Think, Act, Report
One Year On
Ministerial Foreword

The Coalition Government is committed to developing a fairer and more flexible labour market that draws on the talents, skills and experiences of everyone. This is key to economic recovery and growth. To do this, we need to tackle the barriers that women continue to face in the workplace. Although the pay gap has narrowed, women are still paid less than men and are under-represented at senior levels. Whilst some businesses have made great strides, others lag behind.

Real change will not happen through Government dictating how organisations should be run. Lasting change will be best delivered by businesses taking the lead and seeing and realising the benefits of supporting their female employees and making sure working practices, culture and policies allow women to play a significant role in business success. 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.

That is why last year this Government introduced Think, Act, Report, a voluntary approach to tackling and overcoming barriers that prevent organisations making the most of their entire workforce, aimed in particular at medium and large private sector organisations. This initiative encourages organisations to think about their own circumstances, drawing on the experiences of others, take steps to encourage recruitment, retention and progression of talented women and then report their progress widely. Transparency is a powerful tool to drive change. Promoting their support for Think, Act, Report gives businesses the opportunity to shine a light on the good work they are doing and publicise their success.

It is one year since we launched this initiative and I am delighted to report that over 10% of the entire UK workforce in medium and large organisations are now employed in businesses who support it. That means over one million people are working in organisations signed up to Think, Act, Report and will reap the benefits that greater transparency can bring. This demonstrates what can be achieved through voluntary arrangements. I urge any organisations who have not yet signed up to Think, Act, Report to join in; it is a great way to demonstrate your commitment to gender equality to your employees, suppliers, shareholders and customers.

Rt Hon Maria Miller MP
Secretary of State for Culture, Media and Sport; and Minister for Women and Equalities

Jo Swinson MP
Minister for Employment Relations and Consumer Affairs; and Minister for Women and Equalities (BIS)
Executive Summary

Closing the Gender Pay Gap continues to be a significant challenge for the UK. Despite progress, the full-time pay gap is around 10%. This reflects occupational segregation; women working in less senior roles than men; and the impact on career progression of taking a break for caring responsibilities. There is also an unexplained element often attributed to on-going discrimination.

The Government is committed to developing a fair and flexible labour market that draws on the talents of all. This is vital for economic growth. The Equality Act 2010, implemented by this Government, provides a strong legislative framework. But these challenges cannot be addressed by Government alone. We are working in partnership with leading businesses to tackle the main challenges to equality in the labour market. We are supporting women entrepreneurs and women’s access to finance; challenging businesses to improve the representation of women on boards of companies; and promoting flexible working and shared parental leave. We have also set up the Women’s Business Council which will make recommendations on further measures next spring.

Think, Act, Report, the Government’s initiative for promoting gender equality in the workplace, forms part of this wider approach. It will help businesses recruit and develop the pipeline of talent to senior board positions. This is the first annual report since the initiative was launched in September 2011. Think, Act, Report is a flexible, voluntary approach that encourages businesses to think about gender equality, take steps to promote equality in their workplace and then share their progress publicly. It is open to any organisation but aimed in particular at medium to large private and voluntary sector organisations.

Since the launch, a growing number of leading organisations have signed up to Think, Act, Report. There are now over one million employees working in companies that have committed to improving transparency – that is 10 percent of the eligible workforce in the UK. And we want this to grow significantly.

As well as increasing the volume of UK businesses who support greater transparency on a voluntary basis, we want to do more to share best practice and drive up the overall performance through Think, Act, Report. Given that women make 70 percent of household purchasing decisions, companies need decision-makers who can understand and respond to all their customers. We will therefore be pursuing opportunities to showcase what the best are doing and encouraging others to achieve the same. And in many cases we will be finding ways to persuade those who are interested – but not yet active – to start publishing information.

In driving forward Think, Act, Report, our goal is to build a culture where openly promoting equality for men and women in the workplace becomes the norm for all modern businesses.
Why it matters

Women and growth

Given that women outnumber men at most universities and make up almost half the labour force, it is not surprising that those companies that draw on the talents of everyone – both men and women – find that this strengthens their position in the market place. Research suggests that companies with gender-diverse boards and higher female representation in senior positions record better performance. Quite simply, companies make better decisions when their staff are drawn from the widest pool of talent and are good at understanding their customers. A company that is more representative of their target market is likely to be better at doing that.

