, and showcase your good practice as a sector leader.

Demonstrating leadership on the gender pay gap

Reducing your gender pay gap requires time, commitment, and a range of targeted activity tailored to specific causes in your company. Senior leaders have a critical role in ensuring the success of work on the pay gap.

Below is a list of suggested actions that senior leaders which when delivered will make a meaningful impact on work to reduce the pay gap, and create a workplace culture that feels inclusive to women.

CHECKLIST	
Make sure that HR have adequate resources to report your pay gap information, and develop and deliver a pay gap action plan. This may include capacity building for staff involved, budget allocation, and workload adjustments.	
Make sure that an operational senior leader is involved in overseeing the development and delivery of your pay gap action plan.	
Provide regular updates to the board on pay gap reporting, the causes of your company's pay gap, and progress on delivering the pay gap plan.	
To make sure you're fostering an inclusive working culture, be prepared to challenge any discriminatory language or behaviour by team members.	
Lead by example, and promote the benefits of flexible and agile working, but be mindful that a long hours culture is often incompatible with caring roles outwith work, that are usually done by women.	
If you work flexibly, consider working with HR to develop a case study to highlight the good practice, which can be shared with other senior figures across the company.	
Try to only send emails within working hours. This will set the tone, and challenge the perception of a long hours culture.	
Encourage uptake of parental leave by male senior leaders and develop case studies of those who have recently taken parental leave.	

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 how to close the pay gap, go to www.closeyourpaygap.org.uk.