When Employees Thrive
Solving your Gender Pay Gap and Delivering the Business Benefits of Diversity

18 August 2015

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TODAY’S SPEAKERS

Julia Howes
Workforce Analytics

Chris Charman
Reward

Deirdre Golden
Diversity & Inclusion
“We will make every single company with 250 employees or more publish the gap between average female and male earnings”

“This will create the pressure we need for change, driving women’s wages up,“

Prime Minister David Cameron, 14 July 2015.
WHY?

A recent study by statistics agency Eurostat found that the UK has the sixth-largest pay gap between men and women in the European Union.

Professional women aged 40-plus are hit hardest, encountering a ‘mid-life pay crisis’ as they earn 35 per cent less than men in comparable, full-time roles.

2.2 million women who are not working want to work. Equalising participation rates could add 10% to the size of the UK economy by 2030.
EUROPEAN EXAMPLES

More and more countries are inferring national legislative requirements with regards to equal pay between men and women.

Finland:
As of the 1st of January 2015 Finnish companies with an average of 30 employees or more must perform a gender pay survey every third year.

Sweden:
Swedish companies with an average of 25 employees or more must perform a gender pay survey every third year.

Belgium:
Since 2012, firms with over 50 employees are to establish a comparative analysis of the wage structure of female and male employees.

Spain:
Companies with over 250 employees are obliged to formulate and implement gender equality plans.

Austria:
Compulsory requirement for companies to publish equal pay reports every two years.
MULTIPLE LENSES ARE REQUIRED

Same Work

Equivalent Work

Occupational Segregation
PAY BY GRADE

PAY BY GRADE: MALE VS. FEMALE

ANNUAL MEDIAN PAY

GRADE

Disguised Case Study
Pay by Grade and Job Family

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Disguised Case Study
UNDERSTAND THE LEGITIMATE DRIVERS OF PAY DIFFERENCES

Percentage difference in FTE base pay

- Supervisor vs. individual contributor
- New hire in year
- Advanced degree beyond college
- Part-time
- 5 more years in grade (5 vs. 0)
- Above average rating vs. average
- 5 years older (45 vs. 40)
- 5 years more tenure (10 vs. 5)
- Lateral job change in year
- Past leave of absence
- Below average rating vs. average rating
- Promoted in year

Disguised Case Study
UNDERSTANDING CAUSES AND PROGRAMME EFFECTIVENESS

PERFORMANCE VS. PAY INCREASES

Disguised Case Study

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PRIORITY AREAS TO PAY ATTENTION TO

WORKING HOURS
- Compare full-time and part-time workers

STARTING SALARIES

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

PAY FOR PERFORMANCE

AD HOC
- Formal allowance
- In-year pay decisions

A Case in Point:

Ofgel (The Official Graduate Employers List) research published on 14 July 2015
- Feedback from 140,000 graduates
- Whether by course, region, industry or job title: men get paid more than women six months after finishing their degree.
BUT HERE IS THE ISSUE

IT ISN’T ENOUGH

- Female representation is always an issue, and more of a contributor factor in most cases than pure pay systems
- What is this really about?
  - Business solutions
- What is the real opportunity?
  - Business performance
THE EVIDENCE FOR THE POSITIVE FINANCIAL IMPACT OF DIVERSITY IS COMPELLING

COMPANIES WITH BETTER GENDER DIVERSITY ON THEIR BOARDS OR TOP MANAGEMENT TEAMS HAD...

- Higher return on sales: 42%
- Higher return on invested capital: 66%
- Higher return on equity: 53%

DIVERSITY SHOULD BE MANAGED HOLISTICALLY

Talent
- Attraction
- Development
- Promotion
- Retention

Reward
- Compensation
- Performance rewards

Culture
- Leadership behaviour
- Employee engagement
- Culture of inclusion

A Diverse & Inclusive Workforce
WORKFORCE MAP SHOWING GENDER FLOWS

Do we buy or build female talent?

Do we have sufficient movement of females?

Where are our career bottlenecks for females?

Are there focal points of entry and exit for females?
HOW DO CAREERS UNFOLD?

All numbers: Male versus Females

Disguised Case Study
Workforce diversity can only be sustained if it is supported by an inclusive culture (as defined by values, norms, behaviours, leadership, and organisational practices).

**Workforce Movements**
- What employees and managers do

**Cultural Dynamics**
- What employees and managers say
CULTURAL DYNAMICS

FORMAL
Values
Norms
Expected behaviours
Leadership
Organisational practices
HR & business policies
Systems and processes

INFORMAL
Attitudes
Behaviours
How things are done around here!

INCLUSIVE CULTURE
Living the values
Welcomes diversity
Inclusive leaders
Enabling environment
Supports employees through life stages

Organisational Culture is defined as the way in which members of an organisation relate to each other, their work and the outside world in comparison to other organisations. Geert Hofstede
**DIVERSITY & INCLUSION MATURITY MODEL**

**Foundational**

**In compliance:**
- Meet legislative and regulatory requirements at local level
- Providing equality of opportunity
- Policy focus

**Intermediate**

**Integrating inclusion:**
- Focus on creating an inclusive culture through:
  - Leadership
  - Accountability
  - Measurement
- Values driven
- Establish D&I governance

**Advancing**

**Valuing diversity:**
- Identify the business case for diversity
- Raising awareness of diversity
- Communicating business benefit
- Building grassroots engagement
- Build a diverse pipeline

**Mature**

**Leading from the front:**
- D&I core business competence
- Embedding D&I into integrated HR and business systems and processes
- Cultural intelligence

**World Class**

**Innovating:**
- D&I Infrastructure that supports global and local initiatives
- Recognised as a world class leader in D&I
- External brand and internal brand aligned
- D&I drives innovation

Mercer Diversity & Inclusion Networks

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WE OFFER THREE LEVELS OF ASSESSMENT – INTEGRATING REWARD, TALENT AND CULTURE

**General**
- Pay gap analysis
- High level Workforce Maps
- Review of what done D&I to date - baseline
- Review of existing data and insight

**Advanced**
- Job evaluation and equal value testing
- Dynamic analysis of systemic reward risks
- Post maternity analysis
- Extensive Workforce Maps
- Cultural assessment through leadership and manager interviews
- Employee focus groups

**Strategic**
- Causal driver analysis for pay and promotion
- Diversity and inclusion maturity model and diagnostic tool deployed
- Development of integrated Diversity and Inclusion strategy

**Snapshot of current state**

**Understanding of issues and drivers**

**Development of strategy**

Proposition builds cumulatively
Last year Mercer launched the inaugural *When Women Thrive, Businesses Thrive* report based on benchmarking data from Mercer’s gender diversity research with 164 organisations in 28 countries. Do women thrive in your organisation?

We invite your organisation to participate in the 2015 benchmark report and attend our Gender Diversity Conference in Brussels on 9 and 10 November 2015.