Increasingly, investors and shareholders are also becoming aware of this. Last year, the Association of British Insurers published new guidance on board diversity, setting a benchmark for good practice. In November last year, the National Association of Pension Funds updated its Corporate Governance Policy, to highlight the importance of gender diversity and expectations of investors.

Women in the workplace

Drawing on the skills and talents of everyone is not just important at senior levels. It is important both for our economy and our society that women are able to use their talents fully at all levels in the workplace, whatever their aspirations.

Gender pay gap

Despite progress over many years, the gender pay gap for full-time men and women is 9.6 per cent and the gap including part-time working is 19.7 per cent. The gender pay gap increases with age. This pay gap is partly because the majority of those in low-paid jobs – secretaries, cleaners, retail assistants, care workers – are women.

For their main job, women are over three times more likely to be working part-time than men.
Why it matters: median hourly earnings (excluding overtime)

**Full-time workers**

£12.76

**Part-time workers**

£8.01


Women are also more likely to be working part-time. Part-time posts are, on average, more poorly paid per hour than full-time jobs but the evidence also suggests that, even when they are working in better-paid professions, women generally occupy less senior positions than men, and are less well paid than their male peers for comparable jobs. Women make up 49% of employees but only 33% of managers, directors and senior officials and just over 11% of FTSE250 board members.

The proportion of women drops off at senior levels, more sharply in some sectors than others.
Research indicates that having children has a long-term impact on women’s employment rate compared with men\(^x\). Caring responsibilities can also be a barrier to progression. For example, a survey by McKinsey reported that 57% of women cited the double burden of work and domestic responsibilities as one of the biggest barriers to diversity in senior management\(^x\). However, research indicates that women’s lower representation in senior positions cannot be wholly explained by differences in career aspirations or taking time out to have children\(^x\). And even when women who have not had children are compared with men, they earn less\(^x\).

Women’s talents are not being fully used and this is a lost opportunity both for our labour market and the women themselves.

**Case Study:** Deloitte is pleased to support Think, Act, Report. Deloitte identified that they were losing women at Assistant Manager level, particularly between the ages of 26 and 30. Their Talent Agenda introduced Transition Coaching to help women plan their departure from and return to the workplace. They have a dedicated ‘Women in Leadership’ programme to retain, develop and grow the number of senior women in the firm. As a result, retention rates in 2011/12 increased from 82% to 93% for women returning from maternity leave and Deloitte has been recognised as one of The Times Top 50 companies where women want to work.
Section 2

What we are doing about it

The Government is committed to developing a fair and flexible labour market that draws on the talents of all. This is vital in order to build a strong, stable and modern economy. But these challenges cannot be addressed by Government alone.

Legislation

We have strong legislation in place to tackle discrimination against women. The Equality Act 2010, which has been implemented by this Government, included new provisions to make pay secrecy clauses unlawful (s.77), extend positive action in recruitment and promotion (s.159) and protect against discrimination “by association” (s.13) (eg caring for a disabled person).

There is also legislation on the statute book (s.78), which could require all companies with 250 employees or more to report their gender pay gap. However, the government is not minded to commence this provision. We strongly believe that the voluntary, business-led approach which Think, Act, Report sets out is the best way to encourage employers to drive culture change, tackle the complex issue of equal pay and promote equal opportunities for everyone.

However, it is also right to take strong action in the few cases where employers have been shown to have breached the law. So in the Modern Workplaces Consultation, we set out the Government’s proposal to give Employment Tribunals the power to impose pay audits on employers who are found to have discriminated because of gender in pay matters. We decided to go ahead with this proposal in the light of consultation responses. This power is being introduced as part of the Enterprise and Regulatory Reform Bill that was announced in the Queen’s Speech. This change will have no impact on the overwhelming majority of businesses who adhere to the law. But in those rare cases where the law is broken, it will ensure that those employers look at their pay structures in detail to avoid breaking the law again.

