

**CIPD May 2019 Advanced Level Awarded Examinations
Leading, Managing and Developing People**

SECTION A - Case Study

Note: In your responses, you are allowed to improvise or add to the case study details provided below. However, the case study should not be changed or compromised in any way.

Fashioned-by-Suzy (FBS) is a retail company which operates boutique stores at 95 locations around the UK selling wedding fashions and accessories. While the company is principally known for its stylish but affordable bridal gowns, it also sells many other items of clothing for brides, bridegrooms, pages and bridesmaids. Its range of merchandise includes shoes, lingerie, jewellery, fragrances, cosmetics, flowers and wedding stationery, as well as personalised gifts and luggage. The company operates its own stores located in upmarket suburban locations as well as some concessions within city centre department stores operated by partner organisations. The company employs 650 people at present. Most work in its retail outlets but there are also just over 100 staff employed in its warehouse, call centre and head office operations.

FBS has now been established for two decades. Its founder and chief executive, Brenda Hitchman, opened her first shop in 1999, since when she has expanded her operations steadily each year. The company is profitable, but Brenda and her management team do not consider that its finances are yet strong enough to fund the substantial international expansion that they are aiming for over the next ten years. In order to raise the capital required they are therefore planning to turn FBS into a public limited company (PLC) by listing its shares for the first time on the London Stock Exchange.

Like many retailing organisations FBS struggles to attract and retain employees. While there are a good number of long standing staff members employed in the head office and warehousing operations, the overall staff turnover rate topped 38% last year. Moreover, most store managers reported considerable difficulty recruiting staff with the required skills, experience and personal attributes. Mystery shopper reports indicate that low levels of engagement and motivation are common in FBS stores and that the level of service provided to customers can be poor as a result.

Despite the fact that FBS is led by a highly successful businesswoman and that over three-quarters of its employees are female, on average the men employed by the company are paid considerably more than the women. The company's statutory gender pay gap report for 2018 (published in April 2019) contained the following figures:

Mean gender pay gap (salaries):	57%
Median gender pay gap (salaries):	22%
Mean gender pay gap (bonuses):	69%
Median gender pay gap (bonuses):	31%

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Proportion of male staff receiving bonuses:	88%
Proportion of female staff receiving bonuses:	64%
Women in top pay quartile:	29%
Women in upper middle pay quartile:	81%
Women in lower middle pay quartile:	93%
Women in lower pay quartile:	100%

In its accompanying commentary FBS explained that its reported statistics reflected the fact that almost all its store-based staff, like its customers, are women and that many work on a part-time basis. Men are disproportionately represented in senior management and warehouse-based roles which are generally more highly paid.

The company has made it very clear to its staff that it is wholly committed to the principle of equal pay between men and women and that the pay gap is entirely explained by male employees occupying a far greater proportion of senior roles and full-time positions than their female colleagues. Such statements have not, however, prevented a great deal of adverse comments about pay inequity at FBS being posted on its staff discussion forum webpages.

The senior management team is aware that when the company becomes a PLC later this year it will soon have to start publishing further pay information setting out how pay compares between staff and the highest paid individual employee, Brenda Hitchman. Brenda's total remuneration last year was £1.2 million and is likely to be higher this year. The likelihood is that the company's first executive pay ratio report will include statistics of the following order:

75 th percentile employee remuneration:	1:28
50 th percentile employee remuneration:	1:46
25 th percentile employee remuneration:	1:63

Employees working in FBS stores will thus be made aware of the fact that it would take them 63 years (or more) to earn what Brenda earns in a single year.