GENDER PAY GAP IN THE UK HIGH-TECH INDUSTRY

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MAKE TOMORROW, TODAY ◆ MERCER

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WHAT WE WILL COVER TODAY

1 What are the Gender Pay Gap reporting regulations?

2 What are High Tech companies saying about Gender Pay Reporting?

3 UK High-tech gender pay gap research results

4 What can you do next?
- Understand pay
- Develop the narrative, seek the solution

GENDER PAY GAP REPORTING: WHO? WHEN?

Who

- Legal entity with 250+
- 'Ordinarily works in Great Britain'
- Contract governed by UK legislation

Government Equalities Office

When

- Snapshot of "Pay" as at April 2017 - relevant date - gross
- 12 months prior to "Bonus pay"
- Must be published by April 2018 on your website

Definitions

- Pay includes: base + bonus pay + car allowance + paid leave + maternity pay + shift premium + sick pay + on call/standby + location, clothing, fire warden allowances
- Pay DOES NOT include car benefit, overtime, expenses, redundancy pay, benefits, value of salary sacrifice schemes, arrears
- Bonus pay – all forms of variable both STI and LTI

GENDER PAY GAP REPORTING: WHAT TO REPORT?

GENDER PAY GAP
- Overall mean gender pay gap
- Overall median gender pay gap

BONUS PAY GAP
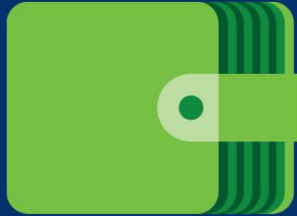- Percentage difference in mean bonus paid
- Bonus pay proportion

SALARY QUARTILES
- Number of men and women in each quartile of their overall pay distribution

WHAT ARE HIGH-TECH COMPANIES TELLING US ABOUT THE GENDER PAY GAP – SURVEY DATA

88%

40%

Concerns

#1
Reputational risk (60%)

#2
Equal pay (60%)

#3
Cost to address issues
(48%)

"Complex

Incomplete

Comprehensive"

WHAT ARE COMPANIES TELLING US ABOUT THE GENDER PAY GAP – ANECDOTAL

- It's not about pay: little insight
- Undermines good work
- Developing the accompanying narrative is critical
- Confusion with equal pay

"…there is a risk of providing in good faith a simplified statistic which could be misinterpreted and that doesn't necessarily reflect the true position of the organisation"

Gender Pay Gap survey participant May 2016

UK HIGH-TECH BENCHMARK INFORMATION

DATA IS DRAWN FROM UK COMPTRYX DATA

- Comptryx is a global database that consists of 194 companies across 106 countries

- Our analysis was based on 66,000 employees in the high tech industry across 153 companies in the UK

- Sample is predominantly large companies (75%) – whole of UK Comptryx database

GENDER PAY GAP IS WORSE IN THE IT SECTOR

Median gap is smaller in larger companies
– norm 23% on base alone

25%

18%

UK
High
Tech

UK

Total Cost to Company

21%

24%

30%

Median Base Salary Gap
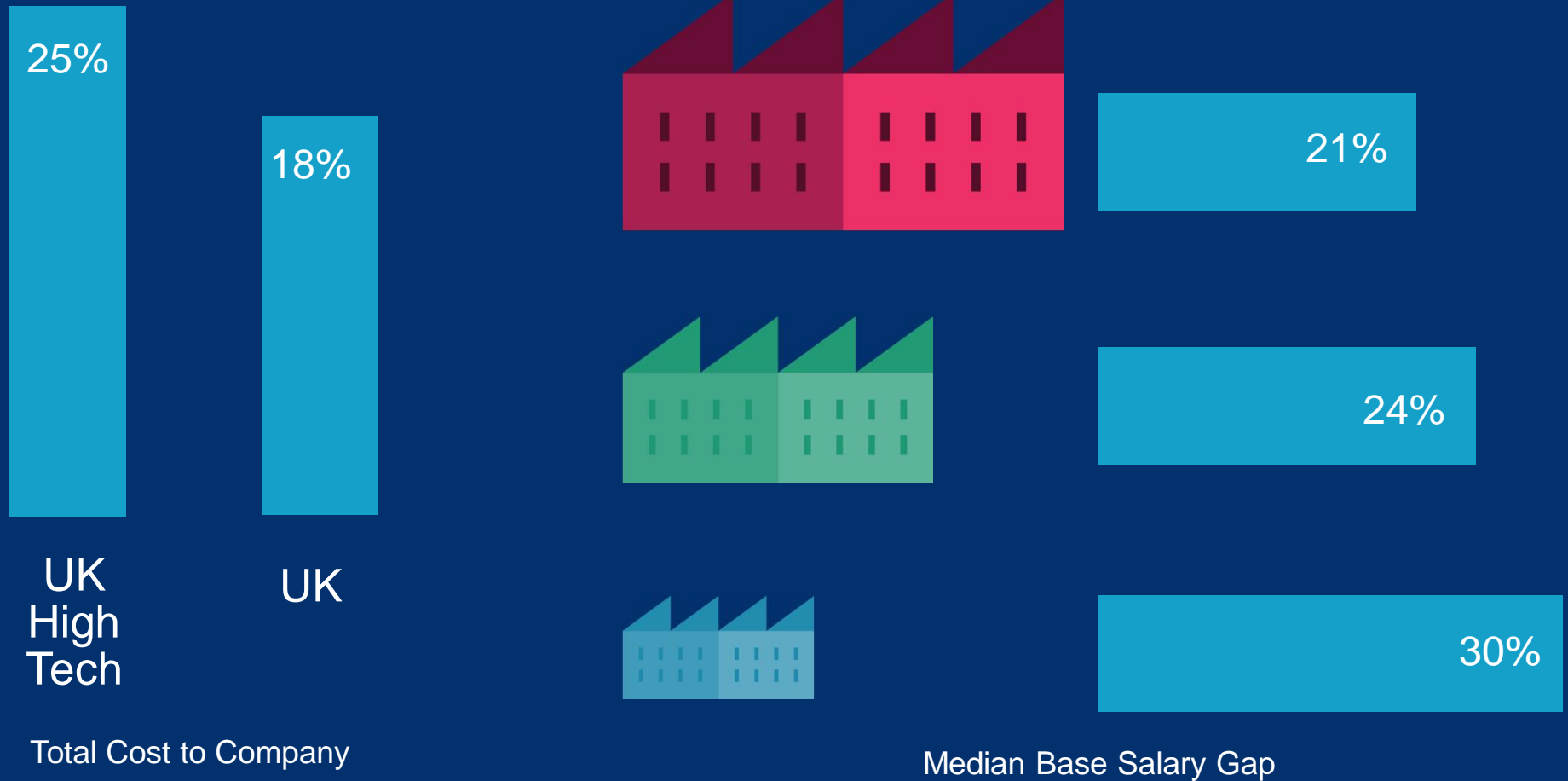
GAP DOESN'T VARY BY FUNCTION – EXCEPT SALES AND MARKETING

