Tackling gender, disability and ethnicity pay gaps

a progress review

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**Equality and
Human Rights
Commission**

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Executive summary

Introduction

This report was commissioned to examine the effectiveness of interventions to tackle the gender, disability and ethnicity pay gaps in the UK. It contains the findings of a literature review and summarises views expressed during workshop discussions with employers and stakeholders. In addition to presenting evidence on interventions and, where available, their effectiveness, the report provides an overview of the legislative framework and a description of employers' progress in tackling pay gaps.

Key findings

The literature review

This review found some evidence of evaluation of policy and practice aimed at tackling the gender pay gap. In relation to the ethnicity and disability pay gaps, very little evidence of specific interventions, or evaluations of them, was found. The following paragraphs summarise the main findings.

Quantifying the impact of the National Minimum Wage (NMW) on pay gaps is not straightforward. Following its introduction the gender pay gap narrowed, particularly for the lowest paid workers. However, analysis suggests that raising the NMW to the Living Wage (a voluntary benchmark set independently from Government) would shrink the gender pay gap only very slightly. This is partly because so few women occupy the highest-paid jobs. The exact impact of the NMW on disability and ethnicity pay gaps is unknown, although there is some evidence that its introduction increased the pay and employment rates of disabled people.

Voluntary initiatives have failed to tackle the gender pay gap because employers' participation rates have been low. 'Think, Act, Report', the Government's campaign to enhance gender equality in the workplace, has had poor take-up as a result of widespread complacency on the part of employers. Many companies fail to recognise they have a gender pay gap and therefore take no action to close it; others

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do not see it as a priority. This has led the Government to enact legislation for mandatory gender pay gap reporting from April 2017[1] for private and voluntary sector employers with 250 or more employees. The Government has consulted[2] on its proposal for the same requirement on the public sector.

Bonuses and highly variable pay, more commonly found in the private sector, have been found to put women at risk of disadvantage. By contrast, public sector employers are subject to stronger regulatory requirements and pay controls. Whatever the outcome of specific interventions, statistics show that the public sector has a lower overall gender pay gap than the private sector.

Tentative conclusions can be drawn by making international comparisons. Finland and Sweden place more stringent reporting requirements on employers and provide more generous funding for shared parental leave. Fathers' take-up of parental leave is much higher in Scandinavian countries than in the UK, where it is extremely low: a survey found that almost a third of British fathers would not consider taking it. While the exact impact of specific initiatives is unknown, the UK's gender pay gap is larger than that of many other European and Scandinavian countries.

Some public, voluntary and private sector employers have introduced measures to support female employees' career progression. Typical schemes offer training and development, mentoring, peer support and assistance for those returning from maternity leave, alongside – in some cases – voluntary representation targets at senior levels. There is some evidence of success, although little is known about the effect of these activities on pay gaps.

 This research did not identify any interventions aimed explicitly at reducing the ethnic and disability pay gaps. However, there have been interventions to improve labour market participation and tackle discrimination. Their effect on pay gaps is unknown, although there is strong evidence that anonymised recruitment leads to fairer outcomes. This applies to gender too.

Closing the disability pay gap is a distant prospect, despite the existence of interventions to support disabled people in work. The Access to Work scheme, which provides funding to support disabled people in employment, has been found to reduce sickness absence and improve well-being. However, the voluntary 'Two Ticks' initiative, aimed at encouraging employers to retain and develop disabled people, has met with limited success. It has been criticised for allowing employers to reap reputational benefits without making meaningful change. Among disabled

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[1] Proposed date at time of writing.
[2] Consultation ended 30 September 2016.

people there is a statistical association, if not a causal link, between higher pay and receiving mentoring and support from senior staff.

As with disability, almost nothing is known about how to close the ethnicity pay gap, and progress is slow. When it comes to recruitment, there is evidence of racial discrimination against ethnic minorities, although its effect on the ethnicity pay gap is impossible to quantify. Employers' initiatives to improve recruitment and development tend to be piecemeal and unambitious, and their effectiveness in tackling the pay gap is not clear.

The causes of pay gaps are complex. They are driven by the structures of labour markets and wider society. For example, women are more likely to work part-time, qualified people from ethnic minorities are over-represented in low-paid work and disabled people's employment rate is low. This means solutions to pay gaps are likely to require a range of government and employer actions to tackle all the various factors.

The workshops

The purpose of the workshops was to engage with employers and experts about how to tackle gender, disability and ethnicity pay gaps in practice. Participants were unable to identify interventions which specifically reduced pay gaps, although they did discuss a range of activities that employers are engaged in to enhance diversity.

It was suggested that the Government should develop clear standards to help employers meet the forthcoming gender pay gap regulations and provide guidance, support and incentives to make progress.

Because of the new regulations, the gender pay gap is a high priority for company boards. Strong leadership from the board and chief executive is the pre-requisite for tackling pay gaps and improving equality and diversity, particularly in senior roles.

Employers' efforts on ethnicity and disability tend to lag behind those on gender. Poor quality data on employees' ethnicity and disability status mean many employers are not able to diagnose the problem.

Participants highlighted the long-term challenges facing society with respect to achieving greater equality and fairness at work. Early years intervention and good careers advice in schools were seen as particularly important.

Conclusion

Pay gaps reflect wider, entrenched social and economic inequalities and tackling them is a complex task. Academic literature has focused on the causes and challenges of pay gaps rather than on identifying and evaluating effective solutions. As a result there is little available robust evidence on the impact of interventions. The workshop discussions suggest that many employers do not yet understand the size and causes of their pay gaps and have often taken only tentative steps to tackle them.

However, this report does highlight legislation, UK Government-led strategies and employer interventions that have the potential to reduce the pay gaps for women, disabled people and ethnic minorities. By comparing different sectors and countries, the analysis highlights the types of interventions that are associated with smaller pay gaps – in relation to gender at least.

This report complements our statistical analyses of pay gaps, which look in detail at the causes and drivers of pay gaps. Table 5.1 at the end of this report summarises the evidence on a wide range of policy and employer initiatives.

1 | Introduction

This report, commissioned by the Equality and Human Rights Commission ('the Commission'), contains the findings of a literature review and workshop discussions held with experts and employers on the effectiveness of interventions to tackle the gender, disability and ethnicity pay gaps in Great Britain.

1.1   Literature review methodology

A broad range of search terms were used to identify relevant literature in academic databases (such as Emerald, IBSS, Sage, XpertHR, Wiley and JSTOR) accessed through the University of Brighton. Grey literature was included where appropriate, such as government publications and reports from charities and industry bodies. Further key pieces of evidence from citations in bibliographies and literature were also included to help bolster areas of the review where there was a paucity of evidence. Most of the literature reviewed was UK-based but some European and international papers have been included where they discuss innovative initiatives on pay gaps. The scope of the review was limited to literature dating from 2005 onwards.

1.2   Workshop discussions

A total of five workshops were held in November 2015 in London, Edinburgh and Cardiff (see Appendix for full methodology). They were attended by public and private sector employers, trade unions, voluntary sector organisations and other stakeholders. The purpose of the workshops was to learn from practitioner and expert experience, and identify key challenges and views on 'what works' in reducing gender, disability and ethnicity pay gaps.

The findings from the workshops are interwoven with the literature review but are explicitly identified as such. Readers should bear in mind that the workshop findings are not intended to be statistically representative. Instead, they offer some insight

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into the 'real-life' experiences, perceptions and opinions of those with a professional interest in tackling pay gaps.

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2 | The gender pay gap

2.1   Introduction

The gender pay gap is a statistical measure of the difference between men and women's average earnings across an organisation or the labour market. It is generally expressed as a percentage difference, with men's pay representing 100%. The gender pay gap is different from equal pay, a legal requirement that men and women in the same employment and performing equal work must receive equal pay. Unequal pay may contribute to an organisation's gender pay gap, but even if equal pay operates properly there may still be a pay gap. This often reflects men and women's different outcomes in relation to their education and careers, particularly the opportunities they may or may not have to reach senior roles.

The latest figures (ONS, 2016a) for the gender pay gap for all employees (full and part time) show a change from 19.2% in 2015 to 18.1% in 2016. The ONS figures highlight that, in 2016, the gender pay gap among the top 10% of earners (full-time employees) has remained largely consistent, fluctuating just below 20% (18.8% in 2016). However, for the bottom 10% of earners, the gender pay gap has narrowed over the long term, to 4.9% (at the median) by April 2016, down from 6.5% in 2015. This large decrease is likely to be connected to the introduction of the National Living Wage (ONS, 2016a).

The gender pay gap for full-time employees in the private sector decreased from 17.4% in 2015 to 16.6% in 2016 – the lowest since the series began in 1997. The gender pay gap in the public sector has also decreased from 11.8% to 11.3% in the same period (ONS, 2016a).[3]

The gender pay gap is also shown to vary by occupation and reflects in particular the heavy concentration of female employment in generally low-paying sectors and occupational groupings. For full-time employees, the pay gap is in men's favour for

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[3] The composition of the public and private sectors changes from year to year and this will influence the gender pay gap. For example, any creation of jobs in higher-paying occupations with a high proportion of female employees would help to reduce the gap (ONS, 2016).

all the main occupational groups, ranging widely from 3.9% in sales and customer service, to 25.1% in the skilled trades occupations in 2016 (ONS, 2016a).

The employment rate for women in June to August 2016 was 69.7%, higher than the same period in 2015[4] (ONS, 2016b). Women are increasingly highly educated and aspire to hold more senior positions much more so than in the past. However, top jobs continue to be held by men, with only one in four executive and senior management roles in FTSE 350 companies held by women (EHRC, 2016b). The EHRC's statistical analysis (Brynin, 2017) points to the influence of different subject (at school and in higher education) and work choices, with occupational segregation a key factor. Women often take time out to have children and may work fewer or flexible hours on return. This can affect their pay and career progression. In addition, their choices may be constrained by inflexible workplace systems and practices. Unconscious bias and discrimination may undermine women at many stages of their careers and limit access to quality, well-paid work.

2.2   Equality legislation and government policy

2.2.1 Legislation

The **Equality Act 2010 ('the Act')** legally protects people from being discriminated against because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. Part of the protection against sex discrimination provided by the Act is a contractual right for women and men to have equal pay for equal work. The Act entitles male and female employees to equality in their pay and other terms of employment (such as bonuses, holiday entitlement, company cars, pensions contributions and any other benefits) if they are doing equal work for the same employer. This is known as 'equality of terms'. It does so by providing that a sex equality clause is incorporated into contracts of employment, ensuring that women's contractual terms are no less favourable than men's, and vice versa.

The Public Sector Equality Duty (PSED) was created under the Equality Act 2010. It consists of a general equality duty, with three main aims (set out in section 149 of the Equality Act 2010), and specific duties. The general duty applies to England, Scotland and Wales, but the specific duties are devolved to the Scottish Parliament

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[4] The increase in the employment rate for women is partly due to ongoing changes to the state pension age for women, resulting in fewer women retiring between the ages of 60 and 65.

and the Welsh Assembly, resulting in different obligations on public bodies relating to equal pay.

