



The Gender Pay Gap: What Your Employees Really Think

When It Comes to the Gender Pay Gap, Here's What Your Employees Want

In only the last few years, pay equity has seen a global surge in awareness and action. France, Germany, Iceland, the UK, and several U.S. states have passed legislation supporting equal pay, while Switzerland, Denmark, Belgium, Italy, Ireland, Australia, and Canada have or are planning to introduce legislation concerning pay gap reporting requirements. What's more, 93% of businesses say they are now taking action to close the gender pay gap and increase diversity in their workforces, a 29% jump since 2017, according to the Confederation of British Industry's employment trends survey.

With so much focus from employers on closing pay gaps once and for all, what change has been seen and felt by employees in the last year or two? And how do opinions and perceptions compare between employees in a country that has implemented major national legislation, like the UK mandate on gender pay gap reporting, versus in a country where legislation has so far stalled, like the U.S.?

To find out, beqom surveyed 1,600 actively employed adults in the U.S. and UK, who work at companies of 250 employees or more; in the UK, companies with more than 250 employees are required to comply with gender pay gap reporting. The survey set out to assess enterprise worker perception on progress made in the last year to improve the gender pay gap, uncover perceptions about pay equity, and measure to what extent employees care about pay equity issues. Respondents were evenly divided between men and women in these industries: Finance and Insurance, Manufacturing, Retail, Software/Technology, and Telecommunications.

Overall, our findings uncovered that employees overwhelmingly care about pay equity and heavily support pay equity efforts, but are less positive about the actions taken by their own employers.

Here, we'll outline the findings of our survey, what they mean for employers, and which government and employer actions are valued most by employees.

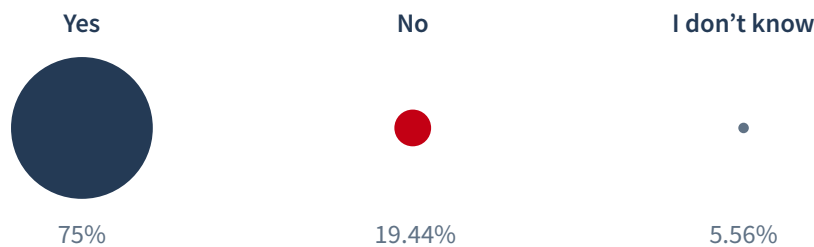
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Your Employees Know and Care—a Lot—About Pay Equity

Our survey shows that a large majority of enterprise employees are aware of the gender pay gap disparity, with those in the UK (77%) slightly outpacing those in the U.S. (73%) in awareness.

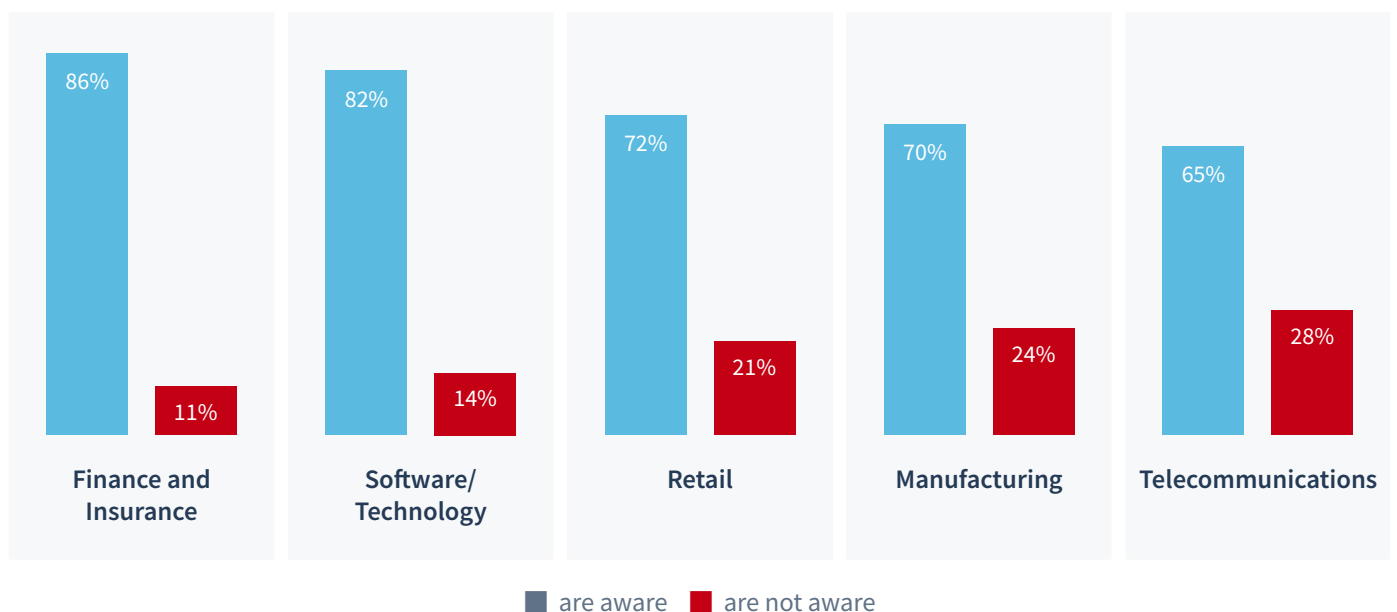
Are you aware of the gender pay gap in your country?