	Headcount		Median Base Salary		
	Female	Male	Female	Male	Pay Gap
General & Administrative	5385	6978	£41,891	£52,408	-20%
Operations	724	1320	£31,486	£40,600	-22%
Services	5985	20444	£42,579	£53,000	-20%
Research and Development	1341	8552	£41,997	£51,000	-18%
Sales and Marketing	4131	11288	£49,306	£72,100	-32%

Sales & Marketing Sub Functions	Median Base Salary		
	Female	Male	Pay Gap
Marketing	£57,727	£72,100	-20%
Sales	£45,746	£74,663	-39%
Sales Support	£45,220	£70,374	-36%
Web / E Commerce	£31,948	£40,000	-20%

GAP IS MOST PRONOUNCED AMONG THE PROFESSIONAL GROUP

	Median Base Salary		
	Female	Male	Pay Gap
Management	£70,359	£82,353	-15%
Non-Management	£38,000	£49,440	-23%

	Median Base Salary		
	Female	Male	Pay Gap
Executive	£177,912	£193,703	-8%
Management	£69,972	£80,000	-13%
Professional	£40,938	£50,600	-19%
Support	£21,544	£22,000	-2%

BY JOB ANALYSIS SHOWS MORE CONSISTENCY

- Highly robust – min 20 men and women in sample

- Gap at the job level ranges from +2% to -17%

- Median is 8%

- Gap is c. two thirds down to something other than pay?

	Median Base Salary Pay Gap		
	Research & Development	Sales & Marketing	General & Admin
E4			
E3			
E2			
E1			
M6			
M5		2%	-17%
M4	-3%	-12%	-6%
M3	-10%	-9%	-1%
M2		-12%	
M1			
P8			
P7			
P6			
P5		-8%	-8%
P4	-2%	-12%	-10%
P3	-7%	-11%	-4%
P2	-3%	-5%	-5%
P1	4%	-17%	
S5			
S4			
S3			
S2		-5%	
S1			

