

Gender pay gap

Submission to the BEIS Select Committee

Chartered Institute of Personnel and Development (CIPD)

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Background

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has over 145,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Introductory comments

In this response we provided CIPD's viewpoint on the questions where we feel we can best add to the debate, namely questions 3 and 4 of the inquiry.

We have been actively encouraging employers to report on their gender pay gap. We supported our membership to report on their figures, producing a practical guide on gender pay gap reporting with Sheila Wild of the Equal Pay Portal as well as other practical resources, such as webinars, events and articles. Through social media we have supported efforts to raise employer awareness of the need to report and the deadlines. We also worked with the Government Equalities Office (GEO) to produce a toolkit for employers about the actions they can take to close the gap in their workplace.

Not only are HR professionals responsible for performing the gender pay gap data calculations, they are also able to offer unique workforce insight to understanding the causes of the gap in a particular organisation context. HR plays a critical role in developing a subsequent action plan to address the gap and therefore in driving sustainable change.

Our response

Question 3: How effective are the sanctions for non-compliance with reporting requirements?

1. Effectiveness of the sanctions could be judged on multiple levels, most of which will not yet be possible to judge.
2. If the question is asking about whether the threat of sanctions promoted compliance, we would need to find out from employers directly about their motivations for reporting (as well as their experiences of it). The CIPD could facilitate employer engagement if gathering this information is of interest to the Committee. In the absence of research we can only speculate. For example, part of the last minute rush of organisations publishing their data may have been due to wanting to avoid the sanctions, especially as many employers may not have been aware that there were sanctions until relatively late in the day. It was only at the beginning of 2018 that the EHRC started to highlight that it did have powers to enforce sanctions, and their intended approach was published in March 2018. In contrast there has been far greater publicity about GDPR and the potential fines for breach.
3. Alternatively, employers may have been motivated to comply by a belief in gender parity being the 'right thing to do', concern over reputation risks for not complying, or through desire to avoid sanctions to name just three motivations. A first question to employers would need to ask whether they are aware of the sanctions in place. Although we feel the policy is clear about the action the EHRC will take on non-compliance, their document is long and many employers may not know it exists or not read all of it.
4. If the sanctions' effectiveness is to be judged in terms of ensuring those who did not comply by the deadline now have to comply, we won't be able to judge this until EHRC begin to take action. Of the circa 1,500 eligible organisations that didn't report by the deadline, we would need to garner insight about why they didn't. For example, what proportion require assistance with data and/or reporting and will therefore report when EHRC makes contact and provides that assistance. A high number of employers in this category would signal a need for extra guidance, resources and support. In contrast, how many are just reluctant to report? There appears to be opportunities at different stages for employers to flag an issue and request help in reporting their data. The ways in which employers should make contact and where they can go for help need to be clearly communicated.

5. We also do not have a list of who is covered by the regulations. EHRC has contacted 1,500 organisations that it thinks are within scope, but some may write back to say that they are not. There are also employers that may be in scope that EHRC doesn't know about. The challenge is that as employers grow and contract the list will change.
6. Effectiveness will also depend on EHRC's resources to follow-up with non-compliant organisations on an individual basis, unless they're going to adopt a targeted approach.
7. The accuracy of the published data is another issue to consider. Checking the accuracy of data will be labour intensive and time consuming and so not realistic in year one. There is no certainty over whether even the early reporters have provided accurate data. Submitting incorrect data could be either deliberate or accidental and for a range of reasons. For example, we understand that some employers may have to make common sense judgements about which members of their workforce to include in their figures and which to exclude, given the wide range of modes of atypical employment.
8. Lastly, it's worth mentioning that the sanctions have the potential to promote compliance with reporting requirements, but taking action to address pay gaps is still entirely voluntary. It's important to reinforce with employers the importance of viewing GPGR as not just an HR issue but a whole organisation issue where leadership support and commitment is essential. The ultimate aim of the gender pay gap regulations is gender equality. At the time of year 2 reporting we will be able to get some indication of whether enforcing reporting of the pay gap figures is serving to motivate employers to take action, making changes to their organisation's talent attraction and development approaches and how it is developing its future talent pipeline. However, taking action may not be reflected in a decrease in the pay gap, which is why publishing a narrative and action plan is so important. For example, an organisation may have hired female apprentices which support their long-term female talent pipeline ambitions, but in the short-term increase the pay gap figures as more women are in junior and low paid roles.
9. At CIPD we have been continuously engaging with our members about the issue, stressing the importance of publishing a narrative and an action plan, promoting our GPGR resources, and ensuring that our members understand the importance of diversity and inclusion. Our resources include:
 - A [guide on gender pay gap reporting](#)

