



House of Commons

Business, Innovation and Skills
Committee

Women in the Workplace

First Report of Session 2013–14

Volume II

Oral and written evidence

*Additional written evidence is contained in
Volume III, available on the Committee website
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Business, Innovation and Skills Committee

The Business, Innovation and Skills Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Business, Innovation and Skills.

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/bis. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are James Davies (Clerk), Amelia Aspden (Second Clerk), Peter Stam (Committee Specialist), Josephine Willows (Committee Specialist), Ian Hook (Senior Committee Assistant), Pam Morris (Committee Assistant), Henry Ayi-Hyde (Committee Support Assistant).

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Witnesses

	<i>Page</i>
Tuesday 20 November 2012	
Danna Walker , Chair, Architects for Change, Professor Jane Dacre , Royal College of Physicians, and Sheila Wild , Consultant	Ev 1
Diane Johnson , Electrical Contractors' Association, Bola Fatimilehin , Head of Diversity, Royal Academy of Engineering and Clare Walker , Royal Aeronautical Society	Ev 8
Mike Buchanan , Chief Executive, Campaign for Merit in Business, Steven Moxon , researcher and author, Dr Catherine Hakim , sociologist, and Dr Heather McGregor , Director, Taylor Bennett	Ev 14
Tuesday 27 November 2012	
Brona Reeves , Barclays and the Employment Lawyers Association, Jemima Coleman , Herbert Smith Freehills and the Employment Lawyers Association, Sarah Jackson , Chief Executive, Working Families and Denise Linay , Royal College of Midwives	Ev 23
Ceri Goddard , Chief Executive, the Fawcett Society, Daisy Sands , Policy and Campaigns Manager, the Fawcett Society, Helen Wells , Director, Opportunity Now, Rachael Saunders , Head of Communications and Policy, Opportunity Now, and Sophie Garner , Discrimination Law Association	Ev 31
Sarah Veale , Head of Equality and Employment Rights, Trades Union Congress, Ro Marsh , National Officer, FDA and Sharon Greene , National Women's Officer, UNISON	Ev 37
Tuesday 4 December 2012	
Helena Morrissey , founder of the 30% Club and Chief Executive of Newton Investment Management, Liz Murrall , Investment Management Association, Tim Ward , Chief Executive Officer, Quoted Companies Alliance, and Debbie Crosbie , Director of Operations and IT, Clydesdale Bank	Ev 45
Dr Ashley Steel , KPMG and Peninah Thomson OBE , The Mentoring Foundation	Ev 54
Anya Hindmarch MBE , Chairman and Chief Creative Officer, Anya Hindmarch, Dr Margaret Mountford , Trustee, the Bright Ideas Trust and adviser on "The Apprentice" 2005-09, Marie O'Riordan , Editor-in-Chief, John Brown, and Heather Rabbatts CBE , first female Non-Executive Director of the Football Association	Ev 62

Thursday 6 December 2012

Sir David Normington GCB, Civil Service Commissioner and Commissioner for Public Appointments Ev 73

Tuesday 18 December 2012

Dame Professor Jocelyn Bell Burnell DBE, British Astrophysicist, Chair of the Royal Society of Edinburgh's inquiry into Women in Science, Technology, Engineering and Mathematics (STEM), **Kate Sloyan**, Doctorial Prize Fellow in the Optoelectronics Research Centre, University of Southampton, and the Institute of Physics' 2012 Very Early Career Woman Physicist of the Year Award, **Helen Wollaston**, Director, the Women in Science and Engineering (WISE) Campaign, and **Trudy Norris Grey**, Chair, WISE Campaign Ev 81

Aurel Ciobanu-Dordea, Director, DG Justice, Directorate D Equality, European Commission Ev 87

Claire Martinsen, founder, Breckland Orchard, **Emma Heathcote-James**, founder, Little Soap Company, and **Mike Cherry**, Policy Chairman, Federation of Small Businesses Ev 90

Baroness Margaret Prosser of Battersea, former Deputy Chair and former Interim Chair, Equality and Human Rights Commission, **Mark Hammond**, Chief Executive Officer, and **Karen Jochelson**, Director of the Economy and Employment Programme, Equality and Human Rights Commission Ev 94

Tuesday 15 January 2013

Ruby McGregor-Smith CBE, Chair, **Fiona Woolf CBE** and **Eddie Gray**, Women's Business Council Ev 102

Rt Hon Maria Miller MP, Secretary of State for Culture, Media and Sport and Minister for Women and Equalities, and **Jo Swinson MP**, Parliamentary-Under-Secretary of State for Women and Equalities, Department for Business, Innovation and Skills Ev 110

List of printed written evidence

Department for Business, Innovation and Skills	Ev 125; Ev 131
30% Club	Ev 133
Architects for Change	Ev 138; Ev 141
Campaign for Merit in Business	Ev 143; Ev 157
Clydesdale Bank PLC	Ev 158
Discrimination Law Association	Ev 159
Electrical Contractors' Association	Ev 167
Employment Lawyers Association	Ev 168
Equality and Human Rights Commission	Ev 179; Ev 192
Fawcett Society	Ev 192
FDA	Ev 201
Dr Katherine Hakim	Ev 203
Investment Management Association	Ev 204
Dr Heather McGregor	Ev 206
Mentoring Foundation	Ev 207
Steven Moxon	Ev 210
Opportunity Now	Ev 216
Quoted Companies Alliance	Ev 220
Royal Academy of Engineering	Ev 221
Royal Aeronautical Society	Ev 223
Royal College of Midwives	Ev 225
Royal College of Physicians	Ev 227
TUC	Ev 229
UNISON	Ev 239
Sheila Wild	Ev 244
Women in Science and Engineering (WISE)	Ev 250
Working Families	Ev 253

List of additional written evidence

(published in Volume III on the Committee's website www.parliament.uk/bis)

Aberdeen Asset Management PLC	Ev w1
Jeanette Ashton	Ev w3
Association of Revenue and Customs	Ev w4
British Bankers' Association	Ev w6
Catalyst	Ev w8
Chartered Management Institute	Ev w10
Computershare Voucher Services, Edenred, Grass Roots Group and Sodexo Motivation Solutions	Ev w15
Dr Hazel Conley, Dr Susan Durbin, Professor Sian Moore and Dr Tessa Wright	Ev w17
Constructing Equality Ltd	Ev w22
Directors UK	Ev w24
Charlotte Dunford	Ev w30
Employers Network for Equality and Inclusion	Ev w30
Engineer Graduates and Hi-vis Trust	Ev w32
Fair Play South West	Ev w33
Gingerbread	Ev w35
Dr Linda Grant and Professor Sue Yeandle	Ev w36
Helen Hernandez	Ev w39
Hy Consulting and Associates	Ev w40
iNHouse communications	Ev w43
Institute of Physics	Ev w45
Dr Sue Johnson	Ev w48
Dr Peter Jones	Ev w53
E Joyce	Ev w56
Ruth Levitt and William Solesbury	Ev w57
Alastair Macleod	Ev w60
Maternity Action	Ev w64
National Association of Pension Funds Ltd	Ev w68
Open University	Ev w69
Swayne O'Pie	Ev w73
Pact	Ev w75
Maggy Pigott CBE	Ev w79
Public and Commercial Services Union (PCS)	Ev w81
Mary Reed	Ev w87
Retail Motor Industry Federation	Ev w87
Professor Tom Schuller	Ev w88
Scottish Women's Convention	Ev w91
Linda Wells	Ev w93
WEN Wales	Ev w94
Dr Heather Williams	Ev w97
Workpond Ltd	Ev w98

Women's Engineering Society	Ev w99
Women 1 st	Ev w103
Women Like Us	Ev w108
Women and Manual Trades	Ev w113
Claire O'Connor	Ev w114
Mary-Ann Paddison	Ev w115
Renée Santosa	Ev w115
Kay Vincent	Ev w115

Oral evidence

Taken before the Business, Innovation and Skills Committee on Tuesday 20 November 2012

Members present:

Mr Adrian Bailey (Chair)

Katy Clark
Mike Crockart
Caroline Dinenege
Rebecca Harris

Ann McKechin
Mr Robin Walker
Nadhim Zahawi

Examination of Witnesses

Witnesses: **Danna Walker**, Chair, Architects for Change, **Professor Jane Dacre**, Royal College of Physicians, and **Sheila Wild**, Consultant, gave evidence.

Q1 Chair: Good morning and welcome to you. Thank you for agreeing to give evidence to the Committee. Just to start with, for voice transcription purposes I would ask you to introduce yourselves, starting with Danna on my left.

Danna Walker: Good morning. My name is Danna Walker and I am the Chair of Architects for Change, which is RIBA's Equality and Diversity committee.

Professor Jane Dacre: Good morning. I am Professor Jane Dacre and I am here representing the Royal College of Physicians.

Sheila Wild: Good morning. I am Sheila Wild; I am now a freelance equalities consultant and equal-pay expert, but for over 30 years I was at both of the statutory equality commissions.

Q2 Chair: Thank you very much. Obviously, some of the questions that we will ask will be put to you collectively, as a team; others may specify certain members of the panel. When asked collective questions, do not feel that all of you have to answer all of the questions if you are repeating what somebody else has said. Obviously, I would not wish to put you off if you feel the need to add to or subtract from what somebody has said, but I am conscious of the time. I recognise that you may well have strong feelings about things, and sometimes that does lead to an element of loquacity.

This is to all of you: do you think the public sector equality duty, section 149 of the Equality Act 2010, could be used more effectively to address inequality in pay in the public sector? Who would like to lead on that?

Sheila Wild: Yes, I think it could. What is needed to make it effective is a very clear message that it is expected to be used. I have heard—particularly from local authorities at the moment—that the message is a bit blurred: it is there but you do not have to take any notice of it. It should be made clear that this is there for a very positive purpose. That is the first thing: the message must match the tool. Secondly, there must be regular monitoring of what is going on. My experience over many years is that nothing focuses the mind better than someone actually checking up on you. It should not be heavy-handed checking up, but it should look at who is doing it,

who is not doing it, what the characteristics are of the organisations who are doing things well and what the characteristics are of those who are doing it less well. It requires clear messages and monitoring.

Q3 Chair: Have either of the other two panellists anything to add to or subtract from that?

Professor Jane Dacre: To echo that, clear messages and monitoring are needed. There is evidence from the public sector, the health service and the university sector, where I work, that monitoring is not necessarily being carried out effectively. For example, I have examples of men-only shortlists for high-powered jobs and that kind of thing. Transparency and monitoring are absolutely crucial.

Danna Walker: I have nothing to add to that.

Q4 Chair: I have a couple of quick supplementary questions on what you have said. It was interesting that you mentioned local authorities, because generally speaking the pay gap is less in local authorities than in the private sector. There is a considerable body of evidence to say that local authorities—in some cases kicking and screaming—have actually had to implement equal pay policies. My second supplementary question is this: who should do the monitoring?

Sheila Wild: With regards to local authorities, yes. One of the reasons why local authorities did do so well is that they were monitored. They were monitoring themselves and they were being monitored by the Equal Opportunities Commission. I do not know whether they are still monitoring themselves; I do know they are no longer being monitored as effectively by the Equality and Human Rights Commission as they were by the Equal Opportunities Commission. However, I am not here to act as an advocate for the former Equal Opportunities Commission.

In terms of the public-sector/private-sector divide on equal pay, there are many reasons why the public sector has a narrower pay gap. Generally, pay dispersion in the public sector is much narrower than it is in the private sector. There are far fewer of the lowest paid jobs and far fewer of the highest paid jobs. That automatically narrows the pay gap. There are

also payment systems that—at least in terms of their basic pay—are transparent. You and I and any of us in this room can go and look up what people are paid in terms of their basic pay. Where cases have been taken in the public sector, they have been about opaque payments: bonuses and plus payments and so on.

There is a lot about the public sector that narrows its pay gap. If we add to that the fact that the public sector did set itself certain standards of behaviour arising from the gender equality duty and their general wish to be seen as exemplar employers, it all tends to help narrow the pay gap.

Q5 Chair: Jane, did you wish to comment?

Professor Jane Dacre: I work in the public sector and I echo what Sheila says. Although publicised salaries may need to be equal, the way those salaries filter down to the women in the jobs suggests that they are not equal. There was some research done by the Medical Women's Federation, together with the BMA, approximately a year ago—which I can provide you with if you like—that shows even within the public sector there is still a gender pay gap in the health services.

Q6 Chair: We would welcome any supplementary evidence that you could provide.

Professor Jane Dacre: I will make sure you get that.

Q7 Chair: Do you think this public sector equality duty could be used by the public sector in the private sector through public procurement? We could take it at both a national and a local-authority level. Sheila, you look as if you are bursting to lead on that.

Sheila Wild: I have to give a very mixed answer to that. I think it is perfectly possible to use the public sector equality duty through procurement. It is very difficult to use the public sector equality duty through procurement to close the gender pay gap. Procurement must be as simple as possible for the people using it. It is not really feasible to ask the kind of detailed questions that would elicit what people were doing about their pay gaps. I think there is a lot of use of the public sector equality duty through procurement. You can certainly ask questions about the positioning of women within the organisation that is putting in the tender, but I do not think you can specifically say, "Have you done this, this and this in terms of your pay system or whatever?"

Q8 Chair: I am trying to summarise my interpretation of what you have said. You do not feel that it is possible to be prescriptive, but you could still ask specific questions of those who are tendering. I am not altogether clear: if you cannot do anything about it, what is the point of asking the question?

Sheila Wild: It is because the gender pay gap is just one component of a broader field of gender disadvantage. To close the gender pay gap in terms of pay itself requires, for example, asking, "Have you done an equal pay audit?" The answer could be yes,

but that would tell you absolutely nothing about the quality and scope of that audit. It could give you a misleading positive or, indeed, a misleading negative response. Having said that, information about the positioning of women within the organisation is something every organisation has, because gender information has to be collected for national insurance and tax purposes. The position of women in the organisation does have a very big influence on the size of the gender pay gap within that organisation. You can get to the pay gap obliquely. What I am trying to do is keep it simple for the people who are doing the tendering because—certainly if you want to open up procurement to small and medium-sized organisations—you cannot overburden them with questions.

Q9 Ann McKechin: This is to Danna in the first instance. There is a line of thought that in some occupations cultural or corporate behaviour acts as a discouragement to women. I wondered—from your own experience in architecture, construction and engineering—whether you think those sorts of barriers exist at the present time.

Danna Walker: Yes, I would agree with that. There are cultural barriers: women are underrepresented in architecture and construction. Overall, in construction women represent about 13.5% of the industry. Within architecture the figures are a little better. Female architects represent about 20% of that particular sector. The culture within architecture is one of long hours and presenteeism. The ways that people are recruited into the sector—as with many of the professions—is that some positions are advertised and some are not. Networking and submitting CVs, etc, are the methods by which people come into the industry. However, I would say it is not as clear or as structured as some other industries when it comes to understanding how the industry works.

Culturally, there is a lack of agility within the construction sector. By that, I mean opportunities to work in a flexible way. I think that could be changed. The opportunities of something like building information modelling—BIM, which requires people to work in a much more collaborative way and offers remote working—could be very useful in changing the culture. However, the culture is much more about people than technology. The technology to work remotely exists but it has not been taken up by the industry.

Q10 Ann McKechin: One of the problems is encouraging women to come into these professions—or even jobs in the construction sector.

Danna Walker: Absolutely.

Ann McKechin: I suppose if you look and analyse it, you will probably find women doing the secretarial or administrative work, or in human resources, rather than being involved on the technical and engineering side. Would that be a fair comment?

Danna Walker: That would be a fair comment. When we look at the figures right across the industry, the supply chain and the support roles are usually taken into consideration. Looking at the figures just for architecture, they are much more focused on the

20 November 2012 Danna Walker, Professor Jane Dacre and Sheila Wild

technical roles. In terms of architectural education at the moment, we are seeing an increase in the number of women participating. For architectural education it is around 40% to 44% in terms of participation. What we do see is a drop-off once education is finished because the culture for many women is a turn-off—as well as the low opportunities in terms of career progression, low pay and pay disparity.

Q11 Ann McKechin: Is there anything that has been done within the industry to tackle that behaviour? Is there any recognition that if 40% of students coming in to architecture, for example, are now women, the profession will have to make a systematic change in the way it operates?

Danna Walker: There are small and innovative projects, but it is not co-ordinated across the country, so you cannot necessarily access some of those projects and interventions across the UK. At the strategic level, coming out of the construction leadership forum that was instigated by the EHRC report, there is something called the Construction Industry Leadership Group for Fairness, Inclusion and Respect, which has the participation of many of the main contractors as well as professional bodies and analyses these questions from a strategic perspective. However, it will take time for those changes to actually come through to the industry.

Q12 Nadhim Zahawi: Before I come on to questions on the stereotyping of jobs, I would go back to your point, Sheila, about the inequality that occurs around bonuses and the more opaque ways of remuneration. Is there a role for greater transparency and almost compelling both the private to public sectors to publish more of their audits so that people can very clearly see their position within an organisation?

Sheila Wild: Yes, there is a need for several things. First of all, there is a need for national statistics to be disaggregated on grounds of gender. I have recently had an exchange of correspondence with the Office for National Statistics about this, because they very recently produced a briefing on bonus payments that was not gender-disaggregated. This means we cannot tell what is happening, and yet their own figures show that this is where the pay gap is at its deepest. The financial services sector is actually a regulated sector, so it is possible to do something. Wherever you have a sector that is regulated, obviously regulation is an option. There is a tendency throughout our culture and economy at the moment towards greater transparency on pay. If we could just remind ourselves to apply a gender lens to this transparency all of the time, we could go quite a long way.

Q13 Nadhim Zahawi: It is a powerful way to do that—nudging people in the right direction.

Sheila Wild: Yes. People ask questions. Why are all the highest earners men? There could be a perfectly legitimate reason for it, but somebody needs to ask the question and you cannot ask the question if you do not have the information.

Professor Jane Dacre: I completely agree. I think transparency goes a long way towards resolving these kinds of issues, because I do not think that people

have deliberately created this situation. It has happened because of a series of sociological effects over many years. To hold a mirror up and say, “This is a result of that,” means that people are more likely to do something about it.

Danna Walker: The majority of architects work in the private sector, and the cultural traditions are that when a job is advertised it is usually not advertised with a salary range at all. It says “salary negotiated” or “to be confirmed”. I saw one advert that said “great lifestyle” under the salary section; make of that what you will. However, what that means is that even at the earliest stage of your architecture career, you are expected to go in and have a salary negotiation. What you do not know is what people within that particular practice or consultancy are already earning, so you can find yourself falling into a situation where there is pay disparity and it is not clear; you actually have to get the job and start speaking to people to understand what the situation is. If there could be more transparency, particularly for the private sector, that would be helpful.

Q14 Nadhim Zahawi: Is that not changing? I remember from during my time before entering this place that there were several dotcom initiatives where people anonymously posted what salaries were paid at Oracle and Microsoft and architectural firms. This grew very rapidly, and people could see, when they were going for a job interview, what the bands were, even though the organisation was a bit reluctant to provide that information. Is there a role for the wisdom of crowds in this?

Danna Walker: Yes, absolutely. I think it has improved because that sort of information is being passed around. I think as a student architect you would have to understand and look for it, but once you are in the profession you understand how it works and it can get better. However, even within the bands that they are suggesting, what we have seen is that typically women are at the lower end of those bands.

Q15 Nadhim Zahawi: You addressed a point to Ann McKechin about the challenges to entry into the architectural and construction worlds. My question to you is on the inequalities of pay and progression once you are in. Why do you think those exist? I understand the entry point, where it is seen as a male profession due to the hours and all of the other stuff you have told us about, but why, once you are in, is there still that lingering gap in pay and progression?

Danna Walker: I think one of the issues is where you start. That initial salary negotiation, depending on how it goes, sets your level. When you have your annual reviews, then you will receive increments based on the base level that you started at, so you may be starting at a lower level than everyone else and it therefore persists.

Q16 Nadhim Zahawi: The problem starts on day one; you are already at a disadvantage and you carry that through your career?

Danna Walker: Exactly.

Q17 Nadhim Zahawi: That is interesting. Other than the obvious step, which is not starting at a disadvantage, is there anything else that could be done to remove some of these inequalities?

Danna Walker: In terms of some of the points that have been raised, greater awareness both on the employers' and the employees' part would help particularly. I think people often are unaware of the Act and how it can impact on them; that would certainly help.

Q18 Nadhim Zahawi: I have a quick question for you, Jane. Is there evidence of women moving into different specialisms from men?

Professor Jane Dacre: Yes, definitely. We have a situation in medicine—some of it led by cultural stereotypes—where if, for example, I asked you which parts of the medical profession women would choose to go into, you probably would not say surgery. That is because there is a recognition in the field that those parts of the profession are less comfortable for women to work in. I am not going to speculate as to why, but in medicine there is very clear evidence, which was found when we looked at a report on women in medicine that was published in 2009, that women tend to go into primary care and general practice; men tend to go into the more technological fields like interventional radiology or surgery.

It is interesting to look at why this happens. There are those who say that it is a career choice and there are those who say there are barriers in some areas. Obviously you cannot completely generalise, but if you are heading in a particular career trajectory and you see a barrier in front of you, you might make a choice to go into a field of practice that will be more comfortable for you and where you may have more of a peer group. That may be why, when the study was done, only approximately 8% of surgical consultants were women. I think 42% of partners in primary care were women. There is gender segregation.

Q19 Rebecca Harris: I find medicine quite an interesting field in terms of this debate, because I think I am right in saying that the majority of medical students, now, are female.

Professor Jane Dacre: Yes, 60% of them are.

Rebecca Harris: Whereas 40 years ago that would not have been the case. If we had been having this conversation 40 years ago, medicine would have also been included as one of those careers women do not go into—along with engineering. What has happened? What is different? Why have we managed to make that shift in medicine?

Professor Jane Dacre: It is complicated. Some of it is to do with women doing better at school. Women are achieving the entry requirements for medicine because in chemistry, which is our flagship subject, they are doing extremely well. They are getting in.

I think the requirements for a career in medicine have been more explicitly explained to people who are coming in. The caring and compassionate side of medicine has come to the forefront and that attracts girls. There have also been equality moves. Clever girls used to be nurses; now clever girls become doctors.

I think another influence that is quite interesting—and it will be interesting to see how it pans out—is that fewer clever boys, actually, when we did the study, were going into medicine. If you look at what motivates young men and young women, young women have more of a professional, caring outlook; young men are more focused on finance. The rise of the banking and the dotcom industries attracted some young men out of medicine. Now that this is all changing, it will be very interesting to review and to see whether the percentage of women and men equals out.

At the moment, it is running at about 60:40 in favour of women, but I suspect it may even out a little bit more, so that in the end we will have equality in terms of numbers who qualify. What we do not have is equality in terms of the numbers who reach the top. I am a female clinical academic. Only 15% of clinical academics are women. It is 60% at the bottom, but only 15% in some specialities at the top, at professorial level.

Q20 Mr Walker: Jane, you were awarded the Women of Achievement award in 2012, which is given to women in senior positions who help people in their profession. I was wondering if you could give us some examples of the cases with which people came to you for help and what you were able to do to help people.

Professor Jane Dacre: I think perhaps the root of the Women of Achievement award was when I was invited by the Royal College of Physicians to chair a research steering group into women in medicine. I became somebody that people would seek out. Because I am in a senior position, I have very explicitly said the things that need to be said in meetings where I am the only women, such as, "Why is this meeting at 7.30 in the morning? How do you expect people to get their children to school and come to it?"

Another thing was to ensure that on appointments committees there was an equality of men and women doing the appointing. I also have set up a mentoring programme for women academics—I have mentored a number of people individually myself—that offers guidance on how to get academic promotion, how to survive in the workplace, but also how to manage having three children and a career. I had to work out on my own how to do that. It is about supporting people, and then providing a network of empowered people who then cascade it out and support each other.

Q21 Mr Walker: What do you think needs to be done to help women who want to become physicians and progress to that academic level? As you say, there does not seem to be a problem attracting people into the profession; it is more a matter of seeing them through.

Professor Jane Dacre: There is a piece of work being led at the moment by Ruth Deech. She did a report for the Chief Medical Officer—I think it was also in 2009—looking at things that might attract women up to senior positions. One of the big issues that keeps coming up is affordable childcare. There should be encouragement and the opportunity of having

20 November 2012 Danna Walker, Professor Jane Dacre and Sheila Wild

childcare during working hours and, for doctors, during flexible hours, because we work around the clock. That is a big thing.

One of the issues that keeps coming up and going away, because nobody knows what to do about it, is taxation on childcare: how do you encourage women to come back to work when it is really so expensive and you have to pay out of your taxed income? That is a big question. There is also the issue of mentorship and encouraging both organisations and the people within those organisations to recognise that it is appropriate to promote women to senior positions, recognising that if you are a lone woman amongst a whole team of men, maybe you do not want to go to the pub or play golf in order to do your networking. There are fewer networking opportunities for women. This piece of work led by Ruth Deech is ongoing and is coming up with recommendations. They have gone back to the organisations that were stakeholders originally and asked, "What are you doing about this? What are you doing about this?" In fact, there is a meeting today—I am not there because I am here—discussing how people are getting on. One example of success in that area is Sally Davies, the Chief Medical Officer, who has said to all academic institutions that they need to have at least an Athena SWAN Silver award. To précis what that is, Athena SWAN is an organisation that supports the promotion of female academics; they provide awards for people when they demonstrate success in that. Sally Davies did this after doing some interviews for senior academic posts across the medical schools in the UK and finding a lamentably low number of women put forward for these senior posts. She has said, "Right, you will not be considered unless you have achieved this Silver award." Those kinds of interventions are very helpful.

Q22 Mr Walker: Obviously, you mention the different choices of careers for physicians; how much of that do you think is related to the ability to work part-time or to take on more flexible working? Indeed, with surgery as well there is often a challenge with being able to take a career break.

Professor Jane Dacre: It is a mixed picture. In the work that we did, we found some careers in medicine that are not necessarily part-time but can be planned. If you are mainly in outpatient clinics and you can plan what you do, those kinds of careers seem to suit women. Women are also attracted to careers that have more patient contact and consultation, whereas for things like surgery, if somebody ruptures something in the middle of the night you have to drop everything and go, which is more difficult for women. Women tend to choose things that can be planned.

Women are also the majority of people who work part-time in the health service. Interestingly, their part time is two-thirds of full time, so their part time is around 60%. If you look at the careers of men and women, women contribute 60% of the 100% during their careers; men only contribute 80%. Part-time work levels are higher for women, but it is not very part time. It allows them to do the internet shopping or the practical things where there are still societal expectations that women have to do more than men.

Q23 Mr Walker: I have one last question. In the written evidence that we received from the Royal College of Physicians there are a lot of statistics. One that seems slightly surprising is that a higher proportion of men than women said that they had had problems negotiating their contracts. Do you have any explanation for that?

Professor Jane Dacre: I only have an anecdotal explanation, which is that they are the ones that have the confidence to negotiate their contract. Women tend to be a bit more reticent about negotiating their pay.

Q24 Ann McKechin: Is there a cultural thing that if women go into part-time work they are considered, at a later stage in their careers, as being not as serious as those who have been full time throughout?

Professor Jane Dacre: Yes.

Q25 Ann McKechin: Understandably, people have care obligations. It might not just be for young children; people increasingly have to look after their elderly parents. If people take a part-time job, do they realise that has put a stop to them ever at any future date, even 10 years hence, starting to be confident in applying for the top jobs in their particular career projection?

Professor Jane Dacre: Yes, I think that is true. I am not sure it stops you, but you have to be pretty determined to get back on to that ladder. There is certainly a culture, as Danna said, of presenteeism, and there is no doubt that people who have prioritised their family commitments when they have young children are culturally regarded as less serious candidates. I recently examined a PhD where that was one of the main themes coming out of the qualitative research: that women who had worked part-time in order to have children were taken less seriously in the workplace and were more likely, as a result of that, to develop psychological issues about their work-life balance.

Q26 Mr Walker: I have a question for Danna. How has the economic downturn over the last few years affected female employment and pay levels in the architecture profession?

Danna Walker: What we have seen through the Future Trend Survey, which is done by RIBA, the Royal Institute of British Architects, is that in around 2009, when they looked at the numbers of women in practice, women made up about 28% of those in practice. When they returned to do the survey in 2011, that figure dropped to 21%. Although that is a shift of 7% in terms of men, it is actually about a quarter of women that are now not engaged in practice.

Q27 Mr Walker: Does that reflect an overall fall in the number of people in practice or is that something that is falling much more sharply for women than men?

Danna Walker: It has fallen more sharply, but it would be true to say the industry has been very heavily impacted by the recession.

Q28 Mr Walker: What do you think can be done to mitigate that and to recover the position and hopefully start moving beyond the 20s in percentage terms?

Danna Walker: Anecdotally, what seems to be happening—and this happened in the last recession—is more women thinking that they would actually like to start their own practices, not only to address the fact that they might not be able to get work with somebody else, but also to work in a mode of practice that suits them, because you can set your working hours and how you work with the client, which can be difficult to do if someone else is your employer.

Q29 Chair: Can I just clarify something? What you are saying is that the drop may be attributed to female architects deciding to set up their own businesses rather than just disappearing into the unemployed architects' pool?

Danna Walker: What I am saying is that in terms of practice overall—whether you own your own business or not—the drop has been about 25%. People are going from being in work to not being in work. However, one of the things that we are seeing is that female architects are seeking to set up their own practices to deal with that issue.

Q30 Chair: In totality, does that 25% figure reflect the actual drop of practising female architects?

Danna Walker: At this point we would say yes, because most of the architecture community is in SME practices, so that is who RIBA would have surveyed.

Q31 Chair: Where do they go? Do they become unemployed?

Danna Walker: No. Many of them seek other areas of work. The training is incredibly good and there are lots of transferrable skills in terms of design, management and those sorts of things. What we see is that women go off and do other things where career progression and pay are not such large issues—as well as modes of work, such as greater opportunities for part-time working.

Q32 Chair: Why should this behaviour be a characteristic of women rather than men? Certainly, the figures would seem to indicate that more women are disposed towards doing this than men.

Danna Walker: I think this has been for the reasons that we have been discussing. The culture within the industry can present barriers for women in terms of career progression. Added to that, there is the pay disparity, low levels of progression and issues in terms of the availability of work. This can mean that women make the decision to leave the profession much earlier in their careers. We see retention of women as the bigger issue because, like medicine, in terms of participation and education, the numbers are quite high. In architecture, you do a degree first of all, which is part one; there is a postgraduate course, which is part two; there is then professional practice. Over each of those sections, the proportion of women starts to drop, but they fall quite significantly in terms of the numbers of women actually going on to practise.

Q33 Mike Crockart: I have a question for Sheila. We started out with the Equality Act and I want to return to that. I am particularly interested in your statutory role and your views on the Act. We have now had 40 years of equal pay legislation. I want to get your views on how far you think we have come towards the principle of men and women being paid the same for work of equal value. How much has that been achieved in practice?

Sheila Wild: I think we are still quite a long way away from achieving the equal value aspect of equal pay, which is where you have men and women doing different jobs but those jobs being valued equally. In a sense, the recent publicity around certain local authority cases demonstrates that very well. It seems to be quite hard for people to make that change of mindset. Almost everyone in the country would agree that if a man and a woman are doing the same work, they should be paid the same. It is where men and women are doing different work. As both of the two professionals here have illustrated, even within a particular area or profession, men and women are going into different work. Why should we pay them differently when they are doing different jobs? The training and the career progression can be similar, but we do not seem to be able to make that jump.

Many years ago, when I was at the Equal Opportunities Commission, we did commission some attitude surveys towards equal pay in different jobs. If you go out to the public at large it is quite interesting, because we have the beginnings of commonality. Most people would agree that a nurse and a police officer are roughly on a par; we examined those kinds of comparisons. One of the issues is that there are just so many different types of job that it is difficult for us to make the equations. It is incredibly important that we do get to this, because it is often forgotten that the reason equal value was introduced into the legislation was to tackle occupational segregation. The biggest single contributor to the pay gap is occupational segregation: it is men going into some kinds of jobs and women going into other kinds of jobs, and the male-type jobs being paid more. Equal value was intended to redress that imbalance by providing some kind of means of measuring different jobs equally.

Q34 Mike Crockart: Is there not an inherent problem with the use of the word “value”, because it is so subjective? How do we get to a point where everybody agrees what is of equal value in such disparate jobs?

Sheila Wild: People often say to me, “You cannot compare apples and pears.” Actually, you can: they are both fruit. As you said, you have just changed the names. You are quite right: equal value is subjective. In the United States they use the term “equal worth”, and I think that is easier because worth does have a kind of weightiness to it, and you can get little pictures in your head about it.

Q35 Mike Crockart: In practical terms, what do any of the panel think needs to be done to move that forward?

Sheila Wild: I think that we do need a much greater push towards two of the underpinnings of the Act. The

20 November 2012 Danna Walker, Professor Jane Dacre and Sheila Wild

Act is actually based upon the concept of evaluating jobs—of job evaluation as a technique. I will not say that every business and organisation in the country ought to introduce job evaluation, but there certainly ought to be some kind of weighing-up of the job sizes within organisations and attaching salaries on that basis, rather than on the basis of stereotypes.

Secondly, there should be a greater push—I think it should be a voluntary push, but a much stronger one—towards equal pay audits. Voluntary does not mean do nothing. I have to say I think that is where we are at the moment: we are in a position where voluntary means you do not have to do it if you do not want to. I think voluntary means that if you can do it, you should do it; if you cannot do it, you should seek help in doing it. We need some strong leadership behind it and a much greater availability of information on how to do it. I have had to set up a website bringing together all the information on how to get equal pay right. We should not be a position where a private individual has to do that; the information to help people do it should be out there.

Professor Jane Dacre: To add to that, I think that the idea of self-assessment of equal pay is probably practical, feasible and would encourage people to do it—provided there were clear guidelines. I think it perhaps should be followed by transparency. There is a need to be transparent about pay awards and, beyond transparency, to be public about it. As we said before when we were talking about transparency, these situations have arisen by evolution. They need to be sorted out, but they need to be sorted out by raising public awareness of where the difficulties arise. I would suggest that then they would be more likely to be sorted out.

Danna Walker: It is interesting that the conversation earlier mentioned procurement. In construction, public sector clients are 40% of the workload. Using that as a vehicle to ask the question could be incredibly useful. As the Companies Act requires private companies to submit information about that company and their directors, that could be another vehicle to tackle the private sector, in order to get the information and ensure that it is being monitored and picked up.

Q36 Nadhim Zahawi: Sheila, you described the Equality Act as a missed opportunity. I would say to you that the Government did introduce, through regulation, a duty on private employers to undertake equal pay audits. The Government then decided not to introduce such regulation. Do you think such regulation would help to address the weakness in the voluntary system?

Sheila Wild: I think regulation can work in the right kind of context. It could, for example, work in Wales, where the labour force is much smaller. Indeed, one could say it is working in Wales because there is a narrower pay gap in Wales and much greater and more effective monitoring of what is going on. The position in Scotland, which ought to be similar, is not similar; it is much more mixed.

Certainly, looking around the world, regulation works where you have a labour force of not more than about 7 million or 8 million people. When you have the size

of labour force we have, 26 million to 27 million, and you have the very mixed economy we have here in terms of the types and sizes of organisations and so on, I think it is very difficult to regulate in a meaningful way. A much more productive route is to go for a strong voluntary approach that includes, as we have all been saying, transparency. Given a choice, I would prefer to regulate for transparency rather than regulating for auditing.

Q37 Nadhim Zahawi: Section 71 of the Equality Act permits equal pay claims to be brought based on hypothetical comparisons where there is no man in the same workplace doing equal work. Do you not think this helps in the case of occupational segregation, or when a man takes over a woman's role, for example when she is promoted or on maternity leave?

Sheila Wild: It is one of those things that in theory ought to help but in practice is so difficult to do, because you are doing it in the context of an equal pay claim, which is such an incredibly difficult thing to do. It is difficult; it is complex; it is also hugely expensive and you could not do that yourself. You would have to get a lawyer to do it. I think that is beyond the reach of most women to do. It will happen and there will be cases around it, but for all practical purposes the law is too complicated to be effective.

Q38 Nadhim Zahawi: Is there any data on how it is working out?

Sheila Wild: I do not know of any, but that is because the monitoring that used to happen is not happening.

Q39 Caroline Dineneage: Sheila, you have said already today that you think voluntary arrangements could work if there was more information in place to help them succeed, but given that they have been in place for a long time and there have been statutory codes of practice in order to help them succeed, what makes you think that they could still be successful?

Sheila Wild: The voluntary approach we have now is much weaker than it was 10 years ago. Ten years ago we had a voluntary approach that comprised very strong messages from Ministers as a group—not just the Secretary of State for Trade and Industry, as was the case then, but Ministers as a whole. There were very strong messages from the statutory equality body, a whole range of easily accessible advice and information that had been developed with business—and was, because of leadership from Ministers, therefore being promoted by business—and regular monitoring of what was being done by both the public and the private sectors to pick up those tools and use them. Monitoring was taking place every 18 months or two years, and you could see the progression happening: you could see the public sector moving ahead of the private sector; you could see which bits of the private sector were doing well and which were not taking any notice of it at all. You were building up a snowball or a bandwagon. It was all happening. Year on year, from the monitoring, you could tell that more people were picking up good equal pay practice and you could see that progress was being made. You could also see within the pay gap itself that progress was fairly even.

20 November 2012 Danna Walker, Professor Jane Dacre and Sheila Wild

What we can see now from the pay gap figures is that for those women able to behave approximately as men behave—i.e. they do not have children, they have equivalent education qualifications and they can do the presenteeism—there is virtually no pay gap. Where you have black and minority-ethnic women and older women, it is different. There is a huge pay gap for older women. For older women, particularly those working in the private sector, there is an enormous pay gap. Those differences are not coming out and they are not being explored.

A voluntary approach requires consistency. It is no good saying, “Oh yes, we would like you to do it this year, but we will backpedal next year.” It must be there; we all have to be moving forward on this. We cannot go on waiting another few decades for this to happen.

Q40 Caroline Dinenage: You advocate a voluntary approach but with monitoring?

Sheila Wild: Voluntary does not mean doing nothing; it means that if you can do it, we expect you to be doing it. It is setting expectations and making things as transparent as they possibly can be. People will start to regulate themselves. Business competes. Once you get one business to do really well on equality, they will start to compete with each other.

Q41 Caroline Dinenage: May I ask a supplementary question on that, just briefly? In your written evidence, you suggest that businesses should be given three years to comply. First of all, why have you chosen that figure? Do you think this would be unlawful under EU law, where gender equality needs to be immediate?

Sheila Wild: To answer your last question first, it depends which lawyer you ask. When I was at the Equal Opportunities Commission—and, indeed, the Equality and Human Rights Commission—we did a lot of work on this, and it is feasible.

Why did I choose three years? That figure is derived from the pay practices and the way pay is negotiated within reasonably large organisations. It does take time to negotiate pay; it takes time to set expectations;

it takes time to amend a pay system. If you ask businesses, they will say they want more than three years. The more time you allow, the more likely it is to fall foul of European law. Three years felt like a reasonably practical and effective compromise, but employers are in a very difficult place with this at the moment. If you start to put it right, you are just exposing the fact there are women working for you who are not getting equal pay; those people will want to take cases.

Q42 Mike Crockart: I have a brief question about something you alluded to in a previous answer. You talked earlier about the pay gap and gender equality. As you have said, gender equality is not the full picture of why many women are paid less. Age, ethnicity and disability can also play a large part. Do you have particular evidence around the impact of inequality and pay on black, Asian and minority-ethnic women in particular? Do you think that improving pay for women generally may obscure those continuing differences?

Sheila Wild: Yes, it does obscure those continuing differences. The picture for black and minority-ethnic groups is mixed. It is not inevitable that if you are a BME woman your pay gap is wider. For Chinese and Jewish women, for example, the pay gap is much narrower. However, particularly for Pakistani, Bangladeshi and black Afro-Caribbean women, the labour market disadvantage really expands the pay gap. You cannot tackle that pay gap just through pay measures; you have to redress the more general inequalities that those women are experiencing.

Chair: That concludes our questioning. I am conscious that we packed a lot into a very short time. If you feel that you would like to add to any evidence that you have given today, please feel free to write in with supplementary evidence. Similarly, we may feel that there is a question that we should have asked but did not and may write to you to ask for further information; we would be grateful for your responses. This has been incredibly helpful. Thank you very much.

Examination of Witnesses

Witnesses: Diane Johnson, ECA, Bola Fatimilehin, Head of Diversity, Royal Academy of Engineering, and Clare Walker, Royal Aeronautical Society, gave evidence.

Q43 Chair: Good morning and thank you very much for agreeing to speak to the Committee. I am not sure whether you were there when I introduced the previous panel, but I will quickly repeat what I said to them. Some of the questions will be person-specific; others will be general. Do not feel that you all have to answer every question if you feel there is nothing to add to or subtract from what a previous speaker has said. Just before I start with the first question, could you introduce yourself for transcription purposes, starting on my left with Bola?

Bola Fatimilehin: Good morning. My name is Bola Fatimilehin and I work for the Royal Academy of Engineering. At the moment, I currently lead on the

Diversity in Engineering Programme, which is funded by the Department of Business, Innovation and Skills and aims to increase diversity across the engineering profession.

Clare Walker: Good morning. I am Clare Walker. I am a Companion of the Royal Aeronautical Society; I am an elected member of its council; and I am also the founding chairman of its Women in Aviation and Aerospace Committee.

Diane Johnson: Good morning. My name is Diane Johnson. I am the ex-President of the ECA and was the first woman to hold that position in the 110 years of the Electrical Contractors' Association. I am now their skills ambassador. I am also an electrical

20 November 2012 Diane Johnson, Bola Fatimilehin and Clare Walker

contractor. My family company has been in business since 1946 and has trained over 330 apprentices.

Q44 Chair: Thank you. I will start with the first two questions that I asked the previous panel. This is to all, but do not feel that you all have to expand at length on it: do you think the public sector equality duty, section 149 of the Equality Act 2010, could be used more effectively to address inequality in pay in the public sector?

Bola Fatimilehin: That is not a question that I would particularly like to answer first.

Clare Walker: No, it is not my area of expertise, I am afraid.

Diane Johnson: I am not public sector, either.

Chair: I appreciate that you are all from the private sector.

Bola Fatimilehin: Having heard the previous session, I think the key issues for me were around pay transparency. There are other things around engineering and pay. We have done recent research at the Royal Academy of Engineering. Unlike many other professions, there is a significant growing wage premium attached to engineering. There is occupational segregation in engineering, i.e. there are not many women in engineering. The fact that we do not have many women engineers means that they are effectively being denied the opportunity to earn a higher wage, which is something that has increased over the last 20 years. Transparency and more women doing those jobs that are better paid would help fix the pay gap.

Q45 Chair: I am interested in the private sector perspective, but you may feel more qualified to answer the next question. Do you think a public sector equality duty could be used more effectively in terms of public procurement from the private sector?

Clare Walker: Yes, of course. There are a lot of big defence contracts, for example; therefore, companies should be asked what they are doing about diversity within their businesses. The evidence that we are getting is that there are more big companies that are bringing in heads of diversity. They are encouraging women's networks. They are supporting a lot of what we are doing, for example, so there is evidence there that these companies are taking diversity seriously. What the Royal Aeronautical Society is trying to do is keep pace with those changes.

Diane Johnson: For me it is a bigger question than just women, because for public procurement we need apprenticeships. If we had apprenticeships, it would not matter which gender they were. Basically, there should be equal opportunities for women and for men. At the moment, I would love it if for all public procurement you had to directly employ an apprentice; that would open the gates for women as well. At the moment, that does not happen.

Q46 Chair: That is interesting, because we have just reported along those lines in respect of apprenticeships. Is there anything else that you think could be done, like inserting clauses in specifications for tendering?

Bola Fatimilehin: I think clauses are being inserted into some contracts. For instance, at the moment, as part of our leading Diversity in Engineering Programme, we are working with an industry partner, one of the professional institutions and a consortium of engineering companies to run an apprenticeship programme. That apprenticeship programme has come about as a direct result of a clause in a contract. Through this, we have now set up a level 3 apprenticeship. The problem we still have is getting more young women into the apprenticeship programme. We have some, but we would like more.

Q47 Chair: Do you think the apprenticeship route, the provision for apprenticeships, is one of the most effective ways of addressing this?

Diane Johnson: One of the problems from the electrical sector is that only 1% of our industry is women. It would not matter for me if the Government said tomorrow, "You must do this." At the moment, we do not have a proper structure for how to excite women. We should start a lot earlier; we should be in schools, explaining what women can actually do. At the moment, there is a knee-jerk reaction.

For a woman, the word apprenticeship does not mean anything anymore. At one time the word apprenticeship meant quality; it meant having a craft skill for life that you could then build on going forward. If you talk to young people now, they say, "What does an apprenticeship mean?" If you are a young lady who wants to go into something that she can build on, our sector does not look that exciting because nobody is advising them on what they can do and how they can get there.

Q48 Chair: Interestingly, some of your observations match some of the recommendations that we have just made in our apprenticeship report.

Bola Fatimilehin: If I could just add to what Diane said, the image of apprenticeships is not good at the moment. It is not attractive. One of the things we have done with the pilot we have run is to call it a professional technician apprenticeship. That tries to bring some of the quality and status to it that it might be missing in the minds of both young people and their parents.

The other point you made that I would like to add to—because it is something we are quite passionate about in the Academy—is the whole issue of schools and the fact that all of this needs to start much earlier. Stereotyping was the subject of the question that we responded to in the consultation; it starts very early on. Somebody was telling me outside that it actually starts when you are pregnant. How far back we go and what we can do to tackle it are serious questions. If I take the example of physics for a moment, physics is of huge interest to engineering because it is a key subject in terms of determining whether or not you can become an engineer in later life. The Institute of Physics conducted research earlier this year that showed that of all the A-level entrants in 2011, 20% of them were female. That situation has persisted for the last 20 years. It is not biological. It is not because girls cannot do physics; they actually do better than boys. There is a lot around teacher attitude and

20 November 2012 Diane Johnson, Bola Fatimilehin and Clare Walker

stereotyping that says that boys do physics. King's College is doing a longitudinal study of this, and some studies say that some teachers, though not all, will see boys as more naturally able and better at physics. Of course, that sends a message to girls. As a result of all this, we are bottom of EU states when it comes to having female engineers within the workforce. It is not a situation that must continue. Sweden has about 25%; we have 9%.

Q49 Mr Walker: That was very interesting. Diane, perhaps when you are talking about challenging stereotypes, you could talk a little about your Wired for Success initiative?

Diane Johnson: When I became President of the ECA, I used to chair several meetings. There would be me and 60 men or me and 40 men. I thought, "Where are all the women?" I did quite a lot of research, went out to Jobcentres and talked to women. I found that the problem is that when a man loses his job and goes to the Jobcentre, they look at how they can retrain him. What can he do? When a woman loses her job, she goes along and she is offered—with no disrespect to any of these jobs—work in administration, which 9 out of 10 women come out with, or care. As we know, care is not that well paid. If somebody has come out of a well-paid job, they are struggling immediately. I asked about this and they said, "Well, nobody offers us anything."

I was talking to women. I wanted to bring women off the unemployment list and have a skill. It was my idea, but the ECA hooked up with London & Quadrant Housing Association, who were also looking at how they could enrich their residents' lives—and they have thousands of properties. We decided to find out whether there was an appetite for women who were unemployed to come in and have a word with us. I must admit that on the day I turned up I thought nobody would turn up; we had a lot of women.

It is very humbling when you hear a woman who is 51 say, "I think I am going to die on benefits." Another woman said, giving us the bigger picture, "I have three sons. I want them to know that it pays to work." Another one said, "I am 29. I already feel I am on the scrap-heap." I thought, "This is ridiculous." Obviously, we only had a certain amount of money, which is all private money, not public. The housing association got together with their contractors. The contractors agreed that they would take the women on. I admit that the women are on benefits, which, to be honest, has been a real problem because they keep being asked to go and look for work, and they are on a training scheme at the moment. The contractors give up their time and we also have EAS, which is a training association, training the women. We are doing this at the moment; what is groundbreaking is that this is in school time. We have childcare facilities. This is something that is not available to them at the moment. When you invite a woman who has been unemployed to come into our sector to try to get training, issue number one is that there is no funding. I am not saying there should be, but there is not. Issue number two is how they are able to turn up on a building site at half past seven in the morning and go home at 5 o'clock while going to college and running a family.

Wired for Success, to be honest, is a blueprint for anything. It does not have to be electrical; it could be anything. What I am trying to do is break the stereotype. We have to do things differently. There is a saying: do what you have always done and you will get what you have always got. If we are bringing women into engineering, especially women who have been made unemployed and we want to retrain them, we have to rethink the whole thing.

Q50 Mr Walker: It sounds like a hugely exciting scheme. Is it one that you think is easily replicable by other industries?

Diane Johnson: It is replicable but the thing is that it costs money. The problem at the moment is that for employers to actually take women on to do this, the level of work is not there. There is no point in me sitting here and saying that it is. If you take somebody on, you want to make sure that you can fulfil the commitment. The people who are actually training these ladies at the moment have said to me, "They turn up on time; they are brilliant at what they do; but I want them to get a job afterwards."

I have not had any problems in the job I have done, going through. I am not a spark, but an electrical contractor. I do not have any barriers with the men at all. The barriers are not there, but at the moment—even if they want to employ a woman—they are struggling to employ the men as well. What I am trying to do is be groundbreaking, but it is about trying to break what we have there already, and that is quite difficult. You have to prove that it works and also have the money to do it. London & Quadrant have a side that is a charity arm; they helped us to do this. Yes, it can be done, but it takes a lot of commitment and people going above and beyond.

Q51 Mr Walker: You mentioned 330 apprenticeships in your area.

Diane Johnson: That is just my company.

Mr Walker: Gosh. How many of those are women?

Diane Johnson: Two. I was actually talking to somebody about this—this is where I go back to the beginning. The problem is we never have any women apply. I am going to schools now to talk to people and to explain. Also, there is the other side where people say, "Construction is on its knees; why should I send my young girl to come into your industry? Will they be able to get a job?" I have to be able to say, "Yes, they are there, but at the moment it is a problem because of the economy." If you take a young person on and it is a three or four-year apprenticeship, if you stop that halfway through they will never come back to your sector. They will lose complete hope. There must be a consistency in the work, which is, for me, where we come to public procurement. If you could not have a contract unless you directly—this is not pushing it down the supply chain; that is easily done—employ that apprentice, the company that is getting the contract plus your supply chain, there would be a lot of apprenticeships out there.

Clare Walker: We do need to improve the profile of apprenticeships, do we not? We need to show people that women do this. For example, I do not know whether you saw the supplement in *The Guardian* on

20 November 2012 Diane Johnson, Bola Fatimilehin and Clare Walker

women in engineering. In that, you will see a young lady apprentice at Rolls-Royce. She is actually on our committee. She actively chose to become an apprentice rather than go to university. As her preferred route, she wanted to become an engineer; she wanted to physically do the work. That young lady became Rolls-Royce's first ever global trainee apprentice of the year. That is global, worldwide. If you can draw attention to this and show that women do these types of things, it helps tremendously.

Diane Johnson: Can I briefly reply for a moment? What she said is correct, but Rolls-Royce have branded their apprenticeship. It is on the tin; you know what you are going to get. That is different from saying, "Come and have an apprenticeship in construction."

Q52 Mr Walker: Following through on that, in terms of the aerospace industry, with the all-party parliamentary apprenticeships group I recently visited BAE Systems at Warton and met a number of their apprentices and graduate engineers as well. What was interesting to me was that there seemed to be a higher proportion of women amongst the graduate engineers than amongst the apprentices. That comes back to the point you are making: there is a prejudice against women taking apprenticeships. Do you think there is more that could be done in terms of careers advice or in terms of industry going into schools to sell the case for women to look at apprenticeships?

Bola Fatimilehin: Yes. I think there are a number of things happening already where industry does go in to schools. For instance, STEMNET have a STEM ambassador programme with thousands of ambassadors nationwide who are linked to industry who go into schools to promote engineering. But there is more that can be done, not just at the schools level through careers advice and information but actually, I think, at societal level.

I think the previous panel talked about increasing diversity amongst architects and surgeons and in medicine generally. The difference between those three and engineering is that they are quite visible. We all go to the doctor; we know what doctors do. We go to hospitals. We see it on TV. There are great programmes that make it all look extremely glamorous. Where is engineering? What are we actually attracting people in to do? I think more needs to be done at societal level to build understanding of what engineering actually is and raise awareness of the fact that it is not all male-dominated, that it is contemporary, that it does deal with societal issues, that it improves our way of life. It is not just about oily machines. I think there is still a lot of that thinking.

Engineering UK carry out biannual research that looks at the public perception of engineering. Even those people who work with engineering in careers advice do not understand fully the range of engineering careers. That is a real block, because children go home after having the advice, go to their parents and say, "I want to be an engineer and I want to do this." The parents say, "What is that? Be a doctor; we know what that is." I think there needs to be more awareness-raising.

Chair: You have touched on a few of the issues we are going to raise in a few moments. We do need to move on, because we have time constraints.

Q53 Ann McKechin: We asked the previous panel about issues of corporate or cultural behaviour. One thing that struck me about a recent report on graduates in STEM subjects is that the retention rate in STEM jobs is very poor amongst women compared with their male colleagues. It is about 27% retained against a male figure of 52%. I wondered what your experience has been within your own careers and occupations of the cultural barriers. Diane mentioned childcare for people who are on the construction site. I wondered whether networking and the ways that people get jobs might be a barrier, potentially.

Clare Walker: Yes, networking is extremely important. If you are the only woman on a team, it is very difficult to network. A lot of what we are doing is providing places where women can come and network, make contacts and learn about what is going on in the industry. You are highlighting the end part of the great leaking pipe, which starts right at childhood and goes right the way through the points at which we lose women in engineering, starting with the toys that girls are given to play with.

Ann McKechin: There is Bob the Builder.

Clare Walker: This goes right the way through. You can see the percentage dropping away and dropping away. The big tragedy is when you lose a woman who has made the commitment to do a degree in engineering and who comes out with a first-class or a second-class degree—and the statistics show that women are outperforming men in the degrees that they are gaining. For them to go into industry and you to lose them after all that is very sad.

Q54 Ann McKechin: Is there any reason why you think this is happening? Do you think that culture is beginning to change? Do you think there is an appreciation that there is a real shortage of engineers? You mentioned the fact that they are at a premium at the moment. Is there an appreciation that the industry needs to change the way it operates?

Bola Fatimilehin: We always hope that the business case will motivate industry. Most recently, our President, Sir John Parker, George Osborne and, today, Vince Cable have spoken to the CBI about jobs in growth and the industrial strategy that the UK needs. The business case, therefore, is around the fact that we do not have enough engineers. Over the next few years we will have to find more engineers—otherwise the industrial strategy, which is supposed to strengthen the economy and lift us out of recession, will not be sustainable.

Overall, we are hoping that business will link in to this message and understand that, actually, it is not even just female engineers this relates to. Not enough people are going into engineering overall, but, if we need more engineers, where are they going to come from? Women are a potential pool. It is not as if women are not coming through; we are just not retaining them, and not getting enough into the pipeline at the very beginning. I think paying attention to those points in the pipeline that Clare mentioned is

where we need to focus industry. Some companies are very good at focusing internally and doing work on this, such as National Grid.

Q55 Caroline Dinenage: I would disagree with you on that point, because if a child, male or female, wants to go through their GCSEs and then go on to do an engineering degree, they need three sciences. There has been a tendency towards combined science; they are actually making a decision at the age of 13 or 14 that will dictate their career. I wondered what your thoughts were on influencing those kinds of decisions very early on in their academic careers.

Bola Fatimilehin: Some of that is about not making children take those decisions quite so early on and leaving it open. If we look at other European countries and what they are doing, they are not making children make those choices quite so early on. They leave those options open for a bit longer. Regarding 14-year-olds, there is an evident dip in performance where they move away from the academic and a little bit closer to the arts and the more practical subjects, but that comes back up again. If they are making those choices at that stage, it is not very helpful.

The second issue is obviously about the curriculum and giving more opportunity for children to study those subjects. The other issue is to compel schools. I know it sounds a bit strong, but we could compel schools to look at those subjects where there is a gender imbalance. We cannot make pupils do subjects they do not want to do, but teachers are role models. They have a role to play in engaging pupils with subjects, in looking at how they challenge stereotypes and also in making those subjects accessible enjoyable.

Some schools do it very well, so there is some good practice out there. It is a question of compelling every school. It could be through Ofsted; dare I say it? Perhaps a school might not be assessed as outstanding unless it has a plan in place showing how it is actively looking at school subjects and moving towards some balance. I think that is the sort of action that is required.

Diane Johnson: In *Wired for Success*, one thing I looked at with these ladies was that nobody had ever talked to them about coming into engineering ever, and every one of them loved every minute of it. They said they based their career decisions on where they were pushed to go; they were not informed decisions. With *Wired for Success*, I am trying to broaden it out to bring people in that would never have thought of doing it before.

Chair: We are straying into answers to the next question. Do not feel the need to repeat anything, but if there is something you wish to add, please do so. I am conscious that we are tight on time.

Q56 Katy Clark: This is a question on engineering; I will ask Bola and she could come back on it. In the next panel we will be hearing evidence from a witness whose organisation believes that men are more likely to become engineers and women are more likely to become nurses “as a result of gender-typical choices reflecting their gender-typical natures”. Could you respond to that?

Bola Fatimilehin: It is the nature-nurture thing again. I think that is what we are talking about. I would say yes: there probably is some predisposition. If you look at evidence, research and what actually happens, we could say, “Men are supposed to be engineers; women are supposed to be nurses.” However, girls do really well at physics. Are they being encouraged to do physics as much as boys? I doubt it. These patterns have existed for generations. Over time, they have become embedded at so many levels of society that it is actually quite difficult to shift them now. The evidence says that they are socially constructed; they are not biological. Girls can do well at physics; men can be good nurses. I do not see anything that says they cannot. Yet, I am not advocating that we reach 50:50 or anything like that, but I think we need to remove these barriers that mean that, if a girl wants to become an engineer, that is not offered to her in the same way as nursing would be offered. We can see other European countries have more female engineers; why is that?

Clare Walker: I would like to make the point about visits that schools organise to establishments like engineering or aviation businesses. I received an e-mail the other day from our President-elect; she will be the first female President of the Society since it was founded in 1866, so we are going somewhere. She said, “You will be really depressed about this, Clare, but I have been talking to somebody who organises visits for schools and only 5% of those that turn up are female.” That is a problem, because I have heard that either the teachers are saying to them, “You would not be interested in that, girls; it is engineering,” or the girls themselves are saying, “I would not be interested.” How do they know? As Bola has already pointed out, engineering goes on behind closed doors. Even pilots are locked in their cockpits these days. They are not getting those experiences. It should be possible to introduce something whereby there has to be a 50:50. When that happens—I know people who do this—the girls’ eyes are opened.

Are they pre-disposed towards saying they do not want to be engineers or they do not like it? Or is it that they have never been exposed to it or been excited by the challenges of engineering?

Diane Johnson: To take it out of engineering, my daughter is a county-level rugby player hoping to go for England trials. She is now 19. All the way through, she has been told, “You cannot play rugby; you are a girl. You would not want to do that; you are a girl.” That is absolute rubbish. Unless you introduce females to these things and tell them what they are about, of course they will not go down these routes. That is what we are guilty of: we tend to put people into boxes. “You are a girl so you must do that.” What I have found is that when you get women engineers, they are very good. Also, when you bring a woman into an area in which there has not been one before, you get a lot more than just the actual academic skill. They bring their mentoring skills. Women are—sorry, gentlemen—very good at multi-tasking, because we have to be. We bring a lot more in. You find that companies that do get women engineers value them highly, especially in our sector.

20 November 2012 Diane Johnson, Bola Fatimilehin and Clare Walker

Q57 Katy Clark: That brings me on to the next bit of my question: what do you think the impact is of having such a low percentage of women, particularly in the engineering profession?

Clare Walker: Lack of role models is one of the problems. The evidence shows that if a woman cannot see other women doing better than her further up an organisation, she is likely to walk away. We need those inspiring role models. That is a lot of what we are trying to do: showcase women who are doing incredible jobs. I wish you had all been with us a couple of weeks ago at our conference. There was a woman talking with great excitement about the fuel system of an Airbus A380, and she had titled her talk “50 Shades of Fuel”. There was another woman talking excitedly about composites and what they were going to do. There was a video of a female captain on an air-sea rescue operation, which had your heart in your mouth. Women do these things. We need to be able to showcase that women are doing this and that they love their jobs.

Bola Fatimilehin: It is the other perspective. We do think differently; we have some different traits and ways of seeing the world. Actually, women have a lot of buying power in terms of households. Women have a huge amount of buying power, so why would we not want to contribute to the environment that we occupy? That is necessary.

Of course, the other thing is about the gender pay gap. This is a real negative impact of having occupational segregation, where one gender is doing the work that generally pays more than the other. It is a huge contributing factor to maintaining the status quo. As the wage premium for engineering is set to grow and carry on growing, we hear from the Fawcett Society that for the first time the gender pay gap might increase again. Are the two things inseparable? Maybe they are not.

Q58 Katy Clark: You have obviously spoken quite a lot already about what could be done to increase the percentage of women in the engineering profession. Is there anything anyone on the panel would want to add to that in terms of concrete steps that could be taken to increase the proportion of women in these professions?

Diane Johnson: One of the things that we have to look at that would put women off going into engineering is what one of the previous speakers said: that to be a woman in these industries you have to be single, unmarried and not have children. I was not. You can do it, but we have to say to women that if they do want to come into engineering and have a family, it is okay to do that. This is an industry that has not had a lot of women in it. If women want to take a career break, have childcare facilities or be pregnant and have time off for it, we have to look at that.

This has never been part of the engineering sector. The thing is that a lot of apprentices are employed by SMEs. It is not the big companies now; it is the SMEs—especially in the electrical sector. If you start talking to SMEs about what I have just talked about, they say, “We cannot do that.” We have to look at the structure. We have to bring it back to how we are

going to do this rather than trying to impose it. You cannot impose this on people or companies if there is no structure there to help them; that is not there at the moment.

Clare Walker: We also need to change the workplace structure to be more female friendly. When the Society decided to ask us to look into the whole situation regarding women working in aviation and aerospace, they also looked at themselves and this wonderful building full of big, imposing photographs of male presidents. Now there is actually a women’s corner, where we have photographs of women who have done things in aviation. It is about the message you are sending out to people. Are you a female-friendly environment? Here is another example of a publication that the Society produced: there is a woman on the front cover, and on the report that we produced. It is about showing women that they are welcome and that they are encouraged to be there. The same applies to businesses: if women are visible and are made to feel welcome, you will get more women coming in.

Q59 Caroline Dinenage: I think you are all such fantastic, dynamic ambassadors for your fields. It is fascinating to hear from you all, but I would like particularly to talk to Clare very quickly, because your CV is just fascinating. You qualified as a pilot when you were 50. I will not ask a million questions because the Chairman will kill me, but what I want to know is what made you think you wanted to do it at the age of 50 rather than before? Had something changed that had enabled you to do that?

Clare Walker: Yes, that is quite easy to answer. When I left school in the mid-1960s, I think you could count the number of women flying commercially on two fingers. This was despite the fact, as you know, in World War II 164 women flew for the Air Transport Auxiliary. They flew every single type of aircraft: fighter aircraft, four-engine aircraft and aircraft where they were the sole pilot on board. They flew the brand-new jet engine, which had only just been introduced. All they were told was, “By the way, it goes a little bit faster; you need to be back on the ground in half an hour because you will run out of fuel.” That is all the training they had and they did it. Fast-forward 20 years and you come to me leaving school. There is simply no way a career in aviation is open to me. British Airways did not take their first female pilot until 1987. The RAF did not take their first operational pilot until 1992—and she was not allowed to fly fast jets. That did not happen until 1994. You are now looking at 30 years after Clare left school. This was never an option.

I finally get my hands on an aeroplane when I am pushing 50. I got my single-engine fixed-wing licence at 50, two years later my helicopter licence and a year after that, my multi-engine rating—and then I went absolutely ballistic for 10 years and blew a very large hole in my children’s inheritance.

Chair: Well done.

Katy Clark: When I was 14, I wanted to be a pilot and my guidance teacher told me, “You would not be strong enough.” I ended up becoming a lawyer, so congratulations.

20 November 2012 Diane Johnson, Bola Fatimilehin and Clare Walker

Clare Walker: Thank you very much.

Chair: Can I thank you for that incredibly illuminating session? Clare, your experience was fascinating. It does pose the question of how, given the role that Amy Johnson and Amelia Earhart played in pioneering aviation, successive generations of women have not somehow built upon the vision that was created by these pioneers. Perhaps you are doing your bit to change that; maybe we can do our bit as well.

Thank you incredibly for the contribution you have made. As I said to the previous panel, if there is anything you feel you would like to add to the evidence you have given—inevitably we are constrained by time—it will be given every bit as much weight as the oral session. Similarly, of course, we may feel on looking at the transcript that there were one or two questions that we did not ask that we should have, and so we will write to you. Thank you very much.

Examination of Witnesses

Witnesses: **Mike Buchanan**, Chief Executive, Campaign for Merit in Business, **Steven Moxon**, researcher and author, **Dr Catherine Hakim**, sociologist, and **Dr Heather McGregor**, Director, Taylor Bennett, gave evidence.

Q60 Chair: Good morning and welcome. Thank you for agreeing to speak to us today. I will just repeat what I said to the others. Some of the questions will be to the whole panel, but please do not feel that all of you have to answer all questions. Obviously, if there is something you wish to add to or subtract from what a previous speaker has said, feel free to do so, but we do not really have time for any unnecessary repetition. Perhaps you would like to introduce yourself for voice transcription purposes, starting with you, Dr McGregor.

Dr McGregor: My name is Dr Heather McGregor. I own and run an executive search company in London and I am a founding member of the steering committee of the 30% Club. I have also recently written a careers book for women called *Mrs Money Penny's Careers Advice for Ambitious Women*. Finally, in the interests of full disclosure and following the previous witnesses, I should tell you that I have an A-Level in physics and I qualified as a pilot at 48 years old.

Dr Hakim: I am Dr Catherine Hakim. I am a social scientist. I have been doing research on women, women's employment issues, women in the family and all of the issues related to women for 20 to 30 years. I have published two books that are particularly relevant to this inquiry. One is *Key Issues in Women's Work* and the other one is *Work-Lifestyle Choices in the 21st Century*. Both of them focus on the current situation and address the choices that women make in terms of their preferences and their behaviour and so on in the modern, 21st century workforce. Both of them are entirely based on reviews of the most recent research results. That is what I generally focus on: the current situation—looking forward, rather than looking backward.

Michael Buchanan: I am Mike Buchanan, Chief Executive of the Campaign for Merit in Business and author of *The Glass Ceiling Delusion*.

Steven Moxon: I am Steven Moxon. I am a non-affiliated, completely independent cross-disciplinary researcher into the biological roots of human sociology. I am particularly interested in the sexes. I have only recently started being published, from 2008, in science journals, and I have also published through Imprint Academic a book called

The Woman Racket: the new science explaining how the sexes relate at work, at play and in society.

Q61 Chair: I will just open with a question to Mike Buchanan to start with. Your organisation states that men are more likely to become engineers and women are more likely to become nurses. Why do you think that?

Michael Buchanan: I think the roots of it are biological. I am very much persuaded by the work of Professor Simon Baron-Cohen at Cambridge University, who published a book called *The Essential Difference* back in 2003. His essential thesis is that most people are gender-typical, and that the male brain is designed for systemising and the female brain for empathising. If that is true—and I think there is a lot of evidence that it is true—then we would expect men to be more interested in physics, mathematics and engineering and we would expect women to be more interested in nursing, medicine and, indeed, psychology.

Q62 Chair: Perhaps we should have Professor Baron-Cohen in front of us. Could you summarise what he said about the male and female brains?

Michael Buchanan: His thesis is basically that evolution has led to the male of the species, if you like, having a brain that is hardwired for systemising, i.e. having an interest in systems, how to improve them and how to change things around, whereas women's focus, for evolutionary and psychological reasons, is more around relationships.

We even find in the business world that women talk a great deal more about interpersonal relationships than men do. Men, if you like, are task-driven, in a sense, and women are far more likely to be people-driven. It is my thesis that as you go towards the top of major organisations, particularly private-sector organisations, being good at systemising gives you a natural advantage over being good at empathising.

Q63 Chair: I am not quite sure how that would relate to why women should not be good engineers or good physicists.

Michael Buchanan: I am not saying they should not be; I am simply saying the number of men who are good mathematicians, physicists and engineers will

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

naturally considerably outnumber the number of women who are.

Q64 Ann McKechin: I wondered if you would accept, Mr Buchanan, that you may be overemphasising a potentially small biological difference over cultural trends. If you look physicists, for example, and you visit countries in the Middle East, you will actually find that a large number of physics graduates are female. In Iran, two-thirds of physicists are female. There are many other cultural barriers to women in those countries, but in that particular area it is not a barrier. I would suggest to you perhaps it is more cultural influences that are the reason why women would tend to move into certain professions or occupations, as opposed to something that is based on scientific, biological factors.

Michael Buchanan: I cannot talk for Iran—forgive me—but my experience over 30 years in the business world was that perhaps 80% to 90% of men and women do act gender-typically. Given the same options in life, they will very often act gender-typically.

Q65 Ann McKechin: What I am trying to ask is: what is the difference between the cultural factors and the scientific factors? You have quoted one piece of evidence to the exclusion of anything else, and you seem to suggest there is a rational, scientific basis for your conclusion. What I am suggesting to you is that perhaps the reason is actually primarily a cultural one, rather than a biological one.

Michael Buchanan: But it could be argued—and I think there is someone on this panel who would argue it rather better than I—that culture results from biology. At the end of the day, the biological side of all of this—I know it is contentious—is not part of our case, at the Campaign for Merit in Business, as to why increasing gender diversity on boards in particular is a dangerous thing. The core of our argument is that there are five longitudinal studies showing that when you “improve” gender diversity on boards, financial performance declines. There is not a single robust study that says performance improves when you do that.

Q66 Ann McKechin: How many people are members of the Campaign for Merit in Business?

Michael Buchanan: There are probably about 10 people. We have been going about six months.

Q67 Chair: Are these five longitudinal studies published?

Michael Buchanan: Indeed, yes. Four of them are actually in the written submission that we provided. We have since discovered a fifth and I have that with me today. I would be very happy to hand that out to people.

Chair: And no doubt we will look at them.

Q68 Mr Walker: You dismiss the gender pay gap as a statistical artefact; I just wonder if you could expand on what exactly you mean by statistical artefact, and why it should be that rather than many of the other things we have heard about in our evidence?

Michael Buchanan: I think it is very clear, when you actually look at these studies that suggest a sizable gender pay gap, that if you dig down into them you will find there is an awful lot of comparing of different things. One example in a study that I saw some years ago was comparing male and female salespeople, and they actually compared, if you like, sales representatives who work on the road, and who probably do 100,000 miles a year, with shop assistants. They were regarded as comparable. Or they will take a particular job quite apart from that and will not take account of the fact that very often the responsibility and the budgets or the number of staff managed is very often rather more for male managers than for female managers. Issues like that tend to be discounted, but when you actually include them in the mix, the gender pay gap all but disappears.

Q69 Mr Walker: Surely there are issues here, though. Some of the issues that you have already talked about that also have an effect—different choices of careers and people being able to stick for a period of time to a career without a career break—are to do with different genders. Surely you cannot dismiss those as purely statistical artefacts.

Michael Buchanan: No, but you would expect—surely, to my mind—that when somebody takes a number of years, let us say, out of the workplace, it will impact on their career prospects. The majority of these things are actually choices, which Catherine will hopefully talk about.

Q70 Mr Walker: Fundamentally you were suggesting that women have better people skills and men are more systematic in their approach to things. Surely in a lot of large organisations people skills and the management of people are hugely important and valuable skills. Surely, when you are talking about the composition of boards, that is something that you would want to see reflected at board level, to a degree.

Michael Buchanan: Indeed, but, at end of the day, if these people skills translated into the bottom line, as was claimed for a great many years, we would have longitudinal studies that showed that; but we have five studies that show that, despite the theory about people skills and soft skills and all the rest of it, it does not translate into the bottom line. It is quite the opposite; it actually translates into a decline in corporate performance.

Q71 Mr Walker: I wanted to ask Heather a question. Obviously, in the work that you have been doing with the 30% Club, there must be a number of senior directors there who disagree with these longitudinal studies and take a different view. There must be a number of company boards that see value in having a proportion of women. I wonder where they feel they are getting their evidence from.

Dr McGregor: Yes, I think it is very difficult to link any kind of board to financial performance. Any longitudinal study that tries to do that, I think you will find, is quite ambitious and, as we all know, with real-life data there are lots of things that can change. The 30% Club is actually much more concerned about the effectiveness of boards, which does not necessarily

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

mean financial performance. Financial performance will be heavily dependent on the CEO. We believe that more women on boards will deliver more effective boards and, apart from anything else, for many companies lots of their customers are women, for instance. I think it makes a lot of sense that Robert Swannell has a lot of women on the board of Marks & Spencer. That is the kind of thing we would like to see.

Q72 Chair: Have you read these longitudinal studies that Mike Buchanan has talked about? If you have, have you any comment on them?

Dr McGregor: I believe that Mr Buchanan is referring to a study in Norway, but I do not know because he has not said so. The study in Norway, where they have had quotas, Mr Chairman, shows that there has been negative impact on financial performance due to the precipitous nature of the way quotas have been introduced in that country. The 30% Club interest in the Norway experience is very much around the fact that despite quotas we still do not have a sustainable pipeline of women in executive positions. Despite the fact that you have this wonderful headline of 40% of women on boards, you do not have either a pipeline of senior women or women CEOs; in fact, their averages for both of those statistics are lower than a European-wide average.

Q73 Ann McKechin: This is a question to Catherine, Mike and Steve. All of you have theories about the presumption of innate differences between men and women. I just wondered if you could each explain your theories about that presumption. Perhaps I could ask Catherine to start us off?

Dr Hakim: I have been misrepresented in that I do not think the innate differences are of any consequence whatsoever. I think they have mattered in the past. All the latest research shows there are no important differences between male and female abilities. That is the key thing—not whether they are statistically significant, which academics like to boast about because that is as far as they ever get. There are none anymore. There are none in their activities, behaviour, interests and so on, except in three areas that I think everyone now agrees seem to be permanent.

One is that men are more aggressive. This means that they also can be more motivated in activities that they undertake and they can be more violent. That seems to be immutable and universal and permanent. The second is that men are much more interested in sex, so there are sex differences in interest and activity. The third one is spatial intelligence, which does explain very particular occupations: there are more male architects, for example. That seems to be likely to continue, but there are very few particular occupations where the ability to rotate things in three-dimensional space is important. In most occupations it will not be important. I do not think that any innate differences—which are certainly there in terms of the latest results of neuroscience—matter in everyday, ordinary, workplace daily life in any important way. That is the key thing; in any important way.

Society today is man-made; the workforce is man-made; and the kinds of careers that men and women choose are, if you like, man and woman-made. My focus originally was primarily on women; I then extended the research to men as well. My research is simply looking at the choices that women make and the preferences that they express in the current day, after the equal opportunities revolution gave women real choices in the labour market—and in the educational system, which was the first thing. Before the contraceptive revolution, women's choices were constrained because they could not control when they fell pregnant if they were sexually active. The pill was the key point; it was, in my view, the most important change in history for women because it gave them independent control of their fertility, independent of men, whereas other forms of contraception do not have that independence. After the 1960s with the contraceptive revolution, after the 1970s with the equal opportunities revolution and after a whole pile of other changes in the labour force—such as the creation of jobs for secondary earners, more flexibility, etc, and a variety of other things, all of which were in the handout that I hope has been given to you—I think there was a significant change in the situation that women encountered, and they now have genuine choices to make.

In that context, the choices and the preferences they state in all of the research in all modern liberal industrial societies, not just Britain, are more or less set out in an ideal-type classification in table 2 of the handout, which I hope you have. It shows that roughly 20% of women in all societies are work-centred and careerist in the way men are. Roughly 20% of women are home-centred, family-orientated in the way that very, very few men are. Roughly 60% are in the middle wanting the best of both worlds, a combination of family life, paid employment and success or achievement in the public sphere, whether it is in politics, sport, art, the workplace or whatever. The ones in the middle group are the ones that are always dominant in any survey results because they are the ones who are the most numerous. However, an awful lot of policy is based on the assumption that women would be careerist and work-centred, just like men, if only culture and society allowed them to. The evidence is that they simply are not.

Just one example—which is why I added table 3 at the back of the handout—is that Sweden has had gender equality policies for decades longer than any other country in Europe. They have been more persistent and insistent on them than any other country in Europe. It is not just Sweden—also the Nordic countries in general—but Sweden is usually the main example. Even in Sweden, in the modern age, only a third of women choose to be continuously employed full-time in whatever activity they do. That is within the range that I give in my overall classification. The proportion of women who are careerist and work-centred varies from 10% in countries where the whole culture, policy and everything is totally against women working, but the maximum is never more than around a third of women, even in countries and cultures that are totally in favour of gender equality.

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

There is a limit to the proportion of women who will be interested in ambitious careers.

Of course, the sort of people who will come to this Committee to give evidence, the sort of people who are in academia, and the sort of people who are in top jobs are always going to be taken from that group. That group is much bigger for men, but there are substantial numbers of women as well, though it is a much smaller group as a proportion of all women. You will always hear from these women, who very often completely lose sight, understandably, of the fact there are a lot of other women whose attitudes to jobs and careers are completely different. The home-centred group never has a voice. There is virtually no organisation that gives them a voice; they are never heard.

Q74 Ann McKechin: In the figures for Sweden, 4% are family-centred, compared with about 17% in the UK. Clearly, issues around childcare would suggest that actually a predominant reason for perhaps why people end up staying at home, particularly if you are on a low income, is that there is a very high percentage of people on low incomes in Britain compared with other western countries. In terms of the adaptive section, there are far more men, younger men now, who actually want to spend more time with their younger children. That is an increasing social phenomenon. I know men—as I am sure everyone around this room does—who want to spend more time with their young children. Actually, if they are also able to get flexibility, more of them are likely to move into the adaptive section. What I would suggest to you is that this is primarily cultural, and if social policies like childcare and improved working flexibility are enacted, those figures will move quite considerably.

Dr Hakim: They are not moving and they have not moved for a long time. These are statistics for the British survey on preferences. This is what they want to do; it is not necessarily what they are doing. There are women who prefer to stay at home full time who are working out of financial necessity. There are women who are working full time who would really prefer to be at home.

Q75 Ann McKechin: Most women are working because they need to work to pay their bills and look after their families. When you start to look at where the average wage is for women and for most families, it is pretty inevitable that this is the conclusion they will come to; that is the predominant reason why people go out to work.

Dr Hakim: The reason everybody works is to earn money; that is the nature of paid employment. It is done for remuneration and not for pure fun. Everybody works for money—men as well. There is no news in that. The point I am making is that if you look at the research evidence on preferences, women have a different pattern of preferences, which is not to say all women want to be housewives and all men want to be high achievers in the workforce. However, there is a different pattern between men and women and you see it even in a country like Belgium, which, again, has had very strong gender equality policies for a very long time. There is a different pattern of

preferences. There is also a different pattern of actual employment as well.

Q76 Ann McKechin: There are social trends like more men wanting to take part in childcare and less connection with religious ideologies. There are changes that are also going across that pattern.

Dr Hakim: There are cultural changes that make it more acceptable for men to say they want to spend more time with their family. But what has been consistent for quite a long time now, about 20 to 30 years, is that all surveys that have asked people about their working hours preferences—this of course covers men as well as women—show that the majority of people who work full time say they want to work shorter hours. That has been going on consistently for as long as surveys have been asking that question. What reason they give for wanting to work shorter hours is almost irrelevant. Everybody says they want to work shorter hours—if that is a possibility.

Steven Moxon: I would question the level of analysis here. I think everything Catherine has just said is very accurate; the data is very comprehensive. I might raise Simon Baron-Cohen's theory on the male brain. He is on a different level. My view is that you have to start from the bottom; you have to start from the biology. If you think of culture, culture has evolved to function, to feed back, to fine-tune and reinforce the underlying biology. It is not separate from biology; it is a manifestation of it. In fact, it reveals ever more what some of our mental biology—and even the biology itself—does, in a sense.

If you start from top-down theories, as in most sociology, you start from an ideological premise, and all you are doing is going around in circles in a tautology. You must start from the biology. The basis of the biology is, "Is there a major difference between the sexes?" You are damn right there is. There are various ways of conceptualising it. The one I favour is to talk in terms of a genetic filter function: the fundamental problem in any biological system is how to deal with the accumulation of gene replication error, mutation through combination. Males compete with other males to sort out the men from the boys, as it were; females, preferentially, sexually select the highest-status males, i.e. the males of a higher rank in the male dominance hierarchy. There is also the self-suppression of fertility and sex drive in lower status males. The whole point of any social system is to stop most males from reproducing either at all or to any great extent.

If you then look at how that translates into human sociality, human social structures and dynamics, we know—this is not disputed in science literature—that from toddler age males form a dominance hierarchy; females do not. Of course you can cut across all of these things and pretend that the sexes are the same, but if you go looking for differences you will find them. Males form dominance hierarchies; females form what has generally been dubbed a personal network. When you get adults in the workplace, a workplace is, if you like, a socially amorphous rendition of the male dominance hierarchy. It necessarily is a hierarchy for obvious reasons that we

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

do not need to go into. Males fit into that very well. Females obviously do not.

However, it gets even worse, if you feel that way, than that, because there is a sex dichotomy as well in ingroup psychology. Male ingroup psychology tends to readily identify with any conceptual group such as your university year group—or, indeed, your workgroup—whereas female ingroup psychology is very much tied to this personal network. It comes, by extension, out from family and friends in a chain and that cuts across the workplace. It is no surprise that women have difficulty in the workplace. Not only do they have difficulty; they do not want to be in it in first place.

There are all sorts of ways that you can come at this. If you then measure any attribute, competence or anything you can measure between the sexes, you tend to get very different normal distribution curves, i.e. if you plot a distribution of all the variance within one sex, the male curve is like this: it is fat both at the top and the bottom. You get the geniuses and the dunces, and it is relatively flat in the middle. The female distribution curve tends to be like this: it disappears into asymptotes very quickly at both the top and bottom tails. Most individuals are clustered around the median. If you look at the top tail, if you look across there, what you have is a fat male tail and the female tail has already disappeared. This is what we are talking about at board level in a commercial corporation or organisation. This is why you do get, as it turns out, that ratio of approximately 10:1 males to females. There is nothing you will ever do to get rid of that. Yes, you can, as Mike has pointed out, always get non-executive women on to boards—and that is probably a good thing, in some ways. However, since the Davies report there have not been any appointments of executive females; they have all been non-executives. The problems emanate from these sex dichotomies.

Presumably, the whole point of having women on a board is to bring some—what would you call it?—womanly qualities. But the women who compete successfully to get on to the board obviously are not typical women. Then there are sexual dynamics. When there are men and women together, the basic interaction is not cross-competition; it is sexual display. Males will display their competitiveness; females will back off from competition. They will actually reduce their competitiveness.

Ann McKechin: Mr Moxon, we are pressed for time. I think we understand the gist of it. Mike, you have already made some comments; do you make to make any additional observations?

Michael Buchanan: No.

Q77 Ann McKechin: I would just ask all the panel, given your various CVs, do you consider the Equality Act and the associated legislation is a waste of government resources or do you think it still has a role to play?

Michael Buchanan: I would say it is a complete waste of resources. I think it is the most extraordinary gravy train. There must be thousands of people riding that gravy train in the UK at the moment, and I think they really could do better things with their lives.

Dr Hakim: I think you have to have a basic floor of employment rights, including equal opportunities rights and all that kind of legislation in all countries. In some cases in Europe it is simply written law that everybody ignores. But even in countries where it is taken seriously and people do try to implement it, like Britain, you will always get cases of backsliding and individual companies or people who will be inclined to ignore the law; therefore you have to have mechanisms to enforce it. I was always in favour of the EOC and similar organisations being there to ensure that there is some kind of compliance. Many European countries do not have such a commission and their laws virtually have no genuine application in reality. Yes, I think it is absolutely essential that you keep it.

Dr McGregor: Though I have a PhD, I am not an academic. I am in the business of putting people into work. That is what I do all day, every day, all year. A small number of those jobs are for the Government in this country and for not-for-profit organisations such as the Bill and Melinda Gates Foundation, the Ibrahim Foundation and so on. The Equality Act has improved the standard of transparency and the standard of what is required. In fact, we try to apply that throughout all of our work, though I think that is very variable.

Although it is beyond the scope of this Committee, Mr Chairman, I think what is more relevant in my life is what the Equality Act has done for black and minority-ethnic people. In 2008 I set up my own 10-week training programme to help black and minority-ethnic people get their first job. I have personally funded it, with the help of some of our clients, ever since. It is not a Government initiative. We have had over 100 people through that programme, and we have put 75 of them into meaningful jobs in our sector. I think that the Equality Act has really helped.

Dr Hakim: I would like to add to that. I agree with that point. The most important problem of equality in the workforce today is concerned with ethnic minorities, migrants and immigration. I think that is by far the most difficult and important area of policy concern, and I think gender equality has been dealt with. Equal opportunities legislation, sex discrimination legislation and all of that has been successful. It has achieved its purpose; it has achieved a pretty level playing field for women.

The focus on occupational segregation and the pay gap is now, I think, a waste of time and is misleading, which may have been the question you were meaning to ask. This is because the pay gap—in Britain, anyway, and in the United States—has been completely explained. It is explained in terms of the types of occupations people choose, the hours they work, whether they work in the public sector or the private sector, whether they are union members or not, the distance they travel to work. There is a whole pile of factors that most studies never look at. The overall average difference between men and women in both America and Britain has been completely explained. In a lot of European countries it has not been; therefore, the European Commission continues to say it is an issue. But it is not an issue here. It has been explained. It is very small now, anyway.

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

Q78 Ann McKechin: There was a very significant equal pay case this year involving women in the public service in low-paid jobs. That is a very recent example, but it affects thousands and thousands of women across this country. Has it done its job? Are there no more of these cases around? I think most other people think there are a lot of these cases still to be examined, and it would require transparency to look at them.

Dr Hakim: There are still cases coming forward that have been a long time in the pipeline, where the equal-value criteria and the sex-discrimination criteria are applied. That is why you always have to keep that legislation in place, because it is absolutely fundamental. However, the current pattern of occupational segregation—which divides into two sorts, vertical and horizontal—is not an issue because, on the basis of preference theory, which is set out in the handout, to a large extent the current pattern of occupational segregation in this country is the result of choice. There is a lot of focus on horizontal occupational segregation: women are nurses and men are engineers and we really ought to change that. However, the really important thing is vertical segregation: why is it men are the top bosses and women are the underdogs? It is the lack of women who proceed up the occupational ladder that is far more important than which particular type of job they have. I think that is a separate issue.

Steven Moxon: Sex equality should be called sex inequality. To take up what you said about equal value, these cases are scandalous. It is an attempt to equate—to put it crudely—part-time dinner ladies with full-time bin men. It is absolutely absurd to say that because you put them on the same pay scale, you should retrospectively say, “Well, they are the same job and should be paid the same.” Without accepting that the sexes are fundamentally different, any attempt at equality legislation will be sex-discriminatory against men. That is actually going on.

It is shown by the most comprehensive study, Riach and Rich (2006). They sent out CVs that were identical apart from the sex of the applicant for real jobs. These were highly male sex-typical jobs such as systems analysts and accountants. It is well known that the main stage of discrimination is at the interview stage, when you actually get an interview. The application with a female name on was four times more likely to get to interview stage. That speaks volumes. These were highly male sex-typical jobs. Catherine can tell you what the pay gap used to be in East Germany, but we would expect the pay gap to be far larger than it is. There must be preferencing of women going on for the pay gap to be at the level it is.

Michael Buchanan: May I add one point on that? There was a report recently that pointed out that approximately 60% of undergraduates and graduates these days—I think in the last two years—have been women. The unemployment rate among new male graduates is 50% higher than that among new female graduates. I suggest there is a sort of gender gap there.

Q79 Ann McKechin: There is a gender gap in unemployment. Female unemployment has risen by 20% over the last two years versus 1% for men.

Michael Buchanan: The latest figures from the ONS show that for every three unemployed women there are four men. That is 1.08 million versus 1.44 million.

Ann McKechin: There has always been that difference.

Chair: I think we can look at the statistics when we compile the report.

Q80 Rebecca Harris: I would just like to go back briefly to what Dr Hakim picked up on regarding differences in the pay gap being explained. You listed a range of reasons for the pay gap, which is explained and done and dusted, including things like working part time and whether someone is a member of a union. Mr Moxon came in and said, “It is absurd to equate a full-time bin man with a part-time dinner lady.” I think that is quite interesting, because I think one of the things that might be going on here is that we have a prejudice against part-time work as not real work. For generations we have said that full-time-plus work is a real job and part-time work is not a real job, and therefore does not command the same salary, regardless of the level of the work. I think there may be some unconscious prejudices, as you both expressed.

What I would like to say is that if we accept that there are differences in choices—this is really to all of you—how can we use those differences to best improve women’s place in the workplace? We need, as an economy, more women to be fulfilling their potential. We have heard that about engineering, but in all other parts of the economy we are having a difficult time. If we take as given that women make different choices and have different qualities, how can we use that knowledge to actually best improve our economic performance?

Dr Hakim: One very simple way—I have recommended this myself in books and articles I have published already, some time ago—is that the Dutch government introduced a law a long time ago allowing everybody in the workforce to request part-time work for any reason or none. That was the key thing: it was for any reason or none. That destigmatised part-time work, because men could apply without having to give a reason—whether it was because they wanted to look after their children or any other reason.

I am not prejudiced against part-time work at all. I have done many studies of it. It is very important for the female workforce, but it is the case that women are more likely to choose it than men, and that has led to it being stigmatised. The Dutch law was very much aimed at destigmatising it, because up to then it had always been focussed on women working part time because they had young children or elder care or other family responsibilities, and that was their way of destigmatising it. In my book on preference theory I do make recommendations about the kinds of policies that make sense. One of them is for all policies to be gender neutral in the way the Dutch one was. Other policies should try to be even-handed between the three groups of women. There are also three groups amongst men, although the balance is different—simply because that is fairer all round, rather than what you currently have, which is a focus primarily on the middle group of women who want to combine

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

family work and paid employment, or else a total focus on career women.

Dr McGregor: One of the really tough things for women is going into a career break and not knowing how they are going to come out the other side. I think there are lots and lots of women who make a choice to stay at home for a bit or go part time; sometimes they have no choice. After all, it is a great luxury to be able to stay at home, and not everybody has that luxury. I think what happens is that people do not receive appropriate counselling and guidance about a strategy to help them get through that period and out of the other side. In my experience—every day I deal with employers who are looking at CVs; and plenty of these CVs have career breaks in them—I promise you not one employer over the last 12 years I have been in this job has ever said to me, “She went part time for three years; she is clearly not a real person.” That has never happened. I know that is anecdotal; I know we only fill 100 jobs a year. However, I promise you it has never happened on my watch.

The real difference is this: have they stayed current? I give a number of examples of strategies in my book. I had one woman come to me; she had planned a family of two and she had a family of three, which she had not planned for. It really meant that she could not do anything else other than stay at home. I suggested to her that she went and taught part time in her field. She did that and taught 60 or 70 days a year for the next three years. As a result, she stayed completely current on everything in her field, which was very much to do with the stock exchange and accountancy. When she was a candidate again for a job of ours, she was absolutely snapped up. She had come through the early years and out of the other side. I do think it is about staying current. I also cite the example of Anne Spackman, the comment editor of *The Times*, who has a very full-time job now but spent years as a part-time property correspondent deliberately so that she could write about interest rates and housing when she knew it would be very topical, while raising a family. She remained current; she worked 30 hours a week on average in that time. It is about staying current. I do not think people who have worked part time are discriminated against.

Q81 Rebecca Harris: I gathered that you have said in your book, *Mrs Money Penny’s Careers Advice for Ambitious Women*, that employers sometimes view women quite differently, knowing that they may well take time off.

Dr McGregor: That is different. We are talking here about people who have gone part time for several years and how people look at them. People do not look at them differently, provided they have remained current. The second thing is how do people look at young women who are a certain age, have just got married or people think might start a family? Yes, I think people do. Whatever happens, I think people do think in their mind, “Am I going to have to replace them?”

I am an employer myself. I employ 22 people; only two of them are men. Just about almost everybody of childbearing age, pretty much, has had a child in my office. It is something I am very used to. When you

are hiring people, you think, “How long am I going to have them for before they have a family?” That does not necessarily mean that you make a different decision if they are the best person for the job. What I do say to candidates, though, is that if you think that there might be that prejudice—this is not candidates for jobs we do, particularly, but careers advice I give to everybody—and there are some unanswered questions, because under the law they cannot ask, “Are you planning a family? Have you got adequate childcare?” go in and say it. Go in and say, “I know you cannot ask me this. I have two children. I have full-time help. I am completely committed to my career and I want this job.” They cannot ask you that, so go in and say it.

Steven Moxon: I agree with Heather that it is not about prejudice; I do not agree with Catherine on this one. If you go back to what you said, you were raising the possibility of hidden prejudice in comparing a part-time dinner lady with a full-time bin man. I was not referring so much to part-time versus full-time work, but obviously being a bin man is much more onerous. It is a service with zero status—a negative-status job that men will only take if they are given a pay premium. The big issue is that we are focusing on women; I think we should be focusing more on men. In order to have a life, as it were, you have to somehow display your good genes, gain your status; this does not apply to women at all. The problem of unemployment and underemployment of men should be considered a far more serious problem, because in our PC age with our supposed equality—which it is not; it is inegalitarianism—we do not have that focus.

Q82 Rebecca Harris: I have one other question I wanted to ask, but you moved on to the question I wanted to ask at the end. This is partly to Heather, and Mr Moxon might know the answer. What potential effect do you think the recent Government announcements on improving parental leave for husbands and fathers might have on the attitudes of either employers in the workplace or men and women themselves in terms of the choices they make? These were announced last week by Nick Clegg.

Dr McGregor: Yes, about the equity of childcare. Earlier, I think in the first panel, there was some discussion of the taxation of childcare. It is very true that this has always been a complete barrier to going back to work. When I went back to work after my first child, the nanny earned gross more than I earned net, so I think anything that you can do to take that barrier away would help.

Q83 Rebecca Harris: This is about giving more opportunities and flexible parental leave for fathers specifically—not just mothers.

Dr McGregor: As Catherine said, every policy should be gender neutral. In Scandinavian countries I think you will still find that a large proportion of people who choose to take it are women. I think every policy should be gender neutral. I do not believe there are differences. I think there might be differences in choice, but there are just as many well qualified women to sit on boards as there are men. I think that

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

people get picked for senior jobs based on their ability. I think there are just as many able women as men. I think maybe they are not as visible; I think we need to encourage more women in the pipeline. That is the very next thing we need to address, but I do believe that all of this can be achieved without legislation.

I also believe that if you look, historically, at really important changes that have taken place on boards, such as the combining of chairman and chief executive roles, which was written up in the Higgs Report, investor influence brought that to an end; it almost does not happen now. That is major change. We can see that kind of change with senior women without legislation.

Dr Hakim: I think the move towards making maternity leave/parental leave gender neutral is absolutely the right way to go. I have always argued for gender-neutral policies because they otherwise stigmatise women. It is because women have had a right to maternity leave that employers have been less willing to hire young women of the age when they might have children.

It is absolutely clear in the research on Sweden that the result of giving women effectively three years potential maternity leave has been that virtually no women are employed in the private sector. Three-quarters of all employed men work in the private sector while two-thirds of all employed women work in the public sector, because it is the public sector that can cope with that and the private sector has real difficulty. They are very reluctant to hire young women in particular. The other effect has been, of course, the creation of a gender pay gap in Sweden that is close to the European Union average and way above the one in Britain. It has simply not had good effects in terms of the way it is working in Sweden, where very long maternity leave has in practice been reserved for the mother, and fathers only get a couple of months even now they have made it obligatory for fathers to take a couple of months, fathers by and large do not use it. It may still be that mothers will be the ones who take and use the leave, but employers will never be able to know and this will destigmatise the whole thing about parental leave. I think that is absolutely the way to go.

Steven Moxon: I do not think that will actually make that much difference, because employers will still expect, rightly and accurately, that only in rare cases will men take extended parental leave; whereas, in the vast majority of cases, it will be the woman who takes the leave. It sounds fine in principle, but it will not actually effect any change.

Chair: We are running out of time. We have a number of questions. Could I ask for brevity in your responses?

Q84 Rebecca Harris: If we accept there are some innate differences, how do we explain the many women who have managed to excel and have gone past those innate differences or the freaks of nature, like me, who go straight back to work after two weeks? How do we explain those difference and what lessons do we have to learn from them? As I said earlier, for those women who do want to get on, what should they learn? We want them to get on; we want

women in the workplace if that is where they want to be, because we need it as an economy.

Dr McGregor: I attached a list of the basic things I have noticed over 12 years to the information I sent to the committee. It is all written up in my book. I think the lesson is that women need to learn and be continually developing human capital. It is still the case that three-quarters of all MBA students, for instance, are men, which means that women get to a certain point and do not continue to build human capital. I think we have talked a lot over the last two sets of witnesses about the building of social capital. We heard from Professor Dacre that the building of opportunities to meet other people and build a network were very important. We heard from Clare Walker, my fellow aviator, about the importance of networking. I prefer network, I have to say, as a noun rather than a verb. It is absolutely about building social capital. One without the other, as students of logic know, is necessary but not sufficient. You need human capital and you need social capital—both of them together.