Source: Mercer

UK IT SECTOR IS 74% MALE, 26% FEMALE - KEY GLOBAL TECH BRANDS DO MARGINALLY BETTER

33%

67%

17% women in technical roles

32%

68%

23% women in technical roles

31%

69%

19% women in technical roles

30%

70%

10% women in technical roles

27%

73%

17% women in technical roles
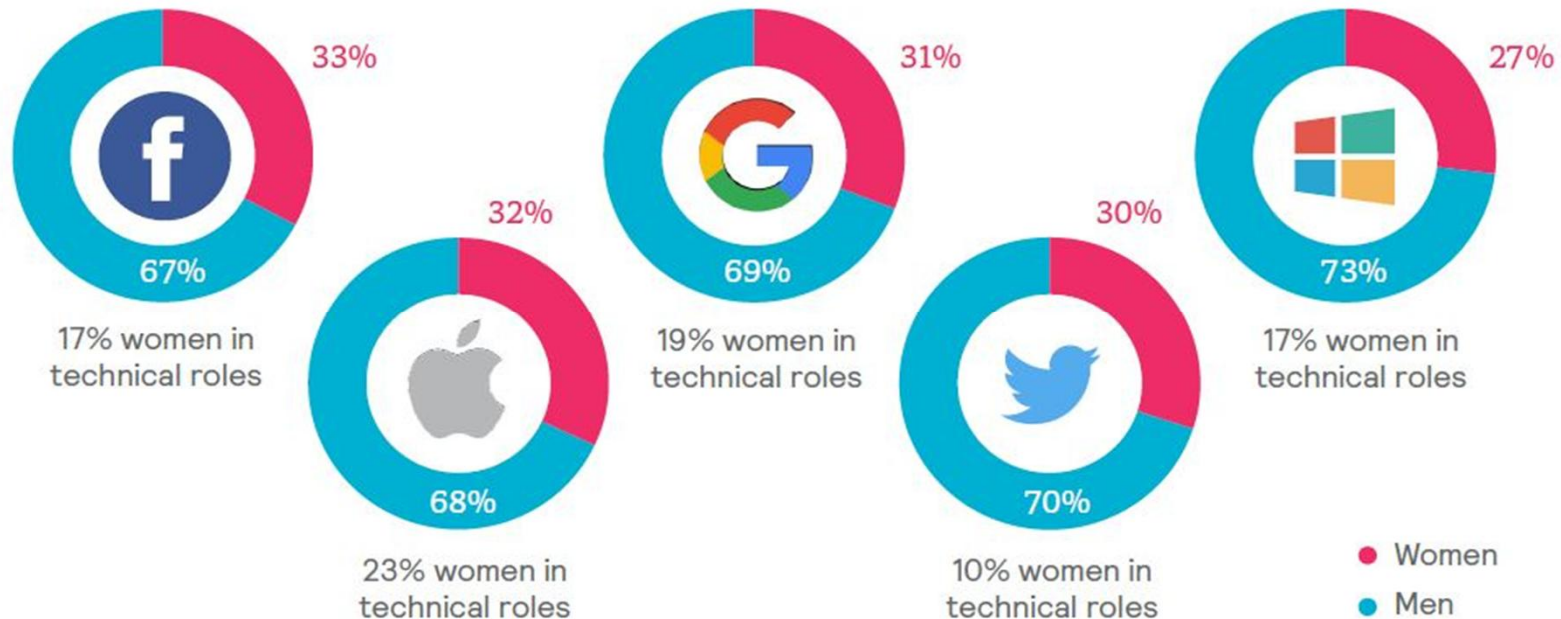
● Women
● Men

BUT IT IS LOW FEMALE REPRESENTATION AT MORE SENIOR LEVELS THAT IS SIGNIFICANT

Career Level	Active Headcount, Total Promotions ▲, and Representation (%)		
	▮ Female ▮ Male		Representation: % Female I % Male
Executive	100 ▏ 641		13% I 87%
Management	3,640 ▮ 10,476		26% I 74%
Professional	12,090 ▮ 35,941		25% I 75%
Support	1,805 ▮ 1,910		49% I 51%
Overall	Active Headcount: 17,635 I 48,968		26% I 74%

