



Government
Equalities Office

**Think
Act
Report**
Gender equality at work

Trailblazing Transparency: Mending the Gap



Deloitte.

Trailblazing Transparency

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01

Foreword



Ministerial Foreword

Last year the Prime Minister pledged to “end the gender pay gap in a generation”. In doing so he threw down the gauntlet, challenging us to look at what we need to do to see true gender equality in the workplace. We have made significant progress in recent years with the current gender pay gap the lowest on record, but we are not complacent. Frankly, there is no place for any gender pay gap in today’s society, everyone must have a chance to fulfil their potential.

There is still too much confusion about what the gender pay gap even is. Too often people assume that the debates about gender pay gap and equal pay mean the same thing when they do not. The gender pay gap is an average that looks at a workforce or population from receptionist to CEO, where as it has been illegal to pay people unequally for equal work for over 40 years. I was delighted that our manifesto made a commitment to implement gender pay transparency and that this was one of our first actions following the election.

This publication produced by Deloitte and sponsored by *Think, Act, Report* sets out some of the challenges, opportunities and innovative action businesses are taking to successfully tackle this problem. These businesses understand that giving women the opportunity to fulfil their potential is not only the right thing to do, it's good for the economy and it's good for business. In fact McKinsey estimate that the UK could add £0.6 trillion of additional annual GDP in 2025 by fully bridging the gender gap. Clearly we simply cannot afford to waste the skills and talents of a single person, let alone half the population.

We have made great progress. We have a record number of women in work, more women on FTSE 100 Boards than ever before and the lowest gender pay gap on record but we cannot become complacent. Women working in the UK still earn on average less than men because too few women get to the top and too many are concentrated in lower paying sectors and occupations.

You cannot have true opportunity without equality and no one should be held back because of their race, gender or sexual orientation. We are committed to tackling the root causes of the gender pay gap. That's why we are breaking down barriers by extending the right to flexible working to all, introducing shared parental leave and help with the cost of childcare for 3 and 4 year olds worth around £5,000 a year per child. It's crucial that both men and women have the opportunity and support they need to balance family care with their careers.

We are also working to raise girls' aspirations and encourage them to consider the broadest possible range of careers, including those in science, technology, engineering and manufacturing sectors.



The Rt Hon Nicky Morgan MP
Secretary of State for Education; and
Minister for Women and Equalities

We will work to ensure that women are given the opportunities to progress from the classroom right through to the boardroom.

All of this puts us firmly on the right path. But to accelerate our progress and make the Prime Minister's pledge a reality, government and employers must continue to work together in partnership to address the complex and varied causes of the gender pay gap. We know that working together we can achieve great things. The Lord Davies Review is an excellent example of what we can achieve through partnership. Over the last five years, we have more than doubled the number of women on FTSE 100 boards and seen the elimination of all male boards in the FTSE 100. The Women's Business Council has been instrumental in sharing best practice and tackling the gender pay gap remains one of their top priorities. *Think, Act, Report* has created a vast community of best practice on maximising female talent in the workplace. Around 300 businesses are signed up to the principles it embodies and between them they collectively employ over 2.5 million people.

We are also working to raise girls' aspirations and encourage them to consider the broadest possible range of careers.

These businesses represent a growing community of leaders and trailblazers. More and more employers are publishing their gender pay gap ahead of when it will become law and benefiting from it. In the future we will require all those employers with more than 250 employees to publish their gender pay gap.

Greater transparency is key to accelerating progress because it shines a light on the challenges, necessitates action and drives change. Britain is joining a growing international community who are using greater transparency on gender equality issues to drive change. This is a turning point and an opportunity we must all seize.

I want to thank you all for the work you have done so far and for your continuing commitment to progress. Your achievements make clear that businesses do not have to miss out on talent and get left behind in today's competitive, global market. Finally a big thank you to Deloitte who made this publication possible.

Rt Hon Nicky Morgan MP

02

Introduction by Deloitte





Deloitte

Introduction

We are proud to be hosting this important *Think, Act, Report* sponsored event, to share: the latest thinking from business and government on the gender pay information that employers will have to publish; best practice for reporting and the ways in which your business can benefit.

While the issue of the gender pay gap saw increasing public attention in 2015, at Deloitte we have been focused on this for some time. Gender diversity at leadership levels remains a challenge for many businesses, albeit there is an ever-increasing understanding of the issues that hold women back in the workplace and the ways in which to tackle them.

Deloitte support the Prime Minister's proposals to require larger employers to publish their gender pay gap and published our data in 2015 in our annual Impact Report. We must be open and transparent about the gender issues that face our business; reporting our gender pay gap was a way we could achieve this.

Our gender pay gap results did not surprise us, instead serving to confirm what we knew – that the challenge for us as a business is increasing the number of women we have at senior levels. When we look across our organisation as a whole our gender pay gap stands at 17.8% (around 1.3% below the national figure); however, the pay gap between male and female employees at each grade is significantly lower, at 1.5% on average.

In FY14, we set an ambition that 25 per cent of our partner group would be women by 2020 and 30 per cent by 2030. We understood achieving this ambition would require sustained and meaningful action and where needed, cultural change. Since this time we have implemented a range of actions to increase the number of women we recruit (at both an entry and experienced-hire level), ensured that development opportunities for women are clear, relevant and bespoke to the individual, and worked hard to provide a working environment that truly enables all employees, men and women to balance a successful career with family life.



David Sproul
Senior Partner and
Chief Executive of Deloitte UK

In FY14, we set an ambition that 25 per cent of our partner group would be women by 2020 and 30 per cent by 2030.

This focus has been critical to the progress we are now making – we have embraced agile working as a business priority, ensuring our people are able to work in a way that suits them and the business, and have introduced our award-winning Time Out scheme, which enables all our people to take a month's unpaid leave each year, for any reason.

Our relentless focus on respect and inclusion, of which our "Ask Yourself" film is a part, has also helped to ensure that we provide the working environment needed – one where our people are judged on the value they can bring to our firm. Alongside this, our new return-to-work placement programme for women who have been out of the workforce for more than three years is enabling women who had not previously considered re-starting their career to do so.

In addition, our re-designed Working Parents' Transition Programme has enabled those returning from maternity, paternity, parental, and adoption leave to do so with the support needed.

We recognise it is only through a combination of culture change and targeted actions that we will achieve greater gender diversity. This change must be meaningful and sustainable over the long term. We are mid-way through our journey, but are absolutely clear that reporting our gender pay gap has played a key role in accelerating progress.

We urge other businesses to join us in publishing their gender pay gap data, sign up to *Think, Act, Report* in 2016 and do all they can to remove barriers to progress and make their business a place where everyone can succeed.

03

Rising to the Challenge



Women have equality in the workplace now, don't they?

There are more women in employment in the UK than ever before¹

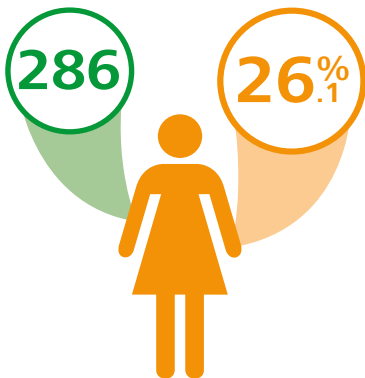


14.7 million

Women's salaries are rising (cash terms)

There are more women on FTSE Boards than ever before

Number of women on boards



Non Executive Directors



EXEC DIRECTORS



Total Directorships



Source: Women on Boards Lord Davies Report October 2015

The proportion of women-led SME businesses is up more than a third since 2008.

¹ ONS Labour Market Statistics January 2016

However ...

Whilst we have the lowest gender pay gap on record, when you look at all the men and women working in the UK, there is still an average pay gap of 19.2%.

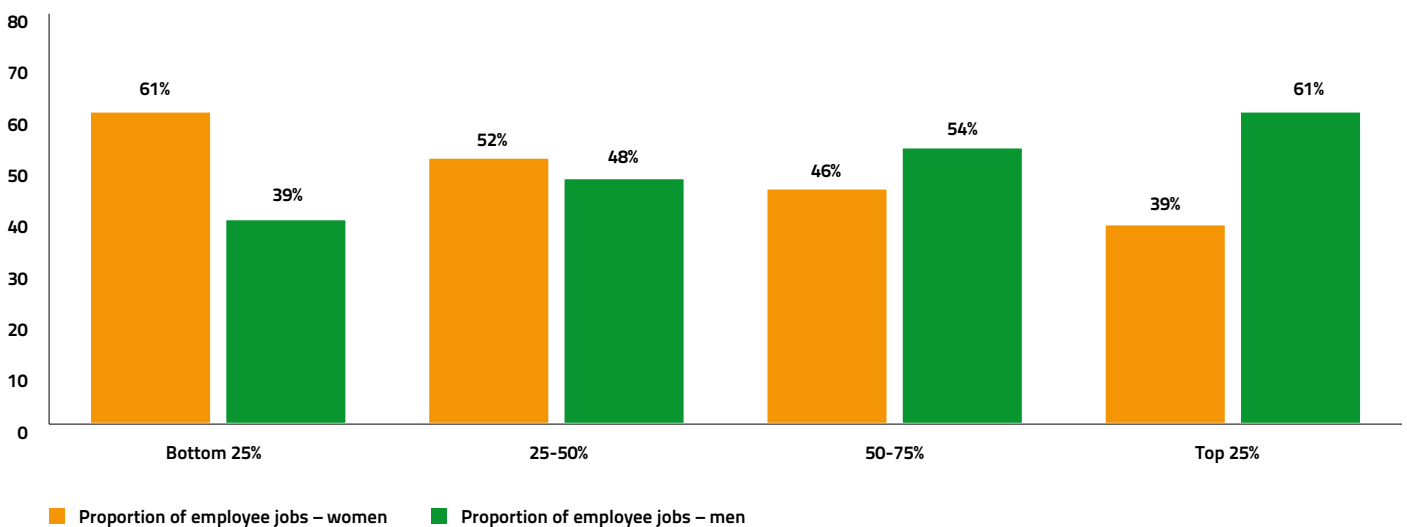
	1997	1998	1999	2000	2001	2002	2003	2004	2004	2005	2006	2006	2007	2008	2009	2010	2011	2011	2012	2013	2014	2015
All employees	27.5	27.3	26.9	26.7	26.3	26.9	25.1	25.0	24.7	22.6	22.3	22.2	21.9	22.5	22.0	19.8	19.5	20.2	19.6	19.8	19.2	19.2
	25.3	25.7	25.0	24.9	24.9	25.2	24.2	23.0	22.5	21.4	21.2	21.4	20.7	21.3	20.1	19.3	18.6	19.6	18.6	19.1	17.7	17.5
Full-time	17.4	17.4	16.4	16.3	16.4	15.5	14.6	14.1	14.5	13.0	12.6	12.8	12.5	12.6	12.2	10.1	9.1	10.5	9.5	10.0	9.6	9.4
	20.7	21.2	20.5	20.2	20.0	20.1	19.4	18.1	17.7	17.1	17.4	17.5	16.9	17.4	16.4	15.5	14.9	15.9	14.8	15.7	14.2	13.9
Part-time	0.6	-4.0	-2.6	-3.5	-3.7	-0.6	-1.3	-3.0	-2.6	-3.0	-2.1	-2.2	-2.2	-3.7	-2.5	-4.3	-5.6	-5.1	-5.5	-5.9	-5.5	-6.5
	17.0	14.7	14.4	10.8	9.6	16.5	14.8	12.3	12.4	13.8	13.1	13.3	13.6	15.2	11.8	10.5	9.1	9.9	6.9	4.6	3.9	2.3

■ All employees Median (%) ■ Full-time Median (%) ■ Part-time Median (%)
■ All employees Mean (%) ■ Full-time Mean (%) ■ Part-time Mean (%)

Source: ONS Annual Survey of Hours and Earnings

If we look at the distribution of men and women’s pay, we see that over 60% of employees in the lowest pay quartile are women and over 60% in the highest quartile are men.

The distribution of men and women’s earnings in the UK 2015



Source: ONS Annual Survey of Hours and Earnings 2015

So what exactly is the gender pay gap?



