

# Mending the talent gap

March 2015



---

---

# Contents

# The Women's Business Council

The Women's Business Council was set up in 2012 to advise government on how women's contribution to the economy could be maximised and to help improve the lives of girls and women across the country. The Council, which reported to the Government in 2013, made over 40 recommendations for the Government and the business community. <https://www.gov.uk/government/groups/womens-business-council>.

The Council found that there is an enormous amount of untapped potential in the female population that needs to be unlocked and that by equalising men's and women's economic participation rates, we could add more than 10 per cent to the size of the economy by 2030.

Furthermore, there are currently 2.2 million women who are not working and who want to work. There are another 1.3 million women in work who would like to work more hours. That's a huge waste of talent.

A key priority for the Women's Business Council has been to help women reach their full potential – whatever path they choose to follow throughout their lives. Women need to be better informed about career choices, rates of pay in different sectors and the reasons behind the gender pay gap. The key reason the UK has a gender pay gap is that, on average, men occupy more senior jobs, in better-paid careers, than women. In particular, they hugely outnumber women in the top jobs. Men's average pay, overall, is therefore higher than women's. We all need to work together to change this situation.

---

There are currently **2.2 million** women who are not working and who want to work. There are another **1.3 million** women in work who would like to work more hours. **That's a huge waste of talent.**

---

The Council reviewed the lifecycle of women and work, focusing on common experiences at each stage of life and the key transitions where career potential and financial gains are lost.

In Starting Out we considered education and it became clear that whilst girls continue to out-perform boys in academic achievement, they are still much less likely to choose the subjects that lead to higher earnings in later life. By providing better careers advice and information, work experience and 'job-ready' skills, we will improve the talent pool. The Council has developed an innovative resource for parents - Your Daughter's Future - to help girls and their parents consider a range of career options, which was launched in February. <https://nationalcareersservice.direct.gov.uk/youngpeople/Pages/YourDaughtersFuture.aspx>

In Getting On – during the middle phase of women's lives – potential and experience is often lost, especially as women combine childcare and work. By changing workplace culture, offering quality part-time work, re-thinking job-design, developing strong returner programmes and by better managing the talent pipeline, we can avoid critical loss of skills and experience and we can create a level playing field for women.

In Staying On we looked at women in the third stage of their careers and some of the challenges of juggling careers with eldercare responsibilities and skills lost to the changing labour market. We are committed to working with Dr Ros Altmann, the Older Workers Champion (a WBC recommendation) to consider how best to harness and improve the talents of this age group and improve their lifetime earnings. We are delighted to see that Dr Altmann's report was published in March and welcome her recommendations for older working women: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/411420/a-new-vision-for-older-workers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/411420/a-new-vision-for-older-workers.pdf)

We also looked at promoting enterprise as a career option for women of all ages. There is no doubt that the UK needs to develop a dynamic entrepreneurial culture where more people have the ambition, confidence and opportunity to start and to grow their own business.

There is more that business can do. Companies need to assess whether they have a gender pay gap and act on it. After all, the gender pay gap gives a rough indication of the extent to which UK companies are making the best use of their key resource – people! The Council recommended businesses consider implementing "Five Simple Steps" which, if adopted, would go a long way to unlocking women's potential. [https://www.gov.uk/government/.../DCMS\\_WBC\\_Simple\\_Steps.pdf](https://www.gov.uk/government/.../DCMS_WBC_Simple_Steps.pdf)

# Why is tackling the gender pay gap important for employers?

Employers want the best people to work for them, with the best skills and qualifications. Research has shown that organisations perform better when they have a good balance of women across teams and in senior roles. Employers shouldn't risk losing the talent pipeline because their people feel excluded and don't share an equal sense of corporate value. Attracting, developing and retaining talent is vital to commercial sustainability.

A shared goal of both the Government and the business community is to increase the UK's competitiveness and generate higher levels of sustainable growth and productivity in a modern, agile, global economy. We now have the highest ever female employment rate – 68.5 per cent. With women making up such a high proportion of the workforce, equal opportunities are not only right in principle they are also essential to economic success.

The UK economy is losing out on £18 billion due to 520,000 job vacancies that businesses are unable to fill due to a lack of relevant skills, according to new research by Everline, the digital lender for small businesses and Centre for Economic and Business Research <http://www.hrreview.co.uk/hr-news/recruitment/skills-shortage-for-small-businesses-impacts-economy-by-18billion/54103>

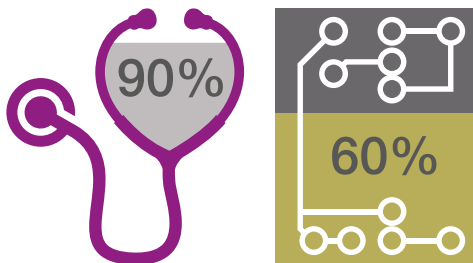
The UK economy is losing out on **£18 billion** due to **520,000 job vacancies** that businesses are unable to fill due to a lack of relevant skills.

