



One year on and little change: An assessment of Scottish employer gender pay gap reporting

1. Introduction

The UK gender pay gap reporting regulations have been in place since 2017. Large private and third sector organisations in Scotland first published their gender pay gap information in April 2018, and April 2019 saw the second round of this employer reporting.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires private and third sector employers with 250 or more employees to report a range of information including:

- Mean and median gender pay gap figures;
- The gender gap in bonus earnings, and the proportion of men and women receiving bonuses; and
- The proportion of men and women in each pay quartile.

English public bodies, non-devolved public bodies, cross-border bodies, and the Scottish Parliament are obliged to report their gender pay gap information under the separate Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Scottish public bodies with more than 20 employees already report their gender pay gap under the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016.

Close the Gap's 2018 report, *The Road to Change: An assessment of Scottish employer reporting of the UK gender pay gap regulation*, looked at the first year of reporting, in order to identify Scottish employers' understanding of the gender pay gap, and their commitment to action to tackle it. This assessment revealed that the first year of gender pay gap reporting had not resulted in meaningful change in employer behaviour, with less than a third of employers failing to provide a narrative to explain the causes of their pay gap, and less than a fifth setting out actions.

In 2019, Close the Gap did a second assessment of Scottish employer reporting to identify if, one year on, there had been any improvement in employer understanding of the gender pay gap in their organisations, and if the regulations had resulted in tangible action on the causes of the pay gap.

2. Methodology

The assessment included a cross-sectoral sample of 250 Scottish private and third employers, representing half of all Scottish employers covered by the reporting regulations. The data used was that submitted by employers to the UK Government's gender pay gap viewing service¹. The assessment looked at:

- Gender pay gap information;
- Bonus gap information;
- Whether a narrative had been published;
- Whether an action plan had been published; and
- Whether there was any evidence of action since 2018 reporting.

The assessment also considered the quality of any narratives and actions identified.

3. Key findings

The headline findings of the assessment were as follows:

Gender pay gap information

- A move away from the extremely high pay and bonus gaps of 2018, which could indicate **more accurate calculation of gender pay and bonus gaps**.
- **High pay gaps of up to 68%** in male-dominated sectors such as sport & recreation, manufacturing, oil & gas, finance and construction.
- **Very high bonus gaps of up to 100%** in male-dominated sectors such as construction, oil & gas and transport & logistics.

Analysis and action

- **Less than two in five employers had published a narrative** to explain the causes of their gender pay gap, with the majority providing a poor level of analysis.
- **Less than a third of employers had published actions**, the majority of which were unmeasurable and unlikely to result in positive change.
- **Only 6% had published targets**, with most lacking timescales.
- **Only 4% had provided evidence of action taken** since the last reporting round.

¹ <https://gender-pay-gap.service.gov.uk/>

4. Themes

This assessment identified that many of the issues present in 2018 reporting remain. Employers continue to overstate the difference between the gender pay gap and equal pay, with the attempt to clarify the difference resulting in a failure to identify unequal pay as a potential cause of their gender pay gap. Although employers published a narrative alongside their pay and bonus data only a minority have provided more than a superficial analysis of their gender pay gap and its causes. While more employers had published actions this year, most of these were of poor quality and unlikely to create change for women. The standard of reporting in 2019 suggests a strong sense of complacency from employers on the gender pay gap as a priority issue, and a lack of commitment to take steps to address it.

i. Declining level of priority given to compliance with the regulations

There were a number of clear indications that employers are placing a lower priority on gender pay gap reporting than in the regulations' first year. It was extremely difficult to identify any areas of progress for women in the workplace. There was a small increase in the proportion of employers which had published a narrative, which increased to 38% from 30% in 2018². While this is positive, it does not on its own indicate meaningful progress. The vast majority of narratives contained only superficial analysis and did not describe action taken since the previous report. This suggests that employers are not taking concrete steps to improve their pay and employment practice.

Many employers who reported in both 2018 and 2019 had removed their 2018 report from their website, making it difficult to establish progress or accountability on any previous commitments or identify changes in practice. Where 2018 reports were still available it was noted that many employers' 2019 reports used identical wording to their previous report and had simply changed their pay and bonus data. Recycling previous reporting suggests that these employers may place a lower priority on tackling their gender pay and bonus gaps. In addition to this, it was identified that a number of reports were signed by a person of a lower seniority than the previous signatory, which suggests that some employers may be placing a declining importance on the reporting process.

ii. Referring to the gender pay gap as a “societal issue”

Many employer reports described the gender pay gap as a “societal issue” and by inference an external matter, while failing to acknowledge the role of employers in society. This was used as a justification for the presence of gender pay and bonus gaps and to excuse the lack of action taken. There was a strong sense of employer

² The sample used in 2019 is a different sample from that used in 2018. The 2019 sample contained 250 employers, while the 2018 sample contained 200 employers. These figures represent 50% and 40%, respectively, of Scottish employers required to publish their gender pay gaps.