Source: ONS Annual Survey of Hours and Earnings 2015

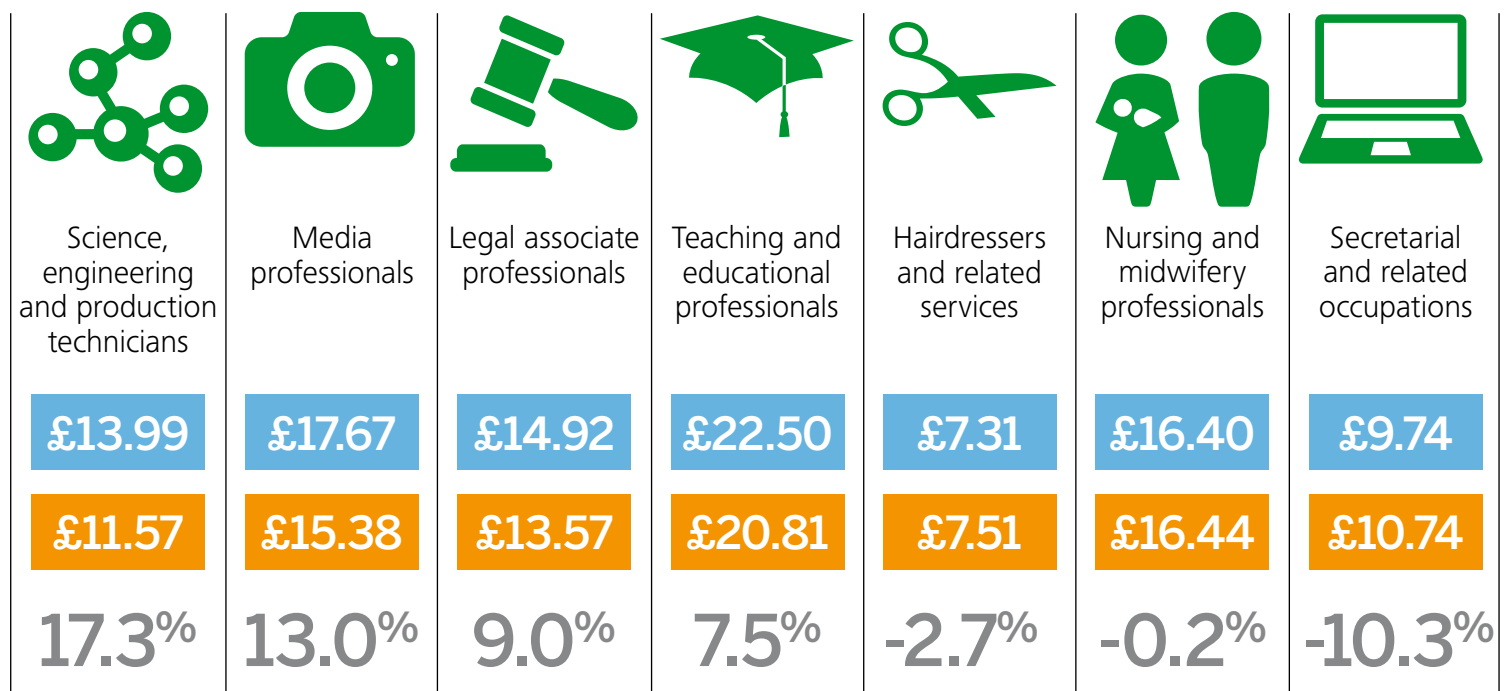
The gender pay gap is typically higher for occupations where women are underrepresented, for example chief executives, senior officials and finance and investment analysts.

Profession	UK Average	Financial institution managers and directors	Construction and building trades supervisors	Chief executives and senior officials	Health professionals	Managers and directors in retail and wholesale
Male Median Hourly Wage	£13.84	£33.63	£14.50	£47.36	£26.18	£13.69
Female Median hourly wage	£12.54	£21.89	£10.43	£33.05	£20.83	£10.22
Median gender Pay gap	9.4%	34.9%	28.1%	30.2%	20.4%	25.3%

The gender pay gap shows the difference between the average (mean or median) earnings of men and women as a percentage of men's earnings. The gender pay gap varies by industry sector, occupation, age group and even working patterns. For example, when looking at industry sectors the pay gap tends to be higher in finance, energy and construction sectors and lower in sectors such as public administration, support services and health and social work.

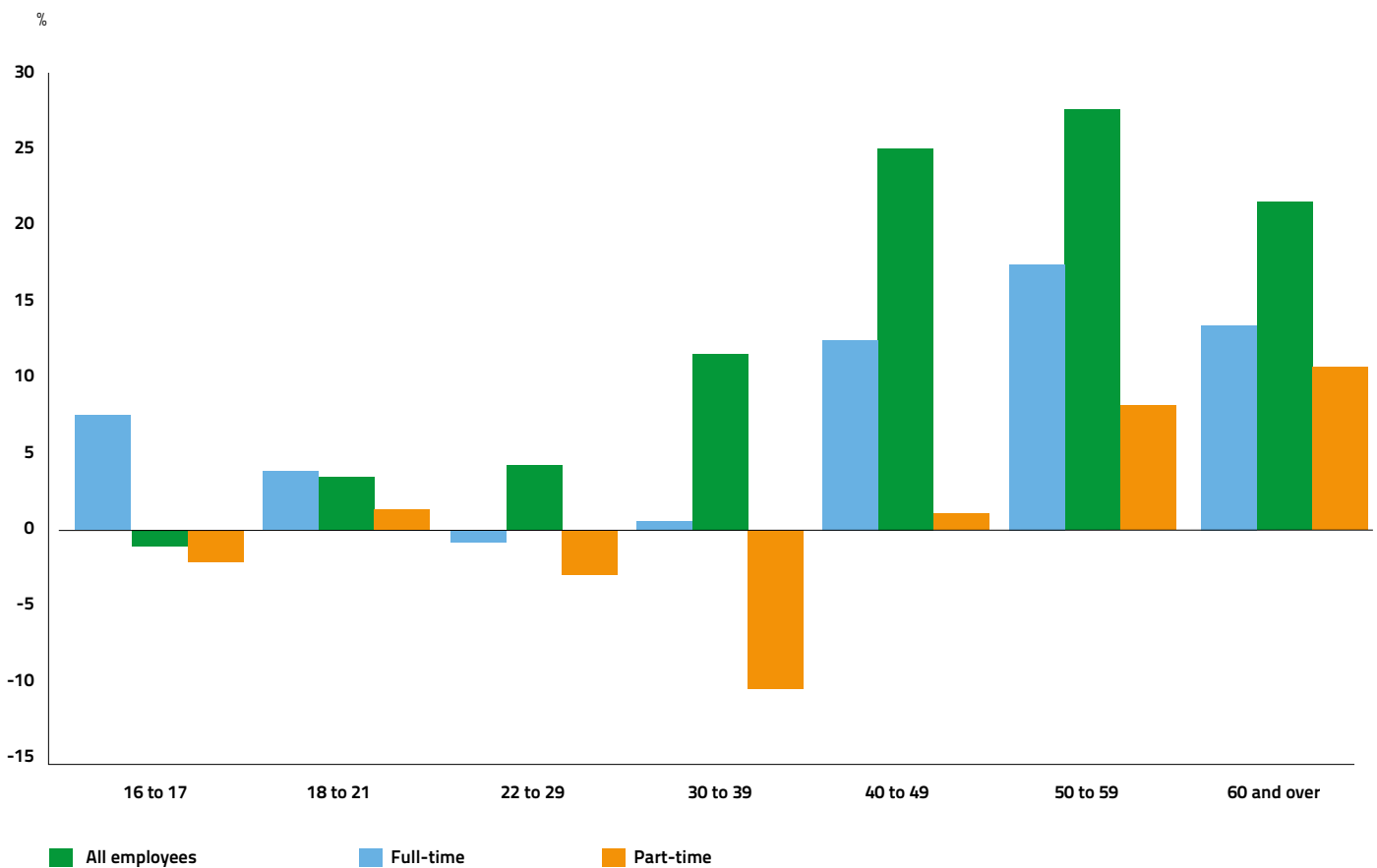


Median average hourly earning for ■ Men ■ Women ■ Median Gender Pay Gap



We also know that gender pay gaps vary according to age. Whilst the gender pay gap has been virtually eliminated for younger full-time workers, the gender pay gap for employees over 40 remains significant, at 25.5%. Older women are more likely to have fewer qualifications; they may have taken significant time out of the labour market for caring responsibilities and tend to be concentrated in lower paying sectors. They also tend to face particular problems in re-entering the labour market, for example after career breaks.

Gender pay gap for median gross hourly earnings (excluding overtime) by age group, UK, April 2015



Source: Annual Survey of Hours and Earnings (ASHE) – Office for National Statistics

The challenge therefore, is to ensure that we tackle the pay gap among women over 40 now and ensure that no pay gap emerges as the younger cohort of workers moves into their 40s and beyond.

Is the Gender Pay Gap the same as Equal Pay?

No. Paying men and women differently for doing the same or equivalent work is discrimination and has been against the law since the Equal Pay Act was introduced in 1970. While this does still happen in some cases and can be a component of the gender pay gap, it is not the main reason that men and women's average salaries differ. An employer delivering equal pay may still have a large pay gap and an employer with a small pay gap may be breaching the law. See Annex for further information.

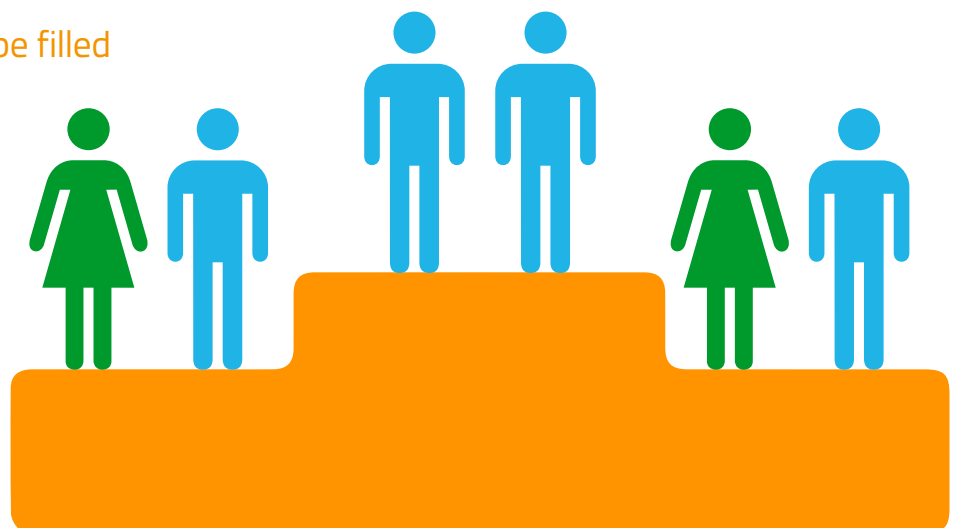
Unequal pay

Paying men and women differently for the same job



#GenderPayGap

Lower paid jobs more likely to be filled by women than men



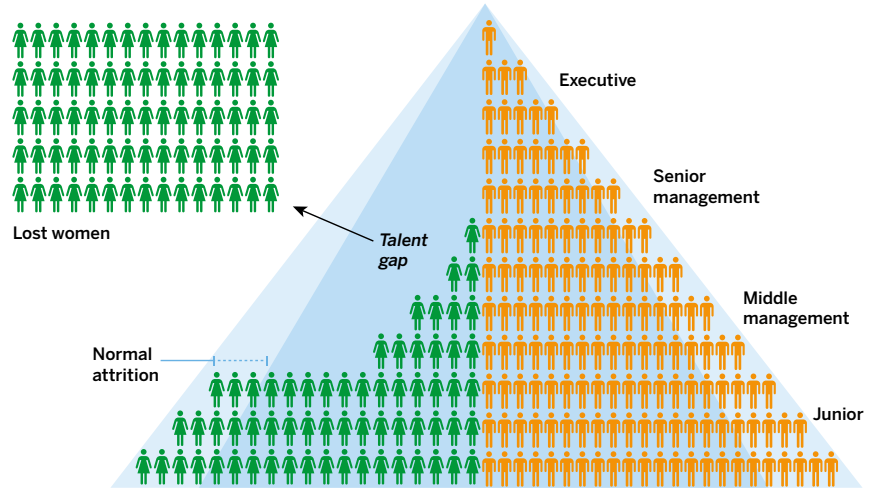
We want to close this in a generation

So what are the Causes of the Gender Pay Gap?