Also, the whole strategy through the early years is important and, as Katy Clark said, it is not just children that are the issue here. People have sick parents. People also, by the way, have spouses who they have to follow to the other side of the world, which means they have to have a career break. You need a strategy to get through a career break. It does not matter why you have a career break. These are all the things I think we should be pointing to. We need more role models. I think that women who have succeeded have a responsibility to turn around and help the people behind them. As Madeleine Albright said, there is a special place in hell for women who do not help other women.

Steven Moxon: There certainly are good reasons why women can succeed in work. It is fairly well known in research that women tend to be conscientious in comparison with men. That certainly will get you a long way in work. What happens then is work and excelling in it becomes an end in itself. It is like a positive feedback loop. You get spun off your from fundamental fiscal motivation. It becomes an end in itself, and that can propel you a long way up the career hierarchy. As I said, though, the sexual dynamics are against it. The core problem is that men have a direct motivation to gain status whereas women do not. It sounds rather facetious, but you can see an indirect reason why women want to propel themselves up a career hierarchy: to put themselves in the path of high-status men. That sounds rather facetious, but it is difficult to explain why women actually want to climb the career hierarchy.

Q85 Caroline Dinenage: I have so many questions for so many people, but I will ignore you guys and quickly speak to Heather, if that is okay. Otherwise we will be here all day. I wanted to talk to you about your 30% Club and, based on that, what measures you think are needed to ensure that more women are in senior positions within organisations and whether there should be more stringent regulation with things like quotas in order to up the numbers?

20 November 2012 Mike Buchanan, Steven Moxon, Dr Catherine Hakim and Dr Heather McGregor

Dr McGregor: We started the 30% Club two years ago. It was founded by a steering committee, which was all female, I have to say. The members of the club, of which we have 55, are all chairmen of companies. Very few of them are women. They represent 60 companies between the 55 of them. We started with seven, so I am very pleased that we now have 55. At the time we set it up, of the previous 100 appointments to boards of FTSE 100 companies, 12 had been women. As we sit here today—this statistic changes every day—since March it has been 55% women. I think we have made huge progress in two years.

Of course, the actual number of women on boards on the FTSE has only gone from 12.5% to 17.5%, but the rate of appointment is a key statistic. If we continue at this rate of appointment—I confidently predict that this time next year the rate of appointment will be well over 60%—we will get to 30% by 2015, which is what we want to do. We do believe that this can be achieved without legislation or quotas. I could point you to lots of very effective change, from the Panel on Takeovers and Mergers to the Higgs Report to all sorts of other things, that has happened without legislation.

Actually, we believe that quotas are another form of discrimination. When Rexam appoint Joanna

Waterous to their board as a senior independent non-executive director, people will say, if there are quotas, “She is a woman; that is why she got the job.” We do not want that. We want people to look at Joanna Waterous and say, “She is the most amazing woman. She was one of the most senior and effective women at McKinsey; she is on two other FTSE 100 boards. No wonder she has got that job. It is not because she is a woman.” I do not think she was chosen because she is a woman and I do not want people to think it. That is why we think we can get there without legislation: we think it would be a much better way.

Chair: Thank you. That concludes our questioning. I will repeat what I have said to the other panels. If you feel there is anything you would like to add to the contributions you have made today, please feel free to put it forward in written, supplementary evidence and, equally, if we feel there is a question we should have asked but did not, we may well write to you and would be grateful for a reply. Thank you very much. That was very helpful. We will be taking your comments and considerations and incorporating them into our report in due course.

Tuesday 27 November 2012

Members present:

Mr Adrian Bailey (Chair)

Paul Blomfield
Katy Clark
Mike Crockart
Rebecca Harris

Ann McKechin
Mr Robin Walker
Nadhim Zahawi

Examination of Witnesses

Witnesses: **Brona Reeves**, Barclays and the Employment Lawyers Association, **Jemima Coleman**, Herbert Smith Freehills and the Employment Lawyers Association, **Sarah Jackson**, Chief Executive, Working Families, and **Denise Linay**, Royal College of Midwives, gave evidence.

Q86 Chair: Good morning and welcome. I apologise for the very slight delay. We were under the impression that one witness was missing but that obviously is not correct. May I thank you for agreeing to come before the Committee? First of all, would you introduce yourselves for voice transcription purposes, starting with you, Denise?

Denise Linay: Hello, I am Denise Linay. I am Head of Organising and Engagement at the Royal College of Midwives.

Sarah Jackson: I am Sarah Jackson. I am the Chief Executive of Working Families.

Jemima Coleman: I am Jemima Coleman. I chair the Employment Lawyers Association working party responding to this consultation and I am a solicitor at Herbert Smith Freehills.

Brona Reeves: My name is Brona Reeves. I am a director in the legal team at Barclays but I am here representing the Employment Lawyers Association as well.

Q87 Chair: Thank you very much. Some questions will be person-specific; others will be general questions. If you have a comment about another person's answer to a question, feel free to say so. Equally, if there is a question posed to everybody and you feel that all the points you might have said have been covered by other speakers, do not feel obliged to add to them. We are on a pretty tight time schedule. Thank you very much.

May I start with a question to Denise Linay? You criticised the terms of reference of the inquiry as being too focused on women in very senior positions, rather than concentrating on the experience of the majority of women in the workplace. I was interested in that. Could you elaborate on it?

Denise Linay: I think it is fair to say the majority of midwives would not have an aspiration to be on a board. In fact, being at that level in our profession actually takes you out of the clinical area. Most midwives want to stay in the clinical area, so they would not have those aspirations. However, they would have aspirations to develop within their career, to be promoted, for example, and we are seeing those opportunities for promotion diminishing over time. We are also seeing the opportunities for training and development diminish as a consequence of the squeeze on public sector finances.

Chair: Thank you. I am sure your concerns will have been noted by the Committee and hopefully will be addressed when we come to our final report and, obviously, other stages of the inquiry.

Q88 Ann McKechin: When you look at the gender pay gap, you notice—when you start looking at the statistics—that it varies enormously by age range. When people come into the work force at about 20, the pay gap is not significant, but it grows with age. There is also a big difference between full-time work and part-time work. I just wondered how you might explain the complex data. Is a single figure that purports to cover the pay gap actually particularly helpful in the discussion?

Jemima Coleman: I think it is helpful, but it does have limitations. In order to put forward proposals for what solutions could be used to address the gender pay gap, it is very important to have a clear and detailed understanding of the underlying data. As we saw last week with the Office for National Statistics, the headline gender pay gap figure was about 19.7%, but when you strip out all the part-time workers and simply look at full-time male and female workers, the pay gap then went down to 9.6%.

Similarly, as you highlight in relation to age and region, generally women's pay is keeping step with men's pay in their 20s and 30s, but then there is a huge jump in the 40s up to about 20% pay disparity. That continues into the 50s; even at 60+ there is still a 20% gap. It is important to consider what is happening for women in their 30s and 40s. Is this an indication of the broader, underlying reasons of the impact of motherhood on many women's working careers and the lack of quality part-time work? What can be done to address job segregation issues, which may mean that women who started jobs in their 20s and 30s are perhaps not able to progress to the highest levels of organisations?

Sarah Jackson: I just wanted to comment on the part-time pay gap, which I think is very significant. We do an annual benchmark of our employer members. We see a real disconnect between what managers say about their part-time and flexible workers. They say they do a better quantity and better quality of work, but when it comes to performance appraisals, the benchmark shows that full-time workers do better than flexible workers, and part-time workers do less well than flexible workers. There is a

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

real disconnect there. There is something going on in terms of organisational and management culture about how flexible and part-time workers are valued, which has an impact on women's ability to progress in their careers.

Q89 Ann McKechin: Would it be better to focus on the difference in the gap between part-time work and full-time work? Would that be a better indicator of where you think the crux of the problem lies?

Jemima Coleman: Certainly, men are equally affected by the disparity between part-time work and full-time work. There is something like a 37.5% differential between all part-time workers of both genders and full-time workers. It particularly hits women because they are about three times more likely to be working part-time, which is why it is very relevant to this Committee.

Q90 Ann McKechin: They might be working part-time at a younger age, relative to men. Is there any analysis of whether age has an impact on it, or is that simply the case across all age groups?

Sarah Jackson: I would say it is more about formality versus informality. What we see is that men are more likely to be working flexibly or part-time informally, i.e. below the radar, whereas women, because of their caring responsibilities, generally speaking—this can be for childcare or elder care reasons—will negotiate a formal, contractual change to their terms and conditions. Their part-time work is visible in a way that men's part-time work often is not.

Q91 Chair: Can you just clarify what men working part-time "below the radar" means?

Sarah Jackson: Basically, you can negotiate a change in your working hours by going to your manager and saying, "I want a change in my contract." Generally speaking, that is what women will do because they need the security to ensure that a change in manager, for example, will not mean that the new person says, "Yeah, you do not come in on Tuesday afternoon. Now I want you there." Men are much more likely to do something informal: to get on and do the work but not have a formal change to their contract, which means that in organisational terms their flexible working is not visible. It is below the radar in that way. It is very distinct.

We did a study with Cranfield University some years ago that showed that very clearly. There is a complete difference in the way in which men and women approach part-time and flexible working.

Q92 Chair: Would you spell out the evidential basis for that? I have never come across it, yet you seemed to have based your observations on legitimate research.

Sarah Jackson: I can send you a copy of the research we did with Cranfield University, for example. We have been doing regular benchmarking with our employer members. The majority of our employers are large, private sector organisations. They talk about the difficulty they have in evidencing their own flexible cultures, because they say, "We record the people who make a contractual change to the terms of

their employment. We can tell you who is working contractually part-time and flexibly. We know anecdotally—because we are good employers and we are trying to create a flexible culture—that we have a lot of people who are working flexibly informally." However, it is very hard for them to track them.

I can certainly send you what we have, but what I am describing is something that is known anecdotally as opposed to firmly evidenced, because it is informal.

Chair: I accept that.

Q93 Ann McKechin: Is it in certain job sectors that you find this? Is it in construction, for example?

Sarah Jackson: No, in construction people are shift-working. Anything where there are formal shifts and you are looking at lower-paid people, you would be less likely to see that, but as soon as you get into positions where you are looking at professionals or managers, then that becomes very strongly the case.

Chair: Yes, it is very difficult to get formal evidence for informal activity.

Sarah Jackson: That is exactly it.

Q94 Ann McKechin: I wondered what sort of data could be collected and presented. How should this data be used? Would more detailed data help to put pressure on reducing the pay gap? Sarah has mentioned informal work and how that data is difficult to collate. I just wondered whether you thought the way in which we collect data at the moment is actually helpful, or is there more we could do?

Brona Reeves: I think there is much more that could be done on collecting pay data, as Jemima flagged. The headline figure grabs the headline very quickly and very easily, but it does not tell anything like the complexity of the story, and therefore put us in a position to address it. I think the key drivers for us would be further information on what employers are doing in relation to part-time employees, women returning to roles following maternity leave and the impact, as you raised earlier, at different ages or periods in the employment lifecycle. I think that is a particular opportunity for us to address things in different ways. This is something that not only addresses women but also men staying in the work environment.

Q95 Ann McKechin: Jemima, you mentioned the issue about appraisals, which I was quite intrigued about. You said people in part-time work seemed to be rated lower than those in full-time work. Is this just simply research or do you have full evidence on this?

Jemima Coleman: Was that in our response?

Sarah Jackson: I think I made the point. We have evidence from the benchmark that we do, and there was also a study done a few years ago by the Institute for Employment Studies, both of which I can happily send to you.

Jemima Coleman: I think perhaps it is implicit when you see that there are people doing similar roles on a part-time basis and a full-time basis. When you look at the pay disparity, some of that may be a result of the appraisal grade ratings. There may be a whole lot of other factors at play; it may be informal decisions made about the level of commitment of that

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

individual, for example. We are aware of the stereotypes that are made about the commitment of part-time employees as compared with full-time employees. It is given a veneer of objectivity by the correlation of appraisal grade ratings, but this may mask an underlying discrimination.

Q96 Ann McKechin: Finally, is there data that allows us to distinguish between different job sectors and regions of the country? Are there any marked differences?

Jemima Coleman: Yes, some of the data that was in the Office for National Statistics report last week showed, for example, a 20% pay gap in the East of England and the South East. That was the highest pay gap. The lowest was in Wales and Scotland, at 16.3%. In London, the pay gap had actually reduced to 16.4% compared with what it was previously. Women's pay had increased over the last year in London as compared with men. This, again, is illustrating the limitations of the figure. Many more women than men may have been made unemployed. I think the *Financial Times* reported yesterday that two-thirds of new employment had gone to men, in terms of jobs created since 2010. That is an illustration of how sophisticated you need to be in your response.

Ann McKechin: When you are examining the figures and interpreting them?

Jemima Coleman: Yes.

Q97 Nadhim Zahawi: Do you think the public sector equality duty, section 149 of the Equality Act 2010, works in the public sector? Is it a template that could be used for the private sector? You may not all have a view on this. Denise will probably have one.

Denise Linay: Certainly at national level it could. I was on the Equalities and Diversity Group, which is a sub-group of the NHS Staff Council, for a number of years. Certainly, at national level there is real commitment to the public sector equality duty. It was often very difficult to see who the employers and who the staff were in that group.

As it goes down to trust level, I think the commitment dilutes. I think this is because of other pressures. Certainly, one of the things we did at national level was introduce a pay audit toolkit, which is on the NHS Employers website. We started developing that when it looked as if it was going to be part of the Equality Act—to undertake pay audits. We continued developing it because we thought it would be good practice. My understanding is that very few trusts have actually used it.

Q98 Nadhim Zahawi: Denise, can you describe your concerns about the Government's proposed changes to employment law, particularly the impact on working women and the changes to public sector employment and pay?

Denise Linay: Do you mean terms of the employment law?

Nadhim Zahawi: Yes.

Denise Linay: That was about taking away the opportunity for tribunals to make recommendations. We have very good employers within the NHS, but we do have some that are not so good. They tend to

reoffend. I think if a tribunal had the opportunity to make those recommendations, it could have a real impact.

Sarah Jackson: May I go back to the public sector equality duty?

Q99 Nadhim Zahawi: Yes, and if you want to give us your views on the proposed changes as well, we would be happy to take them.

Sarah Jackson: First of all, the public sector equality duty gives us a very useful tool. It gives us a structured approach to tackling institutional sexism. We used it a few years ago. We used the gender equality duty to highlight recruitment practice in the Civil Service. We did a mystery shopping operation, where we looked at all of the jobs that were advertised on Civil Service Recruitment Gateway for a week and we discovered that the vast majority were being advertised as full-time posts but actually—if you had the courage to ring up and ask—many of them were available on a part-time or flexible basis.

What that meant was that the duty was not translating into consistent practice in terms of giving men and women equality of opportunity to apply for jobs. We did some campaigning around that, and I am pleased to say we have achieved a result. In its response to the Modern Workplaces Consultation, the Government is now saying that the current recruitment system for advertising Civil Service vacancies has a default setting which states, "This job is available for full-time, part-time or flexible working arrangements."

Departments that wish to deviate from that must make a business case. I think that is a very useful example of how the public sector equality duty can be used very practically to enable an organisation to look at its practice, understand the gap between policy and reality and then take steps to make changes that will have an impact on women's ability to enter the work force.

Brona Reeves: Just picking up on that point, one of the issues I actually looked at for today was whether there was any research on the impact of the public sector equality duty. In its original form, it has been in force since 2001. It came out of the Stephen Lawrence inquiry. We would all probably say that, in terms of racial equality and the steps that public sector bodies have taken with regard to race diversity issues, we have come a long way. Could I find any statistics or analysis on the impact of this to point you towards today? I could not. I think that, in itself, is surprising. It is very clear that there are areas of the public sector where there have been significant advances, as against the private sector, in terms of representation at the most senior levels. The percentage of women is 10% or 20% higher in many areas of the public sector than it is in the private sector. To your question about where I see that going in the private sector, absolutely I can see some sort of role for it. It would naturally be not as wide as the public sector equality duty because that, of course, addresses services. I think it perhaps would be a step too far to ask private sector employers to take that on. However, can I see a much narrower focus in terms of what employers do to advance equality and equality of opportunity? Yes, I

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

can. Some of the approaches already set down in legislation—for example by perhaps looking at certain sizes of employers, initially—would give a very good basis to look at that.

If we go back to the impact that it might have, I think we all accept that transparency has been a big driver in addressing some of the more negative discrimination issues that we see in terms of direct discrimination and, for example, the conscious treating of traditional women's jobs as less well paid. Those have been very well addressed by equality legislation. Do I think transparency, in a broader sense, in the private sector would have an impact? Yes, I do.

Jemima Coleman: It is right that transparency is a powerful driver of change, but I would highlight that much of the equal pay litigation in the public sector arose from the job evaluation schemes, which quite formally ranked certain jobs as equivalent or of equal value. Whilst that could provide a defence for the employer going forward in relation to any equal pay claims, it also could expose historic discrimination and fuel a lot of litigation as a result.

Q100 Nadhim Zahawi: What do you think about the proposed changes to employment law?

Jemima Coleman: In terms of the broader changes, there is so much that is either under proposal or has been recently introduced. We tried to draw out some of the aspects that might have a particular impact in this area.

Firstly, the obligation to pay a fee to bring a tribunal claim may have a negative impact. Repealing statutory discrimination questionnaires may take away a tool that allowed quite important and valuable disclosure of pay before the individual actually brought a claim. Increasing the qualifying period for unfair dismissal to two years from April may make people generally feel a little bit more insecure in their employment and less likely to raise issues of sex discrimination or equal pay.

On the flip side, potentially, there are financial penalties for employers who breach discrimination and the new tribunal power to order equal pay audits for those employers who have been found to breach discrimination legislation. Those may have a positive impact in focusing the employer's mind on the importance of ensuring pay equality. There has also been an important Supreme Court decision, *Birmingham City Council v Abdulla*, which showed that you now have six years to bring your equal pay claim rather than six months. That, again, may help focus employers' minds on the issues.

Q101 Ann McKechin: This comes back to the first question we asked Denise, about women in lower-income jobs. There is a fee of £1,200 to take an employment tribunal case if you are not a trade union member. That must actually rule out a whole sector of the female work force—in particular those on very low pay.

Denise Linay: It certainly would if it was to do with flexible working. My experience in taking cases within trusts on flexible working is that it can be a fairly toothless piece of law. The only way you will

get anywhere is through the tribunal system. Most women, if they are looking for part-time work or have just come back from maternity leave, will not be able to afford that unless they are a member of a trade union that will finance it. Of course, if trade unions are going to finance those cases, there will be a reduction in those cases that go through to tribunal because trade unions have to bear in mind the value of the case in terms of their whole membership.

Sarah Jackson: It is something we are very concerned about. We run a legal helpline for employees, the vast majority of whom are on family incomes of less than £28,000 per year. These are people who are desperate to keep their jobs. We try very hard to help them settle their dispute with their employer before it gets anywhere near a tribunal, but for those few who do go through, it will be a significant barrier to them to have to find that sort of money—or we will have to go to our donors to set up some sort of fund to fund it. Time and again, we hear from women who say, “I can see that this is illegal, but I cannot afford to lose my job. I am not going to challenge it.”

Q102 Chair: Do you think that this may actually incentivise people to be members of trade unions who hitherto have not been?

Denise Linay: Hopefully.

Chair: Is there any evidence that is likely to happen?

Denise Linay: The evidence that we have—and I think most trade unions have—is that people join for that protection, that insurance, if you like. Being a professional organisation gives additional value, but they join because they are worried about what could happen to them. It may incentivise people to join a trade union.

Q103 Paul Blomfield: I was going to ask a general question about equal pay audits, but I wondered if I could just follow up on Nadhim's question to Jemima. You talked about the impact of pending legislation. I wondered if you have a particular view about the Government proposal to trade employee rights for shares, and whether you would like to share that with us in terms of the impact on women.

Jemima Coleman: It is quite a controversial proposal. There has been a lot of positive information about the value of employee share ownership, but coupling it with surrendering employment rights puts a different spin on it—particularly if you are trying to encourage best practice and the importance of treating people fairly in terms of dismissing for a potentially fair reason. Introducing a right where you surrender your right to claim ordinary unfair dismissal in return for shares may send the wrong message about the importance of treating employees properly in the workplace.

Specifically, one of the rights to be surrendered is the right to request flexible work, save in relation to when you are returning from parental leave. That, again, could have a disproportionately adverse effect on women. There are issues as to whether introducing the employee-owner status as a policy may in some cases indirectly discriminate against women because fewer women than men may feel able to accept that status

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

because of those constraints in relation to requesting flexible work, for example.

Sarah Jackson: From Working Families' perspective, what we are really concerned about is the mixed message coming out of Government as a result of this. For something that is going to be of benefit for so few—even the CBI says that this will be a niche product—it is sending out a very strong message that employing people who might wish to work flexibly or take maternity leave is a burden on business. I think that is a tremendously dangerous message to be going out. It directly contradicts all of the other good messages that are coming out around extending the right to request flexible working and the new proposals for shared parental leave. I would really hope that the Government think long and hard about that particular one.

Q104 Chair: I have sought in vain to get a perspective from the employee share ownership movement. Have you seen any opinions from them on this?

Sarah Jackson: Yes. In fact, I gave evidence to the Committee on this last week. I quoted the CEO of the Employee Ownership Association. He said he could not see why the benefits of employee share ownership should be dependent on giving up employment rights. I think that was generally the feeling of Working Families and many other organisations. Employee share ownership is a very good tool for engagement; it is a very good way of motivating employees and improving performance. However, there seems to be no logic to say you then have to give up your employee rights to take advantage of that.

Chair: That is what I would have expected them to say. I just have not seen evidence of it to date.

Q105 Nadhim Zahawi: I was not going to come back on this but I would now. When I look at my career before coming into this place, I founded a start-up business called YouGov. The only way you can recruit when you are a start-up—because the attractions of going to a big organisation are so much greater—is through equity and share ownership. The risk in the back of our minds always—and it was the inhibitor to hiring more young, talented people to the start-up—was, “What happens if it does not work out: if the employee is not right, or the relationship or the business model does not work?”

When I look back, I think behaviourally we would have hired many more people if we were able to say, “Look, for the shares, we have the flexibility that if things go wrong, we can right-size very quickly without the additional cost.” Yes, it is niche, but there is a driver behind this, which is about encouraging start-ups—especially high-growth start-ups.

If we want to compete with Silicon Valley and some of these other places there must be room for this sort of thing. It is not because people want to treat their employees badly. I do not think anyone who starts a business—unless they are criminal—would want to do bad things to their employees—certainly not in the high-tech end of the high-growth start-ups. It would just mean that we would have been more confident about perhaps doubling the number of people we hired

rather than being reticent about it because of the cost element that occurs if you need to let people go.

Sarah Jackson: With respect, you already have two years. There is no right of unfair dismissal for two years. Frankly, if a business is starting up and it cannot get its management and performance right in two years, it will probably not be very successful.

Nadhim Zahawi: It took more than two years at YouGov, I can tell you. If you took a snapshot, in two years we were struggling. It was only when we reached our third year that we actually made anything.

Sarah Jackson: You must have known within two years who your good employees were.

Nadhim Zahawi: Not necessarily—that was not always the case. Some people who were close to leaving the business stayed on and turned out to be the stars of the business.

Sarah Jackson: I think it would be better for the Government to be giving the message to start-ups, “You have two years to get your people policies and your performance right.”

Nadhim Zahawi: I just gave you a personal perspective; that is all.

Chair: I think we have gone far enough down this particular argument.

Q106 Paul Blomfield: I set that one running. As you know, the Equality Act 2010 gave Government the power, through regulation, to require private employers to undertake equal pay audits, but they have decided not to pursue that route and introduce such regulations. Do you think taking a different decision and requiring private employers to undertake equal pay audits would have been a better step and would have helped address the weaknesses there may be in a voluntary scheme?

Brona Reeves: I actually contributed to the consultation on the introduction of that law, and that was one of the issues we looked at. I do not mean to give a vague answer, but in part it very much depended on how equal pay audits would have been implemented, going back to the point at the beginning relating to the complexities of the evidence. If your equal pay audit merely required a one-stop figure for a company, then all it would really tell you is that there are not many women at the senior level. It would very much depend on how it is implemented.

In terms of a lost opportunity, one of the things we do not see—and one of the things that was decided at the time, as I recall—is that there would effectively be a voluntary monitoring, which the Equality and Human Rights Commission would look into. They would revisit the issue of whether compulsory pay audits were appropriate. I have not seen any employer voluntarily carrying out any audits, and the Equality and Human Rights Commission does not have the budget, apparently, to investigate this issue further.

Taking it to the current proposal, which is potentially to require the pay audit when an employer loses an equal pay case, if we look at the number of cases that would impact, off the top of my head I think it is about 32 a year. We certainly think that the current proposal would do little if anything to change the current dynamic. Would equal pay audits change the dynamic if taken forward? To one degree, we have

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

to say absolutely yes. If we look at the public sector experience, largely, the change—and, let us be honest, the mass litigation—in that area was driven by the job evaluation schemes, as Jemima mentioned. Would equal pay audits have changed that? Yes, I think they would, but we have to balance that with the wider detriment to society of potential further litigation in the private sector at a time of economic crisis. I do not think there is an easy answer.

Q107 Paul Blomfield: Is that a view you would all share?

Jemima Coleman: There is one thing I would add to that. Whilst I think it is true that regulation can drive social change and achieve results more quickly, perhaps, than voluntary initiatives, it is also important to bear in mind, particularly in this context, the importance of having real engagement and commitment to the issue. For example, voluntary disclosure can be driven more by peer pressure if it becomes the norm for all companies to disclose certain things, perhaps where there is investor pressure encouraging a change in behaviour, or Think, Act, Report, which is the voluntary initiative started by the Equality and Human Rights Commission. You can sometimes get a better level of engagement from businesses where it comes as a result of those kinds of initiatives—rather than by having regulation imposed.

Brona Reeves: A neat statistic in terms of how the law does not actually revolutionise things too much comes from Norway. As you all know, in 2003, they brought in a compulsory 40% level of female representation on boards, but if you actually look at Norway's gender pay disparity, it is still pretty much at the same level as ours.

Sarah Jackson: Voluntary should not be the same as optional. There needs to be a very strong message coming out of Government to the effect that equality and diversity lead to better business outcomes. Pay audits can be very useful tools. It is that same thing about measuring the gap between what you think you are doing and what you are actually doing. Then you can work out what business steps need to be taken to correct the situation.

Q108 Paul Blomfield: May I come back briefly to your point, Brona? On the negative side—you said it with some caution—you said there was a problem because it might lead to litigation. Is that not unduly cautious in the sense that litigation would presumably arise from a demonstration of unequal pay?

Brona Reeves: In part I absolutely hear that, but we can look at the experience of the public sector. There is a legal argument that we have done the equal pay legislation and the law is much clearer as a result of that, but frankly—to shoot all of my legal colleagues in the foot—an awful lot of money and resources on that went to lawyers debating the niceties of equal pay law. I absolutely hear the point that if there is litigation, that means there is a problem, but I think as a wider social point we have to look at where we are spending our money and our time. It was in the press this month that Birmingham City Council has a bill of £757 million in relation to its equal pay. The

wider point is: what else could they have done with that money?

Denise Linay: A couple of references have been made to the NHS job evaluation scheme, which has been equality-proofed. There was a big case, *Hartley v Northumbria Healthcare NHS Trust*, a couple of years ago. If we go down the route of regional pay, local pay and terms and conditions, that evaluation scheme may just break up. We may see more equal pay claims.

Q109 Rebecca Harris: I would like to pick up on what you were saying about how we go forward. One of our witnesses last week said the legislation is simply too complicated and recommended we have a voluntary approach. Basically, the message was, “If you can do it, we expect you to do it.” Would you want to comment on whether you think that could work in practice? Basically, the message would be that if you can do it, we would expect you to do it—rather than actually compulsorily forcing companies to do it.

Brona Reeves: I agree that it would be a very positive way to do it. I think in some respects it feels as though we have already been there, to a degree. That was the original proposal: we would see where we got to in respect of voluntary reporting. I think carrying out an equal pay audit is a very large step for any employer, be they large or small, not least because of the litigation risk but also because there is no defined standard out there in terms of what exactly is meant by an equal pay audit.

This goes back to the points we were making on statistics. There is a headline figure, but there is also a much more broken-down figure, which will address every pay scale. The fact that those equal pay audits have not happened—in circumstances where many employers are making very good steps towards progressing equality—tells a very strong story about the actual difficulties of carrying out an audit and the risks of doing so.

Denise Linay: You may see good employers doing it and bad employers not doing it.

Jemima Coleman: In terms of, “If you can do it, you should do it,” I think of the model used in relation to the proposed narrative reporting requirements, where quoted companies will have to disclose metrics about the percentage of women at director, manager and employee level. It does not look at pay; it looks at the percentage of women within your organisation. In a similar way to much of corporate governance best practice, you often see the biggest companies leading by example; that may lead to a trickle-down, positive impact on other companies.

Q110 Chair: Do you think if the approach were regulatory, there would be a danger of having very ineffective audits—a tick-box approach, if you like—that would meet the requirements of legislation but not really address the problem?

Sarah Jackson: Yes, absolutely.

Denise Linay: I think that is a risk. Certain organisations can be very good at ticking boxes and not actually having anything behind that.

Chair: We now move on to the Clegg proposals.

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

Q111 Paul Blomfield: Denise, you expressed some reservations about the proposals in terms of shared parental leave. Could you just outline your concerns, particularly in relation to the protections that women now have on maternity leave that they would not have on parental leave?

Denise Linay: I do apologise. I did not actually write our response; I was the only one available to come along today. I think that is to do with the issue about redundancy: there are greater protections in redundancy situations if you are on maternity leave. We do have concerns if the norm becomes 18 weeks. Everything else being equal, if you have an equal partnership between the woman and her partner, that might be okay, but, of course, not all relationships are equal. We are worried that women may come back from maternity leave too early because of that unequal relationship.

Q112 Paul Blomfield: Sarah, did you want to come in on that issue?

Sarah Jackson: I would say that we were pleased that the 18 weeks was dropped from the final proposals, which were published a couple of weeks ago, because we too had shared that concern. We were looking for a model that would enable couples to have the maximum choice but protect the woman's right to 52 weeks maternity leave, which has, in fact, been enshrined in the response to Modern Workplaces.

We feel we now have something that will be very helpful because it enables couples to have a conversation about how to use 52 weeks' worth of maternity leave and 39 weeks of maternity pay. Obviously, where we need to go next—in terms of how we support women in the workplace—is to look at what we can introduce for men that are men's rights alone and are not dependent on the wife or partner's employment status, which we still have enshrined in the new transferrable leave.

Brona Reeves: Addressing one of the themes raised in earlier comments, we do not see the law as a panacea for all of this. From personal experience, Barclays has always allowed its employees to swap leave if they both work for Barclays; to be honest, the take-up from its male employees is still incredibly small. Whilst on paper it is an absolutely fantastic idea, we still come back to wider socio-economic issues relating to why men may not feel able to take that leave and why women may still.

Q113 Paul Blomfield: I am interested that you raised that point, because anecdotally, and from everybody we have talked to, I am sure that is absolutely right. As a big employer, what can you do to challenge that culture?

Brona Reeves: Speaking personally—not representing Barclays but being employed by a large employer—I think there is a lot you can do culturally and internally. For example, we have a families and parenting network, rather than one that is focused solely on women returning from maternity. It has a much broader scope.

You can offer similar benefits to your male and female employees—although, to be fair, as an employment lawyer I see a large area of risk with the new

legislation that it will actually mean that there will be a reduction in the benefits offered to women, because the risk to an employer will be that they have now many more employees who can access parental leave and they cannot simply pay the woman for three or six months and not the man.

I think there will be an initial levelling down, but it is more important to look at this holistically. It also goes back to many of the things we have talked about in relation to part-time and flexible working. We have fabulous opportunities now in terms of technology to be much more flexible in how we approach work. As long as that is applied equally to women and men—and promoted by large and small employers alike—we have an opportunity to have a much more diverse work force working in many more diverse ways, but we have to promote that.

Paul Blomfield: I am sure we could have a long conversation about this, for which we do not have the time

Rebecca Harris: That is what I was going to talk about.

Chair: I was about to invite you in, Rebecca.

Q114 Rebecca Harris: At the beginning, we spoke about the difference between part-time and full-time in terms of the pay gap, stereotyping and whether there is a lesser level of commitment and so on that affects this. Much of the evidence we saw from the “Woman's Hour” phone-in we had a week ago was people ringing up and talking about this. They had come back on a part-time basis at a lesser level and were not getting promotions in the same way or not getting the same level jobs.

What could we do to try to promote part-time, flexible working generally and promote a parity of esteem? What would you recommend?

Jemima Coleman: I think there have been some funding initiatives for quality part-time work programmes. In our report, we referred to one in place at Royal Mail, where there is specific encouragement for the organisation to implement, at senior level, part-time arrangements or job share arrangements, which was seen as a key way of improving female representation within the organisation.

There is also quite a lot that can be done generally in terms of celebrating best practice and drawing attention, as some organisations have done recently, to power part-timers, people who are holding very senior roles on a part-time basis, celebrating those and rolling out best practice—perhaps even having some kind of guidance to best practice so that it is no longer seen as a career-limiting move to take a part-time role.

Sarah Jackson: I think there are three things that need to happen: one is role models at the top. Jemima referred to the power part-time list, which was published last week. We did something similar about five years ago, where we were looking at case studies of people holding down senior jobs on part-time patterns. It is very exciting to see that five years on it is possible to produce a list of 50 senior part-timers. However, still, five years on, only four of the 50 are men. There is a real need for male part-time role models to come out of the woodwork.

27 November 2012 Brona Reeves, Jemima Coleman, Sarah Jackson and Denise Linay

The second thing we have to do is make sure that recruitment into flexible and part-time work is available at every level. That is where we really have to look at how jobs are advertised, and get away from the lego-brick notion that every job is a Monday-to-Friday, 9 to 5 job. For example, I am working with a group of private sector employers within the DWP; we are looking at developing a strapline that Jobcentre Plus and employers will be able to use on a voluntary basis to alert people to the fact that a job is available on a flexible basis. It will say something like, “We are happy to speak about flexible hours.”

The third thing we need to do is develop more skills in job design, because it is a challenge for employers to think beyond the lego-brick approach to work. We all know what a job looks like: it does look like Monday to Friday, 9 to 5. We must change that because only then will we release the potential that men and women have to contribute to the organisations they work for and also share the caring at home, so that people are not funnelled into, “I am a woman; I do the caring,” and “I am a man; I have the career.”

Q115 Rebecca Harris: I agree we want to do that, but I am not quite sure how we do it.

Sarah Jackson: We do it step by step. We start off with the best practice. Certainly, organisations like Herbert Smith Freehills and Barclays, who are both members of Working Families, are already doing good things. We have the power part-time list. We can put more effort into highlighting role models, not just within organisations, because you have to be able to look up through an organisation and see someone who looks like you or looks like how you might want to be in 20 years’ time. We also need to normalise this within the public debate; that is where the power part-time list is brilliant. It has had fantastic coverage; let us have more like that.

Let us use the public sector equality duty to ensure that not just the Civil Service but the NHS, for example, starts advertising every post on a part-time basis. Let us normalise that so that the private sector also think, “If we want to get the best and have the widest possible talent pool to recruit from, we should be advertising this job as being at least available for a discussion about what the best working pattern to suit the talent and the job is.”

Skill in job design is something that we will have to work on harder. There are organisations that can offer that training and expertise. Certainly, Working Families has been working with our members to help them identify sources of help there, because it is something that managers feel very anxious about.

Denise Linay: We have a strange situation in midwifery where you are more likely to be working part time than full time now. That is not just because of family pressures; that is because of the pressure of midwifery. Midwives tend to reduce their hours and then take up opportunities doing agency and bank work, for example, to make up their hours. It is the pressure of midwifery.

Part-time work is not such an issue; it is flexible working that is the issue. Certainly, where a trust has a shortage of midwives, there is less opportunity for employers to be able to have flexible working opportunities.

Brona Reeves: In terms of the law’s role on that, I think the ELA’s perspective is this: do we see a role for the law in terms of its current structure? We probably do not. What the law says on flexible working at the moment is really clear-cut. There is a specific statutory process to be followed. There are only limited reasons an employer can turn down flexible working. There are, of course, arguments about whether employees actually will bring claims under that and whether employers will take a tick-box approach to that. In terms of what the law can do to advance that, I think the only steps the law can take would be positive ones—as opposed to implementing more legislation on an absolute right to part-time working.

Going back to the reporting that we talked about earlier, one area where we could see a role for the law is in requiring employers—perhaps starting off with larger employers—to report on what they do to promote part-time and flexible working and to promote what they do positively as opposed to what they do negatively, i.e. what they must do.

Q116 Chair: Could I just pick up a point that Denise made about midwives? Just so that I can be quite clear in my own mind, did you say that there are many midwives that work part-time but actually work in other professions as well?

Denise Linay: No, they would have a contract that was part-time and then they supplement that with bank and agency work. That could be within the same trust. It is just that they are not committed to full-time contracted hours. They have that flexibility. That is largely because of the pressures of working in the NHS at the moment.

Chair: I just needed to clarify that.

Denise Linay: In terms of flexible working, the criteria used to turn it down are fairly broad. An intelligent employer can always fit something into those criteria. If an employer does not want to offer flexible working, then the only way is to go to law. Most midwives—and certainly ours—do not want to go to employment tribunal because they believe—whether this is right or wrong—that it would have a detrimental impact on their future careers.

Chair: Thank you. I think we have reached the end of our questions. I would just say, as I do to all our panels, that if you feel in retrospect that there is something that you would like to add to the answers that you have given, do feel quite free to write to us and give us that information. Equally, of course, if we feel that there is a question that we should have asked you but did not, we may write to you and would be grateful for your response to it.

That was incredibly helpful. Thank you all very much.

Examination of Witnesses

Witnesses: **Ceri Goddard**, Chief Executive, the Fawcett Society, **Daisy Sands**, Policy and Campaigns Manager, the Fawcett Society, **Helen Wells**, Director, Opportunity Now, **Rachael Saunders**, Head of Communications & Policy, Opportunity Now, and **Sophie Garner**, Discrimination Law Association, gave evidence.

Q117 Chair: Good morning and welcome. I will first ask you to introduce yourselves for voice transcription purposes, starting with you, Sophie.

Sophie Garner: I am Sophie Garner, Discrimination Law Association.

Rachael Saunders: I am Rachel Saunders from Opportunity Now, Business in the Community.

Helen Wells: I am the Director of Opportunity Now and my name is Helen Wells.

Daisy Sands: I am Daisy Sands, Policy and Campaigns Manager at the Fawcett Society.

Ceri Goddard: I am Ceri Goddard, Chief Executive of the Fawcett Society.

Q118 Chair: Thank you very much. I would particularly emphasise the point that I made to the previous panel. Some of the questions that we ask you will be person-specific; others may be general. In the case of general questions, do not feel that you all have to answer every question if, in fact, the points you wanted to make have been covered by another panellist. Again, even if there is a person-specific question, if you feel you can add to it, feel free to do so.

May I start? Again, this question is to all, but, given that there are five of you and only limited time, I would particularly emphasise my previous comments. What is the business case for equal pay between men and women? How would you summarise it? Who will lead on this?

Ceri Goddard: I will start with some general points. I think it is important to look at the business case on two levels. First of all I think you need to look at the economy as a whole, which is obviously very pertinent to the times we are living in. The business case for women's pay being equal with that of men is that first of all you will see revenues going up into the Exchequer. Secondly, you are likely to see the spend on benefits going down. Thirdly, there has been a raft of evidence from the Fawcett Society, the EHRC, independents and others to show that increasing women's participation in the labour market could add literally billions, potentially, to our gross domestic product. I do not think any of those points are necessarily politically contentious. I think all political parties would concur to differing extents with those basic points.

I think there is then the business case on a sectoral or organisational level. There is less of a case being made thus far in the private sector. There are probably more examples of cases made in the public sector—I think that was probably referenced by some of your previous evidence-givers—because of the nature of the public sector equality duty and the like. There has just been better practice there. That said, there are some growing examples of good practice in the business sector. I think it cuts across both. The business case in the private sector is first of all around three main areas, recruitment: getting the best talent pool and the best staff, retention of those staff, and productivity, i.e. the bottom line, which I think is also

quite important. There has been significant evidence to suggest that it also has an impact on how profitable businesses are.

Q119 Chair: Earlier I think you said that revenues would be up, and you have made a number of assertions and very confidently claimed that there is general agreement on them. Can you point to research to provide an evidence base for your assertions?

Ceri Goddard: Regarding the assertion around revenue, one particular study I was thinking of was carried out by the Equality and Human Rights Commission, the Women and Work Commission, a few years ago. They looked in quite a lot of detail. They took an estimate of how many women were participating in the labour market at the time. They looked at how many women would want to participate if barriers to work were removed, including concerns around unequal pay. They then did a calculation about what that would contribute to women's employment activity levels in the market, and therefore what that may contribute in terms of tax revenue and the Exchequer. As you can imagine, there are differing conclusions from different pieces of research.

However, for example, only last week Maria Miller, the new Equalities Minister, in her first speech on women in the economy, made it quite clear that this Government saw women's greater participation in the labour market as key to economic growth and cited a growing critical mass of evidence. But that particular piece of evidence on the revenue was from the Equality and Human Rights Commission.

Q120 Chair: Playing devil's advocate, can you think of any research done that is actually counter to what you have claimed?

Ceri Goddard: No, in short. I think that is because it is relatively recent. This is an important point on the business case. The Fawcett Society and others would acknowledge that there is still more of a business case to be made and led by business itself, which does not suggest there is not one. It is only 40 years since we had the Equal Pay Act. Even though it is quite shocking how little we have progressed, it is not that long a time.

The business case has social and cultural arguments. As I mentioned, for a long time it was seen predominantly as a social justice and human rights case, which I would argue is still hugely important—and, actually, should be the primary concern of this Committee and of Government. With that said, happily there has also been a growing body of work to show that this is not just about equality legislation being a tick-box but also a tool. This is about building a stronger and more productive economy and workplaces. I think you are seeing a growing body of evidence there but it is behind, somewhat, I suppose, quite significant socio-economic legal evidence around the human rights and social justice argument, which I would argue is of primary importance.

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

Q121 Chair: Would any other panellists like to add or subtract from anything Ceri has said?

Helen Wells: I would like to add rather than subtract. Opportunity Now works and has worked with business for 20 years in trying to communicate, search, find and articulate the business case. I have lots of examples. For example, one of the FMCG companies that we work with looked at the make-up of their most successful brands and their most successful teams that deliver to their retailers. They found that the teams that had the largest financial profit were the teams that were diverse. Those are small examples of the business case, but it extends through to the much bigger macro-examples. I know both the Women and Work Commission and the Women's Business Council have estimated women's contribution to the economy, and it could be somewhere between £23 billion and £26 billion, depending on how you look at it.

Q122 Chair: Have you or would you be able to provide us these micro-examples?

Helen Wells: Absolutely, yes. We run something called *The Times Top 50 Employers for Women* and we actively ask for examples. Here is another example that is a small example but one that demonstrates the business benefit. One of the law firms we work with estimated that if they lose a female lawyer four or five years into their training, it costs them £200,000. Articulating that kind of number does focus minds in terms of saying that this is very much a commercial reality and a business case. This is not just a women's issue; it is also one of economic and business success.

Sophie Garner: I also do not have much expertise when it comes to the research on this point, but obviously the concerns about the business case would presumably come from organisations that at the moment have a very limited pot of resources. The judgments that have come out in relation to equal pay in the public sector have been devastating for many organisations.

I suppose, with regard to equal pay, what you have to do is retain women in there. If the whole object of the exercise is to get more women involved and active in the economy, they need to have mentors and role models. If we ensure that there is equal pay going through an organisation up to its upper echelons, we are going to encourage more women to come in and stay in a working environment—and stay economically active.

Q123 Chair: May I move on to a question, which I asked the previous panel, about the public sector equality duty? Do you think section 149 of the Equality Act 2010 works in the public sector, and do you think it is a template that could work in the private sector? I am asking this to all; is there anyone who would particularly like to lead on it?

Helen Wells: The principles behind the equality duty and the Equality Act we very much welcomed. The principles in terms of measurement and knowing where women are within your organisation, and making that public and being transparent about it, are powerful drivers for creating change.

Ceri Goddard: Very briefly, the key thing that the public sector equality duty reflects is, I suppose, a positive obligation on public bodies to pre-empt discrimination. It is about prevention rather than cure. I think there is some powerful learning there in terms of applying that to the private sector. My colleague mentioned earlier the huge cost of equal pay tribunal cases against public sector bodies. One wonders how much would have been saved, had those bodies been acting in accordance with the law in the first place and not paying their staff unequally.

I think we look at the legislation entirely the wrong way around sometimes: closing the stable door after the horse has bolted. There is a principle there about putting much greater onus on the private sector to think in advance whether or not their activities, business and employment practices are likely to further gender inequality. However, this should not just be because of a legal requirement but also because of the business case that we have touched on. If we are going to apply those principles, it is hugely important that is done, both in the context that we are a civilisation and these are basic standards of equality, and because it will make your business more productive and more effective. That is a basic point of principle that I think could be very helpfully applied in the private sector.

Daisy Sands: I think the principle of the public sector equality duty should be regarded as something that is very productive. It is about enabling public sector bodies to get their services and policies right to obtain the best fit for their service users, and to best use their own resources for that purpose. Those principles are certainly applicable to the private sector as well. But I would say that we at the Fawcett Society are concerned about current Government rhetoric around the public sector equality duty and noises that public bodies no longer need to produce equality assessments. However, that of course is contrary to the law as it stands; that due regard duty is very much in place and public bodies will need to show how they pay due regard to the law. There are conflicting messages coming out of Government there, which is concerning for us.

Sophie Garner: I would agree with that. The Schneider-Ross report of 2009, commissioned by the Government Equalities Office, looked at this. Almost universally, the people responsible for enforcing the PSED found that it was useful. This is in relation to the old equality duties before they were merged into the single equality duty. It is one of the bits of evidence that was used when it was pushed forward and the single equality duty came into being.

One of the problems they found was introducing it into the private sector by way of procurement. That was one issue that the respondents felt could use a bit of beefing up. There is obviously an implication from people who have used it on the ground, who think it is useful, saying, "Actually, it could be extended further into the private sector."

Rachael Saunders: May I follow on from that? I think there is evidence from some of our members. One of the drivers for their work on equality has been their work with public sector organisations. As public sector organisations, there is an expectation on them

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

that they reach the standards expected in the public sector. The public sector equality duty is already a driver for driving up standards in the private sector, so there is no hard line there currently and it absolutely would make sense to look further at procurement and how that could be strengthened.

Sophie Garner: I would agree also with the comment about mixed messages. In fact, equality impact assessments are not necessary under the public sector equality duty. They are very useful; it is a good idea to do them; however, they are not actually a requirement. There is all this rhetoric: “The burden that business is under is absolutely dreadful.” Actually, business does not have to do this anyway. It seems that on the one hand the Government is pushing forwards this agenda, as I was talking about—and trying to get more women into the work force and make it more diverse—yet, on the other hand, it seems to be chipping away at the edges of things that have actually been very useful.

Q124 Paul Blomfield: I wonder if I could ask a question of Sophie. Taking a different perspective of Government policy, in your written evidence you expressed concerns about the way that the Government’s spending plans were negatively impacting on women. I wonder if you could develop that point and explain why you think those policies are disproportionately affecting women.

Sophie Garner: In its overview of spending in 2010, the Government indicated there was an issue with regard to the fact that most single parents were mothers and most low-earners were mothers. When you look at the actual impact in financial terms, there is pretty much a parity across the board in terms of cuts to benefits and tax credits, etc, but the problem is that, because there are so many more women who are poorer and are single parents, as a proportion of their net income those cuts really bite.

One issue that is key in this is the proportion of women who work in the public sector. Of course, a much greater proportion of women work in the public sector than men. There is a double-whammy effect, because those women are also relatively senior within public organisations, so there is a situation where there are a large number of redundancies in the public sector, and that is impacting many families. Many public sector workers are perhaps second-wage earners in their home. Their mortgages will be jeopardised as a result of the fact that they have lost their job. The whole picture, therefore, of all those redundancies tends to focus in on problems that are being caused to women rather than men. Those are two of the key points.

Q125 Mr Walker: I would be interested to hear from all the organisations on the panel what their views are regarding the proposals for more flexible working—particularly flexible parental leave, with parents able to choose how they share care of their children.

Helen Wells: There are two things here. One is that extending the right of flexible working to all is a powerful message that this is not just about mothers. Obviously, our end point is to create greater parity between men and women, but I think sometimes the messaging around flexible working—that it is a

reasonable adjustment for mothers and an adjunct to business as usual—actually stops it being mainstreamed into the culture of organisations. Extending the right to request flexible working to all is very positive. We really work to try to encourage, communicate and demonstrate to organisations that it actually brings business benefits and solutions.

I also think the change to the parental legislation is a positive move, in that it will bring greater parity between men and women and not have such a gendered view—as we do at the moment.

Daisy Sands: I would echo Helen’s points, particularly around flexible working and the benefits there, but we have a number of concerns in terms of the actual legislation. The statutory requirement has now being replaced in law with a code of practice, which is actually weaker. There are some concerns about that. An ongoing concern that we have is that there is a 26-week qualifying period; you are only actually able to request flexible working once you have been in post for six months, which obviously presents problems for those with children, for example, who will need and utilise these practices the most. Obviously, on entry into jobs, that option is not available, which presents a conundrum.

Also, in terms of conflicting messages, we have concerns around the messages coming from Government. Obviously, flexible working is one of the provisions that is being included in the new employee-owner scheme, which is the rights-for-shares scheme currently being processed through Government. As I said, that very much gives a mixed message, because the message is that flexible working is a hindrance to business, is red tape and hinders growth. If we look at the Modern Workplaces Consultation, very much the opposite is being said. It talks about flexible working as a productive thing for business. We are very concerned about mixed messages there.

On flexible parental leave, we certainly very much welcome the changes. Obviously, we are disappointed that there has not been an extension to paternity leave. I think this is really about culture change. For those couples who are informed, have that information and are able to take those decisions, it is great, but it really needs to be supplemented with an awareness-raising campaign so that both employers and employees know that these provisions are out there. The Government at the moment estimates that only a maximum of 8% of fathers will take up this initiative. It needs to be twinned with a campaign to drive attitudes and awareness in order for this to be utilised, but I think ultimately the Fawcett Society would support a more Scandinavian model, i.e. a “use it or lose it” scheme, which is where you see the real shift in culture taking place.

Sophie Garner: Certainly, parental leave is something to be welcomed. Again, it would have been better if that was increased a little bit, but it is good. It is a good start.

Generally on this particular issue, it is all very well that the measures are coming at an early stage, but what you see with many professions and organisations is the problem of retention. You get this lovely bouquet of flowers at the beginning, as it were, and

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

then halfway through your career, as you progress up, things turn a slightly different colour. I think it is very welcome. In terms of flexible working, I do not know whether there will be any more questions on that or if I should talk about it now.

Mr Walker: No, please do.

Sophie Garner: Again, it is a welcome move but there are certain issues with it. Certainly, I agree with the points that have already been made. It is all very well to have these organisations that sign up to Think, Act, Report and have these wonderful flexible working policies and have award schemes; that is lovely, but the vast majority of employees are based with SMEs and do not have employers who are that enlightened. Having an awards scheme does not necessarily incentivise them to get on and deal with the issue on a daily basis.

I recently did a little straw poll of lawyers I know who have dealt with these cases. Very few cases under flexible working regulations come up for consideration by the tribunals because, for reasons already stated, women just cannot afford to take those claims and risk losing their job. That is the reality of the situation. Something that might be useful is perhaps looking at how the flexible working regulations work as it is and at what reasons employers give when they turn down people's applications for flexible working. I think one of the last witnesses used the word toothless; that is the same word I would use as well. Employers can virtually make up any reason they want and mask it behind the set of reasons that are deemed acceptable under the regulations.

There is no way of getting around that at present; there is no way of challenging that. Looking at how this will be taken forward, there are an awful lot of men who will have this option—fathers or not—but they will be looking at what impact it will have on their job. They will look at how it worked for women. It is not always a happy picture. Perhaps we should look into research into that particular aspect and, at the same time, perhaps at how you can produce flexible working in very small organisations. That would be good. I think this point has already been made. Tailor-made or identikit examples of this can be produced for people.

Q126 Mr Walker: I had a follow-up point about what you said about the retention of people who have gone back to work. I notice in the written evidence from the ELA there was a focus on American Express and some good examples there of what they had done. I was just wondering whether you could expand on that at all.

Sophie Garner: I cannot remember exactly what they did; that is one of many examples that are set out in our Equality Opportunities Review. I know that Opportunity Now deals with a lot of those organisations. Generally, these measures involve flexible working where men are able to work at home, where they are able to take more flexible parental leave and other measures of that sort, which are pretty normal for large organisations and are within their capacity but not within the capacity of small organisations.

Q127 Paul Blomfield: This is at a slight tangent, but given that we are talking about small organisations, in preparation for this inquiry I held a roundtable in Sheffield, which was for women in business. It was attended by a lot of women who run SMEs, particularly at the micro end of SMEs. Incredibly important though it is, a lot of the debate we have on regulation is focused on large employers, yet we are looking at economic recovery being largely driven by the SME sector.

Looking at that sector in my area, there are an incredible number of able young women who are driving the SME sector and yet in that context regulation is not what helps them. Clearly, they were sharing experiences of businesses collapsing when they were trying to balance the responsibility of running a business with childcare.

I just wondered whether you had any thoughts, as a panel, in terms of what ways the Government could intervene to support women in that situation?

Helen Wells: Opportunity Now's view is that too often flexible working is positioned as a burden to business; actually, we like to look at it on the other side of the coin. How does it actually help businesses? For example, there is a law firm where all of the lawyers are based at home. They have much lower overheads. There are ways in which you can position flexible, agile and smarter working such that it can aid business, rather than be burdensome.

Q128 Paul Blomfield: I fully accept that argument, but I am looking at micro-businesses on the SME spectrum, where stepping back is incredibly difficult. I am also looking at the more developed maternity packages that are available in large businesses and are employer-supported. They do not apply in the same way to precarious small businesses in their early years of growth. In what areas could there be more intelligent intervention to support that sector?

Rachael Saunders: May I suggest that part of the answer is in your question? The lack of access to affordable, flexible childcare in many places is an issue. You would also hope that the culture change that would come with the change to paternity policy might mean that in that situation, if a woman was running a small business, her partner might take on a significant level of childcare.

I do not think there is a single silver bullet. However, a culture change that sees families and the state or voluntary sector take a greater role in providing affordable, flexible childcare is a path to change that we need to support those women.

Ceri Goddard: I would agree with everything that has been said, particularly the point on childcare. The Government has a programme about supporting enterprise and small-business mentors and the like at the moment. One thing I have heard women on the Women's Business Council and small business owners say is that that would be very helpful. It is interesting to look at the public sector equality duty and the Government's own duty to properly assess whether or not these schemes are appropriate. For example, there is a scheme where they have 500 business mentors and they are investing in providing advice to businesses on the ground to SME businesses. It was

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

suggested today that perhaps they could guarantee an amount of time and investment on female-led businesses, for example, because a growing number of women are going into enterprise but they still are outstripped by men in terms of ownership of small businesses.

We are doing some work with Google at the moment, who have been looking, in particular, at internet businesses and finding—unsurprisingly, if you think about it—that there is a greater percentage of women getting involved in internet businesses because it fits around a lot of their caring responsibilities. They were saying that they have been doing a programme with BIS. The Government have been promoting the use of the internet in micro-businesses, but interestingly, they have not done anything targeted at women, despite the fact that evidence has shown that women would disproportionately benefit from this. A simple thing might be to start by reviewing the current package for SME businesses and enterprise with perhaps a more careful eye to whether or not it is benefiting women and looking at that systematically.

I really echo the point on regulation. I think it is unhelpful to say that these regulations do not help these women or small businesses. I would disagree. We have just touched briefly on some of the benefits of flexible working and some of these regulations in terms of the business case. If you are a small business, I would guess that you do want to retain your staff; you do want to set up a working model that means that your productivity will be higher.

Anecdotally—I would stress this is anecdotal—there does seem to be a growing number of women employers and small business employers who are employing other women, other carers and other mothers and fathers, precisely because they have an understanding of that and are setting up business models to reflect that social reality. What those small businesses and those women need is a combination of regulation and investment; let us make them alive. We have a raft of regulations and hardly any investment, whether it is in the Equality and Human Rights Commission or anywhere else, targeting small businesses. How do you do this? What does this look like if you have five or six staff members? We need practical examples. That would make a world of difference. I think the research is there. A small investment at this point could pay a significant dividend for those women—plus the structural things around childcare and investing in business mentors. Cutting Sure Start will not help particularly, especially in a constituency such as yours.

Q129 Mr Walker: I just wanted to come to Opportunity Now and ask about your involvement in the Think, Act, Report process. How do you feel that is going, one year in?

Helen Wells: In terms of the principles, for 20 years we have said to businesses that transparency, knowing where you are, doing something about it and measuring are levers for creating change. Yes, we were involved in Think, Act, Report. We have promoted it; we have a transparency award that we give to organisations that put data in the public domain. Having said that, I think there is more that

can be done to communicate it. I have conversations with many businesses on a day-to-day basis and I think it is relatively under the radar in terms of people knowing about it. We absolutely support the principles of organisations taking their own action.

Q130 Mr Walker: We were just hearing from Ceri that the smaller organisations are perhaps where the opportunities are. How far down the scale of business organisations do you feel that initiative reaches?

Helen Wells: We work with large employers. If they are members of Opportunity Now they tend to be more progressive and doing more in this field. A lot of those organisations do not necessarily know about it. In terms of how far it has reached through the business pipeline, I definitely think more could be done.

Q131 Mr Walker: Do you see it as an alternative to regulation or something that is complementary to it?

Helen Wells: I agree with the principle that the change that we want to see in workplaces, society and the economy cannot be driven just by regulation. Some of the challenges are so complex and nuanced that the process needs to be owned by organisations.

For example, we have been doing some research. One of the statistics we have found is that organisations that do unconscious bias training for the people who make recruitment decisions are eight times more likely to have women be successful in their recruitment. There are some really complex cultural issues that cannot necessarily be addressed by legislation alone. Encouraging organisations to understand why they need to change, how and in what ways they can change and measuring that impact so there is a virtuous circle in terms of saying how it is good business is a good start. In terms of publicising it so people know about and understand it, there is a lot more the Government could do.

Rachael Saunders: May I add one piece of information? We are in the process of publishing our annual benchmark and, of our members—i.e. mostly bigger, progressive organisations—54% privately gave us information about their pay gap. Of that 54%, 13.3% have already put it in the public domain. Of the more progressive organisations, just over half are able and prepared to give us the information and a smaller number have published it. Transparency is a really important lever but it is very much a journey that we are quite near the beginning of. However, our members have always been very clear on this sense of transparency. The competition and peer pressure that it generates is a really important lever for change.

Sophie Garner: I would endorse the point in relation to its being a two-pronged approach. There must be both. Certainly, in terms of publicity it must come directly, I would suggest, from Government. It must be something that filters all the way down and is something that people really pay attention to. Unfortunately, it seems the measures we have—Think, Act, Report, for example—do not quite get there. It needs something extra; it is difficult to see what that is other than an amazingly expensive advertising campaign. However, if you are looking at changing such entrenched attitudes it must be

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

something very significant in order to reach the majority of employers.

Ceri Goddard: The Fawcett Society would also say that it is critical to have both a regulatory approach and a voluntary approach. Specifically on the small business front, I noticed in the last session you talked about the pay auditing requirement. There is no more powerful an advert than the threat or possibility of there being additional regulation. It is interesting: when you look at quotas in Norway or when you look at the Equal Pay Act here when it first came in, what was presented in both cases was that the Government was going to give itself the power to do that; everybody knew it had the power to do that, but it did not use it straight away. That was a significant incentive to businesses to get themselves together. It does not mean it cannot apply to small organisations. Actually, we can look across the sea at Northern Ireland and Quebec. In Northern Ireland, it was not about equal pay but there was huge resistance about whether smaller businesses could pay Protestants and Catholics the same. They actually managed to come up with guidance, regulation and advertising to show that organisations as small as 10 people could do that. Similarly, in Quebec and Canada they came up with practical guidance and regulations covering organisations as small as 10 people. It has shown it can be done. It is actually about the political will combined with the business will. It is really important that it is not just people in Whitehall and politicians who set out exactly how businesses should do it but they should set a minimum bar and outcome that is expected. Of course, there can be a greater role for businesses in leading on what that looks like. It has to be both.

It is very unhelpful at the moment, in times of austerity and recession, to see equality pitted against growth in this way and this described as red tape. I cannot emphasise how unhelpful this is. It is not only not moving us forward; it is threatening to take us backwards.

Q132 Chair: May I just ask, on the concept of so-called red tape and so on—I have not asked this panel—do you think there should be compulsory pay audits?

Helen Wells: I think the threat of compulsory pay audits is quite helpful, but pay audits are, in and of themselves, a diagnostic tool. They are a tool to lift the stone up and see what is underneath it. There needs to be further action, buy-in and ownership. Businesses then try to unpick and solve some of the challenges they have found. In and of themselves, they are a useful tool for organisations to understand where they are and some of the challenges, but they are not the end point. They are a start on a journey in terms of understanding—

Chair: I am still not clear. Do you think there should be a legal compulsion for companies to have one?

Helen Wells: No, I do not.

Ceri Goddard: The Fawcett Society's position is that it would be helpful if there was a legal compulsion, though, like any other kind of what are called special measures in international, domestic and European human rights law, the idea is that they would be in

place to effect a change in culture. To effect a change in practice you would hope you would not require compulsory audits for the next several hundred years, but the reality is that progress on the pay gap in the UK is glacial and is actually stagnating at the moment. There is a threat that it may be going back with the significant numbers of women moving from the public to the private sector as a result of austerity policies.

It is not only the Fawcett Society; there are legal professionals, trade unions and some employers who are doing it themselves. I think there is a growing argument that there should be some kind of legal compulsion. Whether or not it should be called a legal compulsion is really quite helpful. The whole law seems topsy-turvy to me. As an employer who has to do a payroll, surely most employers would say, including the CBI, that their objective is to pay men and women fairly. Nobody would dispute that. Why is it so hugely problematic for them to then start to do that in the first place? There could perhaps be some voluntary period for them to get their house in order, which I think is perfectly reasonable.

On a historical note, they did not really have that when we moved to the notion of equal pay for equal value. It could be done in such a way that gives business and employers time to do it, but I really think the time has come.

Chair: We have two different perspectives on this.

Sophie Garner: The Employment Lawyers Association's position is the same as the Fawcett Society's. Yes, there should be some regulation in place to ensure that gender pay gap information is published. It is published by organisations. I know that in the last panel a comment was made that this may to a certain extent be a tick-box exercise. Tick-box exercises can be useful, because they bring those issues to the forefront of the employer's mind. It being in their consciousness is something that does start to move the process forward. Generally, though, the ELA is in favour of this.

Q133 Chair: That is interesting, because you partly anticipated my question about the danger of its becoming a tick-box exercise. Would you say that even if it were a tick-box exercise—and you have already answered that question—it could actually still be useful in promoting this?

Sophie Garner: Yes, I would say it would be. As I say, it brings it into people's consciousness. It just means that they are having to go through the exercise of looking at exactly what they are doing. I appreciate that for many businesses it is very difficult to achieve parity, because market forces can, at different times, affect which people are employed. Over time, however, this should even itself out. To publicise that information and to make clear that those organisations are good and have enforced the legislation in this area does not seem to be a bad thing. It does not seem to be overly burdensome, either. If you have a payroll department or somebody who does payroll, it would presumably be relatively simple to put that forward.

Helen Wells: Obviously, I want better parity between men and women and for men and women to be paid better. Some of my reticence about equal pay audits, in and of themselves, as a solution, is that they look

27 November 2012 Ceri Goddard, Daisy Sands, Helen Wells, Rachael Saunders and Sophie Garner

at one part of the jigsaw puzzle. They are an important part of the jigsaw puzzle but they are looking at the process, the organisational barriers and pay and reward. They do not address or look at some of the bigger picture in terms of where women are in organisations, occupational segregation and leaking pipelines. We have always championed them as a very important tool, but I do not think they necessarily are the solution for pay parity.

Daisy Sands: I would add, as well, in terms of looking at the public sector specifically, obviously the public sector tends to have national pay scales, which means that there is a greater degree of transparency in the public sector on the pay gap. Although it may not be clear to draw a line between the smaller pay gap in that sector—obviously it is a multifaceted thing—I do think those national pay scales in the public sector have achieved a reduction in the pay gap in the sector overall.

Q134 Chair: We are likely to have regional pay in the public sector.

Daisy Sands: That is a great concern for the Fawcett Society.

Chair: We are running out of time.

Rachael Saunders: Briefly, the issue with this conversation is that people mean a lot of things when they talk about a gender pay audit. We can talk about a gender pay audit; what Helen has spoken about is a very in depth, diagnostic tool. Even in some parts of the public sector where in theory there is a clear kind of pay scale there is an awful lot of muddiness. There is a lack of clarity around who received bonuses and additional benefits.

A lot of the equal pay cases that are going through the courts now are not about basic pay; they are about all the other things that people get. Even in the public

sector, where people have the nationally negotiated Green Book or whatever, it takes time and a lot of trust internally. You have to turn over a lot of stones to find out what is really going on. You need to have a willingness from the organisation itself—both a leadership decision and trust within the organisation—to unpick that. That is quite different to what other people might also be talking about, which is asking, “You have a certain number of grades in your organisation. How many men and women are there at each of them? Are people on a parity of grade being paid in the same way?” It could be the even simpler thing, which was talked about a number of years ago, which was just an overall organisational pay gap number.

Part of the challenge is that you can define what you mean by a gender pay audit in different ways and each of us would have different opinions about how you might use each of those different tools. This is quite a broad, complex discussion. Our perspective is that the gender pay audit is that really detailed deep dive into how people really are being paid and rewarded and valued. That is best done when the company chooses to do it, has bought into it and is led effectively and the organisation as a whole is willing to offer up the reality of what is really happening. You are unlikely to achieve that in an authentic way through compulsion.

Chair: Thank you. We have opened up a number of fairly big debates here, actually. I would repeat what I said to the previous panel. If you feel that there is additional evidence or answers that you have not been able to give, please send them in as supplementary evidence. Equally, of course, we may decide that we would like to ask you one or two more questions, which we will send to you. That was very helpful. As I say, I think we could have gone on for quite a long time on these issues.

Examination of Witnesses

Witnesses: Sarah Veale, Head of Equality and Employment Rights, Trades Union Congress, Ro Marsh, National Officer, FDA, and Sharon Greene, National Women’s Officer, UNISON, gave evidence.

Q135 Chair: Good morning and apologies for running slightly behind time. Actually, you could well have come in before.

Ro Marsh: We thought about it but decided to keep sitting out there and chatting.

Chair: Thanks very much and welcome. May I invite you, for voice transcription purposes, to introduce yourselves, starting with Sharon?

Sharon Greene: I am Sharon Greene, National Women’s Officer, UNISON.

Ro Marsh: I am Ro Marsh, the National Officer for Equality and Diversity for FDA.

Sarah Veale: I am Sarah Veale, Head of Equality and Employment Rights at the TUC.

Q136 Chair: You presumably were not there when I said this to the previous panel. Some questions will be person-specific; that does not preclude anybody else from adding to or subtracting from them, if they feel it is appropriate. Equally, some questions will be to all of you, but do not feel that you have to

supplement what others have said if you are just repeating. We are time-limited and need to move as quickly as possible.

May I start with a general question? It is to all of you, although one of you might like to lead on it. Do you think the public sector equality duty, section 149 of the Equality Act 2010, could be used more effectively to address inequality in the public sector?

Sarah Veale: The short answer to that is yes. We think the public sector equality duty for gender has been a very important tool for employers and trade unions in the public sector to work together to achieve systemic change. The problem with the system of individual rights to shift the gender pay gap and other important sex discrimination issues is that it is incremental and does not always have a lateral impact.

The particular advantage of the duty is that it works across. At worst, it would be a box-ticking exercise; at best, it is not that. It involves discussion and iterative processes; it can be used differently in each bit of the public sector. There have been some examples that we

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

have picked up where it is beginning to have quite a beneficial impact. There have been one or two cases that the EHRC have picked up as well. The Southall Black Sisters was one particular example. That was actually the race duty, but it shows how this can be used actively to deal with problems when they occur in public bodies. I think colleagues in the public sector, actually, might be better placed than I am to talk about how effective it has been.

Sharon Greene: Yes, absolutely. From our point of view, the public sector equality duty was never meant to be an adversarial duty. It was always something that we welcomed as an opportunity to work in partnership with employers and Government to deliver good-quality services and the best outcome for service users and providers.

We welcomed the opportunity it presented us to talk to all the policy makers about what was best for communities. None of us are experts in all fields and by consulting with stakeholders—including unions and communities—it was possible to get some quite good outcomes. An example of where it goes wrong, as Sarah said, was Southall Black Sisters, where there were some quite harsh judgments in the appeal. Ealing Council were told in no uncertain terms that they had failed to act in accordance with the duty and failed to recognise that there were very real problems. As a punitive thing it works, but that was never what we wanted. We always wanted to be able to work in partnership.

Ro Marsh: The FDA represents senior managers in the Civil Service, the top of the NHS and here in the House of Commons. I know that that is slightly out of your remit because you are looking at business but the Civil Service has been able to demonstrate good practice because of the public sector equality duty. I am absolutely sure they would not be where they are now—which is not perfect as it is—if it were not for the public sector equality duty.

An example of that is the review going on in the House of Commons right now, looking at the gender equality at the top of the House of Commons staffing levels, because it has been recognised that you have not achieved that within your own house, literally. I think being able to demonstrate good practice as a consequence of the public sector equality duty is something that is really positive for business.

One of the things that struck me, in thinking about what I was going to say today, was that the first female Permanent Secretary was appointed in 1955. Yet here we are, 57 years later, and still only 20% of Permanent Secretaries are women. We are not yet even there with the public sector equality duty. I am, as I know my colleagues are, really concerned about suggestions of weakening that duty. There is a review coming. It is already weaker than we would like it to be; we would like it to be stronger. We would like the Civil Service, the Houses of Parliament and the public sector generally to be held to account more than they already are, and the suggestion of a further review is extremely concerning. The duty does not go far enough; we would like it to go further and not to be weakened.

Q137 Chair: That is very interesting. Following on from that, do you think it could be used more effectively to address inequality in the private sector, possibly through public procurement, by inserting provisions in contracts that would require inequality to be addressed in equal pay audits?

Sarah Veale: We would certainly agree with that and it is something that the TUC has called for. One of the most important things you can do with public procurement is use it to ensure that working conditions are at their optimum, rather than just basing it on issues of cheapness and what the most attractive contract might be in that sense. If you have a procurement policy that also stipulates the way, perhaps, that recruitment companies that gain the contracts should be operating, it would want to look at things like recruitment practices, training for apprentices, and the staying-on and promotion rates for women. There are a whole range of different indicators which would usefully be looked at. We would certainly see procurement as being a very important lever for pushing some of the achievements in the public sector, which have yet to be realised in the private sector.

It is worth saying that there have been some significant improvements in the public sector over the years, some of which are directly attributable to the duty. However, others are attributable to the work of trade unions in concentrating the minds of public sector authorities on the importance of issues like gender equality. In terms of improving productivity and so on, I think the private sector could learn quite a bit, for example, from the much narrower gender pay gap in the public sector. That is not there by accident. It is there because of positive policies that have been specifically been put down to address the problem, because the public sector can see there is an advantage in having women's talents properly used and not allowing unequal pay to be the sort of blight that it still is in the private sector. So the short answer to your question is yes, absolutely.

Sharon Greene: There are other issues that could also be taken into account. Sarah mentioned recruitment practices, but, for example, you could include a requirement that a company demonstrated a commitment to flexible working, which is a big thing on the Government's agenda now. There could be greater opportunities, for example, for young black men to be employed or at least offered the opportunity for employment. We know the employment level for those young men is around 50%. That is something that could be addressed without too much difficulty. However, flexible working and decent part-time working opportunities could also be included and, provided all companies were on a level playing field, that could make a very positive contribution to a fairer society.

Q138 Chair: May I again play devil's advocate? It is fair to say there is a school of thought in a section of the private sector that partly as a result of this sort of legislation the public sector is overpaid, bloated, expensive and could not survive in the private sector. Have you any comments on that?

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

Ro Marsh: That is certainly something that is not true for FDA members. I was going to talk about this in the bit about particular occupations because in the professions—things like lawyers, scientists, statisticians and economists, who make up a lot of the FDA and Prospect—women tend to come into those jobs not for the pay but for the non-pay matters, because you can get a lot more in private practice as a lawyer and a lot more from the Bank of England for economists and statisticians and so on. They come because there is flexible working, because there is decent provision for maternity and a culture, at that level at least, in the Civil Service of being supportive of women's recruitment and retention.

That is why all the trade unions are very concerned about the review of terms and conditions that is happening in the civil service. It is not being done in a positive way to say, "There is good practice in the Civil Service; how can we demonstrate how well we are doing in the Civil Service and show businesses how to recruit and retain women, in particular?" The review is seen very much as a way of cutting people's terms and conditions. The bits that are under attack are those very "soft pay" costs, which actually are what attracts women to the Civil Service, despite being potentially able to earn a lot more in the private sector. There is a perception about the Civil Service being bloated and overpaid. It is absolutely not true for that level of the Civil Service and I dispute it being true for the rest of the Civil Service.

Sarah Veale: You do not want to encourage a race to the bottom, either. The private sector has this attitude that because terms are comparatively good in the public sector, this is somehow iniquitous and should be stopped. There is the attitude that the public sector should come down to their level. There is now poverty-rate pay in some sections of the private sector and this has a huge impact on women working part time.

The private sector should be aiming to get things to the better level we see in the public sector, rather than the other way around. If businesses argue that they cannot afford it, they should have a look at what some of their own organisations are saying about the benefits of equality, doing more to promote women and putting women into more senior positions.

Ro Marsh: There are still women in particular in the Civil Service who are on the minimum wage. This used to be a big issue. Half of the time I am a national officer, so I actually do negotiate in various Government Departments on pay. Every year in some Departments there was a real issue about, "Crumbs, we need to put these people's pay up to the minimum wage because the minimum wage has gone up and we have not had a chance to do that." That is slightly recognised by the way the Government have implemented the pay freeze. In the Civil Service, the pay freeze affects lower-paid people less than it does the more highly paid people, which is causing issues for us, of course, but that is a recognition of the fact that a lot of the Civil Service is only just on the breadline.

Q139 Katy Clark: This is perhaps more directed to Sarah, but is for anyone on the panel. In the last

session we heard quite a lot about the costs of equal pay cases and the point was made that perhaps we should look at it the other way, as the costs that would be saved if it was not necessary to bring equal pay cases. Have you looked at the impact that the failure to pay equally has on the state, particularly through welfare and benefits budgets, etc? Is the failure to implement equality policies something that you have done any work on?

Sarah Veale: We have done quite a lot of work on that, which we can send in to the Committee. It is almost intuitively right that it will cost the welfare state more if you pay women poverty levels, because they simply cannot afford to exist on those levels. There is then a political argument about how much the state should be subsidising employers who refuse to pay a decent wage to people. That is obviously a matter of political opinion, but certainly it would be difficult not to see that paying women very low wages and still having a big gender pay gap will hit the public purse at some point. It is then a question of political opinion as to what you do about it and the exact level of intervention. We certainly have done some work that shows that link and we can send that on to the Committee.

Sharon Greene: We have done some research, which was carried out by the Working Lives Research Institute. It is a hugely long document, which is why I did not send it in to you, though I am very happy to do so. It was an interview with about 6,500 UNISON members. It talked about how austerity measures, including equal pay, had impacted on their lives and the things that they were having to cut back on, which included such basics as food for the family. The growth of food banks in this country is another indication of how low pay is impacting very hard on working people's lives.

Q140 Mike Crockart: I want to turn specifically to the subject of equality impact assessments. I address the first question to Sharon; you made some comments on them in the evidence that you submitted. Specifically, why do you think that equality impact assessments, which publish changes to policies and procedures, including staffing, should be reinstated on a statutory rather than a non-statutory basis? There is a view that, especially for smaller companies, this is red tape that gets in the way of doing business. Especially at times when the main priority is to establish economic growth, anything that gets in the way of that should be re-evaluated to make sure it is providing some sort of benefit.

Sharon Greene: The failure to carry out equality impact assessments leads to bad judgments and bad decisions. If you make a bad decision it costs more to put it right than to make the right decision in the first place. If you involve stakeholders, unions and the community you will have the chance to make the correct decision in the first place. Yes, it is a level of bureaucracy, but it does not have to be. It can be a very simple process. You can do a very quick assessment of whether or not there will be adverse impacts on particular groups in the community. Once you have done two or three of them, it is actually very easy. We do them in our own union for various bits

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

of work that we do. There is a wealth of information and guidance out there. The EHRC produced some really good guidance. It does not have to be a very expensive and time-consuming process, but it does lead to better decision making and communities' and service users' buy-in.

Sarah Veale: The other thing is that small businesses, quite rightly, complain about excessive litigation. However, if you do impact assessments and get your recruitment right and your practices and procedures are proper, for a start you will avoid a lot of cases being put in against you; secondly, if they are, you have much more robust evidence to show that you are doing your best. Tribunals will tend to take a more lenient approach if it is some unintended consequence of a policy than they would if you had done absolutely nothing and not made any effort whatsoever.

Exactly as Sharon says, once you have got into the hang of them they are quick and quite easy to do. You reap huge benefits from it. A lot of businesses that have done them, including small ones, have said, "Actually, having done one now we would not stop." It is quite important, because people do instantly and immediately think these things are red tape, but as soon as you unthread the red tape, as it were, and work your way through what it is they are intended to achieve, you can actually suddenly experience the benefits first hand.

Q141 Mike Crockart: Do you think it is a fear of what is involved in doing such an assessment that stops people from wanting to do them?

Sarah Veale: Yes, there is a lot of that. Funnily enough, having just said that it avoids litigation, there is a wrongful fear that it will actually produce litigation because it will expose things that will then stimulate claims. However, I do not think that is the case. If you identify where there are problems and work with your staff to address those, the propensity for them to sue you would actually be very much reduced. That is an understandable fear, but probably a false one.

It is regrettable that the Prime Minister recently announced that the Government would not be doing equality impact assessments any longer because—whether the Government ignores them or not—they do show that, for example, the employment tribunal fees that are to be introduced definitely will have a particular impact on women, because of the fact that women tend to be low-paid and will be much more likely to be put off litigation simply because they cannot afford the risk that they might not get those fees back. You do need to know these things and it is a shame if, for the sake of a red tape announcement, they have not thought through what the impact will be in terms of public policy.

Q142 Mike Crockart: Equally, is there not an argument for targeting equality impact assessments on specific areas? I have sat on any number of Statutory Instrument Committees where there is a page at the back that has a box to tick to say, "The equality impact assessment has been done", but looking at the legislation, you knew from the start that there was no potential for any kind of impact in equality terms

because of the type of legislation that it was. It feels like a tick-box exercise just for the sake of a tick-box exercise to show that we are thinking about equality issues.

Sarah Veale: They are not tick-box exercises. I do not think they are, actually. I think they are reassurance for people. Actually, with a different hat on, I sit on the Government's Regulatory Policy Committee and, really, the impact assessments and the equality impact assessments are double-checked and if it looks as though it is just box-ticking and it is self-evident that there will be a race impact they are sent back and the Department is asked to have another look.

I can see what you are afraid of, but in fact they are pretty rigorous and, even though you just get the box ticked, someone has gone off and had a look and talked to the stakeholders and worked out that this is fine. As you say, often self-evidently it is not, but that kind of reassurance is worth it, rather than saying, "We will just pick on the sectors where we think there is a problem." You will miss some sectors that do not obviously have a problem, but a problem will emerge when you look more closely at it.

Ro Marsh: To do that would devalue them, in fact. I do think they are seen by some people as tick-box exercises and unnecessary bureaucracy and so on, but actually many of the Government Departments and agencies that have conducted them recognise their value and see that they are positive.

Until two years ago, there used to be an annual award for "transformative equality impact assessments". The FDA sponsored it for a couple of years, because it was the Civil Service saying, "We recognise that these must not be tick-box exercises and that they can be transformative and make a difference to organisations." Small agencies were coming along and demonstrating good practice. The way to demonstrate that is by doing the impact assessment and saying, "We looked at how we were going to restructure the office and we wanted to make sure that we remained an attractive employer for women or for under-represented or disadvantaged groups or for the general public and we did that through the equality impact assessment."

Last week, there was an example given to me where the Ministry of Defence apparently decided to close off several of its lifts, not for austerity, but for green reasons. They did not do an equality impact assessment and, when they were asked to do so by the unions, realised that disabled members of staff were being severely disadvantaged. Of course, they had to turn the lifts back on again. It was a very simple issue. If they had just done what could be seen as a tick-box exercise: "Have you thought about the effect on disabled people?" they would have realised, "Oops, no." Ticking boxes can actually make you think. But I agree with you: it is absolutely essential that it must not just be bureaucracy. If you just do it on specified things it will be seen as being punitive, whereas what we would want—and what I certainly would want in the Civil Service—is for them to be seen as something positive and good, where the employer can demonstrate good practice.

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

Q143 Mike Crockart: I was not suggesting that they should be done in specific areas as a punitive measure. It is much more the model of health and safety, where it is a risk-based approach; you are targeting areas where you think there is an obvious and very real need for it to be done.

Ro Marsh: I am suggesting that it will be seen as punitive if it is not done routinely and automatically. In local government—I know because my daughter works in local government—it is seen as something routine. They know they have to do it. It is a bit like you were saying: it is at the back of all the Committee reports. It is absolutely appropriate that it is routinely done. But not just because statute says, as I keep saying, but also about ensuring that you are a decent employer and a decent provider of service to the public.

Q144 Rebecca Harris: What do you think the impact of budget cuts on the EHRC will be?

Sarah Veale: They have had a very significant budget cut. They have also been put on zero budget measures for next year, which is pretty drastic. There have been criticisms of the EHRC, some quite loudly proclaimed. There is nothing wrong with a bit of forensic accounting and making sure that they are providing good value for money. The fear, though, is that the cut is so huge that the whole organisation has been knocked sideways. What is equally worrying is the change in the rules under which the EHRC operates, which are being made in the Enterprise and Regulatory Reform Bill. In particular, there is a worry that taking away their general duty might have exactly the opposite effect to what I suspect this Government is hoping for.

What that good relations, general duty has been able to do is allow the EHRC to pick on areas, rather like you were talking about, where there is clearly a big problem and do a proper investigation, take evidence and produce a report with recommendations for change. If you take away all that, they will not be left with an awful lot other than performing their statutory duties, which is, of course, something that they absolutely have to do. However, it means also, I suspect, that businesses will start to see them just as an organisation that jumps in and intervenes legally when necessary but is not really there to provide all the support.

A lot of the work the EHRC did, and was spending a lot of its money on, was actually not very well promoted. They were actually providing a huge amount of advice and support for small businesses and others who were nervous about discrimination law and needed somebody at the end of a phone line to talk them through what the problem was, help them get things right and avoid a tribunal case. The fear is that it has been such a huge cut that they will not be able to do very much other than their core functions, which might be what the Government intended but I think is a missed opportunity.

Inevitably, when you have a cut of that size you lose huge numbers of staff. You do not necessarily lose the staff that you might feel are better off moving on; you lose highly skilled, expert people who were doing a great job. It is much too much too quickly. A lot of it,

frankly, was politically vindictive rather than a cut that really was evidence-based and in line with cuts elsewhere. Obviously, you would expect the TUC not to approve of these sorts of cuts anyway, but even setting that aside, this one is draconian compared to the cuts in some of the other regulatory bodies.

I think it will take the EHRC a bit of time to get back on its feet. It will get back on its feet; we have a huge amount of confidence in the institution. It has a great new chair; it will have a new board; and it will go forward. However, I think it is regrettable that it had to be hacked so badly in order to get it transformed. I worry a bit about the level of outside interference that has been going on. I would hope, very much, that that will now withdraw and the EHRC will be allowed to find its feet and be given some better resources to enable it to do more than simply legal interventions and the core functions that it has.

Sharon Greene: I absolutely support everything Sarah says. It is also important to say that when Sarah said there is a degree of outside intervention, the human rights element of the EHRC has been attacked, generally, by the media. There is scapegoating of certain groups, whether it is migrant workers or Travellers or suspected terrorists; their rights are trumpeted as being above the rights of the ordinary people. That is a media construct and that has led to a lot of people opposing the EHRC without actually understanding the very valuable work it does do. Included in the valuable work is the grants that it gave to hundreds of small organisations working in the community and supporting people in need. It is a great sadness; some of those organisations will inevitably be forced to close as they will also lose funding from local authorities. I think we will feel that. Possibly, we will feel it in the courts, too, because people will not have somewhere to go for help and advice that might have stopped them needing to take a court case.

Ro Marsh: That is really significant. I do not have a lot to add. We have FDA members who are directly affected by the cuts to the EHRC. I wanted to say that one of the concerns I have is the loss of the legacy of the EHRC, i.e. where it came from. Cutting it so far that you are losing some of that real history, knowledge and background of where it came from is tragic as well. The fact that there is no statutory code behind the public sector equality duty any more, which was administered by the EHRC, is itself unfortunate.

Q145 Ann McKechin: Just to follow on from that question about the Equality and Human Rights Commission, my understanding is that the helpline service, which the EHRC had in relation to employment matters, has been passed to ACAS. It would be helpful if you could let me know whether you think ACAS have the capacity to deal with these types of cases or whether the public are aware that if they have a discrimination in work case ACAS are now the body that actually provide general advice. That message does not seem to have got through.

Ro Marsh: No, they have only recently launched a telephone helpline, which is actually being run by the private sector, is it not?

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

Sarah Veale: The private sector is doing their helpline now, which is a worry as well because it detaches it from the Commission. What happened before was that the Commission was able to use some of the queries that came in not to poke at particular individuals but to use the examples to work out where there were systemic problems. It was extremely important that you had that link. The public had confidence in a helpline that was run by a professional body, whereas I suspect the public would have less confidence in a contracted out company running it, particularly given the reputation of some of the ones that have failed spectacularly more recently, quite frankly.

ACAS does a fantastic job, but it also has had a funding cut and there is a worry about whether ACAS will be able to continue to provide that level of service. Brilliant though ACAS are, their particular specialism is not discrimination. I think it would be understandable if people did not ring them up as the first port of call, though I would hope people would, because it is there as a public service and they have a very good active helpline where you can actually speak to a human being at the other end of the line, which might be more costly but I think pays dividends in terms of business confidence. ACAS is popular with small businesses.

Q146 Ann McKechin: Sarah, in your written evidence you stated your concerns about proposed changes to employment law and the fact that people will have to pay a fee if they want to take a tribunal case and also the fact that they can no longer demand a questionnaire of their employer. Are there any particular sectors of work where you think this will really impact the types of cases that may now no longer be heard?

Sarah Veale: On the questionnaires, I think that will be a massive problem. Again, I do not think it will help employers in the long run. It is being done because employers have complained that there is too much form-filling and all the rest of it. I think it looked like low-hanging fruit, but actually employers will find that they still have to provide all that information in a much more circuitous and expensive way. The questionnaires were hugely important for unions representing people, for solicitors and for individuals to be able to work out, through the information they received from the employer, whether or not they had a case. If you want to avoid misplaced litigation, the one thing you do not do is get rid of the one document that allowed you to get the information you needed from the employer. I know there is a lot of talk about vexatious litigation; trade unions are very important organisations that prevent a lot of what might be called vexatious litigation.

The one thing we have found the questionnaires to be incredibly useful for is a sifting process, because we do not support every single member who comes up and says, "I want to go to the tribunal." It is quite the opposite. We sit them down and say, "What is the problem?" If it looks like a discrimination issue, you use the questionnaire to talk to the employer, possibly physically if you can do that, but otherwise to get the information from them. That will sometimes result in the representative turning around to the member and

saying, "Well, actually it is not discrimination. You would be better off maybe getting ACAS conciliation or we can take you back in to talk to the employer."

It is a terrible misjudgement to do this. It will not make a difference in terms of red tape; they are not difficult to fill in. I think it will misfire pretty badly. One thing I would really urge the Government to reconsider is that decision to get rid of the questionnaires.

Q147 Ann McKechin: It is a form of pre-disclosure, so that you can judge the strength of the case.

Sarah Veale: Exactly, yes. It is exactly that.

Ro Marsh: We would totally support that. We did not put it in our evidence to this Committee, but we did put it in in response to the consultation on the repeal of the Act, because it is something we feel very strongly about. There are equal pay questionnaires as well; we have a load of those out at the moment, actually, in several Government Departments for various reasons, which we might come back to. However, it is really about what Sarah was saying. As a national officer, not just an equality officer, I deal a lot with cases where we persuade people they do not have a legal case. We spend quite a lot of our time telling our members they do not have a legal case. Not being able to demonstrate that any more means there will be much more recourse to employment tribunals for cases that should actually never get there, because when that disclosure comes it will be evident that there is no case. Being able to have that disclosure before has been really helpful; I think it is terrible.

Sharon Greene: There is another side to that coin, which is that, particularly in the community and voluntary sector, where you may have very small employing boards or bodies, by using the questionnaire we can actually extract from them information that can help them change their policies and procedures. We do not have to go to court; we do not have to take a case. They change what they are doing as soon as they realise that, actually, they are acting in a discriminatory way. They may not have been aware; they may just have been trying to meet budgets or whatever. However, we found it really helpful. We did not put that in our submission, because it came in too late, but we do have some information on that if you want it.

Q148 Mr Walker: There is a recently published report on apprenticeships. We have had evidence from the TUC on that. Last week we heard from Diane Johnson of the ECA, who spoke about the fact that two out of 300 apprentices to be electricians were women. The TUC presented written evidence suggesting ways to improve this, including a procurement policy to require suppliers to recruit a balanced intake of apprentices as a contractual requirement. I just wonder if you could expand on that, in particular with industries such as the electricians and the construction industry, where, again, it is 1% to 2% and not much higher. How would that work practically to raise that level?

Sarah Veale: I can see exactly what you mean. If you do that now, when there are so few women working on a construction site, it will not work. In a sense you

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

would have to put the horse before the cart. The problem with some industries is that they are absolutely women-no-go areas, still. You can spend hours trying to work out why women do not find working on a construction site particularly attractive, one of which might be the behaviour of the male construction workers, quite honestly.

There are issues at management level about how you manage things like construction sites, but much more important, I think, is what happens to girls and young women at school and university stage. Teachers can and do their best to encourage girls to go into those male-dominated areas and you can get them interested up to a certain point, but it appears that when they reach a particular age—I am the mother of two daughters myself—something comes in called peer-group pressure. However good they might have been at science or something technological, or however much they might have liked the idea of being a train driver or something like that, they start to become more conscious of what other girls and young women think. They stop and feel, “I would get laughed at if I did that.”

Having gone through that particular mill, they then look at the profession or job and they see it is entirely male-dominated. You must be quite a courageous young woman to go off into a career, profession or job where you were surrounded by men and the assumption was it was a man’s job. The trouble is, of course, that this is a massive chicken-and-egg situation, because, while you have got men in particular industries, that has traditionally meant that the pay rates have been much better and the areas that women end up going to—called the five Cs: catering, cleaning, caring, clerical and cashiering—are largely done by women and the pay levels are much lower.

This whole area of occupational segregation in apprenticeships and work is absolutely massive. It feeds the gender pay gap problem and is self-perpetuating. How do you go about changing all of that? I wish I could provide a neat answer that would solve the whole problem; I am sure everyone does. However, we must do far more in the careers service to try and give support to girls and young women when they get out there. I have some sympathy with businesses when they say, “We do our best. We would actually like to see more girls apply, but look at that: we put out an advert that says we particularly welcome applications”—because they are allowed to do that, to correct an imbalance in their workplace—“but we still do not get girls or women applying; or we get them applying and they are simply not trained or educated in the right areas for us to be able to take them on without disproportionate expense. What can we do?” There are massive problems, still, that have to be tackled on that front.

The procurement thing is supposed to give businesses a nudge to look at what they are doing and think, “Actually, if we make a real effort, pull in 10 girls from the local school and really concentrate on and protect them, and get them to where they should be, we would then steal a march on other companies that had not done that in terms of procurement.” That is the kind of way that was supposed to work. I

appreciate I am making it all sound terribly easy; it is very difficult out there.

Q149 Mike Crockart: You have answered my question, which was more generally, across the panel, what your views are on how to increase the number of women taking up apprenticeships. You have outlined the difficulties. On the last point you made about businesses going into schools and promoting their industry to girls in particular but also to boys, let’s face it: there are not enough people thinking of apprenticeships. There are many people who go on to university who could well have done apprenticeships. There was an all-party parliamentary group on social mobility and high-level apprenticeships in industry. It was people who were effectively getting a higher-level degree through the apprenticeship route. That is the sort of thing that is not known particularly widely. Is it just about the industry going into schools more, speaking to parents more and overcoming their attitudes to apprenticeships?

Ro Marsh: It is about culture, isn’t it? Sarah has talked about it already. It may sound like it is something that is not very relevant to the FDA, but another example of good practice is that recently, in the last few months, the Civil Service went out to schools and brought in a load of 14-year-old schoolchildren to the Civil Service. They took them down to London. These kids had never been to London before; it had never occurred to them that the Civil Service was something they could consider. As a consequence of that, hopefully a lot of those kids will go back to their schools and talk about the Civil Service as being somewhere they can aim for. Being 14, it is before they have made their choices about their GCSEs as well. It is about doing it both ways, so industry goes to the schools. I used to go around schools and talk about trade union membership back in the days when I worked for UNISON. That was about telling the school kids what their options are and changing that culture. I think it will take a long time. That a local builder comes to a school and talks to 14-year-olds will not make a difference overnight, but it will have a trickle effect.

Q150 Chair: In the context of this response, the Committee has just completed its report on apprenticeships and one of the recommendations that was in the report was that schools should be evaluated on the number of people who go on to do vocational education as well as for A-Levels and higher education as a way of changing the mindset of the teachers within the school. Do you think that there is a role in promoting equality through this provision?

Sarah Veale: There definitely is. There is a general problem in this country that vocational careers are not rated nearly as highly as going to your university and being an academic. In Germany, they are much better at appreciating, and making sure there is general cultural appreciation of, the worthiness of a skill and a manual trade. In this country, for all sorts of reasons, the goal of the schools is to get as many children into university as possible, regardless of whether it is actually the right choice for that child. This is terribly generalised. There are some schools who I do not

27 November 2012 Sarah Veale, Ro Marsh and Sharon Greene

doubt have done a huge amount on their vocational education and getting children into good jobs and good apprenticeships, but you need far, far more on that. You need to do more to stimulate schools to see that it would make school much more comprehensive in the real sense if it is taking as much notice of the children who get jobs at 16 and do really well as the ones who get into university, as well as lauding their achievements. They tend to have Oxbridge as Nirvana and then anything else down at the bottom is just also-rans. It is such a shame.

Chair: We will see how the Government respond to our recommendation.

Sarah Veale: Good luck.

Q151 Chair: I will finish off with a couple of questions. We are running out of time, so could you be brief? Do you think the positive action provisions of sections 158 and 159 of the Equality Act could be used more effectively?

Sarah Veale: The answer to that is always yes. The fact that you are asking whether they could be used more effectively means they are not being used terribly effectively at the moment. There are sections of the Equality Act that, I am afraid, have either been repealed recently or have not been put on to the statute. One I would particularly mention is section 78 on equal pay, where the Government say that they are not going to implement that section on gender pay reporting because they think the voluntary way is the best way forward. The gender pay gap, however, is absolutely stuck. It hardly moves every year. It is highly regrettable that bits of the Act that could make a difference, positive action being one of them, have been neglected, not commenced or tossed aside as something that is nice in a good time but not to be had in an economic downturn. I think that is wrong. The only way you are going to move things forward on gender equality at work—and elsewhere, actually—is positive action.

I do not use the word positive discrimination. I do not think we would agree with that in the TUC, but taking

measures to promote a class of people who are clearly disadvantaged, even if only temporarily, is absolutely essential to make some difference to shift the blockage and get a critical mass of women moving forward. It is within European law; it is perfectly legal to do this.

Ro Marsh: As I mentioned earlier, there are various reviews in the Civil Service and the House of Commons that recognise that there is an issue about representation of women at senior levels. Without some form of positive action, those will not be addressed. Actually, I do think there are opportunities and that these should be taken for it to be used more effectively, even if it is just promoting this and changing the culture that appears to exist, which appears to show that the most senior people have to be men.

Sharon Greene: You can look at own my union as an example of how positive action works very effectively. I do not think you can imagine much more of a male-dominated world than the trade union movement 30 years ago, but we have taken some very positive steps to encourage the participation of women, disabled and LGBT people. We now have a general secretariat which is half women and half man. Most of our senior managers are now women and the difference in our trade union is shown through the issues that we negotiate on and the issues that we care about. That involved an element of quotas, if you like. We call it fair representation. We also took positive action measures, including targeted training and recruitment. So it can be done.

Chair: Thank you for your contribution. I repeat what I said to the other panels: if you feel that in retrospect there is anything further that you would like to add to answers you have given us, do feel free to send them as supplementary evidence and they will be given due consideration. Of course, if we feel there is a question we should have asked but did not, then we may write to you and would be grateful for your response. Thank you very much.

Tuesday 4 December 2012

Members present:

Adrian Bailey (Chair)

Mr Brian Binley
Katy Clark
Caroline Dinenage

Julie Elliott
Ann McKechin
Mr Robin Walker

Examination of Witnesses

Witnesses: **Helena Morrissey**, founder of 30% Club and CE of Newton Investment Management, **Liz Murrall**, Investment Management Association, **Tim Ward**, CEO, Quoted Companies Alliance, and **Debbie Crosbie**, Director of Operations and IT, Clydesdale Bank, gave evidence.

Q152 Chair: Welcome to this morning's meeting and thank you very much for agreeing to speak to us. If you could introduce yourselves for our transcription purposes, that would be helpful. We will start with you, Tim.