In England there is no specific duty relating to equal pay (although there is a general duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations). However, the UK Government announced that it intends to introduce mandatory gender pay gap reporting for the public sector in England through separate legislation.[5]

In Scotland, the specific duties require a listed authority to publish pay gap information every two years on the percentage difference, among its employees, between men and women's average hourly pay (excluding overtime). A listed authority is also required to publish a statement on equal pay every four years. An equal pay statement has to include an authority's equal pay policy together with details of both horizontal and vertical occupational segregation – i.e. the concentration of men and women in particular occupations and at particular grades. No publication is necessary if the authority has not had 20 (lowered in 2016 from 150) employees at any point since these regulations came into force or since publication was last due.

The Commission conducted a review of compliance with the Scottish Specific Duties in 2013, which found that 95% of public authorities required to publish their gender pay gap did so. Similarly, 96% of public authorities required to publish an Equal Pay Statement did so (EHRC Scotland, 2013).

In Wales, public sector bodies are required to have 'due regard to the need to have 'equality objectives that address the causes of any differences between the pay of any employee who has a protected characteristic and an employee who does not, where either….the difference in pay is related to the employee's protected characteristic, or it appears to be reasonably likely…that the difference is related to the employee's protected characteristic' (EHRC, 2014, p. 95).[6] The Commission monitored compliance with the duty and examined the higher education sector in Wales. They found that the Welsh Specific Duties have been helpful in getting

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[5] See: https://www.gov.uk/government/news/pm-announces-new-measures-to-eradicate-gender-pay-inequality [accessed: 14 December 2016].

[6] The Equality and Human Rights Commission guidance on the PSED in Wales adds that, in respect of gender, a public body must publish:

- an equality objective to address any gender pay gap identified or or else publish reasons why it has not done so
- an action plan in respect of gender pay setting out any policy it has that relates to the need to address the causes of any gender pay difference
- any gender pay equality objective it has published (including any revisions), and
- a statement about the steps it has taken or intends to take to fulfil its gender pay objective and how long it expects to take (EHRC, 2011)

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university leaders to place a greater emphasis on equality issues Most universities reported some progress in narrowing gender pay differences, and are gathering and analysing payroll and human resources data to identify and understand the causes of the pay gap in their institution (EHRC Wales, 2014).

2.3   Interventions to address the gender pay gap

2.3.1 Equal pay audits

An equal pay audit is a process of comparing the pay of employees carrying out equal work in order to highlight any differences, considering the reason(s) for those differences, making action plans to rectify any that are unlawful, and then monitoring progress and improvements.

The Equality Act 2010 (Equal Pay Audits) Regulations 2014[7] stipulate that when an organisation loses an equal pay case it must carry out an equal pay audit. While it is too soon to assess the effectiveness of this legislation, qualitative research by Incomes Data Services (IDS, 2012)[8] allows us to consider the potential effectiveness of placing audit requirements on an employer who is found to have discriminated on pay. As part of the Modern Workplaces Consultation,[9] IDS examined a sample of equal pay claims brought to tribunals. The purpose was to analyse whether or not an equal pay audit order might have been useful to ensure pay inequality did not continue. The research found that in several cases there was good reason to think that an equal pay audit would have helped mitigate the risk of future discrimination (IDS, 2012).

A public sector workshop participant expressed the view that they are more common in the public sector than the private sector, but even then, the quality of equal pay audits is typically poor.

2.3.2 Reporting and publishing employers' gender pay gaps

In its Equality Strategy 2010, the Government committed to developing a voluntary approach to gender pay gap reporting in the private and voluntary sectors. The prevalence of pay gap reporting was reviewed annually to assess whether the voluntary approach was successful and to determine if 'alternatives are required,

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[7] See: http://www.legislation.gov.uk/uksi/2014/2559/contents/made [accessed: 14 December 2016].
[8] Based on analysis of successful judgments in claims of equal pay or sex discrimination in pay over an eight-year period. Some 41 judgements were identified (IDS, 2012).
[9] See: https://www.gov.uk/government/consultations/consultation-on-modern-workplaces [accessed: 14 December 2016].

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including using a mandatory approach through Section 78 of the Equality Act 2010'
(GEO, 2011; EHRC, 2015b; GEO, 2012a).

IFF Research (2015) examined the extent to which private and non-profit employers
with 150 or more staff collect, report and publish data on pay by gender.[10] Dewson *et al.* (2011)[11] investigated the same with employers of 150–249 staff, and Adams *et al.* (2010)[12] undertook similar research with employers of 250 staff or more.

Interestingly, all three studies found that the most common reason for not conducting
a gender pay gap review was not a lack of data, knowledge or skills to undertake an
analysis, but that organisations thought they already provided equal pay (89% for
those with 150 or more staff; 80% for medium-sized employers; and 85% for large
employers). This research suggests that employers seem to confuse equal pay with
the gender pay gap. Workshop participants confirmed that many employers did not
understand the difference between the gender pay gap and equal pay. In addition,
Dewson *et al.* (2011, p. 36) note that 'overcoming the belief among employers that
pay reviews and equality reporting are not relevant to their organisation, because
they believe they already provide equal pay, presents a real challenge'.

The Government's 'Think, Act, Report' initiative, launched in 2011, supported the
voluntary approach. A business-led initiative, it set out a voluntary framework for
gender pay gap reporting and aimed to drive a cultural change towards greater
transparency and sharing best practice. Over 290 companies have signed up to the
campaign, covering over 2.5 million employees. The IFF Research report 'Company
Reporting: Gender Pay Data' (2015) highlighted that 16% of employers with 150 or
more staff had heard of the 'Think, Act, Report' initiative and the proportions
generally increased with the size of the organisation.[13] However, overall only 5% of
the employers who had heard of the initiative had signed up to it, equivalent to 1% of
all employers covered in the survey. The two main reasons for not signing up to it
among those that knew of it were believing that they had no issue, with all staff
treated equally and it simply not being a priority for the organisation (IFF Research,
2015).

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[10] A telephone survey was conducted with 855 private and voluntary sector employers in September
2014 (IFF Research, 2015).
[11] The response rate for this survey was relatively low, achieving only 185 interviews and 17
qualitative interviews (Dewson *et al.*, 2011).
[12] A telephone survey was conducted with 900 private and voluntary sector employers (Adams *et al.*,
2010).
[13] The figures show that the proportion of those who had heard of the initiative were: 14% of those
with 150–249 employees; 11% of those with 250–499 employees; 19% of those with 500–999
employees; 26% of those with 1,000 or more employees (IFF Research, 2015).

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In summary, voluntary approaches to gender pay gap reporting have met with limited success. Employers often have misguided assumptions about the equality of their pay structures, and fail to prioritise the issue. This means they take no voluntary action to reduce the gender pay gap.

2.3.3 The move to compulsory gender pay gap reporting

In the light of slow progress in relation to voluntary gender pay reporting, in 2015 the UK Government decided to enact Section 78 of the Equality Act 2010. This requires private sector organisations with 250 or more employees to publish information on their gender pay gap.

The Fawcett Society reported that 59% of employees would still be unaffected by this requirement. Of the 4.7 million businesses in the UK, only about 6,700 have more than 250 employees (cited in Gow and Middlemiss, 2011). The Fawcett Society recommends that reporting requirement should be extended to organisations with over 50 employees (Ibid.).

This would mirror the approach taken by some other European countries:

- In **Sweden**, businesses with 25 or more employees must conduct an equality action plan every three years, which has contributed to a gender pay gap of only 3% for women working in male-dominated occupations (Gow and Middlemiss, 2011; GEO, 2015).

- In **Austria**, companies with more than 150 employees must provide gender pay gap information every other year to employees, detailing the pay gap for each occupational group or pay grade (GEO, 2015).

- In **Italy**, companies with more than 100 employees are obliged to report on and prevent gender pay gaps (Eurofound, 2010, p. 15).

- In **Finland**, the Equality Act requires employers with more than 30 staff to produce an equality plan to share with employees every other year. This plan must include a pay survey, reporting the gender pay gap within job roles and pay grades (GEO, 2015).

- In **Denmark**, companies are required to conduct a gender audit to compare salaries of women and men and publish annual statistics, which must then be the subject of discussion between management and employees. This duty was recently extended to all companies with 10 or more employees, where at least three are men and three are women (Eversheds, 2015).

- In **France**, companies with more than 50 employees are required to negotiate a collective agreement with measures aimed at closing the gender pay gap, or

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draw up an annual gender pay action plan based on an analysis of inequality in their workplaces (Eversheds, 2015).

2.3.4 The value of gender pay gap reporting: the view from the workshops

Some participants recognised that the voluntary approach to gender pay gap reporting had not worked and felt that making this requirement compulsory would ensure that it was not lost amid other competing priorities.

Some participants recognised the importance of employers being given the opportunity to provide a narrative to explain a pay gap. This ensures there is no misinterpretation of a pay gap as evidence of unequal pay. If a gender pay gap is found, employers ought to set out the causes and actions they intend to take to tackle systemic issues. The participants felt that employers have no excuse not to investigate the pay gap and tackle any gaps they find.

Some workshop participants worried that gender pay gap reporting could be onerous and smaller organisations may not have the resources required. Others disagreed, claiming that reporting was not a particularly heavy administrative or financial burden with modern financial and IT systems. Most of the organisations that participated in the workshop had pay data they could analyse and the process could be much simpler in small organisations than in multinational corporations.

There was consensus that the bigger issues for employers are: first, what the data actually shows, beyond a single pay gap figure; second, what action the employers take to tackle causes; and, third, the financial costs of closing pay gaps, if this is feasible. Some employers were worried about encouraging equal pay claims if the pay gap was disclosed and found to be caused by unequal pay.

There was a call for a standardised method for reporting the gender pay gap, assistance for employers to interpret pay data and guidance for taking action where necessary.

2.4 Other National Policy Interventions

2.4.1 The National Minimum Wage

The National Minimum Wage (NMW) was introduced in 1999 and evidence from the Low Pay Commission shows that it has benefited low paid workers (Phimister and Theodossiou, 2009).

Literature suggests that the NMW would go some way to closing the gender pay gap at the bottom of earnings distribution and improve the position of part-time women (Azmat, 2015; Manning and Petrongolo, 2008). Recent evidence from the Low Pay Commission (LPC) states that the gender pay gap has fallen since the introduction of the NMW and has almost halved at the lowest decile from 12.9% in 1998 to 5.5% in 2014 (LPC, 2015). Metcalf (2008) suggested that it is 'plausible that the NMW made a significant contribution to this compression of the pay gap' (2008, p. 492).

The analysis used by Manning and Petrongolo shows that the introduction of the NMW had a small effect on the part-time pay gap of about 1 percentage point. This is attributed to the NMW being set at a 'modest level'; Manning and Petrongolo argue that 'unless the NMW is set at a considerably higher level it is not going to have a large effect on the part-time pay penalty' (Manning and Petrongolo, 2008, p. 45).