The causes of the gender pay gap are varied and overlapping and can have a significant cumulative impact on a woman's earning potential during her lifetime.

We know that too few women get to the top and too few work in the more lucrative professions and sectors (like Science, Technology, Engineering and Mathematics for example). We also know that women are much more likely than men to take time out of the labour market to start a family, look after children or other family members and that there is a lack of well paid part-time work available to men and women. Other contributing factors include constrained individual choice, corporate cultures, unconscious bias and discrimination.

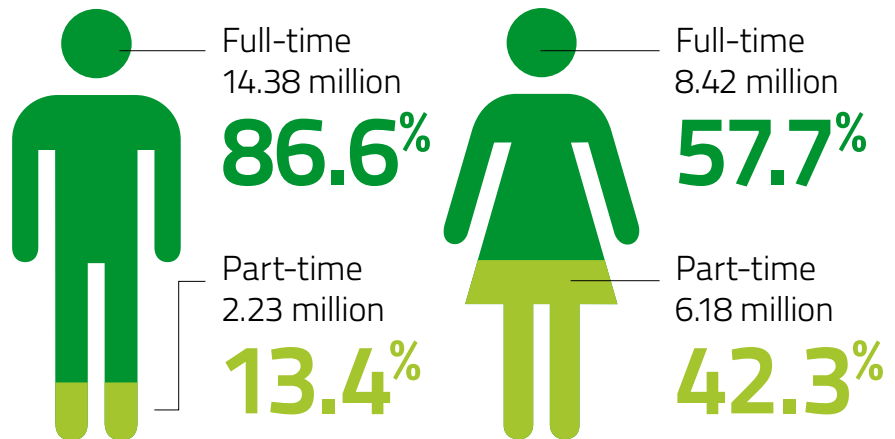
See Annex for more information.



Source: Your loss: How to win Back your Female Talent, 2010

Working part-time

For their main job, women are over three times more likely to be working part-time than men



Source: ONS Labour Market Statistics (November 2015).

Why it matters:

Full-time workers
£13.29 Per hour

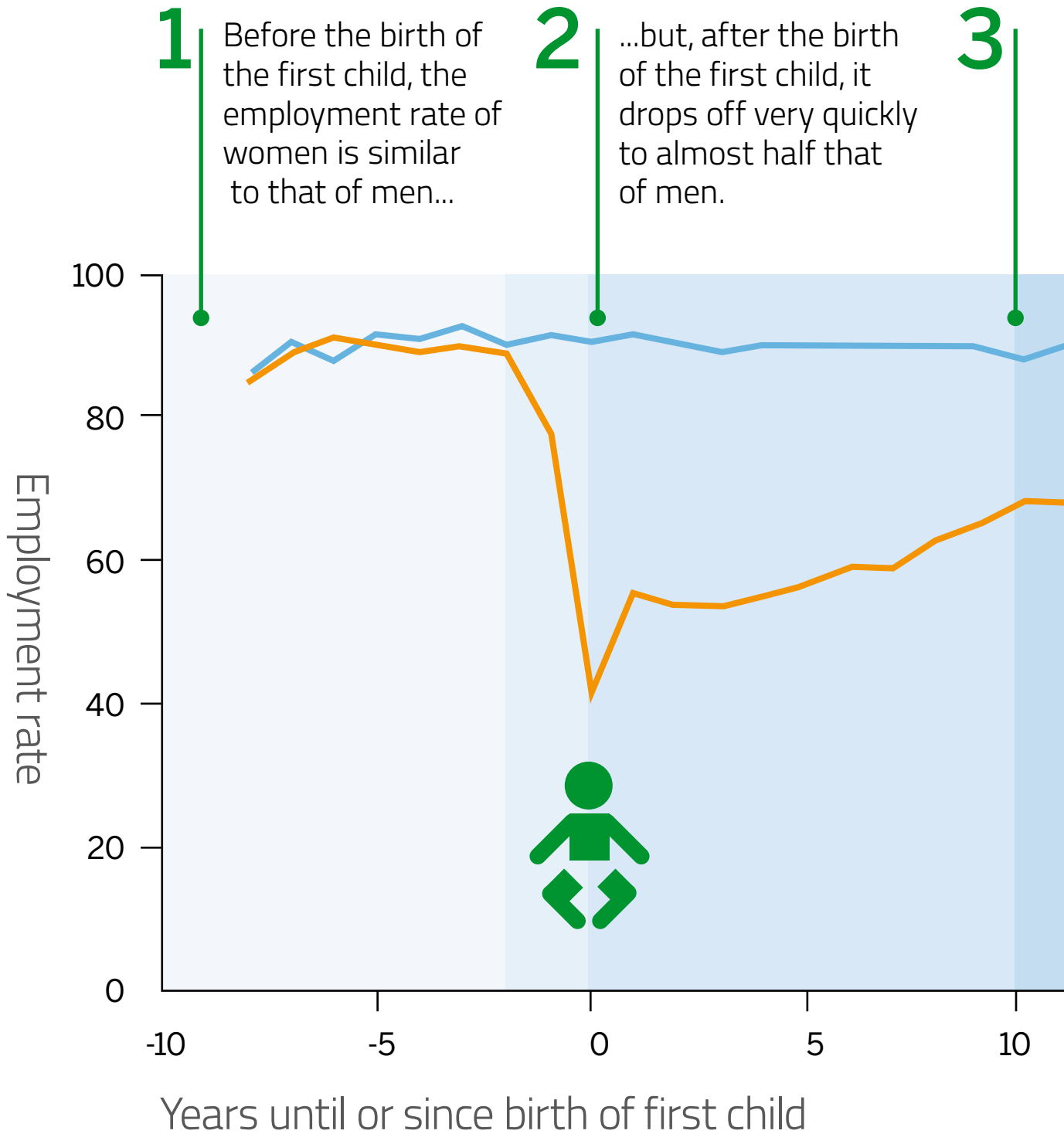
Part-time workers
£8.44 Per hour

Median hourly earnings (excluding overtime)
Source: ONS Annual Survey of hours and Earnings (2015).



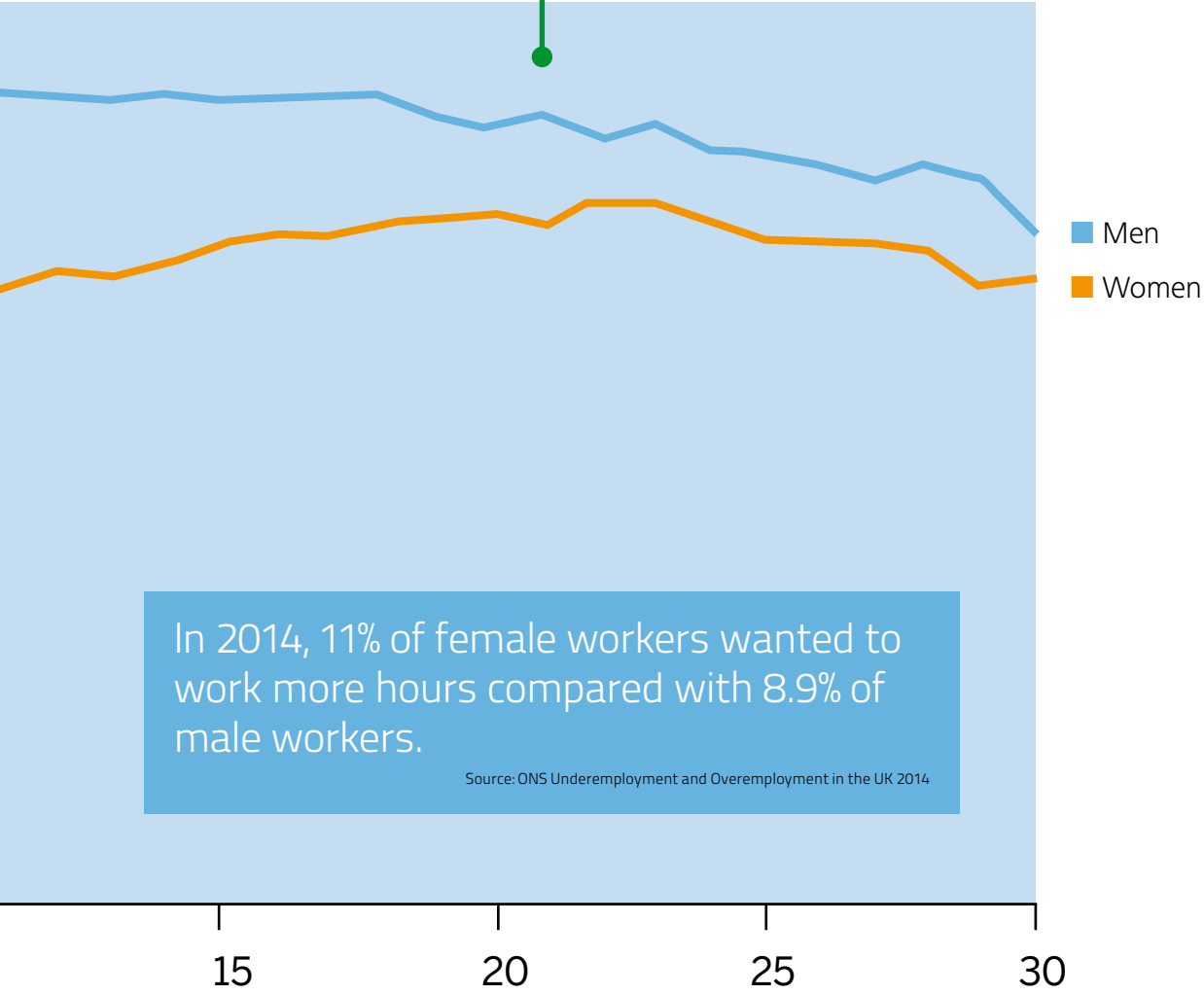
Employment rates

The impact of having children on the employment rates of men and women



Despite a steady recovery over the ten years post birth...

4 ...women's employment rate never recovers to the same rate as men's, even after 30 years.



In 2014, 11% of female workers wanted to work more hours compared with 8.9% of male workers.

Source: ONS Underemployment and Overemployment in the UK 2014

Employment Level Outcomes



Women make up

14.4%

of all people working in STEM occupations



An analysis of the Labour Market Survey in 2013 suggested that as many as

70%

of women with STEM qualifications were not working in relevant industries



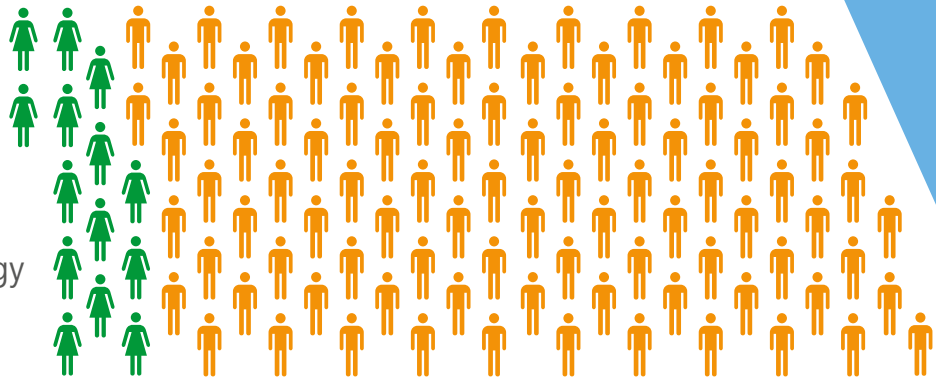
Degree Level Choices:

At degree level there are marked differences in the STEM undergraduate subjects which attract men and women.

