



Scottish Government
Riaghaltas na h-Alba
gov.scot

Employer Methods for Addressing the Gender Pay Gap



EQUALITY AND WELFARE



Contents

Contents	2
Executive Summary	8
1. The Gender Pay Gap: Policy and Literature Review	11
The Structure of this Report.....	11
Definitions and Extent of the Gender Pay Gap	11
The Extent of the Gender Pay Gap in Scotland.....	11
The Gender Pay Gap in Policy	12
Reporting Requirements	13
Perceptions of Business	13
Causes of the Gender Pay Gap	15
The Business Case for Gender Equality	18
2. Methodology and Participants	20
Methods	20
Participants.....	21
3. Perspectives on GPG Reporting Requirements	24
Benefits of Reporting on the Gender Pay Gap	24
Raising the Profile of Gender Equality	24
Limitations of the Reporting Metrics	28
Industry Specific Limitations	28
Gender Pay Gap Reporting and SMEs	31
Conclusion.....	34
4. Actions to Reduce the Gender Pay Gap	35
Recruitment	35
The Language of Job Adverts.....	35
Engaging with Procedural Bias.....	36
Flexible Working Practices	38
Supportive Approaches to Maternity	43
Career Progression	47
Inclusive Cultures	49
Conclusion.....	52
5. Benefits and Challenges of Engaging with the Gender Pay Gap.....	54
Benefits.....	54
Increased Diversity.....	54
Mobilising Human Capital	56

Challenges.....	58
Timescales	58
The Social Context of the Gender Pay Gap.....	59
Occupational Segregation.....	59
Childcare Provision	62
Conclusions and Recommendations.....	63
1. Annex A: Interview Schedule	64

Business Benefits

- of -

Closing the Gender Pay Gap

In Scotland, there is a **Gender Pay Gap**, favouring men, of **15%** when comparing **all workers**. This is **5.7%** when comparing **full-time workers**.



41% of women work **part-time**, compared with **11%** of men. Part-time work is, on average, paid **less** per hour than full-time work.

The gender pay gap **intersects** with other inequalities connected to **ethnicity**, **disability** and **age**, amongst others. For example, it increases with age.



Narrowing the gender pay gap could contribute up to **£17.2 billion** to the Scottish economy.*

To learn more about the steps businesses could take to tackle the gender pay gap and the benefits of doing so, we interviewed 14 employers in the private and public sectors.

The purpose of this report is to support employers, large and small, in engaging with the gender pay gap using examples from across the economy. Even small changes can make a big difference.

Closing the Gender Pay Gap can have big Business Benefits. Employers told us that...

*The £17.2 billion figure comes from Close the Gap and is cited by the Scottish Parliament (2017) in 'No Small Change: The Economic Potential of Closing the Gender Pay Gap.' Economy, Jobs and Fair Work Committee, 6th Report,

Closing the Gender Pay Gap Means Hiring the Best People

Many employers had taken steps to make their recruitment processes gender sensitive. The key benefit: **Always Getting the Best Person for the Job.**

This meant reviewing the language of adverts and job descriptions. Doing this makes sure that you avoid putting off female applicants due to subtle biases that imply that you are expecting a man to apply. It also meant making selection processes gender sensitive, with standardised methods, mixed assessments and unconscious bias training for recruiters.

Having a low or no gender pay gap can also make you more attractive to female applicants, and if you can offer flexible and remote working opportunities you may increase the pool of potential applicants.



Is the language there because it's historically been there and nobody's ever thought to challenge it?

Specialist HR Consultant & Performance and Reward Lead, Scottish Water



Closing the Gender Pay Gap Means You Keep Great Employees

Many employers had, or were developing, great policies for employees looking to start families. The key benefit: **You Keep Great People.**

This meant having the right conversations with employees taking maternity leave and working out the best levels of contact with them during that time. Many employers were creating buddy systems for women returning after leave. Some were providing enhanced benefits from day one and harmonising paternity leave entitlements to encourage equal sharing of childcare responsibility. Some employers were also developing or already providing intensive, paid internships for women and men returning to work after career breaks, whether they had formerly worked with the organisation or not.

Policies like this mean you can attract and retain great employees, while developing talent over the long-term.



You retain high-performing staff. You want to keep your best staff, and staff have lives and families.

Operations Manager, Prepress Projects



Closing the Gender Pay Gap is About the Benefits of Gender Equality

A key goal for many employers was having more women in senior positions. The key benefit: **Better Performance Through Gender Equality.**

Increasing the number of women in senior positions meant mentoring, gender balanced leadership development programmes, unconscious bias training and company cultures that fostered inclusion. Evidence suggests that increasing the gender balance in leadership can have a range of benefits, including better decision making, improved performance and higher profitability.*

We as a company are looking to grow. We work in tech. We are looking at fresh ideas, how we make products, and we want people who have different ways of looking at things.



Head of People, Amicus Resolution



Closing the Gender Pay Gap Means Modernising Your Workforce

Many employers we spoke to had great policies for flexible working. The key benefit: **A Modern, Agile Workforce That Gets the Best Out of Staff.**

Flexible working can mean variable hours, remote working or compressed hours, i.e. working full time hours on a shorter work week. It can also mean incorporating a month of unpaid leave into contracts to support work-life balance, as Deloitte have done with their 'Time Out' programme.

Flexible working can have important benefits for employers, with research suggesting that it can boost employee commitment, motivation and engagement.*

...if you get this right you will be a really successful organisation...and if you lead your team well you don't need to see them to know they are committed. You trust and you respect them.



Managing Partner for Talent, Deloitte LLP



*For evidence on the benefits of gender equality on company performance, see: Close the Gap (2016) Gender Equality Pays: The Economic Case for Addressing Women's Labour Market Equality and McKinsey & Company (2018) Delivering through Diversity. For the benefits of flexible working arrangements, see Acas (2015) Flexible Working and work-life balance, BIE (2014) The fourth work-life balance employer survey (2013) Research paper No. 184: Department for Business, Innovation and Skills and CIPD (2019) Megatrends report: Flexible Working. CIPD.

What the Scottish Government is Doing to Help Employers Close the Gender Pay Gap

In March 2019, the Scottish Government launched a Gender Pay Gap Action Plan. To help businesses in closing the gender pay gap:



We will be funding a Returners Project, to assist women who have taken a break from the labour market back into work.



We will be reviewing the Scottish Business Pledge to continue developing Scotland's most forward thinking businesses.



We will be maintaining and extending the Workplace Equality Fund and supporting organisations challenging occupational segregation and promoting flexible working.



We will be developing and consulting on a plan for after school and holiday childcare. We will also evaluate the impact of the investment to increase the number of funded hours on labour market outcomes for parents and consider what further action may be required to further strengthen women's equal access to the labour market.



We will help businesses to develop gender pay gap action plans and assist them in sharing best practice for closing the gap.



You can read the full Action Plan here:

<https://www.gov.scot/publications/fairer-scotland-women-gender-pay-gap-action-plan/>

For further support in engaging with the gender pay gap at your organisation:

Scottish Enterprise: Workplace Innovation Fund

EHRC: Closing the Pay Gap

Close the Gap: Guidance and Tools for Employers

Family Friendly Working Scotland

Executive Summary

Background

The gender pay gap has been closing in Scotland. However, men continue to receive higher pay than women, both on average and at the median. When full time workers are compared, the median gender pay gap is 5.7% and when all working men are compared with all working women, this rises to 15%. Since 2016, UK companies with over 250 employees have been legally required to publish details of their gender pay gap. In addition, the Public Sector Equality Duty (PSED) requires public sector and non-departmental public bodies with at least 20 staff to publish their gender pay gap.

The Present Research

This report analyses the findings of 14 qualitative interviews with a range of public and private employers operating in Scotland. The research questions concerned the impact of reporting requirements, the strategies employers had or were developing to engage with the gender pay gap and the challenges and benefits associated with their efforts. Given the voluntary nature of participation and the relatively small sample, these findings should not be considered representative of employers in general. However, the data presented here provides a range of detailed insights into the experiences and challenges associated with efforts to close the pay gap, while demonstrating a range of methods that have been developed in order to do this. As a result, it may help to encourage further action across the economy.

Reporting Requirements

The sample largely perceived pay gap reporting requirements as valuable in that they raised the profile and salience of gender equality, motivated the development of pay gap related policies, promoted internal dialogue and transparency around pay differentials and increased the capacity of employers to monitor and evaluate gender balance within their organisations. However,

respondents also identified several shortcomings which were primarily technical in nature. The data also hinted that, as was reported in one case, pay gap reporting could also potentially normalise gender pay gaps as a result of peer comparison.

Strategies

Amongst the organisations interviewed in this research, there were a wide range of strategies concerned with promoting gender equality. Several companies had taken action to ensure that their recruitment mechanisms did not directly or indirectly discriminate against women. These methods included training recruiters in unconscious bias, ensuring salary information was openly advertised, reassessing job descriptions and advertisements and developing gender sensitive assessment methods.

In addition to recruitment, many employers employed strategies which could potentially contribute to reducing the gender pay gap:

- *Flexible Working:* Several employers had developed policies to make working hours more accommodating and flexible, so that employment could be balanced with caring responsibilities and other non-work commitments.
- *Talent Development:* In some cases, efforts were made to ensure the gender balance of talent pipelines and development programmes, as well as specifically encouraging the development of female managers.
- *Maternity Strategies:* Several businesses sought to develop or maintain effective maternity policies which sought to reduce the impact of career breaks on career development. These included pro-active efforts to engage with and respond to maternity leave amongst employees, provide appropriate contact over the period of leave and ensure a

smooth transition back to work for returners. In some cases, paternity policies had also been developed with a view towards the increased sharing of parental responsibilities amongst heterosexual couples.

- *Company Cultures*: In several cases, dedicated efforts had been made to ensure that working cultures were supportive and inclusive, both in relation to gender and other forms of diversity.

Challenges and Benefits of Engaging with the Gender Pay Gap

Benefits: Gender equality was regarded as have several benefits, including greater diversity of thought and improved performance. Flexible and remote working practices were also seen to potentially increase the pool of candidates from which employers could choose. Efforts to close the gender pay gap provided opportunities to develop female talent and realise human capital to a greater extent than might have otherwise been the case. A focus on the gender pay gap also potentially encourage further engagement with other forms of diversity and inclusion such as, for example, race and disability.

Challenges: Several businesses viewed closing the gap as something that may take time and that progress would not necessarily be visible year on year. The gender pay gap was also understood to reflect a broader social context with uneven divisions of caring responsibilities and societal expectations. Occupational segregation, i.e. the differential representation of men and women in different sectors and occupational roles, was also viewed as a barrier to equality which potentially exceeded the capacities of any single employer to address individually, although there were several examples of pro-active attempts to engage with it.

