

Guidance for employers



Voluntary Gender Equality Analysis and Reporting:

Action for Workplaces in the
Private and Voluntary Sectors

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work
with you

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“What gets measured gets done.....”

Peter Drucker

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About this guidance

This brief guidance is aimed at private sector and voluntary organisations employing around 150 people or more who would like to address issues of equality between men and women but are unsure about how to proceed. The guidance gives you a high level overview of the issues you might need to think about and also how to participate in the Government’s voluntary initiative “Think, Act and Report”.

Sources of more detailed information and help, such as carrying out a Pay Audit which would be essential to give you a full picture of the issues around gender equality, are set out at page 14 ‘Further help’.

Background

This start up guide gives private and voluntary sector organisations practical advice of the sort of measures they can take to tackle inequality between men and women in the workplace.

The Equality Act 2010 requires public sector organisations to consider gender equality within their workplaces as part of the Equality Duty and to publish relevant gender equality data, this transparency is a driver to tackle gender inequality. Further transparency measures in the Act included making pay secrecy clauses in employment contracts unenforceable and protecting employees from victimisation if they seek to find out what other employees earn.

Alongside these requirements, the Government is asking businesses to undertake voluntary gender equality analysis and reporting. This is a business-led approach to help organisations identify and act on any unfairness based on gender, without further regulations from government. This means you:

- 1) **Think** about gender equality; check if you could do more using the workforce and pay measures described below
- 2) **Take action**; to address any differences that will ensure you get the best from your employees; and
- 3) **Report** on what you achieved through:
 - Workforce measures; see page 4 and/or
 - Pay measures see page 7; and
 - Narrative to contextualise and support the measures you've taken; see page 10.

A Pharmaceutical company found it was losing out in the talent war for professional and scientific staff as potential employees were being attracted to a competitor because they were more transparent about gender equality issues and the steps they were taking to ensure fairness.

The Board decided to undertake similar voluntary gender equality reporting and to publish their findings and actions on their company website to redress this recruitment problem.

A legal framework requiring equal pay for equal work between men and women has been in place since 1970 yet there is still a significant gender pay gap: women who work full time in the public sector are paid on average 10% less than men and that figure rises to 19.8% in the private sector.

There are many different causes of the pay gap such as the roles that men and women occupy within organisations and the sectors they work in, and the impact of time out of the labour market to have children or care for adults. However, identifying whether there are any specific problems within your organisation and addressing these can help you make the most of the talents of all, and help employee engagement and productivity.

There is a legal right to equal pay between men and women for equal work. An organisation could be acting unlawfully if they discriminated against employees because of their gender. This includes pay discrimination where someone is paid less for doing the same job or a job of equal value or rated as equal in a job evaluation. See Acas guidance on 'Job evaluation: an introduction' at www.acas.org.uk/publications.

This guidance is aimed at organisations with 150 or more employees whether they are already collecting, analysing and acting on information regarding gender, or whether they are starting to think about doing so.

Taking stock and having a sound business reason for undertaking any measurement is important. Remember too that you will always find difference when comparing measurements. The important issue is to be able to recognise when the difference is significant, ie, more than just coincidence and then to explore why the difference occurs. Acas produces a guide on this and monitoring more generally 'Delivering equality and diversity' at www.acas.org.uk/publications and would help you make better decisions based on measuring gender equality. Further information on this can be found on page 11.

Workforce measures

As a first step to looking at gender equality in your organisation, the following measures can give you a non pay analysis of your business by gender:

- Make-up of the whole workforce
- Representation of men and women at different levels by role
- Measures relating to representation at different pay levels
- Measuring gender representation in different occupational groups
- Measures relating to promotion rates by gender
- Measures relating to uptake of flexible working across the company
- Measuring employees returning from Maternity leave.

Consider the example below; pick those measures that would have meaning and utility for you.

Which Measure(s) would you select?

The Board of a large insurance company was surprised when feedback from their recent staff survey found many women reluctant about applying for jobs at a higher level because of a perception of long hours. A perception apparently reinforced by a selection process dominated by men. No one suggested unlawful behaviour but it nevertheless had an off-putting effect on potential female candidates.

Make-up of the whole workforce

Simply the proportion of men and women you employ in total. An easy measure and one that you can use to ensure that you are not neglecting the talents of a particular group in the labour market.