Working in partnership with business

But whilst legislation provides a strong foundation, it cannot on its own change culture. We need to draw on the expertise of leading businesses and business people to tackle the main challenges to equality in the workplace. In particular, we need to start building a better pipeline, to ensure that companies retain and promote talented women. Think, Act, Report forms part of this wider approach.

Case Study: B3 Living (formerly Broxbourne Housing Association) has introduced a flexible working policy to improve work-life balance in the organisation. This includes holding open discussions with returners from maternity leave to ensure they are able to balance their work and family lives. 31 of the company’s 169 staff are now part-time. B3 Living was listed in the top ten in the 2012 Sunday Times top 100 companies list, in the not-for profit sector.
Getting the insight of leading businesses is vital. This is why we have set up the **Women’s Business Council**. The Council is an informal advisory body which is looking at ways of maximising women’s contribution to economic growth. The Council, chaired by Ruby McGregor-Smith, CEO at MITIE, is assessing priorities in challenging the barriers that women face in playing a full part in business and the workplace, and advising Government on how to address these barriers. They will report to the Secretary of State in May 2013. In doing this, the Women’s Business Council will be building on the work already underway:

**Women in enterprise**

- Last November, we announced the development of a package of support for women in business including funding to recruit and train 5,000 mentors. Over 6,000 women have now volunteered to become mentors to help boost the economy. These women will be helping business women translate their ideas into new businesses and helping existing companies to grow.
- We are promoting women’s enterprise in rural areas by providing £2 million over the next three years to turn their business ideas into profitable and sustainable businesses. These businesses will also benefit from the rural broadband strategy, the benefits of which will be seen across the UK.
- We are conducting a review into access to finance for women entrepreneurs and pregnant women, working with the British Banking Association and others.

**Flexible working**

- Government has confirmed that it will legislate to extend the Right to Request Flexible Working to all employees, which will help to ensure that the benefits of flexibility are available as widely as possible.

**Women on boards**

- We appointed Lord Davies to lead a review with business into the barriers to increasing the number of women on boards. His report, published last year\(^{xiii}\), challenged our leading FTSE100 companies to achieve a target of 25% women on boards by 2015\(^{xiv}\).
- We are now working with business to implement his recommendations. Research by Cranfield School of Management shows that, if the current pace of change is maintained, we are on track to achieve 27% women on FTSE100 boards by 2015\(^{xv}\).
- Government is introducing a new requirement in company reporting regulations, developed in consultation with business, and in response to Lord Davies’ report. These regulations will require quoted companies to report the number of women in the company as a whole; in senior positions; and the number on the board.
This is complemented by the work of the Financial Reporting Council which, in response to Lord Davies’ report, recently introduced two new requirements to the UK Corporate Governance Code for listed companies:

i. to promote transparency on how companies are tackling gender representation on their boards, companies will have to disclose their policy on boardroom diversity and report progress.

ii. to help the board to understand how they can benefit from diversity, they will be required to assess the impact of diversity on the board’s effectiveness as part of their annual board evaluation.

The Government believes that transparency is the key to shifting attitudes to women in the labour market. At its most basic level, this means companies being prepared to publish data on how many women they employ and where they are in the organisation. Whilst a voluntary approach is right for the majority of businesses, the Government believes that publicly-listed companies should lead by example. Whilst quoted companies form only a small part of UK-based organisations (0.05%)\(^\text{xxvi}\), it is right that they should be the most transparent and accountable to the public.

Think, Act, Report Case Study: Hogan Lovells International identified that a disproportionate number of women were not progressing from Senior Associate to Partner. They noted that this is often at the stage where women start considering having a family. As a result, they revised their policies to promote flexible working, using role models and flexible working champions. They introduced two new mentoring programmes for women: one specifically at Senior Associate level and the other on return from maternity leave. Both pilot initiatives are in the early stages but the response has been very positive with a 70% uptake at Senior Associate level. Group Managers across London practice areas will monitor progress, and seek feedback from participants, feeding back what has gone well and what more could be done to address issues identified as a barrier to progression.
About Think, Act, Report

Most employers know that they need to make the best use of the skills and abilities of everyone in the workforce to succeed in today’s market. And many companies are already leaders in this field and are happy to make their commitment public. That is why we set up Think, Act, Report. It is a core part of the package of measures we are taking forward, with business, to promote gender equality in the workplace.