By age, Baby Boomers (84%), ages 55-73 in 2019, are the most likely generation to report awareness compared to the 18-22 year old Gen Zs (77%) and 23-38 year old Millennials (69%) in our survey who said the same. Millennials (24%) are the most likely to say they are NOT aware of the gender pay gap.

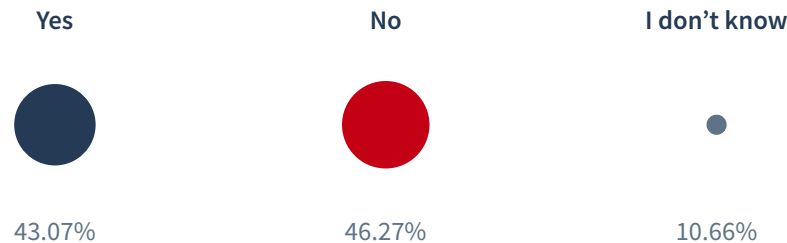
While nearly all (86%) workers in finance and insurance say they are aware of pay gaps, workers in the telecommunications industry (65%) are least likely to be aware of the issue.

Enterprise workers by industry who say they are/are not aware of the gender pay gap in their country:



Perhaps not surprisingly, more female (78%) than male (72%) enterprise workers are aware of the gender pay gap. But when it comes to pay gap reporting laws and practices, more male (45%) than female (42%) enterprise workers report that they are aware of regulations in their country.

Are you aware of pay gap reporting laws/practices in your country?



Among issues most important for the government to solve, social inequality including gender pay ranked #1 in the UK and #2 (behind healthcare reform) in the U.S. Overall, a remarkable 73% of those we surveyed believe there should be a national law mandating companies to disclose gender pay gap figures. This figure is only slightly higher in the UK (74%) where such a law exists than in the U.S. (72%) where it does not.

Women are significantly more likely than men to believe there should be a national law mandating companies to disclose gender pay gap figures. More than four in five (82%) women agree there should be national legislation compared to three in five (61%) men. While the majority across all generations supports such provisions, Gen Z workers (84%) are overwhelmingly the most likely to believe there should be a national pay gap reporting law. Along the same lines, 61% said they are more likely to support or advocate for a political candidate or government official that prioritizes pay equity, with stronger support in the U.S. than in the UK and heaviest support among Gen Z.

However, many of those that support such laws do not believe these laws would help close the gender pay gap. Compared to the 73% that supports a national law, only 66% believe this kind of law would have an effect on pay equity. Women (73%) and Gen Zs (79%) are most likely to believe legislation would help close the gender pay gap compared to men (58%) and Millennials (63%).



Despite this level of support for government mandates, nearly half (46%) of enterprise employees are not aware of pay gap reporting laws or practices in their country. Where no national gender pay gap reporting law exists, U.S. workers (48%) are more likely than UK (43%) enterprise workers to be unfamiliar with laws and practices related to pay equality.

And while workers are supportive of efforts by lawmakers and employers, they are mostly unwilling to shoulder a personal impact to close pay gaps. Only one in three (34%) enterprise workers say they would give up workplace perks, such as free lunches, unlimited vacation, and work from home options, if it meant that women were paid equally to men in their company; more than four in 10 (43%) would not.

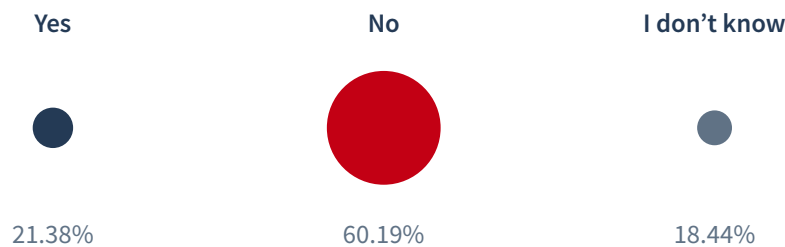
In combination, these responses reveal that most workers strongly want pay equity to be addressed, but they expect the cost and burden of addressing pay equity to be borne by their employers and lawmakers. Employers have the opportunity to create a competitive recruiting and retention advantage by becoming outspoken advocates for pay equity, in messaging and in actions.