The UK Government's new National Living Wage became law on 1 April 2016. Workers aged 25 or over and not in the first year of an apprenticeship are entitled to at least £7.20 per hour.[14]

The National Living Wage should not to be confused with the Living Wage. The Living Wage is a voluntary benchmark which is set annually by the Living Wage Foundation[15], based on independent research into the UK's Minimum Income Standard. The Living Wage tends to be higher than the National Minimum Wage. In 2016, the Living Wage was £8.25 an hour for the UK and £9.40 for London.

In 2014, the Fawcett Society examined whether raising the National Minimum Wage to the level of the Living Wage would make a difference to the gender pay gap. While this would raise the pay of almost 1 million more women than men (2.96 million women and 2.03 million men), the gender pay gap would only reduce by 0.8% (Fawcett Society, 2014). This is because most women who are affected work part-time (1.8 million); whereas most men who are affected work full-time (1.36 million). The very small reduction also reflects the lack of women in senior posts at the higher

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[14] See: https://www.livingwage.gov.uk/ [accessed 6 February 2017].
[15] Living Wage Foundation: http://www.livingwage.org.uk/ [accessed 6 February 2017].

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end of the earnings distribution. The Fawcett Society argue that, while interventions tackling low pay can be effective, these need to be supported by interventions to increase the quality of part-time work and remove barriers to career progression for part-time workers (Fawcett Society, 2014).

2.4.2 Shared Parental Leave

Shared parental leave aims to improve women's position in the labour market by supporting a more equal sharing of childcare responsibilities. Parents may be eligible for Shared Parental Leave and Statutory Shared Parental Pay for children born or adopted after 5 April 2015.[16] The policy intention of Shared Parental Leave is that both parents retain a strong link to the labour market and remain in work. A more even sharing of part-time work would most likely have a positive impact on the gender pay gap (BIS, 2013).

In the impact assessment of the policy, the expected take-up of shared leave was low, ranging from 2% to 8% (BIS, 2013). Research by the National Childbirth Trust, based on interviews with over 2,000 men and women, found that almost a third of the men interviewed (30%) would not consider sharing parental leave with their partner. Of those, almost half (45%) stated that the poor remuneration of parental leave was the key barrier (NCT, 2014).

Furthermore, recent practitioner research by legal firm Hogan Lovells and My Family Care (an organisation providing family-friendly work solutions), based on a small sample of 70 organisations, found that only three of these companies had seen a significant uptake of shared parental leave since it came into effect in April 2015. This small survey found the biggest barrier to take-up was a cultural perception that extended time off would be career limiting for a father (cited in Sanghani, 2015)

While many employers provide maternity pay at a higher rate than the statutory requirement, few have enhanced provisions for paternity leave. This means there is normally a financial penalty if couples wish to share childcare more equally. Drawing some broad conclusions from these indicative studies, it can be suggested that new legislation in supporting women's return to the labour market with associated career and pay benefits may be limited in effectiveness.

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[16] For those eligible, both parents can share up to 50 weeks of parental leave and 37 weeks of Statutory Shared Parental Pay (if maternity/adoption leave and pay is ended). This is paid at the rate of £139.58 a week or 90% of average weekly earnings; whichever is lower.

Plantenga and Remery (2005) found that there are four main determinants of take-up rates of parental leave by fathers, based on an analysis of 30 European and Canadian parental leave arrangements. These four determinants are:

- the payment level

- organisational and social culture

- programme flexibility

- labour market (in terms of employer attitudes and perceived career advancement) (cited in BIS, 2013)

The research found that:

> the highest take-up rates are apparent in the countries that have a high rate of income replacement, shown to be the Scandinavian countries of Sweden, Norway, Iceland and Denmark. Conversely those countries with low rates of income replacement tend to show much lower take-up rates by fathers where generous amounts of leave are available. (BIS, 2013, p. 29)

Some international evidence finds positive change occurring in the provision of statutory leave for fathers. In countries where a specific entitlement is provided for fathers, the proportion of fathers taking leave has increased. For example, in Norway, the proportion of men taking some parental leave increased from 4% to 89% since the introduction of a one-month father's leave quota (Moss, 2012, cited in BIS, 2013). In Sweden, the proportion of leave days taken by men doubled between 1997 and 2004 with the introduction and extension of a father's leave quota (Ibid.). In Quebec, the proportion of fathers taking paternity/parental leave increased from 56% (in 2006) to 82% (in 2008) following reform providing a longer period of time off for fathers and higher wage replacement (Ibid.). This compares with 12% of fathers taking leave across the rest of Canada where there is no paid paternity leave and a poorer parental leave offering (Ibid.).

These evaluations point to a positive impact on father's take-up of parental leave policies that include ring-fenced, add-on leave with higher wage replacement.

In 2007, the German federal government introduced a monthly parental leave allowance in an attempt to reduce the adverse financial effects of pregnancy and maternity on women, and to increase take-up of parental leave for men (*Elterngeld*; literally, 'parents' money') (Eurofound, 2010). As a result, the proportion of fathers taking leave rose from 3.3% in 2006 to 20% in 2010 (Moss, 2012, cited in BIS,

2013). An evaluation of the Elterngeld conducted in 2008[17] also found that, one and a half years after the birth of their baby, mothers who received parental allowance were also more likely to be employed than before the Elterngeld was introduced (43% versus 38%) (Vogler-Ludwig and Giernalczyk, 2009). It can be concluded that this parental allowance is facilitating re-entry into the labour market for mothers and also encouraging fathers to provide a greater share of childcare (Ibid.).

2.4.3 The right to request flexible working

The UK Government extended the right to request flexible working to all employees with at least 26 weeks' service from June 2014. Under the British Household Panel Survey (BHPS), flexible working hours include part-time working or temporary work, with measures of flexible weekly working hours including flexi-time; annualised hours contracts; term-time working; job sharing; a nine-day fortnight; a four-and-a-half day week; or a zero-hours contract (Woods, 2011).

Before the right to request was extended to all employees, CIPD research found that, out of 218,100 employment tribunal claims in 2010/11, only 277 alleged that employers had failed to observe flexible working regulations; most of these claims were successfully conciliated or settled out of court; and, of the 48 that reached tribunal, just 10 were successful (cited by Woods, 2011). These figures may suggest that the right to request is an effective intervention which has not placed undue burdens on employers (at least before the recent extension of the regulations) (Ibid.).

BIS and EHRC research on pregnancy and maternity-related discrimination (BIS, EHRC, 2015) found that 88% of employers felt that the right to request flexible working was reasonable, and 6% of employers felt that the right was unreasonable. Two thirds (67%) of employers found the right to request flexible working easy to facilitate. Mothers reported that most flexible working requests were granted, but half (51%) of those whose request for flexible working had been approved said they experienced negative consequences.

A research project entitled 'Women Adding Value to the Economy' (WAVE) reported that part-time work is associated with 'feminised occupations' that are often characterised by low pay (Parken *et al.*, 2014). Conversely, Olsen *et al.* (2010)[18] found that working flexibility did not contribute to lower wages, with term-time

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[17] The evaluation was based on a survey of 1,151 parental households whose youngest child was born in the first quarter of 2007 or in the last quarter of 2006. Therefore, a comparison could be drawn between the behaviour of parents under the new parental allowance legislation and parents receiving a former Family Allowance (Vogler-Ludwig and Giernalczyk, 2009).
[18] Data is from the 2004–7 British Household Panel Survey (BHPS) dataset (Olsen *et al.*, 2010).

working being the only form of working-hours flexibility that had a significant effect on wages; the effect on pay was small but statistically significant (a reduction of 7%). These findings highlight the need to further consider the pattern of caring responsibilities to enable women with young children to stay in work (Olsen *et al.*, 2010).

Finding ways to open up flexible and part-time work opportunities across all jobs, including those at senior management levels, is recognised as an important strategy to retain women, support career progression, improve rewards and ultimately reduce the gender pay gap. Workshop participants also highlighted the importance of flexible working for improving women's employment opportunities and pay.

2.5   Employer interventions

In the remainder of this section, employer-led initiatives are discussed drawing on findings from the literature review and workshops.

2.5.1 Improving representation of women and tackling bias in recruitment processes and starting salaries

Women Adding Value to the Economy (WAVE) research[19] found that, even where employers operate best practice in pay systems and job evaluation, 'the gender segregation in society and economy can be pulled into and reproduced within employment structures within organisations' (Parken, 2015, p. 9).

The WAVE programme identified that the uneven distribution of jobs between men and women is key to the 'maintenance of gender disparities' (Parken, 2015, p. 9); in some occupations and industries, gender bias against women limits those short-listed for interview, and has an impact on recruitment decisions (Menino, 2013), which contributes to the gender pay gap. This suggests that multi-stakeholder and multiple-initiative interventions such as WAVE may have an important role to play in tackling pay gaps.

A study examining recruitment processes, including decisions made about starting salaries (Isaac *et al.*, 2009), found negative bias against women interviewed for

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[19] The Women Adding Value to the Economy (WAVE) Programme is funded by the European Social Fund, through the Welsh Government and other key partners. The first phase of WAVE ran between 2012 and 2015 with the aim of understanding and 'interrupting' (Parken *et al.*, 2015, p.4) the ways in which gender pay disparities are consistently reproduced through occupational segregation, through the ways in which 'women's work' is under-valued and contracted and through the operation of pay systems (Parken, 2015).

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positions traditionally or predominantly held by men. Fewer women were granted interviews or recommended for recruitment, and women were consistently assigned lower salaries. Similarly, an experimental study demonstrated that there was a 'motherhood penalty' in hiring decisions. This persisted even when women with children provided clear evidence of being committed and competent in their previous jobs. Female study participants viewed highly successful mothers as less warm, less likeable and more hostile (Benard and Correll, 2010).

Gender-blind screening – in which the applicant's name is removed during a screening process – was found to have a positive impact on the number of women recruited (Menino, 2013; Bertrand and Duflo, 2016).

During one of the workshops, a private sector employer commented that, in a male-dominated industry, enabling women to get onto the short-list in an organisation is a challenge; senior managers will typically recruit people who they think 'look like us'. Having a diverse evaluation panel in the recruitment process can help to tackle unconscious bias (Menino, 2013).

At the point of recruitment, interventions around controlling starting salaries for new recruits () and limiting line manager discretion in this area may have an impact on the gender pay gap (Menino, 2013). In April 2015, Reddit, a US-based Internet news company, announced it would prohibit salary negotiations for new recruits and existing employees to try to close the gender pay gap and ensure fair and consistent salaries. Reddit acknowledged that women tended not to negotiate starting salaries, which left women at a disadvantage (Sammer, 2015).

However, a ban on salary negotiation is not universally accepted as an effective way to tackle the gender pay gap. In a competitive market, the recruitment and retention of high-performing employees may suffer if these individuals are unable to negotiate their pay. Salary negotiation bans are only likely to be effective in closing the gap if they are accompanied by specified salaries for particular posts (Sammer, 2015).

