



Government  
**Equalities** Office

Putting equality at the heart of government

**Voluntary Gender  
Equality Reporting:  
Baseline Report 2011**

# Contents

Foreword by the Minister for Women and Equalities	iii
Executive Summary	iv
Introduction	I
The benefits of taking action	
Government action on equality in the workplace	I
A new approach – “Think, Act, Report”	4
Gender Equality Reporting: Facts and Figures	6
Monitoring diversity	9
Gender pay gap	10
Transparency on gender pay	12
Reasons for not collecting and reporting data	14
How we will measure progress	15
Annex A: Where to go for more information	17
Annex B: Gender pay gaps by industry and occupation	18
Annex C: Notes on data sources and comparability	21

# Foreward by the Minister for Women and Equalities



Over recent years, women have made great strides in the workplace. We are now seeing women reach the very highest levels of some of our very best organisations.

But despite this dramatic progress, women today still face challenges. Decades after the Equal Pay Act, the full-time gender pay gap remains at over 10 per cent and the gap for all men and women remains nearly 20 per cent. Despite the success of some prominent women, there is also continuing under-representation in positions of power and leadership – only one in eight FTSE 100 directors are women.

The Coalition Government is committed to tackling the barriers women continue to face in the workplace. Promoting equality of opportunity and equal treatment isn't just the right thing to do; it goes to the heart of our approach to UK economic recovery and growth. But real and long-lasting change will not happen through Government dictating how organisations should be run – it will only take place when the people who know what their organisation needs take the lead.

The UK's most forward thinking employers already know they need to attract, retain and promote the best talent – both male and female. They know women can bring fresh perspectives, new ideas and experience. And they know that an organisation that better reflects those it serves is better able to understand their needs.

I want to see employers continue to drive this agenda forward. That is why last December I announced in our Equalities Strategy that we will not be using the powers taken by the previous government in the Equality Act 2010 to require companies to report on their gender pay gap. Instead, we have been working with key partner organisations and employers to develop a voluntary approach to improving transparency on pay and wider workplace equality issues.

This document sets out how our new approach will work. It also provides a summary of the existing evidence on how many employers monitor and report on gender equality, and details of how we will measure progress.

The reasons for a voluntary approach are simple - I believe that lasting change will come when employers themselves realise the benefits of greater gender equality. Transparency is a powerful tool to achieve this change. Transparency lets everyone see the progress that employers have made. It shows staff what is happening in their organisation, it lets suppliers know what is expected of them and it lets customers decide where they want to take their business. Importantly, it also shines a light on those who are not making progress at the same pace. A voluntary approach, with transparency at its heart, is the right way to make the business world a better place for everybody.

A handwritten signature in black ink, appearing to read 'Theresa May'.

**Theresa May**

Home Secretary and Minister for Women and Equalities

# Executive Summary

One of the aims of the Government's equality strategy is to develop a fairer and more flexible labour market that draws on the talents of all and builds a strong economy.

The Government has been working with key partner organisations and employers to develop a voluntary framework for gender equality reporting – called 'Think, Act, Report'. It supports all employers, but particularly those with 150 or more employees, to undertake their own analysis of their workforce, where necessary to take action to address them, and report on their progress.

This initiative is designed to encourage greater transparency, with the aim of improving workforce equality information and, in particular, information on the gender pay gap. Transparent information can help to drive change – it makes employers accountable for their records in this area and empowers employees and customers with the information they need to challenge organisations.

This baseline report reveals that 43% of large employers carry out some form of analysis of their gender pay gap. However, fewer employers report publicly on gender equality measures; about 7% of large employers report externally on gender diversity in their organisation (for example, the gender composition of their workforce) and only 1.3% of large employers report their gender pay gap externally.

We set out four indicators against which the progress of the voluntary approach will be measured annually. These indicators reflect the stages of Think, Act, Report: the number of organisations who conduct analysis on their gender pay gap, the number who have a planned approach to reducing their gender pay gap, the number who report publicly on gender diversity and the number who report publicly on their gender pay gap.

# Introduction

Many employers already recognise the benefits of promoting gender equality and are taking action to address the barriers that women often experience in the workplace.

Working with partner organisations, such as the CBI, BCC and TUC<sup>1</sup>, the Government has developed a new voluntary framework – called “Think, Act, Report” – to support employers in the private and voluntary sectors to undertake their own analysis of their workforce, to act on any issues revealed through this analysis, and ultimately to report publicly to improve transparency on gender equality issues. This initiative is open to all employers, but is particularly aimed at those with 150 or more employees.

This report sets out the aims of this initiative, looks at the existing evidence on how many employers currently engage in monitoring and reporting on gender equality to provide a baseline for this work, and explains how we will measure the success of “Think, Act, Report” in the future.

## The benefits of taking action

Tackling the gender pay gap and improving women’s representation at all levels of the workforce can realise huge benefits for organisations. Diversity is recognised as an important element in delivering the best possible products and services for all potential customers. Greater diversity in senior positions is also linked to improved business performance. For example, there is a growing body of evidence showing that companies with more women in top jobs tend to perform better than those lacking a balanced gender profile<sup>2</sup>.

However, despite the opportunities to benefit from diversity, the evidence suggests that many employers are not taking a pro-active approach to diversity in their organisations.

<sup>1</sup> Our steering group included: Confederation of British Industry (CBI), British Chamber of Commerce (BCC), Engineering Employers’ Federation (EEF), Arbitration and Conciliation Advisory Service (ACAS), National Council of Voluntary Organisations (NCVO), Chartered Institute of Personnel and Development (CIPD), Opportunity Now, Trades Union Congress (TUC), Unite, Equality and Human Rights Commission (EHRC), Government Equalities Office and the Department for Business, Innovation and Skills.