1. The Gender Pay Gap: Policy and Literature Review

The Structure of this Report

This report is structured as follows. Chapter 1 provides an overview of the gender pay gap in Scotland and outlines the current policy context and relevant research. Chapter 2 outlines this report's methodology and lists the participating employers. Chapter 3 considers the responses of business to pay gap reporting requirements discusses the situation of small businesses. Chapter 4 outlines the strategies adopted by employers to promote gender equality and address the pay gap and Chapter 5 reviews the benefits and challenges associated with these efforts. At the end of each chapter, there is a short overview of the relevant policy dimensions of these findings, largely with reference to the Scottish Government's recently published Gender Pay Gap Action Plan.

Definitions and Extent of the Gender Pay Gap

The Extent of the Gender Pay Gap in Scotland.

The gender pay gap refers to the difference in average hourly earnings between men and women, expressed as a percentage of men's average hourly earnings. The gender pay gap can be calculated as the difference in either the mean or median hourly earnings. Pay gaps may be calculated by comparing full-time workers, part-time workers or all workers.

In 2018, the median gender pay gap for full-time workers in Scotland was 5.7%.¹ This means that if the male and female populations of full-time workers were each lined up in order of their hourly pay, the man in the middle of the

¹ Scottish Government (2018) *ASHE 2018 Scotland Tables*, available [here](#). The Annual Survey of Hours and Earnings (ASHE) is based on a 1% sample of HMRC PAYE records. It does not include self-employed workers or those affected by career absences. Official gender pay gap statistics also exclude overtime payments.

male population would be earning 5.7% more per hour than the woman in the middle of the female population.

The gap between all male and female employees, which compares all full and part-time workers, is 15%. This gap is higher than the full-time gap for two reasons. The first is the lower wages associated with part-time work. The ONS identifies the average hourly wage amongst part-time workers as £9.36, compared to £14.31 amongst full-time employees.² The second is the difference in working patterns: 41% of women in Scotland work part-time compared to 11% of men.³ In this context, the median overall gender pay gap amongst part-time workers is -7.8%. This means that, in a context where there are more female part-time workers and these workers earn less overall, the median part-time female workers earns 7.8% more than the median part-time male worker.

The gender pay gap in Scotland is lower than in the UK, where it is 8.6% and 17.9% for full-time and all workers respectively.⁴ However, progress on reducing the gap has been slow and intermittent. The full-time and overall pay gaps have respectively decreased by 0.8 and 1.6 percentage points since 2011, with several year-on-year increases.⁵

The Gender Pay Gap in Policy

The Scottish Government is committed to reducing the gender pay gap. In March 2019, it published a detailed Gender Pay Gap Action Plan with a wide range of policy measures.⁶ The Action Plan exists alongside a number of policy developments including, for example, legislation to increase gender

² ONS (2018) Gender Pay Gap in the UK: 2018. Office for National Statistics. Available [here](#).

³ SPICe (2018) The gender pay gap: facts and figures – 2018. The Scottish Parliament. Available [here](#).

⁴ Scottish Government (2018) Annual Survey of Hours and Earnings – Scotland Analysis. OCEAES: Economic Statistics. Available [here](#).

⁵ SPICe (2018) The gender pay gap: facts and figures – 2018. SPICe Briefing. The Scottish Parliament. Available [here](#).

⁶ The Gender Pay Gap Action Plan can be accessed [here](#).

representation on public boards, work to expand affordable early learning and childcare and policies to increase the number of women working in the STEM (Science, Technology, Engineering and Mathematics Sector)⁷. As the next section details, a range of reporting requirements in relation to the gender pay gap have been introduced by the UK Government.

Reporting Requirements

A key part of the pay gap strategy in the UK and Scotland has been the development of reporting requirements. Following the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (hereafter, ‘the 2017 Act’), private sector companies with over 250 employees are required to produce figures describing their mean and median gender pay gap in hourly pay, mean and median bonus gender pay gap, the proportion of males and females receiving a bonus payment and the proportion of males and females in each pay quartile. At present, employers are not required to produce a narrative to explain their gender pay gap figures or an action plan containing measures to address it.

For public sector and non-departmental public bodies, the 2017 Act also requires that public authorities with at least 20 are required to publish gender pay gap information at two year intervals. In this context, the pay gap refers to the difference in average hourly rates of pay.

Perceptions of Business

Research from the Government Equalities Office (GEO) has indicated that only 23% of UK employers considered closing the gender pay gap a ‘high priority’, whereas 45% considered it a medium priority and 29% considered it a low or non-priority.⁸ Twenty-four percent of employers felt that reporting

⁷ The Gender Representation on Public Boards (Scotland) Act 2018 can be viewed [here](#). More information about policy developments in relation to early learning and childcare provision are available [here](#). For more information on the Scottish Government’s efforts to increase the number of women in STEM, see [here](#).

⁸ GEO (2019) Employers’ Understanding of the Gender Pay Gap & Actions to Tackle it – Research Report on the 2018 Survey. Government Equalities Office. Available [here](#).

requirements had made reducing the gender pay gap a higher priority. In total, 34% of employers had developed a formal strategy to close the pay gap, while 30% intended to take no action and 33% intended to take action but had not yet developed plans. However, 56% of those with a gender pay gap of over 20% had developed a formalized plan to respond to it, as had 51% of employees with over 1, 000 employees and 42% of public sector organisations. Of the total, 16% had already implemented some or all of the actions set out in their strategy.⁹

The Institute for Public Policy Research (IPPR) estimates that approximately 80% of employers subject to reporting requirements have considered requirements or taken further measures to narrow their gender pay gap.¹⁰ 81% of the businesses in this research agreed that reporting requirements were likely to encourage further action on the pay gap. However, research from Close the Gap, which looked at Scottish employers, found that only 5% had set targets to reduce the gap, while less than a third had published narratives explaining the causes of their gap and less than a fifth had set out actions. These actions were assessed by Close the Gap as being largely unmeasurable and unlikely to create change.¹¹

The available evidence on the strategies adopted by businesses is broadly consistent with the findings of this report. The GEO found that, in 2018, 87% of those employers that had developed plans were offering or promoting flexible working, developing shared parental leave policies, or making efforts to change their organisational culture and developing recruitment, promotion and mentoring schemes targeted towards women.¹²

⁹Ibid.

¹⁰ IPPR (2018) The Fair Pay Report: How Pay Transparency Can Help Tackle Inequalities – Women and the Economy. Institute for Public Policy Research. Available [here](#).

¹¹ Close the Gap (2018) A Road to Change? An assessment of Scottish employer reporting of the UK gender pay gap regulations. Close the Gap Working Paper 19. Link to full report available [here](#).

¹² See ref. 8.

Similar results were noted by the IPPR. The study referred to above indicated that 46% of those taking action in response to the gender pay gap had adjusted recruitment practices, including changing the wording of job adverts and descriptions. In terms of what policies were emphasized, 20% of respondents regarded flexible working as important, while 33% were concerned with addressing the lack of gender diversity often found at senior levels.

Causes of the Gender Pay Gap

The causes of the Gender Pay Gap have been analysed in detail in the Analytical Annex accompanying the Gender Pay Gap Action Plan.¹³ Therefore, this section will provide a brief overview only.

Multiple studies have attempted to estimate the relative contributions of different factors to the gender pay using a statistical technique called decomposition. A detailed decomposition of the gender pay gap in the UK has been produced by the GEO, which identified labour market history, occupational segregation and industrial sector as the largest causes of the gender pay gap.¹⁴ It is also important to emphasise that the gender pay gap intersects with other barriers associated with race, disability, LBT (lesbian, bisexual and transgender) status and age, amongst others, as detailed in the Annex mentioned above..

As the Annex to the Action Plan details, two important components of the gap can be thought of as *Job Selection* and *Job Progression*. Job Selection here refers to the tendency for men and women to work in different sectors and in different occupations with male-dominated roles and sectors generally

¹³ The Analytical Annex can be accessed [here](#), under 'Supporting Documents'.

¹⁴ GEO (2018) The gender pay gap in the UK: evidence from the UKHLS: Research Report. Government Equalities Office. Available [here](#).

attracting higher pay.¹⁵ This may be partially a result of the presentation of these roles, as evidence has suggested that the language of adverts may subtly convey discriminatory bias in terms of the appropriateness of roles for women.¹⁶ Salary negotiations may also exert an influence, as discussed in the Analytical Annex. It has also been argued that determining initial pay on the basis of a worker's previous salary may embed existing inequalities by maintaining low wages for those already underpaid.¹⁷

The influence of job progression, as distinct from job selection, refers to the tendency for women to experience more constraints than men to advancing in their careers, resulting in lower hourly wages overall. It is worth noting that the gender pay gap increases with age. According to UK level data, it increases from around 6% for all employees in the 22-29 age group to over 20% amongst those aged 40-49.¹⁸ The same data indicates that the rate of part-time employment amongst women also increases, from 28% amongst the 22-29 age group to 41% amongst those aged 40-49.

Lack of job progression may partially be a result of the impact of childcare responsibilities on work participation. For instance, research by the Joseph Rowntree Foundation, published by the Institute of Fiscal Studies (IFS) suggests that, in addition to other factors, the greater propensity for women to be employed on a part-time basis following the birth of their first child contributes, in part, to the accumulation of the an increasing pay gap over time.¹⁹ While flexible working practices may offer more opportunities for those

¹⁵ For an overview of the distribution of men and women in occupations and sectors, see, regarding occupational distribution: (in the context of the UK generally) House of Commons Library (2019) Women and the Economy. Briefing Paper No. CBP06838. Available [here](#). Regarding sector, see The Scottish Parliament (2017) The Gender Pay Gap: Facts and Figures – 2017. Available [here](#).

¹⁶Gaucher, D., Friesen, J., & Kay, A. C. (2011, March 7). Evidence That Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality. *Journal of Personality and Social Psychology*. Available [here](#).

¹⁷ Personnel Today (2018) Asking candidates about current salary contributes to gender pay gap. Available [here](#).

¹⁸ ONS (2018) Gender Pay Gap in the UK: 2018. Available [here](#).

