

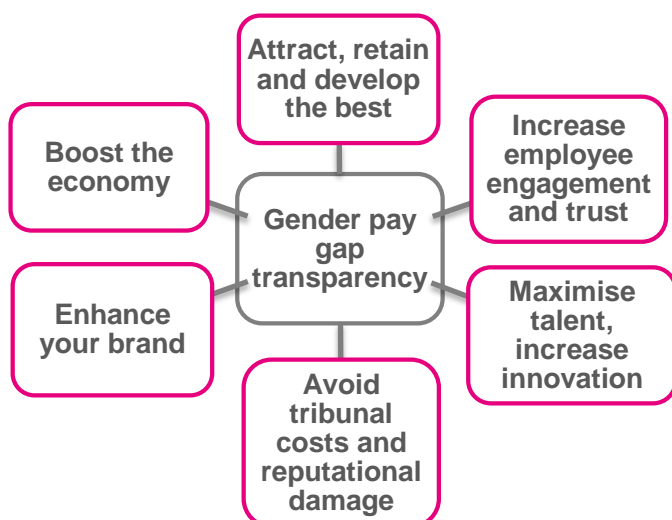
The business case for reporting your gender pay gap

The benefits of reporting and closing your gender pay gap for business, the economy and society.

The commercial imperative for reporting the gender pay gap is stronger than ever.

Gender pay gap transparency increases accountability and drives action to advance gender equality in the workplace. Gender pay gap reporting is not just the right thing to do; individual businesses and the economy as a whole will benefit from transparency.

UK legislation requiring employers with more than 250 employees to publish their gender pay gap will be enacted in October 2016. Research by IFF Research found that most employers, irrespective of size, viewed tackling the gender pay gap as a priority in 2014 (61% of medium-sized employers (150-249 employees) and 64% of large employers).ⁱ



As this becomes a priority for more and more employers, there remains a window of opportunity in which employers can be amongst the first to be progressive and be the leaders in pay transparency.

Smaller companies would also be wise to reap the benefits of reporting. Small and medium enterprises (SMEs) collectively employ 15.6 million people and make up 99% of the 5.4 million businesses in the UK.ⁱⁱ If SMEs report their gender pay gap and take action to close it, the positive impact on gender equality, small businesses and the economy would be huge.

Being transparent demonstrates your commitment to equality, encourages your staff to contribute to the dialogue and strengthens their engagement with the organisation.

Business in the Community urges all of its members to get ahead of the curve by reporting their gender pay gap and narrative before the regulations come into force. Employers of all sizes can fuel their competitive edge in the employment market by reporting voluntarily.



Attracting and retaining the best talent for the future



The evidence is clear that publishing the gender pay gap and a strategy to close it will impact an organisation's capacity to attract and retain talent. Our

recent survey of more than 1,000 employees found that:

- **92% of respondents would consider pay gap data when applying for jobs and deciding between two employers.**
- More than half of female respondents would favour the company with the smallest pay gap or the one that is more proactive in closing it.
- **89% of employees would feel more positively towards their employer if they published their data along with an action plan.**
- There is a strong appetite amongst employees to understand their employer's gender pay gap; almost all (90%) want their employer to publish the data broken down by pay grade or job type.^{iiiiiv}

Women make up 50% of the talent pool, so attracting them is crucial to the future success of your organisation. PwC's research on female millennials found women are more confident and ambitious than ever – and workplace diversity is front of mind:

- 85% said an employer's policy on diversity, equality and workforce inclusion was important when deciding whether to work for an employer.
- But 71% feel that while organisations talk about diversity, opportunities are not really equal for all.^v

Avoiding tribunal costs and reputational damage



Employers who take a proactive and strategic approach to eliminating bias from their pay systems can avoid damaging and costly legal action.

Almost 6,000 equal pay claims were accepted for an employment tribunal in the six months from January to June 2015.^{vi} Defending an equal pay claim can lead to high legal costs, reputational damage and loss of control over company pay systems, as any actions required to settle the claim are enforced by the courts.^{vii}

Publishing information on your gender pay gap at each pay grade or job level, alongside a candid, detailed narrative explaining the gaps, will significantly increase confidence amongst your staff in pay and reward processes. Being transparent will reinforce the link between performance and remuneration, and reduce the likelihood of being targeted for regulatory action.^{viii}

Boosting the economy



Greater transparency of the gender pay gap opens up the discussion on gender equality, leading to more effective action.

Closing the gender pay gap requires tackling the root causes of women's lower earning power and there are huge economic benefits for equalising the earning power of women and men.

Increasing women's labour market participation could be worth between £15 and £23 billion or 1.3 to 2% of gross domestic product each year.^{ix}

- **Equalising women’s levels of productivity and employment to that of men’s could add almost £600 billion to the economy, which could clear a third of the UK’s national debt.**^x
- If the 2.2 million women who want to work started working, 10% could be added to the size of the UK economy by 2030.^{xi}
- **Over 1.5 million women already in work would like to do more hours. If they worked just one extra hour each week, that would contribute 80 million more hours a year in productivity.**^{xii}

Closing the gender pay gap by equalising women’s earnings would increase revenue from income tax and national insurance whilst reducing payments in tax credits. It would also enhance women’s spending power; adding growth to retail, property, travel and leisure sectors, as well as the overall economy.

The gender pay gap beyond work



The gender pay gap contributes to women’s economic hardship and negatively impacts the lives of their children and/or partners

as well:

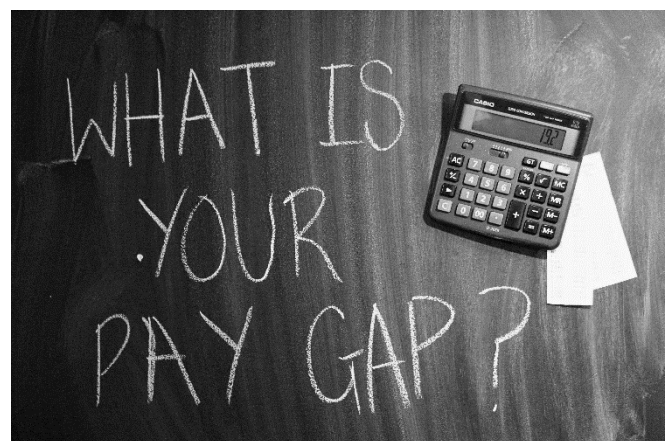
- **Lone parents with dependent children represent 25% (2 million) of all families with dependent children. Of these, women make up 90% of lone parents with dependent children.**^{xiii}

- An average woman working full time from age 18 to 59 would lose £361,000 in gross earnings over her working life compared to an equivalent male.^{xiv}
- **Women experience the long-term consequences of the gender pay gap long after their working life; recent research shows that women who retired in 2015 will have to live on an income of 25% a year less than their male counterparts.**^{xv}

A positive experience

Out of the employers who had publicly reported their gender pay gap, not one found the experience negative.^{xvi}

Indeed, over half of those reporting their gender pay gap data externally **felt that this had been positive for the organisation**, with the rest stating it had little effect either way (37%) or were unsure (9%).^{xvii}



References

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- ^{xvii} Ibid