<sup>2</sup> See, for example: McKinsey & Company (2007) ‘Women Matter: gender diversity, a corporate performance driver’; Joy, L., Carter, N., Wagener, H. & Narayanan, S. (2007) ‘The Bottom Line: corporate performance and women’s representation on boards’, Catalyst; Zelechowski, D. & Bilimoria, D. (2004) ‘Characteristics of Women and Men Corporate Inside Directors in the US’, Corporate Governance: An International Review 12(3)

In a recent survey, more than half (58%) of large employers<sup>3</sup> reported that they did not collect diversity data on their workforce, and less than a quarter (23%) said that they had a planned approach to reducing their gender pay gap<sup>4</sup>. Among medium-sized employers, only around a fifth of employers had a planned approach to reduce their gender pay gap<sup>5</sup>.

### **Case Study I: Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services and employ over 140,000 people worldwide, including 9,000 in the UK.

One key aspect of Ernst and Young's diversity policy is to monitor staff appraisals and promotions by gender and to ensure fairness. After analysing the results of staff appraisals, they have offered 'unconscious bias' training, which ensures those who make decisions on appraisals and promotions are aware of the biases which can permeate the process and put some people at a disadvantage. Even in the absence of overt discrimination, this type of training can be useful to help ensure decisions are objective and fair.

Ernst & Young also monitor the gender composition of their workforce and detailed results are shared with a diversity and inclusion steering group at a senior level. Currently, 18% of UK and Ireland partners are women as well as 39% of senior managers – which is a considerable improvement since 2000, when the figures were 11% and 28% respectively. These figures are shared with staff and publicly, and this can act as a 'call to action' for many, as, despite the progress made, it highlights that there is still room for improvement.

Within human resources, they have collected figures on the gender pay gap, which are shared with senior HR officials and the key pay decision makers.

Monitoring and evaluation of this type of information is described as 'best practice' and allows Ernst & Young to ensure fairness in decision making, engage staff and respond to the questions and priorities that their diverse range of clients may have.

<sup>3</sup> Throughout this report, we refer to employers with 250 or more employees as "large employers" and those with 150-249 employees as "medium-sized employers".

<sup>4</sup> GEO (2009) 'Private Company Reporting of Workforce Diversity Data' GEO Research Report prepared by IFF Research

<sup>5</sup> Dewson, S., Gloster, R., Chubb, C., Carta, E. & Reilly, P. (2011) 'Voluntary Gender Equality Reporting in Organisations with 150 to 249 employees', Government Equalities Office

## Government action on equality in the workplace

As set out in the Government's equality strategy, one of our aims is to develop a fairer and more flexible labour market that draws on the talents of all and builds a strong economy<sup>6</sup>. To do this, we are working with business to address the main challenges to equality in the workplace, including ensuring equal pay and equal opportunities for men and women in promotion and progression.

Despite progress in recent decades, women are still poorly represented at senior levels in many occupations and on the boards of large organisations. For example, just 8.8% of members of FTSE 250 boards are women<sup>7</sup>.

Also, whilst the gender pay gap has fallen since equal pay legislation came into force in the 1970s, there remains a substantial difference between men and women's average pay. The gender pay gap is currently 19.8% for all employees in the UK<sup>8</sup>, and a significant part of this gap cannot be explained purely by differences in qualifications and the occupations that men and women do<sup>9</sup>.

The Government has consulted on new measures which will introduce a new system of flexible parental leave, extend the right to request flexible working to all workers and strengthen the enforcement of equal pay law; a response to this consultation will be set out later this year<sup>10</sup>.

Lord Davies published his recommendations for a business-led strategy to get more women onto boards of public companies in February 2011 and Government is now working with partners to ensure their effective implementation<sup>11</sup>. Progress is already being made, with positive responses from many top companies and an increase in the number of women on FTSE 100 boards from 12.5% in 2010 to 14.0% by September 2011<sup>12</sup>, and work will continue to drive this forward.

Alongside these policies and action on careers advice and support for entrepreneurship, Government is committed to supporting employers to act on diversity and ensure that men and women are treated equally within their organisations.

<sup>6</sup> GEO (2010) "The Equality Strategy – Building a Fairer Britain", Government Equalities Office, December 2010

<sup>7</sup> Professional Boards Forum, BoardWatch

<sup>8</sup> Pike, R. (2011) 'Patterns of Pay: results of the Annual Survey of Hours and Earnings 1997 to 2010', Office for National Statistics, Economic and Labour Market Review March 2011.

<sup>9</sup> Olsen, W., Gash, V., Vandecasteele, L., Walthery, P. & Heuvelman, H. (2010) 'The Gender Pay Gap in the UK 1995 to 2007' Government Equalities Office. Olsen et al estimate that about a third of the gender pay gap cannot be explained by the observed characteristics and occupations of men and women.

<sup>10</sup> The "Modern Workplaces" consultation closed on the 8th August 2011. For more information see: <http://discuss.bis.gov.uk/modernworkplaces/>

<sup>11</sup> Davies, M. (2011) 'Women on Boards', Department for Business Innovation and Skills.

<sup>12</sup> Professional Boards Forum, BoardWatch

Together, we believe these measures have the potential to transform opportunities for women to progress in the workplace and significantly reduce the gender pay gap.

### **A new approach – “Think, Act, Report”**

Many employers already address gender equality in their organisation and have tried and tested processes in place to ensure fairness. The “Think, Act, Report” initiative builds on this action from employers, recognises that employers will have different starting points and will use different approaches, and focuses on encouraging all employers to make progress. The aim is, through increased transparency and better understanding of these issues, to drive the change needed to reduce the gender pay gap.

We want to encourage all employers, but particularly large and medium-sized employers to:

- Think about the barriers to gender equality in their organisation and collect the information needed to inform a robust workforce strategy;
- Take action where appropriate to address issues identified through analysis of the information collected; and
- Ultimately, to report publicly on their findings using a common set of measures.

A key aim of this initiative is to improve transparency on pay and other issues which relate to workplace equality, which will help employers to benchmark their performance against other similar organisations, showcase their efforts to improve fairness for women and, where necessary, improve their efforts.