¹⁹ IFS (2016) Gender wage gap grows year on year after childbirth as mothers in low-hours jobs see no wage progression. Institute for Fiscal Studies. Available [here](#).

with caring responsibilities, research has suggested that only a small minority of well-paid jobs are advertised on a flexible basis, and that mothers have experienced negative consequences as a result of requesting flexible working arrangements.²⁰

Research into the causes of the pay gap often identifies a ‘residual’, i.e. a component of the gender pay gap which is not explained by a factor specifically listed in the decomposition process. In the GEO study, for example, 35% of the pay gap was unexplained by any of the variables included in the decomposition.²¹

While it is impossible to know with certainty what is driving the residual, it is likely to include the effects of gender discrimination. It is difficult to precisely estimate either the extent of gendered discrimination within the workplace or the extent of its impacts, but numerous studies have demonstrated its presence in a range of contexts.²² Perceptions of such discrimination appear to be common²³. For example, in 2018, Investors in People found that 75% of respondents believed that gender discrimination existed in the workplace, while only 51% of employees felt that their organisation has a culture of encouraging gender equality.²⁴ Research has also suggested that maternity-related discrimination is widespread. Research from the EHRC (Equality and Human Rights Commission) found that 77% of mothers said had experienced

²⁰ See, for example: JRF (2016) How Flexible Hiring Could Improve Business Performance and Living Standards. Joseph Rowntree Foundation. Family Friendly Working. Available [here](#). See also Timewise (2018) *The Timewise Flexible Jobs Index Scotland*, available [here](#). For research on the negative consequences for mothers requesting flexible working practices, see: EHRC (2016) Pregnancy and Maternity Related Discrimination and Disadvantage: experience of Mothers. Equality & Human Rights Commission and HM Government. Available [here](#).

²¹ GEO (2018) The gender pay gap in the UK: evidence from the UKHLS: Research Report. Government Equalities Office. Available [here](#).

²² For an excellent summary of the research here, see Blau, F. D., & Kahn, L. M. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3), 789-865. Available [here](#).

²³ See, for example, TUC (2016) Still just a bit of banter? Sexual harassment in the workplace in 2016. TUC. Available [here](#).

²⁴ Investors in People (2018) Perceptions of Gender Discrimination in the Workplace 2018. Investors in People. Available [here](#).

a negative or possibly discriminatory experience during pregnancy, maternity leave, and/or on return from maternity leave.²⁵

In what is likely to be an effort to reduce the effects of bias and discrimination, the EHRC have noted an increased use of unconscious bias training – training seeking to identify respondents’ unconscious affinity biases as part of the process of challenging them – in the public and private sector. However, the GEO characterized the evidence on the effectiveness of unconscious bias training as ‘mixed’.²⁶ An assessment of the evidence on unconscious bias training published by the EHRC also found that, as a standalone measure, it is not ultimately an effective measure for advancing equality.²⁷

The Business Case for Gender Equality

As noted above, the imperative to close the gender pay gap is primarily an ethical one. Employers in particular have a responsibility not to implement practices which disadvantage women and reproduce gender inequalities. However, there is also mounting evidence that gender equality offers competitive advantages to businesses.²⁸

A large number of studies show that workforce diversity, particularly at the board level, is correlated positively with profitability, share price, productivity, revenue, and reduced turnover and recruitment costs²⁹ – findings which have

²⁵ HM Government and EHRC (2016) Pregnancy and Maternity-Related Discrimination and Disadvantage: Summary of key findings. Available [here](#).

²⁶ GEO (2018) Reducing the gender pay gap and improving gender equality in organisations: Evidence-base actions for employers. Government Equalities Office. Available [here](#).

²⁷ EHRC (2018) Unconscious Bias Training: An Assessment of the Evidence for Effectiveness. EHRC. Research report 113. Available [here](#).

²⁸ For reviews of this literature, see: Close the Gap (2016) *Gender Equality Pays: The Economic Case for Addressing Women’s Labour Market Inequality*, available [here](#); and Employment Research Institute (2001) *The Relationship between Actions to Promote Gender Equality and Profit*, available [here](#); Kingsmill, D. (2001) *A Review of Women’s Employment and Pay*, available [here](#).

²⁹ E.g., Credit Suisse (2012) *Gender Diversity and Corporate Performance*, available [here](#); Credit Suisse (2014) *The CS Gender 3000: Women in Senior Management*, available [here](#); PricewaterhouseCoopers (2015) *Mining for Talent 2015: A Review of Women on Boards in the Mining Industry 2012-2014*, available [here](#).

been replicated in multiple regions, including the U.S.³⁰, Europe³¹, and several developing countries³². Among other benefits, these studies show that diversity can motivate staff; provide a wider range of skills, experience, and perspectives; and more closely represent the views of stakeholders. However, studies also indicate that the relationship between workforce diversity and business performance may involve time lags and threshold effects³³ and are sensitive to contextual factors³⁴.

³⁰ E.g., Badal, S. & Harter, J.K. (2014) 'Gender Diversity, Business-Unit Engagement, and Performance', *Journal of Leadership & Organizational Studies* 21(4), 354-365; Ellison, S.F. & Mullin, W.P. (2014) 'Diversity, Social Goods Provision, and Performance in the Firm', *Journal of Economics & Management Strategy* 23(2), 465-481.

³¹ E.g., Campbell, K. & Mínguez-Vera, A. (2008) 'Gender Diversity in the Boardroom and Firm Financial Performance', *Journal of Business Ethics* 83(3), 435-451; Isidro, H., & Sobral, M. (2015) 'The Effects of Women on Corporate Boards on Firm Value, Financial Performance, and Ethical and Social Compliance', *Journal of Business Ethics* 132, 1-19.

³² E.g., Nguyen, T., Locke, S. & Reddy, K. (2015) 'Does Boardroom Gender Diversity Matter? Evidence from a Transitional Economy', *International Review of Economics & Finance* 37, 184-120; Liu, Y., Wei, Z. & Xie, F. (2014) 'Do Women Directors Improve Firm Performance in China?' *Journal of Corporate Finance* 28, 169-184; Ntim, C.G. (2015) 'Board Diversity and Organizational Valuation: Unravelling the Effects of Ethnicity and Gender', *Journal of Management & Governance* 19(1), 167-195.

³³ E.g., Ali, M., Kulik, C.T. & Metz, I. (2011) 'The Gender Diversity-Performance Relationship in Services and Manufacturing Organizations', *International Journal of Human Resource Management* 22(7), 1464-1485; Joecks, J., Pull, K. & Vetter, K. (2013) 'Gender Diversity in the Boardroom and Firm Performance: What Exactly Constitutes a 'Critical Mass?', *Journal of Business Ethics* 118(1), 61-72

³⁴ E.g., Dwyer, S.O., Richard, C., and Chadwick, K. (2003) 'Gender Diversity in Management and Firm Performance: The Influence of Growth Orientation and Organisational Culture', *Journal of Business Research* 56, 1009-1019; Rodríguez-Domínguez, L., García-Sánchez, I. & Gallego-Álvarez, I. (2010) 'Explanatory Factors of the Relationship between Gender Diversity and Corporate Performance', *European Journal of Law and Economics* 33(3), 603-620.

2. Methodology and Participants

Methods

To investigate the perceptions and responses of employers to the gender pay gap, this research project engaged in 14 qualitative, semi-structured interviews with businesses and public sector organisations. The participants were selected to represent a range of company sizes and sectors, as well as to provide examples of both public and private sector reporting requirements.

Participants were recruited through a combination of stakeholder recommendation and a general call for participation directed towards all signatories of the Scottish Business Pledge. As participation was entirely voluntary, it is important to emphasise the highly self-selecting nature of the sample. Therefore, the perspectives offered here are unlikely to be representative of business perspectives *in general*. They do however provide examples of good practice as well as a range of experiences of engaging with the gender pay gap.

In larger organisations, interviews were conducted with individuals responsible for the management of diversity within the workforce, while in smaller organisations HR managers and, in some cases, Managing Directors were the primary respondents. The interviews were conducted in person or over the phone, depending on the preferences of the interviewee. Interviews lasted between around 30 minutes and 60 minutes. Interviews were semi-structured. While an interview schedule was used (see Annex A) to guide the questions, this was used flexibly on the basis of the participants' responses.

The questions in the interview schedule explored, first, the participants' attitude towards their reporting requirements or, in the case employers not covered by these requirements, whether and in what way they engaged with

the gender pay gap or gender equality concerns. Second, employers were asked about the strategies they had adopted to engage with the gender pay gap. Finally, we asked about they regarded as the benefits of engaging with the gender pay gap and whether they perceived challenges in reducing it. Interviews were audio-recorded. The process of analysis involved listening to the recordings and taking notes to clarify the main points. For the purposes of clarification and analysis, relevant sections were transcribed. All participants were provided with the option to edit, amend or elaborate on the quotations attributed to them prior to their publication in the final report.

Participants

Several of our respondents wished to remain anonymous as a condition of their involvement in the research. These are referred to as such in the report, and will here be described in terms of the contextual information they wished to provide. Participants were given discretion over the terms in which we referred to them in the research. The companies and interviewees, in their preferred terms, are as follows:

- Amicus Resolution Ltd., Digital Legal Services, 11-50 employees. Head of People. Not covered by Gender Pay Gap Reporting Requirements.
- Greencity Wholefoods, Food Production and Wholesale, 11-50 employees. Scott Erwin, Member Director. Worker's Co-operative. Not covered by Gender Pay Gap Reporting Requirements.
- Prepress Projects, Publishing. 11-50 employees. Operations Director. Not covered by Gender Pay Gap Reporting Requirements.
- Deloitte LLP, Professional Services, 17 500+ employees. Covered by private sector reporting requirements. Emma Codd, Managing Partner for Talent. Most recent Gender Pay Gap Report available [here](#).

- STV, Broadcast Media, 501-1000 employees. HR Manager. Covered by private sector reporting requirements. Most recent Gender Pay Report available [here](#).
- Standard Life Aberdeen, Financial Services, 5001-10 000 employees. Heather Inglis, Senior Global Inclusion and Diversity Manager. Covered by Private Sector Reporting Requirements. Most recent Gender Pay Gap Report available [here](#).
- Hymans Robertson LLP, Financial Services, 501-1000 employees. Sally Haran, Head of Talent Management. Covered by Private Sector Reporting Requirements. Most recent Gender Pay Gap Report available [here](#).
- Highlands and Islands Enterprise, Government Agency, 201-500 employees. Equalities Manager. Covered by Public Sector Equality Duty Reporting Requirements. Most recent relevant publication available [here](#).
- Scottish Water, Water Utility, 1001-5000 employees. David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Covered by Public Sector Equality Duty Reporting Requirements. Most recent relevant publication available [here](#).
- Glasgow Caledonian University, Higher Education, 1001-5000 employees. Director of People and Equality and Diversity Advisor. Covered by Public Sector Equality Duty Reporting Requirements. Most recent relevant publication available [here](#).
- Healthcare Improvement Scotland, Government Agency, 201-500 employees. Mario Medina, Equality and Diversity Adviser. Covered by

Public Sector Equality Duty Reporting Requirements. Most recent relevant publication available [here](#).