Representation at different levels by role

This means the proportion of men and women at different levels within your organisation eg board level, senior management, and supervisory management and so on, (you as an organisation can choose the most appropriate method of breakdown).

This comparative measure might give you some explanation for any pay gap figure you may have for the whole workforce by showing how far the differences in pay between men and women were driven by the level of post held.

This information also might indicate whether there are any issues you may have to address to enable women and men to compete equally for management roles and to ensure better representation of women on your Board see the example below.

A footwear company found disproportionately more men in its regional director roles than women. It found that experience of area management (the role below regional management) was a key qualification for accessing the higher level role. However most women in the company worked in head office rather than in area management and lacked this experience and so the company set up a programme of attachment and transfers to area manager roles to provide exposure to this role. This is one of many 'pipeline' measures they set up to build a future flow of candidates.

Representation at different pay levels

This is a breakdown of your employees by gender in significant pay bands, for instance, <£10k, £10-20k, £20-30k etc. This measure would give context to the pay gap figure by showing how far the differences in pay between men and women were driven by their job and role within your company. If you find more women in the lower bands than men you should investigate this using the sources of information set out on page 14.

This information would highlight levels in your organisation where there may be ceilings to men or women progressing further and could also be valuable in benchmarking where you are in relation to competitor employers or other companies in your geographical location.

Measuring gender representation in different occupational groups

Occupational segregation (men or women concentrated into different jobs) is known to be a significant driver of the gender pay gap at the national level.

This measure would provide some evidence on whether pay differences within your organisation are being driven by differences in the types of jobs done by men and women.

Remember: Women are entitled to be paid the same not just for the same or similar work but for jobs of equal value or rated as equal by job evaluation.

Measuring promotion rates by gender

This measure can be the success rates for men and women when you've held a promotion exercise or it could be measured as average length of time at each grade, or proportion of men and women from each grade being promoted in a year.

The figures would provide a useful complement to figures on representation at different levels described above and would shine a light on whether any under-representation at senior levels is due to internal promotion issues or due to the levels at which men and women enter the organisation.

This form of analysis will give you an insight to issues relating to women in senior decision-making positions and also future or pipeline issues.

Measuring the uptake of flexible working

This would be the percentage of men and women using various flexible working patterns as a proportion of the whole workforce as well as the job bands or grades at which take up is occurring.

This measure would provide useful contextual information when looked at alongside other measures such as promotion rates and maternity returnees. You may want to consider uptake of flexible working alongside other measures eg sick leave or employee satisfaction measures to consider any correlations and impacts on efficiency and productivity. You may wish to explain the availability and appropriateness of flexible working in different roles in your organisation.

Measuring employees returning from Maternity Leave

This measure would look at the proportion of mothers returning to you after maternity leave and whether or not they return to same post/grade/working

pattern. This measure can illuminate an area where gender pay gaps can be created.

To support this you could also look at the proportion of mothers still in employment a year after returning as a measure of the effectiveness of, or need for, adjustments or accommodations made to retain skilled or experienced employees.

Bridgette returns to her job as an accounts supervisor after her maternity leave. She wants to work full-time but would need to leave the business before 5pm each day to collect her child from the crèche. Initially her boss wanted her to work reduced hours to account for this but on reflection decided that she could make up the time during the morning without affecting business. With the small adjustment to working pattern each day Bridgette finds she can continue on a full-time basis and earn the same as she did before leaving to have a baby. The company retains a skilled employee they could have lost if they had not adjusted her working pattern or had insisted she worked reduced hours for less take home pay.

Pay and reward measures

The following measures give you a pay-based analysis of gender equality in your organisation:

- Full Time Gender Pay Gap
- Part Time Gender Pay Gap
- Overall Pay Gap
- The difference between the average basic pay and total average earnings of men and women by grade and job type
- Difference between men and women starting salaries
- Measuring the reward components at different levels.

Full Time Gender Pay Gap

The difference between the hourly earnings of men and women calculated by comparing the female full-time employees' pay with male full-time employees' pay. Comparisons can be made using either the median, or mean (average) earnings.

You can also examine the percentage increase or decrease of the difference between median (or mean) hourly earnings of men and women measured this year in comparison with the pay gap last year.