REPRESENTATION OF FEMALES AT THE EXECUTIVE LEVEL IS LOW

27%

UK
Commercial
Organisations

23%

EU
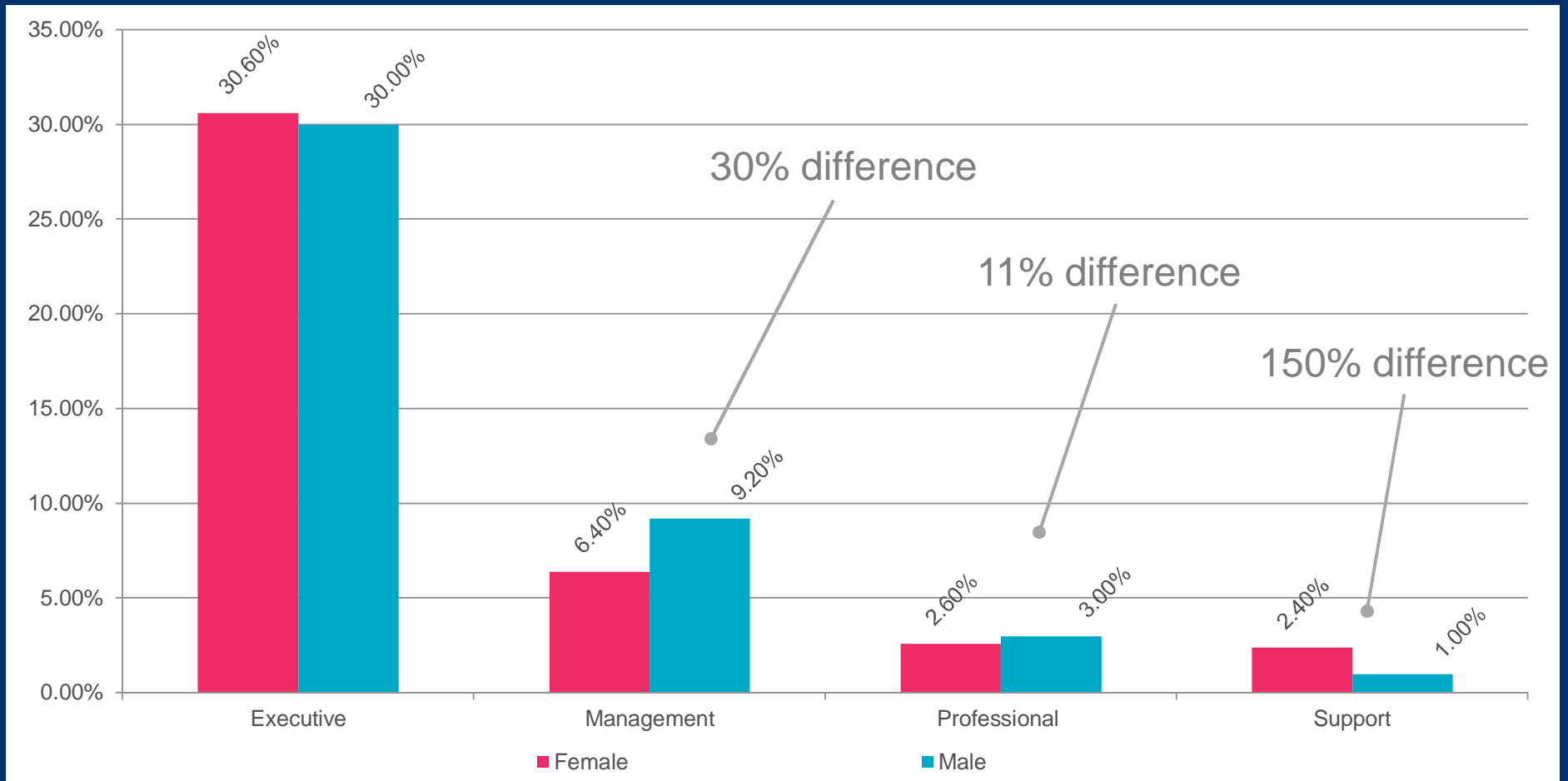Commercial
Organisations

13%

UK IT

Sources: Mercer, EuroStat , 2016

PAY PROCESSES - MEN AND WOMEN ARE LIKELY TO BE RATED AS A TOP PERFORMER SIMILARLY

	FTE Top Performers		Top Performer		
	Female	Male	Female	Male	% difference
All Management	571	1606	19.23%	19.54%	102%
Non Management	942	2592	11.28%	11.92%	106%
Support	40	53	4.67%	5.57%	119%
Executive	29	177	37.56%	41.99%	112%
Sales	1,432	3,852	13.64	14.23%	104%
Professional	902	2539	12.03%	12.21%	101%
Management	555	1358	19.70%	18.93%	96%

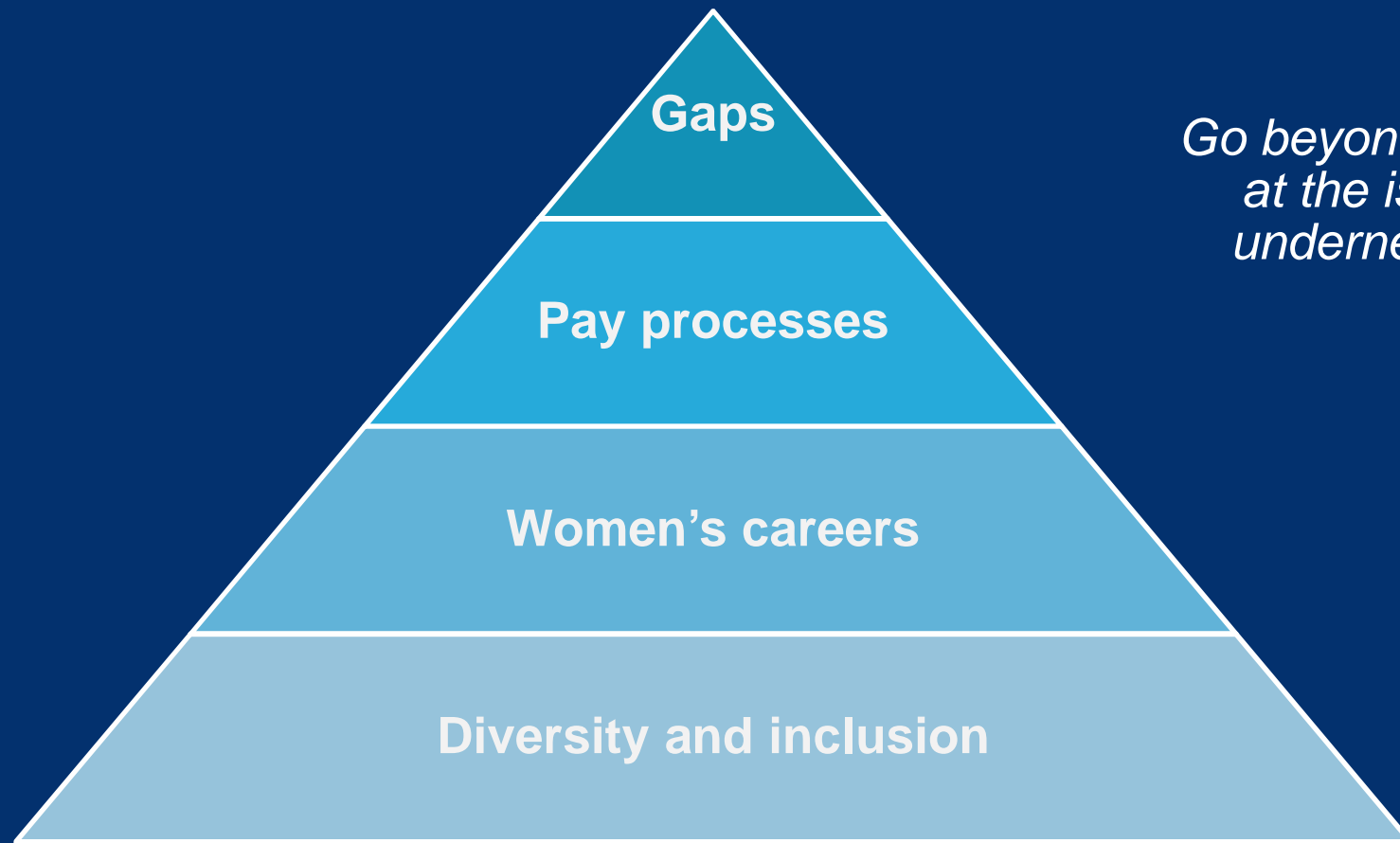# BUT THAT DOESN'T ALWAYS MEAN EQUAL PAY OUTCOMES
ACTUAL BONUS AS % OF BASE

© MERCER 2016

Source: Mercer

WHAT CAN YOU DO NEXT?