Reporting will also support employee engagement. Providing staff with clear information about pay and remuneration can build employee confidence in how rewards are decided, showing that the employer is not only fair and equitable in their decisions, but will also provide information which allows them to be held to account.

Alongside this report, Government has published a new transparency framework, which includes a list of measures employers may report on<sup>13</sup>. Measures of workforce diversity, gender pay and more specific indicators such as promotion rates by gender, the uptake of flexible working and maternity returners are all proven tools to help employers to better understand their workforce, and to identify where there are opportunities to promote gender equality and where the organisation is performing well. ACAS have produced new guidance to assist employers in choosing the measures which are most relevant for them.

<sup>13</sup> For more information, see box on page 10, or see <http://www.homeoffice.gov.uk/vger/>



Government has worked closely with a steering group and with employers to develop this voluntary approach. We believe that the most effective way to improve pay transparency and reporting is not to impose rigid rules from the top down, but instead to help employers to build effective approaches which work for them.

### **Case Study 2: Eversheds LLP**

Eversheds LLP are an international law firm, employing about 3,000 people in the UK. They have taken a leading role in promoting women in the legal sector and have embraced the benefits of recruiting, promoting and retaining talented individuals from a wide range of backgrounds.

For example, they have an award-winning flexible working programme called “Lifestyle”, which has been running since 2002 and seen strong take-up rates: Eversheds now have over 400 employees with flexible working arrangements.

As well as monitoring the take-up of flexible working, Eversheds also monitor the proportion of women in their workforce by job role. This information is shared with clients as part of pitches, all staff in the organisation through the intranet as well as with the board and senior management. Because this information has been collected over several years, they have been able to track the progress of women’s representation at different levels in the organisation.

There has been a consistent improvement in the proportion of women in legal advisor roles, but there has been less progress in relation to the number of women becoming partners. Tracking this information has therefore helped Eversheds to learn where they have been successful and where more work is needed to ensure women are making it to the top.

Eversheds also publish diversity statistics on their website. Combined with their wider efforts promoting diversity, this has helped to build Eversheds’ reputation as an inclusive employer and demonstrates their commitment to effecting real change.

### **Action in the public sector**

The Public Sector Equality Duty, which came into force on 5 April 2011, requires listed public bodies and those discharging a public function to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations. The Equality Duty is underpinned by a number of specific duties which will help public bodies in better performance of the Duty. These duties require, in particular, certain listed public bodies with 150 or more staff to publish information in relation to their employees demonstrating compliance with the Equality Duty.

The Office for National Statistics publishes information on workforce diversity and pay in the civil service. In 2010, the gender pay gap for all permanent employees in the civil service was 15.1%, and figures are available for each Government department on the ONS website<sup>14</sup>.

<sup>14</sup> See: <http://www.ons.gov.uk/ons/rel/pse/civil-service-statistics/2010-results/index.html>

# Gender Equality Reporting: Facts and Figures

Many employers are already engaged in promoting gender equality in their workplace, and already monitor workforce or pay measures. This section provides more information about the new transparency framework and summarises the existing evidence on the extent to which employers already collect, analyse and report on equality and diversity<sup>15</sup>.

## **The transparency framework**

This Transparency Framework sets out the measures that we think would be most useful for employers to monitor and report on, and groups measures into three categories: narrative, workforce measures and pay measures.

### Reporting a narrative

The first section of the framework refers to the “narrative”. The purpose of a narrative is to provide contextual information to accompany any figures. Employers are not expected to publish information without putting into context and explaining why they are monitoring the information and what actions the organisation is taking.

### Workforce measures

This section details measures related to representation, composition and structure of the workforce. The measures included in this section are:

- Representation at different levels (for example, by grade or level of management responsibility);
- Representation at different levels by pay band;
- Composition of the workforce as a whole;
- Promotion rates by gender;
- Uptake of flexible working;
- Maternity returners; and
- Representation in different occupational groups.

### Pay measures

These measures allow employers to better understand the differences in pay between men and women, and include:

- The difference between the average basic pay and total average earnings of men and women by grade and job type;
- The difference between men’s and women’s starting salaries;
- Reward components at different levels;
- Full-time gender pay gap;
- Part-time gender pay gap
- Overall gender pay gap
- Percentage change in gender pay gap

<sup>15</sup> Several sources are used to provide our baseline data and comparisons should be made with care. For more information on the data sources used, see Annex C.

Table I shows the number of organisations in Great Britain in each of the size categories covered in this report.

**Table I: Number of organisations in Great Britain by size and legal status**

	<b>150-249 employees</b>	<b>250-499 employees</b>	<b>500-999 employees</b>	<b>1,000+ employees</b>	<b>Total</b>
Private Sector	4,265	3,105	1,151	1,460	<b>10,345</b>
Not for profit	685	530	330	260	<b>1,805</b>
<b>Total</b>	<b>4,950</b>	<b>3,635</b>	<b>1,845</b>	<b>1,720</b>	<b>12,150</b>

Source: Inter Departmental Business Register (IDBR), March 2010, Office for National Statistics. Figures are based on VAT and PAYE records.

### **Case Study 3: BAE Systems**

With over 100,000 employees worldwide, including about 38,000 in the UK, BAE Systems is a leading global defence and security company and the UK's largest employer of engineering professionals.

Their 'Skills 2020' strategy is an award-winning programme, which takes an agile and responsible approach to re-skilling and multi-skilling in order to meet changing customer and business needs. The strategic priorities are (i) Workforce Skills Planning, (ii) Employability and (iii) Through Career Skills Development.

The third priority is particularly aimed at broadening the career aspirations of young women, and encouraging them into traditionally male-dominated professions.

BAE Systems use innovative and interactive ways to engage young people, raising the profile of the organisation whilst also raising the profile of engineering. This includes a schools network, an Education Ambassador Scheme, a dedicated website for young people, a School Roadshow programme and work experience opportunities.

BAE Systems aims to challenge stereotypes by reaching out to both boys and girls, relaying a powerful message that engineering is a fun and inclusive profession (for example, 96% of female participants in the Schools Roadshows reported a positive change in their perception of engineering).