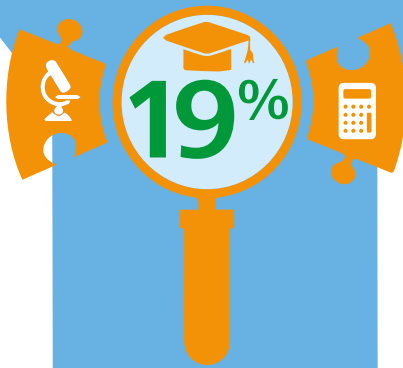
Only

15%

of full-time undergraduate entrants to engineering and technology courses in 2014/15 were female.



A-Level choices



Science and maths are essential for a wide range of careers and carry a wage premium: those working in science or technological careers are paid, on average, **19%** more than other professions

Only

42%

of students took at least one maths or science A-level.



52%

of boys taking exams took at least one maths or science A level



35%

of girls taking exams took at least one maths or science A level

The Gender Bonus Gap



Over £42 billion was paid out in bonuses in 2014-15, so they constitute a significant form of payment for UK employees. If we are serious about closing the gender pay gap, it is important that we consider bonus payments as well. According to the Chartered Management Institute (CMI) male managers are still more likely to get a bonus than female managers. These findings are especially concerning as women still only make up around 34% of senior managers.

We also know that the EHRC's 2009 inquiry into sex discrimination in the finance sector found that differences in bonuses awarded to men and women significantly contributed to the pay gap. Bonuses in the finance sector can form a substantial part of an employee's remuneration; the average bonus across all those in employment last year was approximately £1,500 per employee, compared to an average of £13,500 in the finance and insurance industry.

BUSINESS
IN THE
COMMUNITY



Helena Morrissey

CBE, CEO, Newton Investment Management
and Chair of Business in the Community
gender equality campaign

Project 28-40

28-40 is a critical age for career development – the danger zone where women are not promoted at the same rate as men – a problem not just for women but for employers too.

Business in the Community's *Project 28-40* surveyed 23,000 women and 2,000 men and found a gap between the inclusive cultures employers are aiming for and the reality of women's experiences in work.

It debunked the myth that women need to change, finding that women are ambitious, confident and feel supported by their partners in their career aspirations:

- 70% have a desire to be a leader/lead a team.
- 77% feel confident in their ability to lead a team and actively seek opportunities to advance their careers.

Despite this, women feel much less encouraged and supported by their employers in respect of career development and workplace cultures:

- Women are twice as likely to disagree that opportunities to advance were fair and equal between men and women (43% of women, compared to 28% of men).
- Less than half of women (42%) are confident that women and men at the same level earned the same in their organisation, compared with three quarters of male respondents.
- Over half of female respondents (59%) feel their workplace culture is male-dominated, compared to a third of male respondents.

The report's findings point to a picture of workplace cultures that are not supporting men and women equally in achieving their career expectations. Sadly, Project 28-40 also found a prevalence of bullying and harassment of women in work – another indicator that workplace cultures are not working for women.

All is not lost, however. The report highlights a huge opportunity for employers to harness the ambition and confidence of their female workforce. In the report, we set out specific recommendations of actions employers can take to ensure that both policy and process are contributing to inclusive cultures that are conducive to all employee needs and expectations – including those of women.



Patrick Woodman, Head of Research at the Chartered Management Institute and Mark Crail Content Director at XpertHR Group discuss the challenges facing women trying to progress to senior levels and share their thoughts on the merits of transparency in addressing these.

Pay and progression: the twin challenges

When it comes to women in management, employers and policy-makers face twin challenges: tackling the under-representation of women in senior roles and closing the gaps in what they are paid.

XpertHR and CMI have collaborated to jointly publish the National Management Salary Survey (NMSS) since 1974. Today, it's a significant data set, covering some 72,000 UK managers and professionals across more than 300 organisations. What it reveals about the scale of these challenges is sobering.

The latest data shows that women in management and professional roles earn 22% less on average than men. This would equate to an unpaid 1h40m every day, or 57 working days every year. That's an average gender pay gap of £8,524, with women earning on average £30,612 and men earning £39,136.

The gap rises to £14,943 for director-level women, who earn on average £123,756, compared to their male counterparts' average earnings of £138,699. What's more, women in management are also missing out across all levels when it comes to bonuses, with the average man's bonus of £4,898 almost twice that of the average woman's bonus, of £2,531.

When it comes to representation in senior management roles, the number of women at the very pinnacle of British business has of course increased, thanks to the concerted drive for change in FTSE100 boardrooms spear-headed by Lord Davies. However, challenges still remain. Critically, women are also rare in senior executive roles, where our data shows that women hold 29% of director-level roles – yet they now hold a majority of entry-level roles.

This is why CMI has described the challenge facing women as a 'glass pyramid', which leaves them both under-represented at senior levels and sliding backwards on earnings.

Our data also echoes analysis of ONS data highlighting the particular challenges faced by older women. The NMSS data suggests that for 26-35 year-olds the gender pay gap is 6%, but for women over 40 it is 35%. Will it disappear over time as the younger generation advances through their careers? That may be wishful thinking. Our analysis shows that, if anything, women over 40 face a bigger gender pay gap than the comparable cohort of a decade ago.

Transparency, openness and an honest discussion about these challenges are vital if employers are to achieve real and lasting change in the months and years ahead.

Gap (%) between male and female salaries for managers (2009-2015)

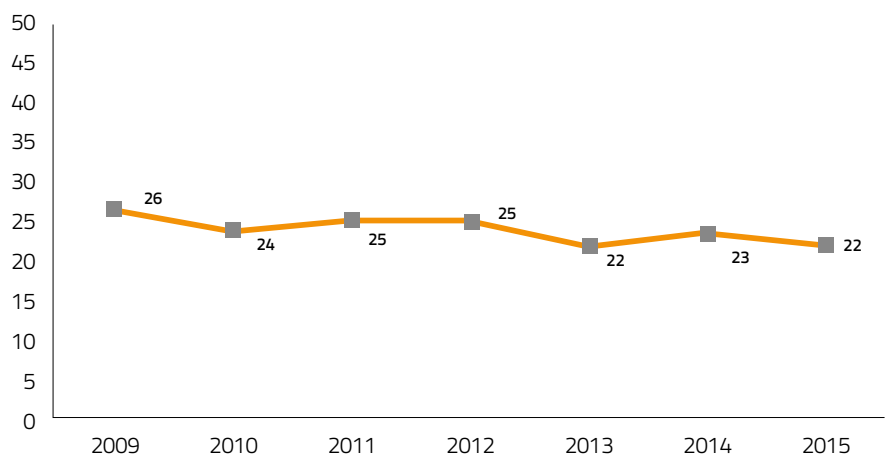


Fig 1: Overall gender pay gap between managers and professional staff. Source: CMI and XpertHR National Management Salary Survey, 2009-2015

04

Seizing the Opportunities



Securing the diversity dividend

Can employers afford to get left behind?

In a competitive global market, employers need to be able to innovate, secure and fully utilise the best talent and respond to the changing wants and needs of their customer base. Research has shown that organisations perform better when they have a good balance of women across teams and in senior roles. McKinsey's *Women Matter* research suggests that diversity can have a positive impact on many key aspects of organisational performance:

Diversity has a positive impact on many key aspects of organisational performance

Diversity management helps to...

...win the war for talent

Rationale

- A strong focus on women and ethnic minorities increases the sourcing talent pool, a particular issue in Europe. In a 2012 survey, 40% of companies said skill shortages were the top reason for vacancies in entry-level jobs.

...strengthen customer orientation

- Women and minority groups are key consumer decision makers: for example, women make 80% of consumer purchases in the UK.
- Gay men and women have average household incomes that are almost 80% higher than the average.

...increase employee satisfaction

- Diversity increases employee satisfaction and reduces conflicts between groups, improving collaboration and loyalty.

...improve decision making

- Diversity fosters innovation and creativity through a greater variety of problem solving approaches, perspectives and ideas. Academic research has shown that diverse groups often outperform experts.

...enhance the company's image

- Social responsibility is becoming increasingly important.
- Many countries have legal requirements for diversity (e.g. UK Equality Act 2010).

Source: *Women Matter*, McKinsey & Company, 2007, 2008, 2010, 2012, 2013; Thomas Barta, Markus Kleiner and Tilo Neumann, 'Is there a payoff from top-team diversity?', *McKinsey Quarterly*, April 2012; Martin Dewhurst, Matthew Pettigrew and Ramesh Srinivasan, 'How multinationals can attract the talent they need', *McKinsey Quarterly*, June 2012; *Diversity wins!*, McKinsey & Company, November 2011; McKinsey qualitative survey; *The War for Diverse Talent*, Green Park, September 2010; Scott E. Page, *The Difference: How the power of diversity creates better groups, firms, schools and societies*, Princetown University Press, 2007; McKinsey analysis

In short, attracting, developing and retaining talent is vital to commercial sustainability.

And it's good for the economy

The economic case for gender parity in the United Kingdom



£0.6 trillion

of **additional annual GDP in 2025** could be added in the United Kingdom by fully bridging the gender gap...

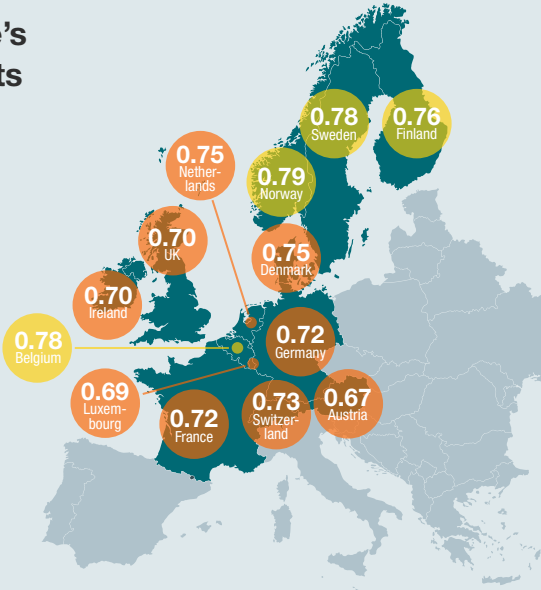
... this is **26% higher** than business-as-usual GDP in 2025.

£0.2 trillion

could be added in 2025 by matching the best-in-region country in progress toward gender parity, **an increase of 10 percent** compared with business-as-usual GDP in 2025.

McKinsey Global Institute's Gender Parity Score points to where countries stand on gender parity.

Gender inequality (1.00 = gender parity)
 ● Moderate ● High ● Extremely high



0.74 Highest regional GPS: North America and Oceania

0.44 Lowest regional GPS: South Asia (excluding India)

We linked economic potential to 15 outcome-based indicators in 4 categories...

- Equality in work
- Essential services and enablers of economic opportunity
- Legal protection and political voice
- Physical security and autonomy

...and identified the largest concentrations of gender gaps around the world to prioritize for action.

10 impact zones, covering **>75%** of women affected by gender inequality globally

Our research for the first time links **gender equality in society with gender equality in work**. The latter is not possible without the former.

¹ The Western Europe region consists of 13 countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Sweden, Switzerland and the United Kingdom.



“Women make up 50 percent of the global working-age population but contribute about 37 percent of the world’s GDP – we estimate that fully bridging the gender gap could produce up to \$28 trillion or 26 percent in additional global economic output annually in 2025.

Men and women each need to play their part. Governments, NGOs and companies have a role to play. Companies should see efforts to attain gender parity as an opportunity, and not just a cost, and expand their efforts within their own organisations and beyond to their suppliers, distributors, customers and the communities where they do business.”

Vivian Hunt, Managing Partner, UK and Ireland – McKinsey & Company

In their 2015 Global Growth Generator’s report, Citi’s Global Head of Research Andrew Pitt said:

“The unlocking of women’s potential in the global economy may well prove to be the key factor that tips the balance from a future of weak growth to one of sustained, inclusive and improving growth over time.”



Can greater diversity really benefit the bottom line?