2.5.2 Performance-related pay and bonuses

Studies conducted across a variety of work settings and spanning nearly 30 years found that, in highly prestigious occupations, women performed as effectively as men but were rewarded less (Joshi *et al.*, 2015).

A study of the financial services sector (EHRC, 2009) found evidence of gender bias in the distribution of bonuses and performance-related pay even after controlling for the varied gender mix in different occupational groups. In more than half of 42 cases, the gender gap for discretionary performance-related pay was in the range of 45–

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80%. Job evaluation was only used in a minority of cases. In these instances, a positive association was found with a lower gender pay gap in both basic pay and total earnings.

A study of employees in a large financial sector firm (Elvira and Graham, 2002; Reskin and Branch McBrier, 2000) found that there was a larger gender pay gap in bonuses and variable pay (which were not subject to formal rules) than in base salary or merit-based pay rises (which were subject to rules).

Collective evaluations of employees can reduce unconscious bias by ensuring that staff are evaluated against the same criteria and not against one another (Bohnet *et al.*, 2016). Conducting comparative promotion reviews, through which promotion cycles are standardised and candidates are collectively evaluated, has been shown to reduce gender bias and stereotyping by ensuring men and women are evaluated against the same criteria (Ibid.). In addition, establishing accepted criteria for performance assessments helps ensure managers do not make decisions about performance based on their own biases and stereotyping (Menino, 2013). Performance criteria that have an explicit link to pay determination are an intervention which may, in turn, help narrow the gender pay gap (Ibid.).

2.5.3 Support for 'maternity returners'

Women taking time out of the labour market to have children and a lack of quality part-time work contribute to the gender pay gap (GEO, 2015). Government policy initiatives such as shared parental leave, the extension of the right to request flexible working, tax-free childcare, and free early education places for three- and four-year olds have attempted to support women's return to work after having children (GEO, 2015).

Some employers are enhancing provisions for maternity returners to increase the retention rates of women. One case study involves the legal firm, Eversheds, which offers an enhanced maternity package. This includes greater support for returners in the form of a transition period, with shorter hours, reduced days, and mentoring and unconscious bias training across the business to support managers (Eversheds, 2012).

Another example of enhancing provisions for maternity returners is the policy of an investment bank offering a paid, ten-week return to work programme since 2008. This programme is aimed at women who have been out of the workforce for two or more years and provides training, mentoring and networking opportunities. Over 120 people have attended and more than half of these have returned to work full-time

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(Sullivan, 2015). A further example is a consultancy firm offering maternity coaching and support for maternity returners and their managers, a programme which aims to build confidence and provide mentoring. The programme also offers 150 hours of free back-up childcare provision (Ibid.).

Workshops participants felt that managers often lack the skills or awareness to communicate properly with those away on maternity leave and, as a result, those who have been away for as long as a year can feel very isolated. The participants believed that managers needed appropriate training about managing women's return to work after maternity leave.

There are leading employers who are very effective at managing women's return to work after maternity leave. These employers ensure that flexible working is available and display excellent post-maternity retention rates. However, the impact of these programmes on pay and career progression is much less well-documented (GEO, 2011).

2.5.4 Training and performance management

Providing more training to women as an intervention to tackle the gender pay gap can be viewed from two perspectives. First, undertaking training while employed is known to help facilitate career progression (Olsen *et al.*, 2010). Second, training for those who review staff performance and make decisions about promotion can contribute to closing the gap, if it makes them aware of the biases which place people at a disadvantage in the performance management process.

Olsen *et al.* (2010), through quantitative analysis of the British Household Panel Survey (2004 to 2007), found that training (formal study, on-site training and other training paid for by employers) was more common among women than men. Training was also associated with 6% higher hourly wages. Olsen *et al.* conclude that, given the impact of part-time working on hourly earnings, encouraging training within part-time jobs may offset the negative impact of part-time work on pay (Ibid.).

Some organisations also provide unconscious bias training to managers who have a role in the performance management process, which has the potential to improve the pay gap across all equality strands. For example, a key element of the diversity policy of a professional services firm is to monitor staff appraisals and promotions by gender to ensure fairness. After analysing the results of staff appraisals they have offered 'unconscious bias' training to ensure managers making appraisal and promotion decisions are aware of the biases which can place some people at a disadvantage (GEO, 2011).

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2.5.5 Senior representation

Interventions aimed at increasing the representation of women at senior levels and in higher paid roles and occupations are likely to reduce the gender pay gap both within organisations and at a national level. Some employers support women to develop their talents through formal leadership programmes or mentoring, and support suitably qualified women to move into executive or board level positions (Menino, 2013).

In 2016, the Commission published the findings of its inquiry into the recruitment of women onto FTSE boards. The Commission found that 45% of FTSE 100 companies and 61% of individual FTSE 350 companies had not reached the 25% target for women board members. Men outnumbered women in senior positions (senior management or executive committee positions) in the FTSE 350 by a ratio of around 4:1. The inquiry criticised an 'inexcusable and unacceptable' variation in companies' performance regarding the employment of women in senior roles, and recommended improvements in appointment practices and an increased focus on initiatives to develop women's talents (EHRC, 2016b).

The workshop discussions regarded talent management and development as a key action to tackle the gender pay gap and achieve greater equality at senior levels. It was also reported that, at middle-to-senior management levels where 'team fit' is highly prioritised, it is common to see subtle bias occurring in recruitment.

A Swedish study examined whether the presence of female managers in an organisation narrowed the gender pay gap. The study found an association between higher numbers of female managers and smaller gender pay gaps. The research also found that organisations with more female managers pay their non-managerial female staff more highly (Hensvik, 2014). In another study cited by Hensvik (2014), based on a large representative sample from Portugal, female earnings increased when organisations appointed a female manager. A third study also cited by Hensvik (2014) found that, in female-led firms, the earnings of female executives were higher and women were more likely to be among the highest-paid executives.

3 | The disability pay gap

3.1   Introduction

The Equality Act 2010 defines a disabled person as 'a person with a physical or mental impairment which has a substantial and long-term adverse effect on his/her ability to carry out normal day-to-day activities'.

Disability is more broadly defined in the report 'Improving the Life Chances of Disabled People' as 'disadvantage experienced by an individual resulting from barriers to independent living or educational, employment or other opportunities that impact on people with impairments and/or ill health' (PMSU, 2005, p. 8).

This second definition acknowledges that there are different types of barriers faced by disabled people, including discriminatory attitudes, unhelpful policy and physical obstructions (Riddell *et al.*, 2010; PMSU, 2005), the cumulative effect of which is to marginalise disabled people (PMSU, 2005). Using the broadest definition of disability, one in five of the working age population is disabled (PMSU, 2005; Meager and Higgins, 2011) and the employment rate for disabled people is 30% lower than it is for non-disabled people (Selvanera and Whippy, 2015). In the period October to December 2015, 46.7% of disabled people aged 16 to 64 were in work; however, the gap between the employment rate of disabled people and the rest of the population was 33.6 percentage points (Scope, 2016).

Labour market disadvantage varies significantly by type of impairment and is especially high for those with mental health conditions or learning disabilities, who tend to have lower qualifications and lower incomes than other disabled people and people with long-term health conditions (PMSU, 2005; Meager and Higgins, 2011). Figures released by the Office for National Statistics in 2011 showed that employment rates among disabled people and people with long-term health conditions were lowest for people with:

- severe learning difficulties (12.0%)
- mental illnesses or nervous disorders (14.2%)

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- depression or anxiety (27.2%). (ONS, 2011)

Employment rates among disabled people were highest for people with:

- skin conditions, disfigurements or allergies (71.9%)
- diabetes (61.5%)
- heart, blood pressure or circulatory problems (57.8%).

(ONS, 2011)

Disabled people can experience multiple forms of labour market disadvantage. More than 40% of disabled people are low-skilled, about 25% of disabled people of working age are over 50 years old, and about 10% are from ethnic minority groups (PMSU, 2005).

A Government Equalities Office (GEO) and Centre for Analysis of Social Exclusion report on inequality in the UK showed a pay gap of 20% (at the median for hourly earnings) between disabled and non-disabled men, and 12% between disabled women and non-disabled women (Hills *et al.*, 2010).

The EHRC (2016) identified different pay gaps among people with different impairments. The pay gaps for people with mental impairments are high; for example, the pay gap for men with learning difficulties is 62%. This includes people with dyslexia and autism spectrum disorder. Men with a physical impairment have pay gaps from 15% (for those with stomach, liver or kidney problems) to 28% (for those with visual impairments). The difference between non-disabled women's pay and the pay of physically disabled women ranges from 8% to 18%.

Some, but not all, of the pay gap can be explained by differences in personal characteristics, such as educational attainment. The GEO and Centre for Analysis of Social Exclusion report (Hills *et al*, 2010) stated that the disability employment 'penalty' (the difference between the employment probabilities of disabled and non-disabled people, after controlling for other relevant characteristics) has steadily grown over the last 25 years, with disabled people with few or no qualifications the most significantly affected.

In the mid-1970s, more than three-quarters of disabled people with few or no qualifications were in employment, but this proportion fell to just over a third by the period 2001–3 (Riddell *et al.*, 2010). Evidence from Berthoud (2011, cited in Meager and Higgins, 2011) also showed that the disability employment penalty increased from 17% in 1987 to 28% in 2000, and it has not reduced since then (Ibid.).

An important factor in the pay gap for disabled people, as for women, is their concentration in part-time work and in less well-paid occupations (Longhi et al, 2009). Longhi and Platt argue that 'labour market discrimination is potentially more relevant to limiting access to employment and to particular types of occupation than for pay within occupations' (cited in Hills *et al.*, 2010, p. 231).

In the literature on disability, several commentators suggest that, despite anti-discrimination legislation and welfare-to-work policy instruments, limited progress has been made in improving the labour market position of disabled people (Meager and Higgins, 2011). Shah (2005) note that UK legislation has tended to 'depend on a measure of homogeneity within disabled groups of employees in order to produce effective remedies' (Shah, 2005, p. 10). This can present challenges, because disabled people are a 'heterogeneous group with different needs according to the type and severity of their impairment' (Shah, 2005, p. 10). As such, there cannot be a 'one size fits all' approach to improving the labour market position of disabled people (Longhi and Platt, 2008).

While the gender pay gap literature is extensive, there is less research into the disability pay gap. Much of the research into the disability pay gap focuses on barriers to disabled people finding and keeping work, and overall employment rates. Little research has directly considered the disability pay gap, especially in relation to specific interventions to reduce it.

There was an acknowledgement in the workshops that much of the current UK Government policy and employer focus is on helping people with disabilities into employment, rather than closing their pay gaps once in work. Most workshop participants felt that this was the correct emphasis for now, but many were also alarmed at the initial data presented on the scale of pay gaps once disabled people were in employment.

There is, however, a larger body of literature around broader legislative, policy and employer interventions which, in turn, will have an impact on the disability pay gap. We consider these interventions in the following section.

We first consider the interventions linked to improving disabled people's access to employment; then we turn to interventions aimed at influencing pay levels for disabled employees.