- A gender pay gap reporting [factsheet](#)
- An [actions for employers guide](#) in collaboration with the Government Equalities Office

10. We would be happy to facilitate further engagement with our membership through roundtable discussions or surveys to look at motivations behind reporting or not reporting; challenges businesses face for reporting; and challenges organisations face in taking action to address pay gaps.

Question 4: What requirements, if any, should there be on companies to address gender pay gaps?

11. We believe it is in organisations' best interests to act on and improve their gender pay gap figures. There are reputational risks for a business if stakeholders perceive the organisation is only paying lip service to gender equality, putting their figures out as required by regulation, but not investigating the reasons for their gap or developing an action plan to improve it. There is also a risk of losing talented people who feel disillusioned if their employer is not fully supportive of promoting gender equality.
12. In terms of whether publishing a narrative and action plan should be made a mandatory requirement, we feel it is too early to say and such a decision should be informed by regular yearly evaluations of how and what organisations are reporting. Such review could be conducted by GEO or EHRC to inform their focus in the following year. Year 1 of the regulations has been focused on compliance (publishing the data) and there are still questions around how to ensure accuracy of data that need careful thought. A review should also look at how many companies are producing a meaningful narrative and action plan.
13. In the wider policy landscape, discussions have already begun about whether race pay gap reporting should be introduced, and the idea of disability pay gap reporting has been floated. Significant attention need to be given to how reporting on different pay gaps fits together, both in terms of taking intersectionality into account (the fact we all have multiple, overlapping identities which interact in a complex way, some of which afford us privilege and some of which are associated with disadvantage in the workplace), and in terms of making it easy for employers to report on multiple characteristics in a way that facilitates action and doesn't create an unnecessary administrative burden.

14. In the meantime, support for employers to encourage them to examine the causes of their figures and take action is needed. We feel that, given the complex nature of the causes of gender pay gaps, guidance and resources for employers should be produced and made freely available on the Government website where it can be easily located. Such guidance should cover:
- what your gender pay gap figures mean
 - how to examine the root causes in your particular organisation context
 - how to write an accompanying narrative
 - a template of an action plan
 - case study of examples of action other employers are taking across a variety of sectors, size, location and starting point.
15. The practical tool and resources provided by GEO could be publicised via, for example, professional bodies, regulators, and the charity commission. We recommend that some organisations who have already reported could be asked to record a short video of their experience, including the importance of a narrative and their action plan. These could be hosted on the GEO and EHRC's websites. This would help organisations who don't know where to start as well as those who misunderstand what a narrative is, or perhaps avoid the work needed to understand the causes of their gap, just reporting their figures again, but in words.
16. There also needs to be explanation given of the potential impact action could have on an organisation's figures and how they can explain and respond to that. For example, there are immediate actions that may improve the figures, such as hiring more women at senior levels. However, some long-term sustainable actions such as hiring more female apprentices may worsen the gender pay gap in the short-term, despite promising a longer-term benefit through creating a stronger female talent pipeline. Similarly, efforts to tackle occupational segregation by engaging with schools and colleges can take significant investment but take 5-10 years to bear fruit. Efforts to tackle occupational segregation should not only focus on attracting women into male-dominated industries and occupations, but also men into female-dominated areas such as primary school teachers or nurses.
17. Overall though, entire responsibility for addressing the gap can't just sit with employers, government as a key role to play in challenging the societal attitudes that are contributing to maintaining gender inequality. We need government action with regard to childcare, careers advice, and society to change its expectations around what constitutes a job for men and for women (e.g. the armed forces' recent recruitment campaign). This activity will complement organisation efforts around



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flexible working, widening their talent pools, reviewing practices which exclude certain groups for example after-hours client networking.