When it comes to recruitment and development programmes for graduates and apprenticeships schemes, BAE Systems make the effort to encourage applications outside of the traditional male recruitment pool. Across the industry, about 2% of apprentices are female; BAE Systems' intake is 9% female. Similarly, 12% of graduates recruited by BAE Systems are female, compared to industry-wide figures as low as 8%.

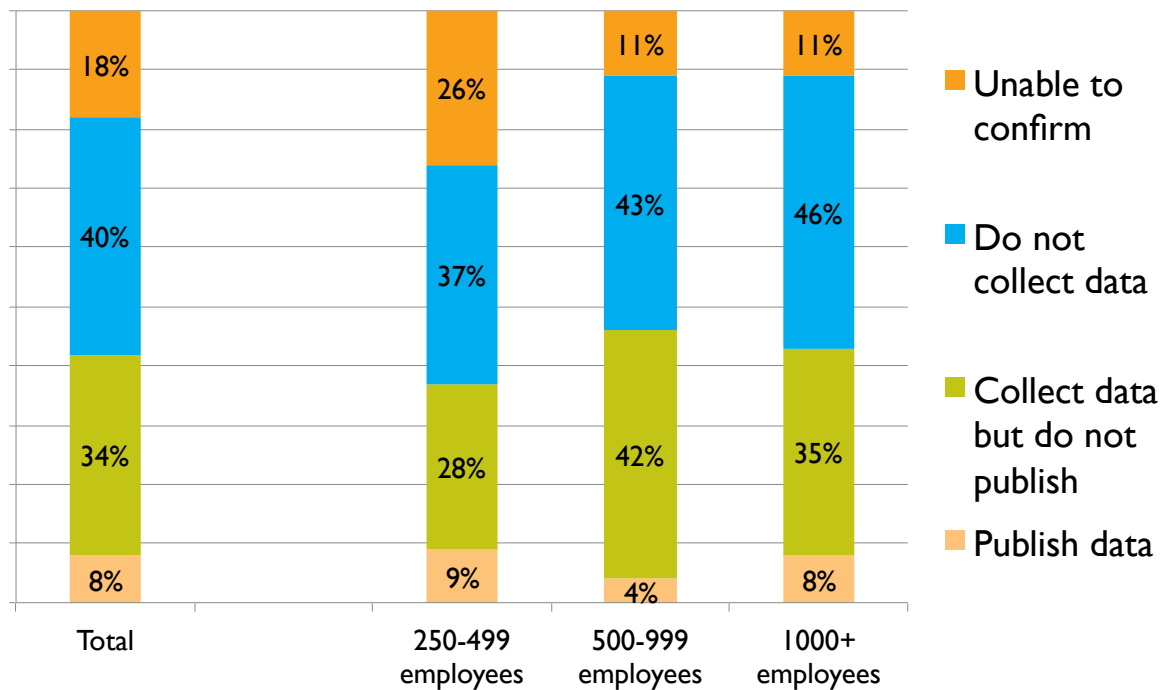
In terms of senior leadership involvement, BAE Systems' Executive Committee have Diversity and Inclusion objectives included as part of their top ten objectives, together with responsibilities for spreading the messages. Skills 2020 has a particular Executive Board sponsor who actively promotes the strategy.

BAE Systems recognises that it is a stronger and higher performing organisation with increased diversity. Skills 2020 is designed to support BAE Systems in attracting talent into the business and to ensure a positive employment experience by providing an environment to support this talent to be successful.

## Monitoring diversity

In 2009, GEO commissioned a survey of large employers in the private sector to see how many monitor and report on diversity data<sup>16</sup>. 42% of these employers reported that they did collect diversity data on their workforce, and of these about 8% made diversity information available to the public. These figures refer to the collection of data on gender, ethnicity, age, disability, faith and sexual orientation. Of these, the most common type of diversity data collected and reported was gender – on which 7% of large employers published data.

**Figure 1: Proportion of private sector employers who collect and report on diversity measures**



Source: GEO (2009) 'Private Company Reporting of Workforce Diversity Data' GEO Research Report prepared by IFF Research

<sup>16</sup> GEO (2009) 'Private Company Reporting of Workforce Diversity Data' GEO Research Report prepared by IFF Research

Comparable data for non-profit organisations or medium-sized employers or evidence on the number of employers who analyse or report the specific measures in the new transparency framework is not currently available but will be addressed when the first annual review of progress is published in 2012.

#### **Case Study 4: Lloyds Banking Group**

Lloyds Banking Group employs over 100,000 people in the UK. Their commitment to diversity begins at the very top of the organisation; for example, Chairman Sir Win Bischoff is also Chairman of the 30% Club, a group set up to get more women into boardrooms, and the Group's executive committee includes an executive sponsor for each diversity strand. Lloyds Banking Group has recently launched an extensive talent programme to support the development of women into senior positions; rolled out an unconscious bias training programme; and re-launched its women's network, Women in Business Forum, with a high profile communications campaign, led by the Chairman and CEO.

They collect and analyse a wide range of data to track the employment relationship by diversity characteristics, including workforce composition, recruitment, performance ratings, promotions, leavers, colleague engagement scores and customer satisfaction scores. Reports are produced for the Board and every division every six months, which monitor progress against set goals.

The monitoring information is always tested for statistical significance, with more detailed statistical analyses often undertaken to determine precisely which factors are driving changes. For example, earlier this year, the organisation conducted a comprehensive piece of research, which included focus groups and interviews with senior executives, to assess how effective their programmes have been in helping women into senior positions and where there remains more to be done.

This comprehensive system of collecting and monitoring data enables Lloyds Banking Group to take a really focused and targeted approach and engage the business effectively.

#### **The gender pay gap**

The gender pay gap refers to the difference between average earnings of men and women. The latest figures show the gender pay gap in the UK to be 10.2% for full-time employees and 19.8% for all employees (Table 2). The pay gap varies across different industries and occupations. More information is available in Annex B.