Tim Ward: I am Tim Ward. I am the Chief Executive of the Quoted Companies Alliance. We champion the interests of small and mid-sized quoted companies in the UK.

Debbie Crosbie: I am Debbie Crosbie. I am the Operations and IT Director of Clydesdale and Yorkshire Bank.

Liz Murrall: I am Liz Murrall. I am the Director of Corporate Governance and Reporting at the Investment Management Association, a trade body that represents the fund management industry in the UK. Our members have £4.2 trillion of assets under management globally, and 34% of the UK market.

Helena Morrissey: I am Helena Morrissey, Chief Executive of Newton Investment Management and founder of the 30% Club, a business-led initiative to see more women on UK corporate boards. We are aiming for 30% by 2015.

Q153 Chair: Thank you very much. Some of the questions will be addressed to all the panellists, but that does not mean that all the panellists have to respond. We are time-limited. Obviously, if somebody has said something and you want either to add to or subtract from it, that is fine, but do not feel you have to say something if everything you would have said has been said by the previous speaker.

Can I start with a general question? You may have followed our previous sessions. At one of them, a witness said, "When you improve gender diversity on boards, financial performance declines." What is your experience? Helena, you are obviously keen to open on this one.

Helena Morrissey: I anticipated the question. The gentleman was alluding to one study, which was on the Norwegian experience, where quota legislation, as I am sure you are aware, was introduced so that within very short order—I think it was something like six months—listed companies had to put 40% women on their boards. The analysis showed that introducing gender equality, as it were, in that way had a negative impact in the immediate aftermath on shareholder returns. There are six widely recognised studies on experiences in countries where there is no quota: two—McKinsey and Catalyst—on the US

Fortune 500; Société Générale on European countries; Citigroup on Australia, where there have a "comply or explain" model similar to our own; and two more recent ones, IRIS and Credit Suisse, on the global experience. They all usefully corroborate the positive impact of having more women or a better gender balance on boards, and they are empirical studies. I think it is a question of how you get there. It is not that women per se—obviously, I think it is counter-intuitive—detract from value to shareholders.

The other thing I would point out is that I think the reason why the voluntary, business-led approach in the UK has been having some success over the past two years is partly related to the views people have of the causes of the financial crisis, and the fact that the traditional—often male-dominated—boards had too much sympathy for each other and did not challenge management teams. It is not just that it is conventional wisdom, but rather a much more widely accepted view.

Q154 Chair: Are any of the other panellists interested in either adding to or subtracting from that viewpoint?

Liz Murrall: Yes, if I could, please. From the perspective of institutional investors, we would support boards being diverse. That must be good for the business: they bring new skill sets to the board, challenge groupthink and embrace new ideas. While I think there are a number of studies, it can be difficult to establish causality, and it may be that women are selected into the better-run companies in the first place when there is a voluntary approach. You only have to look at things such as Rightmove, which embraced new ideas in terms of the internet and grew from nothing to a £1.7 billion business. Compare that with Trinity Mirror, which failed to embrace the internet and basically declined from being a £1.6 billion business to being a £70 million one.

Q155 Chair: My next question was to you, Liz, based on the evidence submitted by the IMA. I am not sure that you really need to add that much more to it, given what you have just said, but is there anything else that you can say that would explain the evidence that you submitted—that greater diversity has a positive effect on corporate performance? Do you wish to add anything to that?

Liz Murrall: No, I think I have just said it.

Q156 Caroline Dinéage: I would like to start with Helena, please. Your written evidence suggests that legislation to increase numbers of women at board level is not needed. How can a higher proportion of women in senior positions be achieved without legislation? In your evidence you say there is a strong desire among the major firms to accelerate results in this area, particularly among those firms that do not have that innate desire to achieve these things.

Helena Morrissey: Starting with boards, I think we are seeing very clear evidence that without legislation the voluntary approach is having a big impact. Just updating my own evidence, since 1 March this year, 49% of non-executive directorships in the FTSE have gone to women. I believe, as do other members of the 30% Club, in the at least equal importance of appointment on merit, so I do not think you could actually better that rate of appointment—given that, obviously, you are looking in a smaller pool of senior women than men.

The 30% Club has shifted its focus this year to the pipeline, where there is clearly a lot more work to be done. In a sense, that reflects a wide range of issues, some of which are very much sociological and some of which very much relate to the companies themselves. We had an event on Friday at which one of the Ministers in the Government spoke and referred to the current typical working establishment as having a 1950s air about it. Just as Liz has talked about companies not embracing the internet in terms of their customer base, I think it is true that a lot of companies are stuck in the very traditional “at your desk” mentality and are very rigid.

At the 30% Club, we have been working initially on an effort with commercial services firms, who have this problem in extremis. There are often more than 50% women at the intake and then none on their boards. It has been extremely edifying to have had a very detailed analysis and to conduct focus groups over a very short, focused period of time. It was a 10-week project, and about 20 firms were involved, of their own volition. We have a clearer diagnosis of the problem now. It is as much to do with women’s perceptions of what it takes as it is to do with the environment that the companies are creating. I think a multi-faceted solution is needed. We have now developed an executive pipeline initiative, which is much more recent. Interestingly, a number of large companies came together and wanted to skip that stage of analysis. They all said, “Yes, we have that problem. We know about it. We want to move straight to piloting more radical ideas.” That is where I think the seed of the issue lies.

Lastly, in terms of where companies are not embracing this, I do think that there has been a paradigm shift in the past two years in UK business. This has moved from being seen as a women’s issue to a business issue. To echo one of Liz’s points, the better-run companies are the ones who are thinking, “How do we attract and retain the best talent—men and women? What do we have to do to modernise our practices to be relevant to the future and to work more smartly and efficiently?” I think it is a bit of a tidal wave. The companies—and senior managers within

them and CEOs—that are slow off the mark are being slightly engulfed by it.

Q157 Caroline Dinéage: I would quite like to quiz you the suggestion that 30% is the magic number when the financial performance of a company increases because of a critical mass of women on the board. Why is it 30%?

Helena Morrissey: Setting the magic number at 30% came out of the Société Générale report, where they crunched numbers to find out what proportion of women made a difference to the bottom line. I echo Liz’s point that you cannot prove causality, but that was their line, not mine. I chose the number of 30% because, unrelated to the particular women’s issue, there are various studies that have been done on when the view of a minority group is heard as their opinion, not as them being a representative of a group. If you have one token woman on a board and they speak up, people think, “That’s the women speaking,” whereas if you have three out of 10, the research suggests—obviously, you can never entirely prove these things, though this does seem intuitive—that that person’s opinion is heard as an opinion. Some of the chairmen—Robert Swannell from Marks and Spencer, for example—have challenged me by asking, “Why is it not 50%?” At the time we launched, women made up 12% of boards. To be honest, once we are at 30%, I suggest the rest will follow, but I will not be setting up a 50% club.

Q158 Caroline Dinéage: Would you think that as the percentage of women on a board increases, it would have a proportionate increase on the financial performance of a company, or is 30% the optimum?

Helena Morrissey: In fact I do. Another fascinating study—I do not want to seem like I am regurgitating lots of other research—was done by a team from, and it was published in, the *Harvard Business Review* about the best balance of a team. They looked at teams with very high-octane, high-IQ individual members that were all men or all women, and compared their performance in certain puzzles against a lower-IQ but mixed team. It was not until you reached two-thirds women that you peaked in terms of performance. They were so sceptical of the results that they ran it again and obtained the same results, which was quite interesting.

This goes back to all sorts of things. There are 55 chairmen who are supporters of the 30% Club. These are their boardrooms, and they are very eloquent about the fact that they have seen a better dynamic, and more effective challenge and decision making, and that should, in due course, lead to better financial returns.

Q159 Mr Walker: It is interesting that you talk about the chairmen taking a sense of ownership of this 30% process. Do you think there is more scope for institutional investors to take ownership of this process and for shareholder activism to put pressure on companies to put a greater proportion of women on boards?

Helena Morrissey: I do, but let me defer to Liz so that I am not always talking.

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

Liz Murrall: Yes, I think in any market-led solution it is vital that investors have a role to play as the owners of those companies. We have had the stewardship code in the UK since July 2010. In September 2010, 80 institutional investors had signed up. Currently, as of September 2012, we have 220. More and more investors are becoming engaged with companies. As an industry body, we monitor what that means in practice. We look at the activities that underpin disclosures under the stewardship code. Specifically in relation to diversity on boards—as an institutional investors’ representative, this is primarily what we are interested in—we have a number of measures that facilitate shareholders’ engagement on this issue. We have had changes to the corporate governance code in the UK. The code always required companies to report on the nominations process. In July 2010, a requirement was introduced to look at diversity, including gender, for the first time. Following Lord Davies’ report, the code was further modified and asked companies to report on their board diversity policy, including gender, to set measurable objectives as to how they will achieve that policy, and to report on progress. At the event that Helena was referring to on Friday last week, we had a report on what progress had been made on that. Whereas the FRC had asked companies to look at this for financial years beginning on or after October 2012, it did actually push for early adoption of these requirements. Cranfield School of Management looked at the annual reports of the FTSE 100, 93 of which had published reports in that time frame. I think that something like 59 of those 93 had a diversity policy including gender. Even though this is so new, seven had actually reported on progress.

All these things help institutional investors engage on these matters. As part of the 30% Club, Helena has an investor sub-group that sets out guidelines for investors’ engagement. That currently comprises 14 investors who have £1.9 trillion of assets under management. They are all signed up to this and committed to it. To put that in perspective, the IMA has 220 members, and we have £4.2 trillion of assets under management. Just under half of them have committed to this.

Q160 Chair: Liz, I was looking at the evidence submitted by the IMA. You are pretty forthright, but I think the evidence is slightly more qualified—at least the sections I have read. At the start it says, “There is also a certain amount of evidence that greater diversity can have a positive effect on corporate performance.” That is not exactly an overwhelming endorsement of that policy. It goes on to list that evidence, but then, at the end, it says, “The latest research from the Bundesbank suggests that a greater proportion of women on bank boards resulted in ‘a more risky conduct of business’, before citing ‘lack of executive level experience’ as the cause.” Could you comment on that? It does seem slightly at odds with your very forthright position.

Liz Murrall: The issue is that when you have academic or consultant research, it is difficult to establish causality. That was the point I was seeking to make. However, from the perspective of institutional

investors, there is value in boards that are diverse while being the best fit for the company. I have cited examples of how companies embracing new ideas have ensured they had better performance. What we do not want to see is a continuation of the boys’ club of board appointments; there needs to be more challenge and more constructive thinking on boards.

Q161 Chair: Everything you have said is fine, but you have not actually answered the point about the Bundesbank. Would you question that evidence?

Liz Murrall: I think I would question all that evidence because of the difficulty of establishing causality.

Helena Morrissey: The only thing to add is that it obviously is important. This is why it needs to be voluntary, business-led and possibly slightly slower than ideally we would all like. We would like to wake up tomorrow and have these wonderful companies that are diverse at all levels, but the fact is that it takes time to develop executive skills. You cannot create a CEO or a CFO overnight. The one valid point the Bundesbank research and the Norwegian study make is that just promoting somebody because they happen to fit one category or another is bound to backfire, which again is one of the reasons why I think it is actually very counter-productive in the end to do anything through legislation.

Q162 Chair: Would you be able to look at that evidence and send us a more detailed critique of it?

Liz Murrall: I would be happy to, yes. I remember reading it at the time it came out and thinking that it was a very weakly constructed argument. I am happy to do a formal analysis.

Q163 Caroline Dinenge: I really wanted to talk about the pipeline that delivers women at senior executive levels, from which the majority of board members are recruited. This is a question for everybody. Why is it that even in companies where there are more women at the intake levels, that number still dwindles significantly at the senior executive level? How can a company increase the number of women getting to that stage and therefore the pool from which to choose board members?

Debbie Crosbie: Can I start with that? I can talk both from my personal experience and, more broadly, about the policies of the Clydesdale and Yorkshire Bank. The reality is that a lot of women find the challenges of child care very, very difficult to balance with their career. There is no question that it is difficult to make sure that you have arrangements that are both flexible and cost-effective enough for a number of women who are coming through the ranks. In my experience, there are certainly a lot of occasions when women make very considered choices and decide that they have to opt out because they do not have sufficient opportunities to give them that range of options.

My personal experience is that it is also important to have a number of women who act as important role models and who can give guidance—not just in terms of confidence building, but around how to find practical solutions to solve some of those issues. The more opportunities you create for women to learn from other women and to look at those role models,

the better that will become. Equally important is the organisation's appetite to support you. At Clydesdale and Yorkshire Bank, we do a number of things that aim to make sure women who do return to work get very specific help. We run a programme called Baby Gurus, in which women join workshops before they return to work. We also do number of talent programmes and development interventions that are specifically aimed at trying to encourage women to build confidence, to find practical solutions to some of those issues around child care and to think through some of the real challenges that they will inevitably face when they come back to work.

Q164 Caroline Dinenage: Does anyone else have anything to add?

Helena Morrissey: If it is okay to take the floor again, I think the analysis that we have done with these professional services firms—which, as I mentioned, have this problem in extremis—has been very illuminating. As I mentioned in passing earlier, it does show that this is as much to do with women's perceptions of what it takes—in this case to be a partner. For example, at entry level or a more junior level, there was a gulf in ambition, as 76% of the men aspired to partnership and I think it was 49% of women. The follow-up question was along the lines of, "Does work have to be your No. 1 priority to be a partner?" Almost all of the women thought it did and the men did not. Again, this goes back to this issue about culture, which we have not really talked about so far. We are trying to catalyse a shift in culture so that people start thinking, "Should I appoint people in my own image?"

A lot of the work we looked at was on the appraisal system. Again, there is something similar to a network here. I am not talking about a formal network, but more of a sense—one that is unconscious, I think—that people are being assessed on a very strict, strait-laced set of criteria: how many hours they are actually in there, the face time and so on. I am putting down a challenge to this group. This type of firm's whole business model is based on billable hours. Your worth as a person and contributor is how many hours you work. As a client, the question is this: does that reward the worst incompetence and inefficiency? It is not necessarily part of having great service from one of these firms. That is a natural challenge. There may be things I am missing—this might not be the appropriate thing—but that is the sort of thing that I think we need to be more radical about. I think there are a lot of fundamental things about how businesses work that we should address, rather than saying, "Oh, we can just have another diversity initiative. If we had a bit more mentoring, it would all be fixed."

Debbie Crosbie: Can I build on that? The tone from the top is really important. Our group chief executive in National Australia Bank Group is a male who has children of a similar age to my daughter. He has spoken on a number of occasions quite passionately about some of the issues you have raised. He has some quite specific examples about what he thinks is acceptable in business; he encouraged people to challenge the norm. It will take some time to change that culture, but unless you have leaders of businesses

who are prepared to step out, and not just talk the talk but actually do things a bit differently, it will not happen. For example, Cameron Clyne has taken leave in a different way from some of our previous chief executives. Unless you have leaders who are prepared to do things differently, I think it will be very difficult to make that culture change. I think people just talk about it and the business practices do not really change at the pace necessary to make a difference.

Q165 Ann McKechin: Debbie, you talked about how your parent group set a target a couple of years back to increase the number of women at senior management levels. I just wondered what the level of women was when they started this initiative.

Debbie Crosbie: When the group started the initiative, we were at about 23% women in senior roles. Our target is 33%, and at the group level we have now achieved 31%. We are not quite there, but the progress we have made in a reasonably short period of time has been quite impressive.

Q166 Ann McKechin: You talked about a number of measures that your company has put in place, such as helping women come back after maternity leave. The evidence we have taken previously has spoken about people who come back from having children—maybe on reduced hours or part time—finding that they end up in a cul-de-sac of part-time work and passed over for senior management roles or promotion. I wondered in what ways you are trying to tackle that issue.

Debbie Crosbie: First, I will talk about my own personal experience. I was a senior executive and went off on maternity leave. Ten years ago I was offered the opportunity to come back as a senior executive in the bank three days a week. I know it does not sound like a big deal now, but 10 years ago, I felt as if I had won the lottery. I would argue that I probably did more than most of the men in my three days than they did in their five, but I certainly felt very privileged to be given that opportunity. I found no personal barriers to being promoted. I was actually promoted to take on the UK CIO position from working three days a week.

I then chose to come back to work full time, but that was because the organisation allowed me to tie that appointment in with the start of my daughter going to school, so I was very fortunate again. I personally have found that this is not the case. I think there is a two-way set of responsibilities here. Individuals who work part time have to realise that it is not suitable for every role. You must be much more honest about that. I think that dialogue between the organisation and the individual is really important.

We have a lot of different arrangements. Nearly all the requests for flexibility are granted, but there are occasions where individuals ask for arrangements or to go into part-time roles where we have to come back and say, "Look, we do not think that is right for you and we do not think it is the best thing for the organisation." We do a lot to find suitable alternatives, but I think that just allowing people to assume that everything must be flexible is a naive attitude to business. It is very important that the culture in an

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

organisation is supportive, but it must be realistic about helping people set achievable goals for themselves and for the organisation at the same time.

Q167 Ann McKechin: You have talked about the ability that you had to move from part-time work into a more senior full-time role. Is that now becoming more normal practice, rather than something that was unusual when it happened to you?

Debbie Crosbie: Yes, there is no question. We have a very high percentage of flexible-working practices. That is not just for women. That is one thing that is important to change this culture. If this is just seen as a women's issue, it sends the wrong messages. We have a number of policies—whether the responsibilities are caring for older parents or any other responsibility—under which people can apply for part-time working, key working and flexible working. We embed and encourage that as part of how we do business now. It is very important this is not just seen as a women's issue or an issue for junior people. It is embedded in how we do our business now. It is very important that people like me, who hold very senior positions, are supportive of that. Some 50% of my leadership team that runs the operations and IT functions in the bank are women; two of them work flexibly.

Chair: The next section is on flexible working. Julie will lead on that, as a former trade union organiser, and Brian Binley will be supplementing the questions as a former SME businessman.

Mr Binley: What do you mean a former SME businessman?

Chair: Right, okay.

Q168 Julie Elliott: I think you have answered the first question, Debbie, but I would be interested to know what other people think. Can a senior member of an organisation really work part time or flexibly?

Tim Ward: I think the answer is absolutely yes. It depends on the culture and the values the organisation holds. An interesting study was carried out earlier in the year by the CIPD, which was a survey 1,000 employers and 2,000 employees. The general finding was that employees working for micro and small businesses are much more likely to be working flexibly than those working in medium or large businesses. Also, the smaller the organisation you work for, the less likely employees are to have obstacles to working flexibly. There is something there about the size of the organisation—and perhaps the fact that there are crossovers of jobs and roles—that means people can share or cover each other's roles much more easily than if you are in a much more ordered, risk-based environment where there are processes and procedures that introduce operational obstacles to working flexibly.

Q169 Mr Binley: Can I pick that particular point up? I do not think that is true. Having worked for an organisation like Courage, which employed 6,000 to 7,000 people in its heyday, and having founded two SMEs, I can tell you that the resources available for flexibility are much greater in a bigger organisation than in a smaller organisation. Most people who work

in SMEs work for companies with 20 and fewer employees. Most of the information that those people carry about their jobs is not written down on a job description; it is in their heads. Let me assure you that flexibility places great demands on a company with very limited numbers in its work force. We need to face up to that. You surprise me when you say what you say.

Tim Ward: I am the chief executive of an organisation that is six people. We work flexibly. We have people who work from home.

Q170 Mr Binley: This depends on the type of business you are in.

Tim Ward: Absolutely, yes.

Q171 Mr Binley: It is related to that. Are you in IT?

Tim Ward: No. We run an independent membership organisation. We use technology—cloud-based databases and all sorts of things—to make sure that we are in contact and that people understand other people's jobs.

Q172 Mr Binley: You have no production or service-type requirement that the business is open and ready to provide services in certain hours. That is what is vital. Many SMEs fit into that situation.

Tim Ward: I, too, was mildly surprised by the survey, but it was quite clear that 30% of people are now working part time and 40% of women are now working part time. Flexitime is now something that happens as a matter of course in most organisations, as 96% of employers offer flexible working. Times have moved on. When you think that the first text message was sent 20 years ago, the ability to communicate and keep in touch across organisations has improved. I take your point that service-based organisations, particularly, are able to work in a much more flexible and open way.

Q173 Mr Binley: It depends on what you mean by flexible working, because it covers a very wide area of possibilities. If you are talking about part-time work where you are hot-desking—somebody works the desk in the morning and somebody else works the desk in the afternoon—that is a relatively easy form to accommodate. You may call that flexi-working; I would call it part-time working. My own company uses that to great effect, and we do it quite sizably. Flexi-working suggests a more flexible arrangement than that. It is that bit that really is the concern: placing the responsibility on the employee to do a certain amount of hours when most companies at that level want them to be there at certain times. That is the problem.

Helena Morrissey: I do think, Brian, that you completely right. It does depend on the nature of the work. However, I do think there is—at least there is in many companies now—a preparedness to consider approaches around this issue that they might not have considered before. The question was around seniority—whether it is possible to be senior and work flexibly.

Ten years ago at Newton Investment Management—this is nothing to do with gender diversity

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

whatsoever—I was under pressure to make redundancies, but I did not want to do that. We were in a bad phase—we are now in a much better phase now and that is all behind us, I hasten to add. However, rather than making redundancies, I asked for volunteers to go on to a four-day week for six months. To my surprise, as many men as women came forward. To this day, some of the most senior fund managers at Newton have stayed on a four-day week, and that is because of the nature of the role. We have kept them longer and it has helped to remove the stigma. I think that that is what it comes down to. Again, coming back to these law firms, they cannot work like that, but they could give women or men the summer holidays off, because it is more project-based work. I do think that the idea of being able to flex what flexible working means for the nature of a company is extremely important.

Q174 Julie Elliott: That has gone way around, so I think you have almost answered the next question. The people ringing in to “Woman’s Hour” were very much asking, “Do you think the option of working flexibly or part time can affect the running of SMEs?” I think you have answered that, but does anybody want to add anything to it before I move on to the next bit? You have answered it. Okay, we will move on. Helena, this question is for you. Can you elaborate on the view expressed in your written evidence that young gifted people are expected to contribute intellectually quite differently from the current senior organisation? Does this apply particularly for women?

Helena Morrissey: I think it is an opportunity for women. I was really trying to get at how the internet has changed everything, and we have touched on that already. I do think, as I mentioned earlier, that companies are tending to lag. This is an opportunity for creating a different working environment that can be more ecologically sound and better on all sorts of aspects of transport or office space and so forth. It does not work for every single type of company.

However, this point was raised first of all by a managing partner of an accountancy firm who said to me, “Helena, if we do not change what it takes to become a partner, we will not be able to attract and retain the best and brightest young men or the best and brightest young women.” When I asked him what he meant by that, he said, “I realise now that in every other part in their life, up until leaving university, the people who are really intelligent have learned to use technology in a way that connects them with people and allows them to make an intellectual contribution.” They do all their work online and so forth in terms of their degree. I think, again, that companies are lagging at this. It has not been a coincidence, in my mind—this has come up in several other responses to other questions—that those companies that understand this diversity issue are also the ones embracing technology and thinking about how to work more smartly and efficiently, and therefore attracting talented people.

Q175 Julie Elliott: That is interesting. There is a question on employment law now. What are your views on employees being given shares in a company in exchange for relinquishing certain employment

rights, such as the right to request flexible working and the proposed changes to employment law?

Tim Ward: Perhaps I could offer an answer to that. I think there is a huge danger that if an employee gives up their employment rights in return for shares and leaves under adverse circumstances, you end up with a bad leaver and also a bad shareholder. The mechanics of organising such a structure are fraught with difficulty. There is already an existing structure, the enterprise management incentive scheme, that allows employees to share in the ownership of companies in a very positive way, rather than in a way that requires somebody to give something up in what I see as a fundamentally negative way. When people are hired, it should be done in a positive way, rather than saying, “As you come in, you must give something up.” There will be benefits from this proposal perhaps for directors of companies and for founding shareholders, but I cannot see it as a mainstream scheme that will be widely adopted.

Helena Morrissey: I agree with Tim’s points, but one of the things that I think might have been the motivator behind this is that, from an employer’s point of view, if you employ a woman of childbearing age, or any woman, actually, or somebody who is homosexual, disabled or an ethnic minority—all the groups that we would want to be included in diverse populations—and they are dismissed, there is not only the bill for unfair dismissal, but unlimited liability for sexual orientation or disability discrimination and so forth.

Most employers would not admit that it might give them any pause in terms of hiring those people, but I worry that people are thinking that if something goes wrong, it is unlimited, whereas there is a £62,000 ceiling on unfair dismissal. I think there is something quite odd about that: if you are a white male heterosexual with no disability, you could be let go for £62,000, whereas if you do not tick any of those boxes, you could be asking for millions of pounds. That is something a little bit strange.

Q176 Julie Elliott: The reality is that very few people get awarded those amounts of money in an employment claim.

Helena Morrissey: No, but I think companies are afraid of sex discrimination suits. Obviously, they should be, if something has gone wrong—I am not condoning any of the bad behaviour, of course. However, I am a little bit anxious that some policies that are designed to protect people in any of those groups—we are talking about women being 50% of the population—might end up backfiring by there being such a big gap between what it might cost if things go wrong. I suspect that might have been one of the motivations, if people are saying, “Don’t not hire that person because she is a woman,” but she could be a shareholder and perhaps relinquish some of those rights. I do share the concern that Tim has: to solve one problem, you have created another one.

Q177 Chair: Before we move off this issue of flexible working, I represent West Bromwich West, which is a highly industrialised constituency with a lot of small businesses, many of which are fairly

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

traditional foundries. They have survived amazingly well over the last few years by showing great resourcefulness and a huge commitment to the work. By and large, I think it is fair to say the management is male-dominated. They live almost from one day to the next, and they put in very long hours. Do you have any views about how small businesses surviving like this can adapt their working practices to encourage the effective recruitment of women and part-time working? I see one model that seems to work often in the service industries, but it is very much more difficult to adapt for manufacturing-based SMEs. Do any of you have any views on that?

Helena Morrissey: I think that is a valid problem to raise. Perhaps we have seen this in something like the 30% Club. It has filtered down from the top. These problems might seem almost insurmountable when you are thinking, “How will I go about changing all of these things? How would it work?” Instead, what we have seen from the FTSE and down to the 250—obviously I realise it is a long way from these SMEs—is that now companies are starting to think in a way that makes it less scary. This includes the manufacturing companies with bigger work forces.

The worst thing would be to try to impose some sort of requirement on these sorts of companies. One would hope, however, that as they see it happening, they might experiment with saying, “Let us try this role part time,” or, “Let us try job sharing in this particular role,” or, “Let us try somebody doing a piece of it from home.” For example, it could be a receptionist. There can be an office phone that goes through to somebody. If one tries to conquer it all in one fell swoop, it is almost mind-boggling.

Q178 Chair: Are there any other comments?

Liz Murrall: I would just add that from the perspective of institutional investors, while we have seen a lot of progress in the listed-company sector on women on boards, the number of all-male boards has dropped now from 21, when Lord Davies first published his report, to eight. However, if you look at those eight companies in the FTSE, they are largely overseas mining companies. It might be quite difficult for them to have women on their boards just because of the nature of their jurisdictions. While there is a very strong case for having diversity within boards, we also need diversity between boards. Maybe it will take much longer to actually achieve that diversity.

Q179 Ann McKechin: Liz, you spoke earlier about the UK corporate governance code and how it has been modified over the last couple of years. The last modification was in October. The Secretary of State for BIS, Vince Cable, was talking a couple of days ago about a sort of name-and-shame policy for those company boards in the FTSE 100 that still did not have female directors. I wondered what your views were on the amended code. There is this issue about requiring companies to explain their policy on boardroom diversity. Are you thinking that companies are likely to comply, or do you think that there will be a core that will be reluctant to accept this?

Liz Murrall: As I said, this requirement is effective for financial years beginning on or after October 2012,

but the FRC asked companies to ensure early compliance if they could. The study by Cranfield was very encouraging in this regard: I think it showed 59 companies having a diversity policy that included gender. However, I also think there are proposals from BIS that are coming forward now in terms of narrative reporting, which are asking companies to report on the number of women in the workplace as a whole, and also in senior executive positions. All these things will actually make the whole thing more transparent. It will be for investors—we have heard about the investor group that is coming together—to challenge companies that do not comply with these expectations.

Q180 Ann McKechin: In the IMA’s evidence, it spoke about the voluntary stewardship code and mentioned that 36 firms have signed up. This is in terms of recruitment. In fact, they are responsible for the majority of FTSE 350 applications for positions. How many firms have not signed up to the voluntary code, and what percentage are the 36 firms of the entire work force?

Liz Murrall: My understanding is that they represent around 80%, but I will come back to you on that.

Q181 Ann McKechin: I think that it would be very helpful just to get an indication, and 80% would certainly be a very high percentage. The problem with a voluntary approach is that you make incremental and step changes for a period of years—I accept the argument that all of you reflected on that this takes time—but there will always be a minority of companies that will be very resistant to any change whatsoever. Do you consider that at some point down the line—perhaps five or 10 years from now—if companies are still completely resistant to any degree of diversity, the argument for making things enforceable by law becomes greater?

Liz Murrall: Presumably it is quotas that you are referring to.

Ann McKechin: Yes.

Liz Murrall: The good thing about quotas is that they work, as the Norwegian experience has demonstrated. However, they also have a number of unintended consequences. Appointing women to fulfil quotas can be quite disruptive to the existing board members—not only the men, but the women who have come up the hard way. It can also demotivate people from applying for these positions, because women will see that they can go in as non-executive directors and do not need to pursue a career as an executive director, which is where the majority of non-executive directors are recruited from. In the Norwegian experience, we saw things like women becoming over-boarded, and you would have certain women who sat on seven or eight boards. Companies also sought to address it by doing things like increasing the size of the board, which may reduce its effectiveness.

Q182 Ann McKechin: This is the argument about speed. I think you have made a persuasive argument that trying to do this too quickly has these consequences. My point is that if you have a voluntary approach for a period of time to allow people to adjust and adapt, you might still have a resistant core that is

not prepared to co-operate or to embrace it. In that case, do you think the argument to make it enforceable becomes stronger?

Liz Murrall: I think you need diversity within boards, but you need diversity between boards as well. It may be appropriate for those companies not to have a gender diversity policy.

Helena Morrissey: Could I make a couple of comments on that? On the Norwegian experience, to clarify, it works only in terms of non-executive directors on boards. There is no change in the executive pipeline and there is no improvement in the number of CEOs who are female in Norway—it is only 3%. A hundred companies de-listed from the stock exchange to circumnavigate the legislation.

On the issue about the point at which it becomes required, I am vehemently anti-quotas, because I think they are discriminatory in themselves. That is a point of principle. However, I do think that investors are the ones who need to insist because, ultimately, they own these companies. It is all very well for us to make excuses and say, “They are mining companies from Kazakhstan and therefore they should be given special dispensation.” You do not need to be a miner to be a non-executive director on a board. If you want to be listed in the UK, you must abide by the rules here, I think. It comes down to investors. If we really are serious about adhering to our stewardship responsibilities, investors would be saying, “We will vote against the appointment of the chairman of your nominations committee or the appointment of directors,” who come up for annual re-election.

Tim Ward: Can I make a couple of points about smaller listed companies? Outside the FTSE 350, we have done a rough estimate of the number of female directorships in companies with a market capitalisation below £1 billion, which is roughly halfway into the FTSE 250. We estimate that it is between 7% and 10% of directorships. However, it is very important to bear in mind that the number of listed companies is not a fixed number, and it is not a growing number.

If the opportunity for women to become directors of listed companies is seen as being very important, it should be recognised that over the past 10 years, the number of UK-listed companies has fallen from above 1,200 to below 600. The number of opportunities for both men and women to become directors of listed companies is falling. That is a very important point.

The point about influencing and changing behaviour is incredibly important from an institutional investment point of view. If you take Barclays, it has thousands of shareholders. Apart from some Middle Eastern shareholders, there are not many that have more than 5% of that particular company. In the smaller listed companies, it is often the case that an institutional investor will have 10% or 15%. The opportunity for institutional investors to influence a change of behaviour within those companies is significant.

Ann McKechin: Thank you; that is very helpful.

Q183 Mr Binley: You mentioned the Norwegian study, which has gained some prominence. Did they do any work on tokenism? Is there not a danger of tokenism when a statutory situation is implied?

Helena Morrissey: Definitely. I would not want to be on board if I was there because of a quota.

Mr Binley: Yes, because you had to be.

Liz Murrall: In the Norwegian experience, the women involved quickly became known—dare I say it—as the golden skirts.

Mr Binley: Have you got that down, James?

Q184 Caroline Dinenage: I would like to talk about equality legislation versus the voluntary approach, and whether there is a business case for equal pay between men and women.

Helena Morrissey: I definitely think there is, but as far as I am aware, there is equal-pay legislation already. It has been around for a very long time and yet, obviously, every time there are studies or any analysis of the current situation, we do not seem to have equality, which is why, ultimately—we have seen this through the financial crisis—you can have 6,000, or 10,000 or however many pages there are in the FSA handbook, but if companies do not follow the spirit as well as the letter of the law, it is all for nothing. I think people can tick boxes, but unless they actually own an issue, they just pay lip service.

Debbie Crosbie: I can talk about the experience I have from the bank. We have an annual audit, and the one thing that is important about that audit is that we share the outcome of that audit with our union. Therefore, if there are issues that emerge, we are held to account. We formally investigate any differences of 5% or more. We have committed to taking action. I entirely agree that it is one thing to have legislation, but it is entirely different walking the walk as an organisation. Unless organisations are motivated to do things like that, I am not sure you will see a big shift.

Q185 Chair: Can I just supplement that? The Equality Act 2010 did give the Government power to introduce through regulations a duty on private employers to undertake equal pay audits. The current Government decided not to introduce such regulations. Do you think that would help or not?

Debbie Crosbie: I think that if you have to resort just to legislation, it is disappointing. For me, the bank I work for has done that entirely of its own accord. It is part of the culture and the commitment that the bank has made to having a diverse work force and treating people fairly. It is something that could be considered. It would not make any difference to what we do in the bank so, from a personal point of view, it would not change what we do. I find it difficult to comment on other organisations.

Q186 Chair: Does anybody else have an opinion on that?

Tim Ward: A blanket approach such as that adds to cost of business. It should be much more targeted where possible, because if it is yet another cost, yet another regulation and yet another procedure, it is the smaller companies that bear a disproportionate burden.

Debbie Crosbie: I would totally agree with that. It is just another opportunity for consultants to enter your business to advise you.

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

Q187 Chair: Perhaps not surprisingly, Julie wants to come in, and so does Robert. Tim, you said “more targeted” approaches. What sort of targeted approaches did you mean?

Tim Ward: This is not a subject I have thought through heavily or fully. I think my general inclination is towards more targeting rather than blanket.

Q188 Chair: I am not sure quite sure, in the absence of a coherent argument, what targeting means.

Tim Ward: Let me say that where there is evidence this is not happening, efforts should be targeted there, rather than saying that the whole of industry should have to pick up a particular bill to make sure that a minority are behaving.

Q189 Julie Elliott: Can I ask a general question about equal pay? I would be the last person to want to put in added bureaucracy for the sake of it, because that does drag companies down—there is no point to it. However, would you agree that equal pay for work of equal value within companies helps businesses to succeed?

Tim Ward: Definitely, yes.

Helena Morrissey: I think it is a moral principle. It does help you to attract the right talent and keep it, yes.

Q190 Mr Walker: I wanted to move on to the next question, which slightly turns that picture on its head. One of the witnesses we heard from last week said that even the current legislation was too complicated and that they would prefer to see a situation of voluntary self-regulation: “If you can do it, we expect you to do it”—a “comply or explain” culture. Do you think there is more scope for that?

Tim Ward: For all legislation, I think “comply or explain” is a very good approach. A principles-based approach is to be welcomed. I cannot speak to the equality legislation but, generally, we have a corporate governance code for smaller companies that are not listed. That is a “comply or explain” approach. It is principles-based, and it enables companies to do what they can to meet those requirements and explain where they are still working to match up to the FTSE 100 companies.

Helena Morrissey: The issue has to be what “explain” means if you do not comply. Again, going back to one of the unutilised parts of the puzzle—or something that is not quite fully fledged—investors have often typically accepted that companies do not do these things because they have some special reason—not perhaps over equal pay, but over other aspects of best practice. I think that this is one of the real obligations on the part of responsible investors—they must challenge companies. The FRC examined what an explanation meant and found that many are very perfunctory. If they do not get a satisfactory answer, investors should either vote against the appointment of directors, or not invest in a company.

Q191 Mr Walker: We have seen a voluntary approach work in terms of increasing the number of women members of boards. Do you think it can have a similar impact on equal pay and narrowing the

gender pay gap? Also, do you think that activist investors pay as much attention to the pay gap as they do to the number of women on boards?

Helena Morrissey: I do not think that they do. I do not think it is as visible. That is the trouble. This perhaps goes back to some of the issues about auditing and so forth. I think most investors would assume that companies adhered to legislation and would not challenge them on it. This, again, goes back to what one might be—perhaps naively—looking for in terms of this brave new world of investors being responsible and challenging companies who in themselves are very keen to demonstrate their credentials in all this. I think we must create a jump from where are at the moment, with investors very focused on the most recent profit-loss statement and the immediate strategy of the firm, to a focus on broader sustainable policies.

Q192 Julie Elliott: Can I just ask a question? You have talked a lot, Helena, about investors being people with the power to change things by asking questions or not voting for people. In your experience of the companies you have dealt with, are the majority of investors men or women?

Helena Morrissey: It is actually an industry where there are a lot of senior women. The majority are still men, but when we look at our own organisation, Newton Investment Management, about 26% of the senior investment professionals are women. It still needs more work. We have the same problems as every other industry does, but active investment is a performance-based career, and therefore your value is not judged by how many hours you work. I have a large family—I have been there and done that in terms of juggling things—but I knew, ultimately, that it was the quality of my investments. Sometimes spending hours and hours on an issue meant that you analysed your way out of the decision.

Just to be clear, in the investor sub-group of the 30% Club to which Liz alluded, there are 14 members. Four have a male representative at our group, so it is not only female investors. However, that is just a coincidence; it is due to who is running the corporate governance area, which tends to be a little bit more dominated by women.

Q193 Mr Binley: Picking up what Mr Ward alluded to, most investors in SMEs are members of the board, or at least many of them are. If you look at the shareholdings of board members, particularly for companies with fewer than 100 employees, they are the same people. I wonder how that impacts on this particular situation, bearing in mind the sizable percentage of the work force that work in that sector. It changes attitudes, does it not? That is the point I am making.

Tim Ward: Yes. It is about attitudes, culture and behaviour. We do a quarterly survey with the accountants BDO. It is done by YouGov. We ask 100 companies whether they have hired in board and management positions, and 64 said that they had. Some 24% specifically asked for women on long lists and, from that, 38% of the shortlists had women on them, and 28% appointed women. I think that shows a change.

4 December 2012 Helena Morrissey, Liz Murrall, Tim Ward and Debbie Crosbie

I cannot say how many of those are family-dominated or have a controlling shareholder within the company, but that is more likely to be the case in the smaller quoted companies. I think we are beginning to see a change, but we intend to track that over the next few years to see how that changes in terms of that question. However, it is very important from our point of view that it is not just boards but senior management positions as well, because the boards of smaller quoted companies are smaller and they will have controlling shareholders. It is about bringing women right through organisation.

Q194 Mr Binley: How does this impact on the concept of equal pay?

Tim Ward: It must be a reflection of it. I think it goes hand in hand.

Chair: That does conclude our questions, so may I thank you? That was very helpful indeed. I think I did ask for any further comments you could make about the Bundesbank survey.

Helena Morrissey: I will come back to you on that.

Chair: Again, if there is anything you feel that you would like to add to the evidence that you have given us today, please feel free to submit that in a supplementary written form. It will be given due consideration. Similarly, if we feel there is a question we should have asked but did not, we would be grateful if you would reply, if we send it to you in written form. Thank you very much.

Examination of Witnesses

Witnesses: **Dr Ashley Steel**, KPMG, and **Peninah Thomson OBE**, The Mentoring Foundation, gave evidence.

Q195 Chair: Good morning and thank you for agreeing to speak to us today. Could you just introduce yourselves for our transcription purposes, starting with you, Peninah?

Peninah Thomson: Good morning. I am Peninah Thomson. I am the Chief Executive of The Mentoring Foundation, which is a not-for-profit organisation that runs the FTSE 100 Cross-Company Mentoring Programme. I am a founding member of the steering committee of the 30% Club and the UK director of the New York-based Center for Talent Innovation. I am the co-author of four books on women's leadership and getting women into boardrooms. I have brought you one of each—but only one of each.

Mr Binley: I now have something to do over Christmas.

Chair: I am not sure I will have time to read it before asking my questions, but thank you.

Dr Steel: I am Dr Ashley Steel. I am Vice-Chairman at KPMG. I have spent seven years on the board at KPMG, both at European and UK level. I have also held a global role for about the last 10 years now.

Chair: Thank you very much. It is not such a problem when we just have two panellists, but do not feel you both have to answer all of the questions unless you have something you wish to add to or subtract from the other's comments.

We will start off with personal experience, and Robin Walker will open.

Q196 Mr Walker: I have a question for both of you. You are both highly successful businesswomen. Do you think that women face more obstacles than men in the professions you have worked in?

Peninah Thomson: Until about 1999, I would have said no. We are all creatures of our experience and life history, and I had an extremely good career, first of all with the Foreign and Commonwealth Office, then with NATO, and then 14 years—that is another 14 years; I do things in 14s—at PricewaterhouseCoopers. It was not until I took what I thought was going to be the last step in my career—to become an executive coach of a small partnership—that I had my worldview challenged,

because I started to realise that my life experience, in fact, was not particularly common among women.

If I may, I will just tell you I had nine clients when I first started coaching: six were men and three were women. The women clients I had—although they were extremely competent and highly experienced, and I could see no reason why they should not have thrived in their professional careers—were not thriving as well as their male counterparts. I will not go on with the anecdote, but that was the start of an experience for me after which I started to see the world through a different lens. Up until 1999, my answer to your question would have been no. To be completely honest with you, Robin, if you had started talking about all these topics of glass ceilings and so on with me prior to 1999, I would have thought it was special pleading, but when I started coaching and working with senior women to help them to develop their careers, I realised that actually there was something going on that was partly structural and procedural, and partly behavioural. I changed my world view.

Q197 Mr Walker: Do you think that that was partly to do with the size of the organisations that you worked for? They were large public sector organisations and then large private sector organisations. Perhaps some of the people you were working with were working for smaller organisations that may have found it more difficult to provide equal opportunities.

Peninah Thomson: The answer to your question is that I do not know, because the clients who tend to come to coaching are sponsored by their companies. By definition, it is easier for large companies to sponsor human development programmes and leadership development programmes than small organisations, so I think I had better confine my remarks to my experience base, rather than take a punt on what the situation might be in SMEs, in which I am much less experienced.

Q198 Mr Binley: Again, it is easy to forget that SMEs provide 60% of the employment opportunity in

4 December 2012 Dr Ashley Steel and Peninah Thomson OBE

the private sector. We can never afford to forget that. My view of SMEs—it is my sector, so I am biased in terms of the viewpoint—is that they simply want the best person for the job and they really do not have time to mess about with all the other stuff that smacks them around the head and attempts to detract them from their prime objectives of, first, keeping their business viable, and, secondly, earning a bit of profit, if that is possible, on top of that. You have some experience in that sector. Is that a fair view, or do you think I am totally biased?

Peninah Thomson: How could I say possibly yes to that question?

Mr Binley: Of course you can say yes. I will say you are wrong, but you can say yes.

Peninah Thomson: On your point, I completely agree with you that the situation in small and medium-sized enterprises is completely different. Interestingly, just in my own field, running the FTSE Programme, recently—a year ago—we enlarged that to welcome in FTSE 250 companies, which are not SMEs, but it is another layer of activity within the UK economy. Even at that level, it is perfectly evident that the issues are different. It is much closer. What is the best way of explaining this? There is a much more immediate relationship with the P&L for a FTSE 250 company, and I am sure that is even truer for SMEs. I am very willing to believe that. I certainly believe that people are searching for people to do the best possible job and to appoint on merit. Your point is whether the issues are different; I suspect they very much are.

Q199 Mr Walker: Dr Steel, if I can return to the original question, do you think that women face more obstacles than men in your chosen profession?

Dr Steel: First of all, please call me Ashley. Undoubtedly, yes. There are a number of reasons for that. One is that at the senior levels of professional firms, there are still very few women. I was one of only two women on the board when I joined our board back in the early 2000s. I was fortunate enough that we then had a chairman in Sir Michael Rake who was very consciously not biased—that is very open to diversity, and also very open to meritocracy. However, it is difficult. I still find that men talk over women. I see that myself and I am not a shrinking violet, as my colleagues will tell you. However, men have a natural tendency to speak over women. They have a natural tendency to go and take consultation from their male colleagues, so I think that women are slightly sidelined. Women therefore have to work harder to be heard. They have to be tenacious, they have to work hard and they have to find ways to get their point of view taken seriously.

I have to say that I think that is a drain on the individual, and therefore it does not necessarily enable the individual to flourish and deliver what their full potential is within an organisation. However, I think anyone who feels that it is as easy for a woman to be at the senior—and probably even the more junior—levels of the organisation among professional services firms would be kidding themselves. It is much more difficult for women.

Q200 Mr Walker: We had some comments earlier that the culture of billable hours might be part of the problem. Would you agree with that?

Dr Steel: It is not something that I necessarily recognise. Partnerships can be quite different. KPMG has nearly 600 partners, and there is a variety of different roles within that partnership. We are not all driven by billable hours. Once you join the partnership, you are on the bottom rung of a new ladder. Billable hours are very important on the lower parts of that ladder, but actually it is much more about building relationships as you move up the hierarchy. Billable hours are not so important. There is no one-size-fits-all answer in that regard.

Q201 Mr Walker: Just to return to Peninah, obviously you have moved in and out of the private sector and the public sector. Do you see a difference in the approach to senior women between the two?

Peninah Thomson: That is a very interesting question. In recent years, the public sector has stormed ahead in terms of appointing senior women as permanent secretaries, for example, although that is now shifting again. The macro point is that this subject is constantly on the move. It never stays still. Although the FTSE Programme is called the FTSE 100 Cross-Company Mentoring Programme, paradoxically it is open to FTSE 250 and to public sector organisations. We have the head of the Foreign and Commonwealth Office as a mentor. The Treasury Solicitor is a mentor. We were delighted to learn last week that Nick Macpherson from the Treasury is coming in as a mentor on the Programme. Why is that? I believe passionately that both sectors have a lot to learn from each other. There should not be these rigid divides between the sectors and silos, and that is one of the things I have spent most of my life trying to work against. I also think we need to increase communication and learning across these boundaries. To come back to your question, I do think that the public sector has made tremendous strides. I think it has something to teach us in the private sector, and we have something to offer the public sector, which is why I have both sectors in the Programme.

Q202 Chair: Do you have anything to offer SMEs?

Peninah Thomson: I am starting to feel very conscious that I need to develop something to offer SMEs—that is not a flippant remark. We started this Programme nine years ago. It is 10 next year, and we are very proud of that. We started off trying to do something tangible, practical and pragmatic to address the issues that your Committee is studying. It is a learning exercise. We are all learning; it is not a done-and-dusted thing.

The first expansion step was to broaden from the FTSE 100 to include the public sector. The second expansion step was to welcome in FTSE 250 chairmen last year. We are thrilled about that. We are just developing a Pipeline Programme, which I hope you will be passionately interested in, because I certainly am. I need to bed the Pipeline Programme down this year, frankly, but it may very well be, as I listen and learn from the previous session, that we ought also to turn our attention to SMEs.

Q203 Caroline Dinéage: I would like to ask Peninah what the key objectives of The Mentoring Foundation are. How do you measure its success?

Peninah Thomson: The only purpose of The Mentoring Foundation is to run these two FTSE Cross-Company Mentoring Programmes. There is one for executive women, and we launched the Pipeline Programme on 20 November at the Bank of England with the Chief Executive of Legal & General. Now we cover the talent pipeline in companies. That is all it does; it has quite a narrow remit. Would you be interested if I were to take a moment to give you some context?

Caroline Dinéage: Yes.

Peninah Thomson: Four of us set up the FTSE Programme in 2002, after Derek Higgs' report came out. We looked at that. I had written a couple of books by then. I was consulted for the Higgs report, *The Tyson Report on the Recruitment and Development of Non-Executive Directors* and then for the Judicial Appointments Commission. I was starting to be regarded as someone with a few interesting ideas on this topic. Four of us bent our minds to what practical things we could do to help move things along. The thing we invented, with the encouragement of 18 FTSE 100 chairmen, was the FTSE Programme.

Over the years, the other three colleagues developed their own pathways and set up businesses—and, in one case, became a professor. I have ended up running it, which I have been very happy to do, and I was doing that in parallel with my day job, which was being a partner at an executive-coaching firm.

After Lord Davies' report came out, a group of the chairmen who were mentors approached me and said, "We are thinking hard about what our companies ought to be doing to address Lord Davies' challenge, and we have come to the conclusion that the FTSE Programme is the strongest programme we have in this country. It is a vehicle for bringing very talented women at a relatively quick pace through to being board-ready. If we assist you in exiting from Praesta Partners amicably, help you set this up as a not-for-profit company limited by guarantee, and commit to giving you some support"—I had never been a chief executive before; I am an adviser—"would you be willing to step forward and try to expand this in order to meet this UK requirement?"

I was very honoured to accept. In the last year I retired from Praesta Partners and became Chief Executive of The Mentoring Foundation. All it does is these two Programmes. It runs two mentoring programmes. It draws women to the attention of 58 FTSE chairmen, which is an extraordinarily wonderful situation to be in. We conduct in-depth research. We do substantive research and we hold learning events: for example, the colloquia at the London Stock Exchange and the Bank of England, of which there have been four. Thanks to the kind sponsorship of Unilever, we are able to run a mentee network to keep contact between mentees. Michael Treschow, the Chairman of Unilever, believes very strongly that women can learn from each other as much as they can from being mentored by the chairmen and chief executives. Those are the things that we do.

Sorry, that was a long answer to your question, Caroline.

Q204 Caroline Dinéage: The last bit of my question was this: how do you measure the success of it?

Peninah Thomson: In the pack, which I hope that you will receive later, there is a brochure. On page 3 of that brochure there is a little chart, which will show you the criteria against which I have been evaluating performance. Fortunately, even 10 years ago I had a feeling that this programme might work, so I started collecting data in a very systematic way, which was a great blessing.

Some 103 mentoring pairs have participated in the executive Programme since 2003. There are eight criteria through which I evaluate their success. Some 22 have been appointed to the executive committee or the main board of their own FTSE 100 company, while 23 have been appointed as NEDs in private sector companies in the FTSE. Eleven have been appointed as NEDs of a not-for-profit organisation or charity—big charities in some cases. Four have been appointed to the executive committee or main board of a non-FTSE company. There are four more to go. Twelve have been appointed to a significant role in the public sector or Government, including one permanent secretary, and 21 have been promoted significantly in their own company. Three have been appointed CEOs of a non-FTSE 100 company, i.e. a smaller company, and one has been appointed trustee of a pension fund. Those are categories through which I evaluate progress. I have not included the names of mentees, because we guard those quite carefully, but what I have included for your interest in the pack is a chart that shows all the achievements since 2003. I hope you will find that quite interesting.

Mr Binley: Would you allow me, Chairman, to balance that?

Chair: Just a moment, Brian. Julie wished to come in; we will bring you in afterwards.

Mr Binley: I wanted to know how many had been sacked.

Q205 Julie Elliott: You have obviously given us a lot of evidence on the outcomes and what actually happens. How do people get on to this programme? How do they become one of the people you mentor?

Peninah Thomson: They must be nominated by their organisation. For example, four new chairmen came along on a fact-finding mission to the Bank of England colloquium on 20 November. They had been quite sceptical, to be honest with you, but they have since written and said, "Actually, I think we want to bring our company into this; what do we have to do?" What do they have to do? The chairman or chief executive must agree to be a mentor. I can go into more detail later, if you would like. Equally, he or she must bring in a nominated mentee or mentees. Rolls-Royce has three mentees in the Programme. Other companies have fewer. HSBC has two mentees in the Programme. A mentee can only come into the Programme by being nominated by her company. Companies, if you like, are taking a view about their own talent pipeline and are positioning their mentee

4 December 2012 Dr Ashley Steel and Peninah Thomson OBE

or mentees as part of that human development process to build their talent pipeline.

Q206 Mr Binley: Just to be balanced, you read out a very impressive list. How many have been sacked? How many have fallen by the wayside? What sort of tracking have you done on the other side of that coin?

Peninah Thomson: I have a question before I try to answer. When you say sacked, do you mean sacking the chairman?

Q207 Mr Binley: No, I mean this: how many of your people fail? I just want a balanced view. Have you done any tracking on that at all?

Peninah Thomson: Yes. I am in contact with all 104 mentees; my job is to run this Programme and to know what is going on.

Q208 Mr Binley: We just want to understand how successful this is.

Peninah Thomson: May I ask you a question in turn? **Mr Binley:** No. Tell me the answer to my question first.

Chair: You will have to find a way of phrasing it.

Peninah Thomson: What do you mean by failure?

Q209 Mr Binley: You have read a very impressive list of successes, but in order to get balance, I wonder how many fell by the wayside.

Peninah Thomson: Thank you for clarifying that. Actually, there were none.

Mr Binley: That is fine.

Peninah Thomson: In order to be absolutely transparent with you, in the last nine years we have had one mentoring pair that I would describe as so-so. There was no warmth between them. They went on for a year—it was fine; it was very workmanlike—but there was no chemistry.

Q210 Mr Binley: That is still a very impressive programme.

Peninah Thomson: Thank you.

Mr Binley: That is what we need to see.

Dr Steel: Can I just make a point about mentoring? I think one must be clear that mentoring does not fix everything. What Peninah is doing is, by its nature, only focuses on a few people. We have mentoring for men and women—it is not gender specific. Not everyone who goes through some form of mentoring necessarily gets promoted or moves upwards. It is only one part of a much bigger, rich mix of things you have to do to help to support women—and men, and people of different diversities—throughout the organisation.

Q211 Mr Walker: I am very glad you made that point, because I think that is absolutely right. In my own business career, I was mentored by the first ever female partner of my firm. It was certainly something that helped me.

Seeing as we have two very successful businesswomen here, I was wondering if you could talk a little about what role mentoring played in your own careers and in getting you to where you are. We have heard a lot of evidence suggesting that mentoring

is very important and can play a big role. I think it would be good to get some practical examples of where it might have made a difference to you.

Dr Steel: From a personal perspective, I have never had a mentor. I have looked at people; I have observed people. I was assigned to the now Lord Sharman for a one-year period and worked alongside him as his executive—not in a mentoring role, but in a real role—and I looked, I observed, I learned and I replicated, if you like. Sir Michael Rake was another very powerful role model I looked at. Interestingly, those were two men—not women. Again, it was about looking, learning, replicating and trying to emulate their success in some of the things that they did. However, it was not a formal mentoring programme. I believe that a lot of people do not perhaps look enough at what people are doing to succeed—or they may not be willing to do what is necessary to succeed. I am not saying that that is right, by the way, but I note it as an observation.

Personally, I often ask myself these questions. I also have a same-sex partner. Some people tell me that I am actually doubly disadvantaged. I do not think so; I think it means I am doubly advantaged. However, you must have a positive mind; you must be tenacious. I have always put the firm first, my career second and my family and friends third. That is a personal choice that I have made, but it is a choice and I am very accepting that is the case. It will all come to me later in life. I have worked hard. I work unsociable hours. Certainly, that is the nature of my profession. It was what I felt I needed to do to get forward. That is possibly not right. It is probably not right for a lot of women.

Do the professional services firms—KPMG included—need to do more to enable women to come forward in order to progress? I have not had children. I do not think I would have been able to achieve what I have achieved if I had had children, I admit. My heart goes out to women with children; I cannot even begin personally to comprehend the difficulty that that must cause them in moving on in the organisation. Do I think that organisations have to be more flexible, more helpful and more supportive to women with children? Yes, I do. I think there is a lot more still to be done; it just was not my personal experience.

Q212 Mr Walker: Obviously, Peninah, you have become involved in promoting mentoring. Is it something that came out of experience of your own?

Peninah Thomson: Yes, but earlier on I did not use the word “mentor”. I did not think of the interest that was being shown in me as being mentoring. What I was very conscious of, and have benefited from all my life, is that, for whatever reason, people took a kindly interest. They have guided me, warned me, made remarks, provided a touch on the tiller and given a little bit of advice here and there. What is all that? People put me in touch with others; they were generous with their contacts. What is that but mentoring?

While Ashley was speaking, I was thinking, “Who will I talk about?” I would like to tell you that the captain of my Girls’ Life Brigade was my first mentor, when I think back to it, in her style and stance and in

teaching me to march. Lady Lockwood was an absolute inspiration. She and I sat on the governing body of a college for mature students together. I learned so much from her. I think I probably learned everything I know about leadership from Sir Nicholas Henderson, frankly—and Peter Allen, the senior partner of PricewaterhouseCoopers.

If I look back, I have benefitted from so much. That realisation was part of the 1999 Damascus-road experience, when I realised that not all women had had people of either gender take a kindly interest and help them on their career path. That is something I felt I could do something about. Yes, I have benefitted hugely from mentors.

Q213 Ann McKechin: Ashley, we have been talking about the Government's proposals on employee ownership, but of course you work in a profession where employee ownership and partnership is the norm and partners do not have employment rights. I wondered to what extent, given your own experience of being the person in charge of partner profit distribution reviews at your own company, you think that this particular Government proposal has any degree of weight or substance, or whether it going to apply to any particular sector of business?

Dr Steel: I do not know enough about the detail of the proposals, so it is difficult for me to comment, but I would say I think one has to be careful about swapping employment rights for equity in a business. Something inside me says that that is a dangerous road to go down, and I cannot quite articulate what that is.

Q214 Ann McKechin: Other witnesses today spoke about the disadvantage of having to terminate employment if someone still holds shares in the company. What you do in those circumstances is very different from when you are a partner, because if you leave, you no longer have an interest in the company.

Dr Steel: No, and as a partner in the firm, we have no employment rights whatsoever. Technically I am self-employed within a larger partnership, and I could be asked to leave tomorrow. That is the nature of our business, but one knows that going in.

Q215 Ann McKechin: A lot of the professions are based on self-employment models. I am a solicitor by background, and it used to be simply that somebody was an assistant and then they became a partner. Now there are all sorts of gradations: associates, associate partners, non-equity partners, equity partners and so on. In your own company, there are probably even more complex levels. Do you think that the traditional partnership model that has been used in many professions is appropriate, or does it act as a barrier, in a way, in terms of gender balance perhaps?

Dr Steel: I do not think it has any impact on gender at all. I think partnership is just what it is in the word. It means that you are shoulder to shoulder with your fellow colleagues of the same seniority, which makes you behave in a certain way and makes you want to be supportive. You are all in it together. It drives certain behaviours, and I think that is why partnerships are quite important. We can easily make decisions to make changes and, in a sense, at some levels it is

much easier. However, I do not think there is anything gender-specific in a partnership model or an employee model.

Q216 Mr Binley: From what you have said, Peninah, I guess this question is primarily directed to Ashley, because it is about your views on the Government's proposed reform of flexible parental leave—with parents being able to choose how they share the care of their children, particularly in that early formative period. I want to come at it from the perspective of SMEs, because I genuinely think the resources are available to bigger corporates—be they Government or business corporates—to deal with this problem rather easily. If you go lower down the scale of employment, it is more difficult to deal with this problem, particularly when you recognise how many people set up a life partnership from the workplace. We have not done enough work on that, but my guess would be that it is considerable, and that the workplace is perhaps the No. 1 place—maybe except for the pub—where people meet and then go on to set up relationships. I wonder what you think about the particular proposal and, specifically, its impact on the smaller SMEs.

Dr Steel: Again, I do not know the detail.

Q217 Mr Binley: No, but your company deals with quite a lot of small SMEs as well as big management people, so you would be in that sort of environment.

Dr Steel: It does, but for the record I tend not to deal with SMEs.

Mr Binley: You do not get in with the real stuff.

Dr Steel: I have to say, however, that I was brought up in a family business, so I do understand SMEs.

It is much easier for a large organisation to provide all the flexible-working arrangements—be they for men or women—than it is for a smaller organisation. My sister is self-employed; she owns her own hairdressing salon. All the people she employs are females. In that particular business, it is not straightforward as to when some of the women will have children and want maternity leave, but it is manageable because they can work more part time; they can take time off then come back. However, I am sure there are other SMEs—perhaps in small manufacturing—that would find it quite difficult, potentially, to replace skills, particularly, for example, those of a man who wants paternity leave. Again, I do not sit here knowing the answer to that. It is a conundrum that we all need to continue to work towards trying to resolve. I am very sure that we do need to do more for women in order for them to have the flexibility they need to get back into the workplace.

Q218 Mr Binley: I understand. Peninah, would you like to make a comment? I did not want to put you on the spot, if you felt that you did not have any background to offer.

Peninah Thomson: I do not, but I have an observation. My mind is starting to turn on the conundrum you have raised: how do we cascade further out into the labour force—including to people employed in small and medium-sized enterprises—

4 December 2012 Dr Ashley Steel and Peninah Thomson OBE

some of the benefits people in larger companies have? One of the things I have just jotted down for me to reflect on is to talk to Dick Olver at BAE Systems, because he is extremely keen on getting more women into engineering, as is Sir John Parker. This is something that drives each of them. I am starting to wonder whether perhaps in a year's time, when women have been through the pilot Pipeline Programme, of which BAE Systems is a member, we can perhaps use them as ambassadors into SMEs. This is a little idea that I am starting to think through as I listen to what is happening this morning. I am just starting to cogitate. I will give some thought to this. I do not have an answer, but I will give some thought to it.

Mr Binley: That is a step forward; I am grateful. I think I will keep my other two questions for the next panel, because there is no sense trying to drag information from you that you are struggling to provide.

Q219 Chair: If I could just add something, in my constituency there are many foundries and it is difficult to get people to go into foundries to work. It is fair enough that the age profile is such that I am not sure that this is a big issue, but I could see it potentially being one in a context where a company is finding it difficult to recruit people and there is flexible working and the opportunity for males to take paternity leave—if, indeed, it is a male-dominated company. How do you address the problem that this potentially creates? Do you have any ideas that you could throw at us on that?

Peninah Thomson: I am a big fan of role models. That is one of the things I think the Programme has provided. That is something I am trying to encourage the 104 women who have been through the Programme to regard themselves as, because people who have themselves experienced something good that has added benefit, inspired them and opened doors for them are the very best ambassadors for that process. In my evidence, I think I popped in a paragraph at the bottom about how important getting into schools is. Increasingly, I think this is more and more important. It is also important to get into universities and help young people to understand the full breadth of opportunities that are available to them. I am starting to wonder whether some of the 104 mentees might be willing to approach being ambassadors and role models in a slightly more systematic way. This is something we could perhaps explore.

I am on the strategy group of my old college, Lady Margaret Hall. We have been working quite hard to get a broader intake—in common with many other colleges. We have had some success. I wonder whether there is some learning that I could take from that enterprise and put it into the Programme and encourage our mentees to be ambassadors, role models and articulate exponents for younger women at an earlier stage of their careers—or, indeed, at school or university—who are considering, as it were, non-standard, non-conventional and non-stereotypical career paths such as the one you have described.

I do not have a pat answer—you would be amazed if I were to pretend that I did. We would not be sitting here if there were an easy answer to that, but I think role models have a part to play. Being ambassadors also might have a part to play.

Q220 Chair: If I could just explore it further, do you think that the implementation of this sort of legislation might actually provide a solution, in so far as the small businesses that have had difficulties recruiting people in the past may find it easier if those people feel there is a regulatory regime that would meet their particular needs?

Peninah Thomson: That is a tough question for me to answer, Chair. On the whole, I am much more in favour of example, influence and best-practice modelling, rather than increased regulation. That is just a part of my belief system. I respect the idea of legislation, but I am not sure about this. I am a big fan of carrots. What I try to do with this Programme is to create a carrot: something that people will want to join and participate in. I think I regard more regulation or legislation slightly as the stick. I think I would prefer to see whether we could build a climate of desire in which more companies want to participate.

Dr Steel: May I make comment on this? I created and chair a group called the Women in Transport and Logistics group. Effectively, it is a dinner club. We meet four or five times a year. I thought there would be few women we would pluck out to join this group. I am pleasantly surprised that it continues to grow. One of the things we talked about at one of our recent dinners was the lack of role models and the absence of promotion of female train drivers, female bus conductors, female lorry drivers and so on. We actually felt that what needed to happen was greater promotion: women do not see women as lorry drivers, necessarily.

Unless there is more of a public campaign around these types of roles and the possibility of women being in them, I think it will always be difficult to find women moving into those types of roles. I do not know whether that is a responsibility of the Government or of local employers and SMEs, but more promotion around this area would be a good thing.

Q221 Caroline Dinage: I have a supplementary question—not on this specific subject, but on the general information that has come out today. I come from a manufacturing background: my business was manufacturing. It is a business in which it is very difficult to take time off. When my baby was two weeks old, I had to take him back into the office with me—that is just the nature of the business. I just wondered, within the mentoring scheme, whether you felt in some way that the mentors had learned from the mentees. Had they changed their working practices as a reflection of what they had learned from their experiences?

Peninah Thomson: That is very much the case. Almost without exception, the mentors tell me this. I go around and see them about three times a year—it varies, but certainly twice a year and usually three

times a year. Let me stick to the male mentors. Over and over again I have heard them tell me, in some cases with great surprise, “I am learning as much in this as she is.” That is a good thing. That is another cross-boundary learning thing that I am such a big fan of.

My answer to your question, Caroline, is yes—they do. In fact, though I will not name the company or the chairman, one chairman of a FTSE 10 company told me that one of the things his mentee had told him about practice in her own organisation had so startled him that he went back to his own organisation, summoned the HR director—let us call him Henry; his name was not Henry—and said, “Henry, talk me through how we do this here; tell me that we do not do what company X does, because I do not like the sound of it one little bit.” That was very interesting for me to learn. The viral nature of good practice is very powerful. Yes, they do learn from the mentees; it is a two-way process.

Q222 Chair: Can I just finish? As a matter of principle—I think I probably know the answer to this, but I would like it on the record—are you in favour of regulations to ensure that a greater number of women are appointed to boards, or do you think it should be a matter of merit?

Dr Steel: Can I pick that up? If you had asked me that question a year ago, I would have been absolutely anti-quotas. I always felt that it was either quotas or a meritocracy, and that you could not have both. If you ask me that question today, I have fundamentally changed my mind. I actually think that we will not succeed in making sure there is equity of access for women on boards—or all the way down through management hierarchies—unless we do have quotas. I noted the earlier comments around 30% and that the 30% should be 50%. Until we achieve full equality, which may be decades out, I think the overall ambition should be 50% and much more representative of the population of the country. I do believe that quotas should be introduced. When we get to 30%, I will celebrate, but I do not think it stops there.

Q223 Chair: That shows how wrong I was. Can I ask you, Peninah?

Peninah Thomson: I have to differ. I am on record as saying I think quotas would be entirely counter-productive and not in tune with our governance framework of “comply or explain” in this country. I think we are making much faster progress now since the publication of Lord Davies’ report. People have got their foot on the accelerator now. There is much more to do—I am not saying it is done and dusted—but we are making very significant progress. It would be hugely destabilising for the ecosystem of governance in relation to this topic in the UK to impose quotas. I think it would be a big mistake.

Dr Steel: Can I just add to that? I see lots of women—not just in my own organisation, where we are really good; we have four females on our board now—across the businesses that I work in and the client organisations that I see. At the next level down there is a really rich vein of women who are more than

capable of being on boards—both in non-executive roles and, most importantly, executive roles; we must not duck that. The 30% Club has done a fantastic job on the non-executive directors, but we must start tackling the executive roles. I think that the timetable to achieve it could be 10 to 15 years—I am not putting a timetable on it—but I think we must put a stake in the ground to help keep that rich vein of people. The multitude of programmes we have are proven to help, but this is still not moving us fast enough. That is a reason why I think I have changed my viewpoint over the last 12 months.

Q224 Julie Elliott: That covers my question, which was going to be about what had caused this sudden change. Going forward from that, you are saying that there is this rich group and we need to get them up. What, in your experience, has brought that rich group up? To get to that level, you must start at the level below. Are we doing enough through that chain to get people to that level? In my experience, the very informal discrimination starts at the very lowest level, not when people have reached that one-off-the-top level. It is about getting through that.

Dr Steel: By definition we have not done enough; otherwise we would have 50:50 representation on our boards and throughout the management hierarchy. By definition, the answer is no. However, my fear at the moment is that women in the work place and senior women in the work place are receiving a lot of airtime. That is fantastic, but it still feels sludgy and slow. My fear is that this rich vein of women who exist—I see this—will actually give up as the task is too hard. My fear is that we will go backwards, not forwards. I think that we must grip this. We must grip it now and start being much more proactive and bold in helping women—albeit through quotas, but also with meritocracy running right alongside it. I would never have wanted to join our board unless I had got there on merit. That would be against every bone and every breath in my body, but I believe you can have both.

Q225 Mr Binley: I do not believe you can have both. I think you have made the point yourself that one cannot have both in your answers to our questions. You did make the point that your life was a lifestyle choice. The whole problem of lifestyle choice is emotionally and culturally more difficult. If you reach the stage where there are forced quotas and too many people are not of the ability—as could be the case if there is less of a marketplace—you will run into trouble. That may not sound very fashionable, but it is the reality out there in the workplace.

It is about choice. Many women I know do make that choice about family, and it does reduce the size of the market available. I think there is a real problem between size of market and quota—lifestyle choice and quota. I am sure that forcing that through at this stage could be very detrimental to your cause. I would not want to see that, because I genuinely believe that, in the sector I work in, it is about the ability of people—not about gender, colour or creed. I genuinely believe that at the level I work in, because I want people who will make my company more

4 December 2012 Dr Ashley Steel and Peninah Thomson OBE

successful and earn me more money, it is a very simple basis.

Dr Steel: So do I, Brian, but are we therefore saying that, on average, women are less able than men?

Mr Binley: No, we are not. I made that point.

Dr Steel: I made a lifestyle choice. I worked hard in order to achieve what I have achieved.

Mr Binley: That is admirable.

Q226 Chair: Let Ashley respond and then, if necessary, I will bring you in.

Dr Steel: However, I do not think that the things I have done are necessarily right for every woman to have to go through. That is why I say that organisations have to do more to ensure that the life that I had to go through to move forward in my career should not be the path that every woman has to take. So much more must be done by businesses and by the Government to make sure that what I had to go through is not necessary. But we still need to have women on boards. I think some women—I am not saying all women; how could I talk for all women—will choose to be at home because it is just too difficult for them to go back to work, although they would probably like to. We must change that situation. I am not saying we need 30% or 50%—you can choose whatever number you want—on boards over the next year or even in 10 years' time.

Q227 Mr Binley: But you did say 50%. You would rather go to 50%. You did say that.

Dr Steel: I honestly think 50% is the right goal, because that is representative of the population of the country. I don't know what the population of the world is, but I suspect it is representative of that as well.

Mr Binley: You are the witness; I am not. However, I think you run a great danger of setting your cause back.

Q228 Mr Walker: Ashley, you mentioned some of the issues women face in terms of being talked around and talked over—those kinds of things. Are you not concerned that there could be risk—if you have a quota system and women are being put into positions because of a quota—that there would be more danger of being ignored by colleagues, who will think they are there purely because of the quota?

Dr Steel: Yes, I think there is that risk. By definition there is that risk. I ask myself—I am still formulating my thinking—whether that is a risk worth taking? Businesses take risks every single day of the week. If everything was black and white, business would be boring. I think it is a risk worth taking. We have a large number of programmes now that are supportive for men and women. There are mechanisms and safety nets—whatever you want to call them. The risk is there. However, the sooner there are more women on boards, the sooner risk will start to diminish, because there will be a greater number of women on the boards, and those businesses will be successful.

Q229 Chair: Regarding this issue, we have heard the Norwegian experience quoted considerably during the course of this session. There is a study by the

University of Michigan on the impact of mandated female board representation. I understand that it suggests that balanced boards through mandated quotas can have the opposite effect, undermining shareholder returns. Are you familiar with this research and have you any comment on it, Ashley?

Dr Steel: I am not familiar with that research, no.

Q230 Chair: If you would like to be and could provide us with a comment subsequently, that would be very helpful. On a different topic, Ashley, earlier you said that the Government should do more. Do you think that current employment legislation is too complicated? Are you in favour of regulation of private employers to undertake equal pay audits?

Dr Steel: Like the previous panel, anything that adds to the regulation of businesses I would be against. There is probably too much regulation at the moment. Again, I think of my sister and her hairdressing business. There is an awful lot of regulation, and that is quite a cost for small businesses. I am pretty much anti-regulation.

I would make one comment on laws. I think the Equal Pay Act was in the 1970s, but I do not think we have equal pay yet. There are a couple of reasons for that. One is that women do not have equal access to senior roles where you find higher pay. The other thing is that one trait of women is that we do not necessarily shout about our performance and the good things we do in business, whereas I think men—I know I am making generalisations here—tend to be a bit more outspoken about their achievements. I do not think we should seek to change how women behave.

I will contradict myself slightly here, because I think mentoring can help women get out there and be heard, but I would want to encourage organisations to look inwards at themselves and at the mechanisms they have for collecting information about people's performance, to rely less on who shouts loudest and speaks up, and to introduce mechanisms that are about collecting information about individual performance in a much more rigorous way.

Peninah Thomson: It is tremendously encouraging—building on Ashley's point—that there are two very interesting developments that support that process. First, there is the Government's own "Think, Act, Report" framework that has been introduced by the Home Office, which a number of companies are taking up and will voluntarily encourage organisations to provide that sort of data and that sort of information.

At the colloquium at the Bank of England, Baroness Hogg talked about the introduction—I think on 1 October this year—of the regulatory framework that requires companies to report on the situation with regard to gender in their companies. Those two very good mechanisms have been put in place and we need to give them a chance to work. I am not sure how old "Think, Act, Report" is, but it is not older than about a year, is it?

Baroness Hogg and the FRC's initiative was enacted on 1 October this year. I would like to suggest that we should give those initiatives a chance to function for a bit before we start throwing everything up in the air again and destroying the jigsaw. You get the point.

4 December 2012 Dr Ashley Steel and Peninah Thomson OBE

Dr Steel: It was interesting listening to the earlier panel, because there were a lot of questions about research and being able to justify that businesses will be better by having more women on boards and so on. As I sit here, I just want to flip that. Demonstrate to me that it is better to have a predominance of men on boards. It is always about women having to justify their position and their place. Sometimes we need to think about that and flip that question around. Maybe there is research on that; I do not know.

Q231 Ann McKechin: Ashley, I was interested in your comments about how you balance rising by merit with having quotas, and how you now believe a bit in both. Is that on the basis that perhaps quotas should be introduced after a period of years? If we have a programme where we have various targets and initiatives but they do not work, should we consider quotas? Would that be your judgment, or should we be thinking about introducing a quota such as a minimum of 10% or something now, and trying to build that figure up as the years progress?

Dr Steel: As I have said, I have moved my thinking around. I do not know exactly what the end outcome

would be. I do believe, though, that we need to seize the opportunity now. I see no reason why we should not; I see no reason why there should not be some form of quota. The devil will be in the detail. You mentioned 10%; intuitively, 10% feels just wrong. The devil will be in the detail, but I think we need to be doing more and I think quotas are possibly a way forward. I do think you can have quotas and a meritocracy sitting alongside each other, but I certainly did not think that a year ago.

Chair: That brings us to the end of this session. May I thank you very much? I will repeat what I told the previous panel: if you feel there is anything you wish to add to any of the answers that you have given us today, we would be grateful to receive it in the form of supplementary written evidence. Particularly, Ashley, if you could have a look at the University of Michigan survey and comment on it, I think we would find that helpful. Similarly, of course, we may feel there is something that we would have liked to have asked you but failed to do so. We would be grateful for any reply to a supplementary question we submit. Thank you.

Examination of Witnesses

Witnesses: **Anya Hindmarch MBE**, Chairman and Chief Creative Officer, Anya Hindmarch, **Dr Margaret Mountford**, Trustee, the Bright Ideas Trust and adviser on “The Apprentice”, 2005–09, **Marie O’Riordan**, Editor-in-Chief, John Brown, and **Heather Rabbatts CBE**, first female Non-Executive Director of the Football Association, gave evidence.

Q232 Chair: Good morning and welcome. Could I just ask you to introduce yourselves for voice transcription purposes, starting with you on my left, Marie?

Marie O’Riordan: My name is Marie O’Riordan and I am a freelance magazine journalist. I have formerly edited three consumer magazines. I am currently Editor-in-Chief of a company called John Brown.

Anya Hindmarch: Good morning. My name is Anya Hindmarch. I am founder, Chairman and Chief Creative Officer of my company, Anya Hindmarch.

Dr Mountford: I am Margaret Mountford. I was lawyer in the City for 25 years. Now I do a variety of things. I am a trustee of the Bright Ideas Trust, which sponsors young people setting up business, and I am Chairman of Governors at an inner London school.

Heather Rabbatts: I am Heather Rabbatts. I hold a number of non-executive directorships, including on the board of the FA, and I run a media and film company.

Chair: Thank you very much. I will just repeat what I told the two previous panels. Some of the questions will be person-specific; others will be general. If it is a general question, do not feel that all of you are obliged to answer if something has been said by the previous person, unless you wish to add to or subtract from it. Feel free to pass on it.

I will ask Julie Elliott to open the questioning.

Q233 Julie Elliott: As successful businesswomen, do you think that you face more obstacles in work than men would in your profession?

Anya Hindmarch: No.

Dr Mountford: No.

Heather Rabbatts: Yes. It would be a shame if we were all in agreement, would it not?

Marie O’Riordan: I would also say yes.

Chair: We have two yeses and two noes—this should be interesting.

Q234 Julie Elliott: For those who have said yes, can you give examples of what those obstacles are and how you have overcome them?

Marie O’Riordan: My entire experience is in media, specifically women’s magazines. It is a very female-friendly environment. I had two experiences with very big companies where there was good legislation for maternity leave, etc. However, I think the core of the staff were mainly women in our fertile years—between the ages of 25 and 50. When I was managing staff at that level, talent was the key competitive advantage. The magazines I was managing were very big brands, so I was lucky enough to be able to attract the best talent available.

When they went on maternity leave, I encouraged them to take as much time as they needed, and there were pretty good rights in their contracts—for example, one company had six months’ fully paid maternity leave, which I recognise is generous. However, I did feel from my bosses that I was considered quite an indulgent boss when I encouraged them to come back at reduced hours, if that was what they wanted. They generally did want to come back at reduced hours. Generally, they would come to see

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

me before their return to work and say they wanted to come back at reduced hours. In order for me to have that person back on my team, which I would generally want because they were the best at what they did, I was prepared to look at them working from home or having more flexible hours. But my bosses felt that I was a little bit indulgent of that and would discourage me from accommodating their flexible hours.

I felt that quite a lot of men at similar levels—certainly at the executive level—enjoyed going to evening networking functions, of which there are very many in the media sector. While they would seem to me to enjoy those functions, I would find the women tended to be very stressed about returning home either for relieving nannies or child care or doing homework—or just generally being a mother. I felt that men had an easier ride of it at a certain senior level.

Q235 Julie Elliott: Were your bosses men or women?

Marie O’Riordan: There were probably more women than men, actually. We did discuss it. Often my female bosses would say, “Well, nobody helped me on the way up, so I do not see why we should indulge the next generation.” The merit versus quota debate was often had.

Heather Rabbatts: Taking the assumption that talent is reasonably equally distributed across men and women, if you were to look at the numbers represented across FTSE or industry or other sectors, women are clearly not represented in terms of the talent distribution—by the sheer fact that everybody is talking here today. I am the first woman appointed on the board of the FA; on most of the boards I sit on, I am the only independent non-executive director who is a woman. That is true across a number of sectors. All the prima facie evidence is saying that women are not represented.

In terms of my own experience, if you look at women’s careers, there is the time leading up to having children, there is having children, and there is trying to return to work. Women are impacted by these in a variety of different ways. There are mechanisms, as has been referred to earlier, for trying to encourage women back into the work force, but they are pretty sparse, and not that effective. We leak huge amounts of talent out of the system.

If you want us to talk about our own personal experience, I would say it is actually incredibly lonely. On one level it is great to be a role model, allegedly, and the first women on boards, but it is a very lonely place. I do not begrudge them this, but men have a whole series of conversations, comforts and familiarity that you are always trying to break into, whether that is in formal agenda pieces or in the informality around a board. You learn to navigate your way through that, but I think many women, when I talk to them, find that quite difficult to contend with. Experiences of both the formal setting and the informal cultural code are difficult to get at.

Q236 Julie Elliott: Thank you. Do you think it is important that women such as you are seen as

trailblazers or role models, or do you think that gender is irrelevant?

Dr Mountford: I think gender is irrelevant. I think women do not do themselves any favours by having women’s groups—and women’s this, that and the other. If you look at a job, you look at who the best person for it is. I never perceived things in gender terms. I can remember interviewing a prospective trainee and being asked how many women partners we had in my City law firm. I said, “I do not have a clue. I have never counted them.” That is not relevant; it should not be relevant. I find it rather alarming that we are still sitting here discussing these things when we have heard the same old stuff year after year after year.

Q237 Julie Elliott: If it is not relevant and we assume the population is equally talented among the genders, then why are there so few women on boards?

Dr Mountford: They do not stay the course to get there—that is my feeling. There are issues as to why they do not stay the course. The point is not sticking token non-executives on boards; the point is having women at senior executive levels coming through. Nobody wants anybody as a non-executive on their board who does not have relevant experience. Nobody wants to be the token woman on the board. We have to stop women leaving the professions and business at these intermediate levels. It is not a board issue at all. They leave for a variety of reasons. More of them leave now because perhaps there are more choices—certainly at the more senior level.

Anya Hindmarch: I went to Goldman Sachs and they explained to me that they recruited 50:50. Often it is 60:40. By the time they get to senior levels, it is down to 20:80 and maybe less. The truth is that I do not think women want to do it. A lot of women—and I think this is brilliant—probably have a choice with their partner that one of them has to be more involved with child care and, perhaps, often it is the women who has those nurturing needs. I think that is great. We are forcing an issue.

I think it is slightly insulting to women. If they want to do it, it is completely possible. I know a woman you had here this morning has nine children. She is very hard working; her husband does the majority of the child care. They have worked out that solution. Other women balance it 50:50, and sometimes the woman stays at home.

The difference is that we are different from men—we have children. Because we bear the children and, mostly, we like to care more, the majority of the child care goes to women. I think we are forcing an issue that almost becomes annoying to women, personally. It demeans women. We need to make sure the workplace is fair, but we should not force it beyond that.

Marie O’Riordan: My experience is probably slightly different because I worked in a female-dominated environment. I found that women did want to proceed to the executive and board level, but probably felt constrained by the fact that their partners did not have flexible working hours. Their partners could not, or chose not to, take responsibility for the child care as much as the women I was working with were able to,

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

who primarily undertook the child care side of the relationship. However, because their partners did not work in such an enlightened environment, my female colleagues perhaps took on the lion’s share of it, whereas if men had had equal paternity leave and paternity rights, etc., women would have been more inclined to go forward to the executive level. The people who did go to the board level were women without children. They were the ones who succeeded. My view is that it was not talent that was preventing them proceeding, but time. They felt they could not balance it by being good parents as well as good colleagues.

Heather Rabbatts: Clearly, parenting has a huge impact on both women’s and men’s lives. I will make a couple of comments. I talk to various women. Certainly, when I was at the Bank of England, I spent some time talking to both the banking and investment banking community, where, as has been mentioned, you find that women get to a certain level and they are no longer apparent. One of the cultures we discussed was the long-hours culture, where it was a well-known trick to leave your jacket on the back of the chair at 6.30, go out and come back at 8.30, and work perhaps until 9.30, but one’s productivity was questionable. Most women who were caring for children could not do that. There is something about the cultures that are created in companies that makes it very difficult, at times, for women to progress.

There is another point about women having the requisite experience to be on boards. It is absolutely about ensuring that you have expertise and whether you have had a rich career. I remember once, when I was running a football club, having various people apply to be a football manager. One person sent in their form saying that they had taken Accrington Stanley to the final of the European Championship. Whilst my knowledge of football is slightly limited, I knew that Accrington Stanley had not been to the European Championship final. When I read further down their CV, it was because they played PlayStation. Because they played Football Manager, they believed that this equipped them with the right skills and experience to apply for jobs in real life. I tell that story as a slight joke, but you would be surprised. I think it is fantastic that men have that level of self-confidence about themselves. Whenever I have recruited people, men will always say, “I ran this project,” and women will say, “We ran it together.” I have been involved with mentoring schemes. If women present themselves in a different way, they have a huge amount of skills and experience to bring to boards. I sit on boards where my male counterparts are certainly as not as experienced as many of the women I know. That is because they are still not part of that board conversation.

Chair: Unfortunately, Accrington Stanley beat my team, Cheltenham Town, in real life.

Heather Rabbatts: I am so sorry, Sir—oh dear. We all can speak of the pain, however, of losses by our clubs.

Chair: I will bring in Brian Binley.

Mr Binley: I am a Northampton Town supporter.

Heather Rabbatts: Good on you, Sir.

Q238 Mr Binley: I want to pick up on Marie’s point and relate it to the world of politics. I have been involved with the Tory party for 52 years. You might think I am a total anorak—and I think I might agree—but the selection boards that select candidates to be Members of Parliament are often dominated by women in the Tory party. They were the people who always picked men. This sort of supports the point you are making, and it supports yours too, Heather. There is a cultural thing going on here that needs to be broken down. I do not believe it will be broken down by quotas or whatever; it will be broken down by women themselves creating the cultural change. Is that a fair point of view, or am I being overly optimistic?

Marie O’Riordan: Cultural attitudes are much more difficult to shift than legislation. I feel that women have not been on boards for long enough—that is, for centuries—to feel the benefit of bringing in other women. I am looking at the portrait of the woman whose room we are sitting in.

Mr Binley: Some of us call her the Great Lady.

Marie O’Riordan: She is a wonderful woman, but famously she did not promote many women. Often women are almost embarrassed by their success and do not feel like giving another woman a leg-up in case they are criticised for being feminists. I think a lot of women on boards become more male in attitude than they were before they got there. There is some cultural dynamic that is difficult to identify, and I believe quotas would change that.

Q239 Julie Elliott: I would like to make comment. Obviously I am from a different political party than Brian, but that is certainly not my experience of politics. My experience of politics in the Labour party is that probably until about 15 years ago, when quotas were introduced, the committees that appointed politicians were almost entirely male. They were very heavily male-dominated. Until we changed that through quotas, there was no difference. However, I do recognise what you are saying about women pulling the ladder up. That is definitely a recognisable thing in the political world; it is an issue of how, when people get to a certain point, they think, “That’s it,” and stop other people. That is an issue.

Dr Mountford: Do they pull the ladder up? I personally think that that is nonsense. Whatever position they reach, if they are in a position to promote people, they should—and I hope that people do—promote the best person for the job. They should not be letting down the ladder lower than it would otherwise go, nor be pulling it up. We always have this talk about queen bees being up there and getting rid of the ladder. That is another of these old wives’ tales.

Marie O’Riordan: It is more complex than that, though. I do not think they pull the ladder up because they are suddenly anti-female. I think they are sometimes lacking in courage about promoting female rights in terms of flexible hours, maternity and all of the issues that actually discourage the younger generation from coming up. I think female board members have often achieved that without any of those benefits and therefore think, “If you want to

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O'Riordan and Heather Rabbatts CBE

make it, you must do it on your own and without these benefits.”

The younger generation of women do not want to do that: they want to have flexible hours; they want to see their family; they want to have equality; and they want their husbands to share the burden.

Dr Mountford: That is not equality. What I think you are saying is that they want rather more than equality. They want flexible hours, but the same position as someone who has not had flexible hours. I am fine if everybody can have flexible hours. In the business I was in, as a corporate lawyer, clients did not want you to be saying, “I am off now and someone else is coming.” If a job-share were possible at that sort of level, there would be an overlap, which would have a cost associated with it. Either the client would have to bear the cost, or the firm would have to bear the cost. A seamless transition is not possible in that sort of a role.

Anya Hindmarch: It must start with what the company needs. Unfortunately it is a little old-fashioned to say it, but ultimately that is what drives this. Then everyone has to work flexibly and for the talent you have.

Talking of cultural shifts, I think the thing that needs to shift is that it is okay for men not to be the breadwinner. It is only fairly recently that women are now working while sharing and delegating child care. It is beginning to happen that sometimes, in relationships, men will say, “Do you know what? Actually, you have more chance in your career; you go and do that. I will look after the children.” I think that would be a huge help. That is not strictly about paternity, because often I think the mother needs to be with her baby in those early months and so on. However, if there is any shift that needs to take place, it should be that that is a fine and okay thing among the guys—not a wimpy thing. It is beginning to happen.

I think this will happen naturally; I strongly feel we should not force it. The more naturally it happens, the more respect women and men will have for it. We have come quite a long way in quite a short period of time. We should not panic. Girls need to look after each other—I think they tend to—but generally, like Margaret, I sit on many boards and I do not think about how many men or women there are. I think about who the good guy is, who the bright one is and who the diplomatic one is. Everyone has different traits. I know some very girly men and some very strong masculine women. It is of almost no interest to me at all.

Q240 Chair: Anya, can I just pick up the point you made earlier that much of it is because women make life choices that men do not? That affects their obvious desire and ability to reach top positions. I think that is a fair summary of what you said. In terms of the Government, do you feel that a more positive regulatory framework for industry employment would do something to alter those choices?

Anya Hindmarch: I cannot say strongly enough that any more regulation—speaking as someone who is in a SME—will cripple this country. We are so overregulated, almost to the point where I am nervous

talking freely about women because it is such a hot topic. I had HR on the phone saying, “Do not say this; do not say that.” It has reached a ridiculous point. If we believe, as I do, that SMEs and businesses are the engine of this economy, we need to deregulate. From the coal face, I cannot say that strongly enough.

Q241 Julie Elliott: What regulation would you get rid of?

Anya Hindmarch: That is a tricky bit, which I would rather talk about privately, potentially, but I think employment laws are very tricky. The amount of money we spend on human resources is not, as I would wish it, to look after my people. We are a really nice employer. I employ predominantly women.

Q242 Julie Elliott: Which employment laws are tricky? What areas are we talking about?

Anya Hindmarch: Maternity laws are tricky. I think unfair dismissal is tricky, although that is not about women. There is a whole raft of things that I think are really suffocating. They almost end up forcing you to behave in an inhumane way. You cannot have proper chat with someone and say, “Listen, I do not think this is working that well; let me find you another job.” I used to do that. I have always stayed friends with those people, after recommending them and they have gone on to be very successful. I find myself treading on eggshells and becoming hugely legal. It just feels really wrong, I think.

Heather Rabbatts: The issue of regulation in SMEs is a massive topic in and of itself. If we are focusing the conversation around what is happening in the FTSE 250 across the world of sport, for example, I still think ensuring you have the best talent available to you in your leadership positions is hugely important. Clearly, we are missing much of that talent; that needs to be addressed.

Q243 Chair: Anya, you held forth about regulations. That is fair enough, but you did not actually address the issue. Do you think it will change more women’s perspectives?

Anya Hindmarch: I think it could end up working against women, unfortunately. As a woman, a mother of five and an employer of a lot of women with children, I think it would end up making you make a choice between employing a man or a woman. You probably might pick the easier route because the regulation and the consequential cost and eggshell-treading would just be too onerous.

Q244 Chair: I would have thought that depended on the regulation.

Anya Hindmarch: Most regulation on the subject, in my experience, is super-tricky.

Q245 Mr Binley: Mr Chairman, if I may say so, that very much depends on the business you are in.

Anya Hindmarch: Yes, I think that is a very important point. If you are running a call centre—or indeed, for me, the stores that I run—it is easier. The handover is not there. As an example, a lot of the people I employ have jobs for which they are very deep in specific knowledge and relationships with suppliers and so on,

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O'Riordan and Heather Rabbatts CBE

and that is not something you can easily hand over. More regulation and less flexibility, which I guess this would ultimately mean, would be very tricky for companies such as mine, but may be easier for a business like a call centre or a big retail operation, which is about putting in the hours perhaps.

Q246 Chair: Again, I am pretty certain I know your response to this, but does the potentially vast pool of talent that may be lost by women under-fulfilling their potential not justify a more interventionist regulatory approach?

Anya Hindmarch: Very simply, I do not believe that to be the case. The women I know who want to go on and have big jobs have every chance. That being said, I do not work in the financial sector, and I believe perhaps that is a slightly separate case, which I could come back to, although I do not have first-hand experience of it.

Certainly in my industry, however, I do not think it is a problem at all. Mostly, the women I know—I know many of them—choose not to do that for other reasons. There is one thing that might change this, perhaps. If you have a family, which I suspect mostly is the reason for women choosing not to go to the top of their careers, the example for that is their mother, who was perhaps the person who did the majority of the child care. If that were not the example, it might shift—hence my point about the shift in cultures and why, perhaps, it is about it being okay for men not to be the major breadwinner.

Q247 Chair: Certainly, with no disrespect to your profession, how representative do you think it is of most women's experiences?

Anya Hindmarch: It is probably not the most representative, but it is still relevant. In some ways it is a good example of how it can work. I do not know how many women are on my board, but certainly on my executive team, it is probably more women than men. I should count; I genuinely do not know.

Dr Mountford: Surely, by the nature of the panels you are hearing from here—certainly looking at this panel—we will not be representative of the majority of women in the workplace, will we? That goes without saying, does it not?

Chair: We are going to have different panels.

Dr Mountford: Yes.

Q248 Chair: Can I move on now? This question is to you, Margaret. You are a trustee for the Bright Ideas Trust, which helps young people start their own business. What proportion of men and women approach you?

Dr Mountford: I asked the chief executive to find this out. You may find this surprising, but we did not have a box on the website to identify gender. They had to do a trawl, and while some of the names were obvious, others were not. It looks as if it is about 50:50. The businesses in which we have invested, however—the current investees—are 65% female-run. I do not know whether that means women stick it out more through

the application process—that is one possibility—or whether the sample size is too small to be able to tell statistically, but I think this shows that gender is irrelevant to us in deciding who we will support. It does not show any evidence of either group being in the majority at that level.

Anya Hindmarch: These are small businesses.

Dr Mountford: Yes, these are start-ups. They are kids starting up.

Anya Hindmarch: Entrepreneurship tends to be a wonderful and easy route for women. It can be at the kitchen table. There are routes for women; that is why I do not feel women have such a tough time.

Q249 Chair: I think there is an increasing body of evidence to demonstrate that new means of technology and communication are particularly well suited to what are traditionally perceived as women's working situations. Coming back to the question, however, Margaret, is it correct that you specialise in providing business opportunities for NEETs?

Dr Mountford: Yes. It is for people aged 16 to 30, although that is older than the definition of NEET, which is probably 16 to 19, is it not?

Chair: Yes.

Dr Mountford: But these are kids. Some of them have come out of universities with degrees, but they do not have jobs and they are not in training and they have a business idea. A lot of them do not get to stage of being invested in. A lot of them will receive education along the way, and some will realise throughout that process that running their own business is not for them and they would be better off with an employer. Some of them have had employment experience; some have had none. It is very different starting off a business if you have never worked in one. We see a whole range.

Q250 Chair: As I asked you the original question, I could see how difficult it was to draw a particular conclusion because, first of all, what is the age group we are talking about? Secondly, how many within that cohort are male and female anyway? That could distort the number of people who form a new business. Are you able to provide that information? If you cannot do it now, would you be able to do so later?

Dr Mountford: Yes, I could go away and try to look it up, or you could get one of your people to go away and look it up, I suppose, in terms of the statistics that are available. I have no idea, if you are looking at 16 to 30-year-olds who are not in employment, education or training, what proportion of those are women and what proportion are men. I have no idea. I also do not know whether it is remotely relevant to the debate to take that age range as opposed to any other.

Q251 Chair: The other issue is graduates and non-graduates. The public perception of NEETs is that they are 16 to 19-year-olds with relatively low levels of qualification, but that may not be correct. Any information you can give us about that would be helpful.

Can I just go on to part-time and flexible working? This is a question to Marie, although I think you answered it quite well in your earlier answers. I was

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

going to ask you about the world of the women’s magazine and the high percentage of female employees of childbearing age. I think you probably covered most of the points you would wish to make about your personal experience of running that. Have you found a real problem with continuity of work because of women leaving to have children?

Marie O’Riordan: Because the majority of my team were women, you anticipated the nightmare. Every time someone announced they were pregnant, you went into a maelstrom of panic about how you would manage that situation. Obviously, you had to work within the economics of the budget. However, it never was as bad as you thought it was going to be, and there was rarely more than two or three women pregnant at the same time.

I think the idea of managing it is probably far more terrifying than the reality of it. When it did work very well and the women returned to work, even at reduced hours, they were so loyal and fantastically motivated. They probably worked five times harder for three days a week than they did at five days a week. They cut out lunches. Softer skills went by the wayside; they probably had a less sociable time within office hours than they had before they went off to have children. They probably had less fun.

The other challenge for individuals was the economic challenge, because for example, their salary would perhaps have been reduced by two-fifths if they chose to return three days a week. In the magazine industry, creative staff are not particularly well paid. Child care costs within London are pretty prohibitive, which I think was a big factor. A lot of them might have ultimately resigned after a few years because they just found the economic challenge too difficult.

Q252 Chair: Could I ask the other three panellists a question? I recognise you have touched on this already, but in terms of part-time and flexible working—both for employees and for women in senior positions—have you anything to add about your experience of this that you have not already contributed? I will start with you, Anya.