- *Anonymous*, Technical Services Organisation. HR Manager. 501-1000 employees. Covered by Private Sector Reporting Requirements.
- *Anonymous*, Digital Services, 1-10 employees. Director. Not covered by Gender Pay Gap Reporting Requirements.
- *Anonymous*, Food manufacturing, 1-10 employees. Director. Not covered by Gender Pay Gap Reporting Requirements.

3. Perspectives on Gender Pay Gap Reporting Requirements

This chapter outlines how employers regarded the gender pay gap reporting requirements described in Chapter 1. In general, these requirements were perceived to be effective in raising the profile of gender equality internally, improving organizational knowledge and understanding of the gender pay gap and providing an impetus to action. At the same time, several limitations of the reporting requirements were also observed, largely related to how the requirements interacted with specific organisational pay structures. This chapter also considers the relevance of pay gap reporting to small businesses.

Benefits of Reporting on the Gender Pay Gap

Raising the Profile of Gender Equality

Of those participants obligated to report their gender pay gap, many emphasised the merits of these requirements, whether in the context of the PSED or the private sector reporting requirements. As Hymans Robertson noted, in a manner that was consistent with a number of respondents:

We view the introduction of gender pay gap reporting as a positive step in the drive for gender diversity at work – it will be an important part of driving change in businesses (Sally Haran, Head of Talent Management. Hymans Robertson LLP, Financial Services. 501-1000 employees)

Given the highly self-selecting nature of our sample, this finding in itself should not be surprising, as participants knew the nature of the research in advance and therefore those with more favourable views were more likely to volunteer their time. However, the findings provide a useful insight into the ways in which reporting requirements can influence organizational practice.

For many participants, the introduction of reporting requirements marked the beginning of their engagement with the gender pay gap specifically. For some, however, the reporting requirements supplemented and developed pre-existing concerns about gender equality in the workplace. For example, Deloitte responded to the question of how the reporting requirements can contribute to change in the following way:

Has it driven change for us? It's certainly helped drive that change. Having a number, a measurement on anything, particularly when you're in professional services, where you have a large number of accountants, that's always a good thing. And so it's been an additional impetus and driver, but actually we had an action plan in place prior to our first gender pay gap report. Our gender pay gap analysis told us what we already knew and had a clear plan to address – that we didn't have enough women in our most senior positions. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees)

It was also emphasised by some interviewees that reporting requirements had led to an increased emphasis and priority for this issue, even when it was already on the agenda. Glasgow Caledonian University (GCU) reflected that the requirements had, at least in their context, worked against complacency:

The reality is that if we just carry on doing the stuff we've been doing, it's just going to be glacial. So these sorts of interventions – and I'm including the gender pay gap reporting – it's a shock to the system...it's provided the lens then for, as I said, the opportunity to try and understand it. (Director of People and Equality and Diversity Advisor. Glasgow Caledonian University, Higher Education. 1001-5000 employees)

The reporting requirements also ensured that the issue of gender equality remained on the agenda, even in contexts where it might otherwise be regarded as inconsistent with traditional expectations of job roles. As Scottish Water observed:

It would have been easy in the past to kind of go, “Well for goodness sake, we’re a water utility, we treat sewage and all the rest of it, traditionally of course we don’t have many women working for us.” Whereas now, actually, with this reporting framework round about it, it gives added legitimacy to seriously ask the question of what more can we do? (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

Another benefit of pay gap reporting was that it could provide the impetus for discussions about nature and causes of the pay gap, which could in turn catalyse conversations within employers. As Standard Life Aberdeen reflected:

We held open conference calls which could accommodate up to a hundred people at a time immediately after publishing our pay gap. We talked through the analysis, data, and what was being done to address the gap. From having spoken to people afterwards, they really valued the opportunity to hear that first-hand, but also to be able to ask questions of us and of our leadership team around what were we actually doing...Through the rest of the year, we held a number of different opportunities for people to engage and hear and ask questions, from listening sessions with our co-CEO, to larger round tables in different locations. These were very interesting for us to hear some of the things that our people felt were causing the gender pay gap. It meant that when we then looked at our gender action plan, the actions

that we've got in place to try and reduce the gap and improve the progression of women through the organization, we had some first-hand feedback from our people about what it's actually like in the business. (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees)

The development of organisational knowledge and capacity in relation to the gender pay gap also had some additional benefits when it came to engaging with third parties. For example, Deloitte indicated that the work they had been doing in relation to agile working - see chapter 4 - had allowed them to demonstrate the success of these processes to other businesses. The additional benefits of increased capacity were also evidenced at Highlands and Islands Enterprise (HIE), who report via the PSED, with regard to their business development responsibilities:

I think where it's been particularly useful is helping us focus on how we can influence private and third sector gender pay gaps as well. Because obviously we've got responsibilities as an employer but we have a role where we can work with businesses to get the most benefit from considering diversity in their workforce. For example, women in leadership, as well as addressing occupational segregation, which is one of the biggest causes of the gender pay gap across most organisations. (Equalities Manager. Highlands and Islands Enterprise, Government Agency. 201-500 employees).

As the above indicates, raising the profile of gender equality, driving internal conversations and developing capacity are all potential benefits that have emerged from the reporting requirements.

Limitations of the Reporting Metrics

Industry Specific Limitations

Despite generally positive sentiments, there were several instances where minor limitations in the reporting framework emerged, although these were primarily technical in nature. For example, reporting requirements for bonuses may also fail to take account of different working patterns, as Hymans Robertson noted:

As the bonus gender pay gap is measured on absolute bonus values and is not adjusted to reflect whether somebody is working full or part time, a proportion of our bonus gap can be attributed to more women working part time than men at Hymans Robertson. (Sally Haran, Head of Talent Management. Hymans Robertson LLP, Financial Services 501-1000 employees)

In another example, Deloitte explained the specific challenges associated with reporting as a partnership and the steps they had taken to address this:

Two-thirds of our partners are equity partners which effectively means they're owners of the business, and obviously there is no ability to include them in the gender pay gap calculations under the regulations...so we had to come up with a way that we believed would be totally transparent on the overall earnings gap in our business, while also being compliant with the regulations for reporting. This meant that we needed to come up with an additional report - we came up with a way that basically is one number (our total gender 'earnings gap'): it takes all earnings for the financial year in question, so salary and bonus for employees and every earning that the equity partner would have, and then applies the gender pay gap calculation. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees)

There were several other examples of diligence and innovation in relation to reporting. For instance, Scottish Water were required to report under the PSED, but chose to supplement this analysis using the private sector requirements. As these calculations revealed, the PSED requirements produced a pay gap slightly favouring women, while the private sector methodology identified a pay gap in favour of men as it incorporated more data. In another context, Healthcare Improvement Scotland choose to analyse their pay gap figures on an annual basis, rather than the two year intervals required by the legislation, from the perspective of gaining a greater understanding of the effects of their interventions.

The research also suggested that pay gaps could interact in important ways with the overall compositions of organizations. This can be illustrated in the case of Scottish Water which had a pay gap that was lower than the national average. This reflected the fact that while women are a minority within the organization, they occupy well-remunerated positions. As they noted:

One of the things that we discovered when we looked into it...is that although we are currently 72% male in our workforce, the women that we do employ – which has been growing, actually, we used to be 22% female, we're now 28% female - the women we do employ on average tend to be in higher graded jobs, which means they're on higher salaries, which keeps the pay gap low, because the level of job that people do isn't a factor in gender pay gap calculation. It's just the average pay of men, the average pay of women. (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

As this organisation publicly reports in relation to PSED requirements, which are due for review, it may be worth considering ways in which these issues could be taken into account in the analysis of gender pay gaps within the public sector.

Another dimension of reporting that emerged in the data was that the production of gender pay gap statistics could potentially normalise - rather than problematise - gender differences within organisations. For example, in sectors with high pay gaps, having a pay gap that was lower or equivalent to the sectoral average could be understood as indicating that, while there is a gap, there isn't anything *specifically* problematic about the organization in question. As one anonymous respondent noted, when asked about the impact of reporting requirements:

Impact? I think it has certainly raised awareness amongst senior managers. It's not unexpected, our gap, and we're not alone, certainly, in the gap amongst organisations that we would recognise as competitors, who do similar work...I think what it has done as well...it's made us realistic about what we can actually do to change it. Do we want to change it? Do we need to reduce it? How could we manage to do that? I think we have reflected that it's not always within an employer's ability to be able to reduce that gap, there are so many other impacting factors to that. (HR Manager, Technical Services Organisation. 501-1000 employees)

The above findings, therefore, indicate that while the reporting requirements of the pay gap have considerable potential to further the goals of gender equality in work, ongoing monitoring and development are important to ensure these policies reach their full potential.

Gender Pay Gap Reporting and SMEs

Given the emphasis in most pay gap research on larger employers, this research was keen to engage with small and medium-sized enterprises (SMEs). Analysis from the Office of National Statistics (ONS) has indicated that smaller companies have, on average, slightly higher pay gaps than companies with over 249 employees.³⁵ However, in 2019, the UK Government rejected the recommendation of the Business, Energy and Industrial Strategy Committee to extend reporting requirements to all companies with over 50 employees, citing the additional logistical and regulatory burden such a requirement would create, alongside concerns with the volatility of pay gaps in smaller organisations and the reliability of data³⁶. From this perspective, as it is unlikely that pay gap will be extended to this sector of the economy in the near future, finding an effective way to engage with gender equality concerns in this part of the economy will be important going forward.

One dimension of the responses from businesses in this sector was their future orientation, at least in contexts where there was a strong emphasis on growth. Here, some employers were focused on building fairness into the structure of their organization going forward. As one business reflected:

Our policy, if you like, is not to create the inequality in the first place. And being a young company and being forward thinking that's kind of the opportunity, I think. A lot of the older companies we see in the news are struggling to make up that within the definitions they have of their pay grades and scale. There's been quite a few discrepancies that are now being rectified. But as a company, because we're transparent about our recruitment processes and we're transparent about our aims within that, we've got a chance to avoid that situation. It's something

³⁵ ONS (2018) Gender pay gap by business size. Available [here](#).

³⁶ House of Commons (2019) Gender pay gap reporting: Government Response to the Committee's Thirteenth Report: Sixteenth Special Report of Session 2017-18. Business, Energy and Industrial Strategy Committee. Available [here](#).

that we'll become more aware of as we scale...we have put in systems and processes to ensure that we are being fair to our team members. (Anonymous, Digital Health Company, (Anonymous, Digital Services, 1-10 employees).