GO BEYOND THE GAP

Gaps

Pay processes

Women's careers

Diversity and inclusion

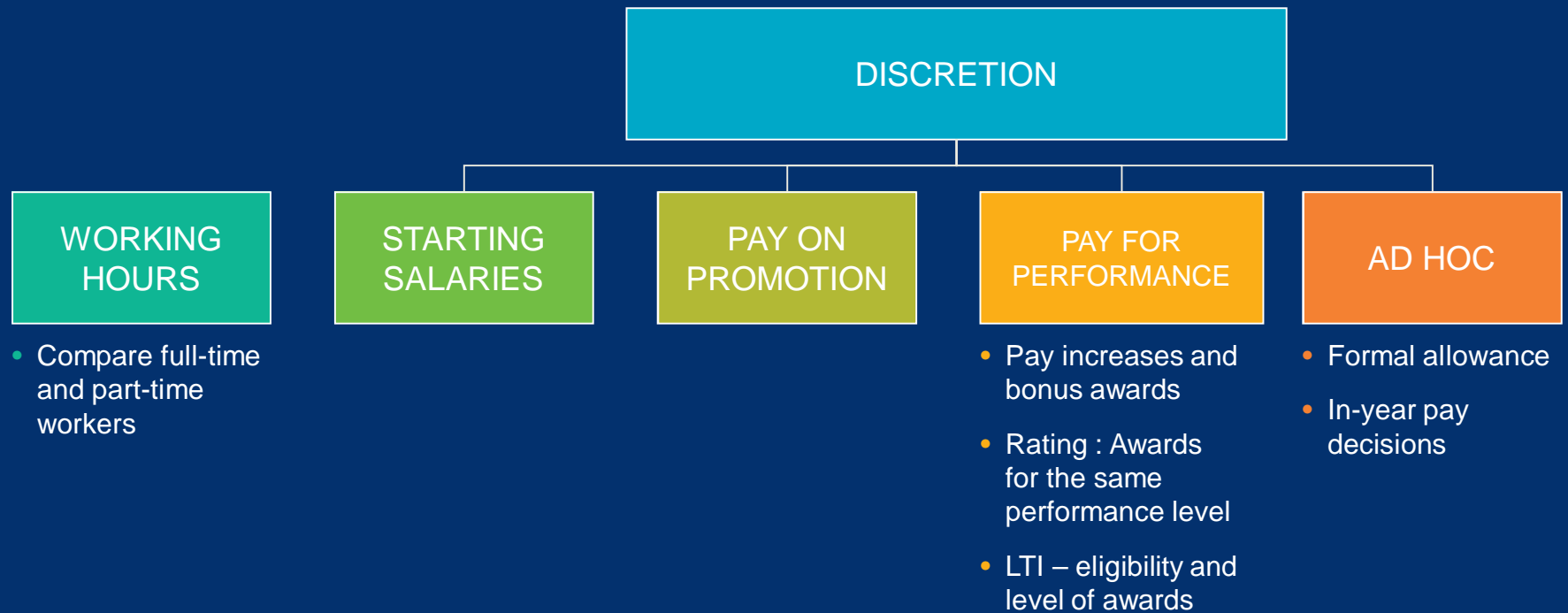*Go beyond to look at the issues underneath…*