### Competing in the global economy

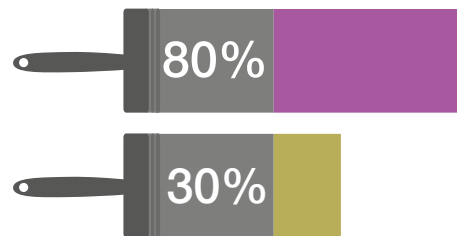
The UK Commission for Employment and Skills analysis of employment patterns to 2020 and current skills shortages gives us an indication of where future labour supply will be needed. Shortages in these key areas damage the economy and could undermine company profits. Many of these areas are male-dominated industries and increasing the number of women entering and staying in these sectors could address these shortages.

### Skills Shortages

Many sectors are facing skills shortages and a large gender imbalance in their workforces, including the STEM industries. The Your Life campaign is a concerted effort to address it. This is a call to action to get educators, industry and the Government to commit to boosting participation in technology and engineering and the campaign currently has over 180 signatories. To join in go to <http://partners.yourlife.org.uk/the-call-to-action>



90% of women want jobs that help people, 60% of women believe that tech jobs do not fit this role.  
Cisco 2009



80% of girls want creative, independent job roles. Only 30% of women believe that tech jobs can provide such an opportunity.  
Cisco 2009



Currently only 17% of all tech jobs in the UK are held by women.  
Cisco 2009



30% of the best jobs for a woman are in tech.  
Cisco 2009

# What is the gender pay gap?

The gender pay gap is the difference between the average salaries of men and women in the UK<sup>1</sup>. It is usually measured by looking at hourly pay rates.

The gender pay gap is often confused with equal pay which is different. 'The right to equal pay means there should be no difference in the contractual terms of a woman and a man doing equal work, who both work for the same employer.' Equality Act 2010.

For employees, additional information can be found here [https://www.everywoman.com/sites/default/files/file/GEO\\_leaflet.pdf](https://www.everywoman.com/sites/default/files/file/GEO_leaflet.pdf)

## What are the reasons for the gender pay gap?

Women are disproportionately employed in poorly-paid professions (cleaning, catering, childcare), and under-represented in well-paid ones. Women make up 94% of secretaries and 95% of child care assistants, but only 6% of engineers and 14% of architects, town planners and surveyors. This is despite girls doing better than boys at GCSE, including in Maths and Science.

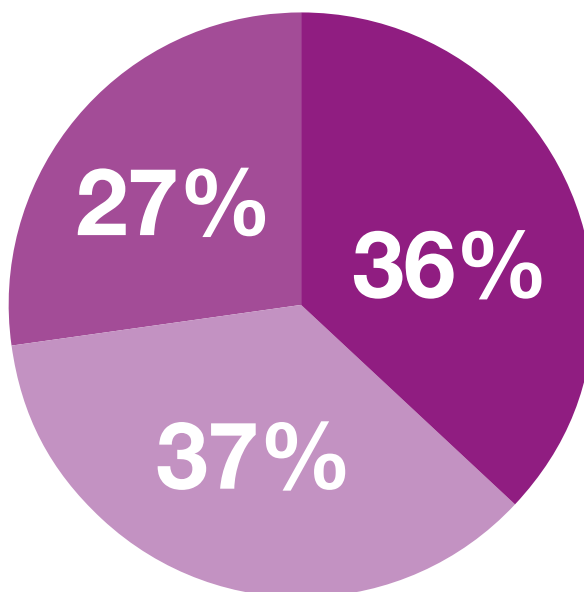
Women are also on average likely to progress less far up the career ladder. Women are 47% of the workforce, but make up only 34% of managers, directors and senior officials and only 18% of FTSE250 board members. This can be for a variety of reasons, but a key one is that women have often taken time out of the labour market to look after children, or are working part-time.

Thirdly, as referred to above, women are still sometimes not paid as well as men for the same jobs. This is not the biggest cause of the pay gap, but it remains a factor. It is important to note that in many cases this will not be intentional.

<sup>1</sup> The gender pay gap refers to the difference between men's earnings and women's earnings as a percentage of men's earnings.



Women are still sometimes not paid as well as men for the same jobs. This is not the biggest cause of the pay gap, but it remains a factor. It is important to note that in many cases this will not be intentional.