Amiqus articulated a similar point, stating their ambition to develop an organization with a strong focus on equality, rather than seeking to introduce this into a pre-existing structure at a later date:

To me it's about, you have to get the grassroots sorted out. Then it's not so much that you have to put things in place to manufacture figures, if you have a very balanced kind of team throughout the organisation then it's going to stay balanced, it's going to continue that way. If you put the right foundations in place, to me, then that's just naturally going to progress and stay balanced throughout the organisation. Being a young organisation we can put that in place early. (Head of People. Amiqus Resolution Ltd, Digital Legal Services, 11-50 employees)

Amiqus evidenced several examples of policies to encourage diversity. They emphasised, for example, their flexible and remote working practices, their transparency of salaries from a specifically gender-conscious perspective and a range of mechanisms to encourage inclusivity at work. These policies can be understood as structural approaches that sought equalise opportunities for women and men in ways that recognize the distinct barriers facing women in the workplace.

Going forward, in order to ensure that the aspirations stated above can be realized, it may be important to develop and share knowledge of best practices for small businesses.

Another component of gender and SMEs concerns the issue of business creation. While the businesses interviewed in this sample had diverse teams of founders, the overall percentage of businesses led by women in Scotland is small.³⁷ Addressing this particular gap – and its consequential impacts on the pay gap - is likely to require additional action beyond those simply concerned with the activities of employers. As the Women in Enterprise Framework and Action Plan, published by the Scottish Government in 2017, makes clear, women face a number of structural barriers to starting and growing enterprises, including lower capitalization³⁸.

Another goal is therefore the cultivation of female entrepreneurship and ensuring that potential barriers to participation are removed. In the research, HIE emphasized the importance of developing business support that was appropriate to female entrepreneurs. As they noted:

A lot of the evidence has shown that women are somewhat less confident about setting up a business. However, if support focuses on the issues that women are more likely to face this can create a more comfortable environment, particularly at the start up stage. Women can also find it particularly useful to be mentored by successful female entrepreneurs when they are starting businesses. (Equalities Manager. Highlands and Islands Enterprise, Government Agency. 201-500 employees)

Engaging with the SME sector, therefore, involves both developing strategies for developing best practice and cultivating structural gender analysis in lieu of reporting requirements, which provides a potentially useful context for developing the Scottish Business Pledge, as well as maintaining a start-up

³⁷ Research from Women's Enterprise Scotland has estimated that women led 21% of SMEs. See [here](#).

³⁸ Scottish Government (2017) Women in enterprise: framework and action plan. Available [here](#).

focused strategy taking forward existing research into the barriers facing women seeking to start businesses.

Conclusion

The above findings suggest that the reporting requirements for both the public and private sector may provide a useful impetus to action for certain employers, both by raising the profile of the gender pay gap and generating institutional capacity to respond to and record it. However, it also indicates that the gender pay gap reporting requirements as currently formulated may, in some contexts, require additional and ongoing development in relation to sector specifics. Specifically in relation to the public sector, the Gender Pay Gap Action Plan's commitment to reviewing the specific duties underpinning the Public Sector Equality Duty in 2019 may contribute to this ongoing development. Moreover, ensuring that policy could assist SMEs and start-ups in addressing gender pay gaps, including the differential levels of male and female start-up formation, will be of ongoing importance.

In this context, the commitments in the Gender Pay Gap Action Plan to refreshing the gender and diversity elements of the Scottish Business Pledge may potentially play an important role in sharing and encouraging effective practices, for example in relation to flexible working and recruitment practices. Similarly, the plan commits to working with businesses to develop gender pay gap action plans, which is likely to be of assistance to both larger and smaller enterprises. In relation to the question of gender and entrepreneurship, the Gender Pay Gap Action Plan sits alongside the Women in Enterprise Framework and Action Plan, which focuses on promoting female entrepreneurs with a focus on mentoring, networking, role models, finance and support.

4. Actions to Reduce the Gender Pay Gap

Employers reported a range of actions that could potentially address the pay gap. These included strategies to address potential recruitment barriers facing women, flexible working practices, supportive maternity policies, methods to ensure the development of female talent and the promotion inclusive organizational cultures.

Recruitment

The Language of Job Adverts

Many employers were concerned with the potential for gender bias to influence recruitment processes. For example, there was an emphasis on ensuring that wording of job advertisements and descriptions did not contain implicit bias. As one respondent noted:

We're certainly trying to use very neutral language in adverts so as to avoid the use of what would be more male-associated adjectives. So we're trying to be more conscious about that...We always need to be very prudent when we're doing adverts and make sure that, where possible, we're not being seen to be expecting it be a male that would apply for that job (HR Manager, Technical Services Organisation. 501-1000 employees)

A range of potential forms of gender bias were discussed, including emphasis on certain attributes which might be unintentionally exclusionary. As Amiquis explained:

Traditionally sales roles will be an aggressive approach ...not willing to take no for an answer, batter down doors, etc. That, again, has been proven to make it less likely that a female candidate would apply. Things about saying 'you must be an exceptional achiever' or something. Again, female candidates are less likely to consider

themselves exceptional and be a bit more modest about it, whereas a male candidate isn't. So it's just about toning it down, you know, pointing out that we're an inclusive place to work, that we're a supportive place. We want to encourage people. (Head of People. Amiquis Resolution Ltd, Digital Legal Services, 11-50 employees)

Similarly, Scottish Water emphasized the importance of ensuring that job descriptions genuinely matched the current requirements of the role, rather than unnecessarily making jobs sound like a series of challenges:

Is the language there because it's historically been there and nobody's ever thought to challenge it? ...We went through a definite thought process in our recruitment team of 'how does this ad look? Does it feel right for an applicant?' ...For me it's just kind of challenging anything that doesn't look right, doesn't feel right, even if that's the way things have previously been described. (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

These discussions are encouraging, particularly given the important role of occupational segregation within the labour force in creating the gender pay gap. The extent to which these changes influence application rates, shortlisting and hiring rates will be an important question for future research.

Engaging with Procedural Bias

In addition to ensuring a balanced applicant base, employers were also keen to ensure that their procedures for hiring were unbiased. One important dimension of this is transparency on salaries, which may reduce the importance of salary negotiation and mitigate the effects of already being on a low salary. This was explained by Amiquis:

In recruitment, the norm is that, if you go along for a job, someone will ask you 'what are you currently paid'...so if you are underpaid, then you are not going to get a huge jump. It's really difficult to then progress if you're already underpaid...Instead of asking candidates 'what are you on at the moment', what we'll do is we'll advertise the salary and when we interview them we'll ask 'What are looking for? What are your expectations?' Head of People. Amicus Resolution Ltd, Digital Legal Services, 11-50 employees)

Other examples included the development of knowledge around unconscious bias, as well as, in the case of Deloitte, removing names from CVs:

...we had to adapt our recruitment process, including introducing name-blind CVs and adapting other aspects of our process. We've trained all of our recruiters in respect and inclusion and unconscious bias.....now we're up to around 43% female students and by next year I'm confident we'll be at 50%. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees)

Unconscious bias training was a consistent theme within the discussions about recruitment and the interview process, with many employers emphasizing its importance. This finding, which is unsurprising in the context of the existing literature, is nonetheless interesting given the mixed findings in research about the effectiveness of these methods.

Hymans Robertson offered another approach to inclusive recruitment, emphasizing the importance of assessment tools that were gender balanced:

We have continued to review our recruitment processes to make them as inclusive as possible – this has included using gender neutral wording in adverts as well as using different forms of assessment

having taken into consideration research that shows men and women excel in different recruitment techniques - in our graduate recruitment, for example, we use a combination of skills tests, strengths based interview techniques, and aptitude tests. (Sally Haran, Head of Talent Management. Hymans Robertson LLP, Financial Services. 501-1000 employees)

It is certainly positive that so many organisations are engaging proactively with their recruitment practices. However, there are important limitations with recruitment focused approaches which are important to recognise. First, while recruitment based strategies are certainly consequential, they are likely to be only one of many factors that produce occupational segregation, i.e. the tendency of men and women to cluster in different occupations and sectors. Second, at least insofar as these developments are focused on entry-level or graduate positions, the influence of recruitment on the overall gender pay gap may be limited if the distribution of women and men in senior positions remains the same.

Flexible Working Practices

Another strategy that may reduce the gender pay gap is the availability of flexible working hours. In practice, this means the ability for employees to fulfil their work commitments outside of the traditional set hours of 9 to 5 or, alternatively, work reduced hours. Within the sample, it is important to note that these practices had not, in all cases, been brought in with a specific focus on gender, and the longevity and formality of the practices varied within the sample.

In some cases, flexibility could be understood as available in a relatively informal manner. As one respondent in the food sector noted in relation to an employee:

What we have been able to offer her, and I think she really values, is flexibility. She's able to work from home and she's quite open with the fact that she'll take time back in lieu...we're quite relaxed about her fitting other things into her day when she needs to, even if that's like an exercise class at lunchtime or the afternoon or whatever that might be. The owner and I were really passionate about that when we started the organisation...We didn't have the happiest time individually working in the food and drink industry from time to time...it can be quite a dated industry and quite a traditional industry where you're expected to show face between the hours of 8am and 5pm...they're your hours, you'll be there. We didn't value that, we didn't think that was the way to go...When we started the organisation we wanted to create a team environment that was nice to work in. (*Anonymous*, Food & Drink Sector, 1-10 employees)

At Prepress Projects, by contrast, the flexible working policy was relatively formal, and had been developed in response to the need to provide flexibility for women with childcare responsibilities:

We have flexible working as a policy for everybody, so people can start work at any time of the day. Our offices open at 7 a.m. in the morning and close at 6:30 p.m. We have core working hours of 10 a.m. to 4 p.m. Anybody can come and go as they want as long as they do their set number of hours in the week and meet all of our client demands.
(Operations Director. Prepress Projects, Publishing. 11–50 employees)

A different approach was found in the co-operative context. At Greencity, the capacity to work flexibly was at the discretion of individual teams, which could democratically make decisions about the planning of work tasks. In this context, they had recently changed their manufacturing working practices to reduce the length of the working week:

Because it's a working co-operative, if a team decides to re-arrange their working day, as long as that rearrangement doesn't overlap and affect another team, then we're always welcome to hear suggestions and look at different alternatives. Pretty much every team has got autonomy within the wider business model...For example, our manufacturing team in the last six months have come away from five seven hour days to three twelve hour days. (Scott Erwin, Member Director. Greencity Wholefoods, Food Production and Wholesale, 11-50 employees)

Another example of a flexible working system, which had been accompanied by a high degree of innovation in working practices, was found at Scottish Water. Here:

We're one of the few businesses I'm aware of that has the four stage model of free, fluid, fixed and field...so jobs will be allocated to that structure, and within that, people will have an element of freedom. So, for example, a free worker will be free to choose where they wish to work from. So it's more based around the outputs that they're driving forward...that then gives females and males that have childcare responsibilities for example, the option to possibly say, I don't need to physically be within the office today, and can work from home, take a break in the middle of the day to deal with something else, then log in again later. And whether that's related to taking care of a child, as long as the outputs of work are happening then they can control how they want to do it. You do need supportive processes around agile working, for example line managers who are comfortable with not seeing their team all of the time. That can be a challenge. (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

As above, one important distinction that emerged in the research was between companies which emphasized local, informal arrangements and those that had developed formal procedures which they had sought to make integral to their working practices and their appeal as employers. At the same time, the specific constraints of occupations will influence the extent to which flexible working can be implemented. However, there appeared to be several benefits associated with companies developing dedicated, formal strategies to change their cultures towards flexibility.