UNDERSTAND THE GAP
ANALYSIS OF ROLES BY JOB FAMILY AND LEVEL

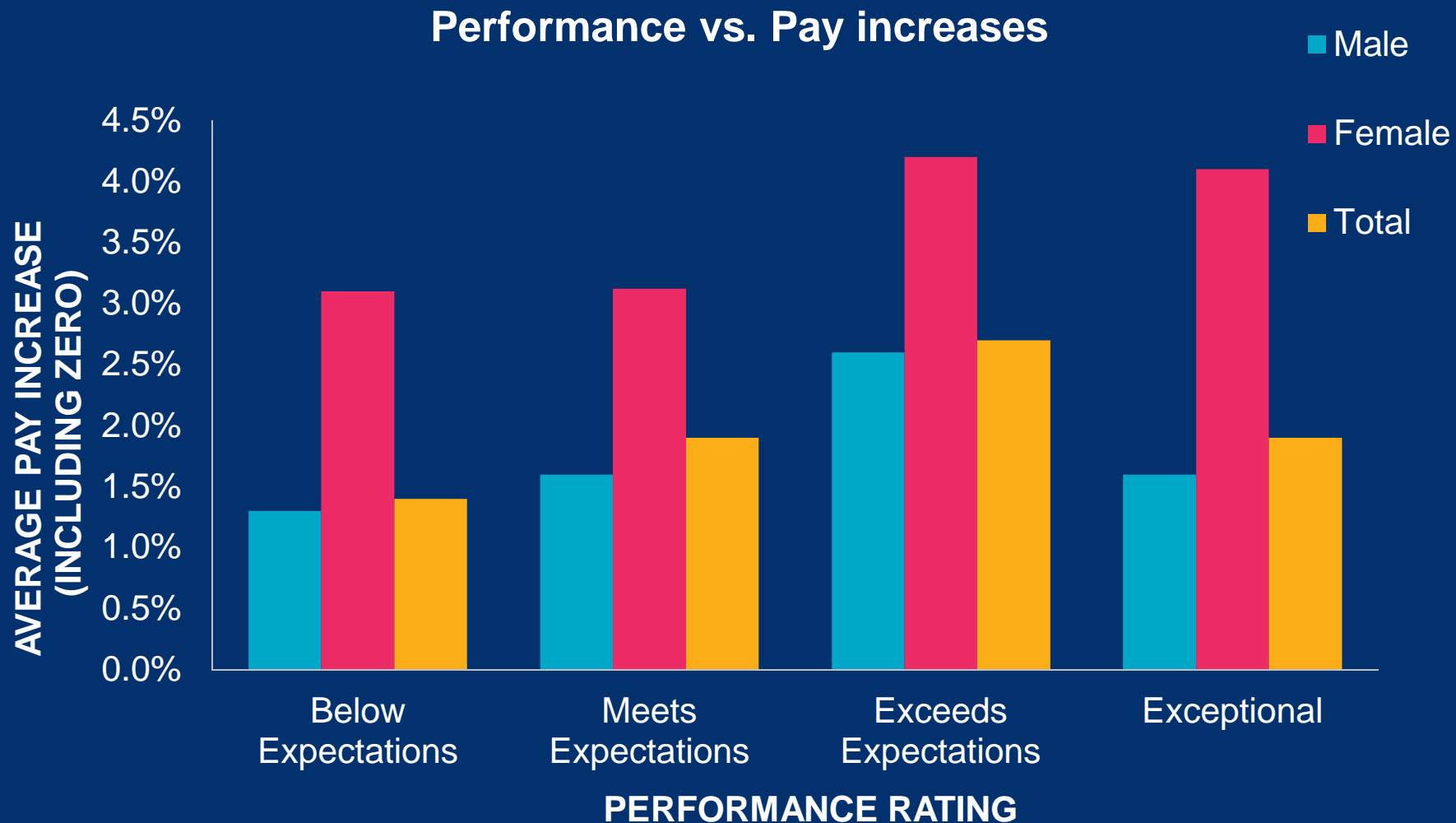|	BUSINESS SUPPORT	OPERATIONS	ENGINEERING	FINANCE	IT	PROJECT MANAGEMENT	SUPPLY CHAIN	COMMERCIAL	LEGAL	HR	QUALITY	COMMUNICATIONS	H & S
1	-7%	2%											
2		-6%	0%	0%	-3%	-3%	0%						
3	-14%	-6%	-7%	-14%	-1%	-4%	0%	-1%	1%	5%	1%		
4		-4%	-3%	-12%	20%	-5%	-2%	-4%		-6%	-11%	-11%	-3%
5		3%	-3%	-10%	-7%	-8%	1%	-8%		-10%	-3%	-3%	0%
6		-5%	-5%	-11%	2%	-9%							
7			-6%		-5%	-2%	0%	4%		3%			0%
8		10%	-15%	-4%	-10%	3%	5%	6%		-19%	27%		
9				0%				-6%					
10				3%		14%	5%	9%		-7%			

LOOK AT FTE, PART-TIME AND FULL TIME VERSUS PART-TIME

Source: Mercer

FOCUS ON DYNAMIC REWARD PROGRAMMES

DISCRETION

WORKING HOURS	STARTING SALARIES	PAY ON PROMOTION	PAY FOR PERFORMANCE	AD HOC

- Compare full-time and part-time workers

PAY FOR PERFORMANCE
- Pay increases and bonus awards
- Rating : Awards for the same performance level
- LTI – eligibility and level of awards

AD HOC
- Formal allowance
- In-year pay decisions

UNDERSTANDING CAUSES AND PROGRAMME EFFECTIVENESS

Performance vs. Pay increases

© MERCER 2016

Source: Mercer, Anonymous Case Study

EXAMPLES: LOOKING AT PERFORMANCE RATINGS

Performance ratings distribution of males and females by business unit

The link between performance rating and annual bonus received in a BU

	All Exceeded	Some Exceeded	All Achieved	Some Achieved	None Achieved
11		13%	0%	0%	
12	29%	-10%	8%	0%	
13		22%	11%	13%	
14		8%	21%		
15			1%	-18%	

Source: Mercer, Anonymous Case Study

OCCUPATIONAL SEGREGATION

Job Function	Female	Male
Sales/Business Development	31%	69%
Client Relationship Management	33%	67%
Information Technology	38%	62%
Finance	40%	60%
General Management	44%	56%
Consulting	45%	55%
Actuarial Services	45%	55%
Compliance / Prof Standards	53%	47%
Marketing Support	55%	45%
Retirement Admin	58%	42%
Consulting Support	65%	35%
Legal	78%	22%
Human Resources	94%	6%
Office Administration	96%	4%
Communications	100%	0%
Total	52%	48%

WHAT DOES OUR RESEARCH TELL US ABOUT SOLUTIONS BEYOND PAY?

