

Can mandatory gender pay gap reporting deliver true opportunity for women?



From April 2018, the UK will be one of the first countries in the world to implement mandatory gender pay gap reporting for companies with 250 or more employees. [Louise Dalingwater](#) assesses the policy, which was first announced by the Coalition in 2010, and highlights the reasons why it may not address gender inequalities effectively.

In 2014, a [highly critical report](#) commissioned by the European Commission claimed that gender policy was a contested political principle in the UK, with a limited focus in political discourse on gender equality. The question of equality in official speeches appeared to be somewhat lost in the discourse on fairness, eligibility, entitlement and merit.

Have things changed? In an attempt to seize centre ground in 2015, former Prime Minister David Cameron [claimed](#) that the Conservatives had always been the party of equal opportunity and that decisive action would be taken to tackle gender inequalities head-on:

[A Tory conference guest commented:] “What on earth are the Tories doing speaking about equality? It’s not their issue.” To this, I say “nonsense”. We’re not just the party of the first Jewish prime minister and the first female prime minister; (...) today [we] will start forcing companies to publish the gap between men and women’s pay.

The Cameron government then announced concrete plans for mandatory pay reporting. But what will this mean in practice? From April 2018, the UK will become one of the first countries in the world to require voluntary, private and public sector employers with 250 or more employees to publish gender pay gap reporting. There would, however, appear to be some essential weaknesses in this framework.

First, disclosure does not directly address the problem of horizontal and vertical segregation: women unable to progress in their career and being over-represented in low paid, low prospect jobs. Progress in increasing female representation on boards in the top 350 companies, following the recommendations of the 2010 Davies report, has been slow. The overall representation of women in FTSE 100 Combined Executive Committee and Direct Reports was only [fractionally higher in 2017](#) (0.1 percentage points) compared to the previous year.

Second, Mandatory Pay reporting may also lead companies to regrade or re-title jobs that are occupied by men to justify pay gaps. This is indeed what happened after the introduction of the Equal Pay Act of 1970.

Third, such reporting does not address the part-time pay gap because companies are not obliged to submit information on part-timers. And yet, the United Kingdom has the third highest incidence of female part-time workers in the OECD. Despite laws to increase part-time workers’ rights, there are many drawbacks to working part-time, including lower hourly earnings, fewer training and promotion opportunities, less job security, less access to unemployment insurance and reduced pension entitlements. This high incidence of part-time work among women has been found to result in a significant pay and opportunities gap in the United Kingdom.



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The main problem with part-time work is that it is overwhelmingly concentrated in low-paid sectors, which tends to fuel labour market segmentation. The highest paying and highest ranking managerial, professional and associate professional occupations are predominately available full-time only. The low-rated and low-paid occupations in service, sales and elementary positions are occupied by more women than men and by more part-timers.

After analysing the incidence of part-time work across countries, the OECD [concluded](#) that women are more likely to work part-time in countries with high childcare costs. While local authority childcare places have decreased, along with cuts to local budgets from 2010 onwards, there has been a massive increase in the number of private nurseries and childminders. The [cost of care](#) dissuades women from taking up work because it amounts to 33% on average of household income compared to 13% on average in OECD countries.

Companies that already practice gender pay disclosure are very upbeat about the extent to which it can help tackle discrimination, by not only looking at gaps within similar positions, but also issues relating to vertical segregation, as [described](#) by PricewaterhouseCoopers:

At PwC, publishing our gender pay gap has allowed us to understand the reasons for the gap and hold ourselves accountable to make changes. For example, we know that a sizeable part of our pay gap is a result of having fewer women in senior positions, so this is an area where we continue to focus our efforts. We're also challenging our recruitment processes, making more senior jobs available on a flexible or part-time basis, and have introduced a return to work programme.

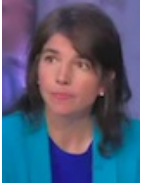
Such decisive action from the central government is certainly laudable, even if it was, in fact, acting Labour leader Harriet Harman who included powers for government to impose gender pay gap reporting within the Equalities Act of 2010. Some might argue that it is a sign that gender inequalities are being tackled head-on.

However, there is a need to redress gender imbalances at all levels. Policies and practices at the firm level and within the household as well as government policy must be part of the equation. At the governmental level, macroeconomic policies need to be more gender sensitive and welfare policies need to be implemented that do not discriminate against women. Also, measures are needed to tackle the structural and institutional causes of gender disparities. Mandatory quotas for women on boards rather than the current voluntary based quotas could help reduce inequalities.

More gender friendly working arrangements are also needed. The LSE's Commission on Gender, Inequality and Power [recommended](#) a national care service to ensure that affordable, accessible and appropriate care is available: "Care provision is vital to individual and social well-being and resolving the care question is fundamental to redressing and ultimately resolving gender inequality". With the fifth largest gender gap in Europe and the biggest increase in the pay gap this year, decisive action needs to be taken at all levels.

Note: the above draws on the author's [book chapter](#) "Gender Inequalities in Britain: Bridging the Gap in Pay and Prospects".

About the Author



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