

# THE GENDER PAY GAP: WHAT DOES IT MEAN?

## ATTRACTING, MOTIVATING, AND RETAINING TALENTED WOMEN

The deadline for reporting under the UK Gender Pay Gap Reporting legislation is just around the corner. With the vast majority of organisations still to report their figures, attention is now firmly focussed on the extent of the gap, its causes and negative effects on organisations, and the steps that organisations can take to promote the advancement of women.

Marsh, Mercer, and Oliver Wyman recently hosted an event, **“The Gender Pay Gap: What Does it Mean? Attracting, Motivating and Retaining Talented Women”**, in London. Featuring experts from Mercer and Oliver Wyman, as well as the leading UK expert on the Gender Pay Gap regulation, the panel discussed what the reporting rules and resulting data will mean for organisations and provided insights on how effective diversity and inclusion efforts can benefit their businesses.

## IN THIS SUMMARY, WE LOOK AT KEY MESSAGES FROM THE EVENT.

### THE GENDER PAY GAP GOES BEYOND EQUAL PAY

The Gender Pay Gap Reporting legislation was introduced as part of the Equality Act 2010. Employers in the UK with more than 250 staff will be [required by law](#) to report figures detailing the difference between mean and median pay for men and women, as well as information on differences in bonuses and the proportion of men and women who received them. These figures are to be published annually on their own website, as well as on a government website, by 6 April 2018.

The discussion started by noting that Gender Pay Gap rules, which are not to be confused with Equal Pay regulations, show the difference between men and women's pay as a percentage of men's pay, therefore putting a much greater focus on the advancement of women in business rather than focussing on pay alone.

The [latest published numbers](#) by the Office of National Statistics on gender pay gap reveal that the difference for the combined full time and part time rate is 18.1% nationally. For the private sector, it is 23.7%, and for the financial services sector, it is 38%.

When it comes to closing the gap, panellist Chris Charman, Senior Principal at Mercer, said: “It is going to take a long time because it is going to be more about improving female advancement and diversity and inclusion from a gender perspective more broadly than it is just a quick fix on pay”.

The rules, said Helene Reardon-Bond OBE, architect of the UK Gender Pay Gap legislation, are another step in the right direction, along with initiatives by the Government to extend flexible working to all workers (not just women) and the introduction of shared parental leave.

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### PANEL SPEAKERS

HELENE REARDON BOND OBE  
Leading UK expert on the Gender Pay Gap

CHRISTIAN EDELMANN  
Partner, Global Head Corporate & Institutional Banking and Wealth & Asset Management Practices, Oliver Wyman

DR. ASTRID JÄKEL  
Partner, Insurance Practice, Oliver Wyman

CHRIS CHARMAN  
Principal Consultant Workforce Rewards, Mercer

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### MODERATOR

LESLIE KURSHAN  
Leader, Innovative Client Solutions, Marsh Specialty Practices.

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## CLOSING THE GENDER PAY GAP DEPENDS ON THE ADVANCEMENT OF WOMEN

The panel discussion touched upon several reasons behind the gender pay gap, such as occupational segregation or time out of the labour market due to caring responsibilities. However, a key underlying reason behind the UK's gender pay gap is women not progressing at the same rate as men to senior levels. The lack of female representation on boards and executive committees, particularly in industries such as financial services is considered in detail in the recent report from Oliver Wyman, [Women in Financial Services 2016](#). This report looked at the gender balance in leadership positions in financial services industries worldwide, and concluded that more needs to be done to achieve a greater balance of representation in a near future.

"Progression towards gender balance is really slow. If we look at the 2016 numbers, what we see is that, worldwide in financial services, we have 18% female representation on boards and 16% on executive committees," said Dr. Astrid Jäkel, Partner at Oliver Wyman's Insurance Practice. She added that in the UK, numbers in financial services were slightly more positive, with 24% female representation on boards, but only 17% on executive committees. At this rate, 30% female representation on executive committees will not be achieved until 2050.

Some contributing factors to these issues, Jäkel said, is the unconscious bias and the assumption employers make about what men and women want out of their careers. While companies can put into place processes to achieve greater gender equality in the workplace, the unconscious bias of individuals can be the hardest factor to overcome, particularly when it comes to working mothers, she noted.

"Don't assume that a woman doesn't want to take a job abroad because she has kids or that she has just had a kid and it is not the right step for her or the right time for a promotion," she said.

Addressing gender disparity in the workplace at a cultural level is a major part of eventually closing the gender pay gap, with panellist noting that there is a need for more senior role models within the workplace, not only from women in leadership positions, but also more men that are open to discuss their experiences with initiatives such as flexible working and shared parental leave. Companies should look at their hiring and promotion processes, taking steps such as insuring more female candidates are considered, panellist noted.

## LEAKAGE OF FEMALE TALENT FROM BUSINESSES

Dr. Astrid Jäkel explained that many women leave their chosen professions mid-career as a result of the "mid-career conflict." This term refers to the fact that the combination of women's relatively reduced earning power, a perceived lack of transparency as to how promotions and pay increases are determined, perceived hostility to their further advancement, and cultural expectations outside of work; shift the balance of the cost-benefit analysis against continuing with their careers. As a result, significant talent and experience is leaking out of the workforce.

## MORE DIVERSITY AND INCLUSION LEADS TO BETTER BUSINESS PERFORMANCE

The benefit of having a greater level of equality, diversity, and inclusion has never been clearer, panellists said.

"We believe that if you create a diverse and inclusive environment, it will lead to more engagement among your workforce, it will lead to better collaboration, and, ultimately, it will lead to stronger client relationships and that will show up in the figures at one point," said Christian Edelmann, Partner at Oliver Wyman and Global sponsor of the Women at Oliver Wyman network.

Jäkel continued that having a higher level of diversity in leadership positions can improve the quality of decisions and decrease risk as it leads to more innovative decision-making ability, with a greater variety of viewpoints examining the issues an organisation faces.

As Helene Reardon-Bond noted in the discussion: "The Women's Business Council, which is now chaired by Dame Cilla Snowball, found, in 2013, that if we could equalise men and women's participation in the labour market, we would add 10% to GDP by 2030".

"If you are an organisation that is not focused on equality, then you are an organisation that is not focused on performance," Charman added.

## THE NEXT STEPS

Companies should be looking into their figures now and preparing their narrative in terms of how they look to improve, panellists said.

Charman noted that, to date, only 197 UK companies out of approximately 9,000 have reported their pay gap information. The reason behind this small number is unclear; however companies may be waiting to report at the same time as others in their industry, so not to be singled out, or may be apprehensive about how high the gender pay gap is within their company for this year.

Reardon-Bond said the fact that a company may have a gap this year should not make them apprehensive about publishing. The company should focus instead on what their narrative is and the steps they are taking to work towards closing that gap.

“In terms of a company being apprehensive about publishing a large gender pay gap, I think what would put more women off looking for a job in that company is if they didn’t publish, because it would really look like they have something to hide,” she said.

“Tackling the gender pay gap, and making it really well known within your company what you are doing about that, really adds to loyalty and commitment, not just from female employees, but also from men. I think it makes for better business competitiveness, and brand reputation as well,” said Reardon-Bond.