Several employers described a pronounced cultural and practical shift towards embedding flexibility in their working practices, which had the additional benefit of ensuring that flexible working was seen as something that could benefit everyone within the organization. For example, Standard Life Aberdeen reported that:

We have changed the conversation about agile working this year, so that it's no longer about a focus on part-time working mothers, and much more about how we create an agile, modern workplace that suits a multi-generational workforce, that is attractive to talent, and that fits our global business...So agile for us is about considering how and where and when is best for you to carry out what you need. We've published guidelines for our people on agile working, and are sharing case studies of what's working for different teams across the business. This is helping create a shift in our culture. (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees)

A similar sentiment was expressed at Deloitte:

I would say that back in 2013/2014, we predominantly had a culture of presentee-ism in that, if you couldn't see someone under your nose,

you assumed they weren't delivering. And whilst we had lots of options to work flexibly, what we hadn't really done was look at whether they actually fit with the business...so we went right back to basics... and one of the issues was that there seemed to be a stigma attached to flexible working. Now 93% of our people have taken advantage of some form of informal agile working...that's huge and it's a massive change for us. And the way we've done it is calling out that if you get this right you will be a really successful organisation...and if you lead your team well you don't need to see them to know they are committed. You trust and you respect them. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

Another strategy developed by Deloitte was the incorporation of additional unpaid leave into contractual working arrangements in order to allow people to pursue non-work responsibilities without disrupting their career:

We invented something called 'Time Out', which is an award winning scheme, which is effectively the ability for all our people to take a month unpaid leave every year, in addition to their other leave, at a time that suits them and the business. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

A strong benefit of innovation around working hours was that it could potentially address the uneven accumulation of full-time work experience amongst men and women, which can contribute to the gender pay gap. Another compelling example of this was the emphasis on compressed hours for women in senior positions that had been developed at HIE. As they reported:

We've extended our flexible working around variable working hours, as well as around part-time work, so we have quite a few people who are

doing full-time compressed hours and that tends to be available across all of the grades. Particularly with women who've maybe had a break from their role while they're bringing up a family, flexible hours means that can come back and continue to work full time at a relatively senior grade. If we offer them compressed and flexible hours, this can fit in more easily with their family commitments while still fulfilling their work commitments. Over the years, I think that being able to work full-time on a flexible basis that has made the biggest differences in terms of enabling women to remain in more senior roles. (Equalities Manager. Highlands and Islands Enterprise, Government Agency. 201-500 employees).

The above examples demonstrate how flexible working arrangements, while not always brought in specifically as a strategy to reduce the gender pay gap, could have a myriad of benefits for people with caring responsibilities. For committed employers, it was also possible to ensure that these practices became mainstream rather than marginal in their organisations.

Supportive Approaches to Maternity

In addition to working practices that were family friendly and supported employees with additional caring responsibilities, many companies emphasised their approaches to maternity leave. As noted in Chapter 2, research indicates that, given the nature of the labour market, the influence of maternity women's careers may be an important contribution to the gender pay gap. A summary of some of the specific policies that had been adopted included the following, as summarized by Hymans Robertson:

We have introduced a more consistent approach to managing and supporting returners from maternity, adoption and extended shared parental leave – this includes support in the lead up to the period of absence, understanding the level of contact the individual would like from the firm whilst they are off, allocating a buddy to support people in

their return (for example, someone who might have recently returned from maternity leave), and a reintroduction programme to make the transition back to work as easy as possible. (Sally Haran, Head of Talent Management. Hymans Robertson LLP, Financial Services. 501-1000 employees).

Hymans Robertson were also an example of an employer that had improved their provisions for parental leave, in part to encourage a more equal division of caring responsibilities. It also removed the need for employees to complete a probationary period prior to receiving maternity, paternity and other child related benefits:

As a business we want to be progressive and be able to attract and retain the very best talent. We also want to see a better gender balance throughout our organisation, particularly at the more senior levels. An important part of achieving this is to provide an environment which supports family friendly policies and that provides families with more flexibility and options as they balance caring responsibilities and work. The steps we have taken to do this include enhancing our shared parental leave policy to pay both parents the same rate of pay – this is paid at our enhanced maternity rate rather than at statutory shared parental leave rates. We have also reviewed our policies to attract talent and remove as many barriers as possible to people joining us. We have introduced a number of changes. From day one, everyone who joins the firm gets access to our enhanced benefits and pay for maternity, paternity, parental, adoption and shared parental leave – previously, people had to be employed by the firm for 6-12 months before they could access these more generous benefits. We have also removed probation periods from our contracts of employment to ensure we are being as inclusive as possible and not unintentionally putting in place barriers to people joining us. Our next focus is to

introduce a new carer policy that recognises the broader caring responsibilities in society, beyond being parents. (Sally Haran, Head of Talent Management. Hymans Robertson LLP, Financial Services. 501-1000 employees).

Manager training was also an important focus, emphasised at Deloitte:

We've introduced working parents' transitions coaching. A big issue for us was our returners from maternity leave were not having the right conversations – something that our coaching programme now encourages. We've also introduced mandatory line manager training for anybody that has a primary carer in their team, so they understand what it is like going back into the workplace. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

The emphasis on support and 'having the right conversations' was referenced in many contexts. Scottish Water – who had also retained a generous system of benefits that exceeded the statutory minimum – illustrated their approach to supporting those taking maternity leave in the following terms:

I know that, we talked earlier about the Future Leaders programme, which in fact is 50-60% female...I know that there have been women selected to go onto that when they are pregnant, and it's known that they are pregnant and women themselves have said 'Oh, should I really be going onto that when I'm obviously going to be taking a break to have children?' And as an organisation we've been supportive in saying "No no. Do what you can. Do what you can. You've been selected on merit and the fact that you have something more important to go and do for a while, i.e. have a child....that's fine, but you're still on the programme and we'll pick it up when you come back." (David Hanlan

and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

At GCU, emphasis was put on the importance of culture in relation to maternity related career interruptions:

...are you creating the opportunity for the next generation? Are you saying “I’m going to make sure you don’t have to go through the same level of challenge as I had to go through, because actually it’s too important for us not to waste your talent.”...For that comes absolutely down to leadership...It’s less about the technical elements, which are important, it’s about, what are the cultural cues, what are the messages you are permeating through your behaviour? Through, even things like, when you decide to have meetings. (Director of People and Equality and Diversity Advisor. Glasgow Caledonian University, Higher Education. 1001-5000 employees)

Another set of policies developed specifically in relation to career breaks associated with caring roles were various ‘return to work’ programmes, in some cases available to both men and women. As Deloitte noted:

We introduced an industry-first return to work programme - aimed at women but open to all – for people who had taken a career break of more than two years. They are typically joining us at manager and senior manager level. And that’s not necessarily people who’ve worked for us, they may have worked for other people. Incredible individuals who could not find a way to get back into the workplace, and we have brought them back in, with an aim of getting them onto permanent or contract roles straight after the internship programme. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

Standard Life Aberdeen were another example of a company that had successfully piloted a 'return to work' programme. They evaluated the experience in very positive terms:

We found that really successful and the business areas that were involved in the returner pilot were hugely encouraging about the quality of the candidates that they saw coming through. They were able to come back in at a reasonably senior level, and, with very little support, work at that level really successfully, after having been out of the workplace for, in some cases, up to 10 years. So that for us was a great way to test whether we could broaden the diversity of our talent sources at mid-career to senior levels, and we're now intending to scale this up. (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees)

The above are good examples of the sorts of innovative and supportive policies that can be developed in relation to maternity leave. As these businesses emphasized, progress in this area could be understood both in terms of dedicated policies and initiatives as well as in terms of fostering inclusive and responsive cultures which engaged pro-actively with maternity related work transitions.

Career Progression

Several larger organisations also emphasized that the importance of ensuring that their talent pipelines promoted gender equality. A recurring theme in the data is the overrepresentation of men in the upper pay quartiles of organisations and the influence of this on overall gender pay gaps. For instance:

In common with many organisations, the mean gender pay gap arises as a result of a higher proportion of men than women in senior

roles. The Company has set a target to achieve a 50:50 gender balance across the top 25% of roles by 2023. To support attainment of this, a range of measures are in place to support career development and progression through the organisation to these roles. (HR Manager, STV, Broadcast Media, 501-1000 employees)

This finding, in turn, had informed the development of strategies to ensure that women had access to leadership development, training and opportunities for promotion. In some cases, this meant ensuring that all leadership training and development programmes were gender balanced and that there was organizational transparency about how such programmes were accessed. In other cases, mentoring was used to ensure that both men and women had ongoing career development in their roles. One example of a highly focused development programmed was described by Deloitte:

We then introduced other programmatic interventions, such as a manager development programme for our high potential female managers – we introduced this because we realised that manager level was a point where we typically would see some of our people start to float around the surface or disappear below the surface and we believed that we needed to intervene to make sure that they did get the sponsorship that they needed and that they were getting exposure to the right sort of projects. We are firm believers that we don't need to fix our women – however, we do need to ensure that our women get access to opportunities that will enable them to shine. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

Another example of policy to improve the representation of women within the upper levels of the organization was found at Hymans Robertson. Here, they

had altered their pre-existing organizational structure in order to facilitate greater gender balance at the senior level:

We are reviewing the makeup of all of our governance bodies, making changes where necessary to ensure that their membership is fully diverse. An example of this is opening up non-exec Board and Partnership Council appointments to our full partner group. Previously these could only be filled from the equity member group of 19 which included only one female. This change has opened up opportunities to a significantly larger and more diverse pool of talent (80 people). (Sally Haran. Hymans Robertson LLP, Financial Services. 501-1000 employees).