Think, Act, Report provides a voluntary and flexible framework of reporting measures and approaches. The framework provides a menu of options, recognising it is for businesses themselves to decide which are most effective for them. It is available to any organisation but is aimed in particular at private and voluntary sector organisations with 150 staff or more.

Organisations that sign up to Think, Act, Report are asked to consider, take action and publish what they are doing to promote gender equality in the workplace. By sharing their success with others, they encourage others to follow. For quoted organisations that would be covered by the new company reporting regulations, Think, Act, Report provides an opportunity for them to become compliant and will put them in a strong position when they report on progress from summer 2014.

Case study: Tesco’s internal analysis revealed a 16% pay gap between males and females at store manager level. They found that a key factor was that female store managers had fewer years’ experience than male store managers. To support equal opportunities, they have created a Women’s Network, conducted and published an annual pay gap analysis in their corporate social responsibility report and changed their internal recruitment procedures for management posts. In the last four years the number of female directors has increased by nearly 70%.

What to publish

The aim of the initiative is not to force companies to report any gender pay gap. It is to drive a culture change, where reporting a range of gender workforce information and policies becomes the norm.

The Government believes that a voluntary, business-led initiative can achieve that better than commencing the legislation on this issue. So while of course we are encouraging companies to report as much information as possible – including the gender pay gap, if they feel comfortable doing so – it’s a voluntary initiative, and it’s for companies themselves to choose what they make public, and where. We simply ask them to publish as much as possible on how they are promoting equal opportunities. Companies choose what they make public, and where.
Why publish information

Publishing this information sends a clear message to suppliers, customers, investors, shareholders and employees - and indeed future employees and future investors - about the organisation’s commitment to drawing on the talents of everyone, both male and female. Leading-edge organisations already know that this is crucial to success. Research shows that companies with more diverse boards achieve higher sales and higher returns. And given women make 70 per cent of household purchasing decisions, companies need decision-makers who can understand and respond to all their customers.

Progress to date

Since the Think, Act, Report initiative was launched in September 2011, we have made great progress, thanks to the enthusiasm and support of the many leading organisations that have signed up and helped to promote it. Over 10% of the UK workforce employed in private or voluntary sector organisations of 150 staff or more are working in organisations signed up to Think, Act, Report. That means over one million people are working in organisations supporting the initiative. The number of organisations signed up has now reached 54.

But we want to go further. The more organisations that sign up and share their progress, the more we will build a culture where promoting gender equality openly and transparently is the norm.
Think, Act, Report: next steps

We have built a critical mass by securing the support of leading organisations who are serious about using transparency to make progress on gender equality. We now need to use that momentum to:

• ensure companies which are already transparent share their experiences with others, and demonstrate the difference this makes;
• encourage companies which have only just started to take steps towards transparency in their workforces to go further;
• ensure that companies that are not yet taking steps on this issue understand the importance of it, and encourage them to sign up and start the journey.

Our overriding objective is to change the norm, so that reporting the number of women a company employs, where they are in the organisation, and comparative pay levels becomes a normal thing for companies to do.

Businesses leading the way

A key element in our success so far has been the commitment given by key companies, taking the lead in their sectors.

Banking and financial services

In June 2012 Lynne Featherstone, as Minister for Equalities, addressed an event jointly organised by the Government Equalities Office (GEO), Japanese bank Nomura International, and the City HR Association. The event was attended by over 30 leading banks and financial services companies. Maria Bentley, Global Head of HR at Nomura, announced their support for Think, Act, Report and their initiatives in place to support women in work, including their scheme to ensure high-potential women get experience on the boards of charities and other organisations. Fiona Woolf, CBE, of CMS Cameron McKenna, member of the Women’s Business Council and Alderman of the City of London, also addressed the event and outlined the work that she is doing as part of the City Values Forum. One strand of this work is on human resources issues in the City, including the need to promote diversity.