**Table 2: The gender pay gap in the UK 2010 for median and mean earnings<sup>17</sup>**

	<b>Full-time gender pay gap (%)</b>	<b>Part-time gender pay gap (%)</b>	<b>Overall gender pay gap (%)</b>
Median-based	10.2%	-4.0%	19.8%
Mean-based	15.5%	11.7%	19.3%

Source: Pike, R. (2011) 'Patterns of Pay: results of the Annual Survey of Hours and Earnings 1997 to 2010', Office for National Statistics, Economic and Labour Market Review March 2011

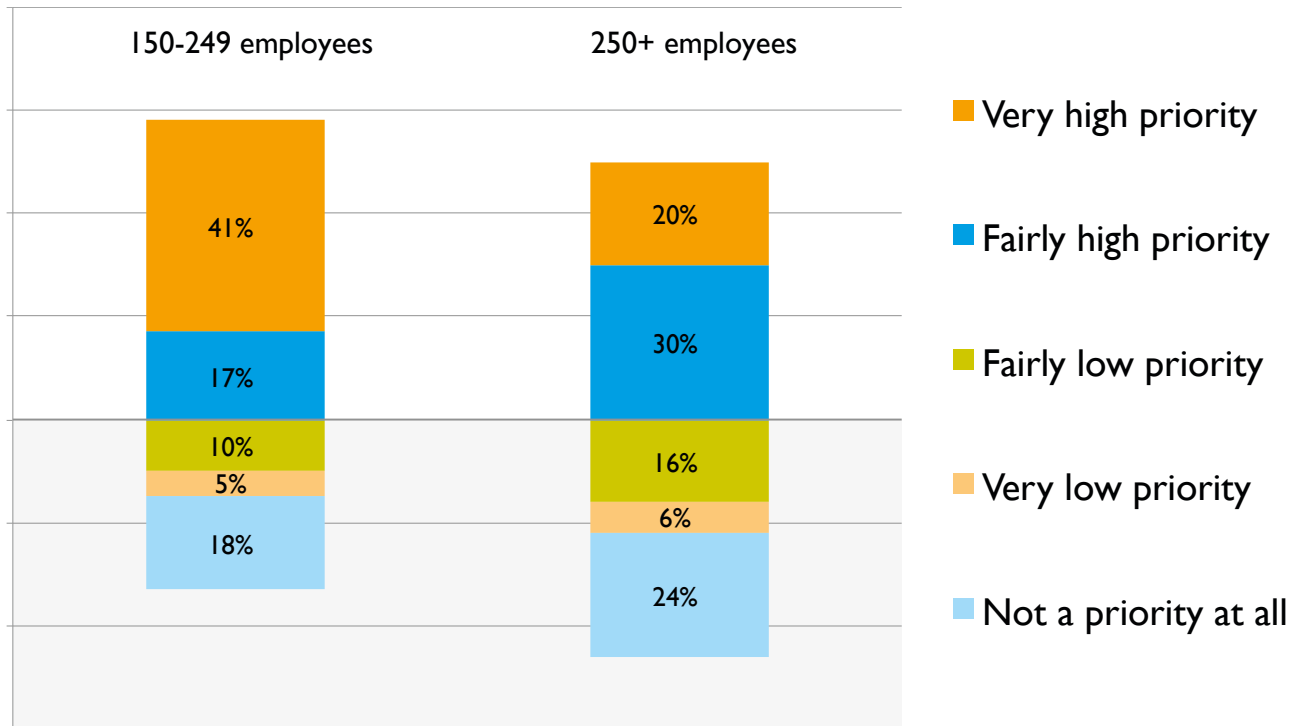
The Government's commitment to reduce gender differences in pay is shared by many employers. Employers were asked how much of a business priority reducing the gender pay gap was for their organisation. Overall, large employers were split equally: 50% said that it was a "very high" or "fairly high" priority, and 50% said it was "fairly low", "very low" or "not a priority at all" (see Figure 2)<sup>18</sup>. Large employers in the charity or voluntary sector were more likely to view reducing the gender pay gap as a priority than those seeking a profit. Amongst medium-sized employers, a slightly larger proportion (58%) reported that it was a very high or fairly high priority<sup>19</sup>.

<sup>17</sup> The gender pay gap can be measured using median earnings or mean earnings. The most commonly used figures are for the median. Using median figures gives a representative figure of the pay gap for those in the middle of the income distribution which is not biased by a small number of individuals with very high earnings. However, some argue that including those with very high earnings, who tend to be mostly men, in the calculation is relevant for assessing the differences in pay.

<sup>18</sup> Adams, L., Gore, K. & Shury, J. (2010) 'Gender Pay Gap Reporting Survey 2009', Equality and Human Rights Commission Research Report 55

<sup>19</sup> Dewson, S., Gloster, R., Chubb, C., Carta, E. & Reilly, P. (2011) 'Voluntary Gender Equality Reporting in Organisations with 150 to 249 employees', Government Equalities Office

**Figure 2: Priority attached to reducing the gender pay gap**



Source: Dewson et al (2011); Adams et al (2010)

Whilst many employers reported that addressing the gender pay gap was a priority for them, a smaller proportion had a planned approach for action. Among large employers, 23% said that they had a planned approach to reducing their gender pay gap and 17% did not have a planned approach but were informally looking into developing a strategy. Among medium-sized employers, at least 20% had a planned approach to reduce their gender pay gap.

**Transparency on gender pay**

When it comes to analysing information, 32% of medium-sized employers and 43% of large employers had conducted some form of analysis (informal or formal) of their gender pay gap, and 14% of large and 11% of medium-sized employers said that they planned to conduct analysis in the future. Larger organisations were more likely to have carried out gender pay gap analysis than smaller ones.