acceptance of the gender pay gap as a matter of fact, and not a problem with identifiable causes which can be remedied. Employer practice on pay, flexible working, recruitment, promotion and job design, and the composition of their workforce, has a direct impact on the causes of the pay gap from the cradle to the labour market and beyond into retirement.

iii. Inaccurate and incorrect analysis

The 2018 assessment identified that employer analysis was often superficial, with many employers citing the causes of their pay gap as a justification for its existence, rather than a driver for action to address it. Many employers which published a narrative identified that women were under-represented in senior roles in their organisation. In line with describing the gender pay gap as a “societal issue”, this was presented as an inevitability, as employers often failed to acknowledge the barriers to women’s progression and their role in addressing them. A lack of genuinely flexible working, especially in senior roles, biased and untransparent recruitment, development and progression practices, and male-oriented workplace cultures all contribute to gendered occupational segregation, and are all areas which employers can take real action in.

Many employers described analysis of their gender pay gap which was incorrect, with many stating that their pay gap was not an indicator of gendered inequality in their organisation. One employer said that their very high gender pay gap was down to “*the way the measure is calculated, rather than giving a true picture of gender inequality in (the organisation)*”. This suggests that some employers may be reluctant to acknowledge gender inequality in their workforce, and to take steps to address it.

iv. Lack of effective actions

There was an increase in the proportion of employers which had committed to action to tackle their gender pay gap in this second reporting year, with 31% of employers publishing actions in 2019 compared to 19% in 2018. However, as in 2018, these often comprised of small-scale initiatives or existing practice and often did not represent effective steps to tackle the gender pay gap. In line with the poor standard of analysis in employer reports, there were few actions which demonstrated recognition of the barriers women face in the workplace. Many employers described the same generic, gender-blind interventions which had been committed to in their first report, with no indication of the success of these initiatives in the past year. Employer practice is a key factor underpinning women’s labour market inequality: it is critical that employers recognise their role in closing the gender pay gap and commit to change. If employers fail to take responsibility for their contribution to the pay gap it will prevent progress on gender inequality.

v. Widespread complacency

Despite the vast majority of employers failing to publish an analysis of the causes of their gender pay gap, and the lack of progress overall, 2019 reporting indicated a strong sense of complacency among employers. Many employers made a statement that “*there is no gender inequality at (organisation)*” but provided no analysis or justification for their assertion. Similarly, many employers reported that they had “*no concerns*” regarding their pay and employment practices, but again presented no further detail around this. As in 2018, most employers stated they have “*no equal pay issue*”, while at the same time, providing no narrative on the steps they had taken to ensure equal pay for women. Evidence shows that the vast majority of Scottish employers have not done an equal pay review³, and in the 2018 assessment, only one employer mentioned plans to do a pay review.

The assessment also identified that the presentation of pay and bonus data in employer reports frequently focuses on the lower or more favourable data points. For example, employers whose median pay gap is higher have focused their narrative on the mean, and vice versa. Another common statement from employers is that they “*compare favourably to the sector*”, despite having high pay gaps. Framing the data in this way suggests some employers’ primary focus is the reputational risk associated with gender pay gap reporting; however, this risk is not motivating them to take action.

5. Conclusion

The findings of this assessment indicate that progress on the gender pay gap is a long way off. There has been an improvement in the proportion of employers which have published a narrative, increasing from 30% in 2018 to 38% in 2019, however the quality of analysis presented remains poor. Similarly, while more employers set out an action plan for closing their pay gap, increasing from 19% in 2018 to 31% in 2019, the quality of actions suggests that this will not result in the transformative change needed to tackle women’s labour market inequality.

Close the Gap’s first assessment highlighted that the fundamental weakness of the regulations is that employers are not required to take action. The rationale for reporting information only was that after calculating their pay gap, employers would have an understanding of its causes and would be compelled to take action. In 2019 it is evident that this is not happening. In fact, there has been an increase in complacency and, for many, a decrease in prioritisation of pay gap reporting. The experience of Scotland’s public sector⁴, and now also early findings from gender pay gap reporting in the private and third sectors, shows that reporting alone does not create change.

³ Close the Gap (2013) *Missing Out on the Benefits: Summary of research on the reporting of the gender pay gap in Scotland*

⁴ Close the Gap (2015) *Making Progress? An assessment of employer compliance with the public sector equality duty*



Close the Gap works in Scotland on women's labour market participation. We work with policymakers, employers and unions to influence and enable action that will address the causes of women's inequality at work.

Close the Gap
166 Buchanan Street
Glasgow
G1 2LW

0141 572 4730
info@closethegap.org.uk
www.closethegap.org.uk

Twitter: @closethepaygap
Facebook: closethepaygap

www.closeyourpaygap.org.uk

Published March 2020



Close the Gap

Close the Gap (SCIO) (known as Close the Gap) is a Scottish charity, no SC046842