Research from leading organisations such as McKinsey and Credit Suisse suggest that greater diversity at the top of an organisation is correlates with greater profitability.

“Companies with higher female representation at the board level or in top management exhibit higher returns on equity, higher valuations and also higher payout ratios.”

The Credit Suisse Gender 3000 women in Senior Management Credit September 2014

“Credit Suisse’s research into the impact of greater diversity at both senior management and board level has consistently demonstrated improved corporate performance in terms of profitability and share price returns. Companies and managers failing to understand the benefits that diversity brings continue to miss out on significant opportunities.”

Julia Dawson, Managing Director at Credit Suisse



McKinsey’s 2015 *Diversity Matters* Research (based on data from hundreds of organisations and thousands of executives in the UK, Canada, Latin America and the United States) found a statistically significant relationship between a more diverse leadership team and better financial performance. The research looked at diversity defined as a greater share of women and a more mixed ethnic/racial composition in the leadership of large companies.

It found that companies with greater gender diversity were statistically more likely to have financial returns above their national industry average (median). Moreover those in the bottom quartile for both gender and ethnicity/race were statistically less likely to achieve above average financial returns. In other words: *“...they were not just not leading, they were actually lagging behind.”*

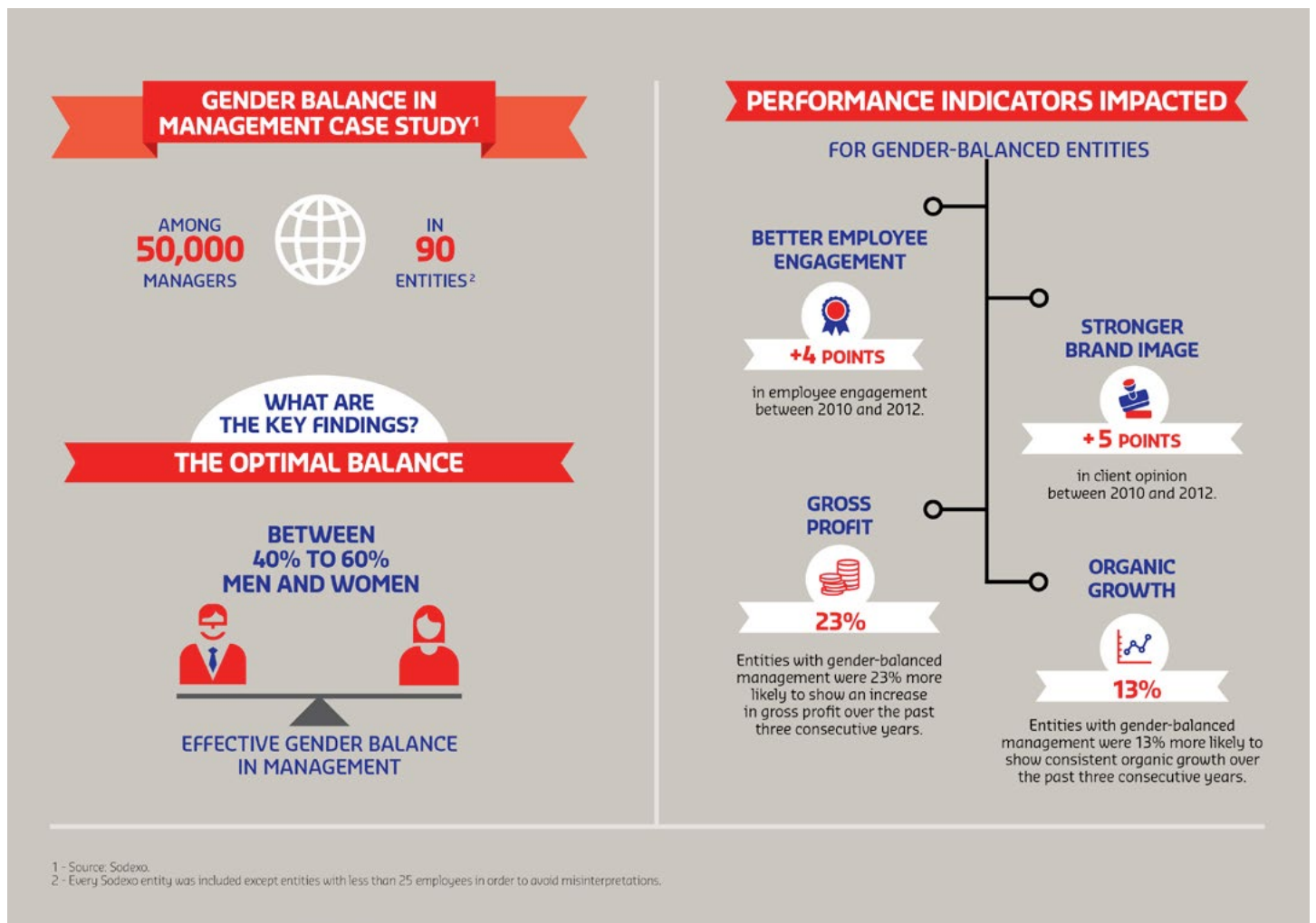
The unequal performance across companies in both the same industry and country implied that **diversity is a competitive differentiator, which shifts market share towards more diverse companies.**

“Companies in the top quartile for diversity tend to outperform their peers. Different countries are in different places when it comes to strides in gender and ethnic diversity. UK companies secure more than 10 times the impact for their efforts in gender diversity than US companies.”

Vivian Hunt, Managing Partner, UK & Ireland – McKinsey & Company



Global services company Sodexo gathered data from 50,000 sodexo managers in 80 countries from C-suite to site management to explore how gender balance at all levels of its management impacts both financial and non-financial performance:



"At Sodexo, we are genuinely committed to gender equality. Our internal research reinforced the business case that gender balance in management positions results in better performance across a range of measures. As part of our gender balance strategy, we publicly committed to increase our transparency around pay and this year we will publish a breakdown of our gender pay gap variances and rectify any unjustifiable discrepancies across all our 35,000 UK and Irish employees."

Neil Murray, Regional Chairman for Sodexo UK & Ireland



“Making the Business Case for Diversity.”

Ann Francke, Chief Executive, Chartered Management Institute

Improving diversity is one of the core challenges facing management and leadership this decade.

The case for change is frankly overwhelming. McKinsey have estimated the potential benefits to the global economy of equalising women’s participation in the labour market to be as much as \$28 trillion a year.

If that’s simply too big to grasp, look at the Credit Suisse research across Europe. They found that in companies where there’s one woman or more in the boardroom, the business has enjoyed an average return on equity of 14.1% since 2005, compared to 11.2% for all-male boards.

Similarly, the latest research by MSCI, an independent provider of insights and tools for investors, shows that companies in their World Index with strong female leadership generated a return on equity of 10.1% per year versus 7.4% for those without.

What business leader in their right mind would turn away returns like this?

One of the most powerful reasons that improving the number of women in management benefits companies is that having more diverse points of view around the table helps a business avoid the pitfalls of groupthink. CMI’s own research with

MoralDNA shows that women score 5% more highly than men on the ethic of care at work. There are strengths in a variety of ways of thinking but if we want leaders who reflect on the impacts of their decisions on people, be they employees, customers or society more widely, this could make a huge difference.

However, women still face a glass pyramid. Women make up the majority of university leavers and of entry level management roles. But they still become vanishingly rare as you near the top of business – and slip behind on pay too.

As our work with XpertHR has shown, that creates a 22% gender pay gap facing female managers today.

Progress is too slow. CMI strongly supports the move to require transparency from employers on pay. Transparency is the most powerful lever we have for shaping management behaviour and the experience of those who have led the way, often working with *Think, Act, Report*, has been generally positive.

But addressing pay cannot be the only change. The challenge is bigger. So too are the rewards.

Employers needs to address the failure of women to progress through the talent pipeline. They need to smash the glass pyramid by supporting women’s development,

providing coaches and mentors. They have to challenge outdated attitudes and practices that make it tough for employees to combine a quality career with family life and sees so many talented women voting with their feet, leaving promising careers.

This demands a wholesale overhaul of business culture to become more inclusive and more people-friendly – designed not only to benefit women, but all employees. Changing to address the inequalities facing women will mean more engaging management and better workplaces.

At a time when poor management and leadership have been identified as the biggest cause of the UK’s productivity shortfall, there is an enormous upside for the UK economy in developing more engaging workplace cultures that better suit all employees and enable improved business performance.

Agile Future Forum

In 2013, Sir Winfried Bischoff, Chairman of Lloyds Banking Group, established The Agile Future Forum (AFF) with 22 leading employers reflecting a broad range of sectors, sizes and geographical spread across the UK. Between them they employ over half a million people. The aim was to define the business value of workforce agility in supporting the competitiveness of UK businesses, changing the cultural mindset from flexibility to agility. Importantly, it was also to provide the leadership and practical support required to increase agile working practices.

What are their findings?

Agile working practices currently generate value equivalent to 3-13% of workforce costs.

In-depth studies found that significant value is already being realised in the UK. For example:

- A Tesco superstore currently uses part-time working and multi-skilling practices to meet customer demand more effectively, thereby generating value equivalent to about 13% of total workforce costs.
- A head office function of Lloyds Banking Group currently generates value equivalent to 7% of total workforce costs through using freelancers to meet seasonal demand and locating staff across multiple sites to lower premise costs.
- A Ford Motor Company Ltd manufacturing plant saves the equivalent of about 3% of total plant costs by using outsourcing, flexible absence cover and alternative maintenance shifts to achieve cover in line with plant needs.

How do agile workforces generate value? What is the opportunity?

The research found that agile workforces can drive business benefits in a variety of ways. Common examples include:

- Better matching the workforce to fluctuations in demand – the most substantial source of value (e.g. optimising the workforce so that customers are always well-served while avoiding unproductive capacity during low demand).
- Increasing quality of outputs e.g. a retail store's customer service team multi-skilling their staff, resulting in better product knowledge and therefore better service to customers.
- Attracting and retaining high quality talent (e.g. a professional service company allowing staff the choice of flexible hours which increased motivation, engagement and retention). Other types of value include increasing productivity, driving innovation and minimising cost.

Research pilots suggested that more extensive or innovative agile working practices could generate further value of 3-7% of workforce cost and sales uplift of up to 11%

- Eversheds, the legal firm, allowed employees the freedom to choose their own working model, and saw 28% of staff reporting increased productivity and 14% of staff seeing an increase in chargeable hours.
- A head office function of Lloyds Banking Group identified further opportunity to reduce premises costs by about 23% through multi-site practices.