This measure compares like-with-like in terms of full-time jobs and roles and it can begin to alert you to pay differences between men and women. Some will be innocuous, some not and you should investigate to further understand the reasons. See page 14 for sources of further help.

A holiday company carries out an analysis of full-time pay in job bands between men and women using a mean figure and finds a 12% gap in favour of men. The company found more men at the maximum of the pay scale as compared to women for historical reasons and also because some women may have temporarily left for caring responsibilities. Furthermore successive pay policies had placed annual percentage increases only at the pay scale maximum and not the incremental points on the scale. The company did this so that everyone got a pay increase for motivational reasons, however using percentage pay increases in this way, whilst for sound business reasons can perpetuate the pay inequality at this company.

Part Time Gender Pay Gap

The difference between the median (or mean) hourly earnings of men and women calculated by comparing female part-time employees' median (or mean) pay with male part-time employees' median (or mean) pay.

You can also examine the percentage increase or decrease of the difference between median (or mean) part-time hourly earnings of men and women, measured this year in comparison with the pay gap last year.

As above this measure compares like-with-like in terms of part-time job roles and it can help organisations to identify any pay inequalities which they were previously unaware of within part-time jobs.

Remember: it is likely to be unlawful to pay part-time workers less per hour than full-time workers for doing equal work.

Overall Gender Pay Gap

The difference between the median (or mean) hourly earnings of men and women calculated by comparing all female employees' median (or mean) pay with all male employees' median (or mean) pay.

You can measure the movement or annual change by looking at the percentage increase or decrease of the difference between median (or mean) hourly earnings of men and women measured this year in comparison with the pay gap last year.

Whilst the overall pay gap does not compare pay in equal roles, it does reflect the experience of all your employees and therefore captures pay differences between full-time and part-time employees as well as differentials within those categories. The overall pay gap will reflect occupational segregation and the proportion of women in senior roles.

The difference between the average basic pay and total average earnings of men and women by grade and job type

The measure would compare the average basic pay for men and women with the average total earnings once overtime and bonuses are taken into account. This would help you identify whether there are differences in average earnings for men and women doing similar jobs related to bonus or overtime payments that are more easily accessed by one gender than another, for example:

Car park attendants at a shopping centre receive a bonus payment for working in adverse weather conditions. The attendants are mainly men. Centre receptionists staffing help points are the same grade of job but they do not receive this bonus or any bonus payments for difficulties they may face in their job. Receptionists are mainly women.

This measure would show the degree to which any gaps stem from differences in basic pay or differences in other components of earnings eg overtime payments or bonuses.

The difference between men's and women's starting salaries

This could be a useful indicator of the extent of awareness of gender equality issues. This measure would be of most use to organisations when identified by pay bands/ levels/ grade/ job type, or to give an overview of eg whether women are more likely to be recruited to lower paid roles.

Measuring reward components at different levels

This measure would look at the different elements of total reward (basic pay, overtime pay, bonuses, share options, pensions contribution and so on), for employees at different levels, by gender.

This measure would provide a broader view of how employees are rewarded than simply their hourly pay.

The Narrative

- A narrative description
- Results of employee survey.

Narrative

The narrative is to add context to the body of your analysis. You should use it to set out which measures you've taken on board, and where you have taken action, allowing you to highlight factor(s) to which you attach more/ less importance. If you opt for voluntary reporting (see below) the potential audience is wide, including your current and future employees, shareholders and customers, both existing ones and those attracted by what you say around gender equality.

You can use the narrative for example to highlight the talent pipeline and your commitment to increasing the number of women in senior decision-making positions. You can also say whether a pay audit has been conducted and whether any actions resulted.

Employee survey

Gender differences in staff survey responses, particularly in relation to employee satisfaction and discrimination can be a valuable source of

information where you could helpfully highlight specific areas to take action to reduce gender inequality.

The relationship between survey results and pay is very indirect. The questions, and therefore the results, would rarely be directly comparable across organisations.

Taking action

Knowing when to take action is important. Simply because you have a difference between men and women on one of the measures described earlier in this guide is not a reason for action, so how do you know when difference is such that you should not ignore it and look to take action? The key decision is whether the difference is significant and what is causing it.

When you find a difference in the numbers of men and women doing equal work discussed under 'workforce measures' then a rule of thumb to when a difference is significant is when the difference between the unsuccessful or less favoured gender is more than 4/5ths (or 80%) of the successful or favoured gender. Where such a difference is found to exist it is useful to ask why. Might it be for a reason related to gender? If so, can anything be done to address this issue? Consider the case study below.