700 Organisations

· ·

42 COUNTRIES

Around the world

· ·

With workforce data covering

3.2 MILLION

employees, including 1.3 million women

HEALTH WEALTH CAREER

WHEN WOMEN THRIVE,
BUSINESSES THRIVE

THE WORLD'S MOST COMPREHENSIVE
RESEARCH ON WOMEN IN THE WORKPLACE.
LINKING ACTIONS TO RESULTS.

#WhenWomenThrive
www.whenwomenthrive.net

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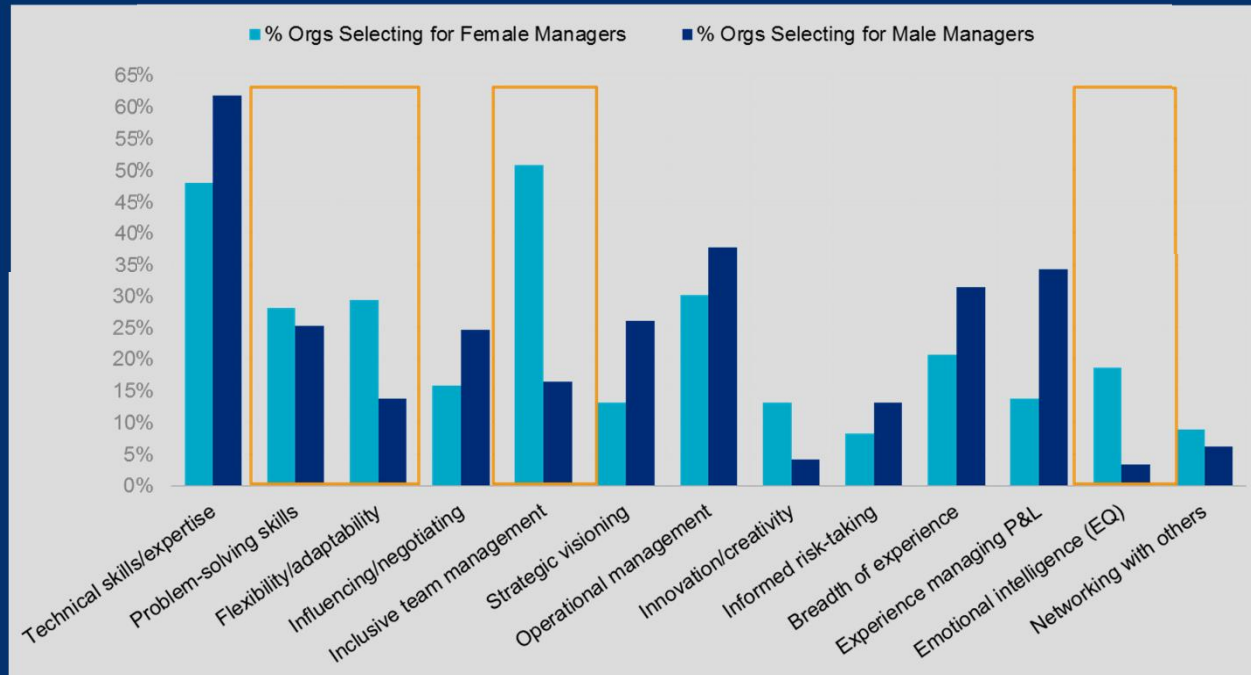
REQUIRES INDIVIDUAL COMMITMENT...
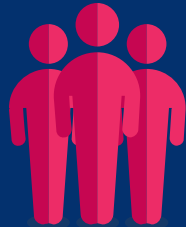
INDIVIDUAL

ARE YOUR LEADERS PASSIONATE?

DO YOU HAVE THE ADVOCATES,
CULTURE & INFRASTRUCTURE
IN PLACE TO PERSERVERE?

IS ACHIEVING SUCCESS A PERSONAL
GOAL?

THE BUSINESS CASE

% Orgs Selecting for Female Managers   **% Orgs Selecting for Male Managers**

Categories (x-axis): Technical skills/expertise, Problem-solving skills, Flexibility/adaptability, Influencing/negotiating, Inclusive team management, Strategic visioning, Operational management, Innovation/creativity, Informed risk-taking, Breadth of experience, Experience managing P&L, Emotional intelligence (EQ), Networking with others

". . . the data strongly suggest that homogeneity stifles innovation."
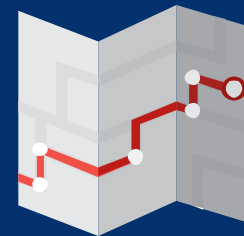2014, Centre for Talent Innovation