Anya Hindmarch: I would only say that where it works for the business it is great; it is a really nice thing to be able to offer. In an office of 50 people, we had 13 babies last year, so we had an awful lot of pregnant people at the same time. It can work, but I think you must not feel scared if it does not work.

I do not know all of the ins and outs of the regulation, but I know I am warned to be very careful. We have to try to find something if we can, and that is really difficult in a business of my size. Actually, one team now is completely part time. One person is handing over to the other. There is a real cost to business, there are no two ways about it. This one cost I am prepared to take as much as I can, but I do think we must put the business at the front of this. If that stops working, it does not work for anyone.

Can I talk a bit about maternity, or should I just answer the flexible working question?

Chair: Yes.

Anya Hindmarch: There is one thing in relation to maternity that I would find super-helpful. I think it would be great if you were able to have a sensible

chat with people about how long they were thinking of taking off. I would prefer it to go a stage further. I think it would work much better for women if they were asked to commit to how long they will take off. From the point of view of a business, if someone can take two months off or a year off, I have to hire someone for a year, because you cannot hire someone for two months and keep rehiring. I have to hire them a month in advance for the handover and a month at the end for the handover, so I am taking on a 12-month—or at least an 11-month—cost for what could potentially be two months’ cover. If I have that happening 13 times, in an office of 70—but, at the time, one of 50-something—you can see the reality is that it is quite frightening for someone who is really fighting to grow a business. It is an important footprint. That is where one size does not fit all. I feel this is quite a key point. I know it is a hot topic, but I think a lot of decisions made about the time you take off are actually made for financial reasons, not reasons of how you will feel about your baby. You pretty much know you will love having a baby, because if you have a baby, babies are delicious. However, I think you take that decision on how long you think you can afford to take off. Clearly, if a baby is unwell, that is a different scenario—it is absolutely different.

Q253 Julie Elliott: Why can you not have those conversations?

Anya Hindmarch: There is a brown envelope flashing above every woman’s head in terms of tribunal threat.

Q254 Julie Elliott: There is nothing in employment law that says you cannot have those conversations.

Anya Hindmarch: I can promise you that, in reality, when you are practising it, it is very complicated. I have the loveliest group of women—we are so lucky; we have the happiest time—so it is not that my situation is a problem, but it becomes quite threatening. Women do use it. While I would agree in literal terms, I think if you were to talk to some HR professionals, they would say this is not the case in practice.

Q255 Julie Elliott: It is not my experience as a trade union official for 12 years. It is actually good business practice to have these conversations.

Anya Hindmarch: Yes, but at the point of asking whether you will have to hire someone for 12 months and needing to know, you are not able, in any shape or form, to be seen to be forcing them.

Marie O’Riordan: The guidelines of the legislation are that you are entitled to something like a full 12 months off. You may decide, during that 12-month period, that you want to come back earlier, but your employer is not allowed to ask you, “Do you think you will come back earlier?” You, as the employer, managing what Anya is describing, have to plan for the person to be off for 12 months—even though that person may choose to come back earlier. The point of not being allowed to ask them is that no woman knows how she will feel or about the health of her child, which means it is unfair to ask her in advance of having the child. That is the thinking behind it.

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

Anya Hindmarch: For me, that is the bit that is slightly insulting to women. Women do know how they will feel. I sat down and worked out how long I could afford to take off, what I felt I needed time-wise, and what my job needed—what I could do in terms of who would be covering me. Personally I feel it would be absolutely fine to commit to that. Clearly, if the situation was different, in that I had an ill child or a problem, I would go back to my employer.

Women are naturally respectful. I think we must not always legislate for women not being respectful; they generally are, in my experience—in 99.9% of cases—as are women bosses. However, it is this sort of thing that I think causes frustration and ends up with everyone behaving by the book. I think that is a real shame. I think we are providing for the lowest common denominator.

Q256 Mr Binley: I want to widen it out, because if you have been in the room for a while, you will know that my particular interest is SMEs. I think they are the lifeblood and the ethical base of business in this country. I am sick to death of corporates, but that is another matter altogether.

Can I ask you to talk about something I see as the non-executive chairman of a company that I started in 1989, which employs mostly ladies? I often see that we have a black market in SMEs in terms of the regulation impacting upon employment so that it never really gets to the point that the trade unions come in or other bodies come in. When you have a problem, everybody says, “For God’s sake, pay them. Do not go to court because you will spend too much money.” That black market exists. Is that a fair comment? It does not impact on women in the workplace, but it does impact massively on SMEs, and every chance I get to make that point, I do so.

Anya Hindmarch: As an SME, I can say absolutely yes, because the management time is so stretched. My management team is 10 people. If you have a situation in which you could win, frankly, is it worth the management time when that is so much more valuable? You absolutely would settle, even if it were to be completely unfair. To be honest, in my experience it is so weighted towards the employee that it is just not worth taking the risk. It does not come across as being terribly fair.

Mr Binley: That is absolutely right.

Anya Hindmarch: It is crippling for business.

Mr Binley: Yes, it is. I have been there; I know.

Chair: Can I bring in the other two?

Q257 Mr Binley: Yes, I wanted to get to Margaret on that particular point.

Dr Mountford: On what you have just said, I would add a yes. Sometimes, if you are in an insurance situation, your insurer will force you to settle because they do not want the cost to be incurred. You do not even have that decision to make yourself. As far as the law, my former profession, is concerned, I think there are lots of roles where flexible working is

possible. There are lots of jobs where people are not so much in transactional work, and there is now a whole growth area in professional support lawyers who keep everybody else up to date. They can work more flexible hours and part time. There are plenty of opportunities. I still think it is difficult if you are a partner in charge of a transaction. You cannot be flexible while that transaction is going on, so you do not have that choice.

I would like to say what I see from the perspective as the Chair of Governors of a school, because it is exactly the same as Anya says. If somebody is pregnant, you must take somebody on to cover the whole year, because it is not fair on the children if the teacher comes back or does not come back. You do not have cover for that. If you lose someone who is at head-of-department level who goes off on maternity leave, the No. 2 steps in to the acting-head-of-department role, which is fine. The person comes back from maternity leave and becomes head of department, and then decides—you see this quite often—that she wants to work part time rather than full time. They accept that the head-of-department role is not something that you can do part time, so you have to recruit a new head of department. You have not found the No. 2, the acting head of department, as good as you had hoped, so you advertise and get somebody. The No. 2 then leaves in a fit of pique, because they were not promoted, although they had done the job and helped you out, and the other one is still working part time. It is something we have to cope with, but it is logistically difficult and it is expensive. Pregnancies and maternity leaves are very expensive for employers.

Heather Rabbatts: Can I make a couple of comments? I feel like we are in a permanent state of pregnancy at this hearing.

Dr Mountford: That was the question.

Heather Rabbatts: If you look at all the statistics, whether on women forming SMEs, being engaged in the work force or working longer in the work force—and I think we are all working at least until 90, because we will not have pensions anymore—most women are through having children into their 40s, so they still have another 25 years of productive working ahead of them. There is a slight distortion happening here. Yes, managing pregnancy and uncertainty is difficult, but I think managing people is difficult. I have managed thousands of people, and there are challenges, as we know, due to a whole host of issues. I am not disputing my colleagues at all, but as an SME, where there is a lot of change happening and a work force is particularly concentrated at a certain age, it will give rise to challenges, but what are we going to do? Are we going to stop employing women because they are having babies? No. Can we improve the regulation? Maybe we can, but in terms of this conversation about women getting on to boards and how we can have better representation, I think we should bear in mind that women are working longer across most sectors and becoming responsible, often, for the primary source of income. There are rising numbers of single mothers, so I think their access to gainful work across all spectrums needs to be considered.

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

Q258 Mr Binley: This is a matter of interest, because most football clubs are SMEs.

Heather Rabbatts: Indeed they are.

Q259 Mr Binley: Most of the people involved with football clubs are of child-producing age, so I wonder how the maternity stuff impacts upon football clubs. If a guy says, “I want six months off. My wife says I must take six months off for paternity leave,” will you have to give him six months’ leave? Will he be able to train and play football? How does that work?

Heather Rabbatts: There are two different issues around football clubs. One is the management of the football club and there is another about the squad. The last time I looked, unless you are talking about women’s football, it is men who are playing the game on the pitch. Actually, it is very interesting behind the scenes in terms of football clubs. I do not know the statistics, because I do not think they are collected across the leagues, but certainly my experience of running a football club is that the age profile is older. There are usually very few women. I actually had a club secretary, but she was in her 60s, so she was not producing children any longer.

However, what you find, of course, is that women are not represented at all in the roles of running a football club, whether that is in finance, marketing or as the physiotherapist—although I had a woman physiotherapist to the first team—yet you find many women going into physiotherapy. Of course, football clubs employ lots of part-time staff, because you are ramping up your numbers for games. There are actually quite a lot of opportunities to employ women, but we still have some distance to go.

Q260 Mr Binley: Is there a glass ceiling in football right at the very bottom?

Heather Rabbatts: Well, yes. We are trying to change it.

Q261 Mr Walker: Marie and Anya, you both work in relatively female-dominated sectors and I am interested in following up on a few things. How many women in those sectors come through to board level? I come from a background in the communications industry where the majority of recruits are female, but at the firm of which I became a partner there was only one female partner. Anya, I think you mentioned that probably the majority of your board are female; would you say that is the case across your industry?

Anya Hindmarch: Just to be clear, at the moment they are not because we have just changed our whole board and are in a sort of flux or a transitional process. Prior to that, I genuinely do not know, but it was certainly equal. I do not know across the whole industry, if I am honest.

Marie O’Riordan: I could not speak for all the media. I had two different experiences. In my first company there were a lot of women on junior executive boards, which were ultimately talking shops, if you like, and then the senior board, which would have had the voting power and the financial clout, tended to be

made up of men. In my second company it was actually the reverse. The CEO was a woman. She reported in to an American CEO who was also a woman. She probably had three female board members and maybe two male ones.

Q262 Mr Walker: A previous witness observed that women are often the primary consumers of many of the products of companies. Do you think, where that is the case, that companies would benefit financially from having more women on their boards?

Anya Hindmarch: That is not necessarily the case, as long as your executive team is very female. It is a good thing, but where it is relevant. Ultimately, if it is for the good of the business, surely the board would want it because they would see that. I think these things have to happen quite naturally. As I say, I know an awful lot of very masculine women and very girly men. I think we are almost generalising too much on this.

Marie O’Riordan: My hunch would be yes. That is probably the opposite of Anya’s view. My hunch would be that it would have that effect. I have a lot of sympathy with how Anya describes managing a small company, with women taking maternity leave etc. and all of her issues. I certainly sympathise, but I was thinking that if they were all men, she would probably have a whole host of other problems—not least that they would not really relate to her consumers. At least, if she gets through this period of high fertility with them, she will hopefully have a very loyal executive team, eventually, who will carry on, as Heather said, until they are in their 60s or 70s. My hunch is yes, it would make a difference, because of the understanding of the consumer.

Q263 Mr Walker: Picking up on Heather’s point about people working longer, we have heard about a lot of mentoring initiatives and so on and so forth, a lot of which are targeted at younger women. Do you think there ought to be more focus on that older generation?

Heather Rabbatts: I think it is right to think about how you support women when they are returning to full-time work after they have had an absence, when they often feel they have to play catch-up—so about how you help them play catch up. I also think that this is particularly important where women have come back into the work force and—certainly in my experience—are thinking about board roles. We need to look at how you can help to mentor women to have the confidence to apply for board roles. Just going back to your question, we still have quite a lot of job segregation in the marketplace. I think that is probably a feature of what we are talking about across the different sectors.

Q264 Mr Walker: We will have a note of dissonance from Margaret, I think.

Dr Mountford: It is this idea that women need to be given the confidence to apply for board positions. I would not want anyone on my board who had to be

bolstered to apply. At the Bright Ideas Trust, we always involve a mentor with a start-up business. That is terribly useful for somebody who is starting up: to have somebody who has gone through the same sorts of issues and who has worked in the same sort of sector to help with their business. I really think we have gone overboard with this idea of mentoring as being a requirement for everybody. If we are talking about board level, people ought to be past the stage of needing a same-sex mentor because they are a woman. I find that, actually, quite insulting.

Anya Hindmarch: Hear, hear.

Q265 Caroline Dinenege: I think I know the answer to this question.

Dr Mountford: Ask a different one, then.

Caroline Dinenege: To rephrase this slightly, am I right in thinking that nobody on the panel feels there should be regulation to ensure a greater number of women are appointed to boards?

Marie O’Riordan: No, I would actually support that—unlike my fellow panellists, I think.

Q266 Caroline Dinenege: You would support it. Could you explain that, please?

Marie O’Riordan: I think it is the speed of the thing. There was a period—perhaps 20 years ago—where women were succeeding and making it to board level, and they have now chosen to withdraw because they have found the male culture quite intimidating and not very satisfying. I think Anya referred to the idea of women starting businesses around their kitchen table. They found that environment gave them more flexible hours and they started their own businesses, whereas if you make it to board level in a corporate environment, the culture surrounding that is very male. It involves a lot of dinners, late nights and a lot of things that are not very compatible with family life. I think the current generation find that a turn-off and would rather withdraw from it. If quotas were imposed, you would get more participation within the household by men in child care and sharing child care, and they would maybe job-share at work or reduce their hours even by one day a week. Basically, they would be sharing that burden. Men tend not to be called by schools when a child falls over or has an illness. The woman tends to be the contact.

Anya Hindmarch: That is up to them. It is up to them to set that up.

Marie O’Riordan: I am talking about tradition, though. We are talking about shifting cultural attitudes. I think it is changing, but it is taking too long.

Anya Hindmarch: It has not taken that long. In the grand scheme of millions of years of women, actually it has shifted dramatically recently. Personally, the focus for me is not at all about quotas: I think that is tokenism; it is demeaning and awful. Certainly, on the boards I sit on, there is an emphasis on, “Have we got our balance right? Have we thought about it?” That is fine. It always makes my toes curl a bit, but I think it is fine to get it going, because I think like attracts like. I think mostly the big piece of work that needs to be done is to make it okay that in today’s world the woman is the breadwinner. Maybe that is the shift that

needs to happen, of all things. Again, I think that will happen quite naturally. One will happen and then three and then nine and then nine million—and on it goes. That will be the thing that makes a difference so that, actually, it is the men at the school gate. That is beginning to happen.

Q267 Caroline Dinenege: Ironically, while we have been having this conversation, my phone was ringing. The code was the same as my kids’ school; my instinctive reaction was to google the number and check it was not my children’s school that was ringing. Despite the fact that both of my children’s dad is very hands-on in their child care, the buck still does tend to stop with the woman. I completely understand where you are coming from.

Anya Hindmarch: That is how we set it up. I think that is probably because that is how you want it to be.

Q268 Caroline Dinenege: That is not really how I want it to be.

Anya Hindmarch: I think you should have a word with your husband.

Caroline Dinenege: He is just down the road; I would much rather they rang him.

Anya Hindmarch: Why do they not? You could say to the school, “Actually, I have a really important job, so could you please ring my husband first?” They will ring your husband first.

Marie O’Riordan: Quite a lot of men are not given that opportunity by their workplace. Men are faced with discrimination on the male side, where being seen as the primary child carer is not really encouraged.

Anya Hindmarch: For me this is the piece of work that needs to be done, if there is any piece of work that is necessary. I think it should happen naturally.

Marie O’Riordan: I think it would probably happen more naturally if there were more women on boards.

Anya Hindmarch: Perhaps there should be an encouragement—not regulation—that it is okay to do things like that. This will come from women saying, “I could not take that call; I had an important meeting. Could you please have equal responsibility?”

Q269 Caroline Dinenege: Does the rest of panel therefore think that if a company would benefit from having more women on the board, the market will just deliver that, because the company will therefore seek to engage more women?

Anya Hindmarch: I think it probably needs a tiny bit of prompting in the most unregulated, gentle way—as just a front-of-mind thing to get it going a bit. I think it absolutely cannot be tokenism; it cannot be anything that is demeaning for women. That goes the wrong way. It should not be that men are raising their eyes to heaven every time they have to put a woman on a board, because I would rather not be on a board if it is because I am in a skirt. That would be deeply insulting. I think, however, that those shifts will probably happen quite naturally. They will probably happen more quickly if you give them a push, but personally I would be in favour of letting them happen naturally.

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O’Riordan and Heather Rabbatts CBE

Dr Mountford: In terms of a push and this happening naturally, there is so much about it in terms of the 30% Clubs and other percentages and reports on board representation here, there and everywhere that you could not have a company board in this country and not be aware that somebody is saying that you should at least consider having a woman on it. That much has happened.

Anya Hindmarch: That is exactly it.

Q270 Katy Clark: Do you not think that women are very aware of the culture in which they live? Most women’s experience is they have faced a lot of discrimination, either personally or around them. I know that Julie was talking about politics earlier on. For a long time it was practically impossible for women to get selected. It has been because women have had very active encouragement.

I speak personally. I stood against men to get selected, but I did not actually put my name in to start with. I only put my name in after the process had supposedly finished because they did not have enough women. I was selected in an open competition with 1,800 members choosing their candidate. Do you not think that a lot of women simply do not think they will get chosen and do not want to go through the pain?

You have talked about feeling slighted by the suggestion that women should be there because of quotas or whatever, but do you not think that putting yourself through a process that you do not think will lead to you being successful is something women are not willing to do? By giving them the message that this is actually something that is possible for them, they will come forward.

Anya Hindmarch: It will take someone brave or someone telling their story, like you are now, to inspire the next one. It will happen quickly. Yes, without a doubt it has not been equal, for all the reasons we know. I think there is a real pace of change going on now. I think that will happen naturally, because it is. That is a wonderful example. Yes, there might be someone who is not very brave and does not do it and then, actually, someone who hears a story and does. In fact, you just have to let these things take their course.

Heather Rabbatts: I do think that, for those of us who have managed to get through glass ceilings or whatever, it is incumbent on us to go and tell those stories, because I am constantly struck by women who say, “I did not think you could do that.” That is quite important.

Regarding transparency, following the Davies report about companies’ numbers of women on boards and senior women, making it a conversation is important. I do not support quotas because I think you burden those women with an even more complicated issue than they are already carrying into those rooms. It is important constantly to maintain the profile of this conversation and make boards feel uncomfortable enough to say, “We have no women sitting around our table. Maybe we need to address that.”

At the same time, we should be encouraging women to put themselves forward. They do not automatically put themselves forward. I go back to my example earlier: they are often the people who think, “I am not

sure I have the experience. I am not sure I am ready.” Often, however, they are.

Q271 Katy Clark: Even if you do not agree with quotas, would you agree with an equivalent such as women having to be on the panel of people being interviewed for a role? Quite often, if women have put themselves forward once for a position and they have not been successful, it makes them think that it is something they could do in a different way at a different time. Perhaps there are other methods other than strict quotas to ensure that women are actually considered for these positions. Is that something you have thought about?

Anya Hindmarch: I think it should be about inspirational women inspiring women. The idea of being even on a panel with everyone raising their eyes to heaven because you are the token women who must be interviewed in the process is so annoying. I think it demeans women; it actually could make a joke of the whole thing. We are pretty great, women. Let us face it: we are pretty great. Frankly, as we grow in confidence and see it happen more and more, it will happen. Who knows? There might be a complete role reversal and we will have to have the opposite conversation in 50 years’ time.

Dr Mountford: That would be impossible to regulate. You would be requiring every company board to go through a formal process and then have some sort of record of it that was open to scrutiny. It would be a nightmare.

Anya Hindmarch: That is another point.

Dr Mountford: Anya is right. These women need to be women they want to have.

Marie O’Riordan: To add to the complexity of the debate, the words “tokenism” and “gratuitous” are slightly dangerous. Though I am not familiar with the results of the Labour party quota system, one imagines that quite a lot of prominent Front Benchers nowadays have come through that system, whereas we have all sat in boardrooms—I am sure you can say this of a lot of Committee meetings, too—where mediocrity was ruling the day because it was male-dominated.

Men traditionally have risen through the ranks. They are often mediocre men compared with the reluctant women who are missing out. I do not think it is about tokenism. Often, talent is genuinely being held back because of centuries of sexism, frankly.

Q272 Caroline Dinenege: I would like to ask Heather if she can envisage a female manager of a Premier League football team.

Heather Rabbatts: Not in my lifetime, no. I think there is a very long journey to go—not just in football but probably across sport. I think if I was to be focusing some of my energies on this, it would be about the roles that one sees in football clubs—whether you are a director of finance or a director of law, particularly in the top clubs—and also about ensuring that some of the basic recruitment mechanisms that we are all familiar with, such as open recruitment, are part and parcel of what football should be doing. Whether there will be a woman manager of male football team, I do not know.

4 December 2012 Anya Hindmarch MBE, Dr Margaret Mountford, Marie O'Riordan and Heather Rabbatts CBE

Dr Mountford: You do not think that Chelsea will run out of contenders, then?

Heather Rabbatts: They might do. I will put my name forward as a possible back-up if Mourinho decides not to take it.

Caroline Dinéage: Maybe you will get a chance to do that.

Chair: That concludes our questioning. Again, you probably heard what I said to the previous panel. If

you feel there is supplementary evidence that you would like to submit, because you did not say something that you would have liked to have said, feel free to submit it. Similarly, of course, we may write to you for further clarification on one or two points. Thank you very much. That was a fascinating session.

Thursday 6 December 2012

Members present:

Mr Adrian Bailey (Chair)

Katy Clark
Rebecca Harris

Ann McKechin
Julie Elliott

Examination of Witness

Witness: **Sir David Normington GCB**, Civil Service Commissioner and Commissioner for Public Appointments, gave evidence.

Q273 Chair: I welcome you to the Committee and thank you for agreeing to give evidence to us. As you will probably be aware, you were to appear with the Director General Justice of the European Commission, but we understand he is stuck at Calais pending a train through the tunnel. We have decided to dispense with his services today and postpone it until next week, but we are none the less grateful that you are prepared to hold the fort and give evidence to us. Before you do so, could I ask you to introduce yourself with your title for voice transcription purposes?

Sir David Normington: I fulfil two roles. I am First Civil Service Commissioner, in which role I regulate selection and recruitment to the civil service. I am also Public Appointments Commissioner, and in that role I do the same kind of regulatory function, mainly for non-executive appointments to public bodies.

Q274 Chair: One of our previous witnesses told us that the first permanent secretary in the civil service was appointed in 1955, and all these years later still only 20% of permanent secretaries are women. If we assume—we are told it is so—that all senior public appointments are based on fair and open competition, does this low percentage mean that men are just better suited to this position than women? Would you like to comment?

Sir David Normington: I certainly do not agree that they are best suited to the position. There was a brief moment in 2010 when almost half the permanent secretaries of the mainstream Departments were women, and that has fallen back in the last couple of years. In the civil service, the proportion of women in senior grades has been going up steadily. It is encouraging that at the level below permanent secretary, director general, and the level below that, director, 31% of those are women, which provides a better pool than there has ever been from which to select permanent secretaries.

In the last five years, more permanent secretary posts have also been opened to public competition. That can help, but if the ambition is to recruit more permanent secretaries from the private sector it does not help at all in terms of women, because senior women are not greatly in evidence in those executive posts. All I can say is that the position is improving but there is quite a way to go. The proportion of women rising through the civil service has grown at every level. That gives you encouragement that there will be more women permanent secretaries in future. That moment in 2010 seemed like a breakthrough, but unfortunately it has fallen back.

Q275 Chair: What you have said is very interesting. If I can summarise the situation arising from what you have just said as I see it—if it is not correct, please say so—in effect the pipeline of female civil service talent is there, and there is a pool to draw on for these positions. However, the fact that there has been a tendency to recruit more permanent secretaries from the private sector, where presumably that same process has not been undergone, means that the numbers have fallen in the last few years.

Sir David Normington: Until about 15 years ago you would never have recruited permanent secretaries from outside the civil service. They would always have been recruited from inside. That began to change about 10 to 15 years ago, but it is only in the last five that there has been a tendency to recruit from outside. I do not think you can put the falling back in the last two years down to the opening up of competitions, because we are talking about only a very small number. All I am saying is that it does not necessarily solve the problem to open up permanent secretary competitions to external competition. Though I think it is a good idea generally, it does not solve it if you then look very hard for senior people from the private sector to come into those roles because they are not there, but they are in other parts of the public sector. In recent times, three or four senior women have left for various reasons and that has pushed down the proportion. Given that we are talking about just over 30 people at permanent secretary rank in the whole of the civil service, three or four is a very significant number in terms of the overall proportion. It is the wrong direction and it sends the wrong signal, and I am very concerned about it. To put it in context, in competitions at the very top levels of the civil service about 25% of applicants are women, so we are still not getting quite enough women applicants to create the competition.

Q276 Chair: It would appear from what you have said that in effect a male from outside—we will assume it is the private sector, although there is no reason why he could not be recruited from some other sectors as well—is being given preference over well-qualified females from within the civil service pipeline. Is there any explanation for that?

Sir David Normington: That is not what is happening. I am there to try to ensure that it is a fair and open competition, so we make sure we describe the job properly and judge every candidate fairly against those jobs. In the last two years, the number of people applying for permanent secretary posts, with some

exceptions, has been going down, both men and women. I am not quite sure why that is. Maybe they think it is too exposed and it is a difficult role to take on. I do not think there is any evidence that private sector candidates are getting favoured. It is still very unusual for private sector candidates to come into the civil service at permanent secretary level. First, they would have to take too big a salary cut; and, secondly, for people who have spent all their lives in the private sector it is a very big risk, and that is true of men and women.

Q277 Chair: If they are not coming in from the private sector but are coming in from outside, where are they coming from?

Sir David Normington: They tend to come more often from local authorities or other parts of the public sector. I do not want to mislead you. In the last two years, at permanent secretary level, they have come mainly from inside the civil service and they have also been mainly men, but we are talking about half a dozen competitions.

Q278 Chair: I agree that the fact there are relatively few people means that the percentage can be distorted by just a handful, but, as you say, it sends the wrong message. From your perspective, can you give a simple-to-understand reason why this is so?

Sir David Normington: Most permanent secretaries are recruited from inside the civil service, and the pool of senior women is still not as big as that for men. It is basically 30% women and 70% men. If you open it to external competition as well, that reduces the proportion of women applying because the civil service generally is ahead of most other sectors in terms of women. That introduces another bias against women succeeding. I think it is about the available talent rather than anything else. I do not think there is any bias in the process against women. In fact, there is a wish among politicians and senior civil servants to improve diversity right at the top. It is the thing that has not yet been cracked and until it is you cannot present yourself as a truly diverse organisation.

Q279 Chair: I find it quite tricky to get my head round this. One of the reasons we are holding this inquiry is the lack of female representation at senior level in the private sector. But one area where there is a better female representation is the public sector, so you would reasonably expect that not to be a problem.

Sir David Normington: You would, but it is still below the numbers in the senior civil service. At the feeder grade—director general level in the civil service—31% are women. That is not matched in most other parts of the public sector at that level. If you take local authority chief executives, my recollection is that the proportion of women chief executives is just over 20%,¹ so you will have to look very hard for another sector that exceeds 30%. That does not stop you going out and searching for good women candidates. One of my messages is that, whether you are appointing executives or non-executives, you have to try harder to go out and attract good women candidates. If you just advertise

and hope they will come to you, usually that will not be good enough, because by definition in the population that is applying for those jobs there is a smaller proportion of women, and you need to go out and attract them.

Q280 Chair: You touched on my next question. What steps are you taking to address it? You hinted at being more proactive in recruiting women, but how are you going to do it?

Sir David Normington: I am talking about the civil service only, not non-executive appointments to public boards, which is a different issue but has some similar effects. I am the overseer and regulator of these competitions. Therefore, I look very hard and shine a light on whether the processes that are in place are getting strong and diverse fields of candidates. I am increasingly holding Departments to account if they produce single-gender, or almost single-gender, shortlists. My legal responsibility is to ensure that there is an appointment on merit, but I do not think you can have confidence that you are appointing on merit unless you appoint from as diverse a field as you can get against the specification of the job. I am looking all the time to see what efforts have been made to create that strong and diverse field, particularly at the shortlist stage. Where it is not strong and diverse I want to know why, and what has happened back in the process that means it is not strong and diverse. Sometimes it is because of the way the job is described. It is quite common to say, in non-executive appointments, “Must have senior executive experience”. That immediately limits the field, so how the job is described—whether it is described in an attractive and open way—is very important, as is the process and who is on the selection panel. If you have a search consultant, what instructions have they been given, and what have you done if they have turned up with only an all-male group? You have to attend, as I do, to each part of the process. If at the end they have done everything they can and they still appoint a man, that is fine, because that man will be the best person from that process. However, if they appoint a man from a shortlist of three men, you can say he was the most meritorious, but he was the most meritorious in a shortlist of three men. I am increasingly not happy that that is good enough, so as the regulator I am saying, “I don’t just require you to show it was meritorious. It has to be meritorious from a strong and diverse field.”

I do that also for non-executive appointments. If I may just make a plug for that, non-executive appointments to public bodies are the ultimate flexible working opportunity, and I just do not see why you cannot have women filling those jobs.

Q281 Chair: You have said that you shine a light on Departments. Can you give an example where you have done this and possibly there has been a change as a result?

Sir David Normington: It is hard to do this without revealing what happened in a competition.

¹ Note by witness: It is 23%

6 December 2012 Sir David Normington GCB

Q282 Chair: I appreciate that you may not wish to say which Department it is and so on, but could you summarise a situation?

Sir David Normington: I sometimes chair these competitions. I have myself paused the competition to send the head-hunter away to look again. The panel has said, "This is not good enough. We've got a shortlist which really does not match up to the specification required. We're going to pause this competition, and you need to go away to look harder." That happens quite a bit. I cannot prove to you, because we are not appointing enough women at the very top levels, that that is yet having its effect, but I and my commissioners who chair the most senior competitions have been asking that question increasingly and insisting that more effort is made to go out and find this field, if it has not come forward. Some jobs sell themselves; other jobs nobody much wants to do and you need to go out and search. There are some good search consultants and some not so good, but they often operate by going to their readymade network. That readymade network then recommends some other people, so it spreads out. If all those initial contacts are, if I may put it like this, the usual suspects, they will recommend another group of people they know, and you will get a kind of in-crowd. That may be just men; it may not be, but you will not get a very diverse group of people from that process. Some search consultants are much better at that, but you have to be constantly alert to that problem if what you are presented with at the key stages is a group of people applying who are not diverse.

Q283 Ann McKechin: I noted what you said regarding appointment to public boards² where you said it was basically a 30%-70% split. Is there any analysis of whether women are in certain types of public boards or there tend to be more in some areas, for example smaller boards? You mentioned that in local authorities there are relatively few at the most senior level. I just wondered whether there was a tendency for women to dominate some areas rather than others.

Sir David Normington: Do you mean non-executive appointments?

Q284 Ann McKechin: Yes.

Sir David Normington: As a generalisation, you would find that bodies in health and education are places where you will have a greater proportion of women on boards, for instance NHS trusts. One of the things I raised in my latest annual report is that quite a lot of those bodies are being abolished at the moment. There is a really interesting question. There are all these women who have served on bodies, who have got experience and who have done a good job—most of them. What is happening to them? There are 600 or 700 women who want to do public service and have got experience of doing it. That is a pool of people who need to be reached out to. It seems to me that the private sector could do that as well.

Your other question was about size. I do not have evidence that women tend to feature more on smaller boards. On the other hand, they are more likely to be on more local and regional bodies and less on national ones.

Q285 Ann McKechin: You have mentioned that you are trying to ask search consultants to be much more diverse in their selection, but in what way have you tried to change the code of practice to signal to the public sector as a whole that it needs to consider these different points?

Sir David Normington: I have changed the code of practice for appointments to public bodies. When I took over 18 months ago it had 100 pages of regulation, and I have reduced that to eight, because we were getting to the stage where it was possible to tick all of the boxes that you had done things but it was not changing any of the outcomes. I have tried to focus on a smaller number of things. As I said to the Chairman in relation to the civil service, I have been trying to focus very hard on the creation of strong and diverse fields of candidates with qualifications to match the specifications. A lot of the new code has just come into effect, and a lot of the preparation of Government Departments of that new code has been about that issue. My increasing expectation is that they will have gone out to search for strong and diverse fields of candidates.

As I was implying, you also have to go back to how the job and role is being described. Even in the public sector there is a tendency always to assume that you need senior executive experience, and as soon as you say that you narrow the field, so a lot of effort has to be put into how the job is being described. How is it being advertised? Where is it being advertised? Are you linked into networks of women? There are new and old networks of women on boards and networks of that sort where you are trying to make sure they have seen these adverts and you are reaching out to them. You may need to do something special for them. There is always somebody in the selection process who is more powerful than everybody else. It can be the Minister; it can be the permanent secretary; in a company it can be the chairman. They are often but not always men, and you need to construct the selection panel so you have somebody who is able to challenge that accepted wisdom and is not in the power structure—for example, "I report to him; he reports to me"—and has the confidence to say, "Hang on a minute. We're just appointing in our own image here. Let's think again about this." One of the requirements I have put in is that you must have an independent person on the board capable of providing that challenge. These are small things, but they add up to quite significant challenges to the accepted way of doing things.

Q286 Ann McKechin: I am sure this is of great interest to the Committee in the way you have analysed the issues. You mentioned that the code has just been introduced. How do you propose to analyse and record whether change actually occurs, and in what sectors it occurs more than in others perhaps, so you can monitor performance.

² Sir David actually quoted the 30/70 split in relation to civil service permanent secretary appointments (see Q278)

6 December 2012 Sir David Normington GCB

Sir David Normington: I regulate this in three main ways. First, I and a group of senior people chair the most senior competitions for chairs of public bodies. They are all briefed to do this thing, so they are doing it in real time. Secondly, we audit competitions and Departments, and we have the ability to dip into competitions that are going on. Thirdly, every Department gets a report, but I report publicly and to Parliament once a year on progress. I have promised that this will be one of the things on which I particularly report. As regards chairs, at the moment we are doing a special analysis as the number of competitions grows of what is actually happening in competitions for those roles. How many apply? What happens when that number is reduced? What happens when it gets to the shortlisting stage? What is the outcome? We begin to get the evidence of what is actually happening. If you can provide the evidence to people, you can provide real challenge. They are my former colleagues because I was a permanent secretary—I am not a permanent secretary any more—but I am not afraid, to take an old phrase from education, of naming and shaming if I have to. If there is really bad performance, you have to say publicly, “This really isn’t good enough”, and then I need other people—Ministers or Select Committees—to come in behind that and say why it is not good enough.

Q287 Ann McKechin: You mentioned the fact that fewer women are putting themselves forward for these roles—only 25% apply—in relation to the actual percentage at senior level, which is 30%. It would suggest that perhaps people are self-restricting themselves from putting themselves forward for a number of reasons. Do you agree it is important we are transparent in the way we deal with the competition, so that people from other backgrounds, including women, can see that the process is fairer, rather than people thinking, “It just won’t work for me, and that’s why I don’t put myself forward in the first place”?

Sir David Normington: Those figures were for executive appointments, but it would be broadly the same, or perhaps slightly better for non-executive appointments. The civil service or Government Departments are in a better place than most because there are more senior women in executive positions and a greater proportion of women in senior positions as non-executives on boards, so there are plenty of people to be role models and salespeople for these jobs, but there is evidence, which is quite well researched, that women generally—I am always very cautious about generalising—self-select for jobs, whereas men, even if they do not quite match up, have a habit of giving it a try. That is sometimes why women do not apply in greater numbers. Interestingly, that 25% for executive appointments converts into 33% on shortlists. I do not think that is because we are favouring women in shortlists; it is because women who are self-selected are a better group applying in the first place. You get a lot of men who apply because they take a chance.

That self-selection is also a problem if women are saying, “I couldn’t see myself doing this; I don’t think I’m suitable,” and if that is reinforced by the way the

job is described. If you think of public boards, you often need consumer representatives, people who speak to the public and people who have come from particular educational experience. You do not always need people who have had a career as a senior executive. Government Departments are thinking more, and also need to think more, about how they describe those roles and project those roles to people out there.

Q288 Rebecca Harris: You spoke earlier about a better pool of women coming through the system. There are about 30% of women in higher positions, and there could be senior appointments in the future. That is still at a low level. The Civil Service Commission’s annual report stated that there was very good representation of women in junior grades in the civil service and then a fall-off. What do you think is happening? Is there a gradual decline? Is there a tipping point? What do you think the reasons are?

Sir David Normington: It used to be like this; it is a bit more like that now. For the most junior levels 58% are women, and it gets to 31% at the level below permanent secretary. At permanent secretary level it is 17% at the moment. The key point is somewhere around the tipping point between middle and first level of senior management, which often coincides with the point at which women go off and have their children. This is beyond my remit, but as a former permanent secretary this was a key concern. That is where you need to create flexible working opportunities to keep those women in touch and give them the opportunities to balance their childcare responsibilities, which they often have, maybe with working part-time on a flexible basis. It is easier to do that at first-tier senior management than at the most senior management level, though it is not impossible at that level. That is where all organisations need to focus their attention. If you lose touch with your excellent women managers at that point, you will probably not get them back and they will go off and do something else. That is very bad for the organisation and also for them. There may be an employer down the road who will be a lot better at it. Word will spread and all the good women will try to work there.

One of the troubles with the way we all view diversity in employment is that there is too much general chatter about it and not enough specific action. One thing you need to focus on is where the tipping points are. In the civil service there are lots of excellent young women rising through the service, but the point they go off to have their children is clearly a key moment, and it is essential that you create flexibility: job shares; good childcare arrangements; flexible working arrangements; and part-time arrangements. It is easier to do that at that level than it is right at the top. If you do that, later on they will not have the gap in their career path that they would if they had been away for five years. They will have done some things and kept in touch, and then they may be able to step back into more full-time work. That is where I would focus attention. That is where you lose your women and where it goes wrong. If you take the top of the middle management grade in the civil service, 41%

6 December 2012 Sir David Normington GCB

are women. When you are getting over 41% you are almost winning. At the next level it goes down; it is 2% lower. That is not too bad, but I think it could be so much better. That is where you begin to lose women.

Q289 Rebecca Harris: Anecdotally, we have heard that some people feel that if they are doing flexible working psychologically they are not seen as being fully committed to the organisation in the same way.

Sir David Normington: It would be foolish to deny that that happens. I think it happens less in Government Departments than it does in many other walks of life. It is changing in Government Departments quite fast. The attitude you described would have been very prevalent about 10 years ago; it is much less so now, but it is still there. We are talking about a very big employing organisation, even with all the reductions in staff, and it has the capability of creating those flexibilities in a way that small organisations may not. You need to use that opportunity, and that is in the hands of the Government and senior leaders in the civil service. I see that changing quite fast. Men are beginning to want those opportunities too. I just think that is a societal change going on. Certainly, those working in the public sector are demanding more flexible working patterns—you get it from men as well as women—for example, working three long days and then having two off, and also the ability to work from home sometimes. You often get a great amount of productive work from people who are working at home. It is perfectly possible; technology now opens up all kinds of possibilities. This is changing, but it is not there yet.

Q290 Chair: As you were responding, something occurred to me in terms of a woman's career pattern in taking time off for childbirth. I do not know the details, but under civil service pension provisions people are less likely to be retiring early. First, is it reasonable to say that the working life of someone may well be longer within the civil service than it has been historically? Secondly, given that women may have had a career break, is it a reasonable thesis that the opportunities for coming back to build up that career again will be potentially greater as a result of that and could lead to an increased representation?

Sir David Normington: It is possible. There are all sorts of things happening to the civil service. There are lots of jobs going and the pension age is rising. I do not know quite how those work together. I am not an expert on it, but it is interesting that the pension arrangements have changed. Although that has reduced some of the benefits of the pensions in the public sector, it has made them much more flexible. People who benefit are those who have interrupted careers. Traditionally, the pension was constructed on the thought that you came in at 21, even 18, and worked until you were 60, and that was the best way of getting your pension. The career average scheme that has been worked out gives you much more flexibility. I say with some caution that I think that will help women. Anything that creates the possibility of building up pension provision in a more flexible

career and not being disadvantaged by gaps will really help. A lot of these things could be done in the private sector, too. In a way, I assume that is why I am here. These lessons read straight across to the private sector, in my view.

Chair: I agree it is probably too early to see exactly what the fallout will be, but I was interested in your observations on them.

Q291 Katy Clark: Do you think the public sector equality duty could be used more effectively in the public sector to address inequality?

Sir David Normington: I am not really an expert on this. The objectives of the public sector equality duty are admirable. I just do not know well enough how it is working in practice. If I look at my specific area of interest, which at the moment is selection and recruitment, the emphasis on building diversity and equality into the way you think, operate and analyse your work and workforce is the key to changing the culture of these organisations. In the end, we are talking about the way organisations act and operate, because in the end people who come to work in organisations are very canny, aren't they? They get to know what the reputation of an employer is. The public sector equality duty could change the way in which organisations think about diversity and equality, but I am not really an expert on it.

Q292 Katy Clark: You say you are not an expert. Is there much debate in the civil service about the public sector equality duty and what it means?

Sir David Normington: Why I am not an expert is that I am not a civil servant any more. I am not working in the civil service and I have not been part of those debates. I have been very focused on the front end of this. I am afraid I just do not know. When I was in the civil service there was a lot of focus on equality impact assessments, some of which have gone over into the public sector equality duty. It felt as though people were just doing it for form and it was not really changing the way the organisations thought about diversity and equality. I do not know whether the public sector equality duty has begun to change organisations fundamentally. It is just a question I have in my mind.

Q293 Katy Clark: It is quite new.

Sir David Normington: It is new.

Q294 Katy Clark: What are your views on the suggestion by the First Division Association in its oral evidence to us that the duty might be weakened by this Government?

Sir David Normington: In my role as a regulator I try not to be a commentator on government policy. It is not a sensible thing to do, so I would quite like to duck that, if I may. I always thought when I was in the civil service that regulators who pontificate about government policy are in danger of losing their impact. If you do not know, you should not comment.

Q295 Katy Clark: No doubt we can ask other witnesses about that. How easy do you think it is for

6 December 2012 Sir David Normington GCB

senior members of the public sector to work part-time or flexibly?

Sir David Normington: For the very senior ones, I think it is quite hard. It would be foolish of me or anyone to believe that it is easy in senior executive roles to work part-time. It may be possible to work flexibly: short days, long days, maybe four days. We have had examples of permanent secretaries who worked four days and were at home on the fifth. Real part-time working in executive roles in the senior civil service, where perhaps you need to see the Minister on a regular basis, or you are managing a project or staff on a regular basis, is hard, but the public sector is a big organisation and has lots of different kinds of work. Therefore, I say this carefully in relation to senior executive roles. There are other roles where it is possible. When I was permanent secretary at the Home Office I had two senior women doing a job share. It was probably hard for them; it was not a problem for us. They had to be incredibly disciplined in making sure it was seamless between them, but they showed it could be done. That was at director level, which is a very senior level, and they had executive responsibilities. They were in the security area, so it was not desirable for them to be absent. It can be done, but it is hard and it would be wrong to pretend it is not.

Q296 Katy Clark: On job sharing, there was a suggestion recently that MPs could job share—we had a ten-minute rule Bill on the subject. I kept being asked about this issue, and I did think about it quite a lot. My experience of job share is that it works very well when you have two individuals who work very well together and get on very well. That was my view on MPs. If you have two individuals who work very well together I can see how that can work. Do you think it is also the case at very senior levels in the civil service that with the right personalities a job share can work very powerfully?

Sir David Normington: I do. Not only does the organisation have to facilitate that but the individuals have to be absolutely confident they can make it work. There is a real problem for the management if one of them is less good than the other. That creates a tremendous imbalance. I have known cases—not the one I mentioned—where people have waited for the other member of the job share to come back on Monday because they think they will get better service from them. The job share does not last long in those circumstances. They have to work very well together; they have to be completely trusting. They do not have to have the same skills, but they must be complementary in their levels of competence and skill; otherwise, it does not work. You can see why it is not the solution to every situation, because there are a lot of barriers to making it work. When it does work it works really well. The thing that impressed me about the two people I am talking about is that they did the beginning of the week and the end of the week and overlapped on Wednesday. The work they put in on Wednesday to make sure the handover was seamless was amazing. It felt completely seamless, but it looked like really hard work for them. It was less hard work for us because it was working.

Chair: I could not help but speculate as to how IPSA would handle job-sharing MPs, but we won't go there.

Q297 Julie Elliott: That could be the other half of the job share's job. I will not ask you to comment on the Government's proposals here, but you can comment in general. What are your views on the Government's proposed reform to flexible parental leave, with parents being able to choose how they share the care of their children?

Sir David Normington: Given what I have just said, I should say the same to you, but it is a really good idea. You always have to worry about the effect of regulation on smaller organisations where it is more difficult, but if we believe that one of the barriers to employing women, particularly in some of the bits of the private sector that are unreformed, is that there are people who say, not very overtly these days, "Well, I won't employ women if I can help it because they'll go off and have babies and maternity leave," this addresses that directly, because the answer to that is that if you employ young men they might go off and have the equivalent of maternity leave. I am breaking my rule: I think it is a really good idea, because it addresses a bit of prejudice and hopefully in time it will just remove it. I hope that men and women will use it in equal measure.

Q298 Julie Elliott: Of course, men have a much wider window to take parental leave than women.

Sir David Normington: They do.

Q299 Julie Elliott: What more needs to be done to ensure proper flexible working practices are adopted by both the public sector and private employers, and should this be done through regulation, or is it up to employees at all levels to make the case for flexibility at work?

Sir David Normington: You should always try to do this if you can through voluntary means. Regulation and the law tend to be a blunt instrument, but there must come a time when you give up on voluntary measures if you are not making any progress. I would always prefer to have the leadership, whether that is political leadership or the management of a civil service organisation or a private company, to be the people who bring about this change. The Lord Davies stuff is really interesting, because for the first time there is a serious attempt to hold FTSE companies' feet to the fire, and as long as we do not give up on that it looks as though there is progress. It seems there is a willingness to address those issues for the first time from within the private sector. I think it is there in the public sector too. If you have that, you should give them a chance to make it work.

Q300 Chair: You have anticipated one of my final questions.

Sir David Normington: I am not an expert on this, but I think trying to create incentives is better than telling people how to do it. Incentives to offer childcare, for instance, is a really good way of doing it. When I was running the Department for Education we provided some onsite nurseries, and they made a big difference. We did not subsidise them; they just

6 December 2012 Sir David Normington GCB

provided another example of why we were welcoming to people with children. We did it in Runcorn, and it turned round how we were viewed there to a considerable degree. Can you provide incentives for employers to do those sorts of things? That might be the way of doing it. It is hard to tell people in the law that they have to offer flexible working, because there are so many different situations in employment. In the end, you have to leave employers to organise the work in the way that is most productive. That is why I just draw the line somewhere on regulation. On the other hand, I am a regulator myself so I can see that some form of regulation is desirable. I have the power to go in, look and report and demand action where I do not think it is happening, and that is helpful.

Q301 Julie Elliott: Do you think that drawing people's attention to things that perhaps are not being done in the best way can change behaviour? The inference from what you are saying is that your role is to go in and highlight things that perhaps could be done better.

Sir David Normington: I do. As a permanent secretary I hated it most when there was a league table and I was at the bottom. You would do anything in the world I came from to make sure you addressed that, so the power of public reporting in the public sector—we have seen it with local authorities—is very great. Whether it works in quite that way in the private sector is hard to say. After all, in the public and government sector it is always in the hands of the Government to make the change, whereas in the private sector it is a bit different. I think we can get a long way with public reporting and naming and shaming.

Q302 Julie Elliott: One of our witnesses said that the current legislation is too complicated, and recommended instead a voluntary approach of self-regulation: "If you can do it, we expect you to do it." Do you think that voluntary arrangements can work in closing the gender pay gap?

Sir David Normington: I know that in the senior civil service the gender pay gap is only 5% and falling. Now 5% is too much. Nevertheless, it is a lot less than the equivalent in the private sector, which is probably 18%, maybe more. To get the private sector to report on that you will probably have to have something more than voluntarism. If it does not improve you may need to do something more, but I do not regulate the private sector. I just look at the private sector and think it needs to get better. There comes a point when you do need a legal framework. I just do not know what that point is. It is always better to apply pressure through public reporting. You may wonder—it probably came up in your earlier evidence—why shareholders in companies are not more demanding, but very often those are institutional shareholders, and they are run by men, aren't they, so it is obvious why they are not.

Q303 Chair: We are intending to do an inquiry into the Kay proposals that might address some of those things. You have already mentioned the Davies report.

Is there anything you would like to add to what you said about it?

Sir David Normington: The interesting thing about the Davies recommendations is that he is addressing the things that I, as a regulator, address in looking at the public sector. He is looking at how jobs are described, how people are recruited, how search consultants are used and so on. Therefore, it seemed to me to be exactly on the right track. I have the advantage of being a regulator who can then do something about that, but he is on the right track. The proof of the pudding is whether there is then progress. There seems to be a bit of progress. My ambition in non-executive appointments is to get over 40% women. We need to get over 40% and the actual number is about 30%. The private sector has a long way to go; it is a long way behind that.

Q304 Chair: He is setting targets. Would you describe your ambition as targets?

Sir David Normington: I do not have the power to set a target, but the Government have an aspiration.

Q305 Chair: I have never been clear where an aspiration and a target divide.

Sir David Normington: I do not think it matters whether it is an aspiration or target, as long as you do something about it if it is not being met. The Government's aspiration is that for new appointments to public boards 50% should be women by 2015. Currently, 34% of new appointments are women. There is a big gap; I do not think it will get to 50%, but that aspiration shows leadership and enables you to measure your progress. It enables me constantly to question why, if that is the aspiration, it is not being reached. Targets have a place. If our EU colleague had been here we would have been worrying about when a target becomes a quota. In the end, I have to stand for making sure it is the best possible appointment. If a target tips over into a quota, there is the danger that you will appoint on gender rather than merit, and that is where I draw the line.

Q306 Chair: Again, you have touched on my next question. Of course, we were hoping to have an EU representative here to question him in more detail, and you may well have wanted to respond to that. In the absence of an EU representative in person, would you like to give your opinion of the EU approach to positive action or discrimination and the proposals that have come out of the EU?

Sir David Normington: I would have liked to hear him describe them because I am not quite sure what they now amount to.

Q307 Chair: We hope to have him here next week instead, so you can read the transcript.

Sir David Normington: I do not think quotas are a good idea. My impression is that the EU is not on quotas now. Targets are a better idea, but they need to be used, certainly at the moment, for voluntary action, persuasion, challenge and so on. If they are not, you might turn them into quota. There is the proposition—I do not know whether it is still around—that if there

6 December 2012 Sir David Normington GCB

are two equal candidates, you should appoint the woman if you are below a certain level.

Q308 Chair: I think that is still around.

Sir David Normington: I sit on enough selection panels to know that you could easily get around that by making sure there were not two equal candidates. It is within the control of the selection panel to say, "There weren't two equal candidates; there was a clear winner." So I do not know that really solves the problem. It feels as though there is a casting around for things to show you are taking action, and frankly I am doubtful about that.

Q309 Chair: You are saying in effect that although you can have this as a policy, there are ways that selection panels can get round it by ensuring the shortlist does not have equal candidates.

Sir David Normington: Of course, because in any selection process—this is why I am trying to regulate these—there is always the danger of an informal process going on alongside the formal one. Earlier on, I said there is always somebody in the process who is more powerful than everybody else, who is saying, "We know this person; they're really reliable. Let's have them." This is where the limits of the law come. We are trying to change something more fundamental about the way organisations operate, and I am sceptical about that proposition as a way of doing that. It feels as though there is a casting around for something like that.

Q310 Chair: This interesting. Effectively, you can always rig a selection panel to rig a shortlist. My experience is that there will be individuals with either a dominant position or personality whose views can prevail. Do you think there is an argument, which the EU has not addressed, to have a person carrying out your particular role within the EU?

Sir David Normington: I am sure that there are many Members of Parliament here who would not want to

give that role to somebody at European level. You have to wonder slightly whether that is not too far away. Could you have a regulator for the private sector? You could, but it is quite a big step, isn't it? It feels fairly intrusive. If you got to the point where you just thought you were making no progress at all you might consider that, but it is a big step. I think I will stick to doing it in the government sector.

Q311 Chair: You say it is intrusive, but in a way that is a culture judgment, isn't it?

Sir David Normington: Yes, it is a culture judgment.

Q312 Chair: If you are to change culture sometimes you have to take steps.

Sir David Normington: You do, and there have been big moments in the past when legislation has been very significant in changing the culture. You might say the Sex Discrimination Act in the 1970s was a very big moment; it caught a time. You can probably pick out moments like that, and you have to catch that moment. I would never rule out those things, but you need to be quite clear what you are doing. There is always a balance between how much you want a regulatory approach and whether that is too demanding of business.

Q313 Chair: Thank you very much. That is very helpful. I am sorry you did not have an EU representative to bounce your opinions off, and vice versa.

Sir David Normington: It is probably just as well.

Chair: If you feel there is anything you have not said that needs to be said, please submit it in further supplementary evidence to us. It may well be that, as we are having a separate session with the EU representative, you will see things there that you would like to comment on, and your written evidence in that context would be very much appreciated.

Tuesday 18 December 2012

Members present:

Mr Adrian Bailey (Chair)

Paul Blomfield
Mike Crockett
Caroline Dinenege
Julie Elliott

Ann McKechin
Mr Robin Walker
Nadhim Zahawi

Examination of Witnesses

Witnesses: **Dame Professor Jocelyn Bell Burnell DBE**, British astrophysicist, Chair of the Royal Society of Edinburgh's inquiry into Women in Science, Technology, Engineering and Mathematics (STEM), **Kate Sloyan**, Doctoral Prize Fellow in the Optoelectronics Research Centre, University of Southampton, and the Institute of Physics' 2012 Very Early Career Woman Physicist of the Year Award, **Helen Wollaston**, Director, the Women in Science and Engineering (WISE) Campaign, and **Trudy Norris Grey**, Chair, WISE Campaign, gave evidence.

Q314 Chair: Good morning, and thank you for agreeing to come before the Committee to help us in our deliberations on women in the workplace. We are slightly early, but we are on a very tight timetable with a lot of panellists, so if I can squeeze in an extra minute or so of questioning, I do so. Just for transcription purposes, if you could introduce yourselves, that would be helpful.

Professor Dame Jocelyn Bell Burnell: I am Jocelyn Bell Burnell, an astronomer from the University of Oxford.

Kate Sloyan: I am Kate Sloyan. I am a research fellow at the Optoelectronics Research Centre at the University of Southampton.

Helen Wollaston: I am Helen Wollaston, Director of WISE.

Trudy Norris Grey: I am Trudy Norris Grey. I am Chair of WISE, but I have been in the technology industry for decades.

Q315 Chair: Thanks very much. Some of the questions we ask will be person-specific and others will be to all of you. Even if I ask a question for all of you, do not feel that everyone has to say something, if everything you wanted to say has been said by the previous speaker. Equally, if you need to either add to or subtract from what has been said, obviously you are free to do so.

This one is a very general question to all of you: do you think it is easier or harder for women to work in science than it was, say, 20 years ago?

Trudy Norris Grey: Ostensibly you would think it has got to be easier, but actually I think, as somebody who has been working in this industry for a very long time, that some of the challenges that I encountered all those years ago are still remaining. First is around stereotyping in schools, in terms of what the options are to girls and boys. Are we dealing with the unconscious bias there? I am not sure that we are—not in the depth that we really could—and not just with career councillors, but with parents and teachers. What are the options out there? There are so many in this broad area—this broad descriptor “science”—and there is so much interest in careers out there, so we need to get that message out more. So stereotyping is the first thing, and I would also say that if you then

go into careers, whether it is academia or in industry, the culture has not changed a whole lot. So, again, unconscious bias is playing its role. I would say the difference—if there is a difference—is that people do want to know what they do not know, but they need help with enabling that. We have a lot of work to do around that because people do not know what they do not know.

Q316 Chair: Does anybody wish to add to or subtract from that?

Professor Dame Jocelyn Bell Burnell: Definitely not subtract.

Helen Wollaston: I will just pick up on Trudy's point and look at what has changed, from an industry point of view. I have been involved in WISE for about six months—so, from relatively recently—but I have seen a lot of interest from businesses and industries that genuinely want to increase female representation in their work force because of skills shortages—I am talking in science, engineering and technology in the broadest sense. There is a demand to increase that diversity. So it is about working with industry, and that is what our organisation is seeking to do.

Q317 Chair: Would you agree that there is, at one level, if you like, an awareness of the need to have more women, and that often that awareness is keenest among those who need women to fill skills gaps, but that that has not yet translated into a cultural appreciation in the pipeline that will enable them to overcome that problem? Is that a reasonable summary?

Professor Dame Jocelyn Bell Burnell: That is absolutely right. I think people have not really fully appreciated what needs to change, reflecting on what Trudy said about unconscious bias and stereotyping. People have not fully appreciated what needs to change in order to achieve the wonderful—let's use a sexist phrase—“motherhood and apple pie” statement that they made about wanting women.

Trudy Norris Grey: I would add to that, as a generic statement, that there are still influential pockets where people say, “I don't know what the problem is,” as though it closes the conversation down, rather than opening it up. If you change the tone of that to, “Well,

18 December 2012 Dame Professor Jocelyn Bell Burnell DBE, Kate Sloyan, Helen Wollaston and
Trudy Norris Grey

tell me what the problem is,” you can do a lot more with that and that is a cultural thing.

Kate Sloyan: Also, in my experience at least, there is an element of, “It’s somebody else’s problem.” So, for example, when talking to people in my department about why there are no—or very few—women applying to do PhDs with us, the attitude is, “Well, the women do not apply. It’s not our fault if they do not apply; what else can we do?” I think it is very easy for schools to say, “The role models are not there,” or for people in universities to say, “They are not coming through,” or “They are not doing it at A-level.” There is a lot of buck passing.

Q318 Chair: So there is a recognition of the problem, but no one person or body is prepared to take ownership of it and do something about it.

Kate Sloyan: Yes. To a certain extent, it is everybody’s problem, especially when you are talking about stereotyping and things like that—that is a society problem—but it makes it easier for people to push it to one side.

Q319 Chair: Yes, it becomes nobody’s problem or nobody’s responsibility.

This question is to you, Kate. You were awarded the Institute of Physics’ Very Early Career Woman Physicist of the Year Award for your work and also for your initiatives to encourage women and schoolchildren to enjoy science, so, presumably, you have got a track record on this. Can you just describe what you have done?

Kate Sloyan: Okay. I am a former director and member of Lightwave, which is the outreach programme that we run in our department. The idea with that is we mostly target primary school-aged children. We have a load of hands-on experiments that we have built—such as button pushing, good bits at science museums—and we take those out into schools, as well as to Brownies and Guides groups, trying to push the women in science bit. We also take part in days on campus where not just kids but families get involved as well. The idea is to get kids enthusiastic about science first, to educate them a little bit, second, and also, and more subtly, to provide role models. We make an effort to have a mixture of people involved. All the PhD students are encouraged to be involved at least once. So, by just showing that there are men and women, and people from different countries, it demonstrates that all sorts of people can be involved in science—not just the one Einstein-style old bloke.

Q320 Chair: That is interesting. You are taking it out to children—and young children. It has long been my feeling that it had to be targeted at primary school children.

Would you also say—and if you do, do you do anything about it—that part of the problem is actually with parents as well? Do you do anything encompassing the whole family, as well as the children?

Kate Sloyan: During these days at the university, families can get involved as well. I certainly try and

involve the parents as well as the children. I notice that there is, perhaps, in general, more reticence among mums to get involved—perhaps that is a lack of confidence. You tend to get dads coming and saying, “Oh yes, I know this about this thing,” and then you say, “Well, mmm, mostly.” In general, the mums feel, “Well, I was never any good at science at school, therefore I won’t get involved.” Obviously, I do not think that is a very good role model for sons or daughters. We try and overcome that by getting everybody involved.

Q321 Paul Blomfield: I am sure you are right about early intervention being critical, but looking at the other end of the academic ladder, you all know clearly that very few women are professors in universities—and yet there have been. The report, *Tapping all our talents*, describes a number of schemes that have been put in place to try to address that loss of talent, but with not much apparent success. I just wondered if you could share with us why you think women do not reach the highest levels in physics.

Professor Dame Jocelyn Bell Burnell: Should I start on this? I am sure, Kate, that you have got some ideas as well.

Our report, which I can see some of you have got, covers the whole of STEM, if I can use that acronym. Of course, physics is my interest as well. What is extremely interesting is to compare the British figures with figures from around the world. On page 11 of the report, there is a table showing the number of astronomers in different countries around the world. Mostly, astronomers have done physics to get to astronomy, so physics figures are really very like this. There is huge divergence around the world. Argentina has 37% of its cohort female, whereas Japan has 6%. Local cultural influences dominate. This is not biology; this is not women’s brains. This is the culture in the country—what is considered appropriate for women in that country to do. It is my impression that it is our sisters, our cousins and our aunts who determine what is appropriate for women to do, to a large extent. They influence the early decisions of girls. Their progress will be determined by the people in power, who are often men. There are very, very strong cultural effects, so what we are trying to change is the culture in the country. That is a big one, and it is slow and it is painful.

Q322 Paul Blomfield: I do very much take that point, but I just wondered if there were issues around advancing up the career ladder, and if there are barriers to women that you see that might mean that entry into the academic world of physics is possible, but then not reaching the top. I think that is particular point across a whole series of areas, and it is an issue we are trying to explore.

Professor Dame Jocelyn Bell Burnell: One of the reasons why women do not reach the top is that they make slower progress than their male counterparts. It is said in the field—I think it is true—that a woman has to be two or three times better than a man to get the equivalent job, so that slows progress and that is partly why there are few at the top. There are also few

18 December 2012 Dame Professor Jocelyn Bell Burnell DBE, Kate Sloyan, Helen Wollaston and Trudy Norris Grey

at the top because the pipeline is thin at the beginning. We have talked a bit about girls choosing science at schools. The pipeline is leaky because, at every stage, proportionally more women than men drop out. I do not think there is a single obstacle other than the culture. A lot of people focus on child rearing issues that mothers have. There certainly are issues, but I want to stress to this Committee that women without children also progress more slowly—it is not just those with children. There is quite a bit of emphasis on stopping when you have children. My hunch is that this is an acceptable excuse for getting out of an environment that you are not totally comfortable with.

Q323 Paul Blomfield: I wonder if I could ask Kate a question. You are tipped for the top, and I assume you would like to get there, so what barriers you see in career progression?

Kate Sloyan: Especially at my stage of the career—the post-doc stage between PhDs and lectureship—that can be very difficult for lots of people, not just women. There is an expectation that you will be on short-term contracts lasting from six months to a couple of years, and you will have to do that for five or 10 years. Now, there are issues there if you want to have children, because obviously those 10 years coincide with you being 25 to 35, which are child-bearing years, you would think.

There is also a pressure that when you are one of the few women, you are representing all women in physics. If you make a mistake, people will think, “Well, girls aren’t any good at physics,” whereas if a man makes a mistake, they say, “That guy’s not good at physics.” That can get a little bit draining. Sometimes that works in your favour, in that people know who you are, because you were “the girl” who gave the talk, but there is quite a lot of pressure and that does get a little bit draining. You do get the odd comment, but there is nothing malicious. I would not say you are necessarily driven out; there are more subtle things than that.

Trudy Norris Grey: I have age on my side. I now know through hard experience that women want to be themselves—they do not want to be a woman in man’s clothes. They want to be appreciated for who they are and how they approach a job, not the style of, as Jocelyn said, rules determined by men. That is the first thing I want to say.

The second thing is—I will do this by way of illustration—that in my experience, when I go through career progression conversations, what is fascinating is that when you talk about a woman, we talk about the female performance, which is a good move—meritocracy is good. When we talk about a man, it is about their potential—this is very, very subtle. It is those kinds of things that I mean when I mention unconscious bias. In my experience, most people, when they are shown that there is an error in their thought process, want to change, but they do not know. That is the second thing.

The third thing is—I wish I could say otherwise, and you have got, hopefully, four impressive women in front of you—that women generally lack confidence, as a comparator with men. We may look confident

here, but our tummies have butterflies and all the rest of it. How can we help women to say, “It’s normal; be yourself,” and go through the process? That would be the next thing.

The last thing—I really have got so much experience on this, personally and statistically—is the culture of academia and industry. You could also go into the staff room in schools. There is this testosterone that fuels the culture. Again, I do not think it is deliberate—it just is. Women say, “Do you know what? I don’t want to play the game. It’s not my game.”

Kate Sloyan: Can I just pick up on that question of confidence? I think that is really important, particularly because, as a post-doc, you have to convince someone every year to give you a job. When you get further along, you have to convince research councils or whoever to give you money, so there is a lot of emphasis on selling yourself and standing up for yourself. That can be harder for women to do, particularly if—I think it is not just in science—there is this attitude that if you are an assertive woman, you are angry, hormonal or whatever, whereas if you are an assertive man, you are strong and forthright.

Helen Wollaston: It goes back to stereotypes.

Kate Sloyan: Yes.

Q324 Mr Walker: Turning to this table from the International Astronomical Union, you are talking about the culture of different countries playing a big part, and I am very surprised to see Argentina so far out in front there, given that it is famous for its macho culture. I was just wondering if you knew of any particular initiatives that they had taken that other countries could learn from to help them get into that position, because it does seem quite striking.

Professor Dame Jocelyn Bell Burnell: There are probably several PhDs in that table, which is why the numbers are the way they are. I can identify several factors. If a family stays geographically close and there are grandparents around, it is easier for a professional woman to carry on her profession, because grandparents can help with the childminding. Equally, if there is large economic divergence in the country, with rich people and very poor people, the rich women can go to work because the poor women will come in and do their housekeeping and childminding—that is a factor in other countries as well. In countries in the far east, it is perfectly okay for women to do engineering and science; it is absolutely normal. In Britain, the typical undergraduate physics class is 25% female, if you are doing well. In Malaysia it is 60% female and 40% male. It is a different ambience—I was using the word “culture” too much, so we needed something else.

Q325 Paul Blomfield: I could continue this conversation a lot further, but I am conscious of the time, so I will ask a different question. In the back of your report, you list 17 organisations and initiatives that are trying to tackle the issue of women in STEM subjects. Do you not think it would be more helpful if there was one overarching organisation driving change?

18 December 2012 Dame Professor Jocelyn Bell Burnell DBE, Kate Sloyan, Helen Wollaston and Trudy Norris Grey

Professor Dame Jocelyn Bell Burnell: That was what we were trying to get the Scottish Government to sign up to, yes. There have been a tremendous number of initiatives: local ones within an individual university; those covering regions; and those covering nations. They have tended to work independently, and they would be stronger if they could interlink, but it does need an overarching organisation, as you say. One of the strongest recommendations in our report, which is relevant to Scotland only, is to ask the Scottish Government to take a lead and appoint somebody at Cabinet level to have responsibility for this. They have not done that yet, but they are still referring very glowingly to the report, so we will see.

Helen Wollaston: There are now 16 because WISE and UKRC are now one—we have taken on WISE and are trading as WISE. We are not in receipt of any public funding, so we rely on income from business and industry to sustain the organisation. I do think that the plethora of initiatives shows there is a passion for the subject and huge interest in it, which is great and really positive, but there is clearly a need to harness that to make a bigger impact because the numbers are not shifting in the way that you would expect, and in the way they need to shift for the good of the economy.

What we would see in our organisation is that we now have a remit from classroom to boardroom, because WISE traditionally was more on the education side—the schools and girls side—whereas UKRC was looking at workplace culture and some of the issues Trudy was talking about within workplaces. Now we span that whole spectrum, covering science, engineering and technology, and we would hope to have a voice across that wide spectrum, so it is great to come here and give evidence today. We are talking to the Women's Engineering Society, which is another one on that list, about working more closely together, so I think that things are moving in the right direction, but there is still a way to go.

Trudy Norris Grey: It is a continuum, and the questions have lent themselves to making that point. It is not just about having one organisation; it is about having visible commitment that it is important. It is not a set of initiatives. It has got to be a programme, in my view—to your point, if I could embellish it—with a detailed understanding of where we are, what the obstacles are and what needs to be overcome. It needs to be fact-based and then you need to monitor progress. Then comes the question of quotas versus targets, and non-quotas and non-targets. To me, you do need to have an end point that you are driving at, and somebody of consequence and influence championing it as a programme. It needs precision targeting at stress points, because we will unearth that information as it is out there. I would agree with you that we need one organisation to corral and really to provide a beachhead.

Kate Sloyan: You need to be careful, if there is one powerful organisation, of labelling certain things as women's issues. With things like child care, I would like to think that there are lots of men who would like to be involved in caring for their children. In my opinion, it makes it easier to ignore certain things if

you label it as a woman's problem, particularly if you do not have very many women in your group to start with.

Trudy Norris Grey: It is an excellent point.

Q326 Caroline Dinenge: My question is in relation to this pipeline that we were talking about, in terms of the lack of women coming in at the front and the leakage as we go along. I wanted to know whether you felt it was in some way self-perpetuating, because there are not enough female role models that make women feel that it is achievable and doable. I was reading the other day there are now more female vet graduates than male vet graduates, because there are female veterinary role models, so I wondered how the panel felt that that actually impacted upon the issue as well.

Kate Sloyan: I think you have to be very careful, particularly with young kids, about just telling them about the stereotype in the first place. If you are telling a teenage girl that no girls want to do physics, even if you then go on to say, "But, you know, you can if you want to," what teenage girl—or teenager generally—wants to be the one who is being weird? This is something that we are careful about in our outreach. We never target the girls and say, "Oh, you can be a scientist too," because we do not want to tell them that anybody is thinking that they can't, if that makes sense.

Professor Dame Jocelyn Bell Burnell: I suspect we are using the few role models that we have to death, said she with feeling. There is a limit to what we can do with a limited number of role models, and there is also a perverse argument that you need to be aware of: kids are not stupid. If you hold up a female Nobel prize winner, kids will know there are not many of them, and chances are that they probably cannot get there themselves. You need to find women who are not necessarily particularly high profile, but who are doing a great job—and enjoying it—and are well embedded in their organisations, and then profile them.

Helen Wollaston: Cue the WISE awards. I have brought copies of those because there are eight examples in there of exactly that—women at different stages of their career. There is a young woman who works for BT who got one of the awards, which is similar to the early career award that Kate got from the Institute of Physics. She talks passionately and goes into schools. We have not got time to go through it, but I will leave those with you.

Chair: I am sure we will have a look at this, but can we just move on, because I am very conscious that we are running out of time?

Trudy Norris Grey: Let me just say: I think role models absolutely. If you think about the STEM ambassadors, 40% of them are female, so it may not be at the very highest level, but that has real resonance. When I go out, people say, "Oh, I see you've got three kids and you come from a working class background in south Wales," and they ask me to tell them more about who I am and the fact that I am part of the technology industry and have had a satisfying and well-paid career. That is the

18 December 2012 Dame Professor Jocelyn Bell Burnell DBE, Kate Sloyan, Helen Wollaston and Trudy Norris Grey

conversation they want—the human conversation. If you are out there on the left-hand side as a geek, that will appeal to one or two people and that is of value, but the general is in the normal distribution—what you would say is the norm.

Q327 Ann McKechin: Dame Jocelyn, I was struck in your report by the actual reduction in the number of people who pursue their careers in academia in STEM subjects and the fact that trained female scientists have been lost in much larger proportions than men at every step along the way. I wonder whether this is a combination of gender stereotyping and ageism. Trudy mentioned stress points. I met a number of life scientists at Glasgow University last year, and the young women—some had children, and some were perhaps going to in the next year or so—had said, “Well, we are expected to produce so many academic papers by the age of 30.” For some reason, the age of 30 suddenly becomes a magic point in academic circles for how you then progress. Are there particular systemic problems within careers in science that are actually causing such a high rate of dropout?

Professor Dame Jocelyn Bell Burnell: The dropout is different at different points in different subjects, so there is not one particular pattern, and the numbers are very different in the different subjects. There are lots of women in the life sciences and few in the physical sciences. The rockiest bit is the part that Kate identified—the post-doctoral bit. Certainly, in physics, on average, you do not get tenure until you are aged 35, and for young women that is very much the childbearing years and it is very, very tough. It is also tough for the blokes. It is a craziness in the British academic system at the moment that there is such a long post-doctoral period and temporary funding. We are probably unique in that. Fixing it is another issue.

Q328 Ann McKechin: Is that your experience, Kate? You mentioned this insecurity.

Kate Sloyan: Yes. I just want to add as well that regulation, top down, is not necessarily the way to combat that, because things like flexible working and maternity leave are very much dependent on the culture in your group, as in what your supervisor says. You have these recurrent short-term contracts. There was a survey in 2010 that said that 70% of people on these post-doctoral contracts got their job either because they worked at an institution or because they knew someone. It is very much about who you know. Although you might have rights legally, standing up for those rights can be difficult if the culture in your group is that you have to be working for 60 hours a week and the flexibility means that you have to be ready to come in at weekends.

Q329 Ann McKechin: Are these assessment panels dominated by men?

Professor Dame Jocelyn Bell Burnell: In physics, yes, perforce, but an encouraging thing is that in the run up to the REF, which is the upcoming assessment exercise, there was discussion about the provision for maternity leave and what discount you were allowed. It was absolutely minimalist, and there was a huge

outrage and we got it altered. Women acting together are beginning to find a voice, and e-mail helps.

Kate Sloyan: On this point as well, it is not always a question of panels evaluating people. It is your supervisor deciding to submit a grant to employ you, or the supervisor having a stash of money and choosing whether to give you a job or not. It is not something that is evaluated from outside.

Q330 Ann McKechin: And it is not audited in terms of how objective that process is.

Kate Sloyan: As far as I am aware, not at all.

Professor Dame Jocelyn Bell Burnell: It could be, if merit payments included an element of, “How many women have you employed or promoted since your last annual assessment?”

Q331 Ann McKechin: That is a good recommendation. You mentioned earlier the percentage of female graduates in the far east, which is replicated in the middle east as well. I was struck by the figure in Iran, where I think 60% of graduates in many STEM subjects are female. I am intrigued as to why the culture has emerged to be that supportive, given all the other constraints on women in many of these countries and their traditions.

Professor Dame Jocelyn Bell Burnell: It might mean that the men perceive science to be not as prestigious as law or medicine. Certainly in Malaysia, that is an element of the figures there—the men are going elsewhere.

Kate Sloyan: I actually asked a middle-eastern colleague about this. She and her husband, I think, did their undergraduate courses at an Iraqi university. She said that there are a couple of reasons. One is that physics is seen as a route into teaching which, in a conservative society, is something that it is acceptable for women to do. The other is that there is this idea that physics leads to a stable office job, whereas engineering, say, leads to a much more interesting, flexible job, so the men are very much going towards engineering and will push towards engineering—I do not know if they are choosing, or if they are pushed—and the women are left doing physics.

Helen Wollaston: The number of female engineers in the middle east is also better than in the UK. I think it is partly cultural as well, and it is about getting to that tipping point where some of those young women will have parents—mothers—who have been scientists and engineers, so it becomes more something they are encouraged to do. In this country, if they are good at maths and science, they will be steered towards medicine more than the other sciences. We need to tackle that culture and perception, and look to initiatives that they have done and to some of our global companies that employ people in those different cultures to transfer some of those attitudes to the UK arm of the company.

Q332 Mike Crockart: I will be brief, because we have already used up all of our time, but there are a couple of issues that I want to bring up. Returning to the point that you made about the post-doctoral fees and post-doctoral funding, I wonder whether that was

18 December 2012 Dame Professor Jocelyn Bell Burnell DBE, Kate Sloyan, Helen Wollaston and
Trudy Norris Grey

what led to recommendation 10 in your report, which talks about the funders of universities and research linking funding to gender equality. Is the difficulty with that not necessarily going to be that those funders themselves will not have gender equality in their own organisations? Is it realistic to expect them to put conditions on their funding that they have not actually met themselves in their own organisations?

Professor Dame Jocelyn Bell Burnell: We are putting pressure on Research Councils UK to bring in some threshold above which a university department must achieve to be eligible for funding, as is already happening in the medical field. They are going slowly. There is a slight scare, inevitably, that the quality of research might drop if this is brought in. I think that is highly debateable—it might go up, not drop—but they are being very, very cautious. I think they are acutely aware of their own gender balance. They suffer the same problems as universities, and have the same preconceptions and lack of imagination. However, like universities and colleges, they are endeavouring to address it, so I do not think that we can point the finger too hard at them in that respect.

Trudy Norris Grey: A broader statement is that this is an economic challenge for the UK. If I speak to any industrialist, they know that they have not got enough STEM skills—and they want them. The biggest untapped pool, perforce, is female. If you go after it, they can fill the supply chain gaps that they have got. If you appeal to people on the economic argument that says, “We need these,” you would unearth the fact that they will not want quotas, but that they are starting to set internal targets, because it is impeding their business. I would say that that is impeding academia as well, because there is a supply chain element to that.

Similarly, on business-university collaboration, where we get a lot of innovation, if you have got a mixed community of men and women, or diversity in its true sense, you again get a much better outcome. If you unearth, you will get people to understand that they have got to do it and, actually, if you can help them, as opposed to strong-arm them, that would be preferable. We have to get out of the gates because we are not getting out of the gates on this and it is impeding the standing and the well-being of the UK.

Helen Wollaston: I think another driver, in terms of the link between universities and industry, is that some of the companies we are talking to are actually targeting the universities where they look at the gender balance and look at where most of the females are on the courses where they want the STEM skills, and that is where they are recruiting from. That will drive change in the universities when they see that happening because, in terms of employability and so on, they will want to be the ones that are creating the people who industry needs.

Q333 Mike Crockart: Finally, I just want to return to one thing that you said earlier on. You said it was

not just about children, because those without children were not progressing as well, but presumably there is a difference in progression rates between those with children and those without. Do you think that the recent Government announcements about rights to ask for flexible working or shared parental leave go far enough? Will they help or, given that the situation is with multiple temporary contracts, is it just not going to make any difference?

Kate Sloyan: This is going back to the point I made before. I think it is all very well saying people have the right to ask for flexible working, but if the culture in their group is that you do not, people will not. You also have to bear in mind that a large proportion of researchers in groups will be PhD students, and obviously they are not employees, so they do not have the same rights as employees. It might be difficult to say to PhD students, “You have to do this,” while the members of staff are having much better working conditions.

Professor Dame Jocelyn Bell Burnell: The right to flexible working is too slack. An example that I know well is two university lecturers—she is in an arts subject, he is in physics, and they have small kids. They decide that he will have Mondays off and she will have Fridays off, so the kids are in care only three days a week. They each go to their heads of department. Her head of department says, “Fine, which day do you want off?” whereas his head of department says, “Don’t you even think of it.” So much for the right to request flexible working.

Trudy Norris Grey: Flexible working helps. We have got to tackle the elephant in the room about child care. I headed up a UK technology company and, in 2005, I introduced flexible working. The biggest uptake, because of the culture, was men. It comes back to the culture. How can we make an intervention there for it not only to be acceptable, but for it to be acceptable to all?

Helen Wollaston: Role models will help with that—people at a senior level, male and female, taking the opportunity for flexible working and still doing that senior role.

Trudy Norris Grey: If that can be in tandem with the fact that it does not harm the business, but actually benefits it, we move on.

Chair: I think that we could have continued this discussion for another hour, at least, but we have got a lot to get through this morning.

Can I thank you, first of all, for your very thought-provoking contributions? If we feel that there are further questions that we would like to ask, we will table them in written form and would be grateful if you would respond. Similarly, if you feel that there is anything that you have not said today but would have liked to, feel free to let us have the information in a written supplementary. Thanks very much.

Examination of Witness

Witness: Aurel Ciobanu-Dordea, Director, DG Justice, Directorate D Equality, European Commission, gave evidence.

Q334 Chair: Good morning, and thank you for waiting patiently. Could I just ask you to introduce yourself for transcription purposes?

Aurel Ciobanu-Dordea: Good morning. Thank you very much for the opportunity that has been offered to the European Commission to come here and talk to you about what we are doing. We have a policy of engaging with the Parliaments of the member states, in particular on this legislative proposal that we will probably discuss today on bringing more gender balance on company boards. We have already interacted with a number of national Parliaments—

Chair: Could you just introduce yourself?

Aurel Ciobanu-Dordea: My name is Aurel Ciobanu-Dordea, and I am Director for Equality in the Directorate-General for Justice of the European Commission.

Chair: Thanks very much.

Q335 Mr Walker: Good morning. Could you briefly explain to us the European Commission's policy on positive action for women?

Aurel Ciobanu-Dordea: It must be said that the proposal that was adopted last November by the European Commission is the first initiative that can be qualified as positive action that has been adopted so far at European level that the Commission has tabled to the European Parliament and to the Council, although calls to member states to undertake action to bring more women into decision making, and, in particular, into economic decision making, and on to the boards of companies are older than this. In 1984, there was a recommendation adopted by the Council, and also in 1996 there was another recommendation adopted by the Council. In a way, looking back retrospectively, and looking at the performance of member states and companies, it was resisted in the member states. Seeing the rather slow modus pace of progression, the Commission has reached a conclusion that it is necessary to be bold and to put on the table of the member states and the European Parliament the first proposal inviting positive action, and asking member states and companies to undertake positive action. So we have moved the policy debate one step further.

I would also like to underscore the fact that this proposal adopted last month by the Commission does not come in a vacuum—it has been accompanied by a policy document and communication where we list a range of other measures that we will, ourselves, support, sometimes with the support of the EU budget, or that we will encourage the member states to undertake to accompany implementation of the proposal that we have made and to widen the effects on the women's participation in company boards.

Q336 Mr Walker: Can you expand on the point you just made about measures supported by the EU budget? What sort of things would you be actually spending money on?

Aurel Ciobanu-Dordea: For instance, we will already have launched by the end of this year, across all

member states of the European Union, a programme that is called Equality Pays Off. That is meant to bring to the attention not of decision makers any longer—no longer of national Governments—but of individual companies directly, particularly leading companies in each member state, but also more modest companies, the need and usefulness of involving more women, not only in the decision-making bodies of companies, but in the work force as well. It is about what kind of policies would produce beneficial effects and what best practice has been developed in other companies across the European Union? This programme, Equality Pays Off, is meant to reach a peak, but not to be over, next March, when we will organise, in Brussels, a business forum, bringing from across the European Union a large number of companies—larger and smaller—to discuss this. This programme entails events, discussions and debates in each of the member states and also in the enlargement countries of the European Union. This is one example.

Q337 Mr Walker: So, essentially, you are funding a marketing campaign, with events and discussions going on, and bringing organisations together.

Aurel Ciobanu-Dordea: Yes.

Q338 Mr Walker: What sort of monitoring does the Commission carry out in member states to check what progress they are making on their equality measures?

Aurel Ciobanu-Dordea: For 10 years, we have been maintaining a database illustrating the situation in each member state, particularly in respect of the listed companies on the stock exchanges—but not only—in terms of the participation of women as CEOs, executive directors and members of supervisory boards. That already gives us the picture of the evolution of the situation across the European Union. In March, the Commission, and Vice-President Reding who is in charge of this file in the College of Commissioners, released a report that makes the point, draws a line and draws a number of conclusions about the evolution of the situation. The report presents in a comparative perspective what the situation is, what attitude has been expressed by the member states and what initiatives have been taken so far by a number of member states. On the basis of this report and of the data that were incorporated in this report, which is publicly available on the website of the European Commission, we have also launched a public consultation where we have invited not only Governments, but non-governmental actors and economic stakeholders, to state their views and make suggestions about how the participation of women in economic decision making and, in particular, in company boards, should be tackled.

Q339 Chair: If progress is slow, do you think that there might be moves to compel states to take positive action?

Aurel Ciobanu-Dordea: I am not sure I have understood your question; I'm sorry.

18 December 2012 Aurel Ciobanu-Dordea

Q340 Chair: Well, there is a process by which states are adopting positive action measures. If, in the view of the Commission, this is not adequate, do you think there will be steps taken to make countries implement measures?

Aurel Ciobanu-Dordea: This is what it is about in the proposal that has been adopted this autumn by the Commission. Our conclusion, looking at the figures that we released in the spring, which were collected over the past decade, was that, on one hand, the pace is very modest. Also, the number of initiatives—not only legislative initiatives, but voluntary initiatives such as self-regulation—that have been undertaken only by a limited, rather small number of member states is reduced. In a number of member states, this problem is completely ignored, which leads to increasing discrepancies across the European Union. We have variations from 27% participation of women in the company boards in Finland to 3% in other member states.

Our assessment was that there is an increasing divergence in the practice of the member states that has repercussions on the performance of companies and on the situation and participation of women in such economic decision-making bodies. This can lead, in the future, to problems in the internal market, so more decisive action is necessary at the level of the European Union with due respect for the principles of subsidiarity and proportionality. This is what we have tried to do with this proposal that, on the one hand, is ambitious, because it defines an objective of 40% by the end of this decade to be reached not on the basis of being women or men in those companies where men are under-represented, but on the basis always of competence, experience and qualities. On the other hand, while making an ambitious proposal, we have also put on the table a system and a solution that is flexible and takes mainly into account the different points of departure across the European Union. We have member states like the United Kingdom that are above the European average, and we have a rather large number of member states that are far below the average. Again, this has repercussions in the performance of the companies, but also in the measures that the companies need to take in some member states that are more concerned and where the public and societal debate is deeper about the need to do something for an increased participation of women in decision making. Companies are, in a way, put more under pressure. In other quarters of the European Union, there is another attitude and a free ride in this respect.

Q341 Chair: If I can summarise the situation, the short answer is: yes, but not until the end of the decade; and, in the meantime, countries will be able to address this problem in a way that suits their particular culture.

Aurel Ciobanu-Dordea: Yes. The proposal that has been made by the Commission is a binding one. It asks the member states actually to take measures and, in the absence of measures, sanctions should be applied. At the same time, we recognise the measures already taken by a number of member states, and if these measures can be demonstrated as having an

equivalent effectiveness in bringing more gender balance on company boards, those member states can pursue their policies and their self-regulatory or regulatory approach.

Q342 Ann McKechin: Mr Ciobanu-Dordea, I wonder if I could ask you a couple of questions around the explanatory memorandum to your proposals. Is it the Commission's understanding that a company could not be sanctioned by a member state if it had fully applied with all the procedures and the directives but, none the less, had still failed to meet the 40% target?

Aurel Ciobanu-Dordea: Yes.

Q343 Ann McKechin: Could I just also ask, as a supplementary, why you have placed so much emphasis on non-executive directors? One of the criticisms of these quotas is that in many countries—Norway is given as an example, but it is not part of the European Union—have had quotas for many of years, but do not have one CEO of a major company who is currently female. Why did you make the emphasis on non-executive directors?

Aurel Ciobanu-Dordea: We did this in order to comply with the principle of proportionality and to make an intervention, or to ask the member states to make an intervention, in the economic life of companies that does not interfere too much with the right to property and the right to conduct a business. We believe that the intervention, as defined in our proposal, strikes a fair balance between the need to take proactive measures and a proactive attitude, and the need to respect other fundamental rights. Also, we believe that addressing the non-executive members of boards will trigger a number of changes in the policies applied by the companies when the supervisory board will look into how the company is run as a business and what policies, in terms of employment and in terms of striking a fair balance between work and private life, such as maternity or paternity leave—

Q344 Ann McKechin: I would like to slightly press about this. What you have had in some countries where you have had quotas is women who end up on multiple boards, so you have not, perhaps, made a huge increase in terms of the actual number of women at senior level. Some other companies are saying that perhaps the emphasis should be at the next stage down—the three tiers of senior management before you get to the board—and actually trying to increase the number of women there so that you actually increase the pool of potential candidates. I just wondered what consideration you had given to intervention that actually increases the pool, as opposed to an intervention that simply focuses on non-executive directors.

Aurel Ciobanu-Dordea: Let me make two remarks in this respect—speaking about the pool of resources and their availability, and the risk of continuing to see the golden skirts phenomenon. We believe that there is no such risk, or that this risk is being significantly diminished. Over the past three years, we have strongly worked together with business schools across the European Union. I would like to draw your

18 December 2012 Aurel Ciobanu-Dordea

attention to the fact that on 12 December, the leading business schools in the European Union released a database that is now publicly available that contains 8,000 female candidates who have the qualifications required to become members of boards.

Secondly, in order to address more directly your question, we have, with the current proposal, also left the door open, but not just open—we have asked member states to invite their companies also to address the participation of women in the executive boards, but by establishing themselves individual targets. Here we have allowed and invited self-regulation to operate and, of course, we intend, in 2017, when we will need to report publicly about progress, to look also at progress at this particular area of self-regulation.

Q345 Nadhim Zahawi: Aurel, can we just confirm the Commission's understanding that measures, as referred to in article 8.3, could, in theory, be non-legislative measures—for example, the measures currently being pursued in the UK through the Davies review?

Aurel Ciobanu-Dordea: Yes.

Q346 Nadhim Zahawi: Is that a “yes” that measures do not necessarily mean legislation at the moment?

Aurel Ciobanu-Dordea: Yes, absolutely. We are fully aware of the Davies report and process. If I can say so, we are aware of a number of other self-regulatory initiatives across the European Union and we have factored this in when defining article 8, paragraph 3. The answer is, clearly, yes, and it is the effectiveness of these initiatives—regulatory or self-regulatory—that counts, and which needs to lead to results by the end of the decade that are freely comparable with the objective defined by the Directorate.

Q347 Nadhim Zahawi: Thank you very much. Can we just now explore the Commission's understanding of a trigger for suspension of the application for procedural requirements in Article 8.3? Is it right that what would need to be shown is that by 2020, or 2018 for public undertakings, an average of 40% of the non-executive directors of all affected companies are female, as opposed to showing that each and every company will have 40%—i.e. that it is the average across a member state, versus each and every company?

Aurel Ciobanu-Dordea: Yes, it is about the average.

Q348 Nadhim Zahawi: Some can be lower and some can be higher.

Aurel Ciobanu-Dordea: Yes, absolutely. We cannot expect the member states, when they will take the decision to suspend the application of certain provisions, to guess, for instance, in 2016, what

exactly will be the performance of each and every listed company in 2020 or 2018. The member states will need to demonstrate convincingly that the average situation and evolution of the listed companies will fit with the growth objectives. In exchange, at the end of this period in 2018 or 2020, the assessment of the effectiveness will need to be demonstrated on a case-by-case basis, and those companies that have not reached 40%, while having applied transparent, pre-established, gender-neutrally defined criteria—I am sorry; those companies that have not reached 40% will have to introduce the criteria that are asked by the directive.

Q349 Nadhim Zahawi: What is the reprimand for member states that do not hit those targets?

Aurel Ciobanu-Dordea: As in any other directive, this proposal puts in the hands of member states the responsibility and obligation to define sanctions that are adequate to their legal systems and national experience, because we have member states that—as I mentioned is the case in the UK—have already undertaken a number of initiatives, and some of them apply sanctions already. Other member states will have to define these sanctions, which can be administrative or non-administrative, depending on the specificity of their legal systems, to address the objective of this legislative proposal. We only ask, as it is the case with each directive, that the sanctions have to be effective, proportionate and dissuasive. We have even suggested—but these are only examples—in article 6, paragraph 2, a range of sanctions that could be taken as a reference by the member states.

Q350 Nadhim Zahawi: So—you mentioned this earlier—the principle of subsidiarity is respected.

Aurel Ciobanu-Dordea: Yes. I can even elaborate on this, because we know that this principle is particularly important for our member states and also for the United Kingdom. We believe that, with the establishment of an objective that needs to be attained according to solutions that are developed at company or member state level—with the sanctions being put in the hands of the member states; and with the opportunity for member states to suspend the application of certain obligations defined by the directive in case they have a more effective system, or at least as effective a system, already in place—subsidiarity and proportionality are clearly respected.

Chair: Thank you. That actually concludes our questions. I would just say, of course, that if there is anything that you would wish to submit to us as a supplementary, please feel free to do so. Again, if we feel there is a question we should have asked you but did not, we will write to you and would be grateful for a reply. Thanks very much.

Examination of Witnesses

Witnesses: **Claire Martinsen**, founder, Breckland Orchard, **Emma Heathcote-James**, founder, Little Soap Company, and **Mike Cherry**, Policy Chairman, Federation of Small Businesses, gave evidence.

Chair: Good morning and welcome. Thank you for agreeing to give evidence to us this morning. I believe, Mike, that you had a very early start this morning. Can you just introduce yourselves for transcription purposes?

Mike Cherry: Mike Cherry, National Policy Chairman at the Federation of Small Businesses. I also run a manufacturing business in the midlands.

Emma Heathcote-James: I am Emma Heathcote-James. I have got two businesses: Spotty Dog Productions, which is a PR company; and the Little Soap Company.

Claire Martinsen: I am Claire Martinsen. I am the founder of Breckland Orchard; we make soft drinks in Norfolk.

Chair: Thank you very much. In view of the shortness of time, I would be grateful if you did not all feel the need to answer every question unless, of course, you have got something to add to or subtract from what somebody else has said. Some questions will be person-specific while others will be to all of you, but do not feel obliged to say something if you have not really got anything to add to what anybody else has said.

Q351 Mr Walker: We have some great write ups of your businesses in our brief, so I will not ask you to introduce each of those. Can you tell the Committee how many people you employ in your businesses, and what the proportion is between men and women, and full-time and part-time, among those?

Claire Martinsen: I have myself and one other full-time person, who is actually a student placement. I employ two part-timers and a whole raft of independent contractors—people who work freelance flexibly for my business.

Q352 Mr Walker: What is the male-female breakdown?

Claire Martinsen: Gosh, I had never thought of that. I would say that the majority are female, but that is just by default.

Emma Heathcote-James: The Little Soap Company is just me—it is purposely that way. The whole point of me doing it was that I did not want to employ anyone; I have got out of that rat race. I have got about 16 freelancers and suppliers who work for me. Spotty Dog Productions is exactly the same with freelancers that I sub out to.

Mike Cherry: There are five of us—three males and two females. One of those females is well past the old default retirement age and works part-time for us now. Previously, we had been around 18, probably five years ago, when the proportion was much higher female to male—it was 11:7.

Q353 Mr Walker: Do you think SMEs are suited or unsuited to working with flexible working and to taking account of the opportunities for flexible working?

Mike Cherry: I think they are far better suited and better able to recognise the requirements of their

employees. From the FSB's point of view, our surveys repeatedly show that small and micro businesses are better people to employ females, disadvantaged groups and the long-term unemployed. We take the risk and we give them the opportunities. So long as we feel that we can train them, their gender or any other orientation does not matter. They are people who we want to do the job, and if that requires us to be more flexible in our approach because of child care or any other issues, we tend to do that almost automatically, because that is the way small businesses tend to behave towards their employees.

Q354 Mr Walker: Would that reflect the position generally?

Emma Heathcote-James: I think it is very hard. What we do is so different to what you chaps all do. There is no kind of option to me; it is totally cost-effective. It has got scalability to it. If we have got a big order, I quickly need people. I could not afford to have people on a payroll; it just doesn't work like that. It is a no brainer when you are on the ground doing it.

Claire Martinsen: I would say, likewise, that I have no need for a full-time HR person. I do have a need for HR input. I have a need for payroll, etc. It is far more cost-effective to bring those services in, and it enables me to have very skilled people with the expertise, but for the hours I require. I would like to say that I absolutely agree with Mike: small businesses are fundamentally more suited and more open to flexible working. I just want to come to that and say some of the legislation on flexible working actually works against small businesses. You have this juxtaposition where these businesses are very set up for this, but the legislation all favours bigger business. That is where there is that crunch, and the question of how we actually manage that. There is a positive mindset, but the legislation works in a way that does not necessarily help.

Q355 Chair: Can you give an example of that?

Claire Martinsen: It has not occurred to me—it has not happened yet—but, for example, my business is very heavy, and people who work for me do need to do quite a lot of lifting of heavy bottles. We are typically lifting about 13kg at a time. If I had someone who was going on maternity leave who worked for me, and if I had to do a health and safety assessment and they could not be lifting that amount of weight, I literally would not have anywhere to put that person in my business. I have no other job. I would not be able to find alternative employment for that time period. I know the consequences are that I might have to pay that person for their maternity leave—pay them off while they sat at home and did maternity leave. That would be quite scary for my business. My finances would not really allow that and that would be quite bad.

Q356 Caroline Dineneage: Would you say that there is almost a disincentive for you to employ women of childbearing age because of that? I have run a

18 December 2012 Claire Martinsen, Emma Heathcote-James and Mike Cherry

business myself for many, many years, so I can empathise with what you are saying. I am just wondering if you feel there is a real disincentive for you to employ women who, at some stage, might have a child.

Claire Martinsen: The legislation would be set up that way, yes.

Q357 Julie Elliott: You have answered bits of this, but I am going to ask it anyway. We have heard differing views through the different meetings we have had in this inquiry about the effect of regulation on SMEs, which you have started to talk about. Some views are that flexible working is a burden on business, while others say it is an opportunity and an advantage. I think we are starting to get the same here. What issues do you think SMEs face when trying to accommodate staff who ask to work flexibly? I know, Claire, you have just talked about your area, but what views are there from other areas?

Emma Heathcote-James: It is difficult. Again, the way I operate is not a nine-to-five job. I am working flexibly, so I would want everybody else to work flexibly. It is a very different mindset, if that makes sense.

Q358 Julie Elliott: I think your companies are very small in terms of employing people, so it is perhaps the nature of the company.

Emma Heathcote-James: But there are a lot of people out there like us, and there are a lot of people out there, rurally, like us. To be rural and like us is very different from being a small company in the middle of the city, so we have got added problems.

Claire Martinsen: I will add to that. I previously worked for very large businesses, so I had 17 years in the corporate world, and I set up my business three and a half years ago. Having experienced three and a half years of running a small business with a flexible work staff, I can absolutely see the advantage of it. Were I to have a groundhog experience and go back to those large businesses, I could see numerous opportunities that I probably could not see when I was in that corporate mindset and the culture was very different. In that respect, SMEs have huge amounts to lead on and to teach back into big business—it absolutely is possible.