**Table 3: Incidence of any type of gender pay gap analysis by firm size**

%	Number of employees			
	150-249	250-499	500-999	1,000+
Currently doing or have done gender pay gap analysis (formal or informal)	32	40	41	52
Have plans to do gender pay gap analysis, never have previously	11	15	15	12
Have never done and have no plans to do gender pay gap analysis	49	38	33	24
Don't know	8	8	11	13
<b>Sample size</b>	<b>169</b>	<b>364</b>	<b>238</b>	<b>298</b>

Source: Dewson et al (2011); Adams et al (2010)

Whilst many organisations conducted some kind of gender pay gap analysis, it is much less common for employers to report gender pay gaps, either to their own staff or externally.

Just 3.7% of organisations with more than 250 employees reported a gender pay gap within their organisation, and 1.3% reported externally. Amongst medium sized employers, 4% of employers reported internally and 4% reported externally. Due to the smaller sample size in the medium-sized employer survey, this proportion is not statistically significantly different to the results for larger employers.

**Table 4: Employers reporting gender pay gaps internally and externally by size**

%	Number of employees			
	150-249	250-499	500-999	1,000+
Internal reporting	4	3.6	2.6	4.8
External reporting	4	1.1	1.2	2.0
<b>Sample size</b>	<b>185</b>	<b>364</b>	<b>238</b>	<b>298</b>

Source: Dewson et al (2011); Adams et al (2010)

### **Case Study 5: Tesco**

Tesco is the UK's largest private sector employer, with almost 300,000 employees, 55% of whom are women.

They are committed to rewarding their people well, and in a non-discriminatory, fair and consistent way.

Managers carry out an equal pay audit annually to ensure everyone is paid fairly. The results are shared with senior management teams so that any unexplained differences can be addressed.

The results of this audit are then reported in the annual Corporate Responsibility Report. The most recent audit showed that there was only a 2% difference in pay between men and women; anything less than 3% is not deemed statistically significant.

Tesco is proud to be a business where success does not depend on gender. In the last four years, the number of female directors at Tesco has increased by nearly 70%. Tesco continue to work hard to ensure that women succeed in senior roles and have recently launched their first Women in Leadership development programme to encourage talented women to progress further and fulfil their potential.

### **Reasons for not collecting and reporting data**

For those organisations who had no plans to analyse their gender pay gap, the most common reason given was that the organisation considered that they already provide equal pay (85% for large and 80% for medium-sized employers). Other reasons given include employers who did not think gender pay analysis was necessary because they had an analytical job evaluation system (29% of large employers and 6% of medium-sized), and those who reported that they did not have time (13% and 7% respectively) and did not have the resources (13% and 6% respectively).

Interviews with medium-sized employers did not find a strong desire amongst HR professionals to keep information confidential, but rather it was something they had not considered doing before. Some employers who did not currently report on their gender pay gap recognised that ideally they should report, giving their reasons as 'to support their current transparent organisational structure' and their 'confidence in their own position on demonstrating equal pay'. However, some employers were opposed to reporting; there was a perception of a significant existing burden of reporting requirements, and a lack of understanding of the benefits of transparency.

These results suggest that the majority of employers who do not conduct gender pay analysis are not prevented from doing so by resource constraints or the ability to do so, but many of these employers do not feel that it is necessary. However, the analysis of gender pay data can help to provide valuable insights into pay structures; promoting gender equality encompasses much more than just equal pay for equal work.

# How we will measure progress

This report has presented the current position of gender equality reporting in Britain, based on surveys that have been carried out in the past few years. Our first annual review will be published in September 2012. During 2012, we will conduct a survey of employers with 150 or more employees and use this information to monitor the number of employers who are engaging in gender equality reporting.

Table 5 shows the key indicators which will be used to monitor and compare in next year's annual review. A key measure of the progress of this voluntary approach is the proportion of employers who publish their gender pay gap externally. However, additional indicators will be included to reflect the other measures in the transparency framework and the broader "Think, Act, Report" approach.

**Table 5: Think, Act, Report Indicators**

	Indicator	Current values	Source (see notes below)
<b>Think &amp; Act</b>	Number/proportion of employers who have done, or are currently doing, formal or informal pay gap analysis	150-249 employees: <b>1,500 (32%)</b> 250+ employees: <b>2,900 (43%)</b>	1, 2
	Number/proportion of employers who have a planned approach to tackle their gender pay gap.	150-249 employees: <b>1,000 (20%)<sup>a</sup></b> 250+ employees: <b>1,700 (23%)</b>	1, 2
<b>Report</b>	Number/proportion of employers who report externally on gender diversity	150-249 employees: – <sup>b</sup> 250+ employees: <b>400 (7%)<sup>c</sup></b>	3
	Number/proportion of employers who report their gender pay gap externally	150-249 employees: <b>200 (4%)<sup>d</sup></b> 250+ employees: <b>100 (1.3%)</b>	1, 2

Sources:

- 1: Dewson, S., Gloster, R., Chubb, C., Carta, E. & Reilly, P. (2011) 'Voluntary Gender Equality Reporting in Organisations with 150 to 249 employees', Government Equalities Office Research Report 2011/03
- 2: Adams, L., Gore, K. & Shury, J. (2010) 'Gender Pay Gap Reporting Survey 2009', Equality and Human Rights Commission Research Report 55
- 3: GEO (2009) 'Private Company Reporting of Workforce Diversity Data' GEO Research Report prepared by IFF Research

Notes:

- a. This question in the medium-sized employers' survey was only asked to those employers who said that reducing the gender pay gap was a fairly high or very high priority. The result should therefore be seen as at least 20% because there may be employers who did not report it as a priority but did have a planned approach.
- b. Figures not available at present. We shall collect figures on this indicator for all employers in our 2012 survey.
- c. This figure only included private sector employers, whilst the other figures contain private and non-profit organisations.
- d. Due to the relatively small sample size in the medium-sized employer survey, the figures for the proportion of medium-sized employers who report on their gender pay gap are not statistically significantly different from the proportion of large employers.

The number of organisations in each indicator is calculated by multiplying the weighted proportion of employers in the survey by the estimated number of organisations in Britain from Table 1. Figures are rounded to the nearest 100. They are therefore not numbers of known employers who are engaged in activities, but an estimate based on a representative sample.