At GCU, respondents emphasized the importance of ensuring that their promotion processes did not solely operate in relation to employee tenure, given that this could potentially disadvantage women due to their different average levels labour market participation. As they observed:

I think in any organisation you go to, it's not whether you've got 20 years service, it's about whether you're experienced...we tend to just assume that time served is a proxy for capability, and we shouldn't... There will be some correlation between experience and expertise, but it shouldn't be the only one. And that comes back to making sure that we ask the right questions. (Director of People and Equality and Diversity Advisor. Glasgow Caledonian University, Higher Education. 1001-5000 employees)

Inclusive Cultures

Another recurring theme within the interviews was the emphasis on developing inclusive workplace cultures which maximized the participation of all workers. While these policies were not *solely* concerned with gender, they

had the potential to reduce the extent to which organisational cultures excluded women. Some examples also explicitly engaged with bias, and may contribute to reducing the role of stereotypes and assumptions that may negatively impact women at work.

An example of a particularly innovative practice for encouraging diversity and inclusion was found at Amiqus, where workers produced publicly available 'user manuals':

As part of the on-boarding we get people to do a user manual, so they're all shared...The user manual is about how do you like to work, how do you like to be contacted, what hours do you work, what do you not like, all that sort of stuff...not everyone works the same, some people are morning people, some people aren't. We want people to do their best work...and what we find is that in giving people that freedom, people are productive, and certainly, from what I've seen, probably more productive here than a number of places I've worked previously where they had very set parameters about what they could and couldn't do. (Head of People. Amiqus Resolution Ltd, Digital Legal Services, 11-50 employees)

Standard Life Aberdeen emphasized the importance of cultivating a sense of accountability throughout the organization for encouraging and integrating diversity. As they reported:

Our focus is very much about creating inclusive environments by making everyone feel like they have a part to play in this...It's about making sure that everybody feels that they influence the workplace that we come to. (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees).

In this context, there was a strong emphasis on developing online materials that teams could use to facilitate discussions around inclusion and diversity:

We have short, engaging inclusion tools which can be used 'just in time' (before recruitment, or a talent review, or a team conversation, etc.) to allow people to facilitate that inclusive leadership journey in a way is appropriate for them, or their team, or their business area, rather than having a prescribed set of mandatory unconscious bias e-learning or similar, which doesn't always have the desired effect. (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees).

An emphasis on training staff to be aware of their own biases also emerged in the data. HIE reported that:

We make sure that anyone coming into the organisation is aware of the fact that we've got some training modules around equality and diversity, and we encourage them to go through those modules to help them understand how aware they are of their own biases. (Highlands and Islands Enterprise, Government Agency, 201-500 employees)

At Deloitte, there was a strong emphasis on ensuring that the workplace culture was sufficiently inclusive and that inappropriate behavior in the workplace was adequately addressed:

Previously, people worried about raising things because they didn't think the issues were 'big enough' to warrant formal reporting to HR. Also, if it was their line partner involved or manager involved they were nervous about formally reporting. So we created respect and inclusion advisors (of which we have 39 today) - people that are not HR; they are

leaders in our business that people can go to for guidance, impartial advice in a confidential way. The existence of these advisors has really helped in ensuring that our people feel able to call out behaviours that they believe are counter to our commitment to respect and inclusion. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

This example, in particular, took a strong stance on the potential for discriminatory behavior to negatively impact on career progression and retention.

Conclusion

The findings above indicate a range of policies that may reduce the gender pay gap within organisations. The practices emphasised by participants included gender sensitive recruitment practices, ensuring that women are afforded equal opportunities to progress their careers, making flexible working available, improving maternity policies and ensuring that cultures are diverse and inclusive. These developments may, in turn, inform ongoing policy development in this area.

In terms of recruitment specifically, engaging with business through mechanisms like the Scottish Business Pledge to develop gender neutral hiring practices may contribute to ongoing progress here. Other aspects of the Scottish Government's Gender Pay Gap Action Plan can also develop these initiatives while potentially extending their reach.

For example, efforts to encourage more widespread adoption of flexible working may improve our knowledge of what works, while encouraging more widespread adoption of these practices. Similarly, funding a Women Returners Programme, committed to by the Action Plan, can both draw upon the lessons from the projects described above, and encourage their adoption

amongst a wider range of employers. The Action Plan will also continue and expand the Workplace Equality Fund, which will work with employers and trade unions to improve workplace practices, for the benefit of women with a particular focus on supporting women who also have other protected characteristics.

The goal of studying the feasibility of extending the provision of free childcare in the Action Plan is also potentially valuable, in that such developments, as discussed in the next chapter, relate to a particularly important challenge in addressing the gender pay gap.

5. Benefits and Challenges of Engaging with the Gender Pay Gap

The employers in the sample identified a range of benefits associated with their policies to close the pay gap, while also highlighting potential barriers and challenges in relation to their efforts. Several benefits have been touched on already within the report, and include the development of internal transparency, raising the profile of gender equality and the development of more agile, modern working arrangements.

Key benefits included the potential to increase diversity in decision making roles, make organizations more accessible to a wider range of talent, retain high performing staff and contribute to ongoing conversations about diversity within the business. The primary challenges raised by employers concerned the potentially long timescale involved in closing the pay gap and the importance of factors over which employers had limited control, including the external influences on occupational segregation, social expectations around childcare responsibilities and the availability of affordable childcare.

Benefits

Increased Diversity

Participants indicated that promoting gender diversity offered a number of important benefits to employers. Amiqus offered a useful summary of the benefits of diversity in this regard, emphasizing both workplace benefits and an increased capacity for innovative thinking:

It's proven...I think it was a McKinsey study...a lot more productivity, a happier workforce. There's so many benefits from having a diverse workforce...For me, we as a company are looking to grow. We work in tech. We are looking at fresh ideas, how we make products, and we want people who have different ways of looking at things, we don't want

everyone to be the same. (Head of People. Amicus Resolution Ltd, Digital Legal Services, 11-50 employees)

The notion that a broader range of people and backgrounds could potentially improve company performance was also emphasized by STV, who linked this specifically with the creativity that was central to their business:

As a creative business, we understand that increased diversity drives innovative thinking to better represent and reflect the different needs of our consumers. (HR Manager, STV, Broadcast Media, 501-1000 employees)

A particularly interesting example of this was described by Standard Life Aberdeen. This employer had found that, by introducing a returners program for women that had taken career breaks in relation to maternity, they benefitted from bringing in returners whose career experiences differed from those recruited through more typical approaches. As they reflected:

We've seen a real ripple effect of bringing in a few women at a stage where they have a very different life experience or a very different career path into roles previously filled by internal progression or external hires through traditional routes. It definitely has had a positive effect across the departments where they've been working... (Heather Inglis, Senior Global Inclusion and Diversity Manager. Standard Life Aberdeen, Financial Services. 5001-10 000 employees).

An additional benefit of diversity noted by employers was that success in engaging with gender diversity encouraged engagement with other forms of diversity. As GCU explained:

[Engaging with gender diversity] ...does open the door to other conversations about race and disability that aren't happening....But because we've had this success story it's slightly left the door open...It has helped that gender's led the way and we've become familiar with seeing the world and seeing our statistics through gender so why not look at them from a more intersectional perspective? (Director of People and Equality and Diversity Advisor. Glasgow Caledonian University, Higher Education. 1001-5000 employees)

Engaging with the gender pay gap can thus help improve decision making within an organization while also opening the door to other forms of diversity.

Mobilising Human Capital

Efforts to close the gender pay gap also has the capacity to develop both individual organisations and the economy as a whole by developing talent in the economy that might be otherwise be under-utilised. This framing was emphasized by HIE, who discussed their efforts to engage businesses in gender equality:

I think people know that it's good to get everyone contributing to the economy and that women tend to be under-represented at senior levels. There is a good level of awareness about that. However, when we're having those discussions with business it's a much more powerful sell if you're able to demonstrate that, by bringing more women into senior roles, you're actually bringing underused talent back into play. (Equalities Manager. Highlands and Islands Enterprise, Government Agency. 201-500 employees).

A clear example of this was provided by Prepress Projects, who emphasized the business benefits of family friendly policies, which were particularly valuable in contexts with high training requirements:

You retain high-performing staff. You want to keep your best staff, and staff have lives and families. And if you're more family friendly, they'll stay longer. It's a big thing for us as a small business ... Training is a big thing for us. To be honest, for people in this business it takes anywhere between 2 and 5 years, sometimes longer, to be a high-quality, top-level copy-editor and proofreader. Our training and investment budget in people's training tends to be high. So, when we want people to come, we want people to come and stay and have a career with us. We invest a lot of time and money, so we want people to stay. And if those people are family based, then a family friendly working environment will keep them. (Operations Director, Prepress Projects. Publishing. 11–50 employees)

Policies to address the gender pay gap could also potentially make employers more attractive to a wider pool of talent. For example, Amiquus were keen to advertise their roles as flexible and that they were open to alternative working arrangements like remote working, which had the additional benefit of making their roles widely geographically accessible:

What it does and what I like is that it opens up the opportunity to anyone, really. You don't need to be in here all the time so if you have other things in your life that you need time to do, then that's fine. For me that's the big benefit...I think long-term, the company benefits from opening up the opportunities very wide... (Head of People. Amiquus Resolution Ltd, Digital Legal Services, 11-50 employees)

More broadly, GCU emphasised that innovations around working conditions that could potentially address the gender pay gap would also have ancillary benefits for all employees:

Our approach is if we get it right for women, in this case, everybody benefits. We don't aim things specifically at women...it's about giving the signal that this is about good working conditions across the board, not just for the benefit of one population. (Director of People and Equality and Diversity Advisor. Glasgow Caledonian University, Higher Education. 1001-5000 employees)

As these findings show, whether in terms of supporting workers with families, opening up the pool of potential recruits or simply improving working conditions, policies to close the gender pay gap offered a range of benefits that could make organisations more effective and competitive.

Challenges

Timescales

An important challenge in addressing the gender pay gap identified by participants was that closing the gender pay gap was likely to be a long-term project. For example, Scottish Water noted that, given their large number of employees and low turnover, the annual 1% increase in the number of women employed there should be understood as positive shift, even if it did not appear overwhelmingly large. They also emphasised the importance of the long view:

It must be difficult...for any politician of any party to really think over the timescale that this kind of change will require. As we've said, the PSED's reporting has been around about 5 years. That's a pretty short timescale in the length of someone's total career...If any of the issues we have at the moment have been generated over, what, 250 years since the industrial revolution... getting better balance is the right thing to do. But in a typical modern political time horizon five years probably sounds like a long time. It really isn't. And that's one of the things that I think is one of the biggest challenges is how long people are prepared

to keep working at something which is having a positive effect but is only doing so gradually. (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

Deloitte also emphasised that it was important to recognise that small, year on year fluctuations in the pay gap should be seen in context, as it may take time for positive changes to incubate and affect the overall numbers. As they observed:

We have an incredible pipeline now, and I can see already that we've turned the corner; but equally, if you look at our gender pay gap reporting numbers, some of those numbers in the statutory report have gone up. Just a tiny bit, but they've gone up. And yet what we're doing, we know, is making a difference. Gender pay gap reporting is a brilliant instrument to drive change, but equally I don't think organisations should expect to see a massive change in a short space of time. (Emma Codd, Managing Partner for Talent. Deloitte LLP, Professional Services, 17,000+ employees).