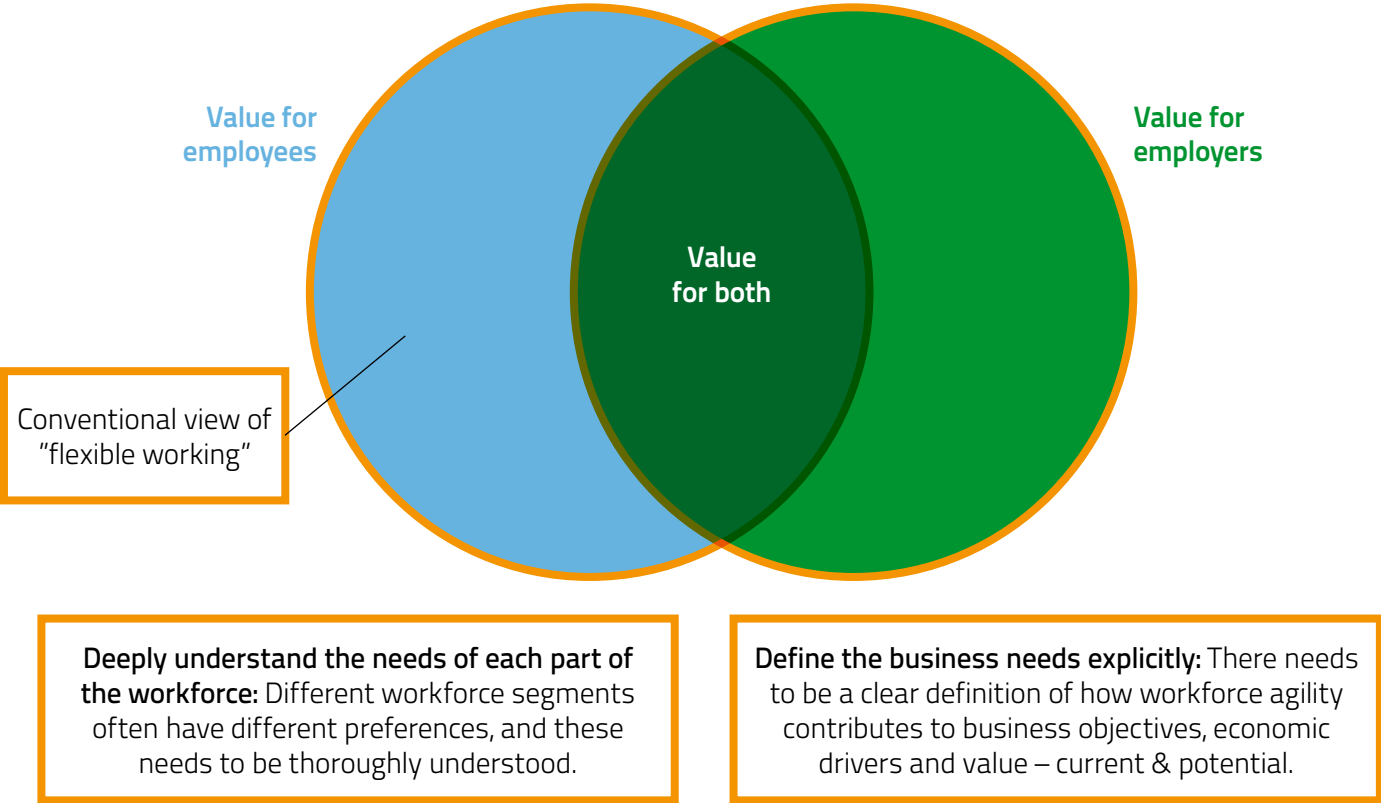
Workforce agility can offer a competitive advantage for companies and for the UK economy

BT was able to insource call centre work and move it back from India to the UK because agile working practices enabled it to improve customer service at more competitive terms. This is expected to bring more than 500 jobs back to the UK and generate business benefits of up to £30m for the company over three years. Additionally, at Ford, the most recent engine bid from one of the engine plants made use of agile working arrangements to improve competitiveness against competing international plants.

How agile is your organisation?

Take the test at: agilefutureforum.co.uk

Agility practices can often be configured to generate value for both the employer and the employee



Source: Research pilots; Working team analysis

In-depth studies found that significant value is already being realised in the UK.



05

Taking Action



In 2015, the Government published research that showed that of employers surveyed, the majority of those who had reported gender pay review findings felt it had been a positive experience.



Taking action that works

What others are doing to successfully tackle challenges in their organisation

It has been said that “what gets measured gets managed” and it has also been said that “what gets published gets managed even better.” Transparency has long been a powerful catalyst for driving change by putting a spotlight on important issues.



The Government's voluntary reporting initiative, *Think, Act, Report*, was launched in 2011 to help promote a culture of transparency in the workplace and help businesses tackle the underlying causes of the gender pay gap. It is a simple, step by step framework for building gender equality into your business planning for recruitment, retention, promotion and pay. It means analysing your workforce and pay data by gender to identify potential challenges; acting to address those challenges; and reporting publicly on your progress.

Think, Act, Report provides a powerful community of best practice with almost 300

organisations, collectively employing over 2.5 million people, signed up to the scheme. These organisations publish a broad range of information about what they are doing to strengthen the equality of opportunity for women in the workplace. Their experience is a useful resource for employers in preparation for the new gender pay reporting requirements, providing good practice for other companies to draw upon once the new regulations have commenced.

A growing number of *Think, Act, Report* companies have already blazed the trail by publishing gender pay information, including former winners of the *Think, Act, Report*

Transparency Award: PwC, Friends Life (now part of Aviva) and Genesis Housing. Tesco, AstraZeneca, KPMG, Deloitte, BHP Billiton, National Grid and easyJet have also published gender pay information and Sodexo has publicly pledged to publish in 2016.

In 2014, the Government published research that showed, that of employers surveyed, the majority of those who had reported gender pay review findings felt it had been a positive experience (67% for those reporting internally and 54% for those reporting externally). **None found it had been a negative experience.**

easyJet

Delivering on Gender Equality through Transparent Reporting



Summary

easyJet values diversity and inclusivity which we believe contributes to our continued success, by attracting and retaining a workforce which both reflects the airline’s customer base and can engage with passengers as individuals.

We have well-established reporting on the gender makeup of our leadership teams, as well as of our overall workforce. Our executive team is currently 50% female and our board is 30% female. In 2015 we took the step of reporting on gender pay for the different employee communities within easyJet, such as pilots and cabin crew, the management and administration community, as well as the company as a whole.

Being transparent and reporting on gender is helping easyJet to focus on how it can continue to make progress. It also shows easyJet’s people, partners and customers that it is a company which values diversity.

Issue to be resolved

Analysis of our workforce shows that just over 5% of easyJet’s 2,500 pilots are female – in line with the industry as a whole.

Action Taken

To drive up female representation in this section of our employee community, we have recently launched a new initiative to attract more women to become pilots. Being a pilot is an interesting and rewarding career and easyJet wants more women to bring their skills to the role. The role is also one which is available to women throughout the UK. We currently employ pilots at 11 bases across the country including around London, Bristol, Liverpool, Manchester, Newcastle, Edinburgh, Glasgow and Belfast, as well as across the rest of Europe.

As part of this programme, we are promoting the career of a pilot to women, by talking to school groups and working with organisations which promote female take-up of STEM subjects.

This complements our wider work to provide mentoring to young women in schools near our head office in Luton.

We are also offering ten places for women each year on the easyJet pilot training programme and underwriting the £100,000 training loan. This is the first phase of our long term strategy to increase the proportion of female pilots at the airline.

Results and Next Steps

Currently women make up 6% of easyJet’s new pilot intake. We plan to double the proportion of female entrants to 12% over the next two years.

To drive up female representation in this section of our employee community, we have recently launched a new initiative to attract more women to become pilots.





Monitoring Gender Pay



"BHP Billiton has a strong commitment to demonstrating the highest standards of corporate governance and transparency and we are committed to being a leader in further enhancing disclosure and transparency in areas ranging from payments of taxes and royalties, gender pay and carbon disclosure."

Geof Stapledon, Vice President of Governance, BHP Billiton



Action Taken

Experience shows that those items that get measured and disclosed are better understood and acted upon. At BHP Billiton we take gender pay seriously; that is why we review our remuneration by gender on at least an annual basis and report our findings in our Sustainability Report. This ensures the pay gap is kept under constant review throughout the Group and focuses action to address its causes.

Results

- Our Daunia fly-in, fly-out coal mine in Queensland was set up in 2013 with specific quotas for female and Indigenous workers. Today, about a quarter of its workforce is female.
- Over the last five years, the percentage of female senior executives in BHP Billiton has risen from 8% to 17%.

Next Steps

We have recently implemented an Inclusion and Diversity Council, chaired by our CEO, with a representative membership drawn from a cross-section of roles, levels and locations across our Company. Its role is to shape our long-term Inclusion & Diversity Strategy and determine specific actions to accelerate our progress, with a focus on achieving gender equality.

Over the last five years, the percentage of female senior executives in BHP Billiton has risen from 8% to 17%.





Publishing our Gender Pay Gap – Commitment and Accountability

“We were the first in our sector and one of a handful of private companies to report our Gender Pay Gap.

Publishing our pay gap supports our values of being transparent, trusted and fair. It demonstrates our clear commitment to equality and our accountability for taking action to address it. We have therefore continued to report this information in our 2015 Annual Report.

Undertaking annual gender pay reviews is an important measure of the impact and effectiveness of our diversity and inclusion actions. It increases awareness of any issues and enables us to take action to close the gap as part of our wider Diversity and Inclusion programme.”



Ian Powell
Chairman and Senior Partner, PwC

Issue to be resolved

As supporters of the Government's *Think, Act, Report* campaign we understand the business benefits of diversity and wanted to take a lead on pay transparency by publically reporting our gender pay gap information.

Action taken

We seek to ensure that our pay policies and practices are fair and, as part of a broad range of diversity and equality initiatives, we conduct regular equal pay reviews and gender pay gap reviews across PwC UK. This involves a review of our pay and bonus outcomes for the firm as a whole and by each of our lines of business and individual business units, taking account of performance and grade.

We have been analysing our gender pay gap since 2003 and have expanded our review to include ethnicity and working pattern. Our business involves supporting other organisations with their public reporting. It's important to us that we get this right ourselves by demonstrating our 'Total Impact' to all our stakeholders including business and society; diversity and inclusion is critical to that reporting.

In 2014 we published our single figure gender pay gap of 15.1% in our Transparency Report and an adjusted pay gap figure of 2.5%. We adjust the single figure pay gap for the different gender demographic across the grades, as we have more men than women at our senior grades. In our 2015 Annual Report we published our updated single figure pay gap of 15.3% and the adjusted pay gap of 2.8% together with a summary of actions we are taking to improve. It's important to provide explanatory narrative as the numbers alone show a slight increase, yet we do know that actions, such as promoting women to more senior levels can negatively impact the pay gap in the short-term.

To anticipate queries from our staff following publication, we communicated details of the pay gap in our internal news channel and briefed business leaders so they could answer any questions raised.

As a limited liability partnership, we don't have to report, but disclosing our gender pay gap supports our commitment to transparency and action on this agenda.

Results

Reporting our gender pay gap holds us accountable for taking action to address issues identified. We've used the results to drive action, for example identifying the diversity impact before making decisions on "out of cycle" bonuses for staff at risk of leaving or "signing on" bonuses.

Equal pay reviews and gender pay gap reviews are retrospective, so we've enhanced our reward reporting so leaders can review pay and bonus proposals by gender, ethnicity and working pattern prior to being finalized to proactively address any anomalies. We also require them to complete a diversity checklist prior to signing off their annual review.

Our equal pay work is very much embedded into our broader talent and inclusion agenda and one of many diversity checks that we do routinely.

We have shared our gender pay gap data, internally with our people, highlighting to them the many steps we are taking to move the dial on diversity and lead the way for our industry.

Our reputation and brand has benefited from gender pay disclosure and other companies have approached us for insights. In 2015 we won the Business in the Community/Government Equalities Office Transparency Award.

Next Steps

We will continue to report on our gender pay gap and the actions we are taking to improve. This reporting is embedded within the annual reporting process and our progress is continually reviewed by the Executive Board.

A truly diverse business that has equal opportunities for everyone is not just the right thing to do, it is a business imperative.



Kathryn Nawrockyi
Gender Equality Director,
Business in the Community

It found that the majority of employees already believe that there is a gender pay gap in their organisation.



Gaining Employees Trust and Improving Engagement and Retention

Employees strongly believe that public reporting will help to close the gender pay gap – and they want employers to start taking action towards achieving real gender equality.



Business in the Community's report *The Gender Pay Gap: what employees really think*, based on a survey of more than 1,000 employees, provides a unique insight into public attitudes towards the gender pay gap and transparent reporting.

It found that the majority of employees already believe that there is a gender pay gap in their organisation.

Employees want to be able to discuss the pay gap openly with their employer, to understand its causes and find out what action their employer is taking to close the gap. Participants questioned the lack of transparency and challenged the culture of pay secrecy. As one female respondent told us, *"We have no transparency, which makes me more inclined to think that there is something to hide."*

Contrary to concerns held by many employers, the impact of publishing their pay gap seems unlikely to result in a rush of lawsuits. In fact, it may serve to improve employee engagement and retention, increase employee trust, and positively impact an organisation's reputation as an employer:

- 93% of respondents think that employers should have to publish their overall gender pay gap.
- 90% of respondents think that the data should be broken down for each pay grade or job type.
- 87% of respondents think that mandatory gender pay reporting will help to close the gender pay gap.
- Two thirds of respondents reported that they would ask their employer what they

are doing to close the pay gap, and more than half of the participants (52%) would ask for more information.