The information in this report comes from several sources and therefore comparisons between organisations of different sizes should be made with care, please see Annex C for more information on data sources. In 2012, a comprehensive and tailored survey will be conducted to give comparable figures for employers of all sizes and will allow us to monitor the number of employers who report on each of the measures in the Transparency Framework individually.

# Annex A: Where to go for more information on gender equality reporting

For more information on the Think, Act, Report approach to voluntary gender equality reporting and the Transparency Framework, please see:

<http://www.homeoffice.gov.uk/vger/>

For employers who would like to know more about how to take action, ACAS have produced Quick Start Guidance, available from the ACAS website:

<http://www.acas.org.uk/vger>

Employers can also find out more about how to achieve gender equality in the workplace and complete the 'gender equality checklist' on the Business Link website:

<http://www.businesslink.gov.uk/>

# Annex B: Gender pay gaps by industry and occupation

The gender pay gap varies between different industries and occupational groups.

Within broadly defined industries<sup>20</sup> the full-time gender pay gap is largest in financial and insurance activities and in electricity and gas (see Table A1). The pay gap is lowest in transportation and storage (where full-time women earn, on average, slightly more than men) and in administrative and support services.

Table A2 also presents the full-time gender pay gap by occupational category. Here, the largest pay gaps are found for skilled trades and for process, plant and machine operatives. There is also a large gender pay gap for managers and senior officials. The smallest full-time gender pay gaps are found in professional occupations.

It is important to note when considering pay gaps by industry and occupation that gender pay gaps can also vary considerably within these categories as well as between them. For more information, the Equalities and Human Rights Commission recently published a paper which includes further discussion of pay gaps amongst different groups<sup>21</sup>.

Table A3 also shows the incidence of gender pay gap reporting by sector for large employers. Reporting was most common in the “other private services” sector<sup>22</sup>, and was more common among non-profit organisations than those seeking a profit.

<sup>20</sup> Table A1 defines industries based on one digit SIC codes.

<sup>21</sup> Perfect, D. (2011) ‘Gender Pay Gaps’ Equalities and Human Rights Commission Briefing Paper 2

<sup>22</sup> This sector includes, for example, public administration, education, health and social services.

**Table A1: Industrial segregation and average (median) gender pay gaps by industry, UK**

<b>Industry</b>	<b>All Employees, % women</b>	<b>Full-time Employees, % women</b>	<b>Gender pay gap, all employees</b>	<b>Gender pay gap, Full-time</b>
Agriculture, forestry and fishing	24.3%	15.9%	11.7%	12.1%
Mining and quarrying	14.5%	11.4%	*	*
Manufacturing	23.8%	19.3%	24.5%	22.1%
Electricity, gas, air conditioning supply	23.1%	17.8%	34.2%	34.0%
Water supply, sewerage, waste	18.1%	14.3%	0.3%	0.6%
Construction	10.9%	7.4%	20.9%	12.7%
Wholesale, retail, repair of vehicles	48.2%	33.4%	22.8%	15.9%
Transport and storage	19.8%	15.6%	3.3%	-2.0%
Accommodation and food services	53.2%	42.6%	6.8%	6.4%
Information and communication	29.1%	24.1%	22.7%	18.8%
Financial and insurance activities	46.0%	39.1%	41.8%	38.6%
Real estate activities	56.0%	49.0%	20.8%	17.6%
Professional, scientific, technical activities	41.1%	34.1%	27.7%	23.9%
Administration and support services	43.7%	33.4%	8.6%	4.1%
Public administration and defence	49.2%	42.0%	20.1%	16.0%
Education	71.8%	63.6%	26.7%	9.6%
Health and social work	78.6%	71.8%	22.6%	19.1%
Arts, entertainment and recreation	46.5%	35.1%	13.9%	8.7%
Other service activities	59.2%	48.9%	26.3%	19.5%
<b>Total</b>	<b>46.5%</b>	<b>36.2%</b>	<b>19.8%</b>	<b>10.2%</b>

Source: Women employed: Annual Population Survey Oct 2009 – Sept 2010. Gender Pay Gap: Annual Survey of Hours and Earnings 2010

Notes: Industries based on one-digit SIC codes.

\* denotes categories with data not shown because sample size is too small to provide a robust estimate of the gender pay gap.

**Table A2: Occupational segregation and average (median) gender pay gap by occupation, UK, 2010**

Occupational Group	All Employees, % women	Full-time Employees, % women	Gender pay gap, all employees	Gender pay gap, full-time
Managers and senior officials	35.5%	32.8%	22.3%	20.4%
Professional occupations	44.1%	38.6%	1.6%	4.1%
Associate professional and technical	50.6%	44.5%	4.9%	6.0%
Administrative and secretarial	78.1%	70.2%	8.8%	7.9%
Skilled trades	8.3%	5.5%	31.4%	26.0%
Personal service	83.2%	76.6%	6.5%	7.4%
Sales and customer service	66.6%	54.2%	8.3%	6.4%
Process, plant and machine operatives	11.7%	11.1%	22.2%	22.3%
Elementary	45.8%	26.0%	14.9%	13.8%
<b>Total</b>	<b>46.7%</b>	<b>38.7%</b>	<b>19.8%</b>	<b>10.2%</b>

Source: Women employed: Labour Force Survey, April-June 2010. Gender pay gap: Annual Survey of Hours and Earnings 2010. Notes: Occupations based on one-digit SOC codes.

**Table A3: Large non-public employers reporting gender pay gaps internally and externally by sector**

%	Internally reporting	Externally reporting	Sample size
Manufacturing and construction	2.4	1.4	290
Distribution, hotels and restaurants	1.7	0.9	197
Banking, finance and insurance	4.3	1.2	116
Other private services	7.5	1.9	297
Organisations seeking a profit	2.6	1.1	768
Charities and voluntary organisations	9.5	2.6	132
<b>All</b>	<b>3.7</b>	<b>1.3</b>	<b>900</b>

Source: Adams et al (2010)



# Annex C: Notes on data sources and comparability

The baseline information on gender equality reporting in this paper comes primarily from three sources:

1. GEO (2009) 'Private Company Reporting of Workforce Diversity Data' GEO Research Report prepared by IFF Research

This was a survey of private sector employers with 250 or more employees, carried out in 2009, and ask questions related to diversity reporting.