Case Study: Nomura International Plc.

introduced the Parental Transitions Programme to ensure successful returns from maternity and paternity leave. This is a holistic programme, tailored to individual requirements, covering a range of support from a buddy system for new parents through to career coaching. Their emergency child and elder care support services makes Nomura an industry leader for holistic back-up care. The Programme has been running for over six months. It has had universally excellent feedback and led to higher rates of staff retention.
Going forward, GEO will be working closely with the **30% Club**. This is a group of more than 50 company chairs who are committed to having at least 30% of women on their company boards. It was founded by Helena Morrissey, Chief Executive of Newton Investment Management.

**Retail**

On 6 November 2012, the **British Retail Consortium** hosted a business lunch for the retail sector. Women and Equalities Minister Jo Swinson gave the keynote address, followed by presentations from **Tesco** and **Marks and Spencer**. The retail sector is a key employer of women at all levels, and we know that where high-profile companies lead the way others will follow. We are grateful to them for their support, and will be working with them and with the British Retail Consortium to continue to promote **Think, Act, Report** across the sector.

**Law, Consultancy and Technology**

Key law firms **DAC Beachcroft** and **DWF** are working with GEO to promote **Think, Act, Report**. DAC Beachcroft hosted a seminar on **Think, Act, Report** in July 2012 with the Employers Network for Equality and Inclusion (ENEI). ENEI is a membership organisation which supports and inspires companies to promote equality and inclusion in the workplace. **BT**, an early supporter of **Think, Act, Report**, spoke at the event, which was attended by **Deloitte** and **Fujitsu**, among others. All these companies are now committed to supporting the initiative. DWF will be giving a presentation at a further **Think, Act, Report** event organised by ENEI in the EHRC’s building in Manchester on 22 November 2012.

**Transport and engineering**

**Case Study: Women in Rail** are a new networking group that aims to bring more women into the rail industry – a sector which for historical reasons has always been overwhelmingly male-dominated. They aim to support career development; increase the talent pool; improve gender balance; and promote greater efficiency in the sector. **Women in Rail** includes board members, senior managers, engineers, professional services and administrators from across the industry. It provides a forum for women to meet and exchange ideas on issues relating to the rail industry. It also aims to set up a coaching and mentoring scheme and promote rail as an attractive career option for women. **Women in Rail** has researched the representation of women in the sector. They found that data on this was rarely published but they estimate that on average only 10-15% of the workforce are women, with the majority in the traditional female disciplines of HR and administration, some in the legal and financial functions, and only very few in the stereotypical male area of engineering. There are also very few women at board level. **Women in Rail** are using this data to develop a plan to improve gender diversity in the sector, starting with recruitment. They are keen to see more data about women’s representation in the sector made public and are helping GEO to promote **Think, Act, Report** across the rail industry. GEO will be supporting **Women in Rail**’s first anniversary launch party in April 2013.
Telecommunications

Leading telecommunications company Three are strong supporters of Think, Act, Report. They have kindly agreed to host an event early in 2013 to promote the scheme across the telecoms sector.

Recognising and sharing best practice

We are also working closely with external organisations which can help us promote best practice. For example, GEO worked with Opportunity Now to establish a Transparency Award. In April 2012, the Home Secretary Theresa May, then also Minister for Women and Equalities, presented the Transparency Award, a new addition to Opportunity Now’s Excellence in Practice Awards, at their Annual Awards Gala Dinner. The evening marked the culmination of the prestigious Opportunity Now Awards programme.

Opportunity Now’s programme recognises excellent practice within organisations that are creating equal, diverse and inclusive workplaces, with a particular focus on gender. The transparency award recognises an organisation that has taken significant first steps to voluntarily publish data on gender. Entries for this award required organisations to set out why they are putting gender equality information in the public domain; the level of detail they provide and how the information is presented and how they monitor and report progress.

Case Study: The 2012 Opportunity Now Transparency Award was given to BT for putting its gender diversity strategy and metrics in the public domain, to create a culture of openness and honesty. Its approach to diversity is one of “effortless inclusion” in which diversity is not a separate issue but an integral to the way BT does business. For example, BT carried out pay reviews for lower-paid workers, set aspirational targets for the percentage of female applicants to engineering positions and championed flexible working. BT was rated platinum by Opportunity Now with a score of 98% against an overall average of 72%.