- 92% of respondents would look at gender pay gap information if they were looking for a job and trying to decide between two employers.
- Only 7% would seek legal advice in the case of pay inequity and less than 1% would take any legal action.

We understand that publishing pay data can be a daunting prospect for employers – yet the reality is that legislation is coming. Our recommendation to employers is that they listen to what employees are saying and take action now to understand and publish their pay data. This is an opportunity to be a leader and to gain employees' trust.

Deloitte.

Focusing on Workplace Culture



“Ensuring we are able to attract, develop and retain women is a business priority for us; this means a combination of cultural change and specific actions, including reporting our gender pay gap.”

Emma Codd, Managing Partner for Talent, Deloitte UK

Issue

We have placed a significant focus on our firm’s culture, to ensure our workplace is somewhere where women (and indeed all our people) can balance a successful career with commitments outside work. We want to ensure that Deloitte provides a truly inclusive environment which is underpinned by respect.

Action

We have made attracting, retaining and developing women a business priority, so it is at the forefront of our business strategy. Our Executive has committed to taking a number of actions including a major focus on agile working, so that we are able to retain and develop our female talent.

We are also very proud of our Return-to-Work programme – the first of its kind in professional services in the UK – which was introduced in 2015 to help reconnect the firm with senior, talented women who have had time away from their professional

careers – for parenthood, family care or other reasons. There is also our firm-wide sponsorship programme which pairs aspiring female leaders with a senior sponsor, male or female.

From inclusion to diversity

But we know that we will not make sustainable change at senior levels without ensuring that we provide an inclusive culture. A challenge for many diversity programmes is that they are often too narrow and focused on specific actions or programmes in isolation, rather than addressing the required underlying cultural shift needed to make a real impact and lasting difference.

By shifting the focus from diversity-focused actions to that of an inclusive culture we are aiming to ensure everyone feels part of the solution and personally accountable for their conscious or unconscious impact on

each other. Under this approach, everyone understands that gender balance is an outcome of the culture and environment within which our people work.

Respect and inclusion

Our leadership has made it a business imperative to ensure that we provide an inclusive culture, and our Respect & Inclusion (R&I) action plan therefore sets out a comprehensive set of measures the firm is taking to ensure it provides such an environment. This plan is underpinned by three principles: respect; trust; and open and honest communication:

- Educating our people – we are ensuring all our people, existing and new joiners, understand the firm’s expectations regarding respectful and inclusive behaviours, and understand that action will always be taken in relation to unacceptable behaviour. This includes

providing facilitated face-to-face group sessions for all partners and directors; mandatory R&I e-learning for everyone in the firm; and – through our diversity networks – educating our people on different faiths, LGBT issues, and ethnic and gender diversity.

- Creating compelling communications – we have committed to sharing our R&I intentions both internally and externally. We created ‘Ask yourself’, a short, thought-provoking film to challenge the thoughts of our people around a number of scenarios including gender bias, sexual orientation, disability, ethnicity and work-life balance. It was uploaded to our internal video channel and played on digital screens in our offices. We also decided to share it on YouTube to help inspire other organisations on their own respect and inclusion journeys.
- Effective escalation channels – to enable our people to talk about issues in a ‘safe’ way and allow the firm to proportionately address inappropriate behaviour. This includes the introduction of trained R&I Advisors, a group of senior leaders who play an important and visible role in ensuring we provide an inclusive and respectful working environment.

Leading by example

Driving any change in a firm of 15,000 people requires authentic and active support from the firm’s most senior leaders. Our CEO, David Sproul, has encouraged the Executive team to be visible and reinforce the prominence of R&I in their own communications and actions.

Also, by taking the unusual step to mandate participation at our hard-hitting R&I workshops for all partners and directors, and encouraging them to discuss these with their teams, the Executive has sent a clear signal to the firm that this is a real priority.



As one of the largest and most influential employers in the UK, Deloitte recognises its responsibility to lead and drive the gender equality agenda. This is the reason we have publicly supported the UK government’s proposal to require larger companies to publish their gender pay gap data, having signed up to *Think, Act, Report* when it was launched in 2011. In July 2015 we decided to make the firm’s gender pay gap publicly available, joining a handful of firms in the UK that have voluntarily disclosed this information to date.

Results

- Just under a third of the partners promoted in 2015 were female.
- More than half of the participants on our Return-to-Work programme have secured permanent roles with the firm.

- To date, over 1,000 partners and have participated in R&I workshops and these are currently being rolled out to 1,000 directors.
- 10,500 people have completed the mandatory R&I e-learning.

Our ‘Ask Yourself’ film has had more than 26,500 views on YouTube.

Next Steps

We know we still have more to do, but we believe that only by a combination of cultural change and specific actions will we continue to improve the retention of women within the firm and the representation of women in senior positions.



Driving progress through bold public commitments



Fiona Cannon
OBE Group Director Inclusion and Diversity
Lloyds Banking Group

“Being able to attract, develop and retain top female talent is an integral part of our business plan to help Britain prosper.”

Summary

In 2013, collecting and analysing HR monitoring information revealed that the representation of female colleagues at senior management level was significantly out of step with their representation in our overall workforce.

We identified several undesirable impacts of this situation, most notably: reputational damage due to our inability to reflect our customer base at a senior level; potential criticism from current and future investors and; a lack of diverse perspectives in our senior-level decision making.

Our first step was to make a clear public commitment to address the issue. This drove a vast number of other activities including: executive accountability, policy change and specific recruitment and development initiatives, underpinned by on-going insight and data monitoring.

Positive outcomes included a clear uplift in the female representation at senior management from 27% in 2013 to 31% in 2015.

Issue to be resolved

In 2013 we presented analysis to the Board of Lloyds Banking Group on gender representation by job grade; this revealed that less than 27% of our senior management population were female – compared with c.60% of our overall workforce.

Action taken

So in 2014, we made a bold public commitment to increase the representation of women across our senior management population to 40% by 2020, as part of our strategic business plan. We were the first organisation globally to set such a target and this has driven unprecedented focus within our business.

Executive Accountability

- Our Board and Executive Committee (ExCo) now agree and lead our Diversity & Inclusion (D&I) strategy.
- A D&I Operational Committee, chaired by the Executive sponsor for Gender, meets monthly and consists of Managing Directors from each area of the business.

Addressing Recruitment, Retention and Development

- In 2015, we set a target for all of our external Recruitment Agencies in that suitably experienced and qualified women must now account for 33% of candidates shortlisted for roles at senior manager level and above.
- We have taken on board new Recruitment Agencies that specialise in hiring and attracting women and agile talent.
- We have revised the wording in all of our internal and external job adverts to ensure the language used is not off-putting to women, and all of our job ads include a positive D&I/agility statement.
- This year we have launched a Returners programme targeted specifically at professional women and men who have been on a career break of at least 2 years.
- Last year we launched a 'Women in Leadership Programme' for mid-level managers identified as talent to further strengthen the pipeline. 181 women have been through the programme in 2015.

Improving the Working Environment

- We have been at the forefront of the pioneering Agile Future Forum – set up to look at ways in which UK organisations can become more agile, more flexible and better suited to the changing needs of both the workforce and of business in the 21st century. It comprises a group of 22 leading UK companies.
- We have launched a high profile Group-wide agile working campaign to help all colleagues to work in a more agile way.
- In 2015 we launched our Shared Parental Leave Policy, which offers enhanced pay to match our enhanced maternity provision.



Results

- We have seen a further uplift in the number of women at all senior levels and at the time of writing 31% of senior roles are now made up by women.
- We have achieved an increase in female representation at Executive level from 18% to 19%, with 38% of all internal promotions into Executive roles being women (up from 27% in 2014).
- At ExCo level, we have appointed an internal female candidate in 2015, a role which has responsibility for 25% of our staff. During 2015 we have also made an external appointment of two female candidates to undertake the role of HR Director, Operations – our first job-share partnership hired from the external market at Executive level.
- Our Colleague Engagement Survey shows that our women are more engaged than men, but that levels of male and female engagement are increasing at the same rate – an improvement of 8 percentage points between 2014 and 2015 surveys.
- We have been listed in the Times Top 50 employers for women for the past four years, and have been publically recognised for the work we do in this space.

Next Steps

We have made a public commitment to increase the representation of women in our senior management population over a period of years, and this metric forms part of the balanced scorecards of our CEO and of the members of our ExCo. This means that success in creating and sustaining a strong pipeline of female talent is directly linked to the performance outcomes of our most senior leaders.

In addition, each member of our ExCo has signed up to a number of specific gender signature commitments, which include ensuring all shortlists at senior management level must contain women, identify female talent at mid-management level within their business areas, and to mentor, sponsor or coach a colleague from an underrepresented group

Our 2016 Inclusion and Diversity strategy includes a firm commitment to continue existing activity and start a number of new initiatives that will specifically benefit women.



Attracting, Recruiting and Retaining women

Only 14% of engineering graduates and 3% of engineering apprentices in the UK are women. To attract, recruit and retain women in a very under represented industry, Ford Motor Company has implemented a best in class maternity package which includes:

- Providing every pregnant female employee with her own dedicated Maternity Advisor. The Maternity Advisor is a subject matter expert in the Company's maternity policies and provides information, advice and support, from the pregnancy stage through to post maternity return to work.
- Offering enhanced maternity pay.
- Providing information on the National Child Birth Trust and reimbursing class fees for all pregnant women attending NCT ante-natal classes.



Combined with the practical assistance offered is the recognition that support may also be needed at an emotional level to cope with the changes having a new member of the family may bring.

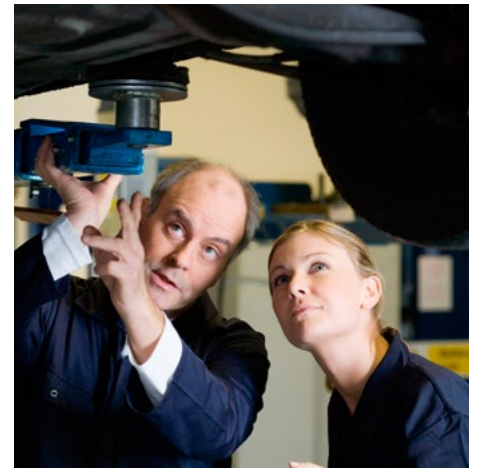
Our approach is to offer:

- All pregnant employees the opportunity to attend an in-house designed and delivered Maternity Workshop - a forum for expectant mothers across the business to meet each other, learn more about their statutory entitlements as new parents, and the Company's flexible working policies as well as encouraging them to share their experiences and network.
- Executive Level sponsorship of the internal employee resource group for parents - the Ford Parents Network (FPN). FPN is a forum for parents to communicate with each other on a wide range of parenting issues and engage in direct discussion with the Company to ensure its parenting policies are best in class.

Beyond the initial stage of having a child, difficulties in securing suitable childcare can often be an inhibitor to women being able to return to work. To minimise this impact at our technical centre in the UK, Ford has partnered with an external childcare provider to offer on-site childcare on a full and part-time basis as well as providing emergency care; when an employee's usual childcare arrangements break down.

The Company also has a positive approach to flexible working requests; and actively engages with maternity returners prior to returning to work to confirm the appropriate working pattern that will best suit the needs of returning employees and the business operation.

Approximately 98% of all maternity leavers return to the organisation, whilst satisfaction levels amongst parents of pre-school age children are consistently higher in employee surveys when compared to the total Ford employee population.



Only 14% of engineering graduates and 3% of engineering apprentices in the UK are women.

Source: WISE Report July 2015



Changing and Improving to Retain and Develop Female Talent

Summary

Over the last decade, Carillion has developed and changed as an organisation, as we have built on our construction heritage and significantly grown our support services. We also recognised that we needed to develop and change our culture – significantly shaped by our history – to support women more effectively throughout all the key stages of their working lives. A significant step was to set a strategic objective as part of our 2020 sustainability goals that our ‘leadership population should reflect the diversity of the people it leads’.