A train company recently promoted 10 women and 8 men to be train managers. You look at the exercise and see that there were 25 women and 12 men interviewed. This means the success rate for women was 40% (10 out of the 25 applications) and for men it was 66% (8 out of the 12 that applied). So despite more women than men getting these higher paid posts, men were more successful in the selection process. Is this significant?

Yes, four-fifths of the men's success rate is 54%, so if the promotion process worked similarly for both genders we should have seen 13 women promoted.

Ask yourself: Was there something about the process that unintentionally favoured men? Why did they do better? Answering such questions may highlight the need to take action to ensure fairness.

The larger the sample the more accurate this is but be careful about small numbers and jumping to the wrong conclusion.

For differences in pay between men and women doing equal work, look closely where this regularly is between 3% or over 5% in one off instances. Ask why and think about whether the reason itself might relate to gender. Remember not all differences in pay between a man and woman doing similar work will be because of gender such as between a new recruit and a longer serving member of staff doing the same or similar work where you have a service-related pay scale.

The EHRC have a toolkit to analyse pay differences, go to www.equalityhumanrights.com

Participating in Voluntary Gender Equality Reporting

To participate you should:

- 1) **Think** about gender equality;
- 2) **Take action**; and
- 3) **Report** on
 - Workforce measures; and/or
 - Pay measures
 - And provide a supporting narrative.

The Government has applied a requirement on public sector employers such as the police, health service and local authorities to consider gender equality issues and to publish relevant gender equality data.

The Government is inviting the private and voluntary sector to become involved in a voluntary capacity. There is no requirement on you or your organisation to take part in gender equality reporting.

Organisations undertaking voluntary gender equality reporting should choose to report on the transparency measures which they consider to be the most relevant, comparable and understandable. However the Government

encourages organisations to periodically undertake analysis on measures including pay to ensure their systems are fair and do not discriminate against men or women, even if they opt not to report on them publicly.

RKS Components manufacture car engine parts and employ 200 people. The firm are keen to show they value employees, because they have evidence to show this encourages lower turnover of staff and helps with skills retention.

RKS decide to take part in gender equality reporting and examine the proportion of men and women in the workforce by job role to see if each role is equally accessible to men and women. They also decide to compare basic pay to take home earnings, to explore if working arrangements favour one group over another in terms of overtime and bonus payments.

The Company support the analysis with a narrative report. They find that difference in proportion of men and women job roles is small and within acceptable limits (see page 11). However RKS do discover that men appear to have higher earnings compared to basic pay within these roles compared to women. The company find out that volunteers for overtime are often called late in the working day and women employees say they cannot easily change their child care arrangements at such short notice.

The Company were unaware this informal policy was having such an effect on women's earnings and decide to act. They decide there is no strong reason why overtime should be arranged so late, and improve management practices so that they can give employees 48 hours notice of overtime. After a few months the number of women doing overtime increases quite markedly and supervisors report anecdotal feedback from male employees saying they feel less stressed at no longer feeling they had to do overtime to ensure the company delivered on its orders.

You should choose measures which can help you most ensure gender equality and that you can publicise widely on your website, on your recruitment material, in your sales products and by doing so encourage other businesses to follow suit.

RKS report the success that they have achieved with this simple action to their board.

They also decide to report this in a short narrative that they put on their company website and in their corporate governance and recruitment materials. This reinforces their aim to be an employer who values staff and contributes to staff retention and loyalty.

It also makes them a sought after employer to work for in the local community.

Further help

The Equality and Human Rights Commission (EHRC) website contains comprehensive guidance on gender equality and tackling pay discrimination. www.equalityhumanrights.com/advice-and-guidance/guidance-for-employers/tools-equal-pay/

Acas produce a guide on analytical job evaluation, go to www.acas.org.uk/publications

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Information in this booklet has been revised up to the date of the last reprint – see date below. For more up-to-date information, go to the Acas website www.acas.org.uk

Legal information is provided for guidance only and should not be regarded as an authoritative statement of the law, which can only be made by reference to the particular circumstances which apply. It may, therefore, be wise to seek legal advice.

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for questions on managing equality in the workplace



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