3.2   Legal requirements to support access to employment for disabled people

The Equality Act 2010 makes it unlawful to discriminate against disabled people who are seeking, or in, employment and places a duty on employers to make reasonable adjustments for disabled people to support them in employment.

Reasonable adjustments

The Business Disability Forum found that almost all employers (96%) now report having a process in place for making reasonable adjustments (Selvanera and Whippy, 2015). However, less than a fifth of employers have written policies on reasonable adjustments (Selvanera and Whippy, 2015).

Interviews with employers conducted before the Disability Discrimination Act 2005 by Goldstone and Meager (2002, cited in Riddell *et al.*, 2010) showed that employers found it easier to make reasonable adjustments for new recruits with disabilities rather than for existing employees who acquire a disability. Law *et al.* (2007, cited in Riddell *et al.*, 2010) noted the importance of an employer's understanding of the adjustments required by their disabled employees in retaining disabled staff.

Meager and Higgins (2011) observed that the expectation of many employers is that adjustments will be 'costly and burdensome', but disabled employees reported that the most important way to enable participation was by modifying or reducing working hours. Similarly, Grewal *et al.* (2002, cited in Meager and Higgins, 2011) found that just under half of disabled workers had a form of working time adjustment, the most common being flexi-time (19%), and just under a quarter of all disabled workers with special working arrangements (24%) said they could not do their job without them. However, there was a perception among some employers that flexible working above a certain job grade was not feasible. It was thought that changing this perception, so that employers were more accepting of flexible working, would have a significant positive impact on the pay gap of disabled employees and women who face barriers in accessing higher-paid grades.

Companies Act 2006

Disclosure about disabled people's employment circumstances is a requirement for large companies under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, part of the Companies Act 2006. This requires companies, in their Directors' Reports, to provide information about the

employment, training, career development and promotion of disabled people. The regulations apply to companies who employ more than 250 people.

A brief examination of the Directors' Reports of large companies for the purposes of this literature review found that such disclosure is commonly in the form of a simple statement relating to the company's equality policies. For example:

- John Lewis Directors' Report: 'The Partnership recruits people with disabilities to suitable vacancies on merit. Where disability occurs during the period of employment, every effort is made to continue to provide suitable employment with the provision of appropriate training' (John Lewis, 2014, p. 78).
- Debenhams Directors' Report: 'The Company seeks wherever possible to make reasonable adjustments to ensure that an employee who becomes disabled during the course of his or her employment is able to continue working effectively. This includes: providing equipment or altering working arrangements; providing additional training; re-allocating on a temporary or permanent basis some of the employee's duties to other members of staff; transferring the employee to a suitable alternative role; and adjusting working times. Any such adjustment will be monitored and reviewed on a regular basis to ensure it continues to be effective' (Debenhams, 2014, p. 80).

Access to Work

'Access to Work' (AtW) was introduced by the UK Government in 1994, and aims to support disabled workers by providing a grant (capped at £40,800 from 1 October 2015) to pay for practical support with overcoming work-related obstacles (Bell and Heitmueller, 2009; Gov.uk, 2015). This support may include equipment adaptions or special equipment; support workers; travel to work grants; and communication assistance at job interviews, etc.

More than 110,000 disabled people have accessed the AtW programme since its introduction (Selvanera and Whippy 2015). In 2014, more than 35,000 people benefitted from the programme, and this number increased the following year (DWP, 2015).

A qualitative evaluation of the AtW scheme on behalf of the DWP in 2009 (Dewson *et al.*, 2009)[20] revealed that employers were far more knowledgeable about their employees' disabilities because of the AtW assessment, and had raised awareness

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[20] Interviews were carried out with: 60 AtW customers; 36 employers of AtW customers; Jobcentre Plus and DWP head office staff; staff from the AtW National Delivery Team; AtW Business Centre staff; Jobcentre Plus advisers and Disability Employment Advisers (DEA); AtW assessment providers; and New Deal for Disabled People (NDDP) and WORKSTEP providers (Dewson *et al.*, 2009).

of the ways in which they could support their disabled employees. AtW also increased productivity, improved staff retention rates, improved employee well-being and, in a few cases, helped recruit disabled people.

Overall, the evaluation found that AtW had a positive impact for its clients in terms of reducing sickness absence and absenteeism, supporting people to stay in work after acquiring a disability, reducing work-related expenses for disabled people and improving general well-being (Dewson *et al.*, 2009).

Positive about Disabled People 'Two Ticks' symbol

The Two Ticks Positive about Disabled People symbol[21] was launched in 1990 and is awarded by Jobcentre Plus to employers who have made voluntary commitments to employ, retain and develop disabled people. Employers displaying the symbol commit to the following:

1. To interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities.
2. To discuss with disabled employees, at any time but at least once a year, what both parties can do to make sure disabled employees can develop and use their abilities.
3. To make every effort when employees become disabled to make sure they stay in employment.
4. To act to ensure that all employees develop the appropriate level of disability awareness.
5. To review these commitments each year and assess what has been achieved, plan ways to improve on them and let employees and Jobcentre Plus know about progress and plans for the future.

([Gov.uk, 2016](#))

The Two Ticks symbol is widely used (Hoque *et al.*, 2014), with 8,387 employers being awarded the symbol between 1990 and 2012 (DWP, 2012, cited in Hoque *et al.*, 2014).

In the absence of formal monitoring, some limited research has examined the impact of the Two Ticks symbol on employer practice. Woodhams and Corby (2007, cited in Hoque *et al.*, 2014) found the proportion of disabled employees is higher in workplaces signed up to the Two Ticks commitment. However, a Trades Union Congress study (2009, cited in Hoque *et al.*, 2014) found only limited adherence to

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[21] The disability confident symbol has now replaced the 'two ticks' symbol (Gov.uk, 2016).

the five Two Ticks commitments and employer support for, and dialogue with, workplace 'Disability Champions'. In addition, little evidence was found that the commitments were more widely observed, or that support for Disability Champions was any greater, among Two Ticks employers compared with those that were not part of the scheme. Hoque and Noon go so far as to suggest that, based on this evidence, the symbol 'may often comprise little more than an empty shell' (2004, cited in Hoque *et al.*, 2014, p. 447).

In summary, the research into the effectiveness of the Two Ticks symbol is inconclusive. Hoque *et al.* (2014) argue that the effectiveness of the Two Ticks symbol is hampered by its dependence on 'employer goodwill' and express concern that the symbol is adopted by employers for its 'potential reputational benefits, rather than because of a genuine concern for disability issues' (p. 447).

Disability Confident Campaign

DWP's Disability Confident Campaign was launched in 2013 and aims to work with employers to remove barriers, increase understanding and ensure that disabled people have the opportunities to fulfil their potential (Gov.uk, 2014). Some 'best practice' examples from the campaign include:

- Transport for London: peer-to-peer groups offer practical help and advice (Gov.uk, 2014).
- National Grid: National Grid's EmployAbility Internships provide work experience which give disabled interns exposure to multiple roles and departments. Interns are supported by mentors and placements can result in permanent positions (Gov.uk, 2014).
- Hands Free Computing Ltd: approximately a quarter of Hands Free Computing's employees have a disability. The company provides speech recognition software and hardware, and delivers training and support to disabled people. The job application process is 'inclusive of individuals with disabilities' (Ibid.) and during recruitment interviews disabled applicants are made aware that other employees within the organisation have long-term health conditions and disabilities, which helps creates an open and inclusive culture (Ibid.).

There has been no formal evaluation of the effectiveness of the Disability Confident Campaign, but the campaign now has 368 partners and supporters, including large, medium and small employers, and disabled people's groups and charities. In the period from 2015, the campaign was aiming to target SMEs and 'to dispel myths

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around the difficulties perceived by some SMEs about recruiting and retaining disabled people' (Pilkington, 2015). Existing partners will also be encouraged to mentor SMEs in their supply chain to become 'Disability Confident' (Pilkington, 2015).

A new Disability Confident self-assessment accreditation scheme for employers to replace the Two Ticks symbol[22] was piloted during 2016. The DWP has acknowledged the need to make the new accreditation scheme more dynamic and effective than its predecessor (Recruiter, 2014), but the new scheme has already attracted some criticism for setting the bar too low for employers to display the disability confident symbol. The scheme has three levels: Disability Confident Committed, Disability Confident Employer and Disability Confident Leader. Employers self-evaluate the first two levels and can then display the badge and certificate. As it stands, it is possible for an employer to get to level three without employing disabled people.

In its 2015 Manifesto, the UK Government made a commitment to halve the employment gap for disabled people. In November 2016, the Government published a Green Paper titled 'Work, Health and Disability: Improving Lives'. This sets out proposed reforms to improve support for people with health conditions and disabilities, and explores the role of employers in further reducing the disability employment gap.

3.3 Interventions influencing pay

As illustrated above, much government policy has focused on disabled people's entry to the labour market and employment rates (Sayce, 2010). In this section, we discuss interventions which support disabled people's career and pay progression.

National Minimum Wage

The latest evidence from the Low Pay Commission shows that the disability pay gap increased in 2013/14 (LPC, 2015). On the other hand, employment rates for disabled people have risen more strongly than for non-disabled people (up by 7.2 percentage points compared with 0.5 percentage points). Disabled workers have also experienced reductions or less-than-average increases in unemployment and inactivity rates since the introduction of the National Minimum Wage (NMW) in 1999

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[22] The Two Ticks symbol has been awarded to 8,387 organisations by the Department for Work and Pensions, Job Centre Plus since the symbol was launched in 1990.

(LPC, 2015). The improvement in employment rates of disabled workers may ultimately contribute to a reduction in the disability pay gap, especially if there is a positive wage-job tenure relationship (Meager and Higgins, 2011).

Riddell *et al.* (2010) use this evidence to note that initial concerns that the NMW might encourage employers to replace disabled workers (on the proviso that non-disabled workers may be more productive) appear to have been unfounded. Evidence from Burchardt and McKnight (2003, cited in Riddell *et al.*, 2010) supports this assumption; employment retention rates for low-paid disabled workers improved over the period of the introduction of the NMW. There is also evidence that existing disabled employees experienced better chances of job retention in the recession which began in 2008 (cited in Riddell *et al.*, 2010).

It is clear that the NMW disproportionally benefits people in low-paid work (Woodhams *et al.*, 2015b). Disabled workers hold almost 13% of all minimum wage jobs, despite accounting for only about 8% of total employee jobs, and almost 12% of jobs held by disabled workers were minimum-wage jobs (compared with about 7% for non-disabled workers) (LPC, 2015). Work by Schneider and Dutton (2002, cited in Riddell *et al.*, 2010) found that, among 200 employers of disabled people, there was general agreement that the NMW had benefited disabled people by improving their pay. However, some held the view that the NMW had created additional obstacles to the employment of disabled people.