GEO will be working with Opportunity Now and will be launching the 2012/13 round of Transparency Awards in December 2012. The winner of the Transparency Award will be announced at the Opportunity Now Awards Dinner 2013 on 17 April 2013.

Getting the word out

We know that companies learn best from each other, and that umbrella organisations play a key role in bringing them together. The Chartered Institute of Personnel and Development (CIPD) strongly supports the principles of Think, Act, Report and is working to promote it to its members. Their December podcast will feature an interview with Jo Swinson and interviews with companies supporting Think, Act, Report.
As well as the website, GEO uses a range of digital tools to promote Think, Act, Report and the progress of organisations signed up, including Twitter and LinkedIn. Over the coming months we intend to increase the use of social media tools and, in particular, create a LinkedIn group specifically for organisations supporting the initiative. The group will be a ‘closed group’ and available only to organisations supporting Think, Act, Report. It will seek to stimulate debate on gender equality reporting in a safe environment and encourage organisations who are acting and reporting on gender issues to mentor organisations at the very beginning of their journey. It will also encourage all organisations to consider extending their gender reporting, and act as a central point to facilitate the exchange of practical advice and best practice.

Annex A: a full list of organisations that have signed up to Think, Act, Report

Annex B: a summary of the Think, Act, Report framework. The full framework and our sign-up form can be found on our website http:/www.homeoffice.gov.uk/equalities/women/women-work/gender-equality-reporting/sign-up, along with links to all the companies supporting the initiative, and the information they are publishing. Our website also includes more case studies provided by organisations that have signed up to Think, Act, Report.

Annex C: sources
Think, Act, Report: transparency framework

Organisations supporting Think, Act, Report should choose to report on those transparency measures which they consider to be the most relevant, comparable and understandable. But they are particularly encouraged to consider publishing three types of information:

1. Policy and narrative measures: these provide useful contextual information.
   Measures could include:
   • Description of overall objectives and key policies;
   • Results of employee survey.

2. Representation measures: these explain the composition and structure of the workforce.
   Measures could include:
   • Representation at different levels by role;
   • Measures relating to representation at different bands (e.g. <£10k, £10-20k, £20-30k etc.);
   • Composition of the workforce as a whole;
   • Measures relating to promotion rates by gender;
   • Measures relating to uptake of flexible working across the company;
   • Maternity returners;
   • Measures relating to representation in different occupational groups.

3. Pay measures: these directly capture the pay differences between men and women, and also reflect wider pay and benefits.
   Measures could include:
   • Difference between average basic pay and total average earnings of men and women by grade and job type;
   • Difference between men and women’s starting salaries;
   • Reward components at different levels;
   • Full-time pay gap;
   • Part-time pay gap;
   • Overall pay gap.
Annex C

i Patterns of Higher Education in the UK, Eighth Report; and Women Mean Business, Raconteur Media, Nov 2010

ii For example:
   • Gender Diversity and Corporate Performance, Credit Suisse Research Institute Report, 31 July 2012;
   • The Bottom Line: Corporate Performance and Women’s Representation on Boards, Lois Joy, Nancy M Carter, Havery M Wagener, Sriram Narayanan, Catalyst 2007

iii Annual Survey of Hours and Earnings 2012, Office for National Statistics (ONS). (Figures based on median hourly earnings).

iv Annual Survey of Hours and Earnings 2012, ONS

v Annual Survey of Hours and Earnings 2012, ONS

vi Annual Survey of Hours and Earnings 2012, ONS

vii Annual Survey of Hours and Earnings 2012, ONS and Professional Boards Forum: Boardwatch data, 2012 as at 4 September 2012


xii For example, Catalyst found that male MBA graduates were more likely to be in a senior position even when only considering men and women who aspired to senior roles and only consider those without children. Carter & Silva (2010) “Pipeline’s Broken Promise

xiii Women on Boards, a Report by Lord Davies of Abersoch, Feb 2011, URN 11/745

xiv Professional Boards Forum: Boardwatch data, 2012

xv Cranfield School of Management Research: Female FTSE Reports
Annex C


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