

Jo Swinson: Gender pay reporting - an uncomfortable catalyst

It would have looked odd to anyone walking past the glass-walled office, seeing me jumping up and down excitedly in high heels — rather unMinisterial. It was last March, and I'd just found out that we'd got "clearance" (Government-speak for agreement) for a new law to make large employers publish their gender pay gap. In the dying days of the last Parliament, the pressure was on to get the Small Business Bill passed. I had spotted the chance to make gender pay reporting a reality, after 5 years of coalition stalemate, and convinced Nick Clegg that if we picked the fight again now we might win. As the election approached, I calculated the Conservatives would blink first.

Earlier this month the Government published details of how this would be done: organisations will have to publish mean and median pay gaps, a breakdown of how many men and women are in each salary quartile, and the gender gap in bonuses. The devil is always in the detail: there is a big difference between a minimalist approach and a wholehearted drive for change.

Who knows what trading took place to arrive at this particular package? A delay to give business till 2018 may have been the price for including the pay gap calculation on bonuses. Dismissing the idea of fines for non-compliance might have secured agreement for a central website to enable the compiling of industry league tables. There's a truth behind the adage: never let people see how you make laws or sausages.

The Prime Minister has now given his strong backing to this action, but there are plenty within his Cabinet who take a less enthusiastic view.

The business community, too, has a range of opinions. Many business leaders welcomed the move, recognising they need to hold a mirror to their pay and hiring practices and reflect on what changes they should make to benefit from a more diverse workforce. Others have bemoaned the extra regulation, or pointed out that the bare numbers won't tell the full story.

It's true that understanding the real picture in any organisation won't be possible from these figures alone. But any firm worth their salt will set out an analysis of their problems and what they are doing to tackle them. Certain newspapers will conjure up lurid headlines from the data — probably without any sense of irony given the overwhelmingly disproportionate number of men calling the shots on Fleet Street. But serious media, trade publications and industry analysts will ask probing questions, and judge companies on the substance of their actions and progress made.

When Vince Cable and I hosted a dinner for business leaders to discuss women on boards, I was struck by the experience of one company, who had long been genuine champions for women in the workplace. They explained that they conducted an internal gender pay audit because they thought they should lead by example, though they expected to find no problems. They were shocked by the results. For me, that summed up why we need to force the issue. We need to pierce the bubble of complacency on workplace equality.

It's classic chicken and egg: most firms are convinced they don't have a gender pay problem, so they don't analyse the data. Of course if they really don't have a problem, what is to be feared from doing some fairly straightforward HR calculations and publishing the numbers?

Perhaps more likely is that, deep down, they know it's not a rosy picture, and publishing the data means they'll have to act. Surely it's someone else's problem?

The causes of the gender pay gap are complex. Equal pay means paying men and women the same for doing the same work, and doing otherwise is illegal discrimination. The gender pay gap includes this, but as it measures the difference in average hourly pay between men and women, it also covers a much wider

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tapestry of inequality: promotion paths designed to reward masculine behaviour, the dominance of women in lower-paid sectors like care and retail, business models that assume executives will have a stay-at-home spouse, and society's expectations that women should still shoulder the lions-share of domestic responsibilities.

It is a bit of a can of worms, to be fair. It's not an easy problem to solve, and as Obama's recent pay reporting proposals remind us, it's a global problem. But that's exactly why every employer needs to do their bit.

Businesses have a choice, to view gender pay reporting as a burden, or as a catalyst to seize an opportunity. When competitive advantage is increasingly about attracting and developing the best people, a better understanding of how you're valuing and rewarding your people is powerful. Gender pay data may be uncomfortable, but at least it can no longer be ignored.

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