Public Sector Equality Duty

In Scotland, the Public Sector Equality Duty (PSED) applies to disability in the same way as it does to gender (apart from the requirement to publish a pay gap, which only applies to gender). The specific duty requires listed public authorities to gather employment information related to disability, publish employment information in a 'mainstreaming report' every two years (from 2013), and publish equality outcomes and report progress. Scottish public authorities are required from 2017 to publish a statement on equal pay relating to disability. This should include a policy on equal pay relating to disabled people and the concentration of disabled and non-disabled people in specific grades and occupations. Public authorities already appear to be collecting data to meet this requirement (Close the Gap, 2012). Robert Gordon University, for example, published its pay gap for disabled people (minus 3.76%) in 2014 (EHRC, 2015a).

Employer interventions

Recruitment

A trial to test whether employer discrimination is a factor in the low employment and pay of disabled people involved well-qualified fictional applicants applying for accounting positions, with one third of cover letters disclosing a spinal cord injury, one third disclosing the presence of Asperger's Syndrome, and one third not mentioning disability. The specific disabilities were chosen because they would not be expected to limit productivity in accounting, which helped to rule out productivity-based explanations for any differences in employer responses.

The fictional applicants with disabilities received 26% fewer expressions of employer interest than those without disabilities, with little difference between the two types of disability. The disparity was particularly large among more experienced applicants, and among private companies with fewer than 15 employees. The research concluded that disability discrimination continues to impede employment prospects and more attention needs to be paid to employer behaviour and the demand side of the labour market for people with disabilities (Ameri *et al.*, 2015).

The results of a German trial (Krause *et al.*, 2012) suggests that, as with trials testing gender-blind recruitment, anonymising the job application process appears to lead to less discrimination against minority groups, including disabled people. The applicant's name and contact details, gender, nationality, date and place of birth, disability, and marital status were anonymised.

Several private and voluntary sector organisations work with employers to improve disabled people's access to employment. These specialise in providing tools and services to support inclusive recruitment practice and adopt best practice principles when recruiting. Similarly, the Business Disability Forum offers a recruitment audit service that assesses the accessibility of employers' recruitment processes and procedures and offers support and guidance for making changes.[23]

Career progression

Disabled workers experience disadvantage in career progression and in access to training opportunities which contribute to the disability pay gap (Jones, 2008, cited in Hoque *et al.*, 2014; Meager and Higgins, 2011). Interventions aimed at improving employer practice, especially linked to career development opportunities, should in theory reduce the disability pay gap.

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[23] See more at: http://www.businessdisabilityforum.org.uk/talent-recruitment/#sthash.xelj26Tm.dpuf [accessed 7 February 2017].

RADAR, the disability network, surveyed disabled people and identified two types of employer support which were associated with career progression and high earnings among disabled people.[24] These were:

- A committed mentor: 39% of those earning £80,000 or above reported having a senior mentor or someone committed to their career, compared with 24% of those earning less than £80,000.
- Senior staff support throughout a career: 46% of those earning £80,000 or above had received this senior support, as compared with 30% of those earning less than £80,000 (Sayce, 2010).

The Business Disability Forum also found that the presence of senior support for disabled workers was to be a common characteristic of 'disability smart' organisations (Selvanera and Whippy, 2015).[25] Disability-smart organisations are considered to have good practices in retaining and developing employees with disabilities (Ibid.). Some 25% of employers were found to have senior sponsors 'prioritising improvements in disability performance' and organisations with disabled role models also tended to operate a 'whole organisation approach' to disability practice including having staff networks for employees with disabilities, which increases the visibility of disability within an organisation (Ibid., p.13.). Organisations with a lead person for retaining employees with disabilities were also found to be among the best in ensuring good practice (Ibid.).

An example is a high-street bank with a disability network which, among other activities, has held a conference to discuss the career development aspirations of disabled employees (Ibid.). The network provided investment in building the skills and confidence of line managers and ensured consistency in the application of policies. This was to ensure that individual line managers felt supported in implementing policies on issues such as disability-related absence, returning to work and workplace adjustments.

Retention

At least 150,000 workers each year leave employment because of health reasons (EHRC, 2012): many do so because employers do not offer the support they need.

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[24] RADAR undertook a quantitative survey of people with ill health, injury or disability and a comparison group of non-disabled people from the same industry pools, followed by 50 structured interviews. Received were 1,461 survey responses: 911 from disabled workers and 550 from non-disabled workers (Sayce, 2010).
[25] These conclusions were based on a survey of 145 employers, a relatively small sample size. The authors caution that 'there was a much stronger bias towards larger organisations within the sample so caution should be exercised in generalising these results across small and medium size enterprises' (Selvanera and Whippy, 2015, p. 38).

The chance of a disabled person being able to re-enter the workforce during any particular quarter drops to just 2.4% if they have been out of work for more than a year, compared with the 16% chance they stand if they have been out of work for less than a year. These figures mean that a disabled person's chance of being able to re-enter the workforce is 6.5 times lower if they spend more than a year unemployed (Resolution Foundation, 2016).

Young and Bhaumik (2011, cited in ENEI, 2014) found that a third of employers had taken at least one step within the past 12 months to retain employees with health problems or facilitate their return to work, with the most commonly cited measure (29%) reducing or changing working hours. In addition, Jones (2007) concluded, through an econometric analysis of Labour Force Survey data, that 'part-time work provides an important means of accommodating a work-limiting disability, rather than reflecting the marginalisation of disabled people by employers' (cited in Meager and Higgins, 2011, p. 33).

The Employers Network for Equality and Inclusion (ENEI) and EmployAbility have developed initiatives to tackle this problem by supporting employers in improving their practice on recruitment and retention of disabled people.[26]

Slow pace of change

Improvements in disabled people's experience of employment have been slow despite legislation and Government support. Hoque *et al.* state that legislative changes have had limited impact due to the 'paucity of disability practices within British workplaces' (2014, p. 431). Only 4% of employers reviewed relative pay rates by disability (Kersley *et al.*, 2006, cited in Hoque *et al.*, 2014).

Research by the Business Disability Forum (2015) found that employer practice is slow to improve. The Business Disability Forum report that 20% of all employers set targets for the recruitment of disabled people, but only 7% of private sector employers set these targets (Selvanera and Whippy, 2015). The BBC, KPMG and Channel 4 are among the organisations to have made public commitments to increase the recruitment of disabled people. KPMG has announced recruitment and development targets across four equality strands (gender, ethnicity, disability and sexual orientation) for the next three years. By 2018, KPMG aims to double the proportion of disabled employees from 1.4% to 2.8%. (KPMG, 2014). The following summarises a range of data-collection practices:

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[26] See more at: https://www.employ-ability.org.uk/employers/disability-awareness-training [accessed 7 February 2017].

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- Seven in ten employers collect data during recruitment: 69% collect data on applications to work, and 72% collect data on work acceptance offers by disabled people (Selvanera and Whippy, 2015).

- 8% of employers set targets for the promotion of employees with disabilities, which is a key area for pay progression (Selvanera and Whippy, 2015).

- 42% of employers collect data on training by disability and 49% collect data on the promotion of disabled employees. Of those employers collecting this data, two thirds use it to inform strategy on the recruitment and retention of disabled employees (Selvanera and Whippy, 2015). Meager and Higgins (2011) note that there is no evidence that employers are generally less likely to train disabled workers than non-disabled workers, although the lowest-skilled disabled workers are least likely to be trained.

The Business Disability Forum survey research revealed that the main barriers to retention and development – and thereby pay progression – of disabled employees were: the lack of skills and confidence of line managers of disabled employees; the limited visibility of disabled people within the organisation; and a lack of targeted development of disabled employees (Selvanera and Whippy, 2015). The research highlighted several interventions that effectively considered these barriers, including a good understanding of, and approach to, reasonable work adjustments, and an organisational culture that 'understands the importance of disability in the workplace and how to effectively work with and develop employees with disabilities' (Selvanera and Whippy, 2015, p. 17).

A common belief among workshop participants was that non-disclosure of employees' and potential recruits' disability is a significant challenge for employers aiming to monitor and improve their performance in respect of disabled employees. Participants felt that employers generally should do more to present more positive justifications for collecting this data, and promote the support offered to disabled employees following the example of some of the leading employers in this area.

4 | The ethnicity pay gap

4.1   Introduction

Compared with gender, there is a dearth of literature on ethnicity pay gaps, particularly outside of the US (Longhi and Platt, 2008). Analysis of pay gaps has tended to focus on immigrants as a group rather than ethnicity (Bell (1997), Shields and Wheatley Price (1998), and Dustmann and Fabbri (2005), cited in Longhi and Platt, 2008).

In the UK, research has shown that a pay gap exists for most ethnic minorities compared with White British people (Metcalf, 2009; Longhi and Platt, 2008; Brynin and Güveli, 2012). The Low Pay Commission indicates that, in 2013/14, the gap was 5.9% (LPC, 2015). However, there is wide variation between the context for ethnic groups, with Black African, Caribbean, Pakistani and Bangladeshi men experiencing the greatest disadvantages in the UK labour market. These groups have tended to have higher unemployment rates, higher-than-average representation in routine or semi-routine occupations, and lower hourly earnings than White British people (Heath and Cheung, 2006). In all ethnic groups, pay gaps are also generally bigger for first generation migrants than for UK-born generations.

According to Brynin and Güveli (2012), the ethnicity pay gap can be the product of two distinct factors: ethnic minorities entering less-well-paid occupations, or ethnic minorities being paid less for doing the same work. It is necessary to distinguish between these two factors to assess the impact of any interventions put in place to reduce the ethnicity pay gap. Longhi, Nicoletti and Platt (2013) also report that pay gaps are mostly the result of segregation into particular occupations and in part-time work for less advantaged ethnic minority groups. At the top of the wage distribution, Longhi, Nicoletti and Platt (2013) found a 'glass ceiling' for the most advantaged minorities, which they state is consistent with employer discrimination. Determining the extent to which unexplained pay gaps are more prevalent at the bottom of the wage distribution (where 'sticky floors' exist) or at the top of it (where 'glass ceilings' exist) has significant policy implications (Ibid.). Longhi, Nicoletti and Platt (2013) also find that there is greater unexplained downward pressure on wages among the most

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disadvantaged minority groups, which possibly suggests that employer discrimination is more prevalent at higher wage levels; whereas at lower wage levels the specific occupations that are available to these groups determine pay gaps (Ibid.). The statistical analysis which accompanies this report provides further evidence on the drivers of ethnicity pay gaps.[27]

In the workshops conducted as part of this review, participants believed that there had been more focus on avoiding discrimination than on pay and progression in the recruitment of workers from ethnic minority groups. They felt that the Government had sent a strong message to employers about the priority of gender equality. And, as with disability, employers stressed the problem of obtaining accurate data for analysis; this problem is due to the large but diverse classification category of 'other white' employees, as opposed to lack of disclosure. Some participants, however, felt that comparatively little extra effort would be required to report on disability and minority pay gaps along with gender gaps under the reporting requirement.