Most Don't Think Gender Pay Disparity Affects Them

Amid widespread awareness of pay disparity and support of efforts to measure and close pay gaps, most (60%) of our survey respondents said that their place of work does not have a gender pay gap problem, a feeling shared equally across the U.S. and UK. What's more, only 19% rated pay gaps due to gender, race, age, or CEO-to-employee pay ratios as the biggest workplace issue at their job.

By industry, those in telecommunications (16%) were least likely to report a pay gap problem at their employer, while those in finance and insurance (31%) were most likely to recognize a pay gap. These responses align with perception of other industries' pay practices. When survey participants were asked in which industry men make more than women despite equal skill, performance, and experience, they ranked telecommunications last (5.13%). Nearly a quarter (24.63%) pointed to financial services as having the most widespread pay inequity, second to technology and business services (29.06%).

Do you think your place of work has a gender pay gap problem?



Women (25%) are more likely than men (18%) to believe their place of work has a gender pay gap problem, while Millennials (21%) and Baby Boomers (21%) report gender pay gaps at their employers more frequently than entry-level Gen Zs (16%).

In this area, employees are likely basing their opinions on feelings or anecdotes rather than data. Fewer than 20% of the organizations surveyed by Gartner said they communicate pay gap figures and plans to achieve pay equity externally or to employees. Companies that take the lead and control pay gap messaging, context, and data have an opportunity to differentiate and gain the trust and loyalty of their workforce.



Your Efforts to Close the Gap May Not Be Visible

Notwithstanding the surge in focus among employers and legislators on gender pay issues, half of the respondents said that the gender pay gap at their company has not changed in the last 12-18 months. More than a quarter (26%) of respondents said the gap has actually increased, a figure that climbs to 40% among Software/Technology workers, and a larger group than those who believe gender pay gaps have decreased (22%).

47%

said the gender pay gap has not changed at their place of work in the last 12-18 months

26%

said the gender pay gap at their place of work has increased in the last 12-18 months

29%

could not identify any steps or actions their employer has taken to close or prevent gender pay gaps

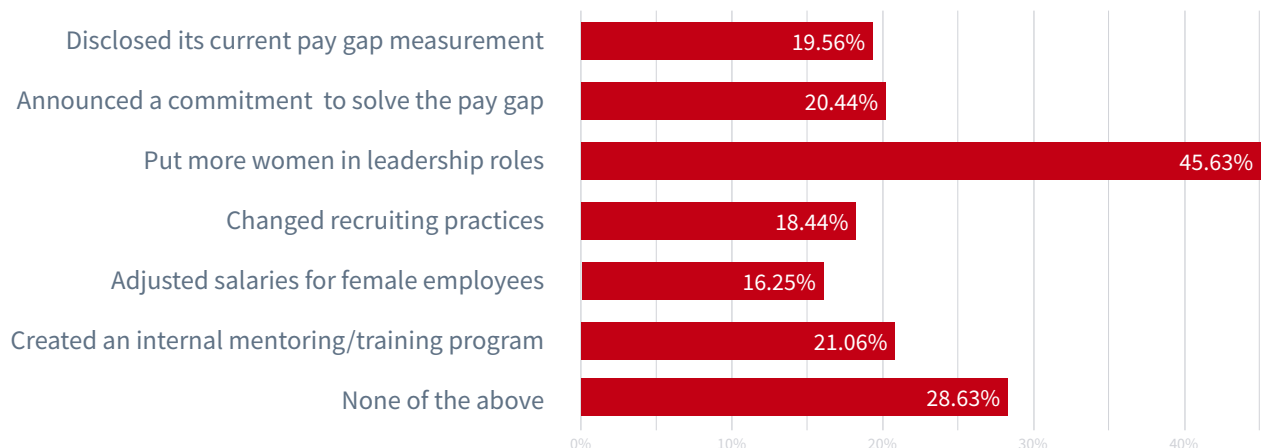
51%

do not know or do not believe their employers or managers take closing the gender pay gap seriously

On the other hand, double the number of UK workers (33%) believe the gender pay gap has decreased at their firms in the last 12-18 months compared to U.S. workers (14%).

While nearly all employers report efforts to address pay gaps in the last year, one in five (20%) enterprise employees say their employer is not taking steps or actions to close or prevent gender pay gaps. In addition, less than half said their employer takes closing the pay gap seriously; a third say they “don’t know” if this is true.

Of the following, which of these steps or actions has your employer taken to close or prevent gender pay gaps?