Source: RESEARCH FINDINGS No. 2010 / 2  
The Gender Pay Gap in the UK: 1995 to 2007

- Lower pay due to working in less well paid sectors, or having lower/different qualifications
- Lower pay as a result of working part-time, or of having taken a career break
- Other factors - which include personal choice, corporate cultures, unconscious bias, and discrimination

### How bad is the problem?

The gender pay gap – the difference between men and women’s average hourly pay rates – currently stands at 19.1%. While this is too high, it is actually the lowest level it has ever been.

The situation is better for younger women, and for those working full-time. If only full-time workers are considered, the gap is 9.4%; and among full-time workers below the age of 40 there is virtually no pay gap at all – women earn the same per hour as men.

But around 45% of women work part-time – compared to 15% of men – and part-time work is much less well paid per hour than full-time work. There is also a pay gap among older workers.



# Why is it important for business?

Business has a clear role to play.

Disadvantaging a significant proportion of the workforce:

- is critical to the UK's growth. Continuing the economic recovery requires us to draw on the skills, experience and talents of everyone;
- is potentially harmful for individual businesses if employees seek redress through the courts;
- is damaging to the lifetime incomes and economic well-being of many women;
- undermines financial returns on public and private investment in education and training; and,
- compromises opportunities to care for dependants, which has a moral and cost implication for society at large

Creating agile workplaces and strong leadership from the top is vital to help address the gender pay gap.

## A role for business

There are some actions all businesses can take to help. Promoting family friendly policies and ensuring that businesses are bringing in, and bringing on, talented women are important measures that will really make a difference. But going the extra step of identifying pay differentials, reporting on progress and being part of the debate is also essential. Creating agile workplaces and strong leadership from the top is vital to help address the gender pay gap.

It is important for businesses to understand what the gender pay gap actually is. There are clear pay gaps across all sectors and certain sectors are performing better than others, as shown in the table to the right.

## Full Time Gender Pay Gap By Industry (UK Average = 9.4%)

Source: ASHE 2014 (Annualised Survey of Hours and Earnings) from the ONS (Office of National Statistics)

Industry Group	Gender Pay Gap	Average Hourly Pay
Financial and insurance activities	35.2%	£19.39
Electricity, gas, steam and air conditioning supply	28.5%	£17.61
Professional, scientific and technical activities	20.5%	£16.42
Manufacturing	20.1%	£12.74
Human health and social work activities	18.7%	£12.95
Information and communication	15.2%	£17.58
Construction	14.1%	£12.99
Wholesale and retail trade; repair of motor vehicles and motorcycles	12.3%	£10.13
Other service activities	12.3%	£11.88
Real estate activities	11.4%	£13.08
Public administration and defence; compulsory social security	11.1%	£15.21
Education	11.0%	£15.99
Agriculture, forestry and fishing	10.5%	£8.83
Arts, entertainment and recreation	6.4%	£10.46
Accommodation and food service activities	5.5%	£7.62
Administrative and support service activities	1.2%	£9.86
Water supply; sewerage, waste management and remediation activities	0.8%	£12.78
Transportation and storage	-2.2%	£12.21
Mining and quarrying	-4.2%	£16.86

### Think Talent.....

- Introduce effective talent management
- Take advantage of payroll/HR software that analyses personnel data to identify gender pay gaps – equal pacE is a new EU software solution that could help <http://www.equal-pace.eu/united-kingdom/>
- Develop modern, agile workplaces
- Tackle unconscious bias in recruitment and promotion practices
- Sign up to *Think, Act, Report* <https://www.gov.uk/government/policies/creating-a-fairer-and-more-equal-society/supporting-pages/think-act-report> and join the business community of good practice

### Think Family Friendly.....

- Promote flexible working and parental leave
- Offer job shares and good quality part-time working opportunities – think about using Timewise <http://www.timewiserecruitment.co.uk/>
- Facilitate access to affordable childcare
- Introduce schemes to help women back into the workplace after a break – think about Women Returners <http://womenreturners.com/>
- Have policies in place to support those with caring responsibilities

## Think WBC

Many of the best employers are already taking actions that can help and support women in their workplace. Businesses with more diverse workforces are stronger performers and can attract the best talent. You can find out what these companies are doing here: <http://womensbusinesscouncil.dcms.gov.uk/case-studies/>

## Case Study - Gender Pay Analysis

Case studies explaining how companies signed up to the Think, Act, Report campaign are improving gender equality in the workplace are available online, including case studies of large companies like Tesco and PWC that have successfully conducted gender pay analysis: <https://www.gov.uk/government/collections/gender-equality-in-the-workplace-think-act-report-case-study-series>

For more information visit  
[womensbusinesscouncil.dcms.gov.uk](https://www.womensbusinesscouncil.dcms.gov.uk)