4.2   Equality legislation and other government policy

Public Sector Equality Duty

The Equality Act 2010, which replaced the Race Relations Act 1976, makes it unlawful to discriminate against employees, job applicants and trainees because of colour, nationality, ethnic or national origin. Section 149 of the Equality Act 2010 brought the Public Sector Equality Duty (PSED) into force in April 2011. The PSED is underpinned by specific duties across England, Scotland and Wales.

In Scotland, the PSED applies to race in the same way as it does to disability. The specific duty requires listed public authorities to gather employment information related to race, publish employment information in a 'mainstreaming report' every two years (from 2013), and publish equality outcomes and report progress. Scottish public authorities are required (from 2017) to publish a statement on equal pay relating to race. This should include a policy on equal pay and, if applicable, the concentration of certain minority racial groups in specific grades and occupations.

There is some evidence of Scottish listed public authorities preparing for these requirements. For example, Dundee University decided to monitor ethnicity in its 2015 equal pay audit and report on the ethnicity pay gap in its Pay Gap Information Report, despite this not being a requirement until 2017 (Trivedi, 2015).

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[27] See: https://www.equalityhumanrights.com/en/pay-gaps

Public sector bodies in Wales are also required to have due regard to the need to have objectives that address the causes of any pay difference between employees who are from a protected group, and those who are not; if it appears reasonably likely that the reason for the difference is related to the fact that those employees share a protected characteristic, for example they are from a minority ethnic group (EHRC, 2014).

A review of PSED implementation in Wales conducted in 2013 found that one university had faced opposition to the collection of ethnicity data and, in another case, a local authority attracted negative publicity from the national media about an equalities monitoring exercise. These incidences reportedly caused discomfort around the collection of such information (Mitchell *et al.*, 2014).

National Minimum Wage

The latest Low Pay Commission (LPC) report (2015) does not provide much detail about the effectiveness of the NMW on closing the ethnicity pay gap. The LPC found that, in 2013/14, about 10.7% of jobs held by ethnic minority groups were minimum-wage jobs, compared with 7.4% for White employees. Furthermore, 14.2% of minimum wage jobs were held by ethnic minority groups; a higher proportion than their share of all jobs (which was 10.3%). However, this aggregation hides the variations between ethnic groups: the proportions of Black workers (7.1%) and Indian workers (7.9%) holding minimum wage jobs are lower than, or similar to, that of White workers (7.4%), but, in contrast, 20.4% of Pakistani/Bangladeshi workers hold minimum wage jobs, which is the highest proportion among all ethnic groups (LPC, 2015). The report also highlights that the ethnicity pay gap increased from 3.6% in 2012/13 to 5.9% in 2013/14.

Employment services

In 2008, the National Audit Office (NAO) reported on the Department for Work and Pension's (DWP) efforts to increase the employment rates for ethnic minorities (NAO, 2008). The report found that the DWP has used the mainstream employment services offered by Jobcentre Plus as the principal instrument for helping people from ethnic minority groups into employment, which in the NAO's view had had some success but lacked continuity (NAO, 2008). NAO also found that fewer people from ethnic minority groups secure sustained jobs (jobs lasting more than 13 weeks) through Jobcentre Plus, compared with their white peers (NAO, 2008).

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The Partners Outreach for Ethnic Minorities (POEM) programme is a two-year programme funded by the UK Government which began in March 2007. POEM was designed to support unemployed, working-age people from ethnic minority groups who faced barriers to employment and who were living in areas of high disadvantage and concentrated ethnic minority populations. Although POEM was targeted at all ethnic minority groups, the Pakistani, Bangladeshi and Somali communities were its primary focus, especially women, due to their low levels of labour market participation (Aston *et al.*, 2009). The programme offered support and activities, including: application preparation such as CV writing, job search advice, help completing application forms, interview skills training, help getting overseas qualifications recognised and confidence-building activities. In total, POEM supported 2,835 clients into employment, which amounted to 85% of its target, but most of the jobs obtained by POEM clients were in low-skilled, entry-level work. Part-time work was also commonly requested by many female POEM clients. While most clients had not entered employment by the end of POEM, many stood a better chance of doing so. This was a result of having increased awareness of opportunities, knowledge of how to search for jobs, improved application and interview skills, greater confidence and motivation, and improved English language skills (Aston *et al.*, 2009).

Other policy measures

Brynin and Longhi (2015) suggest that government policies aimed at reducing pay discrimination will have limited effectiveness in reducing pay gaps for people from ethnic minority groups. They indicate instead that improving access to higher-paid occupations offers the scope for real progress (Brynin and Longhi, 2015. p.39). They suggest that supply-side measures to improve the proportions of people from ethnic minority groups in higher-paying occupations could start at school level via careers advice, alongside role models for entry into specific higher-paying sectors (Ibid.).

Heath and Cheung (2006) also discuss supply-side policy measures that may tackle the ethnic penalties in employment and, in turn, the ethnicity pay gap. Among the policy measures they mention are:

- tackling educational inequalities
- government interventions which provide education and training to raise skills (not necessarily targeted at ethnic minorities, but towards residents in deprived areas) (Heath and Cheung cite DWP, 2009)
- improved careers services at further education colleges and universities.

Heath and Cheung also propose a demand-side measure as an alternative to legislation; namely, to develop voluntary schemes for ethnic minority monitoring. The authors state that:

> it may well be that a great deal of the ethnic disadvantage in the private sector is unintentional and unrecognised by senior management. Monitoring schemes may well … encourage responsible employers to address the weaknesses identified. (Heath and Cheung, 2006, p. 69)

4.3   Employer interventions

Recruitment processes

Ethnic minorities tend to be under-represented in higher-paying professional and managerial occupations, and over-represented in the lower-paid routine and semi-routine jobs (Heath and Cheung, 2006). Improving the access of people from ethnic minority groups into higher-paying occupations requires improvement in demand-side measures. Brynin and Longhi (2015) state that discrimination in specific occupations could be tackled, inter alia, through an analysis of recruitment processes. One professional services firm conducts staff monitoring to enable them to 'take a focused approach to … recruitment, training and diversity and inclusion' (KPMG, 2014). This firm set ethnicity targets up to 2018 to support its ethnic minority employees, stating: 'we need to do much more to support black professionals as less than 1 per cent of our partners are black' (KPMG, 2014). The target given was to increase this proportion to 2.2% by 2018 (Ibid.). Similarly, the professional services firm EY has set targets to have, over a rolling three-year period, 10% of employees from ethnic minority groups in its new partner intake, and a longer-term aim of achieving this level of representation both in the leadership team and within the wider partner population (GEO, 2014).

Attention to recruitment processes appears to be an important intervention for reducing the ethnicity pay gap; the literature finds discrimination at the point of recruitment to be an important part of the explanation for the pay gap (Heath and Cheung, 2006). The extent of racial discrimination in recruitment was investigated by the National Centre for Social Research in 2009. The research involved submitting similar job applications from white and ethnic minority applicants. Responses from employers were monitored, with a positive outcome being a call-back for interview. The study found that ethnic minority applicants had to send 16 applications for a successful outcome, compared with 9 applications for white applicants; 74% more

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applications from ethnic minority candidates were needed for the same level of success (Wood *et al.*, 2009). The study found a high level of racial discrimination across all ethnic groups. The study found almost no 'net discrimination' - the number of instances of discrimination against a particular ethnic group that exceeds the number of instances of discrimination in its favour - when applications were submitted using the employer's own application form. This compared with a net discrimination of 38% where CVs were submitted. This may be an outcome of the design of employer application forms that remove personal details before the sifting process. This supports evidence for the benefits of anonymised recruitment (Krause *et al.*, 2012). Standard application forms may also be associated with organisations with established human resources functions and equality procedures (Wood *et al.*, 2009).

Public sector organisations in the study were considerably less likely to discriminate on grounds of race than private sector ones (a net discrimination of 4% compared with 35%). The absence of discrimination in the public sector may be attributed to a higher use of bespoke application forms in the public sector (79%) compared with private sector employers (6%) (Wood *et al.*, 2009).

Heath and Cheung (2006) found similar evidence of racial discrimination at the point of recruitment.[28] Using evidence from the Citizenship Survey, Heath and Cheung reported that the overall job refusal rate among ethnic minorities is higher (on average, by an extra 12%than it is for white comparators, with almost all of this difference attributed to refusals based on ethnicity. Furthermore, Roberts and Campbell (2006), while finding no evidence of overt discrimination in an analysis of interviews for low-skilled jobs, did identify penalties for first-generation migrants who were not familiar with the conventions of British job interviews and organisational cultures (cited in Wood *et al.*, 2009).

Self-reported racial prejudices have also been found to be greater among employers and managers in some private sector industries (manufacturing, construction and transport) compared with the public sector, based on responses to the British Social Attitudes Survey (Heath and Cheung, 2006). Self-reported racial prejudices among White British people have, however, shown a general long-term decline, albeit with considerable year-to-year fluctuations. On the other hand, other research has found

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[28] Heath and Cheung present findings based on data from the pooled Quarterly Labour Force Surveys (QLFS) 2001–4, the Sample of Anonymised Records (SARs) from the 2001 Census, and the pooled General Household Surveys for 1973–2001. Their report also draws on the Home Office Citizenship Surveys 2001 and 2003 for questions on perceptions of unequal treatment in the workplace, and the British Social Attitudes (BSA) surveys 1983–2003 for evidence on prejudice towards ethnic minorities (Heath and Cheung, 2006).

that there has been a short-term increase in prejudice in more recent years; the researchers attribute this in part to adverse media publicity on immigration and asylum seekers (McLaren and Johnson, 2004, cited in Heath and Cheung, 2006).

Another intervention aimed at overcoming bias is the implementation of equal opportunity policies. Research commissioned by the Department for Work and Pensions in 2006 surveyed approximately 1,000 employers and found that organisations that employed people from ethnic minority groups were more likely to have equal opportunities policies than those that did not employ people from ethnic minority groups. This practice was often accompanied by monitoring procedures (Tackey *et al.*, 2006). Employers with ethnic minority staff were less likely to use formal recruitment processes such as interviews to assess the suitability of candidates. They were also more likely to look for candidates with 'soft' skills, rather than prioritise 'hard' skills such as work-relevant qualifications (Ibid.).

At the time of conducting this review, it was announced by the UK government that several top graduate employers in the public and private sectors had pledged to 'name-blind' graduate and apprentice-level job applications, in order to reduce the potential unconscious bias of applicants from ethnic minority groups. The Civil Service has also committed to introduce 'name-blind' recruitment for all roles below Senior Civil Service (SCS) level (PMO, 2015). Similarly, the former Prime Minister, David Cameron, announced that, from 2017, the University and College Admissions Service (UCAS) will name-blind applications to tackle the danger of unconscious bias against students from ethnic minority backgrounds (Watt, 2015).

One workshop participant highlighted the NHS Leadership Academy programme 'Ready Now' as an intervention which has the potential to tackle the ethnicity pay gap in the NHS. 'Ready Now' is a positive action programme designed to help aspiring senior leaders from ethnic minority groups progress into senior roles.[29] Workshop participants agreed that greater attention should be paid to recruitment and talent management initiatives as a means of tackling any pay gaps, in addition to analysis of these gaps.