2. Adams, L., Gore, K. & Shury, J. (2010) 'Gender Pay Gap Reporting Survey 2009', Equality and Human Rights Commission Research Report 55

This was a survey of private and non-profit employers with 250 or more employees, carried out in 2009, which asked questions related to gender equality reporting, with a focus on analysis and reporting of the gender pay gap.

3. Dewson, S., Gloster, R., Chubb, C., Carta, E. & Reilly, P. (2011) 'Voluntary Gender Equality Reporting in Organisations with 150 to 249 employees', Government Equalities Office Research Report 2011/03

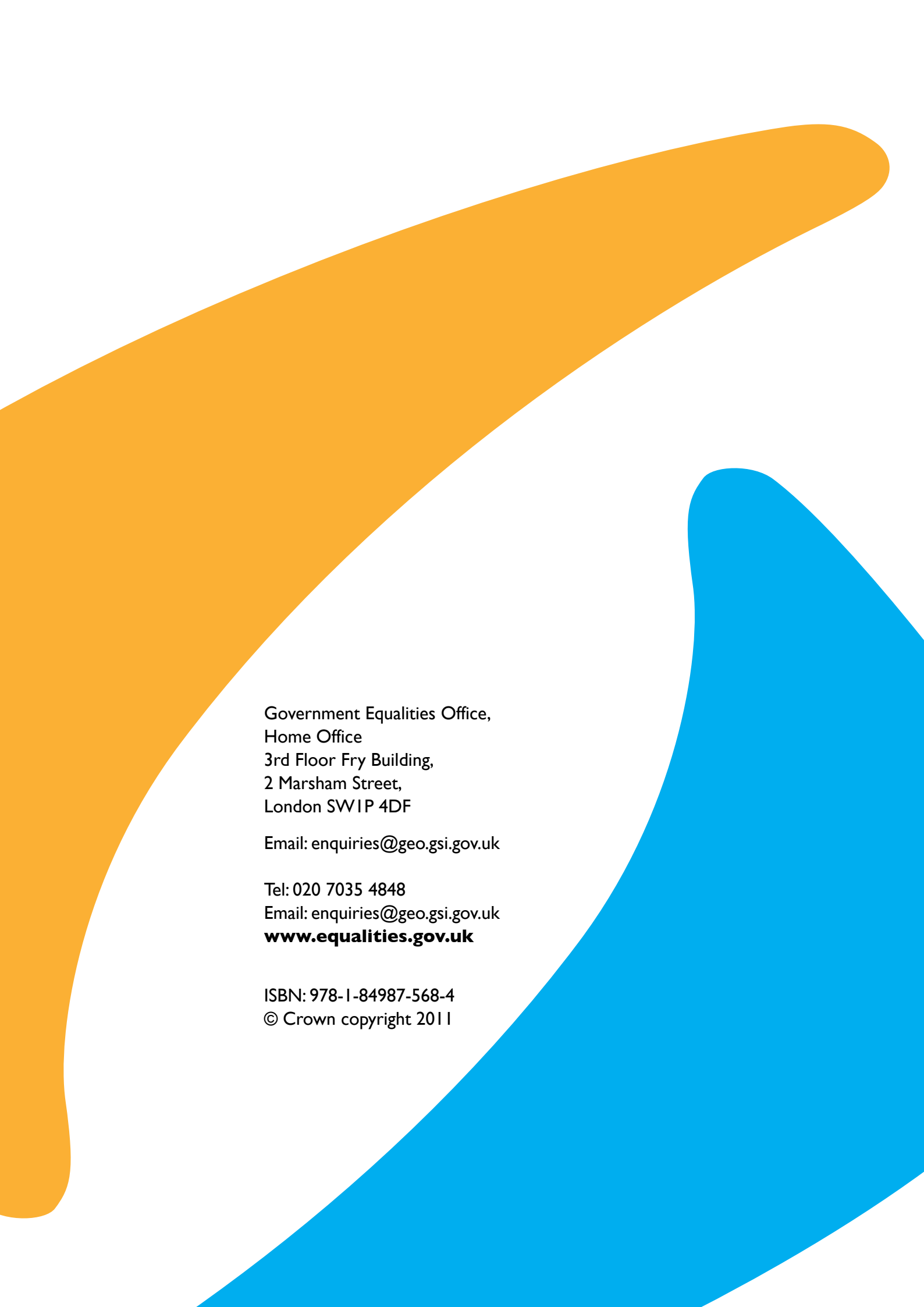
This was a survey of private and non-profit employers with 150 to 249 employees, carried out in 2011, which asked similar questions to the larger employers' survey.

There are a number of issues with comparability between these surveys which mean that interpretation and comparisons should be made with care.

Firstly, the survey for medium-sized employers, Dewson et al (2011) was carried out 2 years later than the other two surveys. Therefore, differences between large and medium-sized organisations may be, at least partially, explained by changes over time rather than differences between organisations of different sizes.

Secondly, due to a relatively small sample size in Dewson et al (2011) (a total sample of 185 employers) any differences between the two surveys of a magnitude of less than +/- 7.2% will not be statistically significant.

Thirdly, GEO (2009) is used in this report to give an idea of how many employers report externally on measures related to gender diversity in their workforce, as the two more recent surveys do not ask questions on this specifically. It should be noted that GEO (2009) does not include figures for employers with 150-249 employees and did not include non-profit organisations. Generally, evidence from Adams et al (2010) suggests that non-profit organisations are more likely to report on gender pay gaps, so we might expect that the exclusion of non-profit employers would lead to an underestimate of the proportion of employers reporting on gender diversity measures.



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