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Current gender pay gap reporting requirements unlikely to ‘empower’ women

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PwC has found that the UK has been slower in addressing its gender pay gap compared to other developed nations, with Iceland, Sweden and Norway remaining as the top three performing OECD countries. PwC further highlights that the current gender pay gap in the UK is at 17%. Lawyers from Bindmans LLP, Charles Russell Speechlys, Lewis Silkin LLP and Stewarts discuss the impact of these findings, questioning whether current pay gap reporting requirements will necessarily lead to women being ‘empowered in the workplace’.

PwC’s “Women in work Index” report assesses female economic empowerment across 33 OECD countries. Other countries have seen greater improvements in labour market conditions. Key findings include:

- the UK fell from 14th to 15th position, with women collectively underearning £90bn compared to men
- women working in London could see the biggest gains in their average pay from closing the pay gap
- government policies should focus on enhancing social support to families to help women stay in, or return to work

Why is the UK so far behind?

UK development in closing the gender pay gap has been ‘sluggish’, with PwC finding that growth in male employment exceeded growth in female employment in London, East Midlands and Northern Ireland. Daniel Zona, solicitor at Bindmans LLP, says that a number of structural and policy factors have also caused the gap to persist over time:

‘The UK has relatively generous maternity leave and pay requirements and the report found that longer paid maternity leave tended to widen the gap.’

Partner at Lewis Silkin LLP, Michael Burd, similarly notes maternity leave policies as a contributing factor to the gender pay gap: ‘Maternity leave takes women out of the workplace for a lengthy period of time, which has a knock-on effect on women’s career progression—the UK has one of the longer periods of maternity leave, at a total of 52 weeks.

‘Although we have had shared parental leave for a few years now, which enables fathers or partners of the birth mother to share the majority of this leave period, take-up so far has been very low. One of the main reasons for this may be the lack of pay during this leave, in contrast to other countries at the top of the Index such as Iceland, Sweden and Norway.

‘When this is combined with lack of flexible working opportunities, the careers of women with children start to fall behind those of their male colleagues.’

Gender pay reporting—a ‘blunt’ instrument

Burd says that the effect of gender pay-gap reporting ‘will be limited’ on its own: ‘The reporting of basic average statistics is something of a blunt instrument which does not address the real reasons behind any gap in pay between men and women doing similar jobs.’

Nick Hurley, partner and head of the employment, pensions and immigration group at Charles Russell Speechlys, adds that the data does not demonstrate what companies are actually doing to tackle gender equality barriers:

'The regulations on gender pay reporting are perhaps the first stage in using legal measures to nudge employers into good behaviours. However, it remains to be seen whether the regulations will deliver the desired effect.'

Joe Lappin, solicitor at Stewarts, also questions whether reporting will necessarily lead to women being 'empowered in the workplace': 'The problem with gender pay gap reporting is that the figures do not take account of differences in rates of pay for comparable jobs and the figures are heavily influenced by the proportion of men and women in different occupations in the same organisation and do not necessarily point to an equal pay problem.'

'What a large gender pay gap almost always tells us, however, is that women are disproportionately represented in lower pay jobs.'

Zona agrees that reporting is not enough, arguing that the government must continue work to ensure women feel empowered to enforce their rights, relating to pay or otherwise, internally or by seeking relief from courts and tribunals:

'Last year saw the removal of a barrier to justice in the form of employment tribunal fees. However, the lack of public funding for employment law matters creates a huge barrier to justice for women on low incomes. Reform in this area is desperately needed.'

Solutions

Burd argues that employers must provide opportunities for flexible working for both women and men in senior roles, especially if pay progression and career opportunities are not limited by a view that flexible workers are less committed or productive than their full-time colleagues.

Lappin agrees that flexible working in senior roles should be encouraged, adding that companies should be open to the idea of employing part-time staff in senior roles in order to 'reduce barriers to promotion opportunities', as well extending parental leave to fathers and new schemes to help women over the age of 35 to return to the workplace following childbirth.

Hurley adds that very few companies have complied with the reporting requirement so far: 'If there is widespread non-compliance in a month's time, the government will be forced to take more robust measures to enforce reporting and may also look at other initiatives, such as mandatory quotas for women on boards, as a way of tackling inequality.'

Source: Report: PwC Women in Work index—Closing the gender pay gap

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