Data collection and analysis

Workshop participants discussed the difficulties of collecting data on ethnicity. Some felt geography determined the extent to which analysing equality data was a priority for organisations; for example, analysis of equality data was not felt to be a priority for organisations in areas with a very low ethnic minority population. Others felt that

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[29] See more at: http://www.leadershipacademy.nhs.uk/news/nhs-leadership-academy-launches-ready-now-programme-aimed-at-senior-bme-leaders/ [accessed 7 February 2017].

the 'White Other' ethnic classification was too broad, and that employers faced different challenges for different groups and would need tailored solutions. Workshop participants felt that some immigrants, especially those from EU accession countries, were often under-employed and worked below their qualification or skill levels.

5 | Conclusion

This review has found limited evidence in the literature for the effectiveness of interventions to close gender, ethnicity and disability pay gaps. Where evidence exists, it tends to relate to the gender pay gap, which has received more attention from researchers and policy-makers than pay gaps relating to other protected characteristics. More research is needed to understand how to tackle pay gaps across all protected characteristics, including ethnicity and disability.

There are four main commonalities across the three kinds of pay gap considered. First, voluntary employer initiatives have generally had limited impact. Second, there is some evidence of success of employers' efforts to nurture talent and support career development, although the impact of these efforts on pay gaps is unknown. Third, all three disadvantaged groups are still held back by discrimination in employment and recruitment. Fourth, progress across all groups is hampered, particularly in the private sector, by a widespread lack of information, auditing and analysis. Despite these commonalities, the causes of pay gaps vary and it is likely that bespoke action for each group is required: there is no 'one size fits all' approach.

With respect to the gender pay gap, which generally has better data and has been more widely researched, there is merit in comparing sectors and countries. In the UK, the more closely regulated public sector has a smaller gender pay gap than the private sector. There is also an association between large pay gaps and the 'bonus culture' which is more prevalent in the private sector and which tends to reward men more highly than women. Across Europe, countries in which higher proportions of fathers take longer-term parental leave tend to have smaller gender pay gaps. Insufficient salary reimbursement is the main barrier to improving take-up of shared parental leave in the UK.

The focus of research on disability and ethnicity has primarily been concerned with labour market entry or employment rates, and there is no evidence of specific interventions to reduce pay gaps. Some have argued that the pace of change is slow and that achieving workplace equality remains remote.

Several key messages emerged from the workshop discussions:

- Employers, governments and voluntary bodies must work in partnership to tackle pay gaps. Employers in particular must prioritise the issue.
- Employers should improve equality monitoring to establish baseline information for ethnicity and disability pay gaps.
- Guidance for employers about analysing and presenting pay gap information should be provided.
- Introducing policies on flexible working, providing unconscious bias training, and removing personal details from recruitment applications are ways in which employers can improve fairness and equality; in the long term these should have a positive impact in reducing pay gaps.

This report has reviewed progress towards closing pay gaps by exploring the effectiveness of interventions aimed at tackling them. There remains much work to do and this report offers no easy answers. However, it does highlight ways in which government, employers and society can – and should – make further headway.

Table 5.1, below, provides further detail.

Table 5.1 Range of opportunities for closing the pay gaps

Opportunity	Equality strand	Area responsibility	Interventions	Sources of evidence if available
Equality reporting	All equality strands	Government Government Employers	- Mandatory reporting, with reporting requirements relating to gender, disability and ethnicity - Bring in the Section 78 requirement on gender pay gap reporting to organisations with fewer than 250 employees - Educate employers to overcome wrongful assumption that equal pay issues are not relevant where there is job evaluation and other formalised human resources processes in place - Place stronger emphasis on action points following equal pay reviews and inclusion of metrics or evaluation methods to determine effectiveness of actions	- Gow and Middlemiss (2011) - Dewson *et al.* (2011) - IFF Research (2015) - Workshops
Shared Parental Leave	Gender	Government/ Employer	- Raise level of Shared Parental Pay (consider statutory and employer top-ups) - Attempt to mitigate the perceived negative career impact for a father of taking an extended period of time off work	- Plantenga and Remery (2005), cited in BIS (2013) - Moss, (2012, cited in BIS (2013)
National Minimum Wage	All equality strands	Government	- Raise level of NMW appropriately and progressively	- Manning and Petrongolo (2008)
Flexible working	Gender/ Disability	Employers Employers/EHRC	- Re-organise work to provide opportunities for flexible working at all grades, particularly at senior levels and in high-paying functions - Educate all employees on their right to request flexible working arrangements at all grades	- Workshops
Performance management and the	All equality strands	Employers	- Pool and moderate evaluation of employees against the same criteria - Use clear, established and bias-free criteria	- Menino (2013) - Olsen *et al.* (2010)

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Opportunity	Equality strand	Area responsibility	Interventions	Sources of evidence if available
provision of training			for performance assessments, with a defined and robust link to pay - Check performance ratings by groupings; e.g. part-time versus full-time employees - Standardise promotion cycles - Provide greater training opportunities for those working flexibly - Provide unconscious bias training for those who make appraisal and promotion decisions - Monitor and review promotions and training by equality strand and use this data to inform human resources strategy	
Maternity	Gender	Employers	- Enhance support for maternity returners, flexible working opportunities, mentoring and confidence building activities, networks, etc. - Provide unconscious bias training for managers dealing with maternity returners	- Workshops - Best practice examples
Recruitment	All equality strands	Employers/ EHRC/Government Employers	- Promote use of blind applications and a move away from CV applications in the private sector - Ensure the assessment and recruitment panel for job interviews is diverse - Control and monitor starting salaries for new recruits - Monitor recruitment and selection by equality strand - Review equality policies and their impact regularly - Set targets for the recruitment of protected characteristic groups to benchmark against for recruitment development purposes	- Menino (2013) - Wood *et al.* (National Centre for Social Research, 2009) - Heath and Cheung (2006) - Best practice examples
Senior representation	All equality strands	Employer/ Government	- Invest in developing talent, e.g. formal leadership programmes or senior mentors who sponsor diverse talent	- Workshops - Menino (2013)

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Opportunity	Equality strand	Area responsibility	Interventions	Sources of evidence if available
			- Promote the business case for diversity in the senior team and highlight the risks of ignoring the pay gaps agenda - Set and monitor targets at employer, sector and national levels	
Practical support	Disability	Government/Employer	- Focus on provision of support for those with mental health difficulties - Promote awareness of existing support packages among employers and employees/applicants, and promote employer awareness of adjustment needs - Pay attention to the importance of working hours flexibility (at all grades) as a means of accommodating disability - Promote best practice to ensure there are written adjustment agreements in place - Pay attention to SMEs recruitment and retention of disabled employees - Ensure disabled employees have access to a committed mentor or sponsor and that there is visible senior staff support - Promote the visibility of disability within an organisation, e.g. through staff networks, etc. - Focus on building the skills and confidence of line managers in managing employees with disabilities and in ensuring consistency in the application of related policies	- Workshops - Sayce (RADAR, 2010) - Law *et al.* (2007, cited in Riddell *et al.*, 2010) - Selvanera and Whippy (2015)
Early years education intervention	All equality strands	Government, EHRC	- Pay attention to educational inequalities/stereotypes - Focus on careers services in schools, further education and universities, as well as relevant charities and employer bodies involved	- Workshops - London Economics (2015) - Heath and Cheung (2006)
Active labour market policies	Ethnicity	Government	- Sustained active labour market policies in deprived areas	- Heath and Cheung (2006) - Wood *et al.* (National Centre for

Opportunity	Equality strand	Area responsibility	Interventions	Sources of evidence if available
				Social Research, 2009) - NAO (2008)
Childcare provision	Gender	Government Employers	- Remedy high costs, availability and flexibility of provision - Offer free back-up childcare provision	- GEO (2015)

Appendix

Workshops: methodology

A variety of organisations from different sectors were invited to the workshops, including:

- Businesses (in particular, those who had taken part in the Government Equality Office's 'Think, Act, Report' programme, and the DWP Disability Confident campaign)
- Business organisations, such as the Confederation of British Industry, the Institute of Directors, the British Chambers of Commerce, the Federation of Small Businesses, and the Chartered Institute of Personnel and Development
- The Trades Union Congress and unions active in the private sector
- Public sector organisations and employers
- Voluntary organisations with expertise on employment and disability, race and gender
- Academics

The workshops were chaired by representatives from the Commission and were facilitated by the Institute for Employment Studies (IES). Across the five workshops, views were gathered from 48 organisations (see Table 1.1 below for the list of participant organisations), and discussions took place under Chatham House rules.

Each two-hour workshop[30] began with a briefing on the findings from accompanying research for the Commission on:

- Historic and current reasons for the gender, disability and ethnicity pay gaps in the UK, as well as statistical analysis of their size and drivers – provided by Dr Simonetta Longhi and Dr Malcolm Brynin of the Institute for Social and Economic Research, University of Essex.
- Evidence of the effectiveness of interventions to close the gender, ethnicity and disability pay gaps in the UK – provided by the IES.

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[30] Except Cardiff, where the workshop was 2.5 hours long.

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Attendees were given an opportunity to comment on this research and then to discuss the following themes:

- Challenges and barriers to tackling pay gaps
- The current situation: what is working and what isn't?
- Potential actions and interventions:
- by the Government
- by employers
- by other stakeholders
- by the Commission
- Variations by sector, geography and grouping.

Table 1.1   List of participant organisations

Workshop 1 (Edinburgh)	Workshop 2 (Edinburgh)	Workshop 3 (London)	Workshop 4 (London)	Workshop 5 (Cardiff)
NHS Fife	Close the Gap	Aon Hewitt	Christian Aid	Welsh Local Government
Scottish Government	Engender	NHS Employers	Fox Williams	Fairer Futures Division, Welsh Government
NHS Education for Scotland	Edinburgh Napier University	University of Sheffield	University of Brighton/ PayCompare	Burges Salmon LLP
Dumfries and Galloway College	Highlands and Islands Enterprise/ Iomairt na Gàidhealtachd's nan Eilean	Guys and St Thomas NHS Foundation Trust	Together: For Mental Wellbeing	Women Adding Value to the Economy (WAVE), Cardiff University
Thirteen Group	Queen Margaret University	University of Cambridge	Financial Ombudsman Service	University of South Wales
University of Strathclyde	The State Hospital	EY	Human Resources Consultant	Women Connect First
	Scottish Government	Pearl Meyer		Rhondda Cynon Taf County Borough Council
	NHS National Services Scotland	Addleshaw Goddard		Unite Wales
		Surrey Police		Chwarae Teg
		Sainsbury's		Eversheds
		ISG		Cardiff University
				Blaenau Gwent County Borough

Workshop 1 (Edinburgh)	Workshop 2 (Edinburgh)	Workshop 3 (London)	Workshop 4 (London)	Workshop 5 (Cardiff)
				Council
				Thompsons Solicitors
				University Health Board
				Welsh Government
				Private Consultant
				Private Consultant

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