These observations reflect the fact that societal change is a long-term process. While it is critical to avoid complacency in closing the gender pay gap, it is also important to emphasise that slow progress does not, necessarily, indicate that progress is absent.

The Social Context of the Gender Pay Gap

Occupational Segregation

For employers, another important challenge related to the question of 'occupational segregation' – i.e. the tendency for women and men to cluster in particular sectors and occupational roles. Within this sample, there were a range of examples of occupational segregation. Scottish Water, for example,

found that there were notable gender imbalances in certain roles within their organisation, particularly in apprenticeships:

...from the graduate programme, we will have closer to 50/50 in terms of men and women coming through our graduate programme, because a lot of those graduate positions are scientific, or engineering, or financial type positions...and I think we've had some success in being attractive broadly in those kinds of roles. The apprenticeships is more difficult. If we get 10% female applicants for our apprenticeship scheme that's pretty good. And that's a big challenge for us. (David Hanlan and Darren May, Specialist HR Consultant and Performance & Reward Lead. Scottish Water, Water Utility. 1001-5000 employees).

Greencity noted that:

We've struggled to get more balance within some of the manual roles, especially skilled manual roles, like driving the HGVs and stuff like that. So we have attempted to advertise in the areas where we would try to encourage more uptake from the female population...I've been with Greencity for 23 years and we've finally got our first woman driver... (Scott Erwin, Member Director. Greencity Wholefoods, Food Production and Wholesale, 11-50 employees)

Participants also identified sectors in which women were disproportionately represented. For example, Prepress Projects noted that the publishing business, on the whole, tends to be relatively female dominated. For this reason, they were concerned less with ensuring the recruitment of women than ensuring that their recruitment processes weren't excluding men.

As they noted:

... Our company is predominantly women. It's just the type of work we do tends to attract women. It's quite straightforward for women to come into this role, go on maternity leave, and take back up where they were before, quite easily ... we have the opposite from the gender pay gap, have to work quite hard to attract male candidates to apply ... we have to target our recruitment and our advertising, the terminology used within an advert, to ensure that we're attracting both women and men, because we tend to predominantly get women applying. (Operations Director. Prepress Projects, Publishing, 11-50 employees)

Occupational segregation is particularly challenging as it reflects a wide range of societal dimensions which extend beyond the remit of any single employer. As was observed in the sample, factors ranging from culture to parents to school exerted an influence over occupational patterns.

Nonetheless, there were several examples within the research of employers taking pro-active roles in encouraging women to enter their sectors or apply for roles at their organisations:

Our CEO for example - there was an Ada Lovelace day - he was out speaking at schools, to 13-14 year old female students, about jobs in tech and why it's good to get into technology and the benefits of working in technology. (Head of People. Amicus Resolution Ltd, Digital Legal Services, 11-50 employees)

Or, as another employer put it:

What we've been trying to do is use some of our female graduates in some of our divisions to actively go out to the universities to try and attract new students, to make use of the positive role models that we

have. (HR Manager, Technical Services Organisation. 501-1000 employees)

Addressing occupational segregation, therefore, is likely to involve ongoing efforts from both employers and policymakers, and will likely require a multi-faceted approach.

Childcare Provision

Another cultural dimension of the gender pay gap, as noted above, related to the differential expectations on men and women in relation to caring responsibilities, which were seen to potentially disadvantage women in terms of their career progression. From this perspective, ensuring the provision of adequate childcare could play a crucial role in addressing the gender pay gap. The effects of a lack of appropriate childcare was noted by Prepress Projects:

...what I would say is the biggest issue for women returning to work at this workplace is childcare and the provision of it and access to it, especially if they have more than one child. If families have two or three children and a women is wanting to return to work it's a big issue for people in and around this area...They wouldn't come back to work ... not because they don't want to come to work, but, one, because they can't afford the childcare and, two, they can't get the childcare provision. (Operations Director. Prepress Projects, Publishing. 11–50 employees)

Again, the challenge of affordable and accessible childcare necessitates activity from both employers and policymakers, which can in turn contribute to an ongoing reduction in the gender pay gap.

Conclusion

This chapter has identified a number of challenges and benefits associated with engaging with the gender pay gap. As above, businesses emphasized that engaging with the gender pay gap provided them with opportunities to improve their performance and mobilise additional human capital, while also encouraging other forms of diversity. Mechanisms that could improve the gender pay gap also had the additional benefits of widening the range of potentially available talent and improving working conditions.

As noted in the conclusion to Chapter 4, the Scottish Government's Gender Pay Gap Action Plan will explore the feasibility of extending childcare provisions while developing support for returning workers. In relation to the challenge of occupational segregation, a number of initiatives in the Action Plan have specifically sought to engage with this dimension of the gender pay gap through skills training, youth employment strategies, education at a range of ages and apprenticeships. A further challenge may be to ensure that evaluations are sensitive to the timescales which such changes are likely to involve, while also ensuring that progress is made.

1. Annex A: Interview Schedule

Interview Schedule

The purpose of this interview is to understand how you have been responding to the gender pay gap within [organisation name]. I will be asking questions about the pay gap at your organisation, how it is measured and monitored and the successes, challenges and benefits associated with the policies that you have or are developing to address it. If you are happy for me to do so, the interview will be audio-recorded. This will only be done to help me in making accurate notes of your views for the purpose of writing the report. It will not be used for any other purpose and will be deleted once complete. Just to reiterate that participation is entirely voluntary – you're free to choose not to answer any of the questions or to stop the interview at any point.

We're discussing with each company how they would prefer to be identified in the report. We feel that the analysis will be more informative if we can provide key context about companies such as size, location, sector and so on. However, this may mean it is difficult to fully anonymise companies who have participated in the research. We would be happy to anonymise your company in the report if this would be your preference – this would mean referring to your company in generic terms to avoid any potential identification. What level of anonymity would you prefer?]

It is also up to you how you would prefer to be identified in any reporting. For example, would you be happy to be identified by your job title or would you prefer for your views to be reported anonymously? Either way, we will give you the chance to see, double-check and modify any quotations before they are used in reporting. What level of anonymity would you prefer?

[Check they are happy with audio-recording; clarify and double-check preferred anonymity]

Do you consent to being interviewed on these conditions?

[If anonymity of a degree is sought, the terms of this anonymity will be reviewed, and the participant will be asked to explicitly consent to these terms]

Opening Question: To begin with, could you let me know a bit more about your organisation? What kind of work do you?

And what is your role within the organisation? how does it relate to the gender pay gap?

1. Measuring and Reporting

1.1 As an organisation do you measure the gender pay gap? How?

1.2 As an organisation do you monitor gender representation at senior levels of the organisation, as opposed to simply looking at the numbers overall?

1.3 Why did [organisation] decide to measure the gender pay gap? In response to it becoming mandatory?

1.4 Does your organisation provide bonuses? [If so] Have you taken steps to monitor/address the gender pay gap in relation to bonuses?

1.5 Do you think that the current reporting requirements are adequate and appropriate for your organisation?

1.6 Do you think measuring the gender pay gap has had any impact on the organisation?

2. *Strategies*

2.1. What strategies have you adopted to address the GPG? Which of these do you think have been the most effective?

2.2. Have you developed training or workshops related to the gender pay gap?

2.3. Has your organisation made use of flexible working arrangements? Are jobs advertised as being available on a flexible basis?

2.4 Have you made any changes to your arrangements for maternity leave? Have you thought about return-ships for mothers returning from maternity leave?

2.4. What is your approach to paternity leave? Have you developed policies around paternity leave?

2.5. Have you attempted any other methods? (such as gender blind screening)?

2.6 What proportion of employees in your organisation are part-time? Have you taken any action to ensure that part-time employees receive the same opportunities as full-time employees?

3. *Enabling Change*

3.1 In terms of the strategies you've discussed, what changes do you think have been the most successful? What have been the factors that have made these changes effective?

3.2. What role do you think 'culture' plays in your organisation? Has this been something you've consciously tried to change?

3.3. How important is leadership at the top of the organisation in changing the culture?

3.4. Have you been able to develop networks and role models for developing female career progression? Have these helped?

3.5 Are there any external factors, outside of the organisation, that have assisted you in addressing the gender pay gap?

3.6 What do you think of government policy efforts in this area? Do you think there is more the government could do to help?

4. *Challenges*

4.1. Have you identified any particular challenges in trying to address the gender pay gap?

4.2. Have you found that any of the strategies you've implemented have encountered resistance? Have any had unintended consequences?

4.3. What do you perceive as the main blockages within the organisation for addressing the gender pay gap? And are there any external factors that have exerted an influence on this?

4.4 Do you anticipate any future challenges here?

5. *Benefits*

5.1. Do you think there have been benefits for [organisation] in reducing the gender pay gap? What benefits have you identified?

5.2. Have you found that some of these effects cascade, i.e. one sustains the other? Or, alternatively, do some of them contradict each other?

5.3 Do you think addressing the gender pay gap makes your organisation a more attractive place to work for female applicants?

5.4 Have you seen any other additional benefits of looking at the broader picture of pay equity?

5.5 Do you see there as being any downside to the measures you've adopted to address the gender pay gap, or their consequences?

5.6 Is there anything you wish you'd known at the start of this process?

5.7 Before we close, is there anything else you'd like to add, or anything you think that I've missed?

How to access background or source data

The data collected for this <statistical bulletin / social research publication>:

- are available in more detail through Scottish Neighbourhood Statistics
- are available via an alternative route <specify or delete this text>
- may be made available on request, subject to consideration of legal and ethical factors. Please contact <email address> for further information.
- cannot be made available by Scottish Government for further analysis as Scottish Government is not the data controller.



© Crown copyright 2019

You may re-use this information (excluding logos and images) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: psi@nationalarchives.gsi.gov.uk. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

The views expressed in this report are those of the researcher and do not necessarily represent those of the Scottish Government or Scottish Ministers.

Typographical changes made throughout document on 09 April 2019

This document is also available from our website at www.gov.scot.
ISBN: 978-1-78781-704-3

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

Produced for
the Scottish Government
by APS Group Scotland
PPDAS562410 (04/19)
Published by
the Scottish Government,
April 2019



Social Research series
ISSN 2045-6964
ISBN 978-1-78781-704-3

Web and Print Publication
www.gov.scot/socialresearch

PPDAS562410 (04/19)