We firmly believe that better gender diversity is fundamental to a better business, increases profitability and inspires our people. Improving the gender diversity of our leadership will help to grow and inspire the next generation of leaders, which is why Carillion are committed to developing strong, positive role models to achieve that.

Changes and improvements made have increased the numbers of women in leadership and operational roles, while the retention rate for maternity returners has increased by a significant 20%.

Issue to be resolved

In 2012 we found that 45% of our senior women left within 18 weeks of returning from maternity leave, whilst 65% of all working mums said they wanted to progress their career but only 20% were allowed to work flexibly to support that.

We struggled to retain and convert our female talent pipeline into more senior appointments, as well as attracting new female leaders into the company; this presented a significant barrier to achieving our diversity objective and to supporting our people.

Action taken

To take action, we focused on a number of areas:

Improving maternity provisions

- To put Carillion ahead of the national average and into the upper quartile of organisations in its sector, we introduced a policy of 12 weeks full and 6 weeks half pay for all women (previously only 6 weeks full pay).

Enhancing support in the workplace

- We improved our flexible and agile working policy to support a better work/life balance. This included homeworking, parental leave, greater part-time working, special leave and time off for dependent care.
- Our leadership development programmes were enhanced to focus more deliberately on growing our female talent pool to fill senior management positions.
- We upskilled our line managers and introduced unconscious bias training.

Results

These policy changes have helped us to improve gender diversity through increases in:

- Females in leadership roles from 17% to 21%.
- Females in operational roles from 20% to 26%.
- Maternity returner retention from 76% to 96%.

In a recent internal survey of working mums, 84% of them would recommend Carillion to others and 82% felt that we were making positive changes to enable a supportive working environment.

The impact extends much further than to our existing female population. In a recent graduate recruitment review, our approach to working families and flexible working was cited as a source of positive attraction for new graduates into our business.

Next Steps

We know our strategy is working through the progress we’ve seen to date, and we will continue to pursue our 2020 target of 30% women in leadership positions. We are now extending our networks to introduce LGBT and Working Dads Networks, and we will work closely with clients, suppliers and external organisations to help others support women more effectively.



Successfully Engaging Women at Lower Levels to push for Promotion

Summary

While our CEO is female, 40% of our board is female and 33% of UK directors are women, analysis of employee data showed that female employees needed support at lower levels to push for promotion. This is particularly important given that the company promotes from within for 99% of positions.

Our Women In Leadership teams identified a need for women to connect with each other and share experiences, however our branches are spread all over the country, so a virtual solution was required: an online women's magazine showcasing Enterprise Rent A Car's successful women was launched.

Since its launch, we have seen more women returning from maternity leave, more women getting promoted, and women being more engaged than men in our employee opinion survey.

Issue to be resolved

We operate a decentralised structure with more than 4,500 employees working at over 400 locations around the UK. Most locations are small branches with five or so employees and perhaps only one female employee. Our Women in Leadership groups told us that they would like to help women employees to better connect with each other at peer-to-peer level, to share stories first hand that reinforce corporate

messages and communications from management about how the company helps women to succeed.

Action taken

A few years ago we thought that a new internal social media HUB would be a key to better communication between our women. After the site was created, despite dedicated female zones, we saw minimal impact.

Our Human Resources Director identified the opportunity to create a magazine addressing the concerns of women in our business. The result was DRIVE, an online and hard copy publication targeted particularly at lower to mid-level management that are most in need of connecting.

DRIVE profiles recent promotions and provides advice/information on how to make the most of the company career ladder.

Our first edition was launched in August 2013 and we have produced six editions. Hardcopy editions are sent to all directors/ leadership teams a week before the online version is released, so everyone is aware of when the online edition is published. Directors then send hard copies to each branch or post to women at home if they are on maternity leave.

Results

- More women are returning from maternity leave. The current return rate is 91% and one region had 100% return.

- More women are getting promoted to regional leadership roles with a 100% increase in women at regional operational roles and women accounting for 51.31% of last year's promotions.
- Our employee opinion survey results showed women view leadership more favourably than men and their career development and advancement significantly higher (5%).

Increase in engagement with DRIVE

- Views on the day of deployment have grown by more than 33% in the last three issues.
- New user sessions have more than doubled in each of the last three issues.
- Users are viewing 1.62 pages per session.
- Over 650 employees read DRIVE online on the first day with 2200 employees reading the last edition.

Next Steps

To build sustainability, we are:

- Growing DRIVE's Editorial Board.
- Taking our campaign to Twitter to engage externally with our business partners and universities that we recruit from.
- Reviewing development of an application for employee's personal devices to host the magazine.



Tackling Low Female Representation in STEM parts of the Business

Summary

Gender equality is a priority across BT, but our employee data shows female representation is particularly acute in our Technology business (TSO). Targeted recruitment programmes are in place to increase supply, but the marketplace for senior technical roles is male-dominated.

As a result, we are focusing on developing a stronger pipeline of female employees and improving retention of senior women by launching #womenintechnology, which is a female development and role modelling programme. Our long term aim is to make a positive impact on workforce composition. We are already seeing increased levels of engagement among female managers in TSO.

Issue to be resolved

Analysis of our diversity profile and succession plans shows that we don't have sufficient women in senior positions in TSO and the pipeline of high potential women is not as robust as we need.

Action taken

- We ensured senior sponsorship and buy-in. The programme is sponsored by the TSO CEO; the leadership team are visibly engaged.
- A clear programme of communications was developed – underpinning BT's commitment to being a meritocracy, but

using data to illustrate more women needed to get to the starting line. The focus was on BT's three core diversity benefits: Customer; Talent; Innovation.

- We approached women in TSO flagged as high potential and asked them to apply to #womenintechnology. We positioned it as a development programme and emblematic of our commitment to driving wider culture change.
- Quarterly events were set up with external speakers, on a range of subjects from gravitas in the workplace, to how to engage with colleagues in an all-male environment. The events ranged in size from 150 people to smaller, more specific events for 12 people. Each of these events was sponsored by a senior TSO leader.
- We also held Inclusive Leadership training session for top 80 managers in TSO to raise awareness of the biases that might hinder women's progression, and give them the chance to pledge their support.

Results

Demonstrating our commitment to this programme, the most recent external hire to our executive team has been a woman. We are reviewing our recruitment criteria to attract a more diverse range of female candidates.

We are using the programme to drive a culture change; encouraging the women in Phase 1 of this programme to go out to graduate fairs and speak about their experiences, for example – and to share their experiences with women in other parts of BT. We are also extending the programme to colleagues in India.

Next Steps

The women who took part in the first phase of the programme are about to 'graduate'. We are discussing how we continue to support them while reaching out to other women across the business. Questions we are asking are: What does this support look like? Should it simply be that Year 1 participants meet less often and we rely on them to keep in touch with each other? Or should we extend the programme year on year to more high potential candidates?

Our Women in Technology programme has had a significant impact: senior leaders regularly discuss the question about the number of women in senior roles at leadership team meetings and between senior leaders outside of these meetings.

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Annex







Equal Pay

Equal pay legislation now forms part of the Equality Act 2010. It provides that employers must give men and women equal pay if they are employed to do work that is the same or broadly similar, rated as equivalent under a job evaluation study or found to be of equal value in terms of effort, skill or decision making.

Societal stereotypes or individual prejudice can both influence how much particular jobs are valued, and who goes into them, and as such stereotypes of “women’s work” and “men’s work” persist. Mergers and acquisitions can also impact significantly on a company’s grading structures, pay systems and gender profile.

Job evaluation is a way of assessing why one job is graded higher or better paid than another. Employers may carry out a job evaluation for many reasons, including lack of rationale for current grades, problems with recruitment/retention or employee dissatisfaction.

Causes of the Gender Pay Gap

Working in less lucrative occupations and sectors

Men are disproportionately concentrated in high paying sectors, including information and communications technology (69%) and energy supply (74%). Women however are disproportionately employed in poorly-paid professions (cleaning, catering, childcare) and under-represented in more lucrative science, technology, engineering and maths ('STEM') sectors. They make up 93% of secretaries and 94% of those who work in childcare and related personal services, but only 23% of architects and 9% of engineers.

Although girls often do well at school, and outperform boys in their GCSE exams, they are less likely than boys to take A-levels or higher qualifications in STEM subjects. Even when women do have STEM qualifications, they are less likely than men to be working in STEM sectors. An analysis of the Labour Market Survey in 2013 suggested that as many as 70% of women with STEM qualifications were not working in relevant industries.

Skill Shortages

But we know some industry sectors like STEM face bigger challenges than others, because of a shortfall of skills. The Pearson and Confederation of British Industry (CBI) Education and Skills survey 2014 reported that nearly two in five firms (39%) need employees with STEM skills and knowledge, and struggle to recruit. Over half (53%) expect problems in the next three years. This shortfall is particularly acute for women in STEM sectors.

A shortfall in STEM skills reflects challenges for business as well as broader societal issues. This is why the Government supports

initiatives like the private and voluntary sector led Your Life campaign, which aims to encourage a 50% increase in maths and physics uptake at A Level by 2017.

The Government also launched the Careers and Enterprise Company (CEC) chaired by Christine Hodgson (Chair, Capgemini UK) in December 2014 to support greater engagement between employers, schools and colleges. The company is independent of Government and aims to ensure young people get the inspiration and guidance they need to leave school or college ready to succeed in working life. They launched their Enterprise Adviser network on 17 September 2015 and a £5m Careers & Enterprise Fund on 27 October. More information can be found at www.careersandenterprise.co.uk.

The consequences of balancing domestic and caring responsibilities

We know that women are much more likely than men to take time out of the labour market in order to start a family and look after children or other family members. In fact, women are also three times as likely as men to work part-time and crucially part-time work is typically not paid as well as full-time work. This time out of the labour market, or periods of working part-time, have a negative effect on subsequent wages. Moreover, we know that in 2014, 11.0%, or 1.5 million, female workers were underemployed i.e. they wanted to work more hours than they were currently employed to do. This contrasted with 8.9%, or 1.4 million male workers.

This is why the Government have introduced shared parental leave, extended the right to request flexible working to all and are offering working families 30 hours a week of free childcare for 3 and 4 year-olds.

Corporate culture, unconscious bias, discrimination and constrained personal choices

Women who are keen to move into senior or managerial roles are sometimes subject to and held back by unconscious bias, in particular assumptions about mothers not wanting, or not being in a position to accept promotion.

Women may also be held back by a lack of senior female role models in an organisation; a lack of suitable mentoring and networking opportunities; or other workplace cultures that have historically favoured men.

This means that women are less likely to progress into senior positions. Women make up 47% of the workforce, but make up only 34% of managers, directors and senior officials. They make up only 38% of headteachers in secondary schools despite being 62% of the teaching workforce.

Think, Act, Report Framework

Maximising female talent in the workplace means first asking the right questions to identify and understand any challenges or barriers that may exist within your organisation.

By signing up, you pledge to:

Think: identify any issues around gender equality.

Act: take action to fix those issues.

Report: on how your business ensures gender equality.



Organisations supporting *Think, Act, Report* should choose to look at a range of measures which they consider to be the most relevant to them. But they are particularly encouraged to consider analysing and publishing one or more of the following 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 surveys.
- 2. Representation measures:** these explain the composition and structure of the workforce. Measures could include those relating to:
 - Representation of men and women at different levels by role.
 - Representation of men and women at different salary bands or (e.g. £10-20k, £20-30k etc.) or pay quartiles.
 - Composition of the workforce as a whole.
 - Promotion rates by gender.
 - Uptake of flexible working across the company.
 - Maternity/Parental leave returners.
 - Representation in different occupational groups.
 - Representation by business region/unit.
- 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 gender pay gap.
 - Part-time gender pay gap.
 - Overall gender pay gap.
 - Percentage change in gender pay gap over time.
 - Difference between average bonus payments (e.g. mean or median) paid to men and women and the proportion of men and women who receive a bonus.



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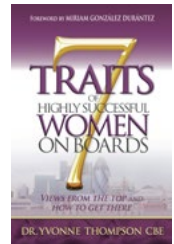
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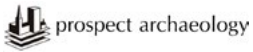


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