Mike Cherry: We did, at one time, have three sections to the business, when we employed 35 to 40 people. We always operated flexibly because, quite frankly, we needed to do that from the business perspective. With the amount of time it took us—and still takes us—to train people to come into particular jobs, you need to keep those people as long as you can, because it takes us at least three to six months to train people, and sometimes a little longer. You cannot just take somebody off the street and say, “There is a job here. I want you on that particular machine.” There are all the issues around health and safety, apart from everything else that we need to do for our business. I think it is a little bit unfair to say that just because we are a bit small now, we are not representative.

Q359 Julie Elliott: No, I was not saying you are not representative; I was actually looking at these

questions and thinking that they are geared to people who are employing more people. I was not saying that for a second.

The Government have recently made an announcement about the right for employees to ask to work flexibly. Will that cause you any problems?

Mike Cherry: I think that is completely ridiculous. There is no need for it. Small businesses act flexibly in any case—it is in their nature, as I said. Who on earth wants a statute for a right just to request when that happens naturally?

Emma Heathcote-James: I think there is a lack of understanding in some areas, which is why that has come about, because we do that anyway. There is not a question.

Q360 Julie Elliott: So you have no issue with the right to request flexible working.

Emma Heathcote-James: We are doing it anyway.

Q361 Julie Elliott: Would you have found that in the corporate world when you worked there—the right to request flexible working?

Claire Martinsen: I think it depends on the culture. I worked in two large companies. The first was very, very male dominated, and it certainly would have been quite hard in that environment.

Q362 Julie Elliott: There is a lack of investment—or it has been recommended that there should be more investment—in helping small businesses to recruit and retain flexible workers. Would that help your businesses, or do you not see it as a problem?

Mike Cherry: I think it depends very much on the sector that you are in. If you are in a manufacturing sector, it is not always so easy to have two people, for example, or to accommodate school times or things like that. Where we can do it, I think most small businesses would be pragmatic about it, and would try and offer that, if they could do it in their particular industry.

Q363 Ann McKechin: Both Claire and Emma mentioned that they employed freelancers—people who are self-employed—and you mentioned accountancy services and HR services. Presumably you are employing a range of different freelancers. Are these people who are just one-woman or one-man businesses, or larger enterprises?

Emma Heathcote-James: On the terminology—it was only on the train down here that I was thinking about it—the people I employ are what you probably term suppliers—they have got their own limited company which, from my point of view, is fantastic, because I do not have to worry about insurance, sick pay or holiday. That works really well. Now, that is not me only employing other companies; it is just the way it happens. There are a lot of us out in the sticks who operate like that, so I suppose you would term that a supplier, rather than freelancer. My background is in the media. I worked in the BBC and the creative industries, so freelancing is completely normal and I have grown up with this, but I appreciate it is not seen as normal by SMEs, though it is going that way.

18 December 2012 Claire Martinsen, Emma Heathcote-James and Mike Cherry

Q364 Ann McKechin: So the freelancers are actually companies which are themselves employers.
Claire Martinsen: Yes.

Q365 Ann McKechin: Would that be the same in your case, Claire?

Claire Martinsen: Yes, absolutely. I also use distribution services as well. All my warehousing is outsourced. It means that I do not need to employ people to sit around waiting for orders to come and cases needing to be packed.

Emma Heathcote-James: It is the same for the web thing. I do not want someone permanently doing the SEO—it is a six-month operation to get us up there. I employ people very ad hoc for short spaces of time.

Q366 Julie Elliott: On a completely different subject, have you ever used the services of the Equality and Human Rights Commission, which gives advice and support to SMEs? Did you know that the Equality and Human Rights Commission does that?

Emma Heathcote-James: I have not even heard of it, to be honest.

Mike Cherry: I am aware of it from our links with the FSB, but members will tend to use our advice lines and legal help lines, rather than go elsewhere.

Claire Martinsen: My first point of call will always be the FSB.

Q367 Chair: Just before we move off this, let us go back to the question on the right to flexible working. Mike, you were pretty dismissive of it. On one level, I understand your perspective: when you are working in a corporate environment where this is quite normal anyway, it seems irrelevant. On the other hand, that may not be representative of all corporate environments. Would you not concede that, in some areas, where there may be employees who would like to request flexible working but feel that they cannot, that particular piece of legislation underpins and reinforces their confidence in asking for it?

Mike Cherry: If I may elaborate on that point, what is actually being proposed is not going to achieve what you want to end up with, because all you are doing is putting into place a procedure or process that is going to need more administration to deal with it. What you actually have to look at is what is required and the cases that Claire has alluded to, where it is to try and change the culture. I think a soft approach to enable that to happen, rather than just underpinning a process by statute, is where I would be coming from on that one.

Q368 Chair: How would you change the culture?

Mike Cherry: I think it is best practice and sharing knowledge. At the end of the day, it is competency, and ensuring that people are perfectly able to do the job and that they should feel free to tell their managers if they want to take time off for whatever. Whether that suits the business, the manager can then always turn around and say yes or, “No, I can’t abide by that.”

If you put it into statute, you run the risk, particularly if you have the eight proposed areas that the business can turn it down on, that a business will just use one of those eight. It is almost a sledgehammer that is not going to achieve the aim.

Claire Martinsen: It is for the companies to create the culture in which people feel that they would be able to ask for flexible working. In my experience, small businesses have the best culture because the bosses are very close to the employees, by nature of the fact that they are very small businesses, so the culture is automatically generated. When you have very large businesses with top-down management and an extruded number of employees, geographically dispersed, I think that is when the culture is very difficult.

Emma Heathcote-James: It is that difference of working to live and living to work, and there is a big divide there. It is a very different mindset.

Q369 Paul Blomfield: Mike, I work with the FSB locally, and I am very conscious that your membership—although it is very heterogeneous—might be divided into two groups: those you have a relationship with as employers in a small business of a small number of people; and micro-businesses, where the owner running the business has a range of different issues. On this specific question of barriers to women—and there are very different issues facing those two groups—I just wondered what your members raised with you in terms of equality issues and women’s place in the workplace from those two different areas.

Mike Cherry: I think you are running a risk. Our latest employment report, which came out over the party conference season, reflects this. When you have got nine out of 10 of the long-term unemployed disadvantaged—that includes females—finding their way back into work with a small business or by setting up their own business, there needs to be more recognition of the role that small businesses play in that process. One of the things that comes out very clearly from that report is that over-regulation acts as a very distinct barrier to those groups. We have gone past that point, which is why the FSB advocates much less regulation and much less change of regulation. We see that acting as a very distinct barrier against members being able to grow their business, as well as taking up so much administrative time with having to comply.

Q370 Paul Blomfield: In relation to the issues that we are exploring in terms of women in the workplace, what are the areas in which you believe—or your members are telling you—that we are over-regulating?

Mike Cherry: The biggest one that is coming up at the moment is very clearly paternity and maternity law. We shall obviously be engaging in the consultations on this, but this is the seventh change to that particular legislation in recent years. It is the

18 December 2012 Claire Martinsen, Emma Heathcote-James and Mike Cherry

constant churn and change. More importantly, there are the issues around a specific group. Most of our members will take on people on their ability, and if you over-regulate for one group or another, it acts as a barrier.

Q371 Paul Blomfield: We were told by a witness that one of the biggest problems in relation to maternity legislation was the uncertainty of the date of return to work. You are nodding, so presumably you concur with that.

Mike Cherry: The sooner a business knows, the sooner it can make plans and it can cover. Part of the problem is that it is so late sometimes that we just do not know. Therefore, more certainty in trying to find cover, or in trying to ensure that if somebody wants to come back a bit later, the business is not disadvantaged by that, would be very beneficial.

Q372 Paul Blomfield: The main point that you are making is that it is not the legislation or the regulations that are necessary the problem, but it is the lack of stability and the constant changes in regulation that you are complaining about.

Mike Cherry: On that particular point, as well as the constant change and churn of regulation. That is not just on maternity and paternity laws; it is in other areas of employment legislation as well.

Q373 Paul Blomfield: In my area of South Yorkshire, we have got something like 40,000 SMEs, most of which are at the micro end of the spectrum, and many of which are led by very impressive, dynamic women. I had a round-table discussion prior to the start of this inquiry, and they felt that their needs were overlooked when we were considering women's role in the workplace and the economy. In their context, regulation was not an issue one way or the other, but they talked about businesses falling over as a result of having a child or other caring commitments. Are those issues that are raised within the FSB?

Mike Cherry: You have got separate issues around females specifically. One of the big issues coming up is affordable child care. Certainly, when you are running your own business, the impact of having a baby means that you still have to get back to run that business, whether you have the baby or not. Affordable child care is very much an issue, particularly in London, and that is one of the things our members are constantly telling us. There are other issues. Access to finance is probably more difficult for females in business, and that is an issue that needs to be addressed quite obviously, if it is impacting them disproportionately.

As far as employees are concerned, it comes back to ability and competency, rather than a business making a conscious decision not to employ a particular sector, but that is where the over-regulation clearly kicks in. I think you will find, if you talk to a lot of female owners, that they would feel nowadays that they are a little disincentivised to employ people of childbearing age.

Q374 Paul Blomfield: Could I wide the discussion out to Emma and Claire? I am particularly interested in focusing on this issue of micro-businesses and women running them. Mike has made the point about childcare and access to finance, and those were certainly issues that were raised in the round-table I held in Sheffield. I wondered if you would concur, and whether there are other issues where you think society or the Government could make a more positive intervention?

Emma Heathcote-James: Mike is talking in terms of London. If we look at the countryside, there are very few child minders, and the few who are there and are good get booked up very quickly, and therefore they put their costs up. A lot of my friends, colleagues and peers have to travel 45 minutes to an hour to drop their child at child care, so you have got the fuel and the time, and then you have then got the cost of child care. A neighbour of mine, who is an HR exec, is practically working for nothing by the time she has got her take-home and she has paid the child care and the travel. You are working for nothing; what is the incentive? It is difficult.

Q375 Paul Blomfield: Are there other issues?

Claire Martinsen: I am not sure I do concur. My child was not even a year old when I started my business, and I had a three-year-old as well, so I have established a business with very small children at my coat-tails. I don't think that has held me back; I think it has pushed me on. Being in an SME and being able to work more flexibly has helped.

To come back to the issue on culture, because you might think as a business owner, "Well, that's okay," I have experienced quite a lot of prejudice, and generally women do. An example would be that if I am at a trade show and I have a colleague who comes and works with me who is 60 and male, people will automatically think he is the business owner, no matter how much he says, "No, she is the owner, you must speak to her. If you want to know prices, you must speak to her."

There is an overwhelming culture that people will go to the oldest person who is male. That has happened on more than one occasion. Somebody met my guy who does credit control and said, "He is the real business owner, isn't he? He is the man who makes decisions"—absolutely not. People assume my husband owns the business and my husband is somehow financing me. It is that overwhelming culture to continually get over. You actually can be a female starting a business and you do not need to have a load of males behind you, but that comes up again and again.

Q376 Paul Blomfield: And on access to finance?

Claire Martinsen: Personally, I do not concur that access to finance is an issue.

Q377 Paul Blomfield: Obviously that is a problem for all small businesses, and it is one that we have looked at as a Committee. Locally, I have picked up that it was a particular problem, for the same reasons you are describing, Claire, in terms of culture and

18 December 2012 Claire Martinsen, Emma Heathcote-James and Mike Cherry

perception—that maybe applications are viewed less credibly.

Emma Heathcote-James: I have no experience of that, to be honest.

Claire Martinsen: Generally women are more risk-averse, so their nature is probably not to borrow money in the first instance. To be fair, a lot of female businesses are more craft-based, and may be more difficult to get lending against.

Emma Heathcote-James: There are perhaps lower start-up costs.

Q378 Mike Crockart: We have touched on this, so it might be quick to answer. Looking at specific issues that there might be for SMEs in rural areas—you touched on it with child care availability and the difficulties in getting children into that—are there other particular issues that affect rural SMEs that do not affect urban ones?

Emma Heathcote-James: Where do we start? I created a north Cotswold group for women in rural enterprise, the WiRE group, which is fantastic and has helped me massively over the last four years. You are very on your own, out in the sticks. We have got the internet, which is our portal to get us to other people, but on a good day, I get 0.5 Meg, so I cannot do any webinars, I cannot Skype and I cannot do any online learning, because it buffers constantly. Mobile phone—I cannot do anything on that. I can use FaceTime, if there is a learning thing, but it is so different. It is so weird to be in London and my mobile phone rings; it is such a different world.

WiRE subsidises training for women. It started off aimed at farmers' wives who needed to diversify. Obviously, they were farmers' wives and did not have any business skills, and that was how WiRE started, but now it is open to all women rurally. It saves us, as women, from having to travel to London, Birmingham, or the City for training, which is not very cost-effective. I think more subsidy needs to be put out to groups like WiRE, because it is so helpful—it is such a lifeline. Everybody is on the same hymn sheet, and everyone is thinking the same and doing the same.

Q379 Mike Crockart: Where does the funding for that come from currently?

Claire Martinsen: I think it is membership only.

Emma Heathcote-James: I think they do have some grants, but they are getting less and less.

Claire Martinsen: I would definitely echo Emma's point. Norfolk is notoriously bad for broadband, and when fuel goes up, it affects rural business massively more than urban ones.

Emma Heathcote-James: It is 12 miles for me to go to the post office daily—that's petrol.

Q380 Chair: Where are you based?

Emma Heathcote-James: I am based in the north Cotswolds, Gloucestershire.

Planning regulations is another issue. I have moved my workshop from Worcestershire to Gloucestershire, because my house was listed in a conservation zone, and obviously you cannot do anything. It was easier to build a purpose-built workshop, which I have done, and that has cost.

Footfall is obviously the other thing we have got little of. What I do is very much internet-based, as well as going to suppliers. For me to go to the suppliers, I am going miles up and down the country. It is not a whinge; I absolutely love it and I would not change it, but it is very, very different.

Q381 Mike Crockart: Mike, are there any issues that have been raised through the FSB membership that feed into this?

Mike Cherry: There is a generic one, certainly around broadband and mobile network access which, as you are probably aware, we are continually haranguing the Government about. This needs to happen much, much quicker, particularly to cover the rural areas, but there are urban areas that are affected as well. Whether you are a female business or any business, that is a major issue that has to be addressed.

Chair: Thank you very much. That concludes our questioning. You probably heard what I said to the previous panels: if you feel there is anything you would like to add to the evidence you have given, please feel free to submit it to us. Equally, if we feel there is a question that we should have asked, but did not ask, we will write to you, and would be grateful for a reply. That was very helpful indeed.

Examination of Witnesses

Witnesses: **Baroness Margaret Prosser of Battersea**, former Deputy Chair and former Interim Chair, Equality and Human Rights Commission, **Mark Hammond**, Chief Executive Officer, EHRC, and **Karen Jochelson**, Director of the Economy and Employment Programme, EHRC, gave evidence.

Q382 Chair: Good morning, and thank you very much for agreeing to appear before the Committee. Could you just introduce yourselves for transcription purposes?

Karen Jochelson: I am Karen Jochelson. I am the Programme Director of Employment and the Economy at the Equality and Human Rights Commission.

Mark Hammond: I am Mark Hammond, the Chief Executive of the commission.

Baroness Margaret Prosser of Battersea: I am Baroness Margaret Prosser, and until 3 December, I was the Deputy Chair of the Equality and Human Rights Commission.

Q383 Julie Elliott: What research have you undertaken on inequality of pay?

Karen Jochelson: We have published extensively on pay inequalities. We can provide you in our written briefing with the listing; it is all publicly available

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

on our website. Our research has compared pay gaps between men and women, and between other protected groups. We have also published research on the use of pay audits and company views on them. Our triennial review, which is a statutory requirement, has also published a wide range of evidence on pay gaps, and the different experiences of men and women and other protected groups in the economy.

Q384 Julie Elliott: You have mentioned that you have done research on pay gaps between different disadvantaged groups. What have you found to be the principal causes of those inequalities?

Karen Jochelson: It is a very big question; some of them came up in the earlier session. I will begin by answering, but I will then also refer to Margaret, who has an enormous amount of experience in the area.

Some of it goes back to the kinds of jobs that people enter in the first place. Women tend to go into more poorly paid or part-time work than men. There are also pay gaps that emerge because women tend not to climb the career ladder in the same way as men, so when women fall pregnant, they may fall out of the work force, or when they re-enter the work force, they go back into lower status, less well paid, and often part-time work. There are also areas around discrimination, where men and women are being paid dissimilar rates for work that is similar, which is not really in line with our equal pay legislation. Margaret, would you like to add to that?

Baroness Margaret Prosser of Battersea: I have brought along—the Clerk may find this useful as background to the work of the Committee—a report on the work of the Women and Work Commission. The commission, which I chaired, sat from 2004 to 2006. The responsibility of that body was to look at the continuing gender pay and opportunities gap—it is important to include opportunities. Three years after our report and our recommendations to the Government, there was a review of those recommendations, and what the Government had or had not done in terms of taking them forward. I think that would be really helpful to the Clerk.

To build on what Karen has said, when the report of the original work of the Women and Work Commission was done, lots of people said, “What’s the answer then?” Lots of people thought that equal pay audits would be the answer, and no doubt you will come on to that. Actually the answer is multi-layered; there is not a single, easy way in which you can say it is better and easier for women in the world of work, because the issues are multi-layered, and pretty many and various. They start in school with education choices and expectations of what girls may or may not want to do, leading into occupational segregation. Many jobs that women choose to do are lower paid. You could ask the philosophical question: are they lower paid because women do them, or simply because they are those kinds of jobs?

Despite the fact that girls, largely speaking, are doing rather better than boys in educational terms, and indeed young women overall are earning more than young men in a certain age group, by the time you get a few years down the line, there is the impact of having had children. That is quite often combined

with the fact that the skills those women have had have not been able to transfer into later years; unlike young men who choose to be plumbers and electricians, and they can still do that when they are 50-odd, but often women have lost the skills they have chosen. So, the pay gap reasserts itself at that later stage.

Q385 Julie Elliott: You have alluded to the next question: what works in reducing the pay gap—transparency or equal pay audits?

Baroness Margaret Prosser of Battersea: Equal pay audits lead to transparency, and that of itself is a very good thing. There is no doubt that conducting equal pay audits is a very helpful exercise, but it does not do away with the fact that the reasons for the pay gap are outside those very straightforward technical areas, if you like. If you have few, if any, opportunities for well-paid part-time employment, all the equal pay audits in the world are not going to change that. They are extremely useful and important, and transparency is very important, but you need all those other social structures to be implemented before the issue is going to be cracked.

Q386 Julie Elliott: What are your views on the Government’s decision not to introduce regulations imposing pay auditing duties on employers under the Equality Act?

Karen Jochelson: We hope it is going to stay on the statute books. There are a lot of activities underway, and the Government themselves are running “Think, Act, Report”, which asks companies voluntarily to report more publicly on their pay gaps. It is worth waiting to see whether that makes any difference, but should there be little difference, it is worth thinking about using the legislation that we have in place.

Mark Hammond: That is right, Karen. It reflects some of the comments from your last panel of witnesses—the colleague from the FSB and so on. We face, as a regulator, this continual challenge about what actually works, and what will make the difference that will have a long-term sustainable impact on the sort of gaps that you are addressing and the issues of your inquiry? Our underlying view is that, to use the phrase, the statutory underpinning is always important—there needs to be an understanding among all sectors of employment that there are standards that are expected of organisations.

Moving beyond that, the individual tools that can change a company culture and change the culture of a profession are long-term issues that you cannot crack with the sledgehammer of a piece of regulation. Going forward, the challenge for all of us regulators, and the partners that we work with, is to identify those tools that are going to have a genuine sustainable impact. For us, that means building more of the partnerships and alliances that some of the other people you are talking to in this inquiry are involved in.

Q387 Julie Elliott: Has the removal of the requirement for male comparators in certain circumstances under the Equality Act helped to prove

inequality where there is occupational segregation in the workplace?

Karen Jochelson: We have certain concerns over the use of the male comparator. The aim of equal pay legislation is to ensure that women are not paid less than men for equal or similar work, whether as a result of indirect or direct sex discrimination. There is a new section 71 in the Equality Act, which allows for a hypothetical comparator, but that applies only when the pay difference is directly discriminatory—it does not apply when the pay difference is due to indirect discrimination. Certainly most of the cases that we see are a result of indirect discrimination. In this case, the claimant has to identify an actual male comparator.

We have concerns that this might not be completely compatible with EU legislation. There have been several cases, two of which we have been involved in, and we have information about the range of cases we have been involved in that relate to equal pay. They have focused around the issue of finding a suitable male comparator and have gone into very technical arguments, before reaching the real hub of the issue, which is around whether pay discrimination has taken place. Margaret, do you want to add anything about those cases?

Baroness Margaret Prosser of Battersea: The whole question of finding the male comparator throws up a big dilemma. There are cases that have been through, and one that is continuing to go through. If you look at the circumstance where services in the public sector are contracted out, generally speaking they are very much on sex-segregated lines—for example, you have got all the dinner ladies, the gardeners, the road diggers and so on. Those salaries come out of the original budget of the local authority, health service or whatever it might be. It has been decreed by the European Court that because there is not what it sees as a single source of payment, those women—dinner ladies, for example—cannot compare themselves with those male gardeners, despite the fact that it all comes out of the original budget.

That throws up for me the question of whether or not the current Equal Pay Act is fit for purpose, because it was designed, as we all know, back in 1970 and introduced in 1975, and the world of work has changed out of all recognition since then. It would be quite a good piece of work for somebody to look at the nature of the Equal Pay Act as it stands, where it does not match up to today's labour market, and ways in which it ought to be brought up to date.

Q388 Julie Elliott: That is a very interesting point. How can the public sector equality duty help with equal pay by requiring public sector employers to ensure equal pay, and by requiring public bodies with whom they contract in the private sector to guarantee equal pay?

Mark Hammond: That is an interesting question. The Committee will be aware that the PSED itself is currently subject to a review that the Government are undertaking that we and others are contributing to. There are two issues around that, and it slightly overlaps into the review. The duty is a duty to have due regard to the issues that might arise from the decision you are examining. This has been the subject

of debate recently as to how that should be done. Our view is that we need to consider, even at this early stage of the PSED, whether it is going to have the impacts that were intended for it, if it is only looking at whether you thought about the decision.

It is important to have that due regard, and we have seen public authorities of various kinds fail in court to prove that they have taken that due regard, with or without an equality impact assessment document, but it is, in the end, a process duty. It is about whether you have taken the issues seriously and shown that you have addressed them in your thinking. It does not impinge on the results of the decision you eventually take. We see the PSED review that is under way as an opportunity to come back to a debate that was had during the period when the duty was first drawn up to say, "Are there ways in which, without increasing the bureaucracy, red tape and burdens of the duty, we can address more what results from the decisions that organisations take?" I think that that goes back to the point you are making.

Q389 Julie Elliott: Do you think that the duty does make a difference in that having to consider something can sometimes make a difference to outcomes?

Mark Hammond: It can, and we are drawing together an evidence base as part of the review, with our partners and other organisations, about where, even in the short time the duty has been in effect, we have seen impacts from it. I was talking to a local authority earlier this year after it had lost a judicial review around the PSED, and I had a very productive day going through what was necessary, what it needed to consider, and how it might take a different decision in the light of the information that it gathered when it did take due regard. That was a very successful exercise for us.

Again, it is very possible to do an excellent PSED due regard exercise to fulfil all that is required of you under the duty, and to take the same decision you might have done even if you had not gone through that process. For us, we would like to come back to the debate with our partners and the Government as to—for example, when taking a duty perhaps to contract out a service in local government—how you are looking at the way the potential operator of the service subsequently will address some of these issues. As Margaret was saying, as the world of work changes, and as responsibilities and functions move into different areas, how is the chain going to hold firm so that what is required in the standards around equality continues to hold, even if the chain of delivery is making such a difference, as we are saying?

Baroness Margaret Prosser of Battersea: We should conclude that the vast majority of discriminatory decisions and choices are not made from malevolence; they are made just because people do not think. If the public sector equality duty makes a person focus on those issues, that has to be helpful.

Q390 Julie Elliott: In a previous oral session, the FDA said that the duty might be weakened by the Government. Would you see this as a positive thing

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

or a negative thing, or would it not make much difference?

Mark Hammond: It is under review, so I think that any outcome is possible at this stage. As I was saying, in a sense we welcome the review, because it is an opportunity to reflect on what has happened with it so far and to look at the evidence—indeed, to look at whether there is any evidence that it has increased bureaucracy, red tape and burdens, as is sometimes said. I am not sure that we have seen any evidence of that yet, but there is an opportunity for the review to bring that forward. It is also an opportunity to look at how it works, what people's understanding of it is and whether, having had that proper regard, people are then looking at their decisions differently. It is an opportunity to look at whether we are achieving better compliance with the standards Parliament has set in the legislation through the working of the duty?

Q391 Julie Elliott: Finally, do you think that equality impact assessments should be reinstated on a statutory rather than a non-statutory basis?

Mark Hammond: I think the short answer is no. We rather agree—we have said so in all the guidance we have issued around the PSED—that the temptation to fall into the trap of producing the piece of paper at the end, putting EIA on the top of it and then saying, “Phew, that is done,” is a very easy trap to fall into. As has been said by others, it is the intelligence and application of thinking while you are wondering about what decision to take. As Margaret says, if you are addressing the issues, implications and possible consequences well and consciously in that process, the central issue is not whether those are encompassed in a particular piece of paper or not at the end. It is the quality of that thinking that you are putting in, particularly at the early stages, when you are formulating policy.

Q392 Julie Elliott: Can I just ask a question from something you have alluded to a few times? The world of work is a changing picture, almost on a daily basis. It changes all the time and at a speed that, in recent years, has massively altered. Do you think that some of the rules, regulations and obligations around work are keeping pace with that? Moving forward, we have some quite rigid things, in terms of legislation. What I am picking up is that that is a little out of kilter with how the world of work is changing, or am I wrong?

Mark Hammond: The others might want to say something as well. It is an important point that the Committee may want to consider, and some of your previous witnesses that we heard were reflecting the same thing. There are two things. There are the standards that Parliament has set down in legislation that all organisations and individuals should adhere to. Having set those standards, there then has to be some mechanism and process by which people are measured, held to account and so on, as to whether they are achieving it. That is, perhaps more often than the standards themselves, where the problems start to arise.

These are the issues that small businesses particularly confront. I am absolutely sure, as Margaret says, that

they want to do the right things. This is not about malice or spite: it is the challenges of the practicalities. All of us who are involved in regulating any of these standards need to be always aware of whether we are achieving the goals of the standards, or in some ways monitoring the process? We would much rather be focusing on achieving the standards.

Baroness Margaret Prosser of Battersea: I slightly differ—respectfully, of course—with the view of the Chief Executive, because there is an expression used by people in business: what gets measured gets done. I entirely agree that we have to be careful about tick-box exercises and too much bureaucracy, particularly given that growth in the economy is, largely speaking, coming from small business and entrepreneurs getting started. However, they are the very people who will not apply their minds to these exercises unless they are required to do so. Somehow we have to make the exercise as meaningful and easy as possible, in the sense of not too much bureaucracy, but if we do not keep a beady eye on it all, it just will not happen, I fear.

Karen Jochelson: There have been some instances when we have warmly welcomed some of the changes the Government are trying to introduce. You could argue that they are additional bureaucracy, but they are actually what Mark calls standards to hold companies accountable to. For example, BIS recently published a consultation around a proposal to have greater transparency by quoted companies on the number of men and women on their board who are managers or who are employed in the organisation as a whole. My understanding is that companies need to comply or explain why they cannot comply, so they have a degree of control in how they choose to comply.

What is quite interesting is there are several investing firms that have come out in support of that, and they have said that they are now going to look at that part of the annual reports when they make some of their investment decisions. That is part of making a transparent culture, and about holding companies to account. We have had some concerns about proposals to reduce legislation. There have been a range of consultations in the past six months on proposals to remove third-party harassment and to change some of the legal framework around employment tribunals, where we think there is potential for regression in the way we protect people's rights.

Again, we would be happy to provide further evidence, and all our consultations are publicly available. The one I will draw on for now is a suggestion that the questionnaire that is used in discrimination claims should be removed. We have suggested that this would be a negative step to take because, in effect, the questionnaire gives both the employer and the employee some guidelines about the appropriate kind of questions to ask, how to present your information, and what you are going to be called on to request. Without that, it makes it far more unstable for the employer. That would be an example where red tape may be a positive thing that helps both our legal system and our employment system function a lot better.

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

Q393 Caroline Dinéage: This is to the whole panel. This morning we have heard about the European Commission's policy of positive action for women. How do you think that the positive action provisions in the Equality Act help to promote equality for women? Are they being used efficiently? If not, what more could be done?

Karen Jochelson: We are delighted that the positive action provisions are strengthened in the Equality Act, but dismayed because they are not that frequently used. I think there is a lack of understanding by employers about how to use it without risking some kind of litigation. The idea of positive action is that where an employer has evidence that a particular protected group was disadvantaged or had different needs, or that there was low participation in the workforce, there are a range of actions they can take, but those actions are voluntary, so it is not a requirement that they do it.

In employment it can take place at two stages. One is at application stage, where if an employer is aware that the group is under-represented, they can look at ways to encourage groups to apply for the jobs. It does not mean that those applicants are going to get the job; it just means you are opening the field. The advantage to the employer is that they are seeking talent from a far more diverse pool.

The second place where positive action can play a role is when you are at the point of making an appointment, because if you had two equally qualified candidates, you could choose the one from the group that fulfilled one of those three evidence requirements around disadvantage. You could then choose to appoint the more disadvantaged candidate, as long as they were both equally qualified.

We have some examples where employers have done this. We have a group called People First, which works with the sector skills council and has looked at positive action in the application stage. There were very few women who were train or taxi drivers, or pilots, and they provided some pre-employment training. I imagine it was along the lines of helping people to understand what those jobs entailed and building their confidence so that they were at least able to apply for a job they may not have chosen to consider before.

Baroness Margaret Prosser of Battersea: The People First thing was part of a wider piece of work. In 2006, the then Chancellor of the Exchequer allocated £40 million to be spent on focused training for women, on up-skilling and re-skilling, and on enabling them to take their place in the labour market appropriate to their capacity and abilities. Something like 13 sector skills councils participated in that programme, under the umbrella of the UK Commission for Employment and Skills.

The programme ran from 2006 until March this year, when it was closed down. Over that period, more than 25,000 women were up-skilled and retrained in a whole variety of areas of the economy, such as agriculture and the textile industry. As Karen said, it also involved People First, with driving skills. The People First one was interesting, because they took women off the unemployment register, so it paid for itself like billy-o—it was really very successful. That

is an interesting and quite exciting example of positive action that is designed for and focused on an area where a particular group in the country needs some special extra help to get up to where they need to be.

Q394 Caroline Dinéage: One witness said that the EHRC does a lot of work providing advice and support for SMEs and others who are nervous about discrimination law and need somebody at the end of a phone line to talk them through the problem. However, they said that such work was not being promoted enough. Do you agree, and how could these services be better provided?

Mark Hammond: It is a very interesting question, and Karen might want to add briefly. We heard the colleague from the FSB talking about this in response to a question. It is very helpful to us: we are in the process of planning our work for next year and beyond with our new Chair and board. I did want to say, if I may, that we do very much look forward to the Committee's report helping us understand what we might do, and we very much hope to engage with you as you come to your conclusions so that we can be part of delivering any changes you might recommend. We are very conscious that we need hugely to improve and enhance the relationships we have with the CBI, the FSB and the chambers—all those organisations. Karen is leading on that for me and the organisation. We are not precious about how the information, advice and support get to SMEs, particularly. If it comes through us, that is great, and we can provide material and assistance to the employee organisations that they look to—that is absolutely fine. The impact for us is the same: getting that advice and support out to SMEs, sole traders and all those who might need it. We are very conscious of looking at all the channels we can use. It is not a matter of us producing something and letting it sit on our website—that is not the view we take. We are working with the Government Equalities Office on some road shows it does for businesses up and down the country and seeing whether that might be more appropriate for us, or as something for us to do in partnership with the GEO. Perhaps Karen might want to add to that?

Karen Jochelson: What I am after is ensuring that our message gets out. As Mark said, I am not too worried about how it gets out or who gives it. We are a small organisation, and there is a very, very big world out there. For us, it is about how you get your message across most effectively. For me, that means working with and through others who have a joint commitment to equality.

I can give you two sets of examples. The first is where there has been a piece of legislation that affects most businesses. We have tried to work in partnership with organisations that would be trusted by large or small businesses. For example, we published guidance on how to do an equal pay audit for small businesses, which we did with the British Chambers of Commerce. We have also run some training seminars on the Equality Act and equal pay, which were run nationally with Eversheds. Most recently, this year we published a piece of joint guidance with ACAS looking at the requirements around the redundancy process when you are dealing with workers who are

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

pregnant or on maternity leave. For me, it was striking that, when I last looked, we had over 18,000 downloads in a very short period of time, which was partly due to the fact it was on two websites, rather than just ours.

Another example of where our dissemination is far more targeted to the market—if you are not in that market, you are not going to be aware of it—is work we have done for our inquiry into conditions in the meat and poultry industry. We set up a task force after our inquiry report was delivered, which drew together supermarkets, the labour providers, processors in meat and poultry, the various trade associations, and the trade unions who worked in the industry. They agreed that some guidance arising from the problems that we had identified would be very helpful. We published that guidance two months ago, and we calculate we probably reached 80% of the processing firms and about 2,000 labour providers.

The way we were able to do this is: our guidance now sits on the supermarkets' supplier intranet, which is not something we would have access to except through the supermarkets. The British Meat Processors Association, the British Poultry Council and the Association of Labour Providers all have our guidance on their website, and they have advertised it through their own web and newsletters.

To me, it is the fact that our guidance was supported in the first place by that industry. It has helped us to figure out the best way of disseminating it, and it has been disseminated with its support, which is what is going to make it most effective, but if you are not in that industry, the chances are that you are not going to have read it.

Q395 Ann McKechin: There have obviously been drastic cuts to the budget of the EHRC over the last couple of years. I wonder whether Margaret and Mark could comment on what difference that is making to your work and how you are going to prioritise your work, given you have got a smaller budget to deal with.

Mark Hammond: Yes, our resources have fallen, as with organisations across the public sector. To unpack that change a little bit, there have been several aspects to it. On the helpline that the commission used to run, the funding for it moved across to the Government Equalities Office, which has let a contract to others to deliver a helpline service. Although the money has come out of our budget, the service is still being delivered through these different arrangements. Similarly, we used to provide some grant services for strategic and legal grants of around £6 million a year or so. That has ceased now. Although it is an overall reduction in the amount of support in this area, it obviously has much less impact on us as an organisation—essentially it was money in, money out, with a small team.

When you look at those sorts of changes and what we are anticipating the budget will be over the next couple of years, our reduction is around the one-third mark, which is about par for public sector organisations. I would not want the Committee to feel, in a sense, that we have been singled out or have had something particularly disproportionate. The

challenge for us, which we have been working on over the last year, and will continue to work on with the new Chair and board, is how you take a reduction in funding and have a lower impact on the services you are delivering. It is a challenge I have had in other roles. Whatever the funding cut you have had, if you have 10% less money and do 10% less service, that is a pretty poor result; if you have a 10% cut and do 5% less service, you have made a difference in the way that is implemented.

We could go into whatever detail you would like to. For example, we have reorganised the bulk of the staffing of the commission into a single resource pool, so that rather than trying to cram each year's work into a rigid structure of departments in the organisation, we agree what the work is going to be with the board and then allocate the resources directly to it. This should help us to make sure that we get the very most we can out of all of our staff and the resources available to us.

My job, supported by the management team, is to ensure that we are refocusing, that we are working in different ways, and that, whatever the funding reduction we have had, we are still maintaining the greatest possible impact for people and communities out there.

Q396 Ann McKechin: I was interested in what Karen said about an inquiry on the meat and poultry industry, because some of the figures we have had about occupational segregation are abysmal: 1% of electricians are female; female engineers are 6%; and the number of IT professionals has declined in the last 10 years. Perhaps you could tell me why, to date, the EHRC has given relatively little priority to occupational segregation—or why you think you have had so little impact—and what you are going to do about it.

Mark Hammond: I will let Karen talk in a bit in detail, because some of the work we have done around careers advice is the way that we can try and influence that over the longer term. As to what we do in the future, these are all the issues that our new Chair and board will be debating over the next couple of months. We do have to make choices. There is a huge number of areas in which, given our wide mandate, we could put resource and effort into making a difference. The board will have to decide, over January and February into next year, where it sees the priority for the resources and people we have.

Karen Jochelson: I can talk a little bit about the packs that we have developed around aspirations and information around careers. We decided to focus on primary school children, because our research found that gendered ideas about what was appropriate work, if you were a little girl or a little boy, start very early. We have developed a pack with educational specialists that tries to help children to think about cultural stereotypes, the world of work and the benefits you get from work. We published that in September this year, and it has been marketed through our partners at various educational conferences. It is called *Equal Choices, Equal Chances*, and it is a partner piece to a similar piece of work called *Equal Rights, Equal*

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

Respect, which also focuses on stereotyping, but more from a human rights angle.

Q397 Ann McKechin: Can I just stop you there? Is that just an offer that is made to schools that they can take up voluntarily?

Karen Jochelson: They can choose to take that up, yes.

Q398 Ann McKechin: Right, so it is not compulsory. One of the questions we asked earlier to Dame Jocelyn was about the issue of 16 to 17 different types of initiatives scatter-gunned around in a very fragmented way, with no actual systemic approach by central Government. You make recommendations and your budget is controlled by central Government. I would put it to you that perhaps the ideas need systemic change within Government, and this needs to be a compulsory part of the curriculum, not just something that schools can pick and choose.

Mark Hammond: I think that is a question for my colleagues at the Department for Education.

Baroness Margaret Prosser of Battersea: Who have not necessarily embraced these debates, shall we say.

Karen Jochelson: It is probably worth acknowledging that some of the careers advice services have been closed down, and that will have some impact eventually.

Baroness Margaret Prosser of Battersea: I agree entirely with Mark's point about the relationship between the reduction in our budget and taking away the need to provide certain services, such as the helpline and grants. I do think, in terms of how these important issues are made to influence people's lives outside, that the loss of the grants programme, at the same time as the legal aid Act came in, was very unfortunate. I do think there are going to be many people who will find it very difficult to get advice on a whole range of areas, but in terms of the responsibility of the Commission, on receiving advice on matters of discrimination, that is going to make life much harder.

On a slightly brighter note, one of the things that has been determined by the Commission—through experience, if you like—is that there is a greater opportunity to work in partnership with some of the bodies outside. For example, up in the north-east, there is an excellent equal opportunities body. The south-west of the country has a very good one, as has the north-west. Working with those umbrellas on what seem to be important issues in their particular regions, and with the knowledge that they will bring, will, I think, be quite a rich vein.

Q399 Chair: Just a couple of concluding questions. First, there are some changes in the rules under which the EHRC operate under the Enterprise and Regulatory Reform Bill. Can you tell us your views on that and how it affects your working?

Mark Hammond: Colleagues may have seen the briefing that we provided to both Houses about this. The legislative changes to our powers were well trailed in the Government consultation. Our overall view is that none of them will significantly impede the commission's work going forward. I do not think

we would have brought them forward ourselves as proposals for change, had we been asked, but we do not regard them as causing substantial issues for what we plan and deliver as an organisation.

Q400 Chair: Is that the consensus of the panel?

Baroness Margaret Prosser of Battersea: There are different views about the role of public sector equality duties and whether they are as important or otherwise. There is a view that says that having the public sector general duty embodied in legislation gives purpose to the Equality Act and sets its framework and background. I merely make the point that there are different views about that. That will be discussed in the House of Lords when we come back in early January, so we will see how it pans out.

Q401 Chair: We will watch with interest.

This is a very tricky question: there is a school of thought—particularly in certain elements of the media, but not entirely confined to the media—that equality and human rights somehow represent a politically correct agenda pursued by a bunch of ideologues that does not really reflect the real world. Would you acknowledge that particular attitude? How does it affect you? How do you think you can combat it, assuming that you do acknowledge it does exist?

Mark Hammond: That is a very big question, Chair. Clearly there is a school of thought—we read it online and in papers daily, weekly—whatever it may be. There are perhaps different issues around equality and around human rights. A few minutes ago, the Bill of Rights Commission will have given us some views around the human rights agenda. I would go back partly to what I said earlier in response to a question about the difference between the standards that Parliament has said that people should be held to and should be accountable for, and the way in which the machinery collectively holds people to account and monitors their performance against them.

It is always possible to find ways of improving, streamlining and reducing the unnecessary burdens of the process by which the standards are held to—that is a constant challenge for us as regulators in parts of the public sector. That is different from any suggestion that we go backwards on the standards that the Equality Act and the Human Rights Act have embodied, which is that individuals should not be discriminated or prejudiced against in any way because of the characteristics that they happen to have. We, as an organisation, stand absolutely on the standards that the Equality Act and the Human Rights Act have put forward and Parliament has agreed.

We need to try and continue to work with the media, our colleagues and those who have concerns to understand what is at work here: is this about the standard or is this about the process? If it is about the standard, let us have an argument about it. Let us agree whether we think people should be treated equally and whether we think discrimination is ever viable. If it is about the process, let us debate how we can make it better.

Similarly, on human rights, the issues are very complex, as I am sure the Bill of Rights Commission report will outline. They are partly about individual

18 December 2012 Baroness Margaret Prosser of Battersea, Mark Hammond and Karen Jochelson

rights and their operation within the courts, and underneath that—this is a debate we might all have in the next couple of years—there is an issue as to whose rights they are: are these rights that we all hold that we allow our legislators and the courts to have a view on, or are they rights granted to us by the legislature? These are very basic, big issues, and in terms of the confusions that sometimes arise in the media debates, hopefully there is an opportunity in the next couple of years, building on the Bill of Rights Commission report, to talk about how we want this system to work more effectively.

Q402 Chair: Finally, you do a lot of work that I would guess is unrecognised by the world at large. How best do you think you could sell yourself and the work that you do?

Mark Hammond: Again, that is a very big question. As we have talked about, the organisation is changing: the resource changes we have had do mean that our reach is somewhat different, as we do not deliver as

much in terms of front-line services as the organisation did when it was first set up. As we have reflected on, it is very important to us that we are working in partnerships and alliances with many organisations. We are able to have a hugely greater impact by working with people like CQC and ACAS on the key sectors that deliver for individuals and communities out there.

We would like to be a very respected organisation for what we do, for the objective and evidence-based nature of what we produce and for what we say. Whether that makes us always popular with all aspects of the media, we will have to allow that to happen, as it does.

Chair: Thanks very much; that was very helpful. I will repeat what I said to the other panels: if there is anything you would like to contribute that you have not had the chance to contribute today, please feel free to do so. Equally, if there is a question that we have not asked, but in retrospect we think we should have asked, we will write to you.

Tuesday 15 January 2013

Members present:

Mr Adrian Bailey (Chair)

Paul Blomfield
Mike Crookart
Caroline Dinenage
Rebecca Harris

Ann McKechin
Mr Robin Walker
Nadhim Zahawi

Examination of Witnesses

Witnesses: **Ruby McGregor-Smith CBE**, Chair, **Fiona Woolf CBE** and **Eddie Gray**, Women's Business Council, gave evidence.

Q403 Chair: Can I start by welcoming you and thanking you for agreeing to give evidence to the Committee? I was going to say that some of the questions will be person-specific. I think most of them are pretty general, but please do not feel that you all have to answer every question if somebody has said something that you agree with. Do feel free to add to or subtract from what somebody else has said if you feel that you have a specific contribution that you need to make on any question.

If you would just like to introduce yourselves for voice transcription purposes, that would be helpful, starting with Eddie Gray.

Eddie Gray: Yes, my name is Eddie Gray, and I am a member of the Women's Business Council and also a member of the board of Opportunity Now.

Ruby McGregor-Smith: I am Ruby McGregor-Smith, the Chair of the Women's Business Council and Chief Executive of MITIE Group plc.

Fiona Woolf: I am Fiona Woolf. I am a member of the Women's Business Council and I am a partner with CMS Cameron McKenna in the City.

Q404 Chair: Thank you very much. I will start with a fairly general question. Why was the Women's Business Council set up? Can you very briefly summarise the progress you have made on your brief to date?

Ruby McGregor-Smith: The Women's Business Council was set up last summer to look at recommendations on how women can make a more positive contribution to the economic value of the UK in their whole life cycle, from when they are very young through to later in their careers. Our progress to date is that we are about to finalise our recommendations, which will be reported in June or July this year more widely.

There are four key areas in which we are working. The first is around looking at broadening the choices for school-age girls and young women. We are really looking there at career choices and what young girls today want to work on or not work on.

Chair: Could you just speak up slightly? The acoustics are not very good in this room.

Ruby McGregor-Smith: The second area is unblocking the talent pipeline, which is about looking at what stops women progressing their careers, and looking at childcare, benefits and more flexible working. We are also looking at supporting older women who, at a later stage of their career, have more

caring responsibilities and how they can then also potentially re-skill to come back into the workplace. Finally, we are promoting enterprise through the whole life cycle of a female. Those are the four key areas.

Q405 Chair: What support have you had from the Government in terms of research and backing on the work that you have done so far?

Ruby McGregor-Smith: We have asked for quite extensive support. Some of the team here today are from Government. There are a number of people working on the initiative with us, because what we are very interested in is having an evidence-based report. I have some of the evidence that we have produced so far internally that we are happy to share with the Select Committee.

Q406 Chair: Do you have any staff seconded to you at all?

Ruby McGregor-Smith: We have a number of people working on this, but they also have other responsibilities.

Q407 Chair: Which department are they from?

Ruby McGregor-Smith: The Government Equalities Office. They are working now for Maria Miller.

Q408 Chair: This is another broad question. You have touched on it in your summary of what you are researching. What do you see as the main areas that prevent women from achieving their economic potential?

Ruby McGregor-Smith: This is split into different parts. You need to look at age. For young girls today, it is very much about aspirations, career choices and what they believe they can do when they are at school and what they are told they are actually capable of. It is about how you actually improve aspirations at school for young girls today. Moving on to—

Fiona Woolf: Can I just jump in, before you move on to the next stage? We are detecting some significant gender stereotyping that is interfering with the aspirations of girls, particularly in what we call the STEM subjects—science, technology, engineering and maths. There is a particular curiosity as to why girls do not wind up in IT.

Q409 Chair: Before I come back to you, could you just elaborate on that? We did have a specific session

15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

covering this particular area. I want to see if your perspective reflects that which we had before the Committee. You said “gender stereotyping”. What evidence do you have that demonstrates that girls who may have both the aptitude and inclination to take STEM subjects do not as a result of other factors?

Fiona Woolf: You will see some surveys and you will see what the literature has from our evidence papers. We have spoken to career-advisory services, both in school and also one called Plotr, which is in the course of creation and is, if you like, a joint venture between the public and private sectors.

This is my own personal view. They had not really thought about the fact that they needed to take some myths out about engineering subjects or IT being a suitable place for girls to aspire to. It was more what was not going on and the lack of evidence of thinking there that struck us that this was an area we ought to explore further.

Eddie Gray: It is a complex area, as you will have seen from the evidence that we have submitted to the Committee. Often, it is a mixture of quite deeply held cultural limitations that the girls themselves—or indeed their families, as some of the evidence suggests—impose as they are making critical choices about which subjects to study at relatively young ages. What is also important—and which may well also lead to the potential for recommendations, of course—is that the activities that influence girls in the system, careers advice and so on, are not tackling those head-on enough and presenting options and challenges to girls. They are rather accepting that, as long as there is progress in a girl’s academic career and they are moving on to university, it does not matter whether it is a STEM subject or not.

There is evidence to suggest it is operating from both sides, but the evidence does point to it being quite a complex subject.

Q410 Chair: I just want to pursue this a little bit further. Is this the fault of the schools and the attitudes of the teachers? Is this the fault of the careers service? Finally, are the changes that the Government is recommending for the careers service taking this on board and likely to tackle it? Do any of you have any views on that?

Ruby McGregor-Smith: I have got some quite strong views about this. There is no joined-up approach to careers advice in schools in the UK that is linked to business—at all.

If we are serious about raising the aspirations of young people—this is a gender-neutral comment—and making them incredibly focused on what their career can be, there is very limited practical application or joined-up behaviour between careers services, the Department for Education and business. That needs to change, because kids are not coming out of college work-ready. I think this is a fundamental change that we need to make. It is not that difficult to make, as well. There are a number of recommendations coming out in our paper about things that can be done to make things a lot simpler. However, the point around raising the aspirations of women and young girls at school is partly a confidence issue. It is getting them to believe that they

can use their capabilities in the way a boy can. There is a lot of research on this, which talks about confidence holding women back at every stage of their career, which absolutely needs to be tackled earlier on. It is also self-belief. If you were to join those things up, you could massively change the way things are.

Q411 Chair: You have moved into the next area I was going to ask about. Can this change be by legislation or, if not, what do the Government need to do to change their policies to alter this?

Ruby McGregor-Smith: I think you can change it by legislation. We need a joined-up careers advice. I am not suggesting that we set up another organisation that does all of this, but we need a joined-up careers service. It should be wider than a careers service. Calling it “Careers and Aspirations for Young People” would go a long way towards beginning to solve this—particularly in this economic environment. Every school, as opposed to focusing on what universities they send their kids to and what league tables they join, could focus on making them work-ready. Beginning to change that is the message. Business would be hugely supportive of that. Everyone on the Women’s Business Council has a business background. We are hugely passionate about getting young people into work. Young girls need that support.

Q412 Ann McKechin: We have been talking about this problem for a long number of years. I had a look at the apprenticeship figures and data. Over the last 10 years, if you look at apprenticeships in construction, electro-technical, plumbing or IT, they have flat-lined. The low participation of women has remained utterly constant for the last 10 years.

You have mentioned the areas of careers advice and, obviously, trying to change the opinions of young girls. I do not disagree with you. However, you only seem to have looked at it from one side. We spend, as taxpayers, a lot of money on apprenticeships and training. We could produce a financial incentive to employers, saying, “If you want a slice of the budget, you will have to recruit more women and make that a target.”

I do not necessarily see companies or employers coming out to look for women in some of these trades and occupations. Do you think there is some way we could try to incentivise the industry?

Ruby McGregor-Smith: My organisation is one of the largest apprentice employers in the UK. I would say that this is changing. The statistics may show that it is flat-lining, but it is the kids who want to come out. My point is around raising aspirations and getting young girls—particularly those in the STEM subjects—to take this on. For example, in engineering, why do we not see more engineers coming through? It is a tough environment still. You are asking girls to join organisations where 90% of the apprentices are male. That is maybe not the best environment for them.

I do not think it is about financial incentives to business; if we are really serious about changing it, we should ask why, when they go to university to do

15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

engineering, they do not carry on with engineering. A lot of the girls go into consulting. The first thing that happens, if you are an engineer, is that the accounting firms will be the first to come and try to get you to go into consulting as opposed to staying in engineering. It is not, still today, the most attractive job for many women. That will change over time.

Q413 Ann McKechin: Perhaps I can press you a little bit further on that. If I were looking at a job as an electrician or a plumber, how many of those mostly SME-sector companies offer part-time jobs or flexible working? In other sectors it is more common.

If you are a young girl, you might be thinking, "At one stage I might perhaps start having a family; I am going to need more flexibility in my work. I am going into a sector where I cannot see any sign of that occurring and it is"—as you say—"an understandably very male-orientated perspective." There has to be some change in business as well, would you not agree?

Ruby McGregor-Smith: Yes, but there is; we are making some big recommendations about flexible working as well to help that point. We had had a big question asked at the Council about what flexible and full-time working are. Does everybody not just have a job? It is set within a number of hours as opposed to, "You must be in the office, Monday to Friday, doing the following things."

There is a huge amount of work the HR communities in businesses can do to change that, but that is a partly cultural point.

Eddie Gray: As Ruby has said, the whole issue of flexibility will be a key part of the Women's Business Council recommendations. I would pose a question as to whether it is the critical issue in the specific instance you are raising here. What evidence there is tends to suggest that most girls in the 18 to 20 age range are not applying for these things. It is not so much the issue of forward-thinking about flexibility, which only tends to come in as they get slightly older, that stops them doing that.

There does seem to be—either as a function of the educational choices they have made or some cultural belief—an idea that this is just not for them, which is a greater barrier to that. The evidence is not definitive, so I accept up front that there is an element of anecdote to this. However, so far, on the basis of what we have seen, the issue of flexibility tends to come into people's considerations slightly later, rather than when making that first choice, where it is rather more biased by what they have studied, what they feel they are good at and what they feel is right for them or not.

Q414 Nadhim Zahawi: I have a question on the Council. After you report in May, will you be disbanded? What will happen after that?

Ruby McGregor-Smith: I have been asked to chair it for the first 12 months. It will be up for review then. That is really down to what Maria Miller would like to do with it going forward. Our view is very much that we will come out with some really powerful recommendations.

We would love to be able to come back and report against those next year, because it is really important

to make sure that the recommendations we come up with for business are embedded into the way organisations want to work. We want to see some of this embedded into legislation. There are a number of recommendations coming out that we would like to see in legislation and that we are very passionate about.

Q415 Nadhim Zahawi: What, then, is your remit?

Ruby McGregor-Smith: It is 12 months.

Nadhim Zahawi: That is for you. What happens to the actual Council itself?

Ruby McGregor-Smith: The Council is for 12 months, at the moment. We are coming out with key recommendations and then a review of what we should do with it.

Nadhim Zahawi: There is no decision as to whether it disbands or carries on?

Ruby McGregor-Smith: No. No decision has been made yet.

Fiona Woolf: Although it is fair to say that we are being tasked with delivering the messages from the Women's Business Council for quite a period of time after May.

Ruby McGregor-Smith: We are.

Q416 Nadhim Zahawi: What is your plan? How are you going to do that?

Ruby McGregor-Smith: We are coming up with the final recommendations now, which will be ready by the end of February. Those will hopefully then be agreed by those that need to agree them in Government. Then we will look to launch those formally in May or June. There will be a two-week launch programme to talk to all interested parties about that. There is quite a lot of detail behind that.

These are very powerful business recommendations, and what we are very much hoping is that you will see some of what we are saying already beginning to come out. For example, we have already come up with some initial recommendations around childcare benefits and flexible working, which we think are already beginning to be listened to.

Q417 Nadhim Zahawi: Out of interest, what kind of support do you have, in terms of the Council itself? I mean administrative support.

Ruby McGregor-Smith: Administrative support is done by the Government Equalities Office. We have a team working with us there.

Q418 Nadhim Zahawi: Is there nothing from business?

Ruby McGregor-Smith: From business there are 10 people on the Council. We are all offering some individual support as well where necessary. For example, where we want to go away and look at specific studies on things like flexible working, in the evidence papers there is a lot of different evidence and case studies from different companies about what they have done.

Q419 Nadhim Zahawi: Who pulls that together?

Ruby McGregor-Smith: That is being pulled together by the Government team.

15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

Q420 Nadhim Zahawi: Moving on to the Equalities and Human Rights Commission, what are your views on their work? You might not have a view at all.

Ruby McGregor-Smith: I do not have any strong views.

Eddie Gray: I have had little interaction. In terms of the Women's Business Council and its current agenda, we have started to identify in the later stages of careers an emerging issue around care, particularly for older relatives. I do know that they have just made recommendations—which, I must admit, I have not had a chance to study in any great detail—about quality of care at home, which is likely to be of interest to us as we look at our recommendations in that area. At the moment, that is the only specific area of clear overlap that I have been able to notice. I have to be honest: I have not yet seen the detail of it.

Q421 Mr Walker: Given what you have just said about the EHRC, we have heard some evidence that budget cuts to the EHRC are likely to make a big difference. What would you feel is going to make more of a difference to the chances of women and girls pursuing the careers that they want to be able to achieve?

Ruby McGregor-Smith: I think it is important that the recommendations we come out with this summer are listened to. As many business leaders, we have a lot of evidence to talk about what business needs going forward in this economic environment. What we have to do for young girls today is make them ready to work in a different economic world. I hope that they will be taken very seriously. It is difficult for us to comment on cuts to other organisations.

Eddie Gray: I would be very hopeful that the Chancellor would pay a great deal of attention to the Women's Business Council. Part of the reason I said yes to being a part of the Council was its focus on the economic potential and the idea that there was lost opportunity for the country here. You will see when the report finally comes out that it is structured to identify from the evidence base those critical stages of a woman's life when we are either losing significant opportunities and the potential to contribute to economic growth or we are losing it from the system completely.

We are trying to strip away everything else and concentrate on those key moments in a woman's working life and the choices that she makes. That, to me, seems like a very relevant agenda if you are a Chancellor. I would personally be very disappointed if he is not very interested in what we have to say.

Q422 Mr Walker: You have all come into this bringing your experience of business and working in the private sector to the Women's Business Council. Has the process of working on the issues changed your attitude or improved your understanding of what the role of the public sector is in dealing with these issues?

Ruby McGregor-Smith: For me, I would say that I have had a really positive experience of working with the people I have worked with in Government. There is a huge amount of talent, it has been used really

effectively in this area and could be utilised even more. I am pretty impressed.

Fiona Woolf: If I may, I think you need to understand that the Women's Business Council is not just looking at what Government can do. It is very much looking at what business can do and, also, the women and girls themselves. We will be confronting a lot of the unconscious things that are going on. We talked about the culture, but there is unconscious bias going on. We have been talking about the entry level, but at the top level you may find that somehow or other a Chairman says, "My dear, I just cannot see you in the role of Chairman." It is not something that people are comfortable with. They may be very well meaning, but what nonsense that is.

Eddie Gray: Two things have struck me particularly so far. The first has already been mentioned: the balance between those issues that are ones of choice and those that are essentially ones of culture and how those two mix.

The second is that, if you look at the evidence papers, much of the conversation in this area is around career paths, career development and the movement of people to senior levels. That is an important factor, but, at an aggregate level, if you take people who are not looking to advance their career but want to take part in the generation of economic wealth and add all of those up, there is a lot of economic potential in people who, for want of a better phrase, are looking for a job but not necessarily a career.

At the aggregate level, that is quite a powerful resource for the country. I do not think I realised that before I started this. That has been a surprise to me as well.

Q423 Rebecca Harris: I am very much looking forward to the publication of your report and your recommendations. Looking at some of the legislative things at the moment, I was going to ask you, if you have a view, what you think of the Public Sector Equality Duty. Do you think it has worked in the public sector and could be a template for the private sector?

Fiona Woolf: I am quite impressed with the Public Sector Equality Duty. Do I think it would work if you simply took it and imposed it on the private sector? This takes you back to why it is that—even though we have had equalities legislation going back over 30 years—the statistics on women in the workplace and career advancement are not as impressive as you might have thought, given the strong legislative powers available for women to use. You have to recognise that you are in a sensitive environment where, a bit like family law, legislation does not work to mandate behaviour in quite the way it might—or you would hope it does—in other sectors.

Of course, the fact of the matter is that, if a woman encounters a difficulty in the workplace, she may think it better not to use the legislation but to see if she can negotiate a solution, because she risks destroying the whole relationship with her employer. That is why, as much as I am lawyer and we have to have it there, you may think of it as the backstop; it deals with the extreme cases. The vast majority, for me, are essentially about the conditions for workplace

 15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

engagement and getting a wake-up call to the business sector.

Q424 Rebecca Harris: I take it you mean factors like your chances of getting another job if you have taken your previous employer to court for sex discrimination. The next question is this: do you think we ought to have a duty to conduct equal-pay audits in the private sector?

Ruby McGregor-Smith: Absolutely. I think equal-pay audits are important.

Fiona Woolf: I had some experience of them about four or five years ago. I think it was about the time when the GLA had done some research on how many equal-pay audits had been done in London businesses. They found that only about 28% of businesses had ever even thought about it and thought it was a good idea.

I was involved in an equal-pay audit, which was done by a new chief executive, somewhat to the surprise of the organisation. They said, "Well, we do not think there is anything that we will find." Of course, guess what? The result was indeed that there were some gender pay gaps that were quite startling. I then became President of the Law Society and we looked at the equal pay of the legal profession as an issue and discovered that, after lots of corrections for different types of work and different regions of the country, we still had a 7.9% pay gap in the legal profession, which was outrageous when you thought about the profession it was. As you might imagine, I am quite a fan of it.

Q425 Chair: Is that reflected by the experience of the other members of the Council?

Ruby McGregor-Smith: Absolutely, it is. We have certainly looked at equal-pay audits across our business. We have also encountered some challenges with some public-sector contracts, where they have not been there. I think it is incredibly important. I do not understand at all why you would not pay equally on gender. I think it is important to do; it is an important check for any business to do.

Eddie Gray: I would certainly agree that it is important we ensure there is visibility that this is happening. The question is always, "What is the particular carrot-and-stick combination you use to make it happen?" What we are seeing at the moment is a strong move to increase transparency. We are seeing a positive response to that. The Government, as I understand it, is also moving towards a position where those people who are found to have transgressed on the gender pay-balance will then be subject to audits post being caught out—if that is the right way to phrase it.

That is quite a powerful combination. If I had a personal choice, I would let that run for a while to see how well it does. I am conscious that when things are imposed blanket across people, when you have a wide deviation in current behaviour, there is a tendency to drive things to the point where businesses think, "Now it is a regulation I have to make sure I tick the box," and the cultural change that underpins this, which we really need, tends to get a little lost.

If I were to have a personal vote, I would increase the pressure on transparency. I would support the Government's use of audits for those who transgress, but I would keep the broad range of audits in reserve to see whether that first move gains real progress.

Q426 Rebecca Harris: I have one final question. Do you think that equality impact assessments should be reinstated on a statutory rather than a non-statutory basis?

Fiona Woolf: It is a good question. I think it is always a question of whether you think impact assessments in and of themselves add value and drive behaviour. There are two schools of thought. One is that they should be done for everything, whether they are environment impact assessments or legislative impact assessments or whatever, because they throw up information. There is then the cynical school of thought, which is that they just throw up information and people then have the choice of whether to ignore it or do something with it.

I rather tend to sit on the fence on that one, but the Government Equalities Office has its own programme to throw up information in the form of the Think, Act, Report initiative, which is in its early stages. It is less than a year out of the box. They are inviting businesses, at least, to report on gender equality and also the tangible things they are doing to address the issues that they have found. This goes a step beyond impact assessment to deliver to people some ideas about what they can do about it.

Ruby McGregor-Smith: I think it is important to report on these things in a public company, but my only request is that, if we increase disclosure requirements for public companies, we take some of the other things away. There is a danger that you just burden business more and more with reporting. We need to decide what is really important. What has happened is that every few years reporting has gone up and up.

You need to stand back and look at the whole thing. My own report is over 120 pages. The question is this: what is important? You can do the disclosure, but it is a burden—particularly for smaller businesses. Collecting the data, doing the disclosure and explaining it is a lot of work as well, at a time when I think we have to be quite careful about what regulation is trying to do. This is trying to improve economic impact, not put more of a burden on to industry. It is how we balance that. All I would ask is that we take some other regulatory things away, if this is one of the priorities.

Q427 Chair: In many ways, that summed up the key issue that we are trying to come to recommendations on. Before we move on, can I just pick up a point that Eddie Gray made? He talked about equal pay audits being introduced where companies transgressed. What I am not clear on is this: how can you tell they have transgressed, without an equal pay audit to start with?

Eddie Gray: I was explaining what I thought I had read. My understanding is that there is a mechanism. Perhaps I can seek some assistance here. It is through the tribunal system.

15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

Chair: You go through an expensive tribunal system before you have that, then?

Eddie Gray: Whether or not it is the right system, what I was saying was that my understanding is that the Government is trying to recognise that they have a mechanism by which they can identify people who have transgressed and they are intending to intervene with those particular companies. A combination of increased transparency and such an action seems to me to be a potentially quite powerful combination.

Chair: It takes us into the whole area of employment tribunals, the payment of fees and the disincentive effect of them and so on, which perhaps is not the area we are covering now.

Q428 Mike Crockart: This is quite apt, because you had started to talk about Think, Act, Report. That is the area I wanted to concentrate on. We have had written evidence from the Government that they are quite happy with the way things are going, saying that they have made great progress thanks to the enthusiasm and support of 50 leading organisations. What is your take on how Think, Act, Report is looking? I know it is early days, but is there a direction of travel?

Ruby McGregor-Smith: As a business, I think Think, Act, Report is a good thing to report against and do. At the moment it is voluntary. My only comment about that, if it were to become mandatory, would be to take a look at all reporting and say what is going to be mandatory and not. I think it is very dangerous just to apply more and more. We need to go back to the point around equality in the workplace first. Business must have equality in the workplace; therefore, what are the key things business needs to report against to make sure there is equality? That is not just about gender, though. That should be looking at race and disability as well. I think you have to have a whole platform around equality first; then you can decide what companies should report against.

The danger at the moment is that we are going one way on gender and there are other recommendations coming out on other things. At what point do you stop compiling statistics for your organisations? Where is the economic benefit of that? Business will do it if it sees the economic benefit. It can be well explained, but there is a danger that we over-report at present. But I think it is good initial progress and it is making companies think just a little differently about what it is. It should not be underestimated how much business still needs to be educated in this area.

Q429 Mike Crockart: Surely the fact that it is not mandatory—that it is voluntary—means it is going to end up being a self-selecting group, who are fairly confident about their processes and procedures and are doing this as a promotion of the good practice that they are doing. It is back to the question that the Chair asked Mr Gray. It is about how we identify those who are not carrying out good practices. They are not going to self-regulate and volunteer to show that they are not carrying out good practices.

Ruby McGregor-Smith: It does impact business. If you are not a business that puts sustainability and all of the issues you need to do at the heart of your

business agenda, actually, in terms of following best practice, your clients and stakeholders expect you to be able to follow that. Although it is voluntary, do not underestimate how many will want to do that to be seen to adopt best practice and to do well for their business. I do not think you have to have everything made mandatory to ensure you get business to sign up to it. Businesses will absolutely do the right thing around things that present them as a better business. Think, Act, Report does that. I do not think, for me, that it is about being mandatory; it is more about the fact that it is a sensible set of recommendations. If a business does not want to adopt it, you have to say, “Why would they not?”

Eddie Gray: I agree. I think it is a very positive initiative. I think it is positive for two reasons. One is that it is genuinely aimed at getting underneath the skin of organisations and forcing them to change their culture. There is always a question between voluntary and mandatory, which leads you—we referenced this earlier—to, “Now I have to tick the box.”

Actually, if I am outside organisations and am trying to understand, if I were a woman, whether they are a good place for me, mandatory reporting tends to then disguise and hide those who are thinking about it and those who are not, because everybody is doing something. I would not know, until I was in, whether this was a positive, forward-looking place or not. Therefore, the other thing I think is positive is that the initial response to this has seen sign-up from large and small and right across sectors. What that is starting to do is set up a potentially competitive environment within sectors, so that talented women who are looking at companies and starting to assess “this is where I should go for these reasons” are able to start making positive choices. More than anything else, this will start to influence the laggards. If you take that away, you take away that system of driving it forward. I like this initiative; it is trying to get at the right things. We should be encouraged by the range and diversity, in another sense, of the response to it and those who have signed up. I think it has potential.

Q430 Mike Crockart: I am getting a strong feeling that you feel that self-regulation and voluntary approaches deliver change more effectively and quickly than regulation, because regulation, in your words, seems to encourage a tick-box culture.

Ruby McGregor-Smith: It would be a tick-box culture and a burden. You want organisations to care.

Q431 Mike Crockart: The flip side of that is that what gets measured is what gets done. Do you think that the self-regulation or voluntary route does do it more efficiently or quickly?

Ruby McGregor-Smith: I think it depends. What I have said about Think, Act, Report is that it is very good for the early days. There is no doubt in my mind that, at some stage, although it is voluntary, more and more companies will start talking about it and disclosing. Effectively, in our minds, it will almost become a mandatory thing you do anyway. Whether or not it is in legislation, I think it will be seen to be good business practice; therefore, I think businesses will adopt it. If the bigger businesses adopt it, the

 15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

smaller businesses who want to be bigger businesses one day will aspire to want to adopt that, too. Let us look at the results of that in the next two years and decide if it is moving quickly enough. If it is not, maybe some of it does need to become mandatory.

Fiona Woolf: The challenge is not just around whether it is mandatory or not. The challenge for the Government Equalities Office is what they do with the information: whether they report it and communicate it and begin to use the organisations that are out there—who would be very happy to partner with them—to embed the message that this is good practice for the new business-normal environment they are in and, more importantly, the new war for talent that they have.

Q432 Chair: Do you think there is a case for introducing, potentially, time-delayed legislation, which will spell out what the Government expect but not actually impose a regulatory regime until some specified date in the future to incentivise companies to deal with this issue beforehand?

Fiona Woolf: Do you mean some sort of sword of Damocles?

Chair: Yes, you could put it like that.

Fiona Woolf: In other words, if we do not have 30% of women on boards by x, it will be mandatory.

Q433 Chair: Yes, to a certain extent that is encapsulated by the European approach. I am particularly thinking of things like equal-pay audits and so on, which you have basically told us you think are good and should be introduced. The Government, if anything, seems to be moving away from any sort of obligation to carry them out. If you are to oppose regulation in this area, what can the Government do to, if you like, make the voluntary system work?

Ruby McGregor-Smith: I think it is okay to introduce legislation later. You have to go back to what is really important in this whole area. There is a danger, at the moment, that there are lots of initiatives. We are talking equal pay; we are talking about Think, Act, Report; we are talking about lots of different things. The message could come across as quite mixed. What is important for business to fix? What are the priorities? Decide whether the priorities are going to be voluntary or mandatory; make that decision with us and let us know. At the moment, it comes across as very mixed as to what the priorities are around equality. We have to get those priorities agreed before we put any more legislation in.

That would simply be my request. It is a very confused message, particularly for many businesses who do not understand all of it and who have to get up to speed with understanding how to implement new processes in their workplaces.

I sit as a trustee of Business in the Community. If you take a look at improving workplace practices just in HR, in many of these areas it is a difficult call for businesses that have not done it well or do not know how to do it. You have to decide on the priorities and say what makes best business sense and what can aid businesses to grow. Otherwise, it gets caught in a regulatory environment that is just about audit. With

all due respect, audit does not always improve business.

Eddie Gray: Rarely would it be the case that it is a bad thing for Government to be very clear about its expectations and the path it would like to see developed. I think the question is whether regulation, now or delayed, is necessarily the best way to do it. I am not sure it is always the case. If I look at the Davies Report as an example in this area, my personal view is that, if we look back in the future, we will look at the way in which the investor community, investor groups and all of those kinds of groups decided this was an important issue that needed to be sorted out. They were impressing on companies that they were taking this seriously and they had expectations. I suspect, when we look back, we will find that was a very powerful motivator in the success of the Davies Report.

I think it is very interesting when you talk to senior people in business. You talk to chief executives who have strong interactions with the Government. They would tend to report back that the issue of gender equality is here for a day as a message, it disappears again and then it comes back and goes away. We need a consistency and a drive from the Government level that says, “This is important; we have expectations over time and we are expecting all parts of the business community to work together to make this happen, utilising things like Think, Act, Report and so on.”

Importantly, the Government need to be clear that they are committed to this and that it is not going to be hot and cold.

Chair: I think we will look forward to your report in due course. Maybe that is a taste of the recommendations in it. You have raised a number of issues that I would love to pursue, but we are time-constrained, so I am bringing in Ann McKechin now.

Q434 Ann McKechin: If we could turn to the issue of flexible working, the Government made an announcement of extending flexible-working rights in November last year. I wondered what your views were. Do you think the Government has gone far enough or do you think it is imposing a burden on business that it will find hard to tolerate?

Ruby McGregor-Smith: I think flexible working for anyone in the workplace, increasingly, going forward, will be critical. I therefore think that more needs to be done to ensure that business does allow its employees to work flexibly. I will not put that down to gender; I am going to talk about families with caring responsibilities. There can be many reasons why you need to work flexibly. It is incredibly important. If that is the burden business has to bear, so be it. I do think this is really important.

Q435 Ann McKechin: Some people who have given evidence to us have pointed out that this does not apply to new jobs. This applies to people who have been in their jobs for six months or more. Only then can they make a request. Much of our employment is now changing into part-time, temporary and agency work. For many people—many women, particularly—

15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

on lower paid jobs, which is likely to be the type of work they are seeking, it does not mention that you can request flexible working in the job advert and no-one approaches them. Do you not consider that we are going to limit the ability of people to work flexibly to those who tend to have better income levels?

Ruby McGregor-Smith: We are coming up with some recommendations on flexible working through what we are doing here. I think we need to offer flexible working to all; I am very passionate about that.

Q436 Paul Blomfield: I wonder if I could explore particular issues relating to SMEs, in the sense that much of our economic recovery, we say, is dependent on the growth of SMEs—certainly in the area that I represent, in South Yorkshire. We have 40,000 SMEs and they are critical to employment and growth. Many of them are run by very impressive women.

I am interested in both sides of the discussion on SMEs, both the problems that they face, particularly the micro end of businesses, in terms of accommodating flexible working—I will come on to this in a moment—but also the women that lead those businesses. What barriers do you think there are to women entrepreneurs in start-ups? What sort of interventions can we make to make life easier for them? I held a round-table before we started this inquiry for women involved in business in Sheffield. They had some fairly passionate views and I wondered what yours might be.

Ruby McGregor-Smith: One of the things we are talking about is promoting enterprise through all of our recommendations. If you take a look at what being a female entrepreneur means, I think—even for the kids at school—it is not about, “I am going to be a female entrepreneur and end up like an Alan Sugar.” This is also about, “How do I go and set up my own business doing whatever, using whatever range of skills I have?”

Again, I come back to confidence. How do you do this? How do you encourage more women to set up their own businesses? How do you get them to believe they can and believe that, when they go to the bank and need to raise their funding, they will get it? I think there is evidence to suggest that more women do get the funding now, which is not necessarily always widely known.

More and more, I think it is about giving them the tools—particularly at the points in their life when they decide they want to go into business, which, for many, is not just when they are young. It may be when they have had families and are looking for more flexible working. If they cannot go back and do what they do, how do they do it? It is about making sure they have the tools that enable them to set it up. There is a huge amount of untapped talent in women in the UK. We could provide them with the simple start-up tools: what you need to do, how you set up a company, whether you have the financial acumen to do so, whether you need some training or development and so on.

You need to do a whole programme around getting an entrepreneur to start up a business in the UK. There are some organisations—certainly, we are pointing to their evidence—that can really help you with that. I

do think there is quite a lot going on in the private sector to try to help with some of those issues.

Q437 Paul Blomfield: Can I just come back on that? In a sense, some of those things that you described are almost gender-neutral.

Ruby McGregor-Smith: Yes, absolutely.

Paul Blomfield: They are needed by all people in start-ups. The problems that were described to me by women who had set up businesses and subsequently struggled were at the point when things like caring responsibilities were triggered. It is a different position, if you look at maternity entitlements in a big organisation, from leading a business. They gave me accounts of businesses that had failed at that point.

I just wonder, if we are to encourage women entrepreneurs, what sort of interventions and support we need to be looking at as a society around those sorts of issues.

Eddie Gray: When you see the Women’s Business Council report, I think you will find that we have strong agreement with the point you are making. We are in the process now of trying to get to your question of what the specifics are.

It is probably worth saying, about the Council and its process, that, as I say, we started off identifying those areas where the maximum of potential exits from the system in terms of contributing to economic growth happened as women went through their working lives. We did not start with entrepreneurship. What became clear was that at every stage entrepreneurship was a potential response, and that is why it has become a separate strand of our work.

You are absolutely right: there are different issues at different stages. Particularly for women in later stages, who perhaps want to set up businesses because they have been made redundant—that is a common story—the issue of caring is significant. We are trying to cross-reference those and make sure that our recommendations take those into account.

There is another issue as well that has been interesting for me. I ought to say that I have never worked for an organisation of fewer than 50,000 employees, so I am not necessarily the best person to ask. However, we have been talking to many of these entrepreneurs in the same way you have done; I would be interested if you had a similar response. I found that the sense of what the expectations of a business were—in reference to providing employment or an expectation of growing and becoming bigger, which they do not always want to do—was an interesting challenge, which many of them are finding difficult to square away.

I think what is really important about this agenda—and the whole WBC agenda—is that, to your point, it feeds back into the system. The more of these businesses we can create, the more employment opportunities they offer, potentially, for other women. It is a potentially virtuous circle and we do think it is an important area; we are in full agreement.

Q438 Paul Blomfield: I would very much like to pursue this further but I am conscious of the time. I wanted to look briefly at the other side of the equation for small businesses and the difficulties that many

 15 January 2013 Ruby McGregor-Smith CBE, Fiona Woolf CBE and Eddie Gray

report in accommodating flexible working and maternity leave. It has been suggested to us by some witnesses that there might be a role for Government in providing support to small businesses to help them accommodate flexible working. Do you have a view on that issue?

Ruby McGregor-Smith: I think it is difficult for all businesses to accommodate flexible working, big or small, because it does have an impact—particularly in the small businesses where you are very reliant on key individuals. However, I do think that if we are going to be serious about the debate about getting the most economic value out of individuals in the workplace, flexible working has to be here to stay. I am less inclined to say there needs to be specific Government support. I am much more inclined to say that as you begin to build your business, of any scale, flexible working is something you need to think about from day one.

Actually, we say that it is very tough for all businesses to do it, but I think it is more about a mindset change to ask what flexible working means and where people need to be or not be. Technology today means that many of them do not need to be in certain places. There are key roles that you cannot always flexibly work on in organisations. Every organisation has that, big or small, but in most cases you can get there. I am less inclined to talk about direct Government intervention in that. It is for business to come up with how it is going to work it.

Eddie Gray: I would be looking more for Government facilitation, rather than intervention, in this area. To the point Ruby has made, I hope we would be able to think through issues that will help small businesses support this—whether it is investment in technology and so on, which might allow them to do this and which they may, because they are small businesses now, be struggling to afford. That is part of the analysis, but I would not want, at this stage, to walk

away from the idea that there could be Government facilitation that might help.

Chair: We have come to the end of the time. Mike, you did indicate you had a supplementary. Could you make it very brief? Equally, could the responses be very brief?

Q439 Mike Crockart: I will make it very brief. I did a similar thing to Paul in talking to local entrepreneurs. They said very similar things: Government support being aimed at high-growth companies, which they were not trying to be; a lack of networks; and the culture of banks. Overwhelmingly, however, the loudest call came for help with the cost of childcare. Is that your experience as well?

Ruby McGregor-Smith: Yes. One of our key recommendations will be around support on childcare, if we are serious about untapped talent in the UK.

Chair: As ever, we have run out of time. You raised a whole range of issues that we would like to pursue. Can I repeat what I have said to other witnesses? If you feel, in retrospect, that there is further evidence that you would like to give or an answer that you did not give that perhaps you should have, please feel free to send it in as supplementary written evidence to the Committee. Equally, if we feel there is a question we did not ask but should have, we may write to you to ask it.

Obviously, we realise that your report could have a very significant influence on Government policy. With the agreement of the Committee, we may like to have you back in here to talk about it subsequently and, indeed, we may want the Ministers in to see how they are going to respond to it. As part of our process of influencing Government, we like to monitor issues and see how Government policy is developing on it—not to mention Government delivery. Thank you very much. I do appreciate the contribution you have made.

Examination of Witnesses

Witnesses: **Rt Hon Maria Miller MP**, Secretary of State for Culture, Media, Sport and Minister for Women and Equalities, and **Jo Swinson MP**, Parliamentary Under-Secretary of State for Women and Equalities, Department for Business, Innovation and Skills, gave evidence.

Q440 Chair: Thank you and welcome. I was getting slightly worried that we had lost you. Losing one Minister is unfortunate; to lose two is positively careless. Can I thank you for agreeing to come before us?

Minister, you did say that you would like a two-minute introductory contribution; I have agreed to that. I will keep it to two minutes. I am conscious that both your and the Committee's time are valuable, and we have an awful lot of questions that we want to ask you subsequently. If you would like to start with your two-minute opening, please do.

Maria Miller: Thank you, Chair. I appreciate that. It is a great pleasure to be here. What I wanted to set out up front is really where the Government comes from on the issue of women in the workplace. We all know that we have to compete globally as a country. Every single person in this country has a part to play

in making this country an economic success. We need to make sure that we are allowing everybody to fulfil their potential in the workplace.

I have to say, Committee, that this is still a workplace designed by men for men. There is a great deal that this Government still has to do to make sure that we can allow women to play their full part. That is why we have an extensive set of structural changes that we are putting in place in terms of shared parental leave, flexible working and increased support for childcare. We are also making sure that all sectors, all jobs, at all levels are open to women. The work that we have done identifies the fact that one-third of the gender pay gap is still driven by the types of jobs that women go into. One-third of it is the amount of time they take off around their childcare duties. If we can overcome these barriers and the barriers to women participating fully at all levels in business, this will be a great

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

success story not just for Britain in terms of fairness, but also for Britain in terms of our economic success in future.

Chair: Thank you. You were actually within the two minutes.

Maria Miller: I like to be brief, Chair.

Q441 Chair: Can I just say, before we move into the questions, that we have had a session with the Women's Business Council? We understand that they will be making a report in May. I have said that, with the agreement of the Committee, we will look at that report and may have them in to talk about it. I will put down a marker, again, that we would like to have you in, as Ministers, to comment on your response to their report.

Can I open with the Public Sector Equality Duty? Do you think it has worked effectively in the public sector and, as a template, that it could be used for the private sector?

Jo Swinson: I think the Public Sector Equality Duty is important. In requiring organisations in the public sector to have due regard to preventing and eliminating discrimination, to fostering good relations and to advancing the cause of equality, that provides a positive move towards equality, rather than just the absence of discrimination. Equality is more than the absence of discrimination. We want to make sure, however, that this is working as well as it can. That is why we have set up a review of the Public Sector Equality Duty. The group was formed to do that in December. They are working on that; we are expecting that, in the next few months, we will be able to read their results.

In terms of how the private sector can look at equality issues, it is right that organisations can work out, individually, the best way to do that. There may well be elements of things in the Public Sector Equality Duty that public sector organisations do that they also find helpful. I am sure you have heard evidence from different business groups that have undertaken a range of different methods of dealing with their equality responsibilities and have recognised that it is good for business. Some of those basic issues, such as collecting and publishing information, can be immensely helpful for organisations, whether public or private sector, to understand where the barriers to equality are and take steps to address them.

Maria Miller: To underline that, Chair, it is the business case that we feel is very powerful for making sure that we have equality in whatever jobs there are—whether it is at board level or any other level in a company. I think there is a powerful case there; that is the case that we are taking out through initiatives like Think, Act, Report to make sure that businesses really understand that equality case. We think that is a powerful way to drive equality in the workplace.

Q442 Chair: Can I express concern about something? When you say you are reviewing something, there is a perception that it is not working and therefore needs to be looked at again. I am not clear whether you think there is evidence that the Public Sector Equality Duty has or has not worked. Reviewing it could be interpreted as withdrawing

from the commitment that it involves. It seems to me that if it has not worked—and you are reviewing it because of that—you need to say so; if it has worked, however, you need to say why you need to review it, in effect, and whether it is relevant for the private sector.

Jo Swinson: If we do not review it, it is very difficult to say whether it has or has not worked. That is the purpose of reviewing it. We are very committed to the principle. We want to make sure that the mechanism for delivering that principle is the right one. Undertaking this review will help us understand how well the Public Sector Equality Duty is indeed working in practice. It fits in with the Government's wider approach to legislation and policy, where, as a matter of course, regulation or rules will be reviewed on a regular basis. I think that is a healthy way to do government, so that you can take stock of progress and see what is working well and what needs to be improved.

Q443 Chair: You are saying you are reviewing it because you want to assess. If that is the case and you feel that it has not worked, what do you have in mind for taking this agenda further forward? I appreciate you cannot anticipate legislation, but it would be helpful to have some insight into your thinking on it.

Jo Swinson: For clarity, Chair, do you mean taking forward the agenda on the Public Sector Equality Duty or equality more widely?

Q444 Chair: In so far as the one impacts on the other, I think it is generally accepted that it is easier to start within the public sector and then spread good practice to the private sector. If you feel that it is not working, what might you be looking at? Would you consider using it for the private sector as well?

Jo Swinson: When the group is still convening to assess the Public Sector Equality Duty, I think it is a little bit premature to make assumptions about what they will find and what we might do afterwards. I think we do have to wait until that group has done its job. However, as Maria mentioned, there is a whole range of efforts. We are not waiting for that to happen before we engage with the private sector on equality issues.

Think, Act, Report is an excellent example, where more than 60 companies, covering more than 1.2 million employees, have signed up to regularly look at and think about how they recruit, retain, promote and, indeed, pay women in the workplace. They are dealing with some of the issues that are apparent in the pipeline about the lack of women in senior positions in a representative way across business. There are things the Government is already doing, but obviously we will look carefully at what the Public Sector Equality Duty review group comes up with when they publish their report.

Q445 Chair: I am going to bring in Ann in a moment, but, before I do so, can you put it on the record that you are reviewing this from a positive perspective of promoting this particular agenda, rather than resiling from it?

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

Jo Swinson: The Government is absolutely committed to equality. We want to make sure that we promote equality in the most effective way possible, and the review of the Public Sector Equality Duty is part of that process.

Q446 Ann McKechin: I want to clarify something about this review of the Public Sector Equality Duty. You said that the main reason is that you do not know how it has worked. I find it a little odd that there are no assessment criteria currently in place—you are not examining how the duty is taking place. Surely, if you set up a duty, you would have assessment criteria?

Jo Swinson: It is fairly new. Although it was part of the Equality Act, it was implemented by this Government, so I think this process is actually about being able to look at how it has worked. I expect there will be differences in different parts of the public sector. There will probably be examples of best practice, and those need to be shared.

Q447 Ann McKechin: I am trying to ask this: is there a standard mechanism of reporting or assessment being carried out by the Government Equalities Office currently?

Jo Swinson: The Public Sector Equality Duty places the onus on public sector organisations to have due regard to those different criteria that I mentioned earlier. There are specific duties as well: for example, around the publishing of information. If organisations are not living up to those specific duties, it is obviously an issue that can be publicly tracked.

Q448 Ann McKechin: Would you have those reports already to hand for the review? You said it has been only recently implemented, which gives me a second concern. If you do not have many hard statistics at the moment, how can you conduct a robust review of the process?

Jo Swinson: Regarding the specific duties, it will be pretty obvious whether that information has been collected by organisations. In terms of the general duty, looking at whether that has worked needs to look more widely at the equality outcomes in organisations. It is fairly new, but it is two years in, so I think that is a sufficient amount of time to be able to make an proper assessment—with there being a certain amount of information—but also early enough that, if there are changes that need to be made, those can be made in a timely way.

Ann McKechin: Perhaps it would be helpful if you could let the Committee know just what the assessment criteria are, so that we are quite clear on what you are actually comparing in terms of your review process.

Jo Swinson: We can certainly send a note about the specific duties and how those are published.

Q449 Mr Walker: How big a role do you feel data transparency plays in addressing the disparities between men and women today?

Maria Miller: What is this in terms of?

Mr Walker: I mean in terms of addressing the pay gap.

Maria Miller: Obviously, we are very conscious that, whilst the situation has improved with regards to the gender pay gap, there is still a great deal more work to do. When I set out my opening comments, I noted that the pay gap is driven by a number of different elements that we have already identified—whether it is participation in certain sectors or whether it is time off for family responsibilities. There is, however, still another significant aspect of the pay gap that is to do with unknown circumstances. That may be to do with some sort of discrimination, so transparency of information is important. We have already looked at how annual reports can look at making this sort of information more readily available in terms of the participation of women in the work force, but also around issues of pay.

Through things like Think, Act, Report, we are encouraging more of the sort of transparency that can help organisations understand better where any possible issues around the gender pay gap are coming out. Ultimately, however, we also want to make sure that women are going into the right sorts of job in the first place to give them the opportunity to have the sort of life-long earnings that are going to be comparable with their male counterparts.

Jo Swinson: If I can add to that, I am a great believer in the notion that what gets measured gets done. Transparency and monitoring can play a really important role, because very often some of the factors holding women back are not always—although it does exist—actual sexism; often, it is that the issue has not been properly thought about. In fact, sometimes the problem is not obviously apparent until you look at plain numbers in black and white on a page.

This is why I think the Financial Reporting Council will really help to crystallise this issue. As of October—and next October for quoted companies—companies have to report on their diversity policy and on the number of women not just on their board but at the next two senior levels in their organisation. What is so important about that is it starts to address the pipeline issue. You cannot just deal with women at very senior levels of the organisation; you have to deal with how that progression works throughout their careers. It is a key tool to drive behaviour.

Q450 Mr Walker: You are absolutely right to raise the pipeline issue; that is certainly something that a lot of the evidence we have taken from businesses has focused on. Things like quotas do not necessarily work if you do not address the pipeline issue. In terms of the transparency and having that clarity on pay, you already have the power through the Equality Act to make companies conduct equal pay audits. What led to the decision not to exercise that power and not make that compulsory across businesses across the board?

Maria Miller: What we want to do is to encourage companies to look at this for themselves and do it in a way that is most relevant for them. Going back to the sort of voluntary measures that we have put in place through Think, Act, Report, I think that can help get the sort of culture change that is required if you are really going to see a long-term solution to the sort of problem we are talking about here.

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

That is the approach we favour but, as you rightly say, there are measures in the Equality Act that make pay secrecy clauses unlawful. We will be taking through legislation that will give tribunals the power to order that employers do actually conduct an equal pay audit where they have been found to discriminate over pay. There are opportunities there to be able to put firmer powers in place and firmer direction in place. What we really have to do, however, is make sure that businesses understand that this is also a culture change, too.

Q451 Mr Walker: In terms of Think, Act, Report, you quoted some figures earlier in terms of 60 large organisations and a large number of employees. How much further would you like to see that initiative reach? Obviously, it is fairly early days at this stage, but in terms of reaching the vast mass of businesses that employ women and can give women opportunities, it could clearly go a lot further.

Jo Swinson: Yes, absolutely. I have already had a round-table event with various employers, some of whom have already signed up and some of whom have not yet, to make the case. It is something that, in my joint role as a business Minister and an equality Minister, puts me in a good position when I meet with a wide range of companies on a regular basis to promote the initiative and encourage them to sign up. It is fair to say there is a significant degree of interest in it. The team at the Government Equalities Office is working with a number of companies towards getting more signed up. We do want to see it go a lot further. On that note, on the link between my two different hats as a business and an equality Minister, I would just say it is really positive that the BIS Select Committee is dealing with this inquiry into women in the workplace, because in combining those two roles I see that they are absolutely interlinked, although I do not think those have been combined in Government before. The fact the BIS Select Committee is dealing with this as an employment and a business issue—rather than simply as an equality issue—is a very, very positive sign.

Q452 Chair: Before I move on to the next question, can I take you up on something? It would appear that the Government has said that it will not place a duty on private employers to undertake equal pay audits. If we are talking about changing the culture of companies, how do you think that squares or will drive a change of culture if the Government is saying, in effect, it will not take any action if companies do not do anything?

Maria Miller: We are not saying that we will not take any action; we are saying that exactly when there are issues we will take action.

Q453 Chair: What action will you be taking?

Maria Miller: As I said before, we are taking through legislation that will give tribunals the power to order employers to conduct a pay audit where they have been found to discriminate over pay. There really is a very important incentive there for employers to get it right.

Chair: We have had, however, all sorts of evidence from previous witnesses about the disincentives of people in the workplace taking issues through the employment tribunal system. It would appear that you are putting a lot of faith in a system in which there is very little confidence that it can deliver on this agenda.

Jo Swinson: One of the cultural changes that is an advantage to an initiative like Think, Act, Report over pay audits purely is that it is not just dealing with pay. As I said, it is also looking at the recruitment, retention and promotion of women within an organisation. With a view to some of the pipeline issues that we have talked about, those are incredibly important to see women fulfilling their potential in the workplace. It is a more holistic approach to addressing the issue and it being done on a voluntary basis is one that I think can get greater buy-in from business.

However, we have not abolished that power from the Equality Act; it remains on the statute book and could be brought into being. When Think, Act, Report was launched it was very clearly said that business had to step up to the plate and live up to their responsibility in terms of equal pay. At some future stage, it would be possible for a Government to introduce equal pay audits, because that power remains within the Equality Act, if businesses seem to have, as you say, done nothing.

Maria Miller: It is also important that we are not just continually dealing with the symptoms and that we are actually dealing with the causes as well. That is why I would encourage the Committee to consider the work we are doing across Government, both in terms of encouraging women to be involved in non-typical areas—particularly the work that is going on in science and technology to encourage that—and also helping women stay much more connected with the workplace, both through the flexible parental leave measures that we are bringing forward and also through flexible working as well.

Q454 Chair: Yes, we are going to come on to those. They will get appropriate consideration. If I can, however, come back to this point, the tribunal system is a haphazard way of addressing this problem in so far as it depends on individuals who are prepared to take a case forward and, sometimes, whether the unions will back them or act on it.

Minister, you did imply that the power to take action was still on the statute book. If the tribunal approach does not seem to be delivering, are you prepared to use that power?

Jo Swinson: We need to look at the evidence. We are talking about two different types of companies here. Actually, in our experience the vast majority of companies see this as a business issue. They see this as an issue that can be very motivating for their work force if they are very publicly and obviously seen to address it. They have very much welcomed the Think, Act, Report initiative. We think that, for most companies, this is the right approach. We are starting to see progress. In the latest figures that came out, the pay gap was again coming down. Obviously, however, there is more that needs to be done.

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

There is a separate—it is thankfully a minority—and small group of companies who are discriminating on pay. The Government is very clear that this is not acceptable. That is why the power for equal pay audits to be ordered by tribunals in those cases is being taken through the ERR Bill that is currently going through the House. For most companies, we do not believe that would be necessary, but for those that are breaking the law it is absolutely right that very firm action is taken to ensure they do not do that in the future. Obviously, though, we will be assessing the success of Think, Act, Report in the context of the wider issues of the pay gap and we hope to see it continue to come down.

Q455 Nadhim Zahawi: Welcome, Minister and Secretary of State. I think you are hearing healthy scepticism from the Committee about the voluntary nature of what you are proposing. The lawbreakers will probably be caught out by the tribunals, but really, to shift the culture and to make that massive move, there is no reason why you cannot mandate equal pay audits and make them transparent.

My question to you is this: how long are you going to give yourself? How much time are you going to allow? What targets are you going to set for that pay gap to close before you return to this subject?

Jo Swinson: We are at the stage in Think, Act, Report where it has been going for a little over a year and within that year there has been a very significant take-up, but obviously we want to give that more time to work before reaching for a more regulatory approach. I would reinforce that the pay gap is very important, but it is not the only issue. It is interlinked to those other, wider issues around retention, recruitment and promotion, which also need to be addressed. I believe that doing that in a holistic way is a much better approach. When Think, Act, Report was launched, it was very clearly said to business that this is something in lieu of equal pay audits, and if it is not embraced, ultimately that power remains.

Q456 Nadhim Zahawi: How much time are you going to give yourself?

Jo Swinson: I am not going to put a date on it at the moment. I appreciate that might be slightly frustrating, but we will clearly be looking for significant progress.

Q457 Nadhim Zahawi: Are we talking about a year, two years or three years?

Jo Swinson: I know you are tempting me into providing an absolutely firm date, but I am not going to do that because there is not a firm date set. We are, however, seeing good progress with Think, Act, Report already. We hope to continue to see that success going forward as well.

Q458 Nadhim Zahawi: One of our witnesses, Sheila Wild, said that 10 years ago we had a voluntary approach that comprised very strong messages from Ministers as a group—not just the Secretary of State for Trade and Industry, as was the case then, but Ministers as a whole—and the voluntary approach we have now is much weaker than it was then. How do you respond to that?

Maria Miller: The response I give is that we are seeing some good progress. We are not complacent on the matter, but we have seen the gender pay gap narrow. We want to make sure that continues. To stress the point again, this is not only about looking to employers. Obviously, that is an important part of it, but it is also making sure that women are participating across the board in all areas, so that they are getting the access to the sorts of job that they need—that we are making sure that part-time jobs, as well, can be the sort of well remunerated jobs that we need them to be.

All of these things are really important in tackling this issue. What you have here is a Government that is committed to looking at that across the board and not simply looking at the symptoms when it comes through somebody's pay packet.

Q459 Nadhim Zahawi: Can we just talk about the Equal Pay Act and whether it is fit for purpose? Obviously, it was designed in 1970 and enacted in 1975; do you think it is fit for purpose?

Jo Swinson: It is now legislation that is historic in terms of how long ago it was brought in. Of course, I am sure we would not have wanted it to take as long as it has to achieve equal pay, but I do not think that the legislation is the problem. As the Secretary of State outlined earlier, there is a range of different reasons why the pay gap exists. We can send this graph to the Committee about the different reasons for it, which are a range of the choices, the specific industries and sectors that women go into and, also, the issues around caring responsibilities and career breaks. A small part of it is education and, obviously, a part of it is unexplained.

It is not always just straightforward discrimination. There are many circumstances where it is very much unintentional. That is where making sure companies are seriously looking at the reasons behind any differentials they have and, indeed, how they recruit in the first place is so very important. I do not think changing the Equal Pay Act is some kind of magic answer to solving this problem that we face now.

Q460 Nadhim Zahawi: My question is really this: does it fit in with today's labour market or should it be brought up to date? It is an Act that was brought in a long time ago—what do you think?

Jo Swinson: I do not think there is any need, particularly, to change the Equal Pay Act. I do think we need to be working very hard, as Government is working very hard, to make it a reality. The initiatives that we have outlined are helping to do just that.

Maria Miller: It is very easy to fall back on legislation as a way of trying to fix something when, actually, I think we have identified very clearly that there are some cultural and structural issues here. Rather than use the fig leaf of legislation, let us get to the nub of the problem, which is making sure that women are getting good careers advice, which, again, is something that we have worked on very strongly as a Government, that they are going into the right sectors, and that we have the right, modern workplaces that women can work in, thrive in and can stay in their jobs when they have caring responsibilities.