Double the number of UK workers (32%) say their employer has announced a commitment to solve the pay gap compared to U.S. workers (13%). Additionally, more UK workers (18%) say their employer has adjusted salaries for female employees compared to U.S. workers (15%), and more UK workers (24%) say their employer has created an internal mentoring or training system for employees than U.S. workers (19%).

While the UK gender pay gap reporting mandate requires all companies with more than 250 UK employees to disclose pay gap figures, less than a third of UK enterprise workers (31%) believe their employer has done so. That figure is still more than double the same measurement in the U.S. (12%).

More women (24%) than men (16%) say their employer is not taking steps or actions to close or prevent gender pay gaps. In addition, men (48%) are more likely than women (38%) to believe that steps or actions their employer is taking to close or prevent the gender gap are effective.

Finance and insurance workers (11%) are the most likely to believe that steps or actions their employer is taking to close or prevent the gender pay gap are not effective, compared to software/technology (7%), retail (8%), manufacturing (7%), and telecommunications (10%) workers.

These perceptions do not align with our conversations with HR practitioners, both among our customers and at other large firms. In fact, in a beqom/WorldAtWork May 2019 poll of 200 HR professionals, more than 98% reported some level of HR or executive commitment to supporting pay equity at their organizations, and two-thirds identified at least one step or action already taken by their organizations to close or prevent gender pay gaps. What's more, 25% said their organizations are "fully committed" to programs, with buy-in from management and actions in progress.

HR teams, especially at firms leading the way in addressing pay equity, will benefit from stronger, more frequent communication with employees and others in promoting their efforts. In addition, firms that measure pay gaps not only in terms of gender, but in comparing similar peer groups will be better able to identify where true pay gaps exist.

Where a typical "men vs women" compensation report may indicate false inequity or hide real pay equity issues, comparing employees with similar attributes, such as tenure, grade, and seniority, will uncover where gaps really exist. With this context, employers will be better informed not only to communicate to employees, but to take effective actions to address the underlying reasons for the discrepancies.



Success in Closing Pay Gaps May Be Less Important Than Communication

When employees perceive a pay gap, regardless of whether their perceptions are correct, this has a direct, negative effect on employee retention resulting in a 16% decrease in intent to stay. That's 50% worse than the typical impact of a pay freeze.

As it stands, nearly two in five (37%) enterprise workers plan to look for a new job by the end of the year. Among software/technology workers, that number is nearly half (49%), and among Millennials (44%) the number of job seekers is almost as high.

In the last 12-18 months, do you think the gender pay gap has increased, decreased or remained the same at your place of work?

Increased



26.02%

No change



46.49%

Decreased



22.22%

Because pay equity perceptions have such a strong influence on retention and employee morale, it's incumbent upon organizations to be more transparent and communicative with employees about their pay gaps and what they are doing to close them.

< 20%

of employers communicate pay gap figures and plans to achieve pay equity

63%

of workers would be more willing to work at a company that discloses its gender pay gap figures yearly

32%

of workers said they would seek a job at a company that disclosed a lower gender pay gap than the company they work for

Almost two-thirds (63%) of the workers we polled said they would be more willing to work at a company that discloses its gender pay gap figures each year, a feeling shared more strongly by women (70%) than men (53%) and among more workers in the U.S. (65%) than in the UK (60%).

But armed with this data, only 32% said they would seek a job at a company that disclosed a lower gender pay gap than the company they currently work for. Among tech workers, this transparency is especially important. More than a third (37%) of enterprise software/technology workers say they would seek a job at a company that disclosed a lower gender pay gap than the company they currently work for. It's also especially important to younger employees, as 42% of Gen Zs reported they'd look to move to a company that disclosed a lower pay gap.

For employers, these responses may mean they can be rewarded in retention simply for transparency rather than only for effective action. As we've seen throughout this feedback from enterprise workers, continual communication, a public commitment from management, and transparency in pay practices all have a positive effect on employee engagement and retention.

While some organizations may be hesitant to talk to employees when pay equity actions have failed or not produced significant improvements, our survey shows there is value in communication regardless of successes. And with Gen Zs more likely than their older colleagues to support pay gap legislation, switching to employers that have published lower pay gaps than their own, and giving up their own workplace perks in favor of equal pay, firms positioning themselves as leaders in the movement will be better able to attract and retain the next generation of workers.





Claudio Carnovali, beqom Product Manager

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Total Compensation Solution is used globally across all industry sectors by over 100 large companies such as Microsoft and Vodafone. It addresses all performance and compensation aspects such as salary review, bonus, long-term incentives, commissions, benefits, non-cash rewards and all key drivers towards employee performance and sales performance.

HR, sales and finance departments leverage our platform to drive performance, retention, cost optimization and... happiness among their people.



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