3% - 9%

MAKING A DIFFERENCE

...AND ORGANISATIONAL ALIGNMENT

INDIVIDUAL

ORGANISATIONAL

ARE YOUR LEADERS PASSIONATE?
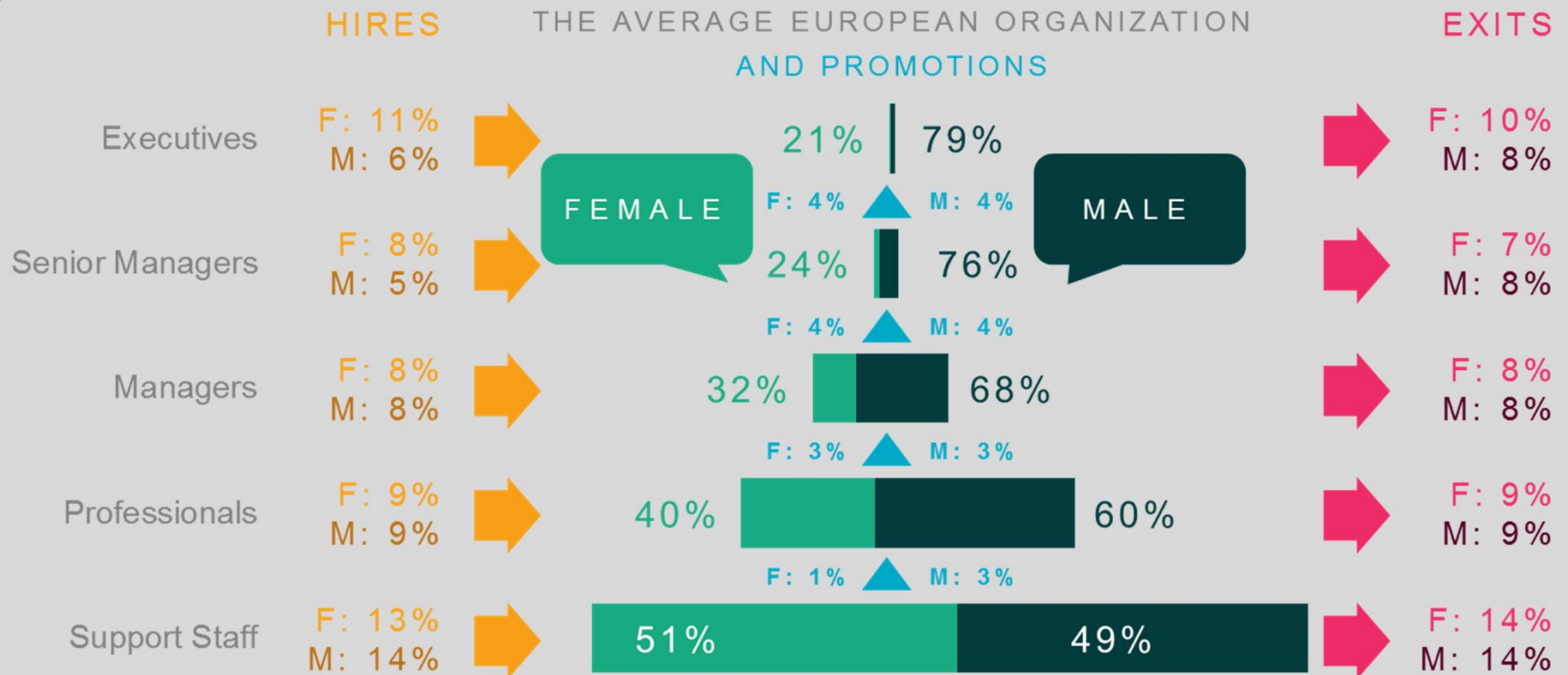
IS YOUR STRATEGY ROOTED IN PROOF?

DO YOU HAVE THE ADVOCATES, CULTURE & INFRASTRUCTURE IN PLACE TO PERSERVERE?

DOES YOUR COMPANY OFFER THE RIGHT PROGRAMS?

IS ACHIEVING SUCCESS A PERSONAL GOAL?

ARE THE RIGHT PROCESSES IN PLACE TO SUPPORT THE STRATEGY?

BUT THE BIG AREA OF DIFFERENCE IS THE REPRESENTATION AND FLOW OF LABOUR

HIRES | THE AVERAGE EUROPEAN ORGANIZATION AND PROMOTIONS | EXITS

Executives
F: 11%
M: 6%
21% | 79%
F: 10%
M: 8%

FEMALE   F: 4% ▲ M: 4%   **MALE**

Senior Managers
F: 8%
M: 5%
24% | 76%
F: 7%
M: 8%

F: 4% ▲ M: 4%

Managers
F: 8%
M: 8%
32% | 68%
F: 8%
M: 8%

F: 3% ▲ M: 3%

Professionals
F: 9%
M: 9%
40% | 60%
F: 9%
M: 9%

F: 1% ▲ M: 3%

Support Staff
F: 13%
M: 14%
51% | 49%
F: 14%
M: 14%

...AND AS AN INDUSTRY MAKING IT CAREERS NORMAL FOR WOMEN –LIKE THIS ONE

Ada Lovelace (Augusta Ada King-Noel, Countess of Lovelace, 1815 – 1852), a mathematician who worked with Charles Babbage to create and programme the world's first general purpose computer, the analytical engine. Her notes on the engine include what is recognised as the first algorithm intended to be carried out by a machine. As a result, she is often regarded as **the first computer programmer**

TAKEAWAYS

1   Dry-run the gap

2   Drive the positive business case, as well as the risks – think inclusion

3   Whole HR
         Talent and careers #1
         Pay #2 – but symbolic and a quicker fix

4   There are implications of manager discretion ?

5   Engage leaders – it's long-term
         managers – its about talent
         and men

QUESTIONS?

Michelle Sequeira

QUESTIONS
Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button, on the floating panel, on the top of your screen.

CLICK HERE TO ASK A QUESTION TO "ALL PANELISTS"

Chris Charman

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