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

Importantly, we should not force women into some false choice that they have to either have caring responsibilities or a job. They should be able to do both, and it is in the economic interest of this country that they do.

Q461 Nadhim Zahawi: I hear all of that. My question, really, is this: is a piece of legislation that was designed in 1970 fit for purpose in 2013? That is really the question.

Jo Swinson: I think it is, yes. There is plenty of legislation that was designed decades ago that still works today.

Nadhim Zahawi: That is all I needed to know. Thank you.

Q462 Chair: Can I now come on to the Equality and Human Rights Commission? There have been changes both in the rules under which it operates and its funding. Can you just tell us a little more about the reasoning behind this?

Maria Miller: The Equality and Human Rights Commission is clearly a vital, valuable and respected national institution. We want it to be even stronger in the future. It is critical that it is working as well as it can. We believe that, particularly with Baroness O'Neill in the chairmanship, this organisation will go from strength to strength. We have had a comprehensive review of what the organisation is focusing on—particularly its finances—in discussion with the new Chair. We have agreed with her both the budgetary framework that the Commission will be working in and also the importance of it focusing in on its core duties. It is really important that this happens because it is an important part of how we project ourselves in the world in terms of human rights. I believe that we are a world leader when it comes to human rights. It is important we make sure that the Equality and Human Rights Commission is delivering what we need it to deliver to ensure that our position remains that way in the future.

Q463 Chair: How would you define its core duties and what duties are you removing that you think it should no longer carry out?

Maria Miller: Obviously, we want it to be focusing in on the issues around making sure that this country is doing what it needs to do in terms of human rights and that it is focused in on that very clearly. Some of the duties that it had undertaken in the past were more peripheral to that.

Q464 Chair: Such as what? Can you give me an example?

Maria Miller: Such as running a telephone line to provide support. That is now not being done within the Equality and Human Rights Commission itself, but is being done by the Government Equalities Office. We are giving the organisation itself the ability to focus more on its own key tasks. That is one example of where it is not only focusing itself more clearly but also making sure that we can deliver that service more efficiently. I do not have the figures in

front of me, but we are actually doing that more cost-effectively for the taxpayer.

Q465 Chair: One witness put it to the Committee that the funding cuts have been so drastic that it has knocked the organisation sideways, and that, by changing the rules, it will have exactly the opposite effect to what the Government is hoping for. What do you think its future role should be?

Maria Miller: Picking up particularly on that point around finances, yes, we have made some important changes. I make no bones about that. The Equality and Human Rights Commission's first two clean sets of accounts have been published. There has been a 75% reduction in the use of interim staff, for instance, as a way of trying to get costs under control. Now it has a core budget of around £17 million a year, plus some transitional funding there to help with the changes that are happening. That is very much comparable with other countries that are delivering to the standard that we are delivering to.

When you look at the sorts of changes that have happened in other Government Departments, the sort of funding that the Equality and Human Rights Commission is receiving now is very much in line with what one would expect and hope to see. Funding is really not the issue to focus on here; it is making sure the Commission itself really is focusing in on its core role, rather than perhaps on the broader issues that it has in the past.

Q466 Chair: Certainly, it needs to have a clear vision of its core role. The issue, then, is whether the funding level is adequate. What future role do you think it has? Where should it fit in with the panoply of legislation and bodies concerned with promoting this particular agenda?

Maria Miller: It has a leadership role in looking at the focus the Government is putting in on a broad range of measures, whether that is to do with disability, whether that is to do with gender equality or whether that is to do with BME communities. It has an important role in looking at how Government policy is working in practice and making sure that it is working as effectively as it can. Under the leadership of Baroness O'Neill, we will very much see an evidence-based approach in the work that it undertakes. I think that is important, so that it can have really strong credibility in this field.

I would just remind the Committee: we are a world leader when it comes to human rights. We need to keep ourselves there. The newly constituted committee is very focused on that.

Q467 Chair: What you say is interesting, because I read somewhere that the funding cuts were announced after the EHRC had published a critical report of the Government. Can you confirm today that it need not be inhibited, where it is appropriate to criticise the Government, by the Government's approach to its funding?

Maria Miller: I think an important principle at stake here is the independence of this organisation. While as Secretary of State or Minister in the Government Equalities Office I appoint the Chair after an

 15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

appointments procedure, which is very transparent and clear for all to see, the organisation has a clear sense of independence and an ability to scrutinise the Government. That is fundamental to the way that it is set up; when you look at the membership of the committee, you would expect nothing less from that group of people.

Q468 Chair: It is useful to have it on the record that it will be able to fulfil its duty and conduct its role without fear of financial retribution. Can you confirm that?

Maria Miller: Yes, absolutely—though, of course, as with all parts of bodies that have funding coming from Government, we live in a financially constrained world. The sort of economic problems this country has cannot be ignored; no organisation can be insulated completely from that. What we have done, however, is make sure that the funding that is available for the Equality and Human Rights Commission can more than adequately allow it to be able to run its functions. One thing the Committee might want to have a look at is that, consistently, the Equality and Human Rights Commission has significantly underspent—particularly its programme budgets—in the past. I would suggest that financial constraint is not a first-order concern of the committee. Certainly, we have spoken to the Chair at length. I have personally spoken to the Chair on three occasions about the issues of funding.

I think what the committee wants to do is make sure that it is really constituted with the right expertise in place to be able to look at what the Government is doing and make sure our human rights record is one that continues to be one of world standing.

Q469 Chair: Yes. It is quite common for Government Departments to underspend as well, but we take the message, basically, as, “Use it or lose it.” Is that a fair assessment?

Maria Miller: I do not think Government Departments overspend.

Chair: I said underspend.

Maria Miller: Sorry, I misheard you.

Q470 Chair: Can I just move on to the Equality Act? In the context of some of the declarations and assertions that you made before, it seems rather odd that we are having a relaxation of employment protections: for instance, the right of employees to obtain employment data and the power of employment tribunals to make wider recommendations in discrimination cases, which is particularly odd in the context of the responsibility that you are putting on employment tribunals in terms of equal pay audits and so on. How can you explain the rationale for that?

Jo Swinson: All parts of regulation, as the Committee will know, have been going through the Red Tape Challenge process, which has been looking at all of the regulations in place in a thematic way, one area of regulation at a time, consulting on that with stakeholders and seeing where there is superfluous regulation or regulation that could be made simpler. The two measures that you have mentioned in your question were considered in the Red Tape Challenge

and, although the vast majority of equalities legislation was found to be essential and very valuable, not just for the people that it protects but, very often, for business, where it provides a framework for how to approach these issues and get benefit for the business, on the issues of wider recommendations and obtaining information there was evidence put forward in that consultation that this was quite burdensome and not something that was required.

Therefore, in terms of obtaining information, that is a measure that is proceeding in the Enterprise and Regulatory Reform Bill as it is going through the other place at the moment. The other issue has not yet come forward for repeal, although that has been agreed that is what the Government will go. Time has yet to be found in the parliamentary calendar for that.

Q471 Chair: What was your evidence base for these assertions?

Jo Swinson: We conducted consultation.

Chair: With whom?

Jo Swinson: The consultation was an open consultation. Anybody was able to contribute. That was through the usual Government consultations process in line with Cabinet Office guidelines. The consultation response is a public document. It is available to the Committee or anyone else who is interested in it. In terms of the lengthy questionnaires that had been filled in and the suggestion that sometimes very tangential questions would be asked rather unrelated to the case, this was felt to be burdensome by many of those who responded, and therefore it is something that the Government is moving to simplify and focus.

As you mentioned in your question, Chair, this is coupled with a real focus on where organisations have been found not to have complied with their legal obligations; the Government is very prepared to be very tough. Where tribunals have found that there has been discrimination, the power to require an equal pay audit is one we are giving to employment tribunals.

Q472 Chair: In your consultation, what was the balance between those in favour of removing it and those against?

Jo Swinson: I do not have those figures to hand.

Q473 Chair: Could you provide them?

Jo Swinson: I will happily send the consultation response to the Committee. It is fair to say that, as with many of these consultations, there is a split between respondents from the business community and employers, and respondents from campaign groups and trade union organisations and so on. They often take different views and this was no different. However, we did find that the points put forward about the burden on business did make a lot of sense. It is also important for the credibility of equalities legislation that it is seen as something that is helpful. Equality is good for business. If there are parts of the legislation that are seen to be causing a lot of concern and not adding a lot of value, it can actually taint the overall legislation in some ways and create a more negative view among employers and business towards

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

it, which is something we do not want to happen. We are hopeful that these repeals will help to address some of those perceptions and experiences of there being over-burdensome regulation while still making sure that the proper protections are in place for people through equalities law.

Q474 Chair: I recognise that line of thinking. Equally, however, could I put it to you that there is another line of thinking that, by publicly making these changes, there is a perception that the Government is moving back from pursuing that agenda and therefore the drive to change the culture is likely to be weaker as a result?

Jo Swinson: I think it is really important to look at the context of equality legislation and that this Government has kept in place the vast majority of equality legislation—having gone through the Red Tape Challenge process. Indeed, although you have highlighted two small areas where repeals have been identified, at the same time we have also introduced additional measures such as the equal pay audits that tribunals can order where there has been a breach of the law.

It is not a one-way street; the Government is very committed to equality. I think that is evidenced by the fact the Equality Act is valued very much as it ever was, having gone through the Red Tape Challenge process and there being very little change proposed.

Chair: I will not go over the debate on the relevance of the employment tribunals.

Q475 Ann McKechin: If we could look at the issue about the stereotyping of jobs, one of the first witnesses we took oral evidence from was Diane Johnston, who runs an electrical contracting firm. She told us about the innovative approach that she was taking part in to attract women into the electrical profession. At the moment I think the figures are that 1% of electricians in this country are female. In the course of the evidence, one point that she made to us—she was taking women who were unemployed and might have been a little bit older, perhaps in their 20s—was that when you invite women who have been unemployed into the sector to try to get training, issue No. 1 is that there is no funding. That is presumably because they are a bit older.

When you start to look at the apprenticeship figures—this is an issue I raised earlier this morning with the Women's Business Council—in jobs that are very male dominated, apprenticeship figures over the last 10 years are completely the same. In engineering, for the last recorded year, 2010–11, there were 10,830 apprenticeship achievements for men and only 430 for women. You can replicate that in many other sectors. If you take the reverse, in the beauty industry there were 10 men and 1,380 women. We will be talking to you later this morning about the Davies Report, which talked about targets and a very structured approach for trying to increase the amount of female participation. Far more women, however, are likely to be impacted by apprenticeships in the craft industries. What is the Government going to do to tackle this really horrendous level of stereotyping in many well-paid jobs?

Maria Miller: I would give you a number of examples that I think are mostly going on in the BIS Department, but, obviously, in the GEO I have an oversight role and take a really keen interest in this exact issue. Unless we are challenging women's career choice at the start, as I have said throughout my evidence this morning, we really are not going to tackle, fundamentally, the gender pay gap problem.

The Government, for me, has done two things that are really quite vital. The first is the National Careers Service, which was launched in April of last year, which is helping to make sure that young women have access to the sort of impartial advice that can be so important. While parents and, indeed, teachers, are trying to do everything they can to make sure young women are looking at the full panoply of career options, specialist advice needs to be there to ensure that young women are taking the right courses, GCSEs and other examinations to be able to enter the more technical apprenticeships. Above and beyond that, the Government has provided an extra £250 million to do exactly what you are talking about, which is making sure that men and women take up atypical courses. We are absolutely mindful of the point you are raising. We think not enough has been done on this very issue and we are putting our money where our mouth is.

Q476 Ann McKechin: When I look at the Davies Report, Minister, there are very specific targets and a time period. There has been a lot of work done with every part of the sectors in terms of trying to drive that with institutional investors. Frankly speaking, I do not see any of that when it comes to issues around craft skills. I agree with you: we need to give better advice to young girls at school about their career options and encourage their families to look at other careers for their children. I do not think anyone on this panel would dispute that. What I am saying is that you have not actually worked with the industries and sectors at that level and said, "Let us have a target. Three years from now we will have 10% women in all electrical apprenticeships. We will have a target in engineering of 20%." I would not have thought that was particularly demanding. Why are you not doing it?

Jo Swinson: It is important to recognise that the challenge is about getting people in at those early stages. If you look at the comparison with boards, when people come into business it is often roughly 50:50, but then at the top level they fall off.

Q477 Ann McKechin: You control all the funding for apprentices. You control the funding. Surely, if you incentivise the funding or said that they will not get funding if they do not manage to recruit so many women, that would certainly change the industry, would it not?

Jo Swinson: As the Secretary of State has outlined, there is funding that is allocated specifically to encouraging the take-up in both directions of people of a gender that would not be well represented in a range of different courses. That is an important part of the answer. I think also it is partly about aspiration, ambition and encouraging people to be interested in

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

careers or sectors where they may not see many role models, for example, or where, if you turn up at an open day or a course on a particular subject that is very male dominated, you might be one of the few women in the room. That can have an impact.

One of the things we are doing, particularly in science, technology, engineering and mathematics, which also suffers from this gender bias that you have outlined, is fund an organisation called STEMNET, which is basically trying to ensure that there is wide diversity—partly in terms of gender, but also in terms of background—in the science and technology field.

Q478 Ann McKechin: Why are there no targets? Why is there a target in the Davies Report for people at the very top, but no target for the tens of thousands of young girls and women?

Jo Swinson: I was going to say that 40% of the ambassadors in that programme are women. Now, 40% is not half, but compared with the percentage of women in those sectors generally, that is significantly more. I think that is a very clear indication that this is recognised as a significant issue.

Q479 Ann McKechin: How many ambassadors are there?

Jo Swinson: I do not know how many there are. I will happily send on that information.

Ann McKechin: How many are we talking about? Is it hundreds?

Jo Swinson: I will happily send the Committee that information.

Q480 Ann McKechin: What I am talking about is the tens of thousands of people who take part in apprenticeships every year. We have no target and no plan to stop the current flat-lining of apprenticeships in key areas, which we need more women in. The Government accepts that. We have no target; we have no particular structure that people can aim for and see clearly where the Government intends to be five and 10 years from now.

Jo Swinson: We have identified resource to help improve this issue and we will obviously need to assess the success of that.

Maria Miller: I would challenge the assertion you are making. It is very important that we get more young women involved in atypical apprenticeship courses, but it is more than just having more women doing car mechanics. It is actually about getting young women to examine the full panoply of opportunities out there. For some of them it might be about going into engineering, but for many it is actually raising their aspirations to make sure they are aiming much higher in their career aspirations.

When we go back to our conversation about the gender pay gap, that is what is really going to help us make sure that women do see their way through to the highest levels—whether it is in engineering or, indeed, in any other part of the industry of this country.

Q481 Mike Crockart: I want to turn to the Government's proposals on flexible working, because we have heard a lot of evidence from various different organisations about whether flexible working will or

will not help them particularly. Businesses have the right to refuse requests on business grounds; that is quite a wide area that it is possible for them to use. Would it not be better for the proposal to have teeth? Should not employers perhaps over a certain size be under a legal duty to permit flexible or part-time working?

Jo Swinson: I think the right to request flexible working has been a great success story in changing culture within organisations—both public and private sector. Obviously, as it applies currently to parents—and the Government has made clear that we will be extending that to all employees, which will take it from about 10 million to about 20 million people—of the requests that currently get made, three in five are immediately agreed between the employee and the employer. Another one in five is then agreed through further negotiations. The vast majority of requests are already agreed. That is a really positive thing. Businesses report that this is something that is beneficial for their business. Three-quarters of them, in a study the CIPD did, said that it improved their staff retention. They have also reported improved staff motivation and employee engagement.

Therefore, the business case is there. In terms of actually imposing a legal duty and going further, first of all, given the success of the policy as it is, the additional benefits would therefore not be great and it would have significant disbenefits in terms of additional stricture on organisations because there will be circumstances where a flexible working request does not fit with the business. If you have a retail establishment that has certain opening hours, it is not going to be possible to do your job—if you are a cashier, at a time when the shop is closed, for example. In the emergency services, cover is required 24/7 and, obviously, very often flexible working can be accommodated within that, but there are circumstances when the rota will need to be made up in a particular way and requests cannot be accommodated.

Where there are sound business reasons, it is fair for requests to be able to be refused, but the vast majority of requests are agreed and there are significant business benefits. This is something that we expect to be taken up more as the culture of work changes from a presenteeism approach—one that it is about working incredibly long hours and being in the office of the workplace. Actually, it is about getting the job done and the outcomes achieved. Increasingly, more employers are looking to that as what is important. That has benefits not just for women, but for all people in the work force who want to be able to balance their working life with the rest of their responsibilities and things that they do.

Maria Miller: As Members of Parliament, we are all employers. We know that if we are flexible with our employees, we can retain staff, get better staff and get the best staff we need to do the jobs that we need to recruit for. As an employee, it is all about making sure that we can maximise our contributions as well. I returned to work after the birth of my second child on flexible working conditions. It was incredibly helpful for me, as an individual, to stay close to the labour market. I would like to see that available for

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

more women and, actually, for more fathers as well, so that we can get the sort of shared parenting that we know also can be so beneficial for children.

The other thing that I would remind the Committee of when we are talking about flexible working is that it is not only for parents; it is for individuals with caring responsibilities more broadly. For many of us in the sandwich generation, we know that it is looking after our children and also our elderly relatives and parents ourselves that is going to be so demanding of time. For employers to recognise this context will help them both recruit and retain the best employees and maximise their economic productivity in the workplace.

Q482 Mike Crockart: You outlined particular examples; there is no arguing against them. However, I held a round-table with local women entrepreneurs and a lot of them basically outlined a situation whereby they ended up moving into entrepreneurship because they reached a certain level in large companies when flexible working was really quite frowned upon. It was not the lower-level jobs; it was actually the higher-level jobs, where there is not so much presenteeism, but an expectation of putting in the extra hours. The job simply cannot be done in part-time hours. What can we do to deal with that level? We do not have role-models at the moment for the large numbers of part-time men or women at those sorts of level.

Jo Swinson: That is a really important point to highlight, because it may well be that flexible or part-time working can be provided in some cases, but there is almost sometimes a career penalty if that is taken up. This is particularly prevalent in some of the professional services and legal firms, where to get the very top levels and become a partner, this is often cited: that it is essential to be able to be working full time.

I was at an event recently with the 30% Club and there was an excellent piece of work that had been done by McKinsey on this particular issue and the perceptions about what is required and, indeed, that highlighted some of the things that can be done. The Government has a role in helping to encourage that debate, but I also think it is incumbent on different industries and sectors to look at some of the presumptions they make about what it takes to be a senior manager. There are, actually, increasing examples at very high levels in companies where either a job-sharing arrangement or part-time working can be very successful. They are not, however, ubiquitous yet. There is a challenge to industry to look more clearly at how this could be done. Organisations like the 30% Club are very much an important part of that debate.

There is some willingness on the part of many companies to look at this more seriously, partly because they recognise the drain in the talent they face if they do not get this right. One of the statistics I always find really interesting is, in terms of returning to work after maternity, it varies, between the best and the worst employers, between 50% and 99%. For organisations that really get this right, they get to keep their talented staff. Those that perhaps place less

importance on being flexible and making it work face significant additional costs in recruitment and retraining—and losing a great talent and their knowledge of the business. The business case is pretty clear; Government is supporting the wide range of organisations that are pursuing this to make that very case.

Maria Miller: Can I just add a couple of points to that? I think it is really important that flexible working is not just part-time working and it is exactly that: flexibility around the needs, perhaps, of your family or of caring responsibilities. We would do very well to look at countries like Holland, who have very good working practices in this respect. One might leave the office at 4 o'clock but actually continue working in the evening to make up the time. The good employers are looking at how you do flexible working—not just part-time working.

These are the sorts of things the Women's Business Council are looking at for us. I am very hopeful that they will come forward with some interesting responses when they issue their report in May.

Picking up on the issue of entrepreneurial work, I think this can exactly be a way that people with caring responsibilities, particularly women, make sure they stay in the labour market with good-quality jobs—by starting their own companies and by taking that entrepreneurial zeal and putting it into practice. That is why the mentoring scheme that we have set up is so important: to show women that this is an opportunity, this is a possibility and this is something that they can use to stay in the labour market and stay economically productive for this country.

Q483 Mike Crockart: I would have to say that you do not need to look at Holland; you just need to look at the women small entrepreneurs who are already doing exactly this. They are allowing employees to work from home and for work to fit with childcare. There are plenty of good examples. Coming back to one of the things that you said, Jo, you said it is working: that there are three in five and another one in five. If it is working, why are we changing the system to lessen that legislative role of it being on business grounds, and setting out instead minimum expectations and quality conversations between employers and employees? How is that going to improve the situation?

Jo Swinson: I want to clarify exactly what we are doing. We are making it simpler and easier for everybody involved. I was rather horrified when I was shown a flowchart of what had to happen when a business considered a request to work flexibly, and there were lots and lots of different steps, and then at this point this discussion had to happen, and then there would be a certain number of weeks before a response would be given. It was incredibly bureaucratic.

We are replacing that with a very straightforward, easy to understand set of guidance, so that employers know what they need to do in terms of dealing with the request reasonably and also employees can know what to expect. That is a useful and very welcome simplification that anyone looking at the current bureaucratic flowchart, and the new, very

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

straightforward simple guidance, will be able to see is an improvement.

Another point that is worth making on flexible working is that extending the right to request to all, by definition, is not particularly helping people with children, because they already have the right to request. But that does help to change the default setting within organisations, because there sometimes can be a bit of stigma or resentment in a workplace where one set of employees who happen to have children have a right to request flexible working and others do not. There is a whole range of reasons why people might want to work flexibly: they might, for commuting purposes, want to miss particularly busy times of the day for travelling. They might be volunteering in their local community coaching a football team and have a particular afternoon when they are not working, but make up for that at some other point.

There is a whole range of different reasons. This change, by making it something that is applicable to everyone, will help to more widely change the culture. That will have a real knock-on impact for those who are requesting flexible working for caring responsibilities, in a positive way.

Mike Crockart: I absolutely agree with you. My experience of working in a large company was that there were individuals for whom there was a feeling of unfairness about a level of help being afforded to some but not to others. I think you are right that will help deal with that.

Chair: Can we move on? I am conscious Ann wanted to ask a further question, but I know Caroline has to leave, so I am going to bring you in now, and then come back to Ann.

Q484 Caroline Dinenage: I would like to talk about female representation on company boards. We had a number of witnesses about this, and we were quite surprised when one of our witnesses said that she felt quotas and meritocracy can exist together in terms of female representation on boards. We were surprised, because the majority of our witnesses had expressed a very different opinion about that. I just wondered what your views were on such positive-action measures.

Maria Miller: I think we have seen some really encouraging progress on this particular issue. We should start by saying there is a considerable amount of work to do here; women's representation on boards is still woefully short. We have got a great deal of work to do, but the progress that has been made in the last couple of years is significant. Now more than 17% of FTSE100 board directors are women. Again, throughout that executive level we are seeing some good moves forward.

How do we make sure we keep that momentum and build on it? This is where we have a very tight set of work that is going to achieve that. There are the changes that have been¹ made in the UK Corporate Governance Code, to ensure that, when it comes to boards' reports, diversity is taken into consideration when boards look at effectiveness. From October of

this year, we will also be requiring quoted companies to disclose the number of women at various levels within the organisation, to try to ensure that it is not just focusing on women in boards, but the number of women coming through in the pipeline. There is Think, Act, Report as well, which we have talked about quite a lot in our evidence today and which was launched back in September 2011, which is all about improving the transparency around how companies can be better in terms of gender equality issues.

This is an important set of measures, which will help throw a spotlight, for boards themselves but also for companies more broadly, on how they are going to encourage women through the pipeline. The final point I would make is it comes down to recruitment as well: ensuring that recruitment companies are conscious of this issue. I was pleased to see the voluntary code of conduct for executive search firms also playing an important part in ensuring that the number of women being put forward for executive jobs is taken account of.

All of these measures will help us improve the situation into the future. I can assure the Committee this is something we will be keeping a close eye on, and something that we will not be afraid of acting on if we do not see the progress continue.

Jo Swinson: I am not convinced quotas are the best way to achieve change. I can understand the arguments for them, but I think the approach that we have been taking has shown great progress. Now, that is partly because you have had the wonderful Lord Davies absolutely on board and personally going round to secure the support of individual FTSE chairmen. That has created real momentum around this at the very senior levels. That is why we have seen, since March, the appointments to boards of women being 36% in the FTSE250 and 38% in the FTSE100. Obviously there is an incumbency issue; it takes longer to change the overall figures, but in terms of new appointments that is very positive indeed.

Even in terms of the executive side, where it is more difficult to make change quickly, it is 9% for FTSE100 and 11% for FTSE250 since March. The Women's Business Council will obviously have some recommendations about the pipeline, and those transparency issues that I mentioned earlier around company reporting should help with that. It is a complicated issue, and it is getting that real buy-in that is key. The Secretary of State for Business and I have held a number of round-tables around the issue of women on boards with a range of people, from recruitment consultants to women board directors and HR directors. All these different parts of the system have got a real role to play, but I think what we have is momentum.

Importantly, with that momentum, Lord Davies has made it very clear that he takes the view that if the 25% target is not met then quotas should be considered as something that could happen then. While quotas might not be the best way of achieving the aim, the threat of quotas, coupled with very positive engaging action, can be remarkably effective.

Q485 Caroline Dinenage: I wondered whether you were familiar with the Norwegian example of quotas;

¹ FRC code—it was the FRC that made the changes, it is an independent Code

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

this was brought up quite a lot in the study, and what it demonstrated was that not only was the image of the women that had been put on to the boards affected—they were known collectively as “golden skirts”, which is not very nice—but equally the shares of the company also dropped as well, and it had a financial impact on shareholder returns. I wondered whether you had a view as to whether that was because female quotas had been introduced, or just because of the speed at which it had been put in place?

Maria Miller: It is very difficult to be able to judge exactly what has caused that sort of reaction. All I know is that is not the reaction we want to have in this country. I think there can be no opportunity for people to say someone is not the best person for the job. The downside of quotas is that it leaves people with the opportunity to imply that it might be somebody who is not the best person for the job who is going forward, whether or not that is the case.

We are absolutely clear, as a Government, we do not want to run that risk. We believe we are making a great deal of progress with the voluntary approach that we have outlined here, but, as I have already said, we will keep a careful eye on what is happening to make sure that progress continues. I think importantly we will take learning from countries like Norway and others, who have looked at different ways of trying to achieve the same end results, and perhaps have run into difficulties along the way.

Q486 Ann McKechin: I do not think we could fail to ask the question about the issue of childcare, Minister. The Secretary of State mentioned a bit earlier good examples in Holland, but the one thing that distinguishes Holland from us is that childcare is much less expensive for many families. There have been lots of hints over the last few weeks by the Government about perhaps taking further measures during the course of this year to assist families with childcare. However, given the fact that, when you look at the issues of how the budget cuts and Government expenditure cuts have impacted on women compared with men over the last two years—women are estimated to take 72% of the cuts—what steps are you going to take this year to improve the situation for women who are trying to balance work and childcare?

Maria Miller: As a Government we are taking some extremely strong steps already, and I am sure there are more announcements to come on this. As a country we spend £2 billion a year already on supporting childcare, and my colleagues in the Department for Work and Pensions have already announced that an extra £200 million will be there to support childcare under Universal Credit for a group of families that have not had that support before—people who are working shorter hours, perhaps lone parents. That is an important support for childcare that has not been there before—making sure that work can pay for many, many more families.

We have also already extended the entitlement of 15 hours a week under the Early Years Free Entitlement to 40% of the most disadvantaged two-year-olds from September 2014—that announcement has already been made—as well as continuing to ensure that

families can receive up to 70% of childcare costs through the working tax credits.

There is considerable support there. We are looking at how we can make that work even more effectively, because, as you will know, and as the Committee will know, we have some of the most expensive childcare in Europe. We want to make sure that parents receive the support that they need, but we also want to look at some of these issues around costs. We know that childcare is important, and it is something that is not only firmly on our agenda, but we are already acting on.

Q487 Ann McKechin: I can assure you it came across very clearly in the evidence we have taken through “Woman’s Hour” and Mumsnet—a demand for high-quality childcare through the state with primary support.

I have just one other question about the impact of the recession and Government cuts. Female unemployment has increased for adults at a very high rate: it rose 18% last year, compared with the adult male unemployment rate’s rise of 1%. Has your Department had any review or consideration of whether this is a long-term impact in terms of women? I know you have quoted figures about more women in work, but many of those jobs are part-time, temporary jobs, and many of the women would prefer to have better employment terms than they currently are able to secure. I wondered what study you are doing currently of the job market in this regard.

Maria Miller: I think it is important for the Committee to be very clear on this. Under this Government, there have been more women in work than ever before; we are at historic highs. Women’s employment now stands at 66%. While you are right to say the unemployment figures are doing as you say, much of this is because more women are putting themselves forward for employment. But under this Government we have seen record levels of women in employment.

You are right also to say that some of that will be part-time working; part-time working plays an important role in women’s employment, but I do not think we can see that as being always a negative.

Q488 Ann McKechin: There has been a very big increase in under-employment in this country, and a lot of that is coming from women, if you look at the statistics. They are losing good full-time jobs in the public sector, and, on the other hand, the jobs that might be available at the moment in the market are primarily 16 to 20 hours a week and on low wages.

Maria Miller: I would assert very strongly that many women do want to work part-time, but for those who do not, having a part-time job can be a stepping stone into the job that they do want in the future by retaining that link with the workplace, which is important. However, you are absolutely right: we need to ensure that people have the sorts of job that are bringing in the incomes they need for their families. We are very pleased to have seen, under this Government, 1 million new jobs created in the private sector, outstripping the number of jobs we have seen perhaps decline in the public sector.

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

These are very good trends, but you are right to say that we need to ensure that women can capitalise on these opportunities in the right way. That goes back to some of the issues that we have been talking about with regards to childcare availability, flexible working and shared parental leave—to ensure that women have a modern workplace that really does reflect their needs in the 21st century, rather than perhaps the workplace that has been far too much shaped by the needs of men in the past, and not shaped by the needs of women.

Q489 Chair: Just coming back to that response, you have quoted a number of headline statistics, but equally there is a mounting body of evidence to demonstrate that the statistics hide, as Ann said, a considerable amount of, shall we say, under-employment in terms of hours that a person works compared with what they would like to work and would need to work, and an under-contribution in terms of the economy arising from that.

Maria Miller: Chairman, you are absolutely right that our country faces great economic challenges. When it comes to employment, we know that there are many families struggling with unemployment and people struggling to get into the jobs that they want. That is why particularly the work that the Department for Work and Pensions is doing around the Work Programme to ensure that individuals are getting the sort of tailored support that they need to get into work—and that is whether they are female or male—can make all of the difference. I will certainly be continuing to watch closely the effectiveness of the Work Programme in supporting women into employment in the future, ensuring that they get that tailored support they need and also ensuring that is matched with childcare, availability of flexible working and also shared parental leave, as we talked about before.

Q490 Chair: When you come before us again, it might be quite helpful to outline the progress that has been made in this area. Can I just go on to the European situation and quotas? I do not want to rerun the discussion that we have just had, because your views on it are fairly clear anyway. How would you just summarise the Government perspective on the European position?

Jo Swinson: We take the view that this is an issue that is for individual countries to decide and to look at what action can be taken, not an issue that at EU level should be the subject of a directive, although we absolutely accept that there is a lot to be said for information sharing and sharing of best practice at European level. Indeed, my officials² have already been to conferences where they have, alongside our European counterparts, shared the experiences of our progress and success so far on this issue, particularly in the light of Lord Davies's review.

Obviously, what came out of the Commission was not exactly what had been first expected, because there had been significant concern by a number of member states about this issue in terms of whether it was something that should be for Europe to make a

directive on. It is very straightforward; we have an approach that is working well, which we are happy to share with other European countries, but we do need to recognise that corporate governance structures in different European countries do vary significantly, in terms of even whether or not there are executive and non-executive directors. Having a one-size-fits-all approach is not ideal, so we should share best practice and experience, but deal with this on an individual country-by-country basis.

Q491 Chair: If the voluntary arrangements do not deliver, would you consider taking tougher measures?

Jo Swinson: Yes. That has absolutely been put on the record by me, when I gave evidence to the House of Lords, and by the Secretary of State for Business. Lord Davies himself has made clear that this is an approach that we believe can work on this voluntary basis, but that we have to be prepared, if it fails, to look at tougher measures. I hope that will not be required, and, as we know so far, we are slightly ahead of the trajectory to hit the targets.

Q492 Chair: What might those measures be?

Jo Swinson: Quotas would be one obvious option, which has not been ruled out, but we do believe that the action the Government is taking, supporting the excellent work by Lord Davies, by the 30% Club and others, is reaping rewards. Recruitment companies have changed their code of practice, and the range of different actions is changing behaviour. That is the way to get progress, but I suspect the possibility that quotas might happen will also help to focus minds within the industry.

Maria Miller: I would just add one point on that, which is that the level of female participation in the work force is very different in different countries in Europe. I would want to ensure that we are in control of our own destiny here, in terms of the way we can shape the role of women, particularly at board level in the future. The pipeline issues are things that are going to be important for us to tackle in a way that is relevant for Britain, and I am not sure I particularly want to get the waters muddied by having to follow a directive that has to take account of the very different circumstances in different countries.

Q493 Chair: I understand that, but if the uniquely British approach did not work, would you favour quotas? Would you support your colleague?

Maria Miller: I would certainly not rule them out, and I would want to ensure that companies knew that we were, as a Government, looking for real action here. It is only by making that clear that we can have the sort of effective action that is needed.

Q494 Mr Walker: We heard earlier the figure of 1 million private-sector jobs created, and in terms of job creation SMEs are crucial to the economic recovery of the country; SMEs are going to be crucial, in particular micro-businesses. Could you just set out what you are doing in respective Departments to specifically target support at SMEs and micro-businesses to ensure that the best possible life chances are there for the people who work in them?

² This involves officials from a number of government departments and not only BIS.

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

Jo Swinson: We know that women do not set up businesses at the same rate as men, and if that happened there would be a huge boost to our economy. We are undertaking a range of actions to try to encourage women to set up businesses, and in particular the 5,000 mentors that have been trained specifically to help women are going to be able to make a real impact to guide people through what can be the very difficult early stages of setting up a business. We have a further £2 million investment to help rural women entrepreneurs, recognising there are often additional challenges in those circumstances, and, of course, the general business support that is available to everyone is available to women as well as men through business advice through local enterprise partnerships. We also have obviously been taking significant steps to try to encourage credit to small businesses that are viable through things like the Funding for Lending Scheme.

Maria Miller: Obviously, with SMEs and micro-businesses, if they are looking at flexible working and shared parental leave, an argument could be made that it is particularly tough for them to implement, because of their size and because they do not have the resources of large organisations. I just reassure the Committee that we are acutely aware, when we are looking at the sorts of measure we are bringing forward, that they really do have to work for everything from the smallest employer to the largest employer. It would be wrong for us not to think in that way, because the lion's share of jobs in this country does come from SMEs and micro-businesses. If it does not work for them, it will not work for the broader employment market.

Q495 Mr Walker: I think that is crucial. We had some varying evidence earlier on in our investigations about SMEs and flexible working. On the one hand, some people were wary of the burden of regulation; on the other, a lot of the SME representatives we spoke to, and particularly the Federation of Small Businesses, were making it clear that they felt SMEs were better at this than a lot of larger organisations and already well placed to deliver on it, because they are that much closer to their staff. Do you have a view on that?

Maria Miller: I would say, having been an employer in the past—indeed, an employer now, even as an MP—the USP that you have as an employer to say that you can offer flexibility I think is something that is valued by employees. The figures speak for themselves when it comes to retention of staff; those SMEs that really do offer good flexible working can see that loyalty increase, and then obviously the reduced costs in recruitment are only one of the valuable by-products of that.

Jo Swinson: Of course, one of the advantages that small businesses have is that in a much smaller work force people tend to know each other better, and so every member of staff will feel happy to chat to the managing director and people know about each other's lives in a way that is much more possible than in an organisation with several hundred members of staff. In fact, the flexible working requests were often

happening long before the right to request even came in.

What we are doing will help small businesses by changing it from a very bureaucratic process with many different steps to a straightforward page of simple guidance. For any of those small businesses who have not yet had to deal with flexible working, there will be something that does not take them ages and ages to read and is very difficult and bureaucratic to follow; it is something that is straightforward, which is just how business would want it to be.

Q496 Rebecca Harris: I was going to ask a little bit about that. Further on this, one of our witnesses said that the Government need to be doing more to invest in helping small firms to recruit and retain part-time flexible workers, and asked whether you were doing anything other than making flexible working less bureaucratic. Is there anything concrete the Government is doing to invest and try to help small firms recruit?

Maria Miller: One of the things that we are doing to support people who may be working part-time on lower incomes is the work that we are doing through Universal Credit to support people with childcare costs, who may be working shorter hours on lower incomes. That extra £200 million will be a really tangible way that we can support people who are perhaps working non-full-time hours; in the past, that support has not been available. That is a very tangible way of supporting businesses in that way.

Jo Swinson: Obviously, related to that, for anybody that is working perhaps on low wages and on a part-time basis, they are particularly likely to be positively affected by the changes to the income tax threshold as well—taking 2 million people out of tax, six in 10 of whom are women, and giving 23 million people on low and middle incomes a tax cut. That is something that makes work more attractive, which, for some people, will help to tip the balance in favour of going out and finding work and making the economics work, particularly if they have other costs, such as childcare costs, that they have to factor in. That certainly should be of assistance to those businesses too.

Q497 Rebecca Harris: My final question is about the strains put on businesses from maternity leave, particularly if you are a small firm. One witness came and said they had had 13 births in their relatively small company in one year. In particular the issue was the right of the mother to not have to say when they are coming back, which was considered to be particularly burdensome, particularly to small firms. Do you have any thoughts on that, and are you looking to see if that should be changed in the future at all?

Jo Swinson: It is really positive to be able to talk about the changes; I know we have talked about flexible working, but we have not yet particularly touched on shared parental leave, which is separate to the flexible working changes that the Government has committed to bringing in. They will also help businesses in this circumstance, because allowing mums and dads to choose how they share that leave will have the very positive benefit of enabling dads to

15 January 2013 Rt Hon Maria Miller MP and Jo Swinson MP

be more involved in the early weeks and months of their child's life, which many want to do. In addition, many mums who want to maintain more of a link with the labour market and maybe go back to work earlier than a year will not have lost that additional parental leave time.

If the parents want to share parental leave, and have time off together when the baby is born, by definition the mum is going to have to say at the beginning when she intends to stop her maternity leave, so that the flexible parental leave can be triggered. That will be one way in which businesses will be helped and, of course, you cannot get away from the fact—and obviously you have had somebody whose business had 13 births in recent times—it is inevitably going to be disruptive to a business. As an employer we experience it as well; if members of staff have maternity leave it is disruptive.

At the same time, we live in a society where we are all going to face significant problems, society and business alike, if people stop having children. Where are the future workers and customers going to come from? Given that we are not going to go back to the 1950s, when it was just expected that a woman would stay at home and look after the children, and our economy is based on using the talents of women in the work force, we need to find a way in which we can deal with maternity and parental responsibilities alongside work commitments.

I think that greater flexibility means that there are now increasing cases where, within a couple, the mother is the higher earner, and it may make more economic sense for that couple for the dad to spend more time at home looking after the child. At the moment, that is much more rigid and difficult to do. So for those companies employing those women, they would see that they would not be losing a key member of staff for anything like the same amount of time. The sharing of that time for childcare is something that will be helpful, but, of course, businesses will retain the right to reject a particular, unusual pattern of taking that parental leave if that is something that does not work, and if it is easier for them to require the mum and dad to take it in a single specific block, they will still be able to do that.

That said, the flexibility will also have significant business benefits. Very often if somebody is on maternity leave, but there is a key industry conference coming up, or a key project with a client that that particular employee had a relationship with, the ability

has never existed before for that employee to come back for a two- or three-week period to go to the conference and keep their information and contacts up, or to bid for a particular piece of work, and then retain the maternity leave and resume it afterwards. At the moment, that is just not allowed in law. The additional flexibility should be good for business as well as good for families.

Maria Miller: Just to add one very final point on that Chairman, in this country now 60% of our graduates are women. This is not an issue that is for a small group of the work force; this something that affects half our work force, because half our work force in this country are women. We have to ensure that maternity rights are brought up to date, and this is one additional example of how the Government is trying to achieve that. The birth of children, bringing children into the world and bringing up children are not just for women; it is something that men should share in as well, not just because it is right for children, but because it can help women to stay close to the labour market, which increasingly helps the economic success of a family.

Chair: First, can I thank you very much for your contribution? I have made it clear, as part of my approach to monitoring Government policy and outcomes, that we want to look at an issue, and we do not just publish a report, look at the Government response and move on. This is obviously an ongoing issue that will require monitoring as we go along, and we, as a Committee, are keen to make the sort of recommendations that will address this agenda.

You quite rightly pointed out that 60% of graduates are women; that represents a huge public investment in women's education. If we are not obtaining the dividend that comes from that investment, then that does require a really comprehensive examination of what changes need to be made in Government regulation and in the way that business operates in order to fulfil that potential. I believe the previous body that we interviewed identified something like £15 billion to £21 billion-worth of lost output as a result of it. There are huge potential benefits to the country and it is absolutely essential that we get it right. We look forward to interviewing you on future occasions to see just how you are delivering on it. Thanks very much.

Maria Miller: Thank you.

Jo Swinson: Thank you.

Written evidence

Written evidence submitted by the Government

Despite great progress in recent decades, women are still more likely than men to be in low-paying jobs and are underrepresented in senior positions. The evidence shows that there is untapped potential among women and that the economy is missing out because women have a lower rate of economic activity than men.

In its equality strategy, “Building a Fairer Britain” (December 2010), the Government set out its aims for a fair and flexible labour market which draws on the talents of all and where everyone who can work has real opportunities to work. To achieve this, we are working with business to address the main barriers to equality in the workplace, such as ensuring fair access to the labour market, equal pay, and equal opportunities for promotion and progression.

Alongside the policies and programmes set out below in response to the issues raised by the Committee, for example on flexible working and increasing the number of women on corporate boards, we are taking wider action. This includes reforming education, extending childcare support, developing a new system of parental leave so that parents can choose how best to share caring responsibilities, and introducing Universal Credit to provide families with more flexibility to balance work and caring responsibilities.

Taken together, this represents an ambitious programme to support women to achieve their potential in the labour market, but the Government is committed to going further. The Women’s Business Council was established in May 2012 to look at ways of maximising women’s contribution to economic growth. The Council, chaired by Ruby McGregor-Smith CBE, CEO at MITIE, will make recommendations to business and Government on how best to remove the barriers that women face in playing a full part in business and the workplace.

The Council members are drawn from across business sectors—advertising, social media, enterprise, retail, legal, financial, utilities, pharmaceutical, and recruitment—and published their work programme in summer 2012. The Council is due to report formally to Government in May 2013.

1. Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

We have strong legislation in place to tackle discrimination against women. The Equality Act 2010 which has been implemented by this Government included new provisions to make pay secrecy clauses unlawful (s.77), extend positive action in recruitment and promotion (s.159) and protect against discrimination “by association”, which is of relevance particularly to carers (s.13). This is in addition to the new Public Sector Equality Duty, which replaced the previous equality duties on gender, race and disability from October 2010. But while legislation has made a difference, it is not a panacea for the continuing gaps in equality that women face. That is why we are promoting a business-led approach to achieving equality in the workplace, working with employers, employees and wider society as an advocate for change, instead of dictating what the right approach should be through rules and regulations.

2. What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

Improving transparency is key to shifting attitudes to women in the labour market. There is existing legislation (s. 78 of the Equality Act 2010) which could be used to require companies to report their gender pay gap. However, we strongly believe that the voluntary, business-led approach is the best way to encourage employers to drive culture change and tackle the complex issue of equal pay, except where a business is found to have discriminated on equal pay. Businesses themselves are best placed to identify the key barriers to gender equality in their workplace and take steps to tackle them. The best businesses are already doing this—and by sharing their success, they will inspire others to follow.

Since the Think, Act, Report initiative was launched in September 2011 to improve transparency on gender equality in the workplace, we have made great progress, thanks to the enthusiasm and support of over 50 leading organisations that have signed up and helped to promote it.

It is also right to take strong action in the few cases where employers have been shown to have breached the law. The Modern Workplaces Consultation, we set out the Government’s proposal to give Employment Tribunals the power to impose pay audits on employers who are found to have discriminated because of gender in pay matters. In the light of consultation responses, we decided to proceed with this proposal and have amended the Enterprise and Regulatory Reform Bill currently before Parliament so that Ministers will be able to make regulations to this effect at a later date. This change will have no impact on the overwhelming majority of businesses who adhere to the law. But in those rare cases where a breach is shown, it will ensure that those employers look at their pay structures in detail to avoid breaking the law again.

In relation to workforce composition, the Government has recently published draft regulations to improve and streamline narrative reporting, including requiring companies to disclose the number of women on their

boards, in senior positions and in the organisation as a whole, as recommended by Lord Davies. This will allow investors to identify gender imbalances and help companies address talent blockages.

3. What has been the impact of the current economic crisis on female employment and wage levels?

Impact of the recession on employment

The impact of economic growth and recessions are not gender neutral. Because women are concentrated in particular occupations and sectors, the sectors of the economy that are impacted by recession will also have a knock-on effect on employment by gender. This is largely because the sectors where employment fell during and immediately after the recession started (eg construction and manufacturing) are male-dominated.

In spring 2008, there were 13.6 million women in work and the employment rate was 67.1%, a figure equalled a few years earlier but never previously bettered. The subsequent recession saw the number of women in work fall by around 200,000 and the employment rate by nearly 2 percentage points. By comparison the male employment rate fell by 4 percentage points (from 79% to 75%). Since then, female employment has risen back above the level in 2008, and in absolute terms there are more women in work than ever before, although the employment rate, at 66.1%, remains below the pre-recession peak. Within this, and in part reflecting the equalisation of state pension age, the employment rate for women aged 50–64 is above pre-recession, and the highest figure on record.

In addition, the Government's welfare reforms are contributing to more women entering the labour market, reducing economic inactivity but increasing unemployment in the short-term. For example, in the year to May-Jul 2012, the female employment rate rose 0.7 percentage points, but unemployment also rose as there was a fall of 0.9 points in the female inactivity rate, to 28.5%, the lowest figure on record. The overall number of women aged 16–64 not in work—either unemployed or inactive—has fallen by over 140,000 in the last year.

One feature of the recession has been a rise in the number of people working part-time that has partly offset falls in full-time employment. This has been reflected in rising numbers who say they are working part-time because they could not find a full-time job. Currently 13% of all women working part-time say that, when they took their job, they would have preferred a full-time post, up from 7% in 2008. However, these kinds of jobs can provide valuable skills and experience and can be a stepping stone to working more hours when their employer is able to offer them, or using the experience gained to move to a different job. It also remains true that the great majority of women are working part-time through choice, either because they do not want a full-time job or have other reasons for working fewer hours, such as availability of childcare or managing a health condition.

Impact of the recession on pay

Earnings growth has been very slow overall since the recession in 2008. Growth at the median has been slightly higher for women than for men, and we have therefore seen the gender pay gap fall over the past few years.

Given the prevailing labour market conditions, it is difficult to come to firm conclusions on the explanations on this, but we can look at the patterns by sector. There have been some differences in the public and private sector, for example, which may feed into the differences by gender. In the public sector, pay has increased between 2010 and 2011 for those with below average incomes, whilst in the private sector there has been very low growth in earnings for the bottom half of the income distribution and higher growth for the top half. This suggests that pay for lower paid workers in the public sector have been relatively protected¹.

These figures do not necessarily show that people's earnings are increasing—it compares two cross-sections so the changes may be caused by changes in composition of the workforce, so if public sector job losses fall more on lower paid workers, average wages of those in employment would rise.

A similar story can be seen when we look at changes in wages by sector. The key sectors that employ large numbers of women have seen relatively stronger wage growth than some key sectors that employ many men. For example, in the education sector which employs over 4.1 million people, 69% of whom are women, earnings growth at the median was 10.4% and in the health sector which employs 3 million people, 78% of whom are women, growth was 6.7%. In the construction sector however which employs just over 1.1 million people, 83% of whom are men, growth was just 3.8% and in the manufacturing sector, which employs 2.7 million people, 79% of whom are men, earnings growth was 3.9%. This will be one factor in explaining the fall in the gender pay gap.

Finally, many sectors have fewer employees in 2011 than they had in 2008 so the change in average wages will reflect earnings growth for those in employment and changes in composition.

¹ This period was immediately before the introduction of the public sector pay freeze announced in the 2010 Budget.

4. *How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?*

The Government is taking a number of steps to encourage young women to make broader careers choices and to help British business to attract a diverse workforce.

- The National Careers Service was launched in April 2012 and provides information, advice and guidance to help you make decisions on learning, training and work opportunities. The service offers confidential, helpful and impartial advice, supported by qualified careers advisers.
- Government is providing an additional £250 million to increase and improve apprenticeships, and encouraging men and women to take up atypical courses.
- Within the Science, Technology, Engineering and Mathematics (STEM) sector, Government is funding a broad mix of activities and programmes. These include the work of STEMNET and the STEM Ambassadors to encourage a diverse STEM pipeline; both the work of the National Academies and their academic fellowship programmes, in particular the Dorothy Hodgkin fellowships; Research Councils UK PhD and fellowships awards; and the Big Bang Fair, and National Science and Engineering Competition.
- Building on this, the Minister of State for Universities and Science announced a new programme earlier this year. The programme, which is expected to run over four years, has total funding of £700,000. It will join a parallel programme being run by the Royal Academy of Engineering and will now provide an integrated diversity programme for the Science, Technology, Engineering and Maths workforce. The new stream of work will focus on understanding the character and make-up of the scientific workforce, and look at ways to remove barriers to entry and progression so as to lead to an increase in diversity in both academia and industry. A steering group has been setup to drive the work led by Professor Dame Julia Higgins DBE FRS FREng.

5. *What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?*

The Government recognises that the ability to work flexibly and/or part time is critical to enabling both women and men to participate in the labour market to their full potential, including reaching the most senior positions within organisations.

A key policy that supports this agenda is the right to request flexible working, which was introduced by the last Government to help parents and subsequently some carers to participate fully in the labour market. The right to request flexible working currently allows qualifying employees to request changes to their working pattern with respect to hours and location of work; this can include making a request to work part-time.

The policy was first introduced in 2002 for parents of children under 6 (or under 18 if the child is disabled), it was extended in 2005 to include carers of adults either within the home or who are close relatives. In 2009, the right to request flexible working was extended to include parents of children under 17.

The Coalition Agreement includes the commitment to extend the right to request flexible working to all employees. This will allow employees to discuss flexible working with their employer for any reason and will support the ongoing cultural change amongst employers to enable employees to work in more flexible ways. This extension will also support parents and carers who will no longer need to identify their caring responsibilities to their employer when making a request. Indeed the request for flexibility will be blind to the reason for the request.

When extending the right to request flexible working, we also intend to remove the existing statutory procedure for considering requests, replacing it with a simpler duty on employers to consider requests "reasonably". A code of practice will be created to set out minimum expectations. The reason for this is to ensure that the right to request flexible working creates quality conversations about ways of working between employer and employee, and isn't just treated as a tick box exercise.

Alongside the legislative extension to the right to request flexible working there are a number of groups looking at ways to promote the benefits of flexible and part-time working to employers:

- The DWP Private Sector Working Group is chaired by Working Families Chief Executive Sarah Jackson and is looking at ways to encourage employers to think about flexibility when designing new jobs and recruiting replacements. Their proposals include encouraging employers who already support flexible working to include a strapline on their job adverts to make clear that candidates can discuss ways of working at interview. Many employers say that they are happy to consider flexible working or part-time working for the right candidate and this will enable them to have those conversations at the earliest possible stage.
- In May 2002, Lloyds Banking Group formed the Employer's group on Workplace Flexibility, which is exploring ways to promote a broad range of flexibility practices to other employers. This includes identifying and promoting the business case for flexibility, based on their own experiences.

- The Department of Health has established the Carers in Employment Task & Finish Group, which aims to make the economic case to both business and Government of employing carers.
- The Civil Service promotes flexible working to its employees including job sharing and part-time working in senior roles. This has helped ensure women enjoy good opportunities to progress in their careers within the Civil Service and that Government Departments reap the benefits of diverse senior management teams. Women represent around 37% of the Senior Civil Service.

These activities combined with the legislative extension to the right to request flexible working, create a comprehensive strategy for encouraging the availability of flexible working and part-time working practices across the economy which will enable all employees to reach their potential in workplace.

6. To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Boards" (published in February 2011) been acted upon?

Lord Davies' Review made ten recommendations aimed at increasing the number of women on the boards of UK plc. The recommendations called on Chairmen and Chief Executives of FTSE 100 and FTSE 250 companies to set targets for the number of women they aim to have on their boards and executive committees in 2013 and 2015. A minimum target of 25% by 2015 was recommended for the composition of FTSE boards (recommendation 1). FTSE100 and FTSE 250 companies were also asked to disclose within their annual reports the proportion of women at various levels within their organisations (recommendation 2) and to periodically advertise non-executive board positions (recommendation 7). Action was also recommended to improve the provision of training and development for potential board members (recommendation 9).

To assist these objectives the report recommended that the Financial Reporting Council amended the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity (recommendation 3). Executive search firms were asked to draw up a Voluntary Code of Conduct for executive search firms to abide by (recommendation 8), Chairmen were asked to disclose more meaningful information about the company's appointment process in the company's Annual Report (recommendation 5) and investors were urged to pay close attention to board composition when considering company reporting and appointments to the board (recommendation 6).

Lord Davies and his steering group made a commitment to champion this issue and publish an annual report each year giving an assessment as to whether sufficient progress was being made (recommendation 10). Lord Davies' first annual report was published in March 2012, and the second is due in March 2013.

As of 1 September 2012, women account for 17.3% of FTSE 100 and 11.3% of FTSE 250 (those ranked 101 and 350) boards (as of 4 September). Importantly since 1 March 2012 women have accounted for 44% of all newly appointed FTSE 100 and 35% of FTSE 250 directorships and the number of FTSE 100 all-male boards has fallen to 8, from a starting point of 21. For the first time all male boards are a minority amongst the FTSE 250 with 94 all-male boards (37.6% down from 52.4%).

As at March 2012, 38 FTSE 100 and 34 FTSE 250 companies had set targets for the number of women they aimed to have on their boards in 2013 and 2015. In the interim period one other FTSE 250 company, Stobart Group, has written to the Department for Business stating that they have also set targets. All 38 FTSE 100 companies aim to achieve the 25% as a minimum bar one, which is an international mining company with the bulk of its operations overseas. This company has set a target of 20% female board membership by 2015.

The 35 FTSE 250 companies have set targets ranging from 10–33%. Lord Davies recognised that most FTSE 250 companies were starting from a lower position and tended to have smaller boards which would inevitably mean that the targets they set for themselves would in many cases be less than the 25% recommended as a minimum for FTSE 100 companies. The important thing was that these companies recognised the business case for women on their boards and that they took steps to rectify this, the targets that they set for themselves must be challenging, but realistic and achievable.

Underpinning this, the Financial Reporting Council has amended the UK Corporate Governance Code which, from 1 October 2012, requires all companies to explain their policy on boardroom diversity, including any targets they have set, and to report on how it is being implemented. Companies are also required to consider diversity as a factor when evaluating the effectiveness of the board.

A Voluntary Code of Conduct for Executive Search Firms was launched on the 22 July 2011. Written by the executive search community the code sets out the steps for executive search firms to follow throughout the search process, from accepting a brief and working with Chairmen to refine the job specification through to individual appointment and induction.

Evidence suggests that investors are paying much closer attention to diversity. In September the Association of British Insurers published new guidance on board diversity, board evaluation and proper succession planning, setting an effective benchmark for good practice. In November 2011 the National Association of Pension Funds updated its Corporate Governance Policy, to highlight the importance of gender diversity and expectations of investors from boards, to reflect the recommendations of Lord Davies' review and the UK Corporate Governance Code. At the same time the 30% Club launched the 30% Club Investor Group, who are working

to encourage greater engagement between investors and Chairmen and to consider the issue when voting on the appointment and re-election of board members.

Media attention has remained high throughout and evidence suggests that companies are responding to this increased scrutiny. We understand that companies are paying greater attention to their internal training provisions and a number of training initiatives have been rolled out by external training providers.

7. To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?

It is in the best interest of investors to invest in high performing companies that deliver strong returns to beneficiaries. The business case for women on boards is well established: well balanced boards benefit from fresh perspectives, talent, new ideas and broader experience which leads to better decision making, avoiding group think, and at the same time are better able to understand the needs of their customers, investors and staff.

The Financial Reporting Council recognises this and amended the UK Corporate Governance Code to require boards to report on their diversity policy and take account of diversity when assessing their effectiveness, under sections B.2.4 and B.2.6.

Investors hold a substantial stake within organisations and therefore play a crucial role in ensuring that the companies in which they invest meet their obligations under the code and are able to respond to fresh challenges. Investors should be fully engaged with company boards, playing a key role in the appointment process and ensuring that boards are meritocratic, well-rounded and meet all of the needs of the company.

Since Lord Davies' report, the investment community has become much more vocal and diversity is becoming a key component of stewardship dialogue between investors and companies. Some of the UK's largest institutional investors have now published their own policies setting out how they intend to engage with the companies in which they invest on the issue of diversity.

In February 2011, the Association of British Insurers (ABI) announced that it was going to begin reporting on the number of women on FTSE boards and would incorporate the figures into its Institutional Voting Information Service, placing direct pressure on Chairmen to appoint more women and allowing investors a real avenue of challenge. Representing the most significant group of institutional investors in the UK, the group announced that it would review what listed companies were already doing in respect of board effectiveness and the role diversity plays in this, board evaluation and proper succession planning.

In September 2011, the Co-operative Asset Management wrote to the Chairmen of Nominations Committees at their top 80 holdings detailing the critical importance of diversity in the boardroom, asking them to disclose their aspirational targets and informing them of a new voting policy, effective from October 2011, that "*should an investee company fail to disclose its aspirational targets or fail to elect any women to an all-male board, they will in the first instance, abstain on the re-election of the Chairman of the Nominations Committee*".

During the 2012 voting season, Co-operative Asset management abstained on the re-election of the Chair of the Nominations Committee at thirteen Annual General Meetings, where the company had failed to disclose an aspirational target or to elect any women to an all-male board, and wrote to the company in question on each occasion to let them know their concerns.

In November 2011, the National Association of Pension Funds (NAPF) update its Corporate Governance Policy to state: "*The importance of gender diversity had been emphasised in the past year and investors now expect boards to set out an explicit policy for achieving a greater degree of diversity than has been the practice in the past. They should also track the implementation of that policy. They see this as an integral part of good succession planning, in the absence of which shareholders should consider abstaining on or voting against the re-election of the Chairman of the Nominations Committee.*"

The 30% Investor Group was also launched in November 2011. The group comprises thirteen members managing assets totalling £1.8 trillion. The group helps to co-ordinate the investment community's approach to the issue and works to broadcast the investment case for more diverse boards, encourages investment firms to engage on the issue of board diversity with Chairmen and management teams, urging them to consider the issue when voting on the appointment and re-election of board members. In February 2012, the group published best practice guidelines, "Achieving More Diverse Boards: Guidelines for Engagement", to help investors engage with companies on this issue.

8. Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?

The low number of women on boards is in part a symptom of insufficient numbers emerging at the top of the management structure and the under-representation of women in senior management generally.

There are many and complex reasons for the under-representation of women on corporate boards. Cranfield School of Management undertook a study on behalf of the Government Equalities Office in 2009 ("Increasing diversity on public and private sector boards") which found that the lack of diversity on corporate boards in

both the private and public sector is a global phenomenon. The research examined three broad types of explanations generally used to account for the lack of diversity on boards:

- Firstly, individual characteristics. A common explanation is that women and other under-represented groups do not aspire to board directorships or lack the necessary skills to sit on boards. The study found no robust evidence to support these two assumptions, and provided evidence to the contrary. There is a wealth of research in the fields of management and psychology suggests that persistent gender (and racial) stereotypes create biased judgements about the competence of under-represented groups aspiring to get onto boards.
- Secondly, interpersonal characteristics. A further explanation is that women and other under-represented groups lack the social capital to get onto boards or have difficulties integrating due to board cultures unable to accommodate diversity. The study found strong evidence that these informal, relational factors which are essential in gaining access to boards and successfully integrating board dynamics tend to put women and other minority groups at a disadvantage.
- Finally, the appointment process. The study looked at issues around the appointment process and concluded that there were a number of obstacles within this process that put women and other under-represented groups at a disadvantage. This included a lack of awareness of available directorships, the language and the framing of directorships, weak links between search consultants and minorities, a lack of diversity on current boards and nomination committees, unclear selection criteria and unconscious bias in the selection process.

More recently, Lord Davies launched a call for evidence as part of his review into the lack of women on corporate boards. Respondents reported that women with corporate experience were frequently overlooked for development opportunities and that there were differences in the way that men and women were mentored and sponsored, which gave men the edge over their female peers. Others cited gender behavioural traits as a key issue, whereby women tend to undervalue their own skills, achievements and experiences. Also, the relatively low number of successful female role models often compounds stereotypes and reinforces perceived difficulties in rising up the corporate ladder. There is a perception that the many women in leadership positions outside of the corporate world can be overlooked because they do not have specific experience and Chairmen fear that they will not understand corporate issues or corporate board governance. Finally, consistent with the Cranfield study referred to above, respondents noted that the informal networks influential in board appointments, the lack of transparency around selection criteria and the way in which executive search firms operate, were together considered to make up a significant barrier to women reaching boards.

In his report (“Women on Boards”, February 2011) Lord Davies summarised the growing body of evidence on the business benefits of increasing the number of women on corporate boards. Research has shown that strong stock market growth among European companies is most likely to occur where there is a higher proportion of women in senior management teams. Companies with more women on their boards were found to outperform their rivals with a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity.

9. How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?

We believe that The Voluntary Code of Conduct for Executive Search Firms has played a key role in the progress that we have seen in the numbers of women attaining boardroom positions.

The Code was written by leading executive search firms and launched in July 2011. 36 companies have signed the code to date; we believe that these 36 companies are responsible for the recruitment of the majority of FTSE 350 positions.

The Code is voluntary and sets out seven key principles of best practice to follow, ranging from action when accepting a boardroom brief through to induction. It also covers succession planning over the medium term, the setting of diversity goals, defining the client brief to balance experience with relevant skills, the value of diverse long lists and support during the selection process.

The Code reflects the commitment of executive search firms to support excellence in board composition and performance and ensures that female candidates are treated fairly within the appointments process. The Association of Executive Search Companies and The Association of Executive Recruiters fully support the code and are committed to championing the code across Europe.

Supplementary written evidence submitted by the Government

We would like to begin by thanking you for the opportunity to discuss the Women and Equality agenda with the Committee. The importance of the work of the Department for Business Innovation and Skills to this agenda was formally recognised when Jo Swinson was appointed as a Minister with combined responsibilities across BIS and Equalities.

As time was limited on Tuesday 15 January we thought it would be useful to provide the Committee with some more information on areas where we were not able to go into detail.

PUBLIC SECTOR EQUALITY DUTY (PSED)

The public sector Equality Duty means that, when making policies and delivering services, all public bodies subject to British discrimination law must have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity; and
- foster good relations between people who share a relevant protected characteristic and those who do not.

Section 153 of the Equality Act 2010 provides additional powers for Ministers to impose specific duties on certain public bodies to enable them to meet their requirements under the Equality Duty more effectively. The regulations for England, which came into force on 10 September 2011, include a requirement for public bodies to publish relevant, proportionate information demonstrating their compliance with the Equality Duty; and to set specific, measurable equality objectives. Separate specific duties apply to Welsh and Scottish public bodies.

To help ensure effective compliance with the public sector Equality Duty the Government produced a series of quick start guides, designed to help public bodies understand the legal requirements for both the general and specific duties. Separate guidance was also published by the Welsh and Scottish Governments. In addition the Equality and Human Rights Commission (EHRC) also provide a range of more detailed sector based guidance.

Public bodies were required to publish information demonstrating their compliance with the Equality Duty no later than 31 January 2012 (6 April 2012 for schools), and all public bodies were required to publish their equality objectives by 6 April 2012.

The Equality Duty is enforced by the EHRC, an independent statutory body responsible for monitoring and assessing compliance with the general and specific duties. It has unique powers to issue compliance notices to public bodies which have failed to comply with the Equality Duty and can also bring judicial reviews and intervene in court proceedings. It recently published an assessment of public authorities' implementation of the specific duties (to publish information) and are following up with public bodies accordingly.

EQUAL PAY ACT

In October 2010, we commenced most of the provisions in the Equality Act 2010 which incorporates the provisions in the Equal Pay Act 1970 and Sex Discrimination Act 1975 which make gender discrimination in pay between men and women unlawful. During the passage of the Bill all these provisions were fully debated in both Houses. Greater transparency is key to ending the pay discrimination on the grounds of gender and the Equality Act 2010 made a number of important changes including banning pay secrecy clauses. The Equality Act 2010 is therefore the substantive successor of the Equal Pay Act 1970. We have also taken other non-legislative measures such as the *Think, Act, Report* initiative.

THINK, ACT, REPORT

Think, Act, Report is a voluntary, gender equality initiative which invites businesses to sign up and commit to thinking, acting and reporting information about gender equality in their organisation. It is aimed in particular at private and voluntary sector businesses with over 150 staff (to reflect the transparency requirements on the public sector) but is open to any private or voluntary sector organisation. The aim is to change culture so that it becomes the norm for all modern businesses to think about gender equality and report what they do to recruit, retain and promote the best talent, both men and women.

Over 60 leading businesses have signed up to *Think, Act, Report* from a wide range of sectors, including both smaller and larger companies. The names of all companies signed up are listed online and include well-known companies such as BT, Tesco, Barclays, Marks & Spencer, The Cooperative Group, KPMG and BP. Over a million employees are now working in companies signed up to *Think, Act, Report*.

RED TAPE CHALLENGE. EQUALITY ACT 2010

There was a good response to the equalities theme on the Red Tape Challenge website—over 70,000 comments. The vast majority of comments from business and the wider public were in support of equality legislation. We subsequently consulted on repealing those provisions which are unnecessary or unhelpful to business but we are retaining the important protections for individuals.

STEM AMBASSADORS

The STEM Ambassadors Programme enables anyone with Science, Technology, Engineering and Mathematics (STEM) skills to inspire young people (5–19 year olds). STEM Ambassadors demonstrate the possibilities of STEM subjects and careers by revealing how essential STEM is throughout the world in which we live.

STEMNET currently has 25,000 Ambassadors available to work with young people. The occupations of STEM Ambassadors are very wide ranging, including environmental scientists, chemists, civil engineers, marine biologists, medical physicists, pharmacists, apprentices and energy analysts to name but a few. Anyone who uses STEM in the world of work and who is willing and able to enthuse young people about STEM subjects, can apply to become a STEM Ambassador.

STEMNET works hard to ensure the population of STEM Ambassadors reflects the diversity of the local populations they serve. 40% of STEM Ambassadors are women, with over 10% describing themselves as from BME (Black & Minority Ethnic) backgrounds. STEMNET has enthusiastic Ambassadors from 18 to 70 years of age, with almost 60% under 35 years of age.

The Programme is funded by the Department for Business, Innovation and Skills and is already supported by employers in every part of the UK who encourage their staff to become STEM Ambassadors as part of their outreach activities.

APPRENTICESHIPS

Apprenticeship policy focuses on ensuring that all apprenticeships are as accessible as possible to all. For example, apprenticeships are usually full-time jobs that include training, but it is possible to take an apprenticeship part-time over a longer period if an individual's circumstances make a full-time apprenticeship difficult. We recognise that there may be barriers including perceptions that affect particular groups and will take action with our delivery partner to address these.

Just over half of all apprentices are women. In the last full year (2010–11) 64% of those starting higher apprenticeships were female.

Women are free to apply for apprenticeship vacancies in any sector (unless there is a legitimate bar on entry, for example, some roles within the Armed Forces). However choices largely reflect the gender bias across the workforce as a whole with more women entering service and care sectors and fewer in manufacturing and engineering. One implication of this is that more women enter lower paid apprenticeship sectors. Some employers, for example Rolls Royce, are very successful at attracting female apprentices into traditionally male-dominated sectors.

A series of Diversity in Apprenticeship pilots run by the National Apprenticeship Service (NAS) investigated ways to attract and encourage under-represented groups to apply and succeed in apprenticeships. Further research on gender and apprenticeships has been commissioned by the NAS.

Rt Hon Maria Miller MP
Secretary of State for Culture, Media and Sport
and Minister for Women and Equalities

Jo Swinson MP
Minister for Employment Relations and
Consumer Affairs and Minister for Equalities
Department for Culture, Media and Sport

26 January 2013

Written evidence submitted by 30% Club

The 30% Club is a group of Chairmen and organisations committed to bringing more women onto UK Corporate boards. Its members have declared their voluntary support for a goal of 30% of boards being female by 2015 and are taking actions to achieve it. Fifty-four chairmen, representing many of Britain's largest most successful companies have now declared their support for the 30% Club. A list of the supporting Chairmen as at submission is attached as Appendix I.

The 30% Club was formally launched in November 2010 and has since developed a concerted programme of specific actions aimed at accelerating the pace of change towards better-balanced boardrooms in the UK. We are working collaboratively with a number of other groups engaged on this issue, particularly the Davies Committee. The neutral, non-commercial and apolitical status of the 30% Club has attracted widespread support and has enabled us to draw together a number of prevailing efforts and create new initiatives to achieve greater collective impact.

We are seeing mounting evidence of a change in mind-set and results in the UK. Between 2007 and 2010, the representation of women on FTSE-100 boards plateaued at around 12%. The past two years has seen a rapid acceleration in the pace of progress and this figure now stands at 17.3%. Most importantly, the pace of this voluntary change continues to accelerate. In 2010 13% of new FTSE-100 board appointments were awarded to women, increasing to 30% of all new appointments in 2011. *Since 1 March 2012, 55% of all non-executive FTSE-100 director appointments have been female.* This is a dramatic shift and we expect ongoing improvement in the gender balance of Britain's boardrooms. The 30% Club is now working on the longer term issue of developing a sustainable pipeline of senior female talent; we have two main efforts—a Professional Services Firms Pipeline Initiative and a new FTSE-350 Executive Pipeline Action Group. Again, our approach is collaborative and we have found companies willing to share their experiences to address this multi-faceted problem.

In the pages that follow we provide specific responses to those questions raised in the Call for Evidence where we feel we have expertise. We have therefore not answered the first three questions but hope that our views are still helpful.

Helena Morrissey
 Founder, 30% Club
 CEO, Newton Investment Management

5 October 2012

5. What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part-time?

Building a sustained pipeline of female talent and therefore achieving a better balance of men and women at senior levels requires multiple, concerted efforts, including but not limited to the promotion of part-time or flexible working. In many situations, there is no reason why part-time workers cannot contribute at a senior level.

The 30% Club sees this specific issue as one aspect of broader changes required across much of the corporate world, to modernise working practices by using technology more and facilitating a variety of different possible work patterns rather than the traditional office-based, full-time model which often suits men better than women. We do not believe that further legislation is required or desirable around part-time working; companies need to "own" the development of a sustained pipeline to achieve real progress. There is strong desire amongst the major firms to accelerate results in this area.

To focus on specific practical recommendations around this broad topic, the 30% Club has established a Professional Services Firms (PSF) Pipeline Initiative, bringing together twenty leading law, accountancy and consultancy firms to develop a collaborative approach. These firms typically suffer from a particularly acute female attrition rate between graduate intake (when women are often in the majority) and senior partnership levels (typically 10–15% women). It is evident from the initial sharing of experiences that most of these firms have made considerable efforts over a number of years to develop diversity and inclusion initiatives. These efforts have yielded only limited results and in some cases, progress is starting to reverse. There appears to be a more fundamental problem, namely the somewhat old-fashioned requirements to "make partner", including long billable hours and "face time" in the office. Encouragingly, it is increasingly acknowledged that solving this to retain more female talent will also help these firms attract and retain the best male talent in the future, as young gifted people are expecting to contribute intellectually quite differently from the current senior generation. This realisation may help us to achieve a breakthrough, as the issue is seen as less about helping a particular group to succeed and more about the future health of the partnerships themselves.

Regarding the part-time work component of any solution, it is clear that in these particular firms, the project-based nature of the work lends itself better to enabling senior women (and men) with family commitments to take periods of time off (for example, the school summer holidays) rather than to work three or four days a week. We have also been exploring whether clients might be prepared to have two part-time senior staff working for them rather than to assume that only one very full-time partner might meet their needs.

We will be publishing the output of a detailed McKinsey-led project on this topic at a seminar “Getting More Women to the Top of Professional Services Firms” being hosted by Linklaters on 12 December 2012 and would be happy to share the recommendations with the Committee. We will be using the results as a blueprint for listed companies and have recently established a FTSE-350 Executive Pipeline Initiative.

6. *To what extent have the recommendations in Lord Mervyn Davies’ Report “Women on Board” (published in February 2011) been acted upon?*

The collective impact of Lord Davies’ ten recommendations has been highly significant and generally well followed-through, although there have been different levels of response regarding the individual recommendations, including variation across company size, with the FTSE-100 tending to be further ahead than the FTSE-250 at this stage.

FTSE-100

- Female representation on boards now stands at 17.3%* (up from 12.5%**); 21.5% NEDs are women (up from 15.6%*) 6.6% female executive directors (up from 5.5%*)
- Eight boards have over 30% female representation with Diageo leading the way with 44%; a further 18 boards have 25% or more women
- All-male boards stands at 7* (down from 21**)
- Women accounted for 25% of all new appointments in 2011 (including executive roles), compared with 13% in 2010
- 55% of NED board appointments since 1 March 2012 have been women

FTSE-250

- Female representation on boards now stands at 11.3%* (up from 7.8%**); 14% NEDs are women
- All-male boards stands at 94* (37.6%—down from 52.4%**)
- 35% of board appointments since 1 March 2012 have been women, including 41% of NED appointments

*Boardwatch, 4 September 2012

**Lord Davies Women on Boards February 2011

The key first recommendation, that all Chairmen of FTSE-350 companies should set out the percentage targets for women on their boards in 2013 and 2015 has not been universally adhered to although many companies have set out diversity statements and goals within their annual report. Appendix II is a collation of FTSE-100 statements (typically drawn from company accounts) on this issue along with each firm’s position in terms of female representation on their boards; we have also created a similar document for the top 50 FTSE-250 firms ranked by market capitalisation (Appendix III). There is a notable wider spectrum across these somewhat smaller firms. Notwithstanding this variation, overall progress in both groups has been significant regarding the actual appointment of NEDs, with 55% of FTSE-100 non-executive positions since 1 March 2012 going to women and 41% of similar FTSE-250 roles.

Clearly, the Financial Reporting Council (FRC) has amended the UK Corporate Governance Code (recommendation 3), from which progress towards Lord Davies’s points 4) and 5) is expected to follow. The 30% Club investor group has been working on ensuring the implementation of recommendation 6, namely that investors should ensure that companies they invest in adhere to recommendations 1–5. This group now numbers 13 institutions representing £1.8 trillion assets under management who are engaging constructively with companies to encourage them to develop a business-led approach towards the goal of better gender balance at all levels of company management, including boards. See question (7) for further details of the work of this group.

Recommendation 7 of the Davies Report, that companies should periodically advertise board positions, does not appear to have been followed and the NED recruitment process does remain more opaque than for other positions although the approach of executive search firms is much improved. The executive search firm community has drawn up a Voluntary Code of Conduct (recommendation 8) and the effectiveness of this is considered separately below. Evidence that recommendation 9, the opening up of the process to facilitate more cross-over appointments from public or voluntary sectors to private sector board positions is limited in that few NEDs have yet been appointed outside the private sector, but as a chairman commented to us recently, the “gene pool” for board candidates has widened over the past two years. Finally, the strong on-going efforts of the Davies Steering Committee outlined in recommendation 10 are evident from their very public monitoring of progress and collaboration with groups like the 30% Club to ensure effective implementation of their suggestions.

7. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

Diversity is a key theme in the debate about the quality and performance of boards. As the Davies Committee noted in *Women on Boards, March 2012*, investors “are increasingly becoming one of the most active and

vocal groups championing women on boards....Evidence suggests that diversity is becoming a key component of stewardship dialogue between investors and companies.” Publicly listed companies are ultimately accountable to shareholders for their results and for how they govern themselves, and it is right that investors take a leading role in campaigning for more balanced boards. Furthermore, gender diversity is often the first step in breaking the mould towards achieving more generally diverse boards.

We therefore believe that it is important for investors to take into account the percentage of women on boards, when considering company reporting and appointments to the board. 30% is the figure widely agreed to transform perceptions of the contributions of the minority group from representing that particular group to being judged on their own merit—in other words, critical mass is achieved. We believe that once 30% is reached, the culture and practices of the board will have changed significantly and as a consequence, further progress towards true balance will naturally follow.

Accordingly, an investor group has been set up under the 30% Club Steering Committee. In aggregate, this group manages over £1.8trn of assets on behalf of pension funds, charities and individuals. The purpose of the investor group is to help coordinate the investment community’s approach to the issue and in so doing, to accelerate the pace of business-led change towards the goal of better gender balance at all levels of company management, including boards.

In February 2012, the 30% Club investor group organised a seminar in London to discuss *Board effectiveness: why diversity matters*, attracting over 150 delegates from the fund management community. At the seminar the 30% Club investor group published *Achieving More Diverse Boards: Guidelines for Engagement* to help other investors engage with companies on this issue (see Appendix IV). We believe that investor engagement has begun to provide useful additional impetus to achieving better balanced boards.

The calls for greater disclosure from Lord Davies, the UK Government and the FRC have already provided members of the 30% Club investor group with additional information and public disclosure to take forward their own individual actions to encourage companies to improve boardroom diversity. For example, members of the investor group are using the new company disclosure to initiate conversations with companies about diversity. Some of these investors are making their dissatisfaction about companies’ lack of progress on diversity known through their voting decisions.

One member of the 30% Club investor group, The Co-operative Asset Management (TCAM), has become, as far as we know, the first investor to factor gender balance into a UK voting policy. During the 2012 voting season, TCAM abstained on the re-election of the Chair of the Nominations Committee at 13 Annual General Meetings, where the company had failed to disclose an aspirational target or to elect any women to an all male board, and wrote to the company in question on each occasion to let them know their concerns.

Since the publication of the Davies Review, members of the 30% Club investor group have seen a marked improvement in the willingness of company directors to engage in a productive dialogue with shareholders about boardroom diversity.

A growing body of empirical evidence corroborates the intuitive argument that more diverse boards are more effective than “identikit” boards and a number of relevant and useful research papers can be found at www.economist.com/node/21539928. A compelling outcome of Lord Davies’ review was the economic and business case for addressing the gender imbalance in the current structures of companies’ boards, which moves the debate away from a social issue to an urgent business imperative.

It is worth highlighting two recent pieces of research. The first, *Getting the Right Women on Board* published by SocGén in October 2011, provides some interesting analysis—conducted purely on the empirical results achieved by European companies—that suggests that 30% is the “magic number” when the financial performance of a company increases due to a critical mass of women at board level. Another published more recently by EIRiS *Women on Boards of Directors—Do they add value?* (Aug 2012) found that a global value weighted portfolio of companies with more than 33% women on the board outperformed its respective benchmark by an estimated 31 basis points per month on a risk adjusted basis over a 90 month period (1 January 2004–30 June 2011). Both pieces of research depict the same results; that there is a positive correlation between women on boards and financial performance (return on equity, return on capital employed) and that this correlation becomes more marked once 30% representation is reached.

However, it should be noted that *how* diversity is achieved is also very important; the precipitous introduction of quotas in Norway appears to have detracted from rather than increased shareholder value (see *The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation*, Kenneth R. Ahern and Amy Dittmar, University of Michigan, Ross School of Business May 20, 2011) while not improving the pipeline of executive female talent.

8. Why are there still so few women in senior positions on boards and what are the benefits of having a greater number?

Given the position before the Davies Report (published only 20 months ago) and the founding of the 30% Club (initiated in March 2010), when just over 12% of all FTSE-100 board directors were women, a figure that had plateaued over the preceding three years, a great deal has since been achieved in a short space of time and we should not describe the current situation (on boards) as “so few women”. Absent the termination of

existing directors or significant increases in the size of corporate boards (both undesirable measures), the pace of change could hardly be quicker than at present. The most dramatic statistic is the increase in the proportion of FTSE-100 NED roles going to women, with 55% of new appointments being female since 1 March 2012. The 30% Club believes that given the importance of appointment on merit, the pace of change could not be bettered although it is important that this progress is sustained. The development of senior executive female talent has to be a longer term ambition; the pool of talent for an effective NED is inevitably wider than for, say a Chief Financial Officer, where specific expertise and experience is required. The 30% Club is now focusing its attention to the development of a sustainable executive pipeline and as outlined in our answer to question (5), we have been developing targeted action plans to help get more women to the top of organisations, whose success hinges on our collaborative approach where men and women are working together on effective, more radical solutions. Notwithstanding these intense efforts, success will not be achieved overnight, not least because broader sociological and cultural changes are needed.

The benefits of better gender balance on boards start with the powerful intuitive argument for incorporating multiple perspectives and types of people (not just a mix of genders) into the decision-making and oversight process. There is less danger of “groupthink” and more likely to be robust challenge and a wide range of inputs into any decision where directors are truly independent, not just of the company’s management but of each other.

We chose 30% as our target for female representation on a board since that is the widely-researched proportion when the contributions of a member of a minority group become valued in their own right rather than as representatives of that group. The 30% Club chairmen supporters speak from experience about the “improved dynamics” of a mixed gender board, “better atmospherics” and how it is “more representative of employees, customers and shareholders”.

The 30% Club is primarily focused on the greater effectiveness of diverse boards as a consequence of these qualitative impacts rather than on financial performance, partly because it is impossible to prove causality but also the data sets are still limited. However, there is a growing body of empirical evidence that corroborates the intuitive argument that more diverse boards might help corporate performance. At least four well known studies based on experiences in different countries set out this empirical evidence: McKinsey *Women Matter*, Catalyst *The Bottom Line and Women’s Representation on Boards*, (both analysing US companies) Citigroup ASX100, *Women on Board Analysis* (Australia) and SocGen, *Getting the Right Women on Board* (European companies). Two further recent pieces of work, Credit Suisse Research Institute, *Does Gender Diversity Improve Performance* and EIRis, *Women on Boards of Directors—Do they add value?* depict the same results; there is a positive correlation between women on boards and financial performance (return on equity, return on capital employed).

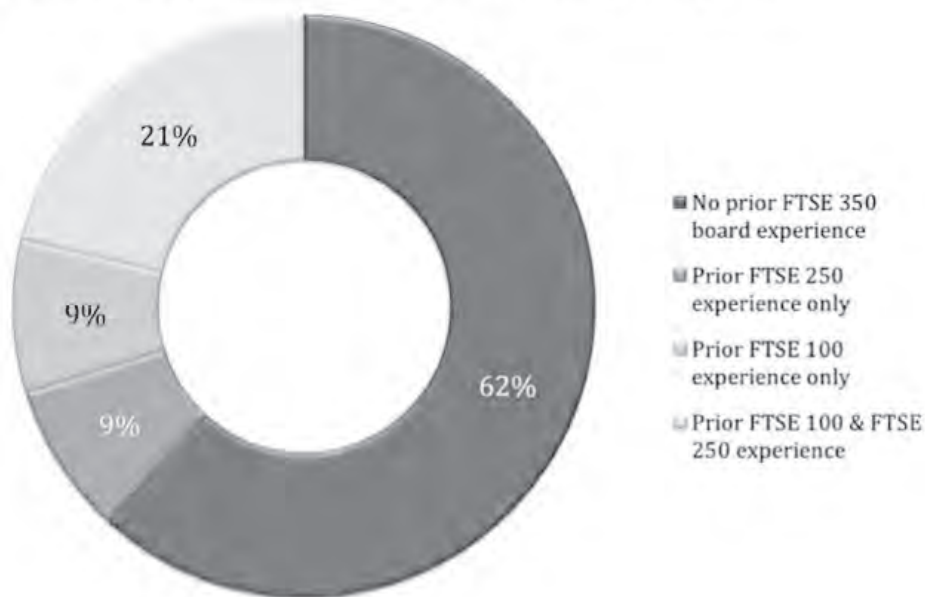
Significantly, academic research into the Norwegian experience suggests that *achieving balanced boards through mandated quotas can have the opposite effect*, undermining shareholder returns (University of Michigan; *The Changing of the Boards: The Impact of Mandated Female Board Representation*).

Finally, the financial crisis suggests that perhaps the burden of proof should lie with those who argue for the status quo; the failure of a number of significant financial institutions with very uniform, mostly male boards, is testament to the dangers of “identikit” boards.

9. *How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?*

Over 20 leading search firms, representing the vast majority of those engaged in boardroom practices, have subscribed to the Voluntary Code. There is good evidence that the Code is helping to increase supply of female NED candidates through the consideration of more thoughtful and creative boardroom criteria, often described as more of a focus on “intrinsic” rather than standard credentials for positions. This is welcomed. We have directly witnessed a real change in mindset among this community, who initially seemed concerned that prevailing practices and relationships might be threatened but who now are constructively working to effect change. Significantly, over 60% of the FTSE-100 directorships awarded to women in 2011 were to those without prior board experience, confirming that executive search firms are broadening their lists of candidates and that nominations committees are more keen to diversify the talent on their board than to appoint “tried and tested” individuals.

2: FTSE 100 New Appointments in 12 months to January 2012



In May 2012, the 30% Club hosted a seminar to launch the publication of a report commissioned by the Equality and Human Rights Commission and researched by Cranfield School of Management on “The Appointment Process and the Role of Executive Search Firms”. A highlight of this report was the inclusion of 10 anonymous interviews with leading search firms into how they were conducting board level searches and whether the process had evolved materially since the introduction of the Code. It was clear from these interviews that individual firms have created new best practices regarding specific aspects of this process but that few if any firms were embracing all of these. The seminar was widely attended by the headhunting community and the level of engagement, led from the industry’s side by Julia Budd of Zygos, was impressive, thoughtful and encouraging. As with all aspects of this effort, more remains to be done but we commend the search industry for a rapid shift in mindset and also a willingness now to lead Chairmen and nominations committees towards a wider slate of candidates where necessary.

Please note that the views expressed in this response do not necessarily reflect the views of each and every 30% Club supporting chairman, member of the 30% Steering Committee or member of the 30% Club investor group, or their employing companies.

APPENDIX I

LIST OF 30% CLUB CHAIRMAN SUPPORTERS

Sir Win Bischoff—Lloyds Banking Group	Will Lawes—Freshfields Bruckhaus Deringer
Mark Bomer—BDO	Rich Laxer—GE Capital EMEA
Donald Brydon—Smiths Group	John MacFarlane—Aviva
Sir Roger Carr—Centrica	Charlie Mayfield—John Lewis
David Childs—Clifford Chance	Mike McTighe—JJB/Volex
Simon Collins—KPMG	Glen Moreno—Pearson
Michael Cole-Fontayn—BNY Mellon EMEA	David Morley—Allen & Overy
Allan Cook—Atkins	John Nelson—Hammerson
David Cruickshank—Deloitte	Dick Olver—BAE Systems
Miranda Curtis—Waterstones	Patrick O’Sullivan—Old Mutual
Andrew Duff—Severn Trent	Alan Parker—Brunswick
Ian Durant—Capital & Counties Properties	Sir John Parker—Anglo American
Neville Eisenberg—Berwin Leighton Paisner	Sir John Peace—Burberry Group/Standard Chartered
Robert Elliott—Linklaters	Ian Powell—PwC
Douglas Ferrans—Invista and IMA	Sir Michael Rake—British Telecommunications plc
Douglas Flint—HSBC	Sir Simon Robertson—Rolls Royce
Anita Frew—Victrex	David de Rothschild—Rothschild
Sir Ian Gibson—Morrisons	Sir Nigel Rudd—BAA/Invensys
Lord Green of Hurstpierpoint	Chris Saul—Slaughter & May
Sir Philip Hampton—Royal Bank of Scotland	Peter Scott—Engine Group
David Harris—Hogan Lovells	Lord Sharman of Redlynch—Aviva
John Heaps—Eversheds	John Stewart—Legal & General
Tony Hobson—former chairman of Sage	Carl-Henric Svanberg—BP
Christine Hodgson—CapGemini	Robert Swannell—Marks & Spencer
Dr Franz Humer—Diageo	Michael Treschow—Unilever
Greg Jordan—Reed Smith	David Tyler—Sainsbury’s
Lady Judge—UK Atomic Energy	Steve Varley—Ernst & Young
	Bob Wigley—Yell

Written evidence submitted by Architects for Change

EXECUTIVE SUMMARY

The RIBAs Equality and Diversity Forum, “Architects for Change” (AfC) was established in 2000 to challenge and support the institution in developing policies and action that promote improved equality of opportunity and diversity in the architectural profession.

This consultation response was developed with the assistance of the organising committee, made up of representatives of external organisations such as Women in Architecture, the Stephen Lawrence Charitable Trust and the Architecture Student’s Network along with senior practitioners and academics. The Committee members are also drawn from senior levels from the private, voluntary and public sector and have expertise in business, equality and diversity and professional practice.

OUR AIMS

AfC strives to improve equality and diversity in the education and practice of architecture. Particular issues and actions the group seeks to address are:

Education: to encourage a diverse entry into architectural education, based upon ability and potential, and reflecting the diversity of the society architects serve; to reduce dropout rates; and improve diversity in the curriculum, and studio teaching cultures.

Profession: to identify inequalities in pay and career progression opportunities that undermine, the career development of women, BME and LGBT professionals; to improve working conditions and pay for students; to demonstrate that family friendly working and humane working hours make business sense.

AfC will be reviewing research to understand the trends in the workplace and obtain an evidence base to inform their future work and strategy.

SUMMARY RECOMMENDATIONS FOR ACTION

Architects for Change have long been advocates for action to address the inequalities of pay between genders and relatively poor career progression experienced by women in architecture, engineering and construction. The vital issue in addressing the endemic underpayment of women (the gender pay gap is just over 17% for construction professionals¹) revolves around *how* any legislation can be administered and enforced to create true and lasting impact for millions of equally qualified and experienced women.

Communication with the private sector who currently, are under no obligation to reveal pay and conditions structures, would encourage transparency. In parallel, the strengthening of existing structures could go a significant way towards ending the practice of embedding prejudice through reduced remuneration. AfC also believe that creating structures to monitor progress of closing the pay gap in a national high profile campaign (much like the Women on Boards campaign) could prove significant in redressing the balance between the genders on remuneration.

Key recommendations from this response can be summarised as follows:

1. Reduce the financial and personal risk for individuals who are able to evidence and challenge unequal pay scales within a given organisation.
2. Increase the levels of monitoring with regard to the performance of companies, organisations and institutions. Under the Companies Act, companies should be required to state their workforce composition and positions on their annual companies return.
3. Mount a national campaign to raise awareness amongst employers to ensure that pay gaps between genders are removed.
4. Require increased transparency for privately held companies (this could begin with FTSE 250 companies).
5. Develop strategies to reduce gender stereotyping to primary school aged children and their influencers such as an ambassador or champion scheme to recruit a diverse range of role models from industries or roles which are chronically under-represented.
6. Development strategies to assist the retention of underrepresented groups such as women in architecture, engineering and construction.

ISSUES RAISED

Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

1. The acts, in terms of their intentions, go far enough, however, the following issues need to be addressed
 - (a) Enforcement of the Acts—it is currently responsibility of the individuals affected to pursue a claim with regard to inequality; this creates a situation where an individuals is put under severe pressure personally and financially. Very little other enforcement exists and without independent investigation or enforcement the Acts lack *teeth*.
 - (b) Monitoring of the performance of companies, organisations and institutions against the duty need to be increased.
 - (c) Inequality awareness with regard to the responsibilities employers have should be increased and a national campaign implemented
 - (d) The gender pay gap is not sufficiently tackled by the Act as the majority of employers are not required to be transparent with regard to pay and conditions. Gender pay gap should be more effectively addressed to ensure transparency with regards pay and conditions.

What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

2. When recruiting, private sector should be required, to note the salary range offered.
3. On request, private sector employers should be able to demonstrate the pay difference, if any, between genders as a ratio or percentage.
4. Under the Companies Act, companies should be required to state their workforce composition and positions on their annual companies return.

What has been the impact of the current economic crisis on female employment and wage levels?

5. Evidence suggests that women in architecture have been adversely affected by a greater degree than men, with older women (those over 50) being particularly impacted by the downturn.

Since the coalition came to power in May 2010, unemployment among women aged 50–64 has seen a huge 31% increase to 142,000, compared with an overall increase in all unemployed people over 16 of 4.2% to 2.6m, according to Office for National Statistics figures.

Women as a whole have lost more jobs than men since 2010 (an estimated 11% increase) but women over 50 in particular have been hit hardest by the big cuts in local authority budgets.²

6. RIBA published figures, released as part of the RIBA Future Trends Survey,³ record a 7% drop in numbers of women architects between 2009 and 2011. In January 2009, 28% of architectural staff in practices surveyed were women compared to just 21% in December 2011. This represents an overall drop of 25% of women architectural staff in practice.⁴

7. The Architect's Journal (the major periodical for the profession in the UK) Survey of Women in Architecture⁵ (671 respondents) in January 2012 noted:

- 44% of respondents believe their male colleagues who do the same or similar job earn more.
- 35% of respondents thought in the current economic climate pay parity was likely to decrease.
- 63% of respondents have suffered from sexual discrimination in architecture.
- 61% of respondents believe that the building industry has not fully accepted the authority of female architects.

8. Salary surveys which are currently done by annum do not typically take into account p/t or f/t working. Salary assessments based on hourly rates could provide a much more realistic and detailed picture of the relationship between gender and remuneration.

How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

9. Early intervention is essential in tackling gender stereotyping. Influences from media and education sources establish expected roles and act as a conduit channelling young women to typically lower paid roles.

10. Recruitment of "champions" to promote diversity and underrepresented roles by gender, for example male primary school teachers and female engineers. The representative Institutes within industry and the professions should recruit "champions" at different stages of their career for publication on an annual basis.

11. Career guidance from primary stage onwards should actively support access to under represented professions. This should be linked to a "Champions" programme as noted under Item 10 above.

What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

12. The engagement of role model and ambassadors who work part-time/job share or have portfolio careers.

13. The championing of companies who successfully deliver part time working and equality in promotions.

14. Companies and organisations to note on individual profiles of their management teams whether they are full or part time.

15. Companies Act to require companies to note on their annual return:

- (a) The workforce composition
- (b) The positions held by workforce in terms of composition/gender
- (c) The numbers of full and part time staff in their employ and their positions.

To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?

16. Lord Mervyn Davies' report has proved influential, anecdotal evidence and data gathering has shown an improvement, the scope of the challenge issued was very focussed (FTSE 100/250 companies) a tiny minority of engineering, construction related companies would sit within that scope.

17. A follow up report with case studies should be published to show progress and improvement

To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?

18. Investors should note that a company that effectively reflects the society for which it provides services and/or products as it is more likely to better understand their market and more rapidly respond to it.

19. Qualitative data should be collected with the aim of continuous improvement for the experience of female board members.

Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?

20. Numbers of opportunities available are low in addition negative and stereotypical views of women in management still pervade.

21. Poor leadership and management create and support systems which work against meritocracy. Career development interventions such as mentoring/sponsorship need to be implemented at senior levels of business to overcome the barriers to women's progression.

22. Disillusionment with poor career progression drives women away—more focus is needed on the retention of new female recruits to industry.

23. There is the need for a clearer understanding of the value of having a board which more readily represents the society and markets for whom they provide services and/or products.

24. The Equality and Human Rights, *Race into Construction Inquiry*,⁶ has highlighted that the construction profession, of which architecture is a part, is subject to poor equality practice. Over 300,000 SMEs are involved in the supply chain and the Inquiry found evidence of persistent discrimination and occupational segregation. Though this Inquiry was able to progress a successful programme of co-regulation to address some of the industry issues, more needs to be done to ensure that all Board positions are opened up for diverse recruitment.

25. Women who are from minority ethnic groups face issues of multiple disadvantages and more investigation is needed to understand the barriers faced by black and Asian women in the workplace.

How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?

26. The voluntary code of conduct appears to be working well given the rise in female directors in FTSE 100/250 companies. Though these improvements are to be commended, AfC would recommend a widening of the remit from FTSE companies (many of which are not part of the industries that have chronic underrepresentation of genders).

27. Adapting existing legislation such as the Companies Act (or similar) will allow for simple standard statistics to be provided and be publicly accessible.

28. AfC would also recommend that the public sector is bought into the Voluntary Code of Conduct as they are responsible for a major part of recruitment and procurement contracts (around 40% of sector contracts).

5 October 2012

REFERENCES

¹ Gathering and Reviewing Data on Diversity with the Construction Professions—CIC published 2008

<http://www.cic.org.uk/activities/DiversityPanelProjects.shtml#3>

² RIBA Future Trends Reports

<http://www.architecture.com/FindOutAbout/FutureTrendsSurvey/FutureTrendsSurvey.aspx>

³ Ref. Guardian Online 29 September 2012 <http://www.guardian.co.uk/world/2012/sep/29/generation-women-toxic-ageism-sexism>

⁴ AJ 16 January 2012 Ref. link <http://www.architectsjournal.co.uk/news/daily-news/new-riba-stats-show-large-drop-in-women-architects/8625001.article>

⁵ AJ 16 January 2012 Ref. Link: <http://www.architectsjournal.co.uk/news/daily-news/shock-survey-results-as-the-aj-launches-campaign-to-raise-women-architects-status/8624748.article>

⁶ EHRC Race in Construction Inquiry published August 2010 by Equality and Human Rights Commission

Supplementary written evidence submitted by Architects for Change

CONTEXTUAL STATISTICS FROM ARCHITECTS FOR CHANGE

THE HEADLINES

1.0 The industry

- The construction industry including the supply chain employ three million people and contributes 8% of the UK GDP.
- The professional sector employs about 300,000 individuals who generate a combined output of £21 billion (33,456 registrants, 29,942 UK based, 3,514 female, 20%).
- 90% of built environment consultancies are classed as SME and would therefore not be impacted by campaigns directed at FTSE 250 companies.
- The gender pay gap is just over 17% for construction professionals. A recent article in Building Design Magazine (23 November 2012) noted that:

“The average UK architect earned £42,563 in 2012, a year-on-year increase of 0.8%. Men earned on average £43,984 while women earned nearly a quarter less at £35,486.”⁷

2.0 Architecture

2.1 Education: Statistics

- Education, women represent 44% of students on validated courses (RIBA 2010–11).

2.2 Practice: Professional Institutes' Statistics

- RIBA have 12.6 % female chartered members (part 3 qualification required as a minimum).
- The ARB note that 21% of registrants are female (but cannot confirm whether they are in practice or not) in the year 2000 the figure was circa 12%.

2.3 Practice: Profession Survey Statistics

- Between 2009 and 2011, 7% drop in percentage, representing an overall drop of 25%:

January 2009	28% of architectural staff in practices surveyed were women
December 2011	21% An overall drop of 25% of women architectural staff in practice. ⁴
- The AJ Survey of Women in Architecture ⁵ (671 respondents) in January 2012 noted:
 - 44% of respondents believe their male colleagues who do the same or similar job earn more.
 - 35% of respondents thought in the current economic climate pay parity was likely to decrease.
 - 63% of respondents have suffered from sexual discrimination in architecture.
 - 61% of respondents believe that the building industry has not fully accepted the authority of female architects.

THE ISSUES

- Working conditions such as, the long hours culture, poor remuneration, inequality of pay, lack of flexibility, lack of career progression opportunities, lack of diverse business models.
- Workplace agility will encourage a more diverse workforce overall—get the culture right!

EQUAL PAY AND TRANSPARENCY

- The architectural profession does not on the whole advertise positions with a salary band, “Negotiable” and “Dependent on experience” is more typically used. On today’s RIBA appointments there were 59 positions advertised, seven noted the salary expectation, one advert noted “Great lifestyle” under salary.
- Four student positions featured and only one noted the salary expected.
- The lack of transparency and clarity help to create a culture of inequality, whether intended or not.
- Architecture is a small specialist profession around 33,000. Individuals are reticent to bring claims against poor employers for fear of future damage to their careers; Retaining legal advice to pursue a claim is expensive and stressful.
- Female architects are either leaving the profession entirely or setting up their own businesses to create workplace agility.

GENDER STEREOTYPING

- Figures for female participation in architectural education are encouraging however experience in the world of work prove challenging and work against the retention of talented women.
- Role modelling, sponsorship and mentoring have all been noted as a means of assisting the retention of women once in practice.
- The persistent underpayment of women with equal qualification and professional recognition promotes a negative stereotype around the contribution that female practitioners make.

CREATING CHANGE

Summary Recommendations for Action

Architects for Change have long been advocates for action to address the inequalities of pay between genders and relatively poor career progression experienced by women in architecture, engineering and construction. The vital issue in addressing the endemic underpayment of women (the gender pay gap is just over 17% for construction professionals¹) revolves around *how* any legislation can be administered and enforced to create true and lasting impact for millions of equally qualified and experienced women.

Communication with the private sector who currently, are under no obligation to reveal pay and conditions structures, would encourage transparency. In parallel, the strengthening of existing structures could go a significant way towards ending the practice of embedding prejudice through reduced remuneration. AfC also believe that creating structures to monitor progress of closing the pay gap in a national high profile campaign (much like the Women on Boards campaign) could prove significant in redressing the balance between the genders on remuneration.

Key recommendations from this response can be summarised as follows:

- Reduce the financial and personal risk for individuals who are able to evidence and challenge unequal pay scales within a given organisation.
- Increase the levels of monitoring with regard to the performance of companies, organisations and institutions. Under the Companies Act, companies should be required to state their workforce composition and positions on their annual companies return.
- Mount a national campaign to raise awareness amongst employers to ensure that pay gaps between genders are removed.
- Require increased transparency for privately held companies (this could begin with FTSE 250 companies).
- Develop strategies to reduce gender stereotyping to primary school aged children and their influencers such as an ambassador or champion scheme to recruit a diverse range of role models from industries or roles which are chronically under-represented.
- Development strategies to assist the retention of underrepresented groups such as women in architecture, engineering and construction.

1 December 2012

REFERENCES

¹ Gathering and Reviewing Data on Diversity with the Construction Professions—CIC published 2008
<http://www.cic.org.uk/activities/DiversityPanelProjects.shtml#3>

² RIBA Future Trends Reports
<http://www.architecture.com/FindOutAbout/FutureTrendsSurvey/FutureTrendsSurvey.aspx>

³ Ref. Guardian Online 29 September 2012 <http://www.guardian.co.uk/world/2012/sep/29/generation-women-toxic-ageism-sexism>

⁴ AJ 16 January 2012 Ref. link <http://www.architectsjournal.co.uk/news/daily-news/new-riba-stats-show-large-drop-in-women-architects/8625001.article>

⁵ AJ 16 January 2012 Ref. Link: <http://www.architectsjournal.co.uk/news/daily-news/shock-survey-results-as-the-aj-launches-campaign-to-raise-women-architects-status/8624748.article>

⁶ EHRC Race in Construction Inquiry published August 2010 by Equality and Human Rights Commission

⁷ Building Design 23 November 2012 ref. link <http://www.bdonline.co.uk/news/average-uk-architect-earns-%C2%A342500/5046445.article>

Written evidence submitted by Campaign for Merit in Business

EXECUTIVE SUMMARY

1. The government is committed to “improving” gender diversity in the boardrooms of publicly-listed companies (henceforth “GDITB”). Its continuing threats of legislated minimum quotas for women on FTSE100 boards has caused a fourfold increase in the proportion of new FTSE100 directors who are women, in the space of just two years (up from 13% in 2010, to 55% over March—August 2012).

2. It’s confidently and regularly claimed by politicians and other advocates of GDITB that corporate performance will be improved by GDITB. We show that there’s no evidence to support this position. Four robust studies which investigated the link between GDITB and corporate performance showed clearly that corporate performance declined. We cite the studies and provide their Abstracts.

3. One of the four studies relates to the damaging impact on Norwegian publicly-listed companies of introducing legislated quotas for women on boards. The UK government’s continuing threats of quotas is driving poorly-qualified women onto FTSE100 boards. This can only damage British companies, in turn leading to reduced corporation tax receipts, reduced private sector employment, reduced income tax receipts...

4. Government policies (and legislation) with regard to “women in the workplace” assume (or imply) that men and women have the same attitudes to work/life balance, and when presented with the same choices, will typically make similar decisions. This assumption is deeply flawed. We present a short synopsis of Preference Theory, a theory first published in 2000 by a renowned sociologist at the London School of Economics, Dr Catherine Hakim. It shows women are *far* less likely than men to be “work-centred” (by a factor of four). This theory alone accounts for most of the gender “imbalances” we observe in senior executive positions in general, and in major corporate boardrooms in particular.

5. It’s assumed in the framing of government policies (and legislation) that senior-level men discriminate against women in recruitment and promotion terms. In common parlance, the “old boy’s network” creates a “glass ceiling”. This is a baseless conspiracy theory, and the truth is quite the opposite. By way of illustration, many FTSE100 chairmen are members of the 30% club, a highly effective organisation campaigning for

GDITB. They're committed to increasing the proportion of women on their boards, oblivious to the evidence that in doing so they will damage their companies' performance.

6. The CBI, as the leading representative body for major employers, should be critically examining the business cases for and against "improving" GDITB, and advising government accordingly. We show that the CBI isn't performing this vital role. It has for some time (since 2010, at least) been a strong promoter of GDITB, and remains unwilling to review the evidence showing that GDITB will damage UK plc.

7. The sources upon which the government draws for advice on gender issues in the workplace are of similar ideological outlooks. We believe that a more reasoned, scientifically sound, informed and balanced debate on GDITB is long overdue, drawing upon a wider range of perspectives and research evidence. We should like the opportunity to actively participate in that debate.

8. We make a number of recommendations including:

- 8.1 The government should immediately and publicly announce the suspension of its threats of quotas for women on boards if FTSE100 companies haven't achieved 25% female representation on their boards by 2015.
- 8.2 The government should suspend its support for all GDITB initiatives until and unless it has a solid evidence base to support its claim that GDITB can reasonably be expected to result in improved corporate performance—in plain English, that a positive link has been shown to exist. We show in this memorandum that no such evidence currently exists. The only causal links reported in academic studies clearly show that corporate performance declines following GDITB.
- 8.3 Government departments and commissions—including the Department of Business, Innovation and Skills, the Equality and Human Rights Commission, and the Equalities Office—should engage with a broader range of advisors and researchers, as should all publicly-funded organisations working to promote or enable GDITB. We recommend a number of suitable organisations and individuals.
- 8.4 An independent body should assess whether publicly-funded bodies have consulted sufficiently widely and taken reasonable account of those consultations in their reports and proposed policies and legislation. In the event of a failure in this regard, public funding should be withdrawn from the bodies.

A BRIEF INTRODUCTION TO THE SUBMITTER

1. Mike Buchanan, Chief Executive of Campaign for Merit in Business, was a business executive and consultant for 30 years until 2010, working in senior executive roles (or management consulting roles) at numerous blue chip organisations including:

Conservative party	Gillette
SmithKline Beecham	Exel Logistics
Rank Hovis McDougall	Revlon

2. Mike retired from business in 2010 (at the age of 52) to pursue his ambition of writing and publishing books. He's since written eight books, one of which is highly relevant to the areas of interest to this inquiry, *The Glass Ceiling Delusion: the real reasons more women don't reach senior positions* (2011).

3. In April 2012 Mike launched Campaign for Merit in Business. It campaigns for merit to be the sole basis for appointing board directors, and for the government to withdraw its threats of legislated quotas for women on boards.

4. Michael Klein, the noted scientific consultant and adviser, was recently appointed the Research Director of the campaign. Michael is recognised as having considerable expertise with respect to reviewing scientific papers, and he's applied this expertise to critique numerous studies, reports, and other publications concerning the impact of gender diversity on corporate performance. He has contributed strongly to the preparation of this memorandum.

COMMENTS ON TOPICS THE COMMITTEE WILL CONSIDER

Our comments on the topics we're informed the Committee will consider:

1. *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as the gender pay gap and job segregation, between men and women in the workplace?*

1.1 "Inequalities" result from the well-documented differences between men's and women's freely made choices with regard to paid employment. Most men and women make gender-typical choices reflecting their gender-typical natures. These explain "gender pay gaps" and "job segregation", which have nothing to do with women being disadvantaged relative to men. To take an obvious example, men are more likely than women to wish to become engineers, women are more likely than men to wish to become nurses, and because of the

laws of supply and demand engineers are paid more highly than nurses. Far from not going far “enough”, The Gender Equality Duty and the Equality Act go too far in tackling “inequalities”.

1.2 As is generally the case with most “inequalities” discovered by feminists, it’s methodologically unsound to take a single observation at the macro level and claim—if it shows unequal distribution—that it shows inequality. Most differences found on a macro level can most easily be explained by looking at just one or two other variables. Consider, for example, the macro distribution which shows Members of Parliament travel more than average citizens. Would anyone seriously call this an inequality which needed to be “tackled” either by means of travel restrictions for MPs, or more travel for other citizens?

1.3 The German Statistical Office looked into the “gender pay gap” and controlled for differences between men and women with regard to education, choice of profession, seniority, and some other variables which influenced earnings (Statistisches Bundesamt, 2010). Simply by explaining earnings as a result of qualifications, education, and time spent at work, the gender pay gap narrowed from 23% to 8%. This was the first time that an official agency had admitted that the gender pay gap was what is termed a “statistical artefact” by scientists. The artefact can be arbitrarily produced, as demonstrated by Michael Klein, who has carried out work for the European Union on the Eurobarometer project. He showed conclusively that by using the well-documented fact that men work longer hours than women, and by assuming (in concordance with reality, as shown, eg in the “Gender Equality Strategy Statistics: 2011 Update of OFMDFM”, p.65) that people working overtime will get higher wages per hour, and by using the same formula the European Commission suggests for calculating the gender pay gap, the gap could be opened and narrowed at will. Hence, evidence suggests that the gender pay gap is a statistical artefact.

Material sources:

Michael Klein (2011). Nachtrag zum Gender Pay Gap.

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Statistisches Bundesamt (2010). Verdienstunterschiede zwischen Männern und Frauen, 2006. Wiesbaden: Statistisches Bundesamt. [Differences in Pay between Men and Women]. Available at:

https://www.destatis.de/DE/Publikationen/Thematisch/VerdiensteArbeitskosten/Verdienstunterschiede/VerdienstunterschiedeMannFrau5621001069004.pdf?__blob=publicationFile

1.4 Current legislation on equality of opportunity is more than adequate, legislation shouldn’t be used to drive equality of outcomes. It’s important to distinguish between equality—equality of outcomes in particular—and equity. Differences in distributions are first and foremost inequalities of outcome, however, whether these inequalities are the result of discrimination is an entirely different question, which mustn’t be confused with questions of distribution. To show that women are discriminated against with respect to pay would require the production of evidence showing individual women doing the same job, working the same hours, having the same experience, in short being and doing exactly the same that men do and are, but being paid less. Until now, not a single shred of evidence has been produced which shows that women comparably equipped as men are paid less for identical work. Hence, unequal distributions point to equity, and equity means that for more input you would expect to gain relatively more output. Inevitably, more input from some people will result in unequal output distributions. To level these unequal distributions would violate the principle of equity and deter people from making more input than others, it would destroy the very basis of a market economy which grants its participants a reward relative to the efforts they make.

1.5 Numerous articles and books have been written explaining the different choices made by men and women with respect to the world of work, and the consequences for the “gender pay gap” and “job segregation”. A selection of books covering this area and related areas, including the different natures of gender-typical men and women:

Baron-Cohen, (Professor) Simon (2003), *The Essential Difference* (London: Allen Lane).

Benatar, (Professor) David (2012), *The Second Sex: Discrimination Against Men and Boys* (London: Blackwell).

Brizendine, (Professor) Louann (2007), *The Female Brain* (London: Bantam Press).

Buchanan, Mike (2011), *The Glass Ceiling Delusion: the real reasons more women don’t reach senior positions* (Bedford: LPS publishing).

Farrell, (Dr.) Warren (1993), *The Myth of Male Power: Why Men Are the Disposable Sex* (New York: Simon & Schuster).

Farrell, (Dr.) Warren (2005), *Why Men Earn More—The Startling Truth Behind The Pay Gap and What Women Can Do About It* (New York: Amacom).

Moir, (Dr.) Anne and Bill (1998), *Why Men Don’t Iron: The Real Science of Gender Studies* (London: HarperCollins).

Moxon, Steve (2008), *The Woman Racket* (Exeter: Imprint Academic).

Nathanson, (Dr.) Paul, and (Professor) Young, Katherine K, (2006), *Legalizing Misandry: From Public Shame to Systemic Discrimination Against Men* (McGill-Queens University Press).

O’Pie, Swayne (2011), *Why Britain Hates Men: Exposing Feminism* (Bath: The Men’s Press).

Pinker, (Professor) Steven (2003), *The Blank Slate: The Modern Denial of Human Nature* (London: Penguin).

Pinker, (Professor) Susan (2008), *The Sexual Paradox: Men, Women, and the Real Gender Gap* (New York: Scribner).

2. *What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?*

2.1 The premise of this question is that there is a need for more transparency on pay and (at least) workforce composition. The question here is whether one subscribes to this premise or not. Clearly this greater transparency is suggested because proponents suspect that firms hide something sinister with respect to pay by gender distribution. However, if they only suspect, how can they be so sure about its existence? Either they have evidence to back their claim, or they don’t. If they have evidence to prove a gender pay gap, then there is no need for further steps. But if they have no evidence, and rely only on suspicion, then they cannot claim the existence of a gender pay gap in the first place. Apart from the logical contradiction exposed in this question, *no* such steps should be taken. The financial viability of the private sector rests upon business owners running their businesses as they see fit, free from the influence of ideologically-inspired initiatives from the government, whether impacting on the companies through legislation, the threat of legislation, or other means.

3. *What has been the impact of the current economic crisis on female employment and wage levels?*

3.1 Again, the premise of the question is telling. Why should a macro crisis which didn’t distinguish between Western economies, and hit the German economy with its export orientation in very much the same way as it hit the Greek economy which has a minuscule export sector, distinguish between women and men? What evil forces are suspected to be at work here? And how are they expected to translate into daily practices? Did Lehman Brothers treat female employees differently to male employees, or have they been made redundant in very much the same way? Why should the owner of a business which struggles with the financial crisis, eg because government-owned banks store public funds made available to them rather than lending them to business customers, prefer firing female staff over male employees? Do politicians expect managers and firm owners to be guided by the same obsession as they are—gender, that is—or will politicians allow managers and business leaders to consider merit and human capital, and base decisions on the benefit that a particular employee provides for the firm? If so, then politicians must admit that managers and firm owners should retain employees who are important for the firm, and fire those who are dispensable.

3.2 Given that women are markedly more likely than men to work in the public sector, they’ve been preferentially cushioned from the impact of the current economic crisis. Unemployment among men remains higher than among women. Why is the government not addressing this “gender gap” in policy terms?

4. *How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?*

4.1 It is curious to see the stereotypes being presented here. Why have engineering and banking been chosen as pinnacles of male occupation, and the beauty industry as one of female occupation? Why not use teaching as a female-dominated occupation, and lorry driving as a male-dominated occupation? And what is the basis upon which the person who formulated this question accuses the respective industries to be as equally in the business of gender stereotyping as they are? There is not a shred of empirical evidence that proves the accusation. Again, an unequal distribution is taken and interpreted as discrimination.

4.2 It’s implied that because more women work in the beauty industry and more men work in engineering there must be stereotyping at work. Because such jumping to conclusions has already been shown to be erroneous, we shall concentrate on another distinction which social psychologists make, while politicians seem to be utterly unaware of it.

The distinction is between stereotypes and prejudice. Stereotypes are useful cognitive shortcuts used by people for the purpose of orientation. While it is a stereotype that women are more engaged with means and ways to preserve beauty, this stereotype is nevertheless true with respect to differences between men and women at the group level. The picture may change when looking at the individual level, however. Here we may find Mark X is much more occupied with his physical appearance than Stephanie B with hers. However, so long as people are judged by their own actions and not subjected to stereotyping in the way shown by your question, there is nothing intrinsically wrong with stereotypes.

4.3 Stereotypes only become a problem when they transform into prejudices. Prejudices lead to actions, and it means that people who share a common trait are treated equally without respect for their individuality. They are seen as a member of a particular group, eg the group of women, and judged as such, without any reference to their individuality. This is very much the way that women and men, working in the beauty industry or in engineering, are treated in your question. Therefore, to suggest that the prevalence of men in construction and the prevalence of women in the beauty industry is “gender stereotyping” is a flawed ideological construct and truly absurd. It follows that it does not need to be “tackled”. Many millions of pounds have been spent over

decades trying to entice women into engineering (to take but one example), with very limited results. Over 90% of engineering graduates are men, even today. It's time the government stopped wasting taxpayer's money on such social engineering initiatives.

5. *What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?*

5.1 Why should one wish to promote part-time work? This question reveals a hidden agenda which can be constructed in a number of ways. Either part-time work will alleviate pressure from the job market, which rests on the assumption that there are too many job seekers for too few jobs, or the question alludes to some odd idea of work-life balance which suspects people value leisure time over working time. Since the business case for part-time work has yet to be made, it's curious that it's put forward by politicians. Politicians should realise that transformation economies in eg South-East Asia are catching up quickly, and are doing so by expecting people to work full-time.

5.2 The renowned economist Michael Porter (editor of the World Competitiveness Report) has suggested a differentiation between nations, which separates factor-driven economies from innovation-driven economies, the former relying on factors like human capital (mainly through an ability to provide cheap labour) while the latter gain their comparative advantage by relying on intellectual capital. However, there's a fine line drawn by Porter which distinguishes between an innovation-driven economy and a wealth-driven economy, which is depicted as one of "drift and ultimate decline": Porter, Michael, (1990), *The Competitive Advantages of Nations* (New York: Free Press, p.546). So long as nations compete with each other, it's necessary to make the best use of the workforce available. To promote part-time work is irresponsible, it leads to drift and ultimately decline. It's also illogical to promote part-time work and first-time buyer schemes at the same time, because part-time workers will have serious difficulties securing mortgages.

5.3 Government shouldn't seek to persuade or force businesses to pursue social engineering agendas. Nothing should be done to "promote" part-time work. Your question has been worded this way in recognition of the fact that women are markedly more likely than men to work part-time throughout their working lives. All else being equal, part-time workers will obviously contribute less to their employers than full-time workers. It's therefore absurd for the government to promote the cause of part-time workers gaining senior positions, an initiative which would preferentially advantage women at the expense of men, which is the *real* motivation behind this suggested policy direction.

6. *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?*

6.1 Unfortunately they have overwhelmingly been acted upon. The report—true to its ideological roots—both assumes and implies a positive link between "improving" gender diversity on boards and enhanced corporate performance, whilst providing no evidence of such a link. Examples are used to trick the uninformed and possibly naive reader into believing that not only is there a positive relationship between gender diversity on boards and corporate performance, but a causal link. A renowned commentator has (justifiably, in our view) described the report as consisting of "opinions masquerading as facts".

6.2 There's no evidence from any country to support the theory that increasing the proportion of women on corporate boards leads to improvements in corporate performance. On the contrary, increasing the proportion of women on corporate boards leads to declines in corporate performance. Some of the robust evidence to back up this conclusion is presented in the next section of this memorandum, "Factual information...". However, results shall be briefly summarised here. The case for increasing female representation in boardrooms is based upon three inter-connected claims:

- (1) diversity in boardrooms is "a good thing";
- (2) diversity in general, and more women in particular, have a positive effect on a firm's (financial) performance; and
- (3) as Viviane Reding, European Commission Vice-President, puts it, "a group of middle-aged, business suit wearing men" is hindering women from advancing to top positions by introducing a glass ceiling.

A number of scientists have proved these three claims to be completely unfounded and utterly wrong. Even proponents of more women in boardrooms such as Colette Fagan restrain from claiming there's a business case for women's quotas: Fagan, Colette & González Menéndez, Maria C (2012). Conclusions. In: Fagan, Colette, González Menéndez, Maria C & Gómez Ansón, Silvia (eds.). *Women on Corporate Boards and in Top Management. European Trends and Policy*. Basingstoke: Palgrave Macmillan, pp.255–256.

6.3 Three studies—the results of which are reported below—provide the sound empirical basis upon which all claims made by proponents of women's quotas can be refuted. All three studies are based on panel data, which is the best data source available in the social sciences. These results cannot be easily disregarded, and the reliability and validity of the studies is well above those carried out by, or on behalf of, Catalyst and McKinsey (and others).

6.4 The first study was conducted by Kenneth Ahern and Amy Dittmar. They investigated the effect of the mandatory quota introduced by the Norwegian government and found strongly negative effects on Norwegian publicly-listed companies. Due to the unavoidable increase in the number of inexperienced women on boards, decisions were poorer, investments less profitable, liabilities increased, book value slumped, and as a result market value fell too. Because Ahern and Dittmar controlled their results against industry averages, and used a quasi-experimental setting, there is no doubt that the poor performance of boards that triggered the reported results resulted from the quota forced upon Norwegian listed companies.

6.5 The second study has only been published recently in the renowned German Journal “Kölner Zeitschrift für Soziologie und Sozialpsychologie”. Fabian Ochsenfeld, author of the study, followed university graduates over a period of time and investigated their job histories. He found that male graduates were more likely to hold a top management position ten years after graduation from university than female graduates. However, this difference wasn’t the result of discrimination or a glass ceiling, but could be almost entirely explained by differences in choices of discipline and by the decisions of women to start families. Female graduates more often than male graduates studied disciplines which don’t lead to top management positions—for example, social work or cultural studies—and female graduates who didn’t reach top management positions didn’t do so because they decided against doing so, and deciding to have children.

6.6 Finally, a third study conducted by Øyvind Bøhren and Øystein Strøm showed that firm performance was negatively influenced by diversity on boards in general, and diversity created by female members in particular. Again, the authors used panel data and followed the development of companies over time. In doing so, they unearthed results which run counter to almost everything most politicians propose in this area. Firms performed better when boards were almost void of women, when members of boards formed networks with members of other boards or held multiple board memberships and, finally, financially better performing firms didn’t have employees’ representatives on their boards. Empirical evidence proves false every claim made by proponents of women’s quotas in boardrooms. Those who neglect this evidence, and go on to demand quotas for women, wilfully and knowingly harm firms and the entire economy.

The studies:

Ahern, Kenneth & Dittmar, Amy (2011), *The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation*.

Bøhren, Øyvind & Strøm, Øystein (2010), *Governance and Politics: Regulating Independence and Diversity in the Board Room*. *Journal of Business Finance & Accounting* 37(9): 1281–1308.

Ochsenfeld, Fabian (2012), *Gläserne Decke oder goldener Käfig: Scheitert der Aufstieg von Frauen in erste Managementpositionen an betrieblicher Diskriminierung oder an familiären Pflichten?* *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 64(3): 507–534.

7. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

7.1 In our view this is a poorly-worded question, particularly the meaning of the word “considering” in this context. The question seems to be confusing the roles of investors with the roles of directors. Investors should not, in our view, take account of the percentage of women on boards when making investment decisions. And directors should appoint new directors—both executive and non-executive directors—solely on the basis of merit. Investors are expected to base their decisions on an assessment of the relation between return and risk. They are furthermore expected to make the best use of the funds available to them. However, given the mounting evidence of detrimental effects to firms’ financial performance caused by increased representation of women on boards, it would be advisable for investors to use information about gender composition of boards to avoid investing in shares of such firms. Besides, the question is an insult to the principle of freedom of will.

8. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

8.1 In contrast to men, women typically have a choice between career and family. As the renowned sociologist Catherine Hakim has repeatedly shown in her studies (Hakim 1991, 2002) “women” can be divided into three groups, and a synopsis of her Preference Theory is provided later in this memorandum. The three groups are (a) women who are committed to a career (14% of British women aged 16+), (b) women who are committed to family life (17%), and (c) women who are between the two types and are “adaptive” (69%). The pool for recruiting top managers amongst women is about a quarter the size of the pool for recruiting top managers amongst men. Furthermore, women typically study different disciplines compared with men. As Ochsenfeld (2012) showed in his study, these two variables—“disciplines studied at university” and “decision to start a family”—explain the different numbers of men and women in top management positions almost entirely. There is no need to assume men build glass ceilings. There are no such things as glass ceilings, as shown comprehensively by Ochsenfeld. There are still “so few women in senior positions on boards” because of the different natures of gender-typical men and women. Far more men than women thrive in the face of intense competition, and they’re more “hungry” for the rewards which flow from senior positions. This matter is covered at length in numerous books and papers including:

Buchanan, Mike (2011), *The Glass Ceiling Delusion: the real reasons more women don't reach senior positions* (Bedford: LPS publishing).

Hakim, Catherine (2002), *Work-Lifestyle Choices in the 21st Century: Preference Theory*. (Oxford: Oxford University Press).

Hakim, Catherine (1991). *Grateful Slaves and Self-Made Women: Fact and Fantasy in Women's Work Orientations*. (European Sociological Review 7(2): 101–121.)

Moxon, Steve (2008), *The Woman Racket* (Exeter: Imprint Academic).

O'Pie, Swayne (2011), *Why Britain Hates Men: Exposing Feminism* (Bath: The Men's Press).

8.2 We know of no “benefits” which could be expected to result from having a greater number of women on boards, unless considered from a left-wing ideological standpoint. These possible “benefits” would be achieved at the cost of a decline in the viability of the business sector. Evidence produced under sections 6.2 to 6.6 includes a number of scientific studies which show women's quotas harm business. Hence, no benefit is to be expected if expectation is based upon scientific research. If, for whatever reason, one chooses to base expectation on hope and faith, one could think that firms could benefit from a quota for women, however, with equal validity one could think that the Earth is going to cease rotating within the next fortnight, or that Britain will be struck by a meteorite twice the size of Sweden.

9. *How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?*

9.1 In line with one of the recommendations in the Davies Report, the government continues to threaten quotas if FTSE100 companies don't “voluntarily” achieve 25% female representation on their boards by 2015. This is a perverse use of the word “voluntarily”. The Davies Report was published in February 2011. In 2010 13% of new FTSE100 director appointments were women. In 2011, 30%. The latest data (March–August 2012) shows a figure of 55%. This is clearly NOT “voluntary”.

9.2 FTSE100 companies are responding to the threat of legislated quotas in the lowest risk manner possible, by appointing poorly qualified women as non-executive directors. This is, however, the same “solution” adopted by Norwegian companies in the face of legislated quotas, and we know how damaging that “solution” was to Norwegian publicly-listed companies. How can we be confident that most of the newly-appointed female directors aren't being appointed on the grounds of merit? In 2012, all the newly appointed FTSE100 female directors have been appointed as non-executives, while all 18 new executive directors were men. There clearly remains a very considerable difference in the relative numbers of men and women qualified for the boards of FTSE100 companies.

MEN'S AND WOMEN'S DIFFERENT CHOICES WITH RESPECT TO PAID EMPLOYMENT: CATHERINE HAKIM'S PREFERENCE THEORY

1. Dr Catherine Hakim, an internationally renowned sociologist, is considered a pre-eminent expert on the choices made (and not made) by women with respect to the world of work, and the differences between those choices and the choices made by men. She published her “preference theory” whilst a Senior Research Fellow at London School of Economics (2000). I've referred extensively to this theory in my books, as have other writers in their books. Dr Hakim would have liked to have offered some written material to the Select Committee, but unfortunately the timing clashed with her move to a new position with a research institute in Berlin, to where she has now moved. She did, however, send me the following note, and gave me permission to include it in this document. You will note her offer to be a witness before the Select Committee:

“I have no objection to appearing as a witness from October onwards. However there is no chance of me writing a formal written submission by early October. I do not have my books with me here, and I have lots of other commitments. So if you want to write something that refers to preference theory, and suggest they invite me as a witness and/or ask for a later written submission, that would be good. You could attach the three-page synopsis of preference theory which I sent you recently.”

2. The synopsis to which Dr Hakim refers follows after this section. I would point out two particularly interesting statistics, from the Table on the third page of the synopsis. 52% of British men (aged 16+) are “work-centred”, compared with just 14% of British women (aged 16+).

- (a) This difference in work orientation between men and women ($52/14 = 3.7$) must surely contribute to the preponderance of men in the senior reaches of major companies, where a strong work ethic is obviously critical to success. All else being equal, we would expect to see 3.7 men for every woman in those levels, ie men would take 78.7% of such jobs. But in reality all else is not equal. Women are markedly less likely than men to work in the private sector, representing 65.2% of public sector workers, but just 41.1% of private sector workers (source: Unison, 2011). Men have traditionally been more likely than women to work at a senior level in disciplines (eg Finance) which are recognised “routes to the board”. Combining these factors (work ethic, representation in the private sector, and functional discipline) we would expect men to very strongly dominate major corporate boardrooms, as was the case in FTSE100 boardrooms prior to the threats of legislated quotas.

- (b) A difference between men and women is even seen with respect to hours worked by “full-time” workers. Over April–June 2012, on average, full-time female workers worked about 32 hours per week, while men worked about 39 hours (Source: ONS). On average men spend more time commuting to their places of work than women, and men are far more likely to engage in lines of work which take them away from their homes and families for extended periods of time (eg deep sea fishing, long distance lorry driving...). The least desirable jobs (taking into account combinations of low pay, unsocial hours, unhealthy working conditions, risk to life and limb etc.) are virtually the sole preserves of men. Such jobs have been describes as being in the “glass cellar”. Well over 90% of work-related deaths in the UK are of men. Why is the government not seeking to encourage and legislate for gender balance in these lines of work?

Table 1

THE FOUR CENTRAL TENETS OF PREFERENCE THEORY

1. Five separate historical changes in society and in the labour market which started in the late twentieth century are producing a qualitatively different and new scenario of options and opportunities for women. The five changes do not necessarily occur in all modern societies and do not always occur together. Their effects are cumulative. The five causes of a new scenario are:
 - the contraceptive revolution which from about 1965 onwards gave sexually active women reliable control over their own fertility for the first time in history;
 - the equal opportunities revolution which ensured that for the first time in history women had equal access to all positions occupations and careers in the labour market. In some countries legislation prohibiting sex discrimination went further to give women equal access to housing financial services public services and public posts;
 - the expansion of white-collar occupations which are far more attractive to women than most blue-collar occupations;
 - the creation of jobs for secondary earners people who do not want to give priority to paid work at the expense of other life interests; and
 - the increasing importance of attitudes values and personal preferences in the lifestyle choices of affluent modern societies.
2. Women are heterogeneous in their preferences and priorities on the conflict between family and employment. In the new scenario they are therefore heterogeneous also in their employment patterns and work histories. These preferences are set out as ideal types in Table 2. The size of the three groups varies in rich modern societies because public policies usually favour one or another group as shown in Table 3.
3. The heterogeneity of women’s preferences and priorities creates conflicting interests between groups of women; sometimes between home-centred women and work-centred women sometimes between the middle group of adaptive women and women who have one firm priority (whether for family work or employment). The conflicting interests of women have given a great advantage to men whose interests are comparatively homogeneous; this is one cause of patriarchy and its disproportionate success.
4. Women’s heterogeneity is the main cause of women’s variable responses to social engineering policies in the new scenario of modern societies. This variability of response has been less evident in the past but it has still impeded attempts to predict women’s fertility and employment patterns. Policy research and future predictions of women’s choices will be more successful in future if they adopt the Preference Theory perspective and first establish the distribution of preferences between family work and employment in each society.

Source: Hakim, *Work-Lifestyle Choices in the 21st Century*, Oxford University Press 2000, p 7.

Table 2

CLASSIFICATION OF WOMEN'S WORK-LIFESTYLE PREFERENCES IN THE 21ST CENTURY

<i>Home-centred</i> 20% of women: varies 10%–30%	<i>Adaptive</i> 60% of women: varies 40%–80%	<i>Work-centred</i> 20% of women: varies 10%–30%
Family life and children are the main priorities throughout life.	This group is most diverse and includes women who want to combine work and family, plus drifters and unplanned careers.	Childless women are concentrated here. Main priority in life is employment or equivalent activities in the public arena: politics, sport, art etc.
Prefer <i>not</i> to work.	Want to work, but not totally committed to work career.	Committed to work or equivalent activities.
Qualifications obtained as cultural capital.	Qualifications obtained with the intention of working.	Large investment in qualifications/training for employment/other activities.
Number of children is affected by government social policy, family wealth, etc. Not responsive to employment policy.	This group is very responsive to government social policy, employment policy, equal opportunities policy/ propaganda, economic cycle/recession/growth etc. Including—income tax and social welfare benefits; educational policies; school timetables; child care services; public attitude towards working women; legislation promoting female employment; trade union attitudes to working women; availability of part-time work and similar work flexibility; economic growth and prosperity and institutional factors generally.	Responsive to economic opportunity, political opportunity, artistic opportunity etc. Not responsive to social/family policy.
Family values: caring, sharing, non-competitive, communal, focus on cohesion	Compromise between two conflicting sets of values	Marketplace values: competitive rivalry achievement orientation individualism excellence

Source: Hakim, *Work-Lifestyle Choices in the 21st Century*, Oxford University Press 2000, Table 6.1 updated.

Table 3

NATIONAL DISTRIBUTIONS OF LIFESTYLE PREFERENCES AMONG WOMEN AND MEN (%)

	<i>Family centred</i>	<i>Adaptive</i>	<i>Work centred</i>	
<i>Britain</i>				
all women aged 16+	17	69	14	
women in full-time work	14	62	24	
women in part-time work	8	84	8	
all men aged 16+	?	<48	52	
men in full-time work	?	<50	50	
men in part-time work	?	<66	34	
<i>Spain</i>				
all women aged 18+	17	70	13	
women in full-time work	4	63	33	
women in part-time work	7	79	14	
all men aged 18+	?	<60	40	
men in full-time work	?	<56	44	
<i>Belgium-Flanders</i>				
all women	10	75	15	
women with partners	12	75	13	
all men	2	23	75	
men with partners	1	22	77	
<i>Germany</i>				
women	14	65	21	
men	?	33	67	
<i>Czech Republic</i>				
all women aged 20–40	17	70	13	
women in employment	14	69	17	
wives aged 20–40	14	75	11	
<i>Sweden</i>				
women in 1955 birth cohort: actual lifestyle choices by age 43 (1998)	4	64	32	
<i>Japan</i>				
ideal life course of unmarried women	1987 2002 2005	37 21 20	55 69 70	8 10 10

Source: Data for Britain and Spain, 1999, extracted from Tables 3.14 and 3.15 in C Hakim (2003: 85, 87). *Models of the Family in Modern Societies: Ideals and Realities*, Ashgate. Data for other countries from a variety of sources, reported in C Hakim (2007) “Dancing with the Devil?”, *British Journal of Sociology*, 58: 123–132.

THE EVIDENCE SHOWING THAT “IMPROVING” GENDER DIVERSITY ON BOARDS WILL LEAD TO DECLINES IN CORPORATE PERFORMANCE

1. We’ve publicly challenged dozens of organisations and hundreds of individuals to provide evidence for the positive causal link they claim (or infer) between “improved” gender diversity on boards and enhanced corporate financial performance. No evidence has been provided. They include:

Rt Hon David Cameron MP

Rt Hon Vince Cable MP

Rt Hon Theresa May MP

Viviane Reding, European Commission Vice-President in charge of Justice, Fundamental Rights and Citizenship

30% club (Helena Morrissey)

CBI

Equality and Human Rights Commission—no evidence provided in a poor response to our FoI request, we've asked for an internal review

Department for Business, Innovation and Skill (Helen Whitehead)—no evidence provided in a poor response to our FoI request, we've asked for an internal review

Cranfield International Centre for Women Leaders (Professor Susan Vinnicombe, Dr Ruth Sealy)—this organisation no longer claims corporate financial benefits result from more women on boards (see below)

Institute of Equality and Diversity Practitioners

Professional Boards Forum

Catalyst—an American campaigning organisation, the source of many of the most highly publicised claims about corporate financial benefits resulting from more women on boards, but which no longer makes such claims (see below)

2. In recent times proponents of “improved” gender diversity on boards have been distancing themselves from claims that corporate performance can be expected to improve. An example from Professor Susan Vinnicombe, in her testimony to a House of Lords select committee on 16 July 2012:

“There has been quite a push in the past—indeed, we ourselves have engaged in such research—to look at the relationship between having women on corporate boards and financial performance. We do not subscribe to this research. We have shared it with chairmen and they do not think that it makes sense. We agree that it does not make sense. You cannot correlate two or three women on a massive corporate board with a return on investment, return on equity, turnover or profits. We have dropped such research in the past five years and I am pleased to say that Catalyst, which claims to have done a ground-breaking study on this in the US, officially dropped this line of argument last September.”

This extract from Professor Vinnicombe's testimony is on page 5 of the following:

<http://c4mb.files.wordpress.com/2012/07/120716-house-of-lords-sub-committee-meeting-minutes.pdf>

3. A book published in May 2012, *Women on Corporate Boards and in Top Management* (Palgrave Macmillan), was described as “authoritative” by the Equality and Human Rights Commission in a recent letter to us, in response to our Freedom of Information Act enquiry. The book was assembled and co-edited by Colette Fagan, Maria C. González Menéndez and Silvia Gómez Ansón, and includes the following admissions, which are remarkable given that the book was clearly written to promote increased representation of women in boardrooms:

“Overall, the existing empirical evidence about the business case for gender diversity on corporate decision-making bodies does not yield a clear cut answer.” (p.27).

“The results from empirical studies are inconclusive about the link between women's presence at board level and firm performance. The education, professional experience and background of board members, and boardroom dynamics, are likely to be more important than gender ...” (p.255).

4. It must be stressed that these conclusions drawn by proponents of more women in boardrooms are nothing less than a conclusion that merit, experience and education are important with respect to board composition but gender is not important. Since we have already pointed out that it is a rather fundamental error to equate unequal distributions with inequality and injustice, we can see no reason why firms should be forced by quotas—or the threat of quotas—to increase representation of women in boards. When the proportion of women capable and experienced enough to be included in boardrooms increases relative to the proportion of equally qualified men, the share of women on boards will increase because, as pointed out in the quote above, it's education, experience, and merit which qualify candidates to become board members, not gender. Let's put in another way. Whoever demands quotas for women, and whoever forces women quotas upon firms, will ensure that inexperienced and undeserving people enter boardrooms. S/he will ensure that the respective firms' performance will decline, and in turn the economy will decline, leaving most of us worse off.

5. In 2010, before the Davies Report was published, only 13% of new FTSE100 board directors were women, presumably on the grounds of merit. One of the Davies Report recommendations was that legalised quotas for women on FTSE100 boards could be introduced if these companies didn't “voluntarily” achieve 25% female representation on their boards by 2015. Ominously, according to the Davies Report, the 25% figure is “a major milestone in a longer journey”. This is a clear indicator of the ideological basis of the report's analysis and recommendations.

6. The predictable response of FTSE100 companies to the quota threat has been to take the lowest risk “solution”, appointing women as non-executive directors. In 2010 13% of new FTSE100 board directors were women, in 2011 30%, while the latest data (March—August 2012) show a figure of 55%. In 2012 all the new female director appointments were as non-executives, while all 18 new executive directors were men. We couldn't possibly ask for better evidence that women are being appointed to FTSE100 boards on grounds other than merit. Norwegian publicly-listed companies adopted the same “solution” to legislated quotas, and we know from a study published by the University of Michigan that quotas in Norway led to declines in corporate

performance. This study, along with three others showing that “improving” gender diversity on boards leads to declines in corporate performance, are now covered:

7. *The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation (2011)*

Professor Kenneth R. Ahern (University of Southern California—Marshall School of Business), Professor Amy K. Dittmar (University of Michigan—Stephen M. Ross School of Business)

The paper’s full Abstract:

In 2003, a new law required that 40 percent of Norwegian firms’ directors be women—at the time only nine percent of directors were women. We use the pre-quota cross-sectional variation in female board representation to instrument for exogenous changes to corporate boards following the quota. We find that the constraint imposed by the quota caused a significant drop in the stock price at the announcement of the law and a large decline in Tobin’s Q over the following years, consistent with the idea that firms choose boards to maximize value. The quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance, consistent with less capable boards.

Link to this paper:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1364470

8. *Women in the Boardroom and Their Impact on Governance and Performance (2008)*

Professor Daniel Ferreira (London School of Economics), Renée B. Adams (University of New South Wales)

The paper’s full Abstract:

We show that female directors have a significant impact on board inputs and firm outcomes. In a sample of US firms, we find that female directors have better attendance records than male directors, male directors have fewer attendance problems the more gender-diverse the board is, and women are more likely to join monitoring committees. These results suggest that gender-diverse boards allocate more effort to monitoring. Accordingly, we find that CEO turnover is more sensitive to stock performance and directors receive more equity-based compensation in firms with more gender-diverse boards. However, the average effect of gender diversity on firm performance is negative. This negative effect is driven by companies with fewer takeover defences. Our results suggest that mandating gender quotas for directors can reduce firm value for well-governed firms.

Link to this paper:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1733385

9. *Governance and Politics: Regulating Independence and Diversity in the Board Room (2010)*

Professor Øyvind Bøhren (Norwegian School of Management), Professor R Øystein Strøm (Oslo and Akershus University College)

The paper’s full Abstract:

This paper analyses the economic rationale for board regulation in place and for introducing new regulation in the future. We relate the value of the firm to the use of employee directors, board independence, directors with multiple seats, and to gender diversity. Our evidence shows that the firm creates more value for its owners when the board has no employee directors, when its directors have strong links to other boards, and when gender diversity is low. We find no relationship between firm performance and board independence. These characteristics of value-creating boards support neither popular opinion nor the current politics of corporate governance.

Link to this paper:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1733385

10. *Executive board composition and bank risk taking (2012)*
(Deutsche Bundesbank Discussion Paper, 03/2012)

Professor Allen N. Berger (University of South Carolina, Wharton Financial Institutions Center and Tilburg University), Thomas Kick (Deutsche Bundesbank), Professor Klaus Schaeck (Bangor University)

The researchers studied German banks over 1994–2010. The report’s full Abstract:

Little is known about how socio-economic characteristics of executive teams affect corporate governance in banking. Exploiting a unique dataset, we show how age, gender, and education composition of executive teams affect risk taking of financial institutions. First, we establish that age, gender, and education jointly affect the variability of bank performance. Second, we use difference-in-difference estimations that focus exclusively on mandatory executive retirements and find that younger executive teams increase risk taking, as do board changes that result in a higher

proportion of female executives. In contrast, if board changes increase the representation of executives holding Ph.D. degrees, risk taking declines.

Link to this paper:

http://www.bundesbank.de/Redaktion/EN/Downloads/Publications/Discussion_Paper_1/2012/2012_03_06_dkp_03.pdf?__blob=publicationFile

Considerations leading to our recommendations

1. There is, ironically, a lack of diversity in the pool of people from which the government takes advice on diversity issues. Neither scientists who are renowned for their ability to handle quantitative data, nor scientists who are well-known for their theoretical reasoning, are among those advising the government. This is the only explanation for the most astonishing omission so far—not a single scientist in favour of increasing female representation on boards has found it necessary to make a theoretical case. Usually science starts with questions asking “why?” or “what?” Why should more women make a positive difference to a company board? What is the foundation of the positive difference that women are supposed to make? Usually, the next step would be to produce theoretical reasoning by making use of the existing body of theory.

For example, it would be possible to argue that women make a difference because of differences in socialisation which give them perspectives different to those men possess, and that has a positive impact on firm performance. Another possible theory could assume biological differences between men and women which make women more capable of performing business transactions and producing beneficial results for the firm than men. Once the theoretical reasoning has been accomplished, hypotheses need to be formulated and empirically tested. This is the most important role of science, to test hypotheses. However, proponents of quotas don’t provide us with theoretical reasoning, and they most certainly don’t provide us with hypotheses which can be tested, let alone hypotheses which have been tested. They declare that unequal distributions are the result of discrimination, and make all kinds of suggestions and draw all kinds of assumptions based upon their unproven statements. This is not science.

2. From the website of Peter Saunders, Emeritus Professor of Sociology, Sussex University, <http://petersaunders.org.uk>:

“In our universities, where there should be open debate and pluralism, there is political orthodoxy and intellectual conformity. Nine out of 10 UK sociology professors describe their politics as left-wing and just 3% vote Conservative.² This ideological uniformity underpins the social policy advice academic “experts” offer to politicians and the public. My aim as an independent researcher is to subject the claims of the academic establishment to critical scrutiny. Offering an alternative perspective based in classical liberal values of individual responsibility and personal liberty, I am interested in exploring practical solutions to pressing social problems that do not entail more government spending, or more control of our lives by the state.”

3. There are a number of groups and institutions reluctant to engage in open debates about gender differences in general, and in the workplace in particular, for a variety of reasons:

- (a) politicians fearful of being charged with misogyny and/or sexism, with possible impacts on their electoral prospects. This fear invariably trumps the need for them to speak openly and fearlessly on gender-related matters;
- (b) newspaper and magazine editors, fearful of possible repercussions on sales if their publications were charged with misogyny and/or sexism;
- (c) journalists including business/financial journalists;
- (d) academics concerned with possible professional repercussions; and
- (e) business people concerned with possible professional repercussions, and possible orchestrated campaigns by women’s groups, urging women to boycott these companies’ products and/or services.

4. The leading representative organisation for major employers, the CBI, continues to promote “improved” gender diversity on boardrooms, even in the face of clear evidence we’ve provided to them showing the initiative can be expected to harm UK plc. In December 2010 the CBI published a report, “Room at the top: Improving gender diversity on UK boards”. The report acknowledged “with special thanks” the 14 members of the “CBI task and finish group on board gender diversity”. On page 3 of the report we note that members of this group are “strong advocates of gender diversity”. Nine of the 14 members of the group were women, including the president of the CBI at the time, Helen Alexander.

The five men—the chairmen of Centrica, Lloyds Banking Group, Royal Bank of Scotland, BT Group and Shell UK—were all on record as supporting “improved” gender diversity on boards before the report was written. One of them, Sir Roger Carr, the chairman of Centrica, is currently the president of the CBI.

The report also thanked four “experts” who contributed to the report. All were women.

² Survey of sociology professors reported in A. H. Halsey, *A History of Sociology in Britain* (2004)

Recommendations for action

1. The government should immediately and publicly announce the suspension of its threats of legislated quotas for women on boards if FTSE100 companies haven't "voluntarily" achieved 25% female representation on their boards by 2015. The threat of legislated quotas leaves firms with only the choice to comply. There is nothing "voluntary" about the more than fourfold increase in the proportion of new FTSE100 female directors in the space of just two years. Every firm, whether it has "voluntarily" adopted a quota for women, or not done so, will be forced to adopt whatever quota is deemed the "correct" one. And we know from the Davies Report that 25% is only "a major milestone on a longer journey", which points clearly to the ideological basis of this initiative. It's difficult to imagine that the final "destination" on the journey could be less than 50%, regardless of the damage this would cause to UK plc.

2. The government should suspend its support for all "improved" gender diversity in boardrooms initiatives until and unless it has a solid evidence base to support its claim that this "improvement" can be expected to result in enhanced corporate performance—in plain English, that a positive link has been shown to exist, ie that there is enough evidence to assume that increased representation of women on boards is beneficial to a firm's financial and overall performance. We've shown in this memorandum that no such evidence currently exists. The only links reported in sound academic studies clearly show that corporate performance declines following "improved" female representation on boards.

3. Government departments and commissions—including the Department of Business, Innovation and Skills, the Equality and Human Rights Commission, the Equalities Office—should engage with a broader range of advisors and researchers, as should all publicly-funded organisations working to promote or enable "improved" gender diversity in boardrooms, including the Cranfield International Centre for Women Leaders. A number of organisations and individuals could dramatically improve the quality of the government's deliberations which lead to policy decisions and legislation. They include a number of think tanks. We would suggest as a minimum:

Institute of Economic Affairs

Adam Smith Institute

Civitas

Centre for Policy Studies

Dr Catherine Hakim, sociologist

Michael Klein, scientific consultant & adviser

The academics who conducted the studies cited in this memorandum

Peter Saunders, Emeritus Professor of Sociology, Sussex University

Glenn Wilson, Visiting Professor of Psychology, Gresham College, London

Cristina Odone, author and journalist

Melanie Phillips, author and journalist

Swayne O'Pie, author

Steve Moxon, independent researcher and author

Campaign for Merit in Business

There has been no informed debate about the effects of "improved" gender diversity in boardrooms, nor the different attitudes of men and women to paid employment. Proponents of the initiative have been making their case virtually unchallenged. This has resulted partly from the government and its institutions drawing upon the work and advice of a shallow pool of ideologically-motivated academics. The development of knowledge requires a competition of ideas, and it requires a weighing of evidence. The current climate within science and politics allows for neither of these requirements with respect to the genders in the workplace. The limited debate has been mired in "groupthink" and governed by people who are either unable to think differently, or unwilling to do so, because they want to use their public dominance to their own advantage. If it is the goal of this Select Committee to make sound recommendations, it must assemble evidence which supports (or contradicts) the theories that women are disadvantaged in the workplace, and that "improved" gender diversity on corporate boards leads to enhanced corporate performance.

4. All the bodies which suggest a measure for an "improvement" of a particular situation should be required to back their suggestion with theoretical reasoning and empirical evidence, if available. They should also be compelled to formulate a measurable condition which, if it is to occur, signals that whatever regulation has been taken based on their suggestion has failed, and therefore has to be discarded.

5. An independent body should assess whether publicly-funded bodies have consulted sufficiently widely, and taken reasonable account of those consultations in their reports and proposed policies and legislation. In the event of a failure in this regard, public funding should be withdrawn from the bodies.

6. The government should ask the CBI to engage with researchers and organisations arguing against “improving” gender diversity on boards—including Campaign for Merit in Business—so as to better understand the evidence that the CBI’s current policy direction will harm the business sector.

12 October 2012

Supplementary written evidence submitted by Campaign for Merit in Business

“IMPROVING” GENDER DIVERSITY ON BOARDS LEADS TO A DECLINE IN CORPORATE PERFORMANCE: THE EVIDENCE

When asked for the evidence supporting our assertion that “improving” gender diversity in the boardroom (“GDITB”) leads to declines in corporate performance, we respond:

1. Leading proponents of GDITB no longer claim a positive causal link with enhanced corporate performance. Examples include EC Commissioner Viviane Reding, Professor Susan Vinnicombe (Cranfield) and Catalyst (the American campaigning organisation which was the source of a number of studies still cited by some proponents of GDITB). A strongly pro-GDITB report (published 9 November 2012) following a House of Lords inquiry into “Women on Boards” concluded, “We did not find proven the argument that there is a causal link between more gender diversity on boards and stronger financial performance”.
2. We’ve challenged dozens of organisations which are proponents of GDITB, and hundreds of individuals, to supply robust evidence of the positive link they regularly and confidently claim. They’ve collectively provided us with nothing.
3. We’ve given considerable publicity to five studies showing the negative impacts of GDITB on corporate performance, and challenged many proponents of GDITB to either refute the studies, or highlight any weaknesses in them. All have failed to do so.

The evidence that GDITB leads to a decline in corporate performance is overwhelming. Details of the five studies we cite are detailed below. The first three studies relate to the impact of the imposition of quotas on Norwegian companies.

1. THE CHANGING OF THE BOARDS: THE IMPACT ON FIRM VALUATION OF MANDATED FEMALE BOARD REPRESENTATION (2011)

Professor Kenneth R Ahern (University of Southern California, Marshall School of Business), Professor Amy K. Dittmar (University of Michigan, Stephen M. Ross School of Business). The paper’s full Abstract:

In 2003, a new law required that 40% of Norwegian firms’ directors be women—at the time only nine percent of directors were women. We use the pre-quota cross-sectional variation in female board representation to instrument for exogenous changes to corporate boards following the quota. We find that the constraint imposed by the quota caused a significant drop in the stock price at the announcement of the law and a large decline in Tobin’s Q over the following years, consistent with the idea that firms choose boards to maximize value. *The quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance, consistent with less capable boards* [my emphasis].

Link to this paper: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1364470

2. GOVERNANCE AND POLITICS: REGULATING INDEPENDENCE AND DIVERSITY IN THE BOARD ROOM (2010)

Professor Øyvind Bøhren (Norwegian School of Management), Professor R Øystein Strøm (Oslo and Akershus University College). The paper’s full Abstract:

This paper analyses the economic rationale for board regulation in place and for introducing new regulation in the future. We relate the value of the firm to the use of employee directors, board independence, directors with multiple seats, and to gender diversity. Our evidence shows that the firm creates more value for its owners when the board has no employee directors, when its directors have strong links to other boards, *and when gender diversity is low* [my emphasis]. We find no relationship between firm performance and board independence. These characteristics of value-creating boards support neither popular opinion nor the current politics of corporate governance.

Link to this paper: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1733385

3. A FEMALE STYLE IN CORPORATE LEADERSHIP? EVIDENCE FROM QUOTAS (2011)

Professor David A Matsa (Northwestern University, Kellogg School of Management), Professor Amalia R Miller (University of Virginia). The paper’s full Abstract:

This paper studies the impact of gender quotas for corporate board seats on corporate policy decisions. We examine the introduction of Norway’s 2006 quota, comparing affected firms to other Scandinavian companies, public and private, that were unaffected by the rule. Based on differences-in-differences and triple-difference models, we find that firms affected by the quota undertook fewer

workforce reductions than comparison firms, increasing relative labor costs and employment levels *and reducing short-term profits* [my emphasis]. The effects are strongest among firms that had no female board members before the quota was introduced and present even for boards with older and more experienced members. The boards appear to be affecting corporate strategy in part by selecting like-minded executives.

Link to this paper: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1636047

4. WOMEN IN THE BOARDROOM AND THEIR IMPACT ON GOVERNANCE AND PERFORMANCE (2008)

Professor Daniel Ferreira (London School of Economics), Renée B. Adams (University of New South Wales). The paper's full Abstract:

We show that female directors have a significant impact on board inputs and firm outcomes. In a sample of US firms, we find that female directors have better attendance records than male directors, male directors have fewer attendance problems the more gender-diverse the board is, and women are more likely to join monitoring committees. These results suggest that gender-diverse boards allocate more effort to monitoring. Accordingly, we find that CEO turnover is more sensitive to stock performance and directors receive more equity-based compensation in firms with more gender-diverse boards. However, *the average effect of gender diversity on firm performance is negative* [my emphasis]. This negative effect is driven by companies with fewer takeover defences. Our results suggest that mandating gender quotas for directors can reduce firm value for well-governed firms.

Link to this paper: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1733385

5. EXECUTIVE BOARD COMPOSITION AND BANK RISK TAKING (2012)

(Deutsche Bundesbank Discussion Paper, 03–2012)

Professor Allen N Berger (University of South Carolina, Wharton Financial Institutions Center and Tilburg University), Thomas Kick (Deutsche Bundesbank), Professor Klaus Schaeck (Bangor University). The researchers studied German banks over 1994–2010. The paper's full Abstract:

Little is known about how socio-economic characteristics of executive teams affect corporate governance in banking. Exploiting a unique dataset, we show how age, gender, and education composition of executive teams affect risk taking of financial institutions. First, we establish that age, gender, and education jointly affect the variability of bank performance. Second, we use difference-in-difference estimations that focus exclusively on mandatory executive retirements and find that younger executive teams increase risk taking, *as do board changes that result in a higher proportion of female executives* [my emphasis]. In contrast, if board changes increase the representation of executives holding Ph.D. degrees, risk taking declines.

Link to this paper: http://www.bundesbank.de/Redaktion/EN/Downloads/Publications/Discussion_Paper_1/2012/2012_03_06_dkp_03.pdf?__blob=publicationFile

11 November 2012

Written evidence submitted by Clydesdale Bank PLC

GENDER BREAKDOWN

Across the bank as a whole, we employ almost nine and a half thousand people. The majority (62%) of these are women.

For our middle management population, the gender split is 56% men to 44% women.

In 2010, on International Women's Day, the National Australia Bank (of which we are part) set a target of having women in 33% of its top three levels of management by 2015.

In the UK, we are approaching that target and currently one in four people in our top three management layers are women.

We do not operate quotas, but we have aspirational targets and our progress against them is monitored annually.

Our Group CEO personally chairs our Group Diversity Forum which tracks progress in meeting the target.

TALENT DEVELOPMENT PROGRAMME

To help support the career progression of women in the bank, we operate a Talent Development programme and women make up a minimum of 50% of its participants.

We operate a networking group specifically for women and a range of Women's Business Forum events, including the Pearls Programme. We have a formal mentoring programme for pre-management grade women

and at its peak over 800 women were members. Benefits include boosting confidence in their ability, provides career coaching and personal or professional development.

FLEXIBLE WORKING

We offer part time, term time, job share, working from home, different start and finish times—all of these are great for women at different stages in their lives.

Ability to request flexibility for all introduced in 2006.

No requirement for the employee to be a carer or parent.

FAMILY FRIENDLY POLICIES

Maternity and Adoption—Our policy is enhanced to pay 12 weeks at full pay followed by six weeks at half pay and the remaining 21 weeks at SMP rate.

Life Event Leave—supports every employee and could be used for graduation, moving house, getting married, child's first day at primary school etc.; ensures that three days are paid for domestic emergencies with the possibility of unpaid leave afterwards or use the two days planned.

Fertility Leave—10 days paid leave for treatment and appointments.

Career Break—up to two years; employee has to effectively resign from post with a break in service but when they wish to return we will do our best to source a role. If this is not available the former employee will be entitled to a severance payment.

RETURNING FROM MATERNITY LEAVE

Baby Gurus—This interactive workshop focuses on assisting women to make a smooth transition back to the workplace following maternity leave.

Childcare vouchers—implemented years ago, tax efficient scheme for registered childcare arrangements only.

Phased return—mandatory for the woman to take up, benefits for individual and business.

Encouraging keep in touch days—beneficial for the individual and the business, ensures women are aware of changes either to team, people leader, processes etc; feel included in decisions; do not feel isolate; their workstation is ready etc.

Our maternity leave return rate was low between 60–70% but has been steadily maintained at over 80%.

3 December 2012

Written evidence submitted by the Discrimination Law Association

INTRODUCTION

1. The Discrimination Law Association (“DLA”), a registered charity, is a membership organisation established to promote good community relations by the advancement of education in the field of anti-discrimination law and practice. It achieves this by, among other things, the promotion and dissemination of advice and information; the development and co-ordination of contacts with discrimination law practitioners and similar people and organisations in the UK and internationally. The DLA is concerned with achieving an understanding of the needs of victims of discrimination amongst lawyers, law-makers and others and of the necessity for a complainant-centred approach to anti-discrimination law and practice. With this in mind the DLA seeks to secure improvements in discrimination law and practice in the United Kingdom, Europe and at an international level.

2. The DLA is a national association with a wide and diverse membership. The membership currently consists of some 300 members. Membership is open to any lawyer, legal or advice worker or other person substantially engaged or interested in discrimination law and any organisation, firm, company or other body engaged or interested in discrimination law. The membership comprises, in the main, persons concerned with discrimination law from a complainant perspective.

Question 1: *Do the Public Sector Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

3. In theory, the provisions of both the PSED and EA address these issues. The DLA acknowledges and welcomes the provisions of s77 of the Equality Act 2010, which prevent pay secrecy clauses from being enforced in the workplace. By ensuring that contractual terms seeking to restrict the discussion of pay scales at work are ineffective, the Act has provided greater opportunity for employees to identify wage inequality and/or discrimination in the workplace.

4. Despite this, the DLA is concerned that the Government has yet to implement mandatory pay audits for employers of more than 250 employees (as contained within s78 of the 2010 Act). Instead, a self-regulatory approach has been adopted for equal pay reporting; the “Think, Act, Report”³ initiative, which “encourages companies to share their progress in promoting gender equality, and the framework suggests data that could be made public”.⁴ Given that many of the signatories for the initiative (BT, Eversheds, Tesco) are those with established HR and equality; there is a concern that the up-take figures emphasised by the government mask the fact that organisations who are more prone to discriminate against women will “slip through the net”. The DLA is however encouraged by Government proposals contained within the “Modern Workplaces Consultation”,⁵ giving Employment Tribunals the power to impose pay audits on employers who are found to have discriminated because of gender in pay matters (and also to impose a civil financial penalty for non-compliance).

5. The DLA is concerned by the fact that the new “Public Authority Equality Duty,” which came in to force in April 2011 elevated the need to reduce bureaucracy over that of ensuring “effective compliance with the important aims in s.149 of the Equality Act.” By introducing the new Public Authority Equality Duty without initially implementing “specific duties” to replace those made under the race, disability and gender equality duties, the Government appeared to act contrary to its own “Equality Strategy”.⁶

6. The Government’s failure to impose stringent requirements on public authorities under s153 may give the impression of a “light touch” approach to s149(1). For example, under regulation 3(2) the removal of the requirement that information provided by public authorities in fulfilment of their duty under s149(1) be “sufficient”, the Government have removed a standard against which members of the public could measure an authority’s performance. Such an approach creates a “real risk that some public authorities may be misled to thinking that their duty under s.149(1) of the Equality Act has been reduced”.⁷ Furthermore, the Government’s decision to revise the specific duties under s153 is contrary to the 2009 research report by Schneider-Ross⁸ (which looked at the old individual equality duties), which emphasized that by changing the requirements placed upon public authorities, the Government would undermine the learning that had gone on to date. Despite the majority of responses to the Schneider-Ross consultation noting that the guidance within the specific duties was helpful and assisted them with the implementation of the general equality duty, the Government chose to instead leave local authorities without the more detailed guidance they sought when the final version of the specific duties was introduced in September 2011.

7. The clear majority of responses to the Schneider-Ross report identified that monitoring and training in relation to diversity, producing equality schemes and setting equality targets, were all effective measures in tackling diversity issues within their organisations. The logic of keeping such measures in place would seem to follow on from this and other research carried out in the area. Instead, the Home Office, on 12 May 2012 is now consulting on further alteration—and possible repeal—of the PSED.⁹ Such a step—without significant and substantial alternative provisions being put in place—can not be anything other than a retrograde step in the move towards tackling inequalities.

8. The DLA applauds the sentiment of trying to alter attitudes without cumbersome regulatory and legislative burdens. However the attitudes they seek to change are deeply and fundamentally held by—probably—the majority of the population, albeit subconsciously. So if the Government was willing to fund a publicity campaign in relation to the need for equal pay, and retention of women in the workplace to the same order as the last Conservative Government’s AIDs campaign in the 1980s,¹⁰ this might possibly be effective. However, given that the resources for such a campaign are unlikely to be found by Government, repealing the existing regulatory and legislative framework without replacing it would be a retrograde step.

Question 2: *What has been the impact of the current economic crisis on female employment and wage levels?*

Austerity measures compound rising female unemployment

9. Women’s unemployment is currently at its highest level for 25 years, sitting at approximately 1.2 million, having risen by 18% since October 2009. In contrast, male unemployment has risen by just 1% during the same period.¹¹

10. The general tendency for fiscal austerity measures to impact disproportionately on females has been well documented over recent years. In November 2010 The Women’s Budget Group, a voluntary organization composed of academics and activists, published “The Impact on Women of the Coalition Spending Review 2010” which concluded that the 2010 budget package would “impact disproportionately on women’s incomes,

³ “Think, Act, Report” <http://homeoffice.gov.uk/equalities/women/women-work/gender-equality-reporting/>

⁴ *ibid*

⁵ <http://www.homeoffice.gov.uk/publications/equalities/womens-equality/modern-workplaces-consultation/government-response?view=Binary>

⁶ <http://www.discriminationlaw.org.uk/system/files/DLA+++specific+duties+++April+2011.pdf>

⁷ *Ibid*, p.2

⁸ ‘Equality Duties: Assessing the cost and cost effectiveness of the specific race, disability and gender duties’ *June 2009*, pages 49–50 <http://www.edf.org.uk/blog/wp-content/uploads/2011/02/finalreport11.06.092.pdf>

⁹ <http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm120515/wmstext/120515m0001.htm#12051577000007>

¹⁰ <http://www.bbc.co.uk/news/magazine-15886670>

¹¹ <http://www.fawcettsociety.org.uk/index.asp?PageID=1264>

jobs and the public services they use".¹² The Budget Gender Audit (July, 2010) commissioned by the Labour equalities spokeswoman Yvette Cooper MP estimated women would pay for 72% of the cuts introduced by the emergency budget; in areas such as housing, child benefits and the CPI uprating of the additional state pension and public sector pension.¹³

11. Despite the potentially wide-ranging impact of budget cuts for women the Treasury's "Equalities Impact Assessment of the Comprehensive Spending Review" provided little quantitative analysis as to the disproportionate effect of the reduction in public spending.¹⁴ The Women's Budget Group with disappointment noted in its report that the Equality Impact Assessment contained "inadequate analysis" with "no high level oversight being applied to secure consistency, showing how little value the government places on gender impact assessment and by implication, on the need to promote equality."¹⁵

12. The gender specific consequences of recession have been exacerbated by the fact that women's employment is concentrated in the public sector, which is currently facing actual and projected job losses for 700,000.¹⁶ Women make up approximately two thirds of all public sector workers in the UK; 98% of workers within primary education (98%); approximately 70% of the educational workforce overall; four fifths of healthcare workers and two thirds of local authority workforces.¹⁷ For example, research conducted by the GMB highlights that women accounted for 68.2% of the fall in numbers employed by the 375 Councils across England and Wales since the General Election of 2010. In 2011, there were 19 councils where the drop in the number of women employed accounted for 100% of the decline in staff numbers.¹⁸ Roles in the public sector are often attractive to women because such employers are likely to provide flexibility necessary for the many women who have caring responsibilities. Private employers are unlikely to be as flexible, and are less attractive to women for the further reason that the gender pay gap is greater than in the public sector (20.8% private sector, 11.6% in the public sector).¹⁹

13. Many of these themes have been explored further in the Women's Budget Group response to the report responds to the Coalition Government's Budget 2011: "The Impact on Women of Budget 2011".²⁰ It is disheartening to note that, for example, the Office of Budget Responsibility's statistics does not include an equality impact assessment. Although a certain amount of information is available on the gender disparity in the impact of tax measures,²¹ the Women's Budget Group report on the 2011 Budget details a number of examples where such information is incomplete or inadequate to genuinely assess the disparate impact.²²

14. What is abundantly clear from all of the evidence cited above is that women have suffered disproportionately in the current economic climate and that the Government's fiscal measures are compounding this effect rather than alleviating it. The Government has produced no statistical or empirically verifiable information to the contrary. The obvious conclusion to be drawn is that Government has decided to downgrade the equality agenda and ignore the obvious benefits to individuals and the wider economy of encouraging the retention and recruitment of more women into the workforce.

Interrelationship Age and Gender

15. The gender specific impact of the fiscal crisis is best understood in the light of broader equality issues. Recessional trends for female employment have most severely affected women with protected characteristics such as age, maternity and disability.

16. Recent analysis of data obtained from the House of Commons library shows that unemployment amongst women aged 50–64 has risen by 39% during the period 2010–2012, and was 15% higher than males of the same age during 2011.²³ Females aged 50–59 experience a gender pay gap of 10% and make up just 8% of managerial positions (compared to their male counterparts at 16%).²⁴ The combination of fiscal crisis and the austerity measures imposed by the government have thus sought to enhance the traditional discrepancies amongst males and females in the workforce. According to the Home Office, the pay gap between full time median earnings between the sexes is currently 10% (with the overall gap when comparing the pay of all those in work standing at 20.2%).²⁵

¹² *The Impact on Women of the Coalition Spending Review 2010*, November 2010 (Women's Budget Group) http://wbg.org.uk/RRB_Reports_4_1653541019.pdf

¹³ <http://www.poverty.ac.uk/analysis-government-cuts-gender-welfare-tax-government-policy-uk/women-lose-out-government-cuts>

¹⁴ http://cdn.hm-treasury.gov.uk/sr2010_equalities.pdf

¹⁵ http://wbg.org.uk/RRB_Reports_4_1653541019.pdf, p.3

(Economic and Social Data Service, Quarterly Labour Force Survey Household Dataset, April-June, 2010)

¹⁷ ONS, 2011

¹⁸ <http://www.gmb.org.uk/default.aspx?page=2897>

¹⁹ Office of National Statistics, *2009 Annual survey of hours and earnings*.

²⁰ http://www.wbg.org.uk/index_7_282363355.pdf

²¹ HMRC & HM Treasury, *Overview of Tax Legislation and Rates*, 23 March 2011 (<http://www.hmrc.gov.uk/budget2011/overview.pdf>), p. A5

²² http://www.wbg.org.uk/index_7_282363355.pdf, p.4–5

²³ ONS (2012)

²⁴ <http://www.fawcettsociety.org.uk/index.asp?PageID=1264>

²⁵ <http://www.homeoffice.gov.uk/equalities/women/women-work/>

17. The reduction in funds allocated to further and higher education institutions will also impact heavily on women from backgrounds without a family history of university attendance; primarily those from ethnic minorities women and disadvantaged backgrounds. Without the opportunity to attain degree or vocational qualifications, such groups may find their earning potential and job prospects greatly reduced. Cuts to language courses provided to those on benefits; “English for Speakers of Other Languages” (ESOL) have also made entering the labour market more difficult for BAME females in particular.²⁶

Legal-Aid Cuts

18. Recent reforms to the Employment Tribunal system and legal aid cuts have compounded the impact of the Government’s austerity measures upon the female workforce. The closure of the UK Women’s National Commission, the Wales Women’s National Coalition, and funding cuts to the Equality and Human Rights Commission (EHRC), risk creating a situation where women who face discrimination or unequal pay scales are unable to access legal assistance or redress. Many providers of Legal Help receive funding from local government, charitable donations and the EHRC. Budget cuts have meant that the survival of many providers is therefore in doubt, even before considering the impact of LASPO.²⁷

19. Proposed changes to the Employment Tribunal System, such as the introduction of fees, may also be reducing women’s access to legal redress.²⁸ The DLA has emphasized that the Government’s suggestion of imposing a blanket policy of higher fees for discrimination claims, could itself be discriminatory, as “not every discrimination case is complex or massively time consuming, factors which may justify a higher fee”.²⁹ Some discrimination cases are of low value and not as complex as some unfair dismissal cases (for example, those involving TUPE).

Question 3: How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction and the beauty industry, be tackled?

20. The Government has already noted the existence of the “gender talent gap”³⁰ and is aware that several aspects of gender stereotyping need to be tackled in order to encourage gender equality in many different types of workplace. The question posed above is interesting as it seeks to address areas of traditional bias against men as well as women. There are a host of different factors that might deter men from taking up traditionally “female” roles, but one of the key issues is likely to be pay. The history of equal pay claims over the past 10 years or so has taught us that many jobs carried out predominantly by women are rated as equivalent to roles traditionally carried out by men, but carry a lower wage. It is hardly surprising that men do not take on the challenge of tackling gender and social stereotyping by applying for a lower paid role, when they could more easily take another higher paid role that fits the male stereotype. Millions of women, on the other hand, have to take on that challenge every working day.

21. Taking steps to address gender stereotyping in particular occupations would need to involve a wrap-around change to policies relating to education, the economy and business/employment regulation.

- (a) **Lead by Example**
From the higher levels of government in particular the message should be conveyed that gender stereotyping of roles is unacceptable. This should be followed through in government appointments.
- (b) **Embed in Education and Media**
Peremptory initiatives need to be introduced to address role stereotyping from an early age, and particularly in careers advice.
- (c) **Regulation and Guidance for Business**
A balanced combination of regulation and guidance is needed to encourage individuals to question, and businesses to address, gender imbalance where it arises, by looking at the positive business case for encouraging recruitment and retention of employees who do not fit the stereotypical mould.

(a) LEADING BY EXAMPLE

22. The Government has, sadly, not led by example in this area to date. Although the right noises are made and headline grabbing announcements are made about wanting to promote the position of women and equality, this is not always followed through by its actions which sometimes contradict the rhetoric. For example, the Red Tape Challenge invited individuals and businesses to voice their criticism of the concept of equality by putting the Equality Act—a piece of legislation crafted carefully over a 10 year period involving input from all sectors—on the agenda of legislation that could potentially be repealed. The clear message conveyed by this measure was, quite simply, that equality is not important. A second example is the move of the Government

²⁶ <http://www.bbc.co.uk/news/education-12478909>

²⁷ <http://www.discriminationlaw.org.uk/system/files/DLA+Response+to+MoJ+consultation+on+Legal+Aid+Reforms+-+14+02+11.pdf>

²⁸ <http://www.xperth.co.uk/article/107972/employment-tribunal-system-to-be->

²⁹ <http://www.discriminationlaw.org.uk/system/files/Tribunal+fees+March+2012.pdf>

³⁰ See presentation by Jonathan Rees, GEO “The Government’s Approach to Equality and Diversity”, 18 September 2012 quoting “Your Loss: How to Win Back your Female Talent”, Ioannidis and Walther 2010

Equalities Office in the recent reshuffle from the Home Office under Theresa May MP to where it now falls, under the remit of the Minister for “Culture, Media and Sports”, Maria Miller MP, the Government has given the unfortunate implied message that working towards equality is now an optional leisure activity rather than a governmental imperative. The reshuffle also led to a decrease in numbers of women holding Government posts from 17.1% to 16.2%.³¹ Not a huge decrease but still below the average number of women MPs in total (22.3%).

23. The Equal Opportunities Review (EOR) regularly features articles on organisations that have embedded good practice on equalities and which have a good gender mix of employees. These articles show that a common thread running through most of the organisations featured is the espousal by senior employees of the concept of equality and the promotion by them of initiatives that encourage the recruitment and retention of women, eg flexible working at American Express.³² It is not unreasonable to assume that were the Government itself to genuinely and visibly espouse the principle of equality more thoroughly by its conduct and policies, business leaders and employers would themselves value more highly the concept of equality and the presence of women in the workplace.

(b) EMBED IN EDUCATION AND THE MEDIA

24. Women are currently under-represented in sectors such as science, engineering and technology; with a survey by the Science Council reporting that in 2011 men comprised 96% of those working in the manufacturing industry. Various studies have emphasized that encouraging diversity in such sectors would benefit the UK’s current “skill set deficiency”.³³ The DLA is of the view that gender inequality will not be eradicated merely by monitoring/regulating the pay mechanisms by which stereotypes manifest themselves in the workplace. It is of vital importance that Government led initiatives seek to actively *alter* gender stereotypes to reflect changing social norms. The approach identified as Step 3 above seeks to achieve this by encouraging young women to develop career aspirations outside the confines of traditionally “feminine” roles.

25. The DLA welcomes the funding announced from the Department of Business, Innovation and Skills in June 2012 to the Royal Society to fund programmes aimed at increasing diversity in the scientific workforce,³⁴ similarly the parallel scheme being funded by BIS with the Royal Academy of Engineering. The plan to provide an integrated diversity programme for the Science Technology, Engineering and Maths workforce is laudable, although the funding of £700,000 over the four years for each project is exceptionally small when compared to the potential benefits to be derived were the aim of the programmes to be achieved.

26. In 2011, Ofsted inspectors visited 16 primary schools, 25 secondary schools and 10 further education colleges to conduct a survey on the choices of courses and careers made by girls and young women at various stages in their education and training.³⁵ Key findings identified by their report included:

- (1) From an early age, the girls surveyed had held conventionally stereotypical views about jobs for men and women. They retained those views throughout their schooling despite being taught about equality of opportunity and knowing their rights to access any kind of future career.
- (2) Programmes for careers education and work-related learning, and the provision of information, advice and guidance in the schools visited, were not focused sufficiently on the knowledge, understanding and skills that girls and young women needed in order to deal with factors such as career breaks and the roles they might wish to play as future parents.
- (3) A narrow range of gender-stereotypical work placements dominated choices in almost all the settings seen.

Ofsted found that almost all of those interviewed that the careers advice offered at school had little impact on their choice of career and failed to identify jobs that were “unusual” or traditionally undertaken by men. Girls predominantly elected subjects such as dance, art, textiles, sociology, health and social care, biology, English and psychology and of the 1,725 examples of work placements for young women, collected from records, only 164 represented “non stereotypical” experiences.

27. The DLA believes that the examples of “good practice” in schools identified by Ofsted’s report would help to encourage the aspirational shift necessary to prevent younger generations re-enacting the gender stereotypes found in the work place today. The 2009 report “*Closing the gender skills gap*”³⁶ takes a broader perspective to the issue looking at potential measures outside education. Some of these ideas, that DLA would endorse, include the following:

- (1) Using the Science, Technology, Engineering and Mathematics (STEM) programme to devise activities involving teachers, students, outside agencies and local companies.³⁷
- (2) Evaluate the programmes being run by the Royal Society, and the Royal Academy of Engineering to ascertain their effectiveness, and set out now—at an early stage—to see whether

³¹ Equal Opportunities Review, Diary, Issue 229 (September 2012)

³² Equal Opportunities Review, “American Express: Establishing a leader led flexible culture”, Issue 217 (September 2011)

³³ *Closing the gender skills gap*, National Skills Forum, February 2009; www.policyconnect.org.uk/nsfaps/research.

³⁴ <http://royalsociety.org/news/more-diverse-scientific-workforce/>

³⁵ <http://www.ofsted.gov.uk/resources/girls-career-aspirations>

³⁶ ante

³⁷ For further information on the STEM programme, see: www.dcsf.gov.uk/stem/.

other relevant professional bodies or industry sectors could learn from the methodologies employed.

- (3) Develop further the Young Enterprise initiative with employers,³⁸ using it to introduce volunteers from the local business community who occupy non-stereotypically gendered roles, such as female engineers and male nurses, to inspire young people to consider non-stereotypical careers.
- (4) Provide incentives to industries to take on non-stereotypical apprentices.
- (5) Increase the prominence of the role of careers adviser in Ofsted inspections; set standards and diversity goals specifically in relation to what is being told to children making career choices.
- (6) Work with the media. Many children's views of the range of careers open to them are already entrenched before they reach the point where they need to make career-specific choices and decisions. Encouraging a wider representation of individuals in non-stereotypical roles—extending beyond tokenism—in programming and advertising would assist in “normalising”, for example, female consultants, construction workers and engineers. The importance of gender stereotyping in the media can not be overestimated.

(c) REGULATION AND GUIDANCE FOR BUSINESS

28. The DLA's view overall is that the effect of the Government's present policies represent a move away from encouraging businesses to recruit or retain women (the differential impact upon women of two successive austerity budgets have demonstrated this) in the face of a clear need on the part of both individual women and the wider economy to remain economically active. Time and time again reports on success stories in relation to diverse workforces and flexible working policies are publicised and organisations, such as the CBI recognise the business case for the involvement of more women at senior levels.³⁹ Adopting some of the measures suggested above would assist in helping deliver this message through to the wider business community and various sectors where female employees are underrepresented.

29. As a proposed first step, the DLA supports the retention of the PSED in full, similarly the role of the EHRC in promoting the position of women in the workplace. Although individual organisations conduct research and consultations and produce reports, without the EHRC there is the lack of an authoritative and consistent voice to give advice to employers and support to women. Even employers who wish to take positive steps would find difficulty in finding advice as to how to overcome the prejudices of their own stakeholders. Without a strong legislative and regulatory framework backed by a well funded, non-partisan advisory body, any initiative to address low numbers of women in the workplace is likely to fail.

Question 4: What more should be done to promote part-time work at all levels of the workplace and to ensure that both men and women have opportunities to gain senior positions within an organisation whilst working part time?

30. The right to make a request to work flexibly has been in place for those caring for younger children since 2002, and for those caring for older children or disabled children or adults since 2007.⁴⁰ Women are far more likely to fall into the category of carer than men, and to take on more responsibility for running the home.⁴¹ The right to ask to work flexibly is just that: there is no right to work flexibly, just a right to ask. Time and time again queries come up on website “mumsnet” about a failure to allow flexible working and what the mother can do about it. At the moment, the short answer is “nothing”. The employer is given a wide range of possible reasons as to why the request can be refused (s.50G), that could—if the employer so chose—be used easily to mask a discriminatory reason for refusal.

31. Women are more likely than men to work flexibly or part time, and earnings for part time work are, per hour, lower than for full time work.⁴² Essentially, part-time work is pigeon-holed as being women's work, and less valuable. This is an issue of perception, not fact. A number of organisations, for example American Express,⁴³ have successfully introduced flexible working policy that is available to all and which a significant number of men and senior employees have chosen to take up. Similar initiatives reported in EOR usually report an increase in productivity of employees as a result of the introduction of the flexible working policies. The availability of part-time work for women returning to the workplace is now common-place, but part-time working is still stigmatised and some employers will only allow women back to work with the trade off that they have to transfer to a less prominent role.

32. The DLA is of the view that this problem should be tackled firstly by placing pay differentials between part time and full time workers on the same footing as the gender pay gap in relation to s.77. Secondly, commissioning a study calling for evidence on the specific issue of flexible working; asking for examples of successful schemes and widely publicising the report would assist. Similarly, there is little research into the

³⁸ For further information on Young Enterprise Volunteers, see: www.young-enterprise.org.uk/case_studies/volunteers.

³⁹ “CBI response to Consultation on Gender imbalance in corporate boards in the EU”, *May 2012*

⁴⁰ s.80F—80H Employment Rights Act 1996

⁴¹ Demos Survey: The Home Front (2011) p.114–5 http://www.demos.co.uk/files/Home_Front_-_web.pdf?1295005094

⁴² ONS Annual Survey of Household Earnings, 2011

⁴³ ante

responses that employers actually give under s.80F of the Employment Rights Act when refusing applications to work flexibly. Undertaking such research would give information about what concerns employers have about allowing employees to work flexibly. Anecdotally, much of the concern of employers is a fear of loss of business. The argument runs that where there is a client facing role, the part-time employee's relationship with clients will suffer as a result of their part-time status, and this in turn will cause the business to suffer. However this ignores the fact that a large—and increasing—number of their clients will be working part-time as well, and will not necessarily be put off by knowing that the employee they are speaking to is a part-timer. Once more is known about the reasons employers give for refusing requests, a comprehensive approach can be planned to tackle employers' prejudices.

Question 5: *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?*

(a) *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

33. Lord Mervyn Davies' 2011 report recommended that the Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity, including measurable objectives for implementing the policy, and disclose annually a summary of the policy and the progress made in achieving the objectives. The FRC duly consulted and announced amendments to the Code in October 2011. Companies now have to explain in their annual reports what their diversity policy is, and how it is implemented. As a result, investors will have at least some information to hand in relation to diversity at board level of the companies they chose to invest in.

34. It is, of course, a matter for individual and corporate investors to decide how much attention they wish to pay to diversity targets and progress on the boards of the companies they invest in. It may be that like CSR, organisations will learn to appreciate that diversity on a board is good news, not just from an outward facing, PR perspective but also because of the beneficial effect it is likely to have on business performance as a whole.

Executive Nomination Process

35. A recent study by the International Centre for Women Leaders at Cranfield University identified a distinctly "Anglo Saxon" board structure, dominating companies in the UK and USA; "a unitary corporate Board and a mix of executive directors (inside) and NEDs (outside directors)".⁴⁴ Empirical studies of the nomination process have highlighted the extent to which the system of appointments of Non-Executive Directors on FTSE 350 companies was a "traditional process dominated by the Chairman and/or the CEO with token consultation of the full Board" (Gay, 2001).

36. If diversity within the boardroom is to be achieved, the nominations process must seek to escape the "old boys network" identified by Cranfield University.⁴⁵ The literature surveyed by the report suggests that although Nomination Committees are in place in many FTSE-listed organisations, they are the least developed of the Board's committees, meeting irregularly without a clear understanding of their role in the appointment process. Further, the Chairman, as recommended by the Combined Code (2003), is the Chair of the Nomination Committee and remains a dominant influence on who actually gets appointed to the Board (Pye, 2000). Some have argued that the increased use of Nomination Committees has had little effect in seeking to broaden the talent pool targeted for new appointments.

37. The Cranfield Report arises that The Board appointment process is often driven by a homogeneous elite group of individuals at the top of the FTSE 100 companies. As the corporate elite, they restrict access to those individuals who do not fit with the values, norms, and behaviours of the existing members. The social psychological process of fit seems central in the appointment process, yet it remains an elusive concept likely to trigger exclusionary practices.

38. The six month's monitoring report following the Davies Review found that 73% of FTSE 100 and 60% of FTSE 250 firms reported in their Annual Reports that they used executive search firms in their Board appointment process (Sealy *et al*, 2011). Despite the fact that ESFs have become institutionalised risk-management agents in the Board appointment process (Faulconbridge *et al.*, 2008), there is limited academic evidence on how ESFs impact the process of corporate Board appointment and the resulting consequences for women.

Education

39. In this respect, the DLA notes the recommendations of Professor Didier Cossin, who argues that "the role of the board and individuals and board dynamics are matters of education in a wide sense". In order to fully appreciate the benefits offered by to a company by diversity in the board room, members of the nomination committee must be educated in a manner that is "tailored to the specific remit of the board, rather than taking its lead from executive education."⁴⁶

⁴⁴ [http://www.equalityhumanrights.com/uploaded_files/research/rr85_final.pdf\(p.21\)](http://www.equalityhumanrights.com/uploaded_files/research/rr85_final.pdf(p.21))

⁴⁵ ???

⁴⁶ <http://www.icsaglobal.com/governance-and-compliance/features/march-2012-in-the-know>

 Quotas

40. Supplementing the education of senior executives on the commercial benefits of diversity within the board-room should be a system of quotas. Although there has been debate about the efficacy and validity of quotas, the DLA would support the inclusion of a requirement for quotas in the UK Corporate Governance Code. One recent example of the introduction of a quota system is the Norwegian Companies Act 2003, which requires a 40% female quota for the boards of public listed companies and was amended in 2010 to apply to all publicly owned enterprises (state-owned limited liability and public limited companies, state-owned enterprises, companies incorporated by special legislation and inter-municipal companies), and public limited companies in the private sector.

41. Since the legislative scheme became mandatory in 2006 sanctions for non-compliance with the statute have been applied severely with forced dissolution being the ultimate penalty. Despite facing vehement criticism from political and media circles as to the theoretical validity of the scheme it has proved extremely successful. Since the introduction of the quota the number of women on Norwegian public limited company boards has risen from 2% in 2002 to 40% by 2009.⁴⁷ The statutory scheme has also encouraged the development of national databases by state directorates and employee associations, which aim to publicise women's skills by registering their CVs for companies to browse.

42. In their study of Norwegian gender diversity initiatives, Storvik and Teigen state: "no quotas, no success."⁴⁸ The fact that females on Norwegian company boards increased by just 4% during the years 2003–2006 (when the scheme was voluntary) demonstrates that quotas are a key method of encouraging organisations to prioritise the equality agenda, where otherwise it might be neglected as a costly, time consuming process.

(b) *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

43. The Institute of Leadership and Management has undertaken research ("Ambition and Gender at Work", Feb 11)⁴⁹ into the dearth of women in management. This demonstrated that three quarters (73%) of women believe there are barriers preventing them from progressing to top management. Women tend to have less idea of career direction than men at the outset of their career, and fewer women than men expected to rise to take managerial positions (50% vs 62%). This is in part explained by women's lower confidence levels and their reluctance to put themselves forward for a promotion where they only partially meet a job description (men 20%; women 14%). The decision of whether to continue at work—and climb the career ladder in the vital 30–40 age bracket—is a crucial one, and there is little by way of incentive for women who know that even if they do return, they are unlikely to achieve the same level of seniority within the workplace as their male counterparts.

44. The benefit of having more women in board positions has been analysed in a number of studies. Erhardt, Werbel and Shrader (2003) in their study of 112 American Fortune listed companies considered the effect or diversity (25% non-whites and females) on boards, and found a clear positive impact on ROA and ROI suggesting that board diversity has positive impact on company performance.

45. This result was repeated in another U.S. study by Carter, Smith *et al* (2006) of 797 Fortune 1,000 firms. They found that even after controlling for other characteristics, having women in senior and board positions is likely to be an indicator of improved company performance overall.

46. The above studies have echoed others over recent years that have evidenced a positive relationship between gender diversity in the boardroom and increased company profitability.⁵⁰ One of the biggest surveys in this field, conducted in 2007 by the US think tank Catalyst,⁵¹ concluded that firms with the greatest proportion of women board members showed significantly higher return on investment, return on equity, and return on invested capital than those with the smallest proportion of women.

47. There is some evidence that the benefits offered by diversity are not confined to company profits. In a study of English firms, Ryan and Haslam (2005) found that when a female director is appointed to a board during a recessionary period the company's share price tends to increase, even if economic performance does not change. However, the literature on this topic has produced varying results. A recent study using British data suggested that an increased number of women in the board room bore a negative relationship with subjective measures of company performance, such as stock price, but not on objectively established measures, such as profitability.⁵²

⁴⁷ <http://library.fes.de/pdf-files/id/ipa/07309.pdf>

⁴⁸ *Ibid.*

⁴⁹ http://www.i-l-m.com/downloads/resources/centres/communications-and-marketing/ILM_Ambition_and_Gender_report_0211.pdf

⁵⁰ See, for example, David A. Carter *et al.*, The Gender and Ethnic Diversity of US Boards and Board Committees and Firm Financial Performance, 18 CORP. GOVERNANCE 396, 410–11 (2010)

⁵¹ 2007 Census: Board Directors, CATALYST, 1 (2007), http://www.catalyst.org/file/322/census_board_final.pdf

⁵² Alexander Haslem *et al.*, Investing with Prejudice: The Relationship Between Women's Presence on Company Boards and Objective and Subjective Measures of Company Performance, 21 BRIT. J MGMT. 484, 492 (2010).

48. Scholars have developed theories to explain this causal relationship based on theories of social psychology and group decision-making processes. In essence, diverse boardrooms (both in terms of gender and race) tend to make decisions both better and faster, by fostering enhanced network connections, resources, creativity, and innovation.⁵³ These arguments—“the business case for diversity”—suggest the idea that women’s presence on corporate boards increases market understanding and subsequently “enriches the talent pipeline”,⁵⁴ producing financial benefits for shareholders. It is acknowledged that there has been some academic criticism of such theories; positing that in many of the studies undertaken the relationship between diversity and profitability can be explained away by “tokenism.” It is argued that companies recruiting more women are generally high profile, multi-national organisations that are under greater pressure to promote a diversity agenda.⁵⁵ However in opposition to this argument it could be said that this criticism is self defeating as presumably, low profile, smaller companies would wish to emulate larger, more successful companies. If recruiting and promoting women forms part of the formula that has made such companies successful, it follows that it would be good “business sense” to adopt that formula. The DLA is of therefore of the opinion that such criticism does not undermine the argument that boardroom diversity will ultimately benefit companies, not least because those companies that choose to adopt strong diversity policies are able to impress an aura of “innovation” upon shareholders, market rivals and other stakeholders.

(c) Success of Voluntary Code recommended by the Davies Report

49. That the call for a voluntary code of conduct for ESF’s has been successful has been documented in Review of Lord Davies’ review issued in March 2012 (page 12) and reported upon at length in the EHRC study “Gender Diversity on Boards: the Appointment Process and the Role of Executive Search Firms” (Spring 2012).⁵⁶ The DLA endorses the findings of those reports and the recommendations made within them.

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19 October 2012

Written evidence submitted by the Electrical Contractors’ Association

ABOUT ECA

The ECA is the UK’s largest trade association representing electrical engineering and contracting companies. The electrical contracting industry employs 350,000 operatives and 6,000 apprentices. Our 3,000 members range from local electricians to national companies with several branches employing thousands. Our members carry out a range of work, from domestic heating and lighting to cutting edge temperature control technology.

SUMMARY

- The evidence submitted by the ECA focuses only on question four: How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction and the beauty industry, be tackled?
- At present, less than 1% of qualified operatives in electrical contracting are female. The ECA’s Skills Ambassador and the first female president of the ECA in its 111 year history, Diane Johnson, made it her goal to find a suitable pathway for women to find their way into the electrical contracting industry.
- In seeking to increase representation of women in the electrical contracting industry, in 2011 the ECA joined forces with principal partner, L&Q Housing Association to deliver a self-funded two year pilot to train 12 women to work competently and safely in the domestic environment. Unemployed residents living in L&Q housing stock were given the opportunity to participate in the course. Further information about the scheme and its clear benefits are provided below.

How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

1.1 In the electrical contracting industry whilst we estimate that there are approximately 6,000 apprentices in training at any one time, too few of these are women.

1.2 In response to this, and the fact that only 1% of the qualified workforce in the industry are women,⁵⁷ the ECA joined forces with principal partner, L&Q Housing Association to deliver a self-funded two year pilot

⁵³ See generally Nancy Di Tomaso et al., Workforce Diversity and Inequality: Power, Status, and Numbers, 33 ANN. REV. SOC. 473 (2007)

⁵⁴ <https://gsbapps.stanford.edu/researchpapers/library/RP2098.pdf> (Burgess & Tharenou, 2002; Fields & Keys, 2003; Robinson & Dechant, 1997; van der Walt & Ingleby, 2003)

⁵⁵ In 2001 Farrell and Hersch examined a sample of 300 Fortune 500 firms between 1990 and 1999, showing that firms with strong profits are more likely to appoint female directors but that female directors do not affect subsequent performance. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=292281

⁵⁶ Dolder, Vinnicombe, Gaughan, Cranfield University

⁵⁷ SummitSkills AACS LMI report (June 2010)

to train 12 women to work competently and safely in the domestic environment. We hope that the initiative will break down barriers and perceptions and promote an increase in the number of women entering the industry and potentially going on to take higher qualifications that allow them to work in the commercial and industrial sector, where there is a looming skills crisis within our industry.

1.3 The ECA believes that this pilot serves as a blueprint for success for other like-minded organisations. We are working hard to share our concept as we would like to see the scheme upscaled and replicated as it offers multiple benefits such as the opportunity to gain a skill for life, increases the number of women in the workplace, and aids social mobility. Once accredited, we believe that schemes like this should be eligible to receive an element of public funding so that they can be applied in other key vocational trades, as well as the construction industry because we believe they offer good value for public money. The ECA is engaged with the Skills Funding Agency to see how it can support funding.

1.4 The course officially began in September 2011. The participants, all of whom live in L&Q housing stock and were unemployed prior to beginning the course, receive a mix of flexible work-based and theoretical training delivered around term-time and school runs with a heavy focus on pastoral care.

1.5 Work based training began in March 2012 and the participants have been placed with several electrical contracting firms—Axis Europe, Mulalley, Smith and Byford—who maintain L&Q housing stock, as well as carry out other work. This serves as a good example of how organisations could, in future, use their procurement processes to help promote social outcomes.

1.6 Working together with the ECA, SummitSkills (the sector skills council for Building Services Engineering) has developed two new NVQ Level 3 domestic electrician qualifications which should receive accreditation shortly, making them available for use in this pilot. We believe that going forward, these qualifications will be particularly attractive to women, given that they are more likely to be interested in entering the domestic sector first, as opposed to the construction site based commercial and industrial sector.

1.7 The programme is not just focused on producing electricians, but on developing electrical contractors and employers of the future. At the end of the two year programme, the ECA will help the women to secure employment, or provide support and mentoring to those who wish to start a business of their own. It is also anticipated that we will take those able and willing through to the higher qualification, to demonstrate the clear progression route.

1.8 There are a number of benefits for women undertaking this scheme: it gives women an opportunity in an industry that is male-dominated; it breaks down the barriers and perceptions of the industry; it promotes the development of a defined qualification in the domestic sector and acts as a stepping stone into further higher qualifications which allow for career development; and it helps to tackle unemployment by giving women of all ages and educational levels an opportunity to learn a skill for life, develop a potential career and a chance to begin their own business.

5 October 2012

Written evidence submitted by Employment Lawyers Association

INTRODUCTION

The Employment Lawyers Association (“ELA”) is a non-political group of specialists in the field of employment law and includes those who represent employees and employers in the Courts and Employment Tribunals. It is, therefore, not ELA’s role to comment on the political merits or otherwise of proposed legislation, rather to make observations from a legal standpoint. ELA’s Legislative and Policy Committee is made up of both barristers and solicitors who meet regularly for a number of purposes, including to consider and respond to proposed new legislation.

An ELA sub-committee responded to:

- (1) the Public Consultation on Gender Imbalance in Corporate Boards in the EU on 28 May 2012; and
- (2) the House of Lords Call for Evidence on the EU Women on Board Proposals on 10 July 2012 under the chairmanship of Brona Reeves, Barclays Bank plc.

A new sub-committee was set up by the Legislative and Policy Committee of the ELA under the chairmanship of Jemima Coleman, Herbert Smith Freehills LLP, to respond to the House of Commons select committee inquiry into Women in the Workplace. A full list of the members of the sub-committee is annexed to the report.

SUMMARY OF RESPONSE

1. The statistical evidence and the anecdotal evidence from our members is consistent and clear: the Gender Equality Duty and the Equality Act 2010, have not yet successfully tackled the gender pay gap, prevented sex discrimination within employment nor eradicated job segregation.

2. Personal career choice and broader societal factors clearly influence the representation of women in the workplace. The law alone cannot be a panacea for gender imbalance across sectors nor achieve absolute parity of pay between the sexes. Arguably the legal emphasis should be on equality of opportunity, equality of access and eliminating unlawful sex discrimination as regards terms and conditions of employment (including pay) and treatment at work.

3. However, if it is the government's objective to tackle existing inequalities in relation to pay, ELA's view is that minor reforms of the existing legislation are unlikely either to achieve those goals or even materially to accelerate this result.

4. ELA provides comment and practical suggestions for legislative and non-legislative measures to tackle gender inequality in the workplace in response to questions 2, 4, 5 and 8. The role of investors is discussed in response to question 7.

5. Transparency can be a powerful driver of change. ELA's response includes a discussion on:

- (a) the merits of enacting section 78 of the Equality Act (a requirement for employers of more than 250 employees and public sector employers to publish information on the pay gap between men and women in their organisation);
- (b) the perceived inadequacy of the government's proposal to empower tribunals to require employers who lose gender pay claims to undertake compulsory equal pay audits. The effects of this are likely to be limited: the tribunal will not make an order in many instances eg where the employer can show good reason why it would not be useful; companies may choose to settle claims to avoid this outcome; and success relies on individual employees enforcing their rights in the first place which inevitably produces an imperfect result;
- (c) the potentially counter-productive result of the government's proposal to remove the statutory discrimination questionnaires under s.138 of the Equality Act;
- (d) the limited impact of section 77 of the Equality Act in driving greater pay transparency in the workplace (pay secrecy clauses are unenforceable if a disclosure is made to determine whether there is a connection between pay and a protected characteristic); in ELA's experience, despite the law, many employers retain such clauses in the hope that they will operate as a deterrent to frank discussions about pay;
- (e) the restrictive nature of the positive action provisions (sections 158—159 of the Equality Act); the provisions are narrow in scope and difficult to apply in practice, in particular only very limited assistance is provided in relation to recruitment given the difficulty of applying the "as qualified as" test;
- (f) (on a more positive note), the anticipated benefits of recent and proposed changes in relation to corporate governance (including changes to the UK Corporate Governance Code and proposed changes to the Narrative Reporting Requirements).

6. In response to questions 5 and 8, ELA identifies practical steps which could be taken to promote part-time work including:

- (a) confirmation that the right to request flexible working will be extended to all employees (there is currently no date scheduled for implementation);
- (b) consideration of ways to incentivise private sector employers to embrace the benefits of part-time work; and
- (c) the possibility of a voluntary code of practice to establish best practice in relation to the provision of quality part-time work.

7. Further, ELA highlights key factors which can operate to change societal attitudes to women in the workplace and play a part in achieving true equality of access to senior roles:

- (a) female attitudes and expectations towards leadership; this should be addressed at a much earlier stage in the education system;
- (b) the existence of quality part-time work and access to flexible working opportunities;
- (c) more widespread organisational and sector networks for people working part-time or flexibly;
- (d) targeted training programmes or grants to incentivise employers to pay for additional costs involved in job sharing;
- (e) systematic programmes to tackle unconscious bias within organisations;
- (f) a review of the impact of the long-hours business culture on female retention rates; and
- (g) better mentoring and coaching opportunities.

In time, such changes could do more to address the gender pay gap and job segregation than legislation alone.

OUR RESPONSE

1. *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

1.1 No.

1.2 ELA takes no political view on the importance of these objectives, nor the timescale over which it is thought they should be achieved. However, the statistical evidence, plus the anecdotal evidence from our members, is consistent and clear: the Gender Equality Duty and the Equality Act 2010 have not yet succeeded.

1.3 The gender pay gap is defined as the relative difference in the average gross hourly earnings of women and men within the economy as a whole. The available data varies significantly depending on the methodology used and whether it is adjusted to take account of the number of women working part-time, the age group, relevant sector or region.

1.3.1 One of the best sources of data on the gender pay gap in Europe is Eurostat (the statistical office of the European Union). Eurostat have a recent publication which shows the gender pay gap in tabular form over the period 2002–10: the table suggests that, using unadjusted data, the UK gender pay gap has decreased from around 27% 10 years ago, to around 19% in 2010.⁵⁸

1.3.2 However, UK data compiled by the Fawcett Society reports a full-time gender pay gap between women and men of 14.9% in 2011 but notes that the pay gap varies across sectors and regions, rising to up to 55% in the finance sector and up to 33.3% in the City of London.⁵⁹

1.3.3 The UK Office of National Statistics 2011 Annual Survey of Hours and Earnings reports a 17.5% pay gap amongst full-time workers.⁶⁰ However the gap is greater when you take into account that many more women work part-time than men (on average around 41% of women work part-time, whereas 11% of men work part-time). Further, significant differentials are reported between age groups: the largest pay gap for all employees in 2011 was in the 40 to 49 age group, at 27.2%, and the smallest pay gap was in the 16 to 17 age group at 0%.⁶¹

1.4 Care must be taken when vast quantities of complex data are reduced to a single figure purporting to represent the definitive “gender pay gap”. However, the statistics clearly highlight that a significant gender pay gap continues to exist in the UK.

1.5 The precursors to the Equality Act in relation to gender equality were: the Equal Pay Act 1970 which had as its stated object “to prevent discrimination as regards terms and conditions of employment between men and women” and the Sex Discrimination Act 1975 (the SDA) which aimed “to render unlawful certain kinds of sex discrimination” and “establish a Commission with the function of working towards the elimination of such discrimination and promoting equality of opportunity between men and women generally”. The Equality Act mainly restated the earlier legislation: its preamble set out no new objectives in the field, although it did envisage for the first time, the requirement for employers to publish details of the differences in the pay of male and female employees (section 78 of the Act), discussed in more detail in paragraph 2.4 below. As the provision is not yet law, its effectiveness or otherwise in potentially addressing the gender pay gap has not been tested. In any event, it is not clear that publishing such data would necessarily bring about change, since there can be (although not in every case) genuine explanations for such differences, more attributable to issues outside of employers’ control, such as career choice decisions and other societal factors. Other tools may therefore be required to address the issue (as discussed in response to question 2 below).

1.6 Section 149 of the Equality Act created a new single public sector Equality Duty, mirroring the previous duties in relation to sex, race and disability. The Gender Equality Duty has been embraced to a certain extent by public bodies since the introduction of the Equality Act—the FSA for example has been addressing diversity issues within the financial services sphere. There is evidence that female representation within the public sector is relatively good: women hold 36.4% of board-level public appointments and 34.7% of senior civil service jobs, according to recent BBC research.⁶² There are, of course, many factors at play which may explain this including, for example, workplace culture, access to flexible work, career breaks etc. However, it might also be argued that the public sector equality duty has contributed to this positive outcome. As there is currently no corresponding duty on private employers, again, its effectiveness as a tool may be limited.

1.7 The Equal Pay Act achieved much in tackling the effects of long-standing historical job segregation and the undervaluing of jobs traditionally seen as “women’s work”, such as caring, catering and cleaning roles. In recent years, we have seen significant progress with a raft of successful equal pay claims relating to local authority employment or contracted-out public services. The issue of job segregation is discussed in more detail in response to question 4 below.

⁵⁸ The unadjusted Gender Pay Gap (GPG) represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The population consists of all paid employees in enterprises with 10 employees or more. <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=0&language=en&pcode=tsdsc340>.

⁵⁹ <http://www.fawcettsociety.org.uk/index.asp?PageID=321>

⁶⁰ For men, median gross weekly earnings were £539 compared with £445 for women in 2011.

⁶¹ <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/ashe-results-2011/ashe-statistical-bulletin-2011.html>

⁶² <http://www.bbc.co.uk/news/uk-18127469>

1.8 The Equal Pay Act and the SDA came into force over 35 years ago. ELA's view, consistent with the statistical rate of progression towards the stated goals of the Acts, but based also on its members' experience, is that minor reforms to the existing legislation are unlikely either to achieve those goals or even materially to accelerate their achievement.

1.9 ELA notes that the primary legislation almost exclusively only prohibits negative behaviours. It was for the Equality and Human Rights Commission (the EHRC) to work towards what might be termed positive outcomes. However, it is no reflection on the EHRC or its predecessor the Equal Opportunities Commission that the inequalities referred to in the question remain so stark. There is no legislation which promotes or supports specific outcomes, apart from the public sector equality duty discussed above; rather, the law seeks to outlaw behaviours which might hinder those outcomes. If the goals are thought worthwhile, and it is thought appropriate to achieve them in a timescale measured other than in generations, it is clear a different approach is called for. One possibility, if it were felt that the Gender Equality Duty is successful in the public sector, would be to extend it to the private sector.

1.10 In ELA members' experience, direct sex discrimination is increasingly rare; overt sex discrimination even more so. Members' caseloads in the field consist primarily of allegations of "hidden" discrimination or conduct that employers would deny was discriminatory at all. From that, it seems the SDA and the Equal Pay Act clearly did succeed, at least to some extent, not only in their more limited objective of "rendering certain kinds of ... discrimination unlawful" but have made direct discrimination largely unacceptable as well, a position perhaps analogous to the drink-driving legislation of similar vintage. Whilst this may be considered a good outcome, it clearly falls a long way short of the legislation's broader goals let alone the specific issues referred to in the question.

2. What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

2.1 Transparency on pay and other issues, such as workforce composition, can be achieved by legislative or non-legislative means. In ELA's view, legislation can bring about the quickest results, as evidenced by the impact of gender quotas on boardroom diversity in Norway. It is a decision for the Government how quickly success on transparency is to be achieved.

2.2 Whether a legislative or non-legislative approach is adopted it must carry effective sanctions, as a system of targets or objectives without any form or sanction is unlikely to achieve the desired result. Sanctions can include:

- 2.2.1 fines;
- 2.2.2 "name and shame" approach;
- 2.2.3 company dissolution;
- 2.2.4 adverse inferences in a Tribunal claim;
- 2.2.5 procurement sanctions; and/or
- 2.2.6 the right for an individual to bring a legal claim.

2.3 Whether a legislative or non-legislative approach is adopted, it would be helpful for businesses to be given sufficient time to prepare prior to the introduction of any obligation.

Legislation

2.4 Section 78 of the Equality Act 2010 requires employers of more than 250 employees and public sector employers to publish information on the pay gap between men and women in their organisation. This section of the Equality Act has not yet been brought into force. If it is brought into force, this provision would inevitably create transparency on pay in these organisations, as long as compliance is effectively enforced. The intention was that the EHRC would "name and shame" those businesses that were non-compliant. However, recent cut backs at EHRC may make this enforcement approach ineffective. Limiting the requirement to employers with 250 or more employees and public sector employees will not improve transparency in private SMEs. Gender pay gap reporting is likely to increase administrative costs for business. Businesses may have concerns about this additional burden. If section 78 is brought into force, a transitioning grace period might be included to enable businesses to identify and remedy any gender pay gap prior to reporting. N.B. If a difference in pay based on gender is published, this is likely to lead to an increase in equal pay claims, which will further increase costs for businesses. Equal pay claims may be reduced if any difference can be explained by a genuine material factor not tainted by sex in the published information. The information should also be published in a way to compare like with like (ie part-time work and seniority of roles) and be updated on a regular basis (ie at least annually).

2.5 Instead of bringing into force section 78 of the Equality Act as enacted, the Government has proposed compulsory equal pay audits where an employer is found guilty of gender discrimination in relation to contractual or non-contractual pay matters. Tribunals will not order audits where an audit has been completed in the last three years, the employer has transparent pay practices or the employer can show a good reason why it would not be useful. Failure to comply with an order will give rise to a civil financial penalty. A second

consultation will take place on the exact contents of equal pay audits, publication requirements (for example, whether this will be to the general public or to staff and staff bodies only) and other issues. Micro-employers will be excluded initially. However, this places the burden on women themselves to prove they have been discriminated against, rather than employers demonstrating compliance with equality legislation. ELA's view is that this requirement will result in even more claims being settled prior to Tribunal Judgment to avoid carrying out a pay audit. Based on 2011–12 Employment Tribunal statistics, of the 23,800 equal pay claims dealt with by the Tribunal, only 32 were successful at Hearing, which is approximately 0.01%. In addition, the number of claims dealt with by the Tribunal does not include the unknown number of women who do not bring claims in the first place through fear of repercussions, impact on reputation, time, money and stress involved. Employers are concerned that a minority of women may use this provision to exert pressure on employers to settle. In addition, an employer could lose a gender pay discrimination claim because of a minor error. Therefore, the requirement to carry out a gender pay audit should be at the discretion of the Tribunal Judge.

2.6 ELA's view is that the Government Equalities Office's proposal to remove discrimination questionnaires under section 138 of the Equality Act may reduce transparency. Although sex discrimination questionnaires usually impact only one individual they provide transparency at an early stage without the need to progress to and win a Tribunal claim prior to the employer revealing information on pay disparity and workforce composition.

2.7 Section 77 of the Equality Act makes pay secrecy clauses unenforceable if a disclosure is made to determine whether there is a connection between pay and a protected characteristic. In practice, our members' experience is that many employers still include pay secrecy clauses in their employment agreements without highlighting the circumstances in which it is unenforceable in the hope it's inclusion continues to have a deterrent effect. Therefore, in ELA's experience, this provision has had a limited impact on transparency.

2.8 Draft narrative reporting regulations, due to come into force in April 2013, propose that narrative reports should state the proportion of women on boards and consider gender factors in assessing board effectiveness. This proposed change would make it easier for investors to determine and therefore influence positive behaviours in relation to diversity.

Non-legislation

2.9 Monitoring can play a vital role. The EHRC has published proposals for ways in which private sector employers can voluntarily measure and report on any gender pay gap alongside the government's "Think, Act, Report" initiative to encourage companies to address gender equality in their workforces. The ECHR has developed a series of equal pay resources and a number of checklists to assist employers in undertaking an equal pay audit. Alternatively, employers may address pay inequalities in their organisation through a job evaluation study or job evaluation scheme (JES). It is open to the government to give more financial and other support to companies wishing to undertake this analytical procedure for ranking jobs in a non-discriminatory way as of "equal value" as a way of promoting their gender equality objective.

2.10 Changes to the UK Corporate Governance Code will come into effect for financial years beginning on or after 1 October 2012 which require listed companies to: (i) report annually on their boardroom diversity policy, including gender and on any measurable objectives that the board has set for implementing the policy; and (ii) consider the diversity of the board, including gender, when evaluating board effectiveness. Although the Listing Rules do not require compliance with the code, there is a "comply or explain regime". Consequently, these changes may improve transparency at top level, which may then flow through to the rest of the organisation. The rate of progress in UK corporates redressing the gender imbalance of their boards should be kept under review to determine whether the current voluntary approach is effective.

2.11 Incentives could be offered to encourage transparency ie priority in public procurement for those organisations who publish diversity information. There is already some basis in the UK for using procurement as a tool to leverage equality. If a lighter touch approach to regulation is adopted then this could be one potential option to consider.

3. What has been the impact of the current economic crisis on female employment and wage levels?

3.1 The ELA has chosen not to respond to this question in detail as there is limited data on the impact of the current global economic crisis on female employment in developed countries generally, or on the UK specifically. Further, the question goes beyond our remit to make observations from a legal standpoint.

3.2 There are various reports which tackle the impact of the current economic crisis on women in developing countries, for example the United Nations discussion paper on “Impact of the Global Economic Crisis on Women, Girls and Gender Equality”,⁶³ the United Nations Women Watch, “The Gender Perspective of the Economic Crisis”⁶⁴ and the Impact of the Economic Crisis on Women’s Economic Empowerment⁶⁵ and Oxfam’s report on the impact of the economic crisis on women.⁶⁶

3.3 European Working Conditions Observatory has also published a report on the effects of the economic crisis on women in the labour market.⁶⁷

3.4 Further, the TUC published a report in March 2011: Bearing the brunt, leading the response; women and the global economic crisis.⁶⁸

4. How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

4.1 There are clearly broad and complex cultural and societal factors underpinning such job segregation issues.

- 4.1.1 Any initiatives to increase the participation of an underrepresented group in a particular industry sector must address gender stereotyping and gender-related differences in learning from the early stages of education through to tertiary and higher education. For example, there is a direct correlation between the participation of women in sciences, which reduces from the ages of twelve to fourteen and continues through higher education, and the number of women working in the engineering sector.
- 4.1.2 There will, also, be an important role for business to play in supporting the uptake and retention of members of an underrepresented group both at later stages of education and early stages of work, through for example apprenticeships, vocational training and work placements.
- 4.1.3 Organisations with a workforce which is either predominantly male or female may exhibit gender specific corporate and cultural behaviours which discourage employees of a different sex from joining. Addressing these cultural and corporate barriers will encourage the participation of the underrepresented groups. Arrangements which encourage wider participation may include: flexibility of working arrangements to support balancing work and families; effective mentoring, training and development schemes; corporate reporting of gender across functions and levels; transparency of selection criteria and appointments; and approaches which address unconscious bias and stereotyping including for example, identifying positive examples that challenge stereotypes and find ways to give them public influence and visibility.
- 4.1.4 Looking at the legislative framework, if the government is minded to move away from a voluntary approach to these matters, there are a number of potential legislative changes which could help to tackle occupational gender stereotyping alongside general family-friendly measures which also have a crucial role to play, as discussed in more detail below.

Compulsory pay audits

4.2 The Government published its response to the Consultation on Modern Workplaces earlier this year. As discussed at paragraph 2.5 above, a power will be implemented for the Employment Tribunal to order an employer to conduct a pay audit if it makes a finding of unlawful gender discrimination in relation to pay matters against that employer.

- 4.2.1 Whilst this is a useful development in tackling systemic gender segregation in the workplace, the power is limited in scope. The Tribunal will not make an order in a variety of potentially broad circumstances including where the employer can show a good reason why it would not be useful. Further, the power relies on individual employees enforcing their rights in the Employment Tribunal which, for a variety of reasons, they will not always choose to do. Even where the legal process is pursued, some genuine claims will fail for technical reasons which may belie underlying gender discrimination.

⁶³ http://www.unaids.org/en/media/unaids/contentassets/documents/document/2012/discussionpapers/JC2368_impact-economic-crisis-women_en.pdf

⁶⁴ <http://www.un.org/womenwatch/feature/financialcrisis/>

⁶⁵ http://www.cherieblairfoundation.org/uploads/pdf/impact_of_economic_crisis_on_women_economic_empowerment.pdf This research report concludes: “The paper shows that the magnitude and types of effects are context-specific: they are likely to vary across countries, sectors, households and among women, depending on the economic, demographic and social circumstances. In the short run, **many women are expected to lose their jobs**, particularly those working on the export sectors and/or holding flexible jobs. At the same time, a fall in the supply of micro-credit is expected to result in a **decrease in earnings among self-employed women workers** in trade, agriculture and other sectors. Additionally, there will likely be an **increase in the amount of unpaid work** that women do to support their families. In the long-run, it is expected that **an increase in girls’ dropout rate from school** to compensate for their families’ loss of income will deteriorate women’s future socioeconomic opportunities. In addition, an **increase in the level of violence against women**, combined with **limited access to health and other support services** as a result of public expenditure cuts and lower aid receipts, complete the dim picture of the gendered impact of the crisis in developing countries.”

⁶⁶ <http://policy-practice.oxfam.org.uk/blog/2012/03/economic-crisis-two-years-on>

⁶⁷ <http://www.eurofound.europa.eu/ewco/2010/03/ES10030191.htm>

⁶⁸ http://www.tuc.org.uk/extras/TUC_Global_Women.pdf

- 4.2.2 If the Government wishes to encourage broader transparency in pay matters it may consider exercising the existing power in section 78 of the Equality Act 2010 (discussed at paragraph 2.4 above) for the Secretary of State to order all employers with over 250 employees to publish information about gender pay gaps. This approach would put the issue on a more neutral footing, by requiring all employers of a certain size to review and report on gender pay issues annually and as a matter of course. This can perhaps be contrasted with the current proposed power which treats pay audits as a sanction, suggesting the issue is relevant only to employers who have been found to have acted unlawfully rather than a good governance issue for any organisation.

Positive action

4.3 Sections 158 and 159 of the Equality Act 2010 deal with lawful “positive action”. These provisions were designed to reflect the findings of the Final Report of the Equalities Review that some inequalities are so entrenched that merely prohibiting discrimination is not sufficient to address them and there is a case for much wider “balancing measures”.

- 4.3.1 On their face, the positive action provisions are a potentially powerful tool in industries where gender stereotyping is prevalent. However, it is our experience that, due to uncertainties around the drafting and scope of the legislation, many organisations are reluctant to make use of the positive action provisions in practice. A key issue is the meaning of “as qualified as” in section 159 which, despite guidance, remains too uncertain for some employers to feel comfortable taking positive action in recruitment or promotion.
- 4.3.2 There may be scope for clarifying sections 158 and 159 whilst remaining within the boundaries of European law allowing certain measures which “compensate for disadvantages”.

5. What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

The question deals with two issues and we have therefore addressed each point separately.

What should be done to promote part-time work at all levels of the workplace?

5.1 Part-time working is a complex issue and there is a risk that a one-size-fits-all approach looking at all levels of the workforce will not address the different needs of those who participate at different levels of the workforce. Part-time working is interlinked with socio-economic participation in the labour market. There seems to be a dichotomy between lower paid part-time workers who want to work more hours but cannot secure full-time work, and those who have a full-time professional roles or senior level position who want to work less hours. Neither group seems to have the ideal situation—there is no right to work more hours, and there is no right to work less.

5.2 According to current figures and press reports the number of people working part time but who want to work more hours is at its highest since records began in 1992. Therefore, for this group of people, the creation of more part-time roles would not be the answer to their interest.

5.3 There is an argument that it could be beneficial for employers to be encouraged to take steps to promote quality part-time working at all levels of the workplace, rather than creating more low-paid jobs within certain sectors such as cleaning, catering and care, or at certain lower levels of the workforce. (For a definition of quality part-time work please see page 8 of Quality part-time work: an evaluation of the Quality Part-Time Work Fund.)

5.4 Promotion of quality part-time working might be expected to take into account the different needs of groups in society and should not be targeted at gender alone. For example, the abolition of the default retirement age and the increase in the state pension age will lead to an overall increase in the working population. The traditional-style “nine to five, five days a week” approach may not be suitable for every 66 year old. Similarly those with caring responsibilities including elderly adults or disabled children would also benefit from being able to work part-time.

5.5 Increased availability of good quality flexible working would be expected to improve the choice of working mothers who struggle to combine home life with a traditional model of working nine to five, which does not take school hours or childcare into account. For very senior women, it might be helpful to move away from the necessity to work to a formalised part-time working pattern (like four days for example) because that may be incompatible with the role. It might be better to normalise flexible working arrangements which permit remote working or working from home and which grant higher levels of individual autonomy and responsibility over delivery of client service and personal contribution.

5.6 In relation to measures to promote part-time working the ELA would suggest the following steps to be taken into account.

- 5.6.1 Confirmation that the right to request flexible working will be extended to all employees—there is currently no date scheduled for implementation.

5.6.2 Consideration of ways to incentivise private sector employers to provide further focus on the benefits on the benefits of part-time work.

5.6.3 A voluntary Code of Practice could be issued to help employers provide quality part-time work which would take into account some of the points highlighted by the Evaluation of the Quality Part time Work Fund. In 2007, the previous government offered grants worth £500,000 to 13 employers under their Quality Part-Time Work Fund. (See Quality part-time work: an evaluation of the Quality Part-Time Work Fund.)

5.7 The evaluation study made a number of conclusions regarding the promotion of quality part-time work and these should be considered such as:

5.7.1 Toolkits and training for managers on responding to requests for part-time working and coping with the business impact of part-time working were especially helpful, and

5.7.2 Demonstrating and selling the business case for increasing quality part-time work is crucial in getting commitment from senior management and line managers.

What more should be done to ensure that both women and men have opportunities to gain senior positions within an organisation while working part-time?

5.8 As a result of the Davies Report and the views of the European Commission a great deal of attention has focused on the number of women in the boardroom within the UK. And while ELA obviously supports these measures to broaden the diversity of board level appointments, there is a concern at large that focusing exclusively on numbers at board level might eclipse equally pressing matters such as the numbers of women at middle management or at senior management positions.

5.9 One of the key barriers to women working in senior roles identified by the EHRC in the 2011 Sex and Power survey, was expressed to be “outdated working patterns and inflexible organisations.” The report further suggests that the assumption that employees must work long hours in order to advance their careers imposes greater penalties on women who are more likely to be the primary carer. The Sex and Power report also points to various talented women who prefer to set up their own business, or work as consultants in order to gain greater freedom, autonomy, work life balance and professional development.

5.10 Our thoughts on increasing opportunities for part-time women and men to move into senior roles include the following steps.

5.10.1 Any still-prevailing misplaced assumption that part-time working means that an employee is less committed and as such will be less interested in promoted posts needs to be addressed ideally by leadership and an organisation’s vision for part-time working. Both HR and senior management would need to actively promote the positive benefits of part-time work.

5.10.2 Many organisations may not even be aware that there is a problem with career progression and part-time work. For example organisations could be encouraged to measure the number of part-time employees/workers they employ/engage and segment this to look at gender and analyse time in post before achieving promotion.

5.10.3 Mentoring and coaching schemes can also be helpful as ways to encourage part-timers (normally women) to apply for senior roles.

5.10.4 Part-time working or flexible working networks can be set up internally to help organisations see the benefit of part-time working, and can be used as helpful case studies.

5.10.5 Again, some of the suggestions included in the analysis of the Quality Part Time Work Fund are helpful. These include:

5.10.5.1 Advertisements for senior roles should state that jobs can be done on a job share or part-time basis rather than leaving it up to the individual to negotiate reduced hours.

5.10.5.2 Targeted training programmes or grants to incentivise employers to pay for the additional costs that may be involved in job sharing.

5.10.6 For example Royal Mail received a £25,000 grant from the government, to which it added a further £30,000 to help recruit female managers in operational roles where shift systems had previously operated as a blocker to female applicants. After reviewing the roles, the Royal Mail confirmed a number of the jobs could have flexible hours of between 16–24 hours over three or five days. Nine female and eight male part-time managers were appointed. Case studies like this show how money, planning and good communications can lead to quality flexible working.

5.11 The challenge with most of these steps is that they are essentially voluntary concepts with little redress in place for those who are unable to obtain quality part-time work, or who are unable to obtain promotion. Although indirect discrimination claims have given female claimants some rights of redress in relation to part-time work, individual remedies are perhaps less effective at promoting wider workplace change.

6. *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?*

6.1 The Davies recommendations are broadly in line with the prevailing view of government and many UK businesses that mandatory quotas would not be welcomed, and would detract from the hiring process being a genuine meritocracy. Instead, the recommendations (coupled with ongoing governance and a greater focus on how to deal with poor female retention rates at senior levels) are seen to be a good initial step with companies seeking to comply on a voluntary basis without (as yet) the threat of sanctions.

6.2 The statistics demonstrate that steady progress is being made, with executive director roles. In the annual progress report published in March 2012 it was noted that the FTSE 100 board ratio of men to women had risen from 87.5% men: 12.5% women to 84.4% men: 15.6% women. Furthermore, latest research from the Professional Boards Forum, indicate that women account for 17.3% of all FTSE 100 directorships at 4 September 2012 and there are currently only eight all-male FTSE 100 boards.⁶⁹ Further, momentum has picked up with women winning 44% of FTSE board appointments since March 2012.

6.3 In addition, the Davies Report recommended that UK listed companies in the FTSE 100 should aim for at least 25% female representation on their boards by 2015, and 17 companies have already reached this target. A further 17 are currently between 20–25%. In relation to FTSE 250 companies, 21 have reached a target of 25% and a further 28 are between 20–25%.

6.4 The Davies Report also recommended that recruitment firms and headhunters take voluntary steps to improve board diversity, and a voluntary code of conduct was put in place in July 2011 for FTSE 350 board appointments. The code encourages nomination committees to place significant weight on an individual's relevant skills and personal qualities, as well as their actual experience, and recommends a target of 30% of women for the initial list of candidates put forward to each client. It also recommends that firms should have to justify any failure to meet this target. The impact of the voluntary code is discussed in more detail in response to question 9 below.

6.5 Following the Davies Report, the Financial Reporting Council has announced changes to the UK Corporate Governance Code applying to financial years beginning on or after 1 October 2012 (discussed at paragraph 2.10 above).

6.6 However, the biggest change has been in the area of non-executive director roles. The Cranfield Female FTSE Board report dated March 2012 reported that of the 141 women holding 163 FTSE 100 board seats at the time of the report, only 20 (ie 12%) were executive directors compared to 143 (88%) non-executive director positions. As at March 2012, only 6.6% of FTSE 100 executive directors were women and only 4.6% of executive directors at FTSE 250 companies were women.⁷⁰ Statistics for executive roles show almost no improvement, meaning that the current self-regulation mechanism risks creating a "two-speed system".

6.7 The Financial Times reported in September 2012 that Europe's listed companies could be forced to ensure that at least 40% of non-executive board positions are held by women by 2020 or face fines or other sanctions under a legislative proposal being drafted by the European Commission. A summary of the main outcomes of the EU consultation on gender imbalance on corporate boards is expected imminently, together with details of a possible EU legislative initiative.

6.8 In any event, the ELA considers that a range of initiatives may need to be utilised to ensure the progress against the recommendations is sustained. In the UK and in other countries, cooperative approaches relying on regulatory coordination between stakeholders have proved so far quite successful.

6.9 The European Women's Lobby emphasises that targets, deadlines and monitoring are critical to achieving lasting change. These measures are unlikely to be enough if a major step-change is desired in these areas and must be accompanied by softer, and potentially more far-reaching, initiatives including education, to promote a culture shift. Other initiatives may include mentoring, training and the publication of lists of female board-ready candidates.

7. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

7.1 It is difficult to see how investors can be regulated to ensure that they take the percentage of women on boards into account when deciding in which companies to invest. However, greater reporting by companies of the steps taken to tackle female underrepresentation, and the processes adopted when making board level appointments, will ensure that investors (and others) are receiving transparent information and the issue of female under representation remains high on the board agenda.

7.2 As mentioned above (paragraph 2.8), draft narrative reporting regulations, due to come into force in April 2013, propose that narrative reports should state the proportion of women on boards and consider gender factors in assessing board effectiveness. This proposed change would make it easier for investors to determine and therefore influence positive behaviours in relation to diversity.

⁶⁹ BoardWatch, Professional Boards Forum, <http://www.boardsforum.co.uk/boardwatch.html>

⁷⁰ <http://www.som.cranfield.ac.uk/som/dinamic-content/research/documents/2012femalfitse.pdf>

7.3 In Spain, companies which comply with the recommendations for gender equality (or who have good reasons for not doing so) are given priority status in the allocation of government contracts. This would clearly be of interest to investors in terms of determining when a company has a greater chance of winning new business and, therefore, being a profitable opportunity. However, this will clearly only be applicable to public procurement contracts and would not have a greater application.

7.4 If sanctions were to be imposed on companies which fail to self-regulate in a manner which is consistent with any recommendations, this could also affect investor decisions. For example, a corporate investor may not want to be associated with a company that is having to explain its actions to an appropriate regulator and/or which is receiving negative publicity about its corporate governance.

7.5 Further, if sanctions were to be imposed on a sliding scale basis, this could also increase investor risk and, therefore, investor pressure on companies to comply/self-regulate at an early stage. For example, a “comply or explain” led approach along the lines of the framework which already exists for UK corporate governance could be the starting point, with other non-prescriptive initiatives including training, networking and mentoring, increased level of disclosure and economic pressure, such as Board level diversity being a requirement for tendering for government contracts, being implemented as a second step.

8. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

8.1 The leaking pipeline has been held responsible by many commentators for the under representation of women on boards. There are fewer women than men rising to senior management positions in many companies, this leads to a reduced pool of female talent from which to recruit board members.⁷¹ Women are adequately represented in higher education and at a junior level, the question to consider therefore is: “Why are there so few women advancing to senior positions in companies?”. There are many factors which contribute to the attrition of female talent in a company:

- 8.1.1 Lack of flexible working arrangements—women are more likely to work part-time or need flexibility at work. Many companies view senior positions as full time jobs which involve the employee being on call at all times.
- 8.1.2 Children—many women do not return to full time work after having children or they take less skilled work which allows them greater flexibility or time at home.⁷² Unequal rules governing parental leave often mean that it is more cost effective for the mother to take a longer period of maternity leave than the father. Some women find it difficult to re-enter the workforce after this time away. Recent amendments to parental leave may help to redress the imbalance as parents have more choice to decide which person takes the parental leave. It is too soon, however, to know whether fathers will take full advantage of these changes. In addition, childcare in the UK is the most expensive in Europe,⁷³ therefore, for many families it is cheaper for the mother to stay at home than return to work.
- 8.1.3 Corporate culture—the workplace atmosphere, business culture, corporate governance and working hours expectations all have an impact on female retention. The divide between the sexes is particularly noticeable in certain industries. For example, women are particularly underrepresented in mining, real estate, steel and electrical companies but well represented in retail, utilities, media and banking.⁷⁴ This subconscious gender stereotyping that certain industries are for men only, has a self-perpetuating effect as women are less likely to be attracted to a male dominated working environment.
- 8.1.4 Lack of strong female networks—networks can be influential in recruitment and promotion decisions. The lack of women in senior positions means there are fewer women to act as mentors and role models for women in junior roles.
- 8.1.5 Mirror imaging/subconscious bias—some individuals will recruit candidates similar to them which perpetuates the prevalence of senior males in companies.
- 8.1.6 Female choice—it may be that there is a difference in the number of women that wish to work in senior roles than men.

8.2 There are various studies that suggest that a greater representation of women on company boards will improve the performance and governance of companies. If UK companies are performing well this will in turn benefit the UK economy.

8.3 There is much research which purports to demonstrate the business case for gender diversity. Bloomberg estimate that women control 70% of global consumer spending⁷⁵ and, on that basis, are more likely to

⁷¹ “Women on Boards” February 2011, Lord Davies of Abersoch.

⁷² “The price of motherhood: Women and part-time work” February 2012, Vidhya Alakeson, Resolution Foundation . http://www.resolutionfoundation.org/media/media/downloads/The_price_of_motherhood_-_women_and_part-time_work.pdf

⁷³ “Bridging the gaps created by maternity leave” April 2012, Natasha Stidder Financial Times.

⁷⁴ “Gender and ethnic diversity among UK corporate boards, Corporate Governance: An International Review” 2007, Brammer, S., Millington, A. and Pavelin, S.

⁷⁵ <http://www.bloomberg.com/news/2011-07-24/women-controlling-70-of-consumer-spending-sparse-in-central-bankers-club.html>

represent the consumer and understand what they want. Research by Catalyst⁷⁶ showed women on boards can improve company's performance: companies with a higher number of female directors had a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity.⁷⁷

8.4 Other studies have suggested that decision-making in general improves on a gender-balanced board due to the variety of views that are brought to the table and that a diverse board is more likely to focus on managing and controlling risk.⁷⁸ In addition, corporate governance and the ethical behaviour of companies improve when there are more women on the board.⁷⁹ These are all factors that will improve the health and longevity of UK companies and consequently their employees, customers and the UK economy in general will benefit.

9. How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?

9.1 The voluntary code was generally welcomed when introduced in the summer of 2011. It is our submission that it is probably too early to assess its impact on Board recruitment, particularly given the long lead times for such appointments.

9.2 It is correct that the number of women on boards has increased since the publication of the Davies Report and the voluntary code, but it is difficult to assess the extent to which this rise in numbers is wholly or partly attributable to the introduction of the code. It is also difficult to measure the success or otherwise of the voluntary code, particularly as a lot of the principles it put forward are difficult themselves to measure, for example, how do you determine whether search firms have provided appropriate support to first time candidates without surveying those firms and candidates. As noted above, it is probably too soon after the introduction of the code to realistically gather evidence of that support being given and its effectiveness. As the Cranfield report "Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms" points out, even with the code, there is a view that the appointment process is often regarded as opaque and subjective, focusing on "fit" and personal chemistry (which may, result in a tendency for boards to recruit in their own image). The Cranfield report also makes the point that recruitment is often done behind closed doors and is not an open and transparent process with few positions being generally advertised. While there are clearly market sensitivities around companies being completely open about such a process, it should, ELA submits, be possible for some prospective vacancies to be advertised on a generic "no names" basis.

9.3 Furthermore, not all board appointments are filled using a search consultancy. Positions can be filled by internal promotion or word of mouth, particularly if a company has a strong internal candidate and/or wishes to avoid the search fees typically levied by search firms.

9.4 ELA submits that it may also be worth noting that the Cranfield report only interviewed firms who have signed up to the code already and who are therefore likely to be engaging in best practice—it does not therefore give a sense of what progress (if any) is being made by other search firms. In addition, the likelihood is that companies who engage such search firms are likely to be those who have already decided, for whatever reason, to make some level of commitment to diversity. There must therefore be, ELA submits, an element of "preaching to the converted". What is more difficult to assess is the impact of the code on those companies who might not willingly embrace such an approach.

9.5 What would also be interesting (though again, ELA submits it is too early to carry out such an assessment) would be to compare progress over the last 12 months in increasing the representation of women on boards in the UK with those jurisdictions which have taken a similar, voluntary approach, but where an initiative equivalent to the voluntary code has not been put into place. For example, in the US there has been a similar increase in diversity in recent years in Fortune 500 companies without anything along the lines of the voluntary code being in place. A Catalyst Inc. report dated July 2012 included statistics showing number of board seats held by women in Fortune 500 companies since 1995. Examples of results were as follows:

- 1995 9.6%
- 2000 11.7%
- 2005 14.7%
- 2010 15.7%
- 2011 16.1%

The increase has been slightly stagnated in the last few years but still a relatively consistent upward trend.

9.6 As it is aimed at board level appointments, the voluntary code by its very nature focuses on the "top slice" of senior level appointments. As such it does not, in and of itself do anything to address the issue of "pipeline" ie the concern that there is a lack of women coming up through the ranks which have been identified as having high potential and, as such might fill board level roles in five, 10 or 15 years' time. Unless search

⁷⁶ A non-profit membership organisation that provides information and research regarding women in business.

⁷⁷ "The Bottom line: corporate performance and women's representation on boards", 2007.

⁷⁸ "Diversity and gender balance in Britain plc": a study by TCAM in conjunction with The Observer and as part of the Good Companies Guide, London, UK: TCAM, 2009.

⁷⁹ "Gender Differences in Ethical Perceptions of Business Practices", Franke G. R. et al., Journal of Applied Psychology, 1997; "Women on boards: Not just the Right Thing... but the 'Bright' Thing", the Conference Board of Canada 2002.

firms make a conscious effort to look out for and encourage a pipeline then they may find it difficult to have a sufficient pool from which to draw candidates for board level appointments.

9.7 The voluntary code applies only (as, to be fair do all the initiatives so far) to large companies. As such, the code does nothing to address gender imbalance in government, the civil service/public sector and the professions. A significant number of female graduates join the professions, and, if anything, the lack of progress for women in these fields can be even more marked than in large corporates. For example, amongst the top 20 English law firms, the average proportion of women partners was only 14%.

9.8 It is ELA's submission therefore, that while the voluntary code is a significant component of the attempts to increase the number of women on boards, it has its limitation. In addition, if as has been suggested, the EU introduce binding targets then any code is likely to have to become more prescriptive, pro-active and wide ranging if it is going to contribute significantly to increasing the number of women in senior positions.

4 October 2012

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Written evidence submitted by the Equality and Human Rights Commission

I. INTRODUCTION

The Equality and Human Rights Commission (the Commission) is the regulatory body for equality law with statutory duties under the Equality Act 2006 to encourage and support the development of a society in which people's ability to achieve their potential is not limited by prejudice or discrimination and there is respect for and protection of each individual's human rights; to encourage good practice in relation to equality and diversity; to promote understanding and awareness of rights under the Equality Act 2010; to enforce the Equality Act 2010; and to advise on and monitor the effectiveness of equality and human rights enactments and law.

Since its inception the Commission has undertaken a wide range of work looking at employment conditions for women and other protected groups in different industries, ranging from the financial services to the meat and poultry processing industries. As an expert equality and human rights body we have helped influence the development of new laws and regulations so they are compliant with equality and human rights law, and have taken many strategic legal actions which help clarify case law.

Our current strategic plan has identified our key priorities for the next three years among which the need "to promote fairness and equality of opportunity in Britain's future economy" is particularly relevant to the experience of women in the workplace.

The Commission's vision is of a modern Britain where everyone is treated with dignity and respect, and all have an equal chance to succeed. In the Human Rights Act 1998 and the Equality Acts of 2006 and 2010, Parliament has given the Commission a strong framework for protecting equality and human rights, setting standards and holding public and private bodies to account in meeting them.

The Commission needs to work with private and public sector employers to help them understand and implement equality and human rights standards and ensure the workplace is an area where all people have the opportunity to succeed. In people's working lives this means access to skills and experience that open up workplace opportunities; fair treatment that allows talented people regardless of background to find jobs, and progress and succeed in them; and being treated with dignity so that people can give their best and be happy and productive. For employers this means access to and retaining talented people, and creating a motivated and productive workforce.

Many businesses already do a great deal to promote fair opportunities and go well beyond minimum legal requirements. They believe their reputations and licence to operate depend on showing they are socially responsible organisations. They believe that treating staff well benefits their businesses as attracting and retaining the best talent gives organisations a competitive and innovative edge. They believe that producing goods and services in a way that supports fair treatment and individual rights is important to domestic and international reputations. Other businesses want to be good corporate citizens but are less clear about the path they need to follow and want support to achieve this.

The Commission sees its evolving regulatory role as helping organisations achieve what they should, not trying to catch them out if they fall short. We view legal action as a last resort, when persuasion and advice have not proved effective.

The Commission was pleased to give oral evidence to the Business, Innovation and Skills Committee inquiry into Women in the Workplace on 18 December 2012. We would very much welcome the chance to contribute to achieving the recommendations and actions which the committee may conclude should be taken in the future.

II. THE TERMS OF REFERENCE: EHRC COMMENTS

1. *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

1.1 Public sector equality duty

- Under the general equality duty public authorities are required to have due regard to the need to eliminate discrimination (amongst other things). This includes unlawful pay discrimination. This means that when developing new policies or reviewing existing policies such as pay levels, public authorities should take into account evidence about equality (for example, the outcome of equal pay reviews or information about equal pay cases eg in a local authority, the fact that many cases have been taken against them). The duty does not necessarily help individuals to resolve an equal pay case, but used effectively it should help interested parties to challenge the public authority about the extent to which they had taken equality into account when developing, revising or reviewing their policies.
- Under the specific duties, public authorities in England are required to publish equality information to demonstrate compliance with the specific duties. However, the regulations do not explicitly require listed authorities to publish equality information on pay gaps or on pay discrimination. See annex 4 below for information on the equality duty (specific duties) in Scotland and Wales.
- Under the Equality Act 2010, the gender equality duty has been replaced by the Equality Duty which covers all protected strands. The specific duties require public sector organisations to publish equality information and to identify one or more equality objective. There is now no requirement for schools or public sector organisations to set an equality objective on gender, which creates the risk that issues of gendered subject and work choices and outcomes could be neglected.
- Studies of under-attainment in schools identify boys and white boys from poor backgrounds as the poorest performers with additional targeted support needs. Against this national agenda, it is unlikely that schools will focus diminishing resources on tackling gender stereotyping in subject and career choices, especially as data shows that girls are entering the professions at similar and greater rates than boys. However, while attainment and social capital is opening career doors for some women, for others, low attainment and lack of social capital confines them to low paid, poor quality work with little opportunity for progression. Labour market data shows that women are still concentrated in cleaning, catering, caring, cashiering and clerical work.

Scotland and Wales:

- Under the specific duties in Scotland, listed authorities are required to:
 - Publish a statement on equal pay, no later than 30 April 2013, and every four years thereafter. This statement must contain their policy on equal pay, as well as information on occupational segregation (the concentration of groups in particular grades and in particular occupations).
 - The first such report needs to contain information relating to women and men. However, from the second report (due within four years of the first) a listed authority is also required to publish its equal pay information, in relation to people who are disabled and people who are not, and people who are members of a minority racial group and people who are not. The same 150 employee threshold applies to this duty as to the duty to publish gender pay gap information.
 - *In 2013–14, the Commission will be checking that all listed authorities have published their statement on equal pay.*
- In Wales, listed authorities are required to publish an equality objective in relation to addressing any gender pay difference identified, or publish reasons why it has not done so.
- Publish 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 and any gender pay equality objective it has published (including any revisions).
- where it has identified a gender pay difference amongst its staff, but has not published an equality objective to address the causes of that pay difference, the action plan must set out the reasons for not doing so; 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.
- The Commission has a duty to monitor the specific duties, but we will not be monitoring the gender pay action plans in particular.
- The specific duties for England are not as explicit as those in Scotland and Wales in terms of reporting on equal pay matters. As stated above, the general equality duty requires public authorities to have due regard to the need to eliminate discrimination, but without any requirements for public authorities to report on gender pay, it is more likely that this issue will be overlooked or downgraded.

Government review of the public sector equality duty:

- The public sector equality duty, set out in section 149 of the Equality Act 2010, is essentially a process duty. It is concerned with thinking about decisions and the equality impacts, and thus avoiding adverse impacts.
- The public sector equality duty is currently subject to a government review which is due to report in April 2013. Concerns around the duty often relate formulaic handling and not applying it proportionally. The Commission's review of the Treasury's compliance with the duty in undertaking the 2010 Spending Review shows that the duty can make a huge difference if applied purposefully.
- The Commission's analysis suggests there is no need to return to the formal requirement for Equality Impact Assessments, which were sometimes nothing more than a tick box exercise. However, organisations covered by the duty need to be aware that, if a challenge arises, the courts always ask for evidence of how the duty has been met.
- More active attention is needed on mitigating adverse impacts, rather than just the process of deciding to pursue policies which cause them.
- The Commission undertook an assessment of the performance of public authorities with regard to publication of equality information in 2012. This covered over 1000 public authorities in England. Of the public authorities who had published equality information, 86% had published information about their staff in relation to race, gender and disability. Three-quarters had published additional information, ie beyond just information about the protected characteristics of their staff. This included information about pay gaps and recruitment.

1.2 Equality Act 2010

Positive action:

- The Equality Act 2010 includes strengthened positive action clauses which focus on tackling disadvantage, under-representation and need and could support the pro-active duty to tackle gender segregation. These could be used far more both in education and training.
- Some examples of positive action:
 - Sector Skills Councils SC, for example: People 1st: Creates new pre employment training programmes for women train drivers, taxi drivers, coach drivers and pilots in addition to a new programme that supports women to board level. The proposal also targets an increase in the numbers participating in the existing pre employment programme "Step on the Bus" for women bus drivers and "Step Up" the management and leadership programme for women in the sector.
 - A local authority is concerned that, despite having a large local Muslim population, few Muslims apply for jobs that are advertised by the authority. When advertising for staff, the authority states that it encourages job applications from people with religious beliefs that are under-represented in their organisation. At the same time, the authority makes it clear that all job applications are treated strictly on merit. The authority also contacts local Muslim community representatives and organisations, asking them to encourage suitably qualified people to apply. (See also section below on tackling gender stereotyping).
- In recruitment situations, the Equality Act now allows for employers to use the tie-break provisions and to decide to appoint an applicant from a group sharing a protected characteristic if they reasonably believe this group to be disadvantaged or under-represented in the workforce or if their participation in an activity is disproportionately low. The employer can only use these "tie-break" provisions when faced with a choice between two candidates who are as qualified as each other.

- There is a reluctance to use positive action in UK possibly because the legislation is not well understood. The EHRC has prepared guidance explaining how to do lawful positive action in employment.⁸⁰ There is also a strong business and economic benefits case for using positive action to tackle segregation, which needs to be better understood. For example, there is a correlation between potential future skills shortages and under-representation of women: the Richards Review of Apprenticeships highlighted future growth in employment (and therefore the demand for skills) in construction, engineering, design, and technology which are all male-dominated sectors.

Equality Act and equal pay:

- The “equality of terms” provisions in the Equality Act 2010 entitle a woman doing equal work with a man in the same employment to equality in pay and other terms and conditions.
- In addition to existing equal pay legislation there are few extra amendments:
 - Section 69—Pay practices that have a disparate effect on male or female employees are unlawful unless you can objectively justify it. You have to show that:
 - The practice is based on a legitimate aim or objective.
 - The practice leads to that legitimate aim being met.
 - The practice is a proportionate way to meet the legitimate aim.
 - Section 71—Allows for a hypothetical comparator for claims of direct sex discrimination and dual discrimination (in relation to pay):
 - “Where a woman has evidence of direct sex discrimination in relation to her contractual pay but there is no actual comparator doing equal work, so that a sex equality clause cannot operate, she can claim sex discrimination based on a hypothetical comparator.” Equal Pay Code of Practice 2010.
 - Section 77—New “transparency” provision makes pay secrecy clauses unenforceable where the discussion is about pay discrimination.
 - Section 78—Reserve power to require employers (>250) to measure and report on the gender pay gap.
- These new amendments go some way to start to unpick issues around the effect of pay polices and tackling pay secrecy in the workplace. Any decision to amend, enact or repeal Section 78 reserve power to require mandatory reporting on the gender pay gap has currently been put on hold while the Think, Act, Report voluntary initiative is taken up. If this becomes mandatory, it has the potential to affect the lives of millions of employees and ultimately speed up closing both the full and part time pay gap.

Proposed repeals to Equality Act:

- Under the Enterprise and Regulatory Reform Bill,⁸¹ currently before Parliament, the government is removing employment tribunals’ power to make wider recommendations in discrimination cases; and the procedure for obtaining information.

Repeal of the third party harassment provision: clause 57

- *The Commission has found evidence of the prevalence of third party harassment and its impact, demonstrating a need for the law to provide protection. An analysis of calls to the Commission’s former helpline service suggested, on the basis of calls related to third party harassment logged, 50 to 60 cases would be expected under the new provision every year.*
- Since the provision came into force, the Commission has granted assistance under section 28 of the Equality Act 2006 to one case involving an employee who experienced abuse, including racist insults and threatening behaviour, so severe the police were involved.⁸² This demonstrates that while the number of those affected may be low, the impact on victims’ lives can be very serious indeed.
- *Repealing the provision now would be premature, as there is a need for a better evidence base on the number of claims brought under the new provision. Only two years have passed since commencement of this provision. Prior to repealing the provision, the Commission would recommend Employment Tribunal offices provide figures on the number of third party harassment cases that are lodged with them.*

⁸⁰ <http://www.equalityhumanrights.com/advice-and-guidance/guidance-for-workers/recruitment/positive-action-and-recruitment>

⁸¹ <http://services.parliament.uk/bills/2012-13/enterpriseandregulatoryreform.html>

⁸² In this case, the employer did not take action. The employee’s claim was settled on payment of settlement and agreement by the employer that all managers and staff would receive equality training or refresher courses and that it would also install signs warning that harassment of employees would not be tolerated.

- *The identity-based nature of discriminatory harassment means that the Equality Act 2010 is the best place to address it and the other remedies suggested as alternatives are not appropriate.* The Commission's consultation response⁸³ analyses in detail other remedies the government suggests may negate the need for this provision. This analysis clearly sets out why the provision is required to ensure effective legal protection from third party harassment, related to protected characteristics.

Repeal of the question and answer procedure: clause 58

- *Experience from the Commission's legal casework suggests the use of the question and answer forms leads to a reduction in claims proceeding to the tribunal or court.* The current question form guides claimants to set out their allegations of discrimination in a clear way. This allows the person responding to understand what is being alleged and to provide an explanation of what happened. In some instances, a potential legal case can be resolved at this stage. Our analysis suggests the absence of a structured standard form may result in some claimants issuing proceedings where they would not otherwise. This will increase the costs of both employment tribunal and court administrative time, and to businesses responding to such claims.
- *The Commission's analysis does not support the government's suggestion that questionnaires may be used for "fishing exercises".* Case-law makes it clear that businesses and other respondents are not required to answer questions which are disproportionate and that a poor response should not lead automatically to a finding of discrimination.⁸⁴
- *Removing the structured form may place more onerous demands on businesses dealing with discrimination claims.* The current forms have the benefit of providing a structured and predictable means of obtaining information in a format, which is familiar to the majority of businesses.⁸⁵ This change is likely to lead to higher not lower costs and more red tape for business—the opposite of the government's stated aim.
- *The Future of Narrative Reporting—A new structure for narrative reporting in the UK (DBIS consultation/EHRC response November 2012) EHRC welcomes the requirement for quoted companies to provide a breakdown, in their annual company reports, of the number of men and women on their board; who are managers; and employed in the organisation as a whole. The greater transparency resulting from the new reporting requirements will enable interested parties, such as investors, shareholders and potential employees or board members to assess the progress a company is making in addressing gender inequalities at board, managerial and employee level.*

1.3 Pay audits

- Recent evidence shows that the gender pay gap continues to persist. The 2011 Annual Survey of Hours and Earnings⁸⁶ found the mean pay gap between men and women's average hourly earnings, excluding overtime, was 16.6% for full time workers and 13.5% for part time workers. The Equality and Human Rights Commission's 2010 Triennial Review⁸⁷ found pay gaps also affect disabled people and some ethnic groups.
- Statutory guidance issued by the Commission on the Equality Act 2010⁸⁸ set out how equal pay audits can be an effective way of establishing whether an employer is delivering equal pay, for example:
 - Employers can use regular equal pay audits to understand how their pay system is performing and improve transparency about their pay system.
 - Pay audits give employers the chance to rectify any unjustifiable anomalies, so reducing the risk of litigation.
 - Employers can improve their pay practice by, for example, monitoring their gender pay gap and using non-discriminatory approaches to job evaluation.
- In its response to the Modern Workplaces Consultation,⁸⁹ the Commission noted that the power to impose pay audits needs to be as robust as possible in order to have maximum effect.

⁸³ <http://www.equalityhumanrights.com/legal-and-policy/consultation-responses/>

⁸⁴ For example, in *D'Silva v. NATFHE & Ors*, the Employment Appeal Tribunal said that any tendency for "Respondent's failures in answering a questionnaire, or otherwise in providing information or documents, to be relied on by Claimants, and even sometimes by Tribunals, as automatically raising a presumption of discrimination.... is not the correct approach."

⁸⁵ The government's impact assessment stated that "level of awareness and use of the current statutory forms" stood at 58% for smaller organisations and 76 % for larger organisations. See: <http://www.homeoffice.gov.uk/publications/about-us/consultations/equality-act-wider-enforcement/ia-obtaining-information?view=Binary>

⁸⁶ 2011 Annual Survey of Hours and Earnings (SOC 2000)

⁸⁷ How fair is Britain? Equality, Human Rights and Good Relations in 2010. The First Triennial Review.

⁸⁸ "Equal Pay Statutory Code of Practice", Equality and Human Rights Commission 2010. The Commission is required under section 14 of the Equality Act 2006 to issue statutory codes of practice to help explain legal obligations under equalities legislation. See: http://www.equalityhumanrights.com/uploaded_files/EqualityAct/equalpaycode.pdf

⁸⁹ Response to consultation: Modern Workplaces 2011, Issued by HM Government, Business, Innovation and Skills and Government Equalities Office, <http://www.equalityhumanrights.com/legal-and-policy/consultation-responses/response-to-consultation-modern-workplaces/>

- Carrying out an equal pay audit should be viewed as a positive means of enabling the employer concerned to eliminate pay inequality and minimise the likelihood of facing future equal pay tribunal or court claims, rather than as a penalty.
- If equal pay audits are seen as a penalty there is a risk that employers will settle equal pay cases outside of court to avoid that penalty. This is particularly true of those firms who can afford to settle and are anxious to avoid negative publicity.
- Conducting an equal pay audit will not in itself eliminate a gender pay gap. It will, however, bring it to light and enable employers to address any equal pay issues that are uncovered. Employers still need to draft an action plan to rectify any unjustifiable pay gaps they find, implement changes and regularly monitor the outcomes.
- Equal pay audits are one of a number of tools to help deliver equal pay systems. The Commission has produced guidance⁹⁰ in conjunction with the British Chamber of Commerce, specifically for micro and small businesses where equal pay audits may not be suitable. Alternative tools include:
 - non-discriminatory job evaluation schemes,
 - measuring the pay gap by grade or type of work, and
 - measuring the pay gap by full time or part time hours.

Implementation of section 78:

- The Commission commissioned research on current gender pay activity in large non-public sector organisations and then developed different measurements published in 2010 as *Proposals for measuring and publishing information on the gender pay gap* (gender pay metrics). This report highlights the number of private and voluntary sector organisations that already voluntarily measure and report.
- The Commission recommends equal pay audits as the best defense against equal pay claims, but overall we favour businesses taking ownership of equal pay and being proactive from within. However as the government are keen to introduce compulsory pay audits for employers that lose an equal pay claim, we will of course support this as it helps to promote transparency (even if it is reactive and legally binding).
- Also we recognise that equal pay audits are not suitable for all businesses. In conjunction with the British Chamber of Commerce we have developed a “quick start guide” for small businesses. There is no one correct measure of the differences in pay between men and women. Size of organisation and sector must be taken into account. There should be some degree of flexibility and choice in what measures are used and how information is published.
- The Commission published its gender pay metrics report in 2010 which identified different ways for employers to report on the gender pay gap. After this was published, the GEO began work on Voluntary Gender Equality Reporting which broadened the measurements to include other gender equality issues. This became known as “Think, Act, Report”. This is a Home Office product which the Commission supports.

The requirement for male comparators:

- The Commission’s view is that the requirement in most cases for an actual comparator meeting technical conditions as to common employment can obscure the purpose of equal pay legislation, which is to ensure that a woman is not paid less than a man for equal work, whether that is due to direct or indirect sex discrimination.
- To bring a “sex equality case” under the equality of terms provisions in Part 5 Chapter 3 of the Equality Act 2010 a woman has to identify an actual male comparator who can be shown to be doing equal work to hers but being paid more. S.71 Equality Act 2010 is an improvement on the previous Equal Pay Act 1970 because it allows a woman to bring a pay-related sex discrimination claim using a hypothetical comparator. However, this only applies where the difference in pay is alleged to be because of direct sex discrimination. The example given in the explanatory notes to the Act was: “If an employer tells a female employee that if she were a man she would be paid more (and there are no actual male comparators), she can claim direct sex discrimination as less favourable treatment and use a hypothetical comparator.”
- There is no equivalent provision allowing an indirect discrimination case to be brought in the absence of an actual comparator, despite suggestions that this may be incompatible with EU law. As claims of direct discrimination are relatively rare, we would like to see hypothetical comparisons permitted for indirect discrimination claims as well.⁹¹

⁹⁰ “Quick start guide to providing equal pay”, EHRC, 2011 <http://www.equalityhumanrights.com/advice-and-guidance/tools-equal-pay/quick-start-guide-to-providing-equal-pay/>

⁹¹ In Lords debates, Lord Lester said: “Clause 71 does not enable a claim of indirect sex discrimination in relation to pay to be brought where there is no actual comparator. In my view, that is not compatible with EU law, although I accept that the circumstances in which EU law does or does not require an actual comparator are not clear. That is why I shall not press that point: it is not fair to expect the Government to operate on the basis of unclear law. I gather that there may be a case that deals with that point.”

- The requirement to find a comparator which is valid under the current equal pay provisions is one that continues to give rise to complex litigation. To be a valid comparator the man must meet the criteria set out in s. 79 of the Equality Act. These are costly and protracted cases on technical issues, such as whether claimants employed as school support staff by a council can compare their pay with groundsmen, road workers and refuse workers employed by the same council at different workplaces (*North v Dumfries and Galloway Council*).
- EU principles refer to equal pay being required in the “same establishment or service”. Our view is that this requires a broad view of appropriate comparators. Otherwise, claims fall prey to technical arguments which obscure the main question in issue, which is whether there is a justification for the difference in pay. That is not to say that genuine differences between a single employer’s workplaces may not give rise to a non-gendered objective justification for a pay difference—only that it should be considered at that stage or proceedings and not as a preliminary barrier to bringing claim.
- An equal pay case in Scotland is currently pending before the Supreme Court. *North v Dumfries and Galloway Council* concerns the identification of appropriate comparators. Equal pay legislation allows comparisons between women and men in “the same employment”, defined as where the comparator is employed by the same or an associated employer either at the same establishment, or at a different establishment where common terms and conditions are observed either generally or for the relevant classes of employee. Where there are cross-establishment comparisons within a local authority, what needs to be shown in order for it to be said that there are common terms and conditions? In *North*, the claimants are women employed as school support staff whose comparators are groundsmen, road workers and refuse workers employed at different workplaces. The Inner House held that in order to show common terms and conditions in a case like this, it has to be shown that were the comparators to be transferred to the claimants’ place of employment, their terms and conditions would be unchanged by their hypothetical transposition. In this case, the evidence suggested that the male comparators’ terms and conditions would change significantly if they were employed in a school. Accordingly, the claim failed. In the Supreme Court, the union is arguing that the comparison can be made because there is a “single source” under EU law, that is to say, a single body responsible for the inequality which has the power to restore equal treatment. This case is now due to be heard in May 2013.

2. What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

- The Court of Justice of the European Union has held that pay systems that are not transparent are particularly at risk of being found to be discriminatory. Transparency means that pay and benefit systems should be capable of being understood by everyone (employers, workers and their trade unions). It should be clear to individuals how each element of their pay contributes to their total earnings in a pay period.⁹² Employers need to be aware of their obligations to have accessible and transparent pay systems.
- There are number of ways that organisations can measure and report on pay transparency:
 - Home Office initiative, *Think, Act, Report*.⁹³
 - Commission guidance Proposals for measuring and publishing, information on the gender pay gap,⁹⁴ Commission toolkit on equal pay audits⁹⁵ and pay a Quick guide to providing equal pay⁹⁶ designed specifically for small businesses.
 - Enact Section 78 to make gender pay reporting mandatory for organisations with 250+ employees. The clause applies only to private companies and third or voluntary sector organisations employing at least 250 employees. There are some 6,900 of these, employing over 10 million employees.⁹⁷ Making this power mandatory will have an enormous impact on a large number of the working population and their families.
 - Organisations should be encouraged to use the business tools that are already available for them to use. See note on Women and Work Commission below.

3. What has been the impact of the current economic crisis on female employment and wage levels?

- The recession ended in the third quart^r of 2009. This was followed by an initial period of jobs recovery in 2010 and then a subsequent relapse in 2011 as economic growth stagnated.

⁹² http://www.equalityhumanrights.com/uploaded_files/EqualityAct/equalpaycode.pdf

⁹³ <http://homeoffice.gov.uk/equalities/women/women-work/gender-equality-reporting/one-year-on-report/>

⁹⁴ http://www.equalityhumanrights.com/uploaded_files/research/gender_pay_gap_proposals_final.pdf

⁹⁵ <http://www.equalityhumanrights.com/advice-and-guidance/tools-equal-pay/equal-pay-audit-toolkit/>

⁹⁶ <http://www.equalityhumanrights.com/advice-and-guidance/tools-equal-pay/quick-start-guide-to-providing-equal-pay/>

⁹⁷ Small and medium enterprises in the UK and regions 2007, BERR, October 2008.

- Men account for almost three-quarters of the net rise in employment during the period as a whole (Table 1). Similarly, the gap in male and female unemployment rates has narrowed from 2.5 percentage points to 1.5 percentage points (Table 2). While the female unemployment rate has increased throughout the post-recession period to date, the relative deterioration in the position of women in the labour market ended in 2010.
- It is unclear why women's levels of employment have not decreased as expected, considering the huge reduction in public sector jobs where female employment is heavily dominated. One theory is that men have been hit hardest by the loss of part-time employee jobs in 2011, while women employees have also fared better in terms of full-time jobs.⁹⁸

4. As the double dip recession continues, it is too soon to conclude the full impact on female employment and wages.

5. How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

- The Commission's *Triennial Review* provides data to show the extent of both horizontal and vertical segregation in the labour market.
- The recent Commission research into equality and careers: "*All things being equal? Equality and Diversity in careers education, information, advice and guidance*", shows how good careers education and guidance (CEG) can tackle stereotypes and improve choices but is currently failing to do so for some groups, and what needs to change. On subject choices and occupational preferences, the report found that:
 - Aspirations and career interests start early; choices are highly gendered from early on
 - Choices reflect cultural stereotypes
 - Gendered choices affect pay and prospects
 - Aspirations and career interests can be raised and widened—but careers guidance provision is not focused on achieving this
 - Careers education, information, advice and guidance (CEIAG) should actively address stereotyping
 - The needs of young people in equality groups must be understood
 - Good practice should be more widely disseminated
 - CEIAG begins too late and early intervention, with careers education in primary schools is one of the best ways of redressing inequality.
- On the basis of this evidence, evidence from other organisations, and a lack of resources for primary schools, in October 2012 the EHRC produced a curriculum resource for equality in careers related learning for KS2 pupils (7–11). *Equal Choices, Equal Chances*⁹⁹ explains what stereotyping is, and explores children's attitudes towards gender stereotyping. The EHRC's *Equal Rights, Equal Respect*¹⁰⁰ resource for 11–14 year old pupils similarly addresses stereotyping. A 10 minute film called "Pipe Up" considers gender stereotyping in careers choices, through humour, song and dance, and what children can do about it.
- The *Equal Rights Equal Respect* school resource, produced with the support of the MoJ, is proving extremely popular with teachers. Since launching in October 2012 this has attracted 141,241 unique page hits, it has been downloaded 59,104 times and the video has been viewed 36,336 times.
- EHRC's *Working Better* report highlighted that the availability of flexible working was much lower in male-dominated sectors, hindering work opportunities for women.
- Inflexible working patterns also lead to vertical segregation. Outdated working patterns and inflexible organisations continue to be major barriers to women's participation in positions of authority. Company cultures where long hours are the norm and the unequal division of domestic responsibilities limit women's potential to find the time and energy these top posts demand.
- Employees in the UK work some of the longest hours in Europe.ⁱ The assumption that employees must work these hours in order to advance their careers imposes greater career penalties on women who often have to reconcile unpaid and paid work and want a balance between their work and home lives.
- In the *Inquiry into Sex Discrimination in the Finance Sector*, the EHRC found that women are prominent in secretarial and administrative positions, but are significantly under-represented in managerial jobs and top posts.ⁱⁱ As in many other industries, the long hours culture that is prevalent in the finance sector—and particularly at senior levels—can make it difficult for employees who want to combine work and family life.
- Positive action training programmes such as those delivered by Sector Skills Councils.

⁹⁸ "How men and women have fared in the UK post-recession jobs market," CIPD December 2011

⁹⁹ <http://www.equalityhumanrights.com/advice-and-guidance/a-free-primary-careers-education-resource/>

¹⁰⁰ <http://www.equalityhumanrights.com/advice-and-guidance/equal-rights-equal-respect/>

6. What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

The Women & Work Commission (2009) noted that while good progress has been made in key areas like childcare and the right to request flexible working they were disappointed that more progress has not been made in the private sector, especially in opening up opportunities for quality part-time and flexible work. The Government Equalities Office (GEO) was asked to take the lead on developing a work programme to promote quality part-time and flexible working, working collaboratively with BIS.

- When the Government encourages and supports the growth of part time work this needs to be *quality* part time work. The definition of quality part time work is that it:
 - provides the same pro-rata terms and conditions, development and progression opportunities as similar full time work;
 - enables the job-holder to maintain or enhance their skills;
 - enables an acceptable work-life “balance”, meeting the needs of both employer and employee; and
 - where a business case can be made, provides the opportunity to increase the number of hours to full time work, if desired, at the same or a higher level.
- Small businesses need practical support to help them create quality part time and flexible jobs.
- Business networks should be supported to promote the business benefits of part time and flexible working to employers, and to combat the myth that it is more expensive than full time employment.
- Government departments and public sector agencies to lead by example, by making all vacancies available on a part time or flexible basis, unless there is a good business case not to. Consider providing tax incentives for small businesses to create part time roles eg NIC waivers.
- The Women like Us¹⁰¹ initiative offers career support for women and a job placement service Timewise Jobs which helps candidates who want to work part time, meet forward-thinking employers who value their talent. Candidates can find part time work at a level that reflects their skills and experience, and also gives them the flexibility they want out of life. Specialises in “quality” part time jobs across a wide range of business sectors and role types. It’s hard to find part time jobs like these through mainstream recruitment routes.
- For employers, Timewise Jobs gives easy access to part time candidates beyond their expectations. Candidates who will help them experience the business benefits of having a skilled, flexible workforce.
- The Commission has in its turn promoted flexible working and particularly flexibility for all and strongly supports the government’s commitment to extend the right to request flexible working.
- The secretary of state for the DCMS, Maria Miller, in her speech¹⁰² in November 2012, announced that government “will be pressing ahead with plans to extend flexible working—and also to reform the system of parental leave so that parents have much more choice and flexibility over how they look after their children in the first year of their lives: “Women should not have to choose between their job and their families, all of these changes will help them to find a balance that works for them”. See Annex 10 for further extracts.
- We know from the evidence gathered for the EHRC’s *Working Better* report (2009) that for many with flexible working arrangements (including part time) these were a feature of the job when they started. Actually more so for men (40%) than women (31%). Often the flexibility offered is the reason people sought out that particular job to enable them to combine their work and family or caring responsibilities.
- Informal requests were the next source with 28% made by women and 18% by men.
- A significant proportion of British workplaces exclude managers from part time jobs and this is also an issue in other countries. In retailing nearly one in five employers make full time work a condition of managerial posts. Managers are also less likely to try to reduce their hours. If they do so they are less likely to succeed.

¹⁰¹ <http://www.womenlikeus.org.uk/home.aspx>

¹⁰² http://www.culture.gov.uk/news/ministers_speeches/9519.aspx

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- There is a need to challenge the full time norms attached to senior management positions. For example: Addleshaw Goddard—The firm aims to provide the best possible service to clients while promoting a working environment where people are valued for their skills and the results they produce, and not for where, when and how they work. Flexible working is available to everyone. Over 16% of staff have formal flexible working arrangements such as reduced hours, job-sharing and term-time working. Many more work flexibly on an informal basis, for example working from home sometimes. Among the partners, 11% work flexibly, more than half of them women. Some members of the governance board, nearly 40% of whom are women, work flexibly.
http://www.equalityhumanrights.com/uploaded_files/Employers/flexbetterworkingguide.pdf
 - We would like to see more male and female managers working part time and flexibly and the notion of what is part time and full time work needs to be re-examined. Modern technology and management gives more options to work flexibly both in terms of location and time. Hours can often be tailored to suit both employer and employee needs.
 - We would like to see more employers offering employees, who are working reduced hours, the option to request more hours or a return to full time. Often those who are working part time do so because it's the only flexible working option offered and in fact other forms of flexibility may work better for them. It's important that individuals are able to move from fulltime to reduced hours (if required) and vice versa, subject to business need, as their personal circumstances change over time.
 - We have recommended that employers include flexible work options in job adverts and we support the current flexibility strapline initiative led by DWP through its Flexible Working: Private Sector Working Group (EHRC is a member).¹⁰³

7. To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?

- Lord Davies' report *Women on Boards (February 2011)* made ten recommendations on how to increase the number of women on the Boards of FTSE 350 companies. The Davies approach was to set targets and measure progress in the FTSE sector to be achieved through voluntary business led actions. (In 2011 only 12.5% of directors of FTSE 100 Boards and 7.8% of directors of FTSE 250 Boards were women).
- Davies recommended FTSE 100 boards aim for a minimum of 25% female representation by 2015—and this was expressed as a starting point. FTSE 250 companies were asked to set out their own percentage targets for 2013 and 2015.
- Davies had indicated that efforts need to be ramped up and change needed to be quicker to avoid government interference. The implied threat of legislative measures from the EU is felt to have had an effect.
- While the current, preferred approach in the UK is a business-led non legislative one. The EHRC's view is that the success needs to be carefully measured and monitored as well as encouraged and supported. Alternative measures (legislative if necessary) should be considered if it does not succeed in delivering sustainable change.
- *Current position* (at 30th November, 2012) indicates the percentage of new appointments going to women in both the FTSE 100 and FTSE 250 companies has risen, with 44.1% for FTSE 100 and 36.4% for FTSE 250. (This is the current FTSE Board appointment rate April—Nov 2012. No figures for 2011).
- Women now account for 17.4% of FTSE 100 and 12.0% of FTSE 250 board positions. Ninety-two FTSE 100 companies and 170 FTSE 250 companies now have at least one woman on their board.
- To ensure progress continues, the EHRC's analysis would point to:
 - a series of longer term sustainable targets to 2017 and beyond, and
 - a specific target for the FTSE 250. (this is being considered by Lord Davies).
- It is unlikely that a totally voluntary approach would work without clear targets for change and pressure to create business ownership of them. There is little doubt that a factor for success thus far is the business community's respect for Lord Davies and the government's clear commitment to change. Changes to the Corporate Governance Code, pressure from the investor community, and improved gender reporting by companies at Board, executive and senior management level help make transparent companies' commitment to change and their progress.

¹⁰³ See: Working Better: Meeting the changing needs of families, workers and employers in the 21st century
http://www.equalityhumanrights.com/uploaded_files/working_better_final_pdf_250309.pdf

8. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

- Investors are increasingly taking into account company performance on diversity and in particular the balance of men and women on corporate boards. Investors such as Legal and General and representative groups like the Association of British Insurers (ABI) are looking to see greater progress and accountability.
- Aviva Investors has been one of the first to announce it will start voting against FTSE 350 Report & Accounts in 2013 if either a diversity statement is not included, the diversity statement is not considered satisfactory or there is clear evidence that diversity is not being sufficiently considered. From 2014, Aviva Investors will also consider voting against the Nominations Committee Chairman and/or Board Chairman if FTSE 350 companies fall short of its expectations to ensure the Board has the appropriate range and balance of skills, experience, independence and knowledge.
- Emma Howard Boyd, Sustainable Investment and Governance Director, Jupiter Asset Management, outlined the 30% Club's focus on the next steps for Diversity and Stewardship, with recommendations for how investors could engage with FTSE 350 companies. "We would encourage investors to engage with companies in the first instance. However, over time, this oversight could extend to AGM voting in the event of inadequate board leadership in this area."
- The EHRC's view is that the greatest incentive is business ownership of this agenda and recognition of the benefits of diversity and improved board effectiveness. Businesses are also concerned about their corporate reputations, and enhanced interest amongst shareholders and investors helps drive their commitment to improving representation of women on boards. Evidence suggests that companies with a strong female representation at board and top management level perform better than those without and that gender-diverse boards have a positive impact on performance. It is clear that boards make better decisions where a range of voices, drawing on different life experiences, can be heard. That mix of voices must include women. (Lord Davies report Women on Boards 2011).

9. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

- The overall increase in female directors at non executive level has been a positive outcome of the Davies report but does disguise the fact that the number of female executive directors has remained static, which is a cause for concern. In the 12 months to September 2012, there were 22 executive directors appointed and not one went to a woman.
- In November 2012, the percentage of female executives was 6.7% in the FTSE 100 and just 5.2% in the FTSE 250.
- It is recognised that businesses must do more to identify and develop talented individuals within their organisations for executive directorships.
- Executive directors on Boards are usually in the minority and are normally the CEO and Financial Director.
- Lord Davies in his meeting with Baroness Prosser (October 2012) also highlighted concerns about levels of attrition occurring at the senior levels of corporate companies. This he largely attributed to corporate culture not supporting the careers and responsibilities of talented women. Their response may, he suspected, be to abandon or delay career ambitions or seek advancement in alternative sectors including self employment. Recognising the importance of this issue the EHRC is considering hosting an employer roundtable to discuss how the attrition and culture issues might be addressed.
- The business case for gender diversity is well recognised and increasingly the subject of research studies (Cranfield, Credit Suisse, Mc Kinsey). For example: The Credit Suisse Research Institute report in August 2012 "Gender diversity and corporate performance" comments that while it is difficult to demonstrate definitive proof, they found that companies with more one or more women on the board have delivered higher average returns on equity etc. Their research suggests that a specific consequence of greater board diversity for shareholders is one of reduced volatility—manifested as enhanced stability in corporate performance and in share price returns.¹⁰⁴
- The Female FTSE Reports, (Cranfield University, School of Management) and the Women Matter reports (Mc Kinsey & Company) have consistently indicated there are significant differences between companies with and those without female directors. Market capitalisation is significantly higher ($p = 0.001$) in companies with women on the board, although firms with female directors do not have significantly larger workforces. (Cranfield)
- The Women Matters reports (McKinsey & company) indicate that companies with more women in their executive committees have better financial performance. Companies with the highest share of women out perform companies with no women. In terms of return on equity the top quartile group exceeds by 41% the group with no women and in terms of operating results the more gender diverse companies exceeds by 56% the group with no women.

¹⁰⁴ https://infocus.credit-suisse.com/data/_product_documents/_shop/360145/csr_gender_diversity_and_corporate_performance.pdf

- The business case relates to four key dimensions: improving performance, accessing the widest talent pool, being more responsive to the market and achieving better corporate governance. (*Gender diversity on boards: the appointment process and role of executive search firms. EHRC 2012*)
- “Boards are intellectually and socially enriched by the presence of women and consistently more effective through balanced judgment and opinion in decision-making.” Sir Roger Carr, Chairman, Centrica
- *Women on Corporate Boards and in Top Management* (Palgrave Macmillan, 2012), published in May 2012, after our own study by Cranfield University, provides a detailed review of the available evidence on the business case for gender diversity. It examines whether gender diversity at board level and in senior management increases profitability and shareholder value. Summarises the findings of 24 worldwide studies; of these 14 found a positive relationship between gender diversity at board level and firm performance, two found a negative relationship and the remainder found no relationship or mixed findings.

10. *How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?*

- Recommendation 8 of the Davies Report recommended executive search firms drew up collaboratively a voluntary code of conduct to address the challenges relating to increasing the appointment of women on FTSE 350 boards. The code was published in July 2011.
- EHRC commissioned Cranfield School of Management to conduct research into the appointment process, the impact of the voluntary code and role of the search firms.¹⁰⁵

The report revealed a lack of consensus among executive search firms (ESFs) when it came to what qualities are sought in board candidates beyond their experience. This lack of clarity leaves room for shifting criteria and subjective judgment in the appointment process.

Whilst the research revealed good practice amongst certain ESFs, it also revealed a lack of consensus with regards to the appointment process. To tackle this, the report makes recommendations including:

- as intermediaries in the executive labour market, executive search firms need to set clear definitions as to what is sought from board candidates, beyond their experience;
- executive search firms, chairmen and nomination committees need to review the interview process to make it more transparent, rigorous and professional;
- executive search firms need to invest more time into developing relationships with women in the pipeline who could become executive or non-executive directors later in their careers; and
- executive search firms need to carry out regular reviews of the effectiveness of the voluntary code of conduct.

Key findings from the report were as follows:

- “Board appointment process remains opaque and subjective, and typically driven by a corporate elite of predominantly male Chairmen who tend to favour those with similar characteristics to themselves.”
- Some change but fit with existing Board members still predominates.
- ESFs assess on not just capabilities/skills but also how they fit current Board. Most male—dominated.
- Prior Board experience is sought out and is a barrier to many women.
- Identified a heightened awareness of need to act on gender diversity. Some good practice emerging—proactively raising, defining brief, expanding talent pool, long list, supporting women, supporting chairs—but not by all search firms

Annex 1

RELEVANT EHRC PUBLICATIONS AND PROJECTS

2012

1. *Publishing equality information: Commitment, engagement and transparency* (2012) Public authorities in England (and non-devolved bodies in Scotland and Wales) which are subject to the specific duties had until 31 January 2012 to publish information to demonstrate compliance with the general equality duty. This report sets out the findings of the assessment: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/monitoring-and-enforcement/>

2. *Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms. Research report 85* (2012) The Commission published new research looking at the process of recruiting and appointing

¹⁰⁵ “Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms” Equality and Human Rights Commission, May 2012 http://www.equalityhumanrights.com/uploaded_files/research/rr85_final.pdf

women onto the boards of the FTSE 350 listed companies in the UK. It is the first in-depth study into the appointment process to corporate boards and the role of head hunters. The report identifies good practice and suggests recommendations for further action by headhunters and chairmen. http://www.equalityhumanrights.com/uploaded_files/research/rr85_final.pdf

3. *Equal Choices, Equal Chances* (2012) is a set of free online education resources to help deliver careers and equality-related learning to Key Stage 2 students in primary schools in England. <http://www.equalityhumanrights.com/advice-and-guidance/a-free-primary-careers-education-resource/>

2011

4. *Gender pay gaps: Briefing Paper 2* (2011) seeks to present within a single, short, document the best available, and publicly accessible, recent statistical data in the United Kingdom (UK) relating to gender pay gaps: http://www.equalityhumanrights.com/uploaded_files/research/gender_pay_gap_briefing_paper2.pdf

5. *Equal Pay Statutory Code of Practice* (2011) This is a statutory code issued by the Commission under s.14 Equality Act 2006. It was approved by the Secretary of State and laid before Parliament on 27 July 2010. The code does not itself impose legal obligations. However, it helps explain the legal obligations under the Equality Act 2010. Tribunals and courts considering an equal pay claim are obliged to take into account any part of the code that appears relevant to the proceedings. If employers and others who have obligations under the Act's equal pay provisions follow the guidance in the code, it may help to avoid an adverse decision by a tribunal or court in such proceedings: http://www.equalityhumanrights.com/uploaded_files/EqualityAct/equalpaycode.pdf

6. *All things being equal? Equality and Diversity in careers education, information, advice and guidance. Research report 71* (2011). The Commission commissioned the research for this report to identify and assess the equality impact of careers education, information, advice and guidance (CEIAG) policy and practice for children and young people aged seven to 16 on young people's destinations post 16. The research includes both a detailed exploration of the role of CEIAG in opening up opportunities and an examination of young people's academic and vocational choices. It is the first of its kind in this area to focus on young people across the equality strands, including gender, race, disability, sexual orientation, religion or belief and groups including Gypsy, Roma and Travellers, young people not in education, employment or training (NEET) and teenage mothers. It also looks at how socio-economic status affects aspirations and achievement, and adds additional insight to the findings of the Commission's Triennial Review: http://www.equalityhumanrights.com/uploaded_files/research/71_careers_information.pdf

7. *Equal Rights, Equal Respect* (2011) is a set of free online teacher training and education resources to help teach Key Stage 3 students (11–14 yr olds) in England about equality and human rights in a way that is relevant to their lives. <http://www.equalityhumanrights.com/advice-and-guidance/equal-rights-equal-respect/>

2010

8. *How fair is Britain? The first Triennial Review* (2010) a comprehensive report on society's progress on equality and human rights: <http://www.equalityhumanrights.com/key-projects/how-fair-is-britain/>

9. *Proposals for measuring and publishing information on the gender pay gap* (2010). In the spring of 2009 the Government invited the Commission to help improve gender pay transparency in the private sector by working with the business community and key stakeholders to propose ways of measuring and sharing information on the differences between men's and women's pay at a company level: http://www.equalityhumanrights.com/uploaded_files/research/gender_pay_gap_proposals_final.pdf

10. *Quick-start guide to providing equal pay* produced in conjunction with the British Chambers of Commerce to make it easier for small and medium sized businesses to examine their pay systems to ensure they comply with equal pay laws: <http://www.equalityhumanrights.com/advice-and-guidance/tools-equal-pay/quick-start-guide-to-providing-equal-pay/>

2009

11. *Equal pay audit toolkit* is an online guide for employers to carrying out an equal pay audit, designed for businesses with over 50 employees. It gives advice on good equal pay practice, on conducting equality impact assessments and provides guidance on actions arising from the audit that may need to be taken to eliminate any pay gaps: <http://www.equalityhumanrights.com/advice-and-guidance/tools-equal-pay/equal-pay-audit-toolkit/>

12. *Working Better: Meeting the changing needs of families, workers and employers in the 21st century* (2009) a report outlining proposals for a new approach to working that will help tackle the gender pay-gap, bring greater support to families, and show modern ways of working are better for the economy. It takes a detailed look at what modern parents say would make a difference to them and offers some possible solutions and initiatives to help make that a reality. <http://www.equalityhumanrights.com/advice-and-guidance/working-better/meeting-changing-needs/>

13. *Inquiry into Sex Discrimination in the Finance Sector (2009)* The Commission carried out this Inquiry to investigate the nature and causes of gender discrimination and inequality in financial services organisations, including the gender pay gap, and to identify effective solutions. The Commission decided to conduct the Inquiry using its legal powers under section 16 of the Equality Act, which include mandatory disclosure powers, to access information that may not be otherwise available. <http://www.equalityhumanrights.com/legal-and-policy/inquiries-and-assessments/inquiry-into-sex-discrimination-in-the-finance-sector/>

14. *Response to the Low Pay Commission consultation on the national minimum wage for apprentices. (2009)*. <http://www.equalityhumanrights.com/legal-and-policy/consultation-responses/response-to-consultation-on-the-national-minimum-wage/>

Supplementary written evidence submitted by Equality and Human Rights Commission

The Women and Work programme was established in 2006 and ran until 2011.

There were several stakeholders involved in the programme, including the Equality and Human Rights Commission. The Commission aimed to ensure positive action was reflected in the project, and to demonstrate the need for and value of positive action in training and development.

The UK Commission for Employment and Skills managed the delivery of the programme with a sector based delivery model through the national network of Sector Skills Councils (SSCs).

SSCs led the Women and Work projects aimed to build new recruitment and career pathways for women in sectors, sub-sectors or occupations where they are under-represented and/or where there are skills shortages. The intention was that it should lead to:

- Increased entry and retention levels
- Increased career progression opportunities
- Increased short-term and long-term earning potential
- The engagement of employers in overcoming barriers faced by women in the labour market
- An enabled and encouraged long-term culture change.

There were three phases of the original Women and Work programme and because of its success, in terms of outcomes for the women themselves and the levels of employer engagement, it was extended until the end of March 2011. By the end of phase 3, 23,000 women had gained jobs or training qualifications; the programme had the support (matched funding) of 3,000 employers; and 14 projects were up and running.

An independent evaluation found 46% of learners felt that the project improved their confidence, 23% believed it enabled them to progress in their work, and 20% believed it led to increased responsibilities. 4% gained a level 3 qualification and 3% progressed to higher level technical roles.

Following the decision to make the transition from grant to challenge based investment funding for SSCs from April 2011, it was agreed to incorporate the final year of Women and Work funding in 2011–12 as a strand of the first round of the new Employer Investment Fund.

One of the key features of the programme was the engagement and the enthusiasm of the Sector Skills Councils who delivered the programme. For many it became a very significant part of their offer to employers.

One of the strengths of the programme was its strong identity as a programme concerned with women's potential and development. The programme could be seen as an exemplar of positive action in practice.

April 2013

Written evidence submitted by the Fawcett Society

ABOUT THE FAWCETT SOCIETY

1. The Fawcett Society is the UK's leading campaign for women's equality and women's rights. Our vision is of a society where women, and our rights and freedoms, are equally valued and respected and where we have equal power and influence in shaping our own lives and our wider world. We trace our roots to Millicent Fawcett's and the suffragists' successful parliamentary campaign for women's right to vote. Since then we have continued to work with parliamentarians on a cross party and non partisan basis to progress equality between women and men at home, at work and in public life.

THE GENDER PAY GAP

Questions: *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

Context

2. In May 2010, along with the TUC, the Equality & Human Rights Commission, and UNISON, Fawcett held a landmark conference to mark the 40th anniversary of the Equal Pay Act: *Equal Pay—Where Next?* The report of this event¹⁰⁶ addresses all the issues outlined above calls for a *strategy to address the multiple causes of the pay gap*. This strategy should include a combination of legislative, policy and campaigning action under the following four key areas:

MAKING THE BUSINESS CASE FOR EQUAL PAY

3. There is ample evidence that gender pay gaps contribute to the UK's lower productivity. In 2006 the Women and Work Commission estimated that removing the barriers to women working in occupations traditionally done by men and increasing women's labour market participation, could be worth between £15 and £23 billion to the economy or 1.3 to 2% of gross domestic product.

4. A levelling up of women's earnings has the potential to bring gains to the Exchequer not only in increased revenue from tax and national insurance, but also through a reduction in the payment of benefits and tax credits. It is possible to infer from national statistics that an average woman working full-time until retirement age would lose £361,000 in gross earnings over the course of her working life. Closing the gender pay gap would improve the financial wellbeing not only of women but also of their partners and children, and would reduce the likelihood of women's poverty in retirement.

5. There is a need to change the culture around what is appropriate pay for men and women. In order to change culture, it is important to position the pursuit of equal pay above other political, economic or business objectives and identify equal pay as a core objective for business, as opposed to a mere add-on. Business and trade union leaders should initiate the implementation of pay practices that treat men and women equally, but if this change is to be effective, those leaders need to ensure that their decisions influence the behaviours and decision-making of people lower down within the organisation.

6. Key recommendations:

- Encouraging employers and trade unions who have implemented equal pay systems to publicise what they have done and how they have gained from it. Publishing examples of equal pay best practice in the private sector will debunk the myth that equal pay "is bad for business".
- Encouraging businesses to extend their budgetary perspective. A longer term view will be more likely to show not only a more accurate financial picture, but also the harder-to-evaluate qualitative gains.
- Connecting the positive effects for the whole economy to arguments for closing the gender pay gap. For example reducing the gender pay gap would increase UK productivity while reducing financial dependency on the state; these gains will benefit business and the economy.

CHANGING THE WAY WORK IS ORGANISED TO REFLECT A CHANGING WORKFORCE LANDSCAPE AND TO SUPPORT EQUAL PAY MEASURES

7. Flexible working is now in the mainstream of employment practice but has flexible working changed how work is organised? In most organisations it has simply allowed some people to change the way they do their jobs. Fundamentally, flexible working remains an accommodation for workers to deviate from the "standard" working pattern to suit their individual circumstances.

8. Although generous maternity incentives have increased the number of women returners, their performance on return to the workplace has not been maximised. What has evolved, however, is a workplace where less well paid, less well-trained part-time jobs is the lot of mothers; employers get a great deal out of employing thousands of part-time women who will trade better pay and career prospects for flexibility, even though they are often over-qualified for their attained position.

9. In many organisations, large scale work organisation for better work-life integration is not high on the agenda. This means that work organisation is often delegated to managers, who deal with individual requests

¹⁰⁶ <http://www.fawcettsociety.org.uk/documents/Equal%20Pay,%20Where%20Next%20Nov%202010.pdf>

for flexible working. The inherent weakness in this localised response is that it often depends on an individual manager's attitude and beliefs. A higher-level approach is required which looks at areas of operation when considering work design. Organisations should be thinking about sustainability and the potential impact of work intensification and long working hours on the long term viability of an organisation. Long hours should not be the solution to badly designed working practices. Good work organisation is ensuring that people have manageable workloads. Partnerships between trade unions and employers can work to increase the choices that workers have by encouraging a different approach to work. Within set parameters, there must be an openness to review what work actually entails, and how it can best be done taking into account both the needs of business and employees. This goes beyond flexible working at the individual level; it is about organisational flexibility to enable better working.

10. Key recommendations:

- Raising awareness amongst employers that a modern workplace should offer more than just flexible working. It should include innovative practice, such as job-shares at senior levels and ensuring that training opportunities for women working part-time/flexibly are made available.
- Highlighting to employers that maintaining unsustainable work organisation structures that are increasingly out of kilter with the way people live today will cause tangible harm to the organisation in terms of lost productivity, lower morale, lower employee loyalty and higher employee turnover.
- Involving trade unions to negotiate and bargain for extending members' opportunities for well paid, high quality work and to tackle inequalities within workplaces.

IMPROVING THE LAW TO IMPLEMENT A FRAMEWORK THAT MAKES UNEQUAL PAY PRACTICES UNLAWFUL AND HOLDS ORGANISATIONS TO ACCOUNT

11. The Equal Pay Act 1970 has not proved successful in achieving the aim of closing the gender pay gap. It adopted a remedial model which allows employers to backdate pay or contractual damages to women who successfully win a claim. However, it does not place punitive measures on employers failing to comply with the law and offers no compensation, beyond the pay adjustment, to women who have successfully won their claim. The Equal Pay Act fails to address structural inequalities such as gender stereotyping in schools, occupational segregation, women's disproportionate share of caring responsibilities and women's patterns of work which are more likely to be interrupted by child care and other responsibilities and are more likely to be punctuated by part-time work.

12. The Equality Act 2010 regrettably enforces measures addressing inequality in pay which are similar to those in the Equal Pay Act 1970. It puts the responsibility on the woman bringing forward a claim to undertake the role of investigator, legal champion and enforcer. The Equal Pay Act also requires a male comparator employed in the same employment against whose pay the women's pay can be measured. The Equality Act does not enforce mandatory pay audits to ensure that employers are reporting on their gender pay gap and does not allow for representative action claims, which would allow individuals collectively affected by systematic pay discrimination to make a claim as a group.

13. Key recommendations:

- A root and branch review of equal pay law to ensure that it operates in the interests of women and employers. The current legal framework is ineffective, does not deliver equal pay and is wasteful of public resources.
- A new equal pay framework that makes clear the obligations on public and private employers to tackle unequal pay; allows for women claiming equal pay cases to take representative action; includes robust equal pay auditing obligations and increase the powers and sanctions available to employment tribunals and regulatory bodies.
- Implementing, in full, existing legislation such as the Equality Act 2010 that encourages workplaces to undertake and publish gender pay audits, change attitudes, challenge stereotypes and cultures that sustain unequal pay practices. This would help dispel the myth that women deserve to be both paid less and valued less than men.

CHANGING ATTITUDES, BELIEFS AND STEREOTYPES THAT PERPETUATE THE GENDER PAY GAP

14. There are converging causes of the gender pay gap all of which are affected in some way by attitudes and cultural beliefs about the respective roles and value of men and women. They include life time working patterns of women, such as time out for caring and the reality of more women being in part-time work; occupational segregation between women and men; unequal access to opportunities in education; and direct and indirect discrimination against women in the workplace.

15. Challenging negative attitudes and stereotypes that prevent women from achieving equal pay is perhaps more complex than legislative change but it is clear that without it, women will not achieve economic equality. Employers have a role to shape workplace cultures and in-so-doing have a significant influence on progressing change action in both the wider public sphere and in workplaces. Efforts to effect change should be focused around three key areas. They include addressing and preventing misconceptions and stereotypes formed in

children and young people from an early age; raising public awareness of gender inequality and tackling stereotyping; and indirect interventions by employers to tackle negative attitudes and beliefs and support positive ones.

16. Key recommendations:

- Working with schools to incorporate gender equality education in the relevant aspects of the National Curriculum, including explicit discussions about the gender pay gap and its causes.
- Undertaking more public education work in order to challenge stereotypical and limited ideas of women and men's respective roles and abilities.
- Raising young people's awareness of the gender pay gap and its consequences.

For more information and background think pieces on each of these key areas please visit: <http://www.fawcettsociety.org.uk/index.asp?PageID=1155>

WOMEN ON BOARDS

Context

17. Across the UK today, women are dramatically underrepresented in positions of power and influence. The under-representation of women in boardrooms is not only detrimental to gender equality, but also negatively impacts business performance. In the current economic climate the benefits of greater boardroom diversity for business performance must not be forgotten. There are compelling arguments for ensuring that women are equally represented in decision making; in particular, there is a growing body of evidence, largely drawn from business, that women make a positive difference to the quality of decision-making, increase corporate competitiveness and reduce the potential for "groupthink". The case for the economy is equally robust, given that the UK stands to gain £23bn by better harnessing women's skills. Bold moves by other countries in recent years has overturned claims of any absence of female leadership potential, demonstrated that a significant step-change in women's representation is achievable.

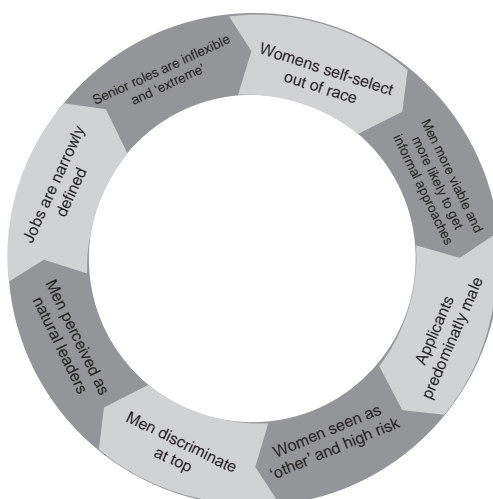
Question: To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon? How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?

18. In March 2011 Lord Davies published his Women on Boards report which found that women comprised a mere 12.5% of members of FTSE 100 boards. Although this figure has improved slightly in the year following publication with the percentage of women on FTSE 100 boards rising to 16.7%, there's still a long way to go. Although there is evidence that women's representation in the top levels of companies has improved since the publication of Lord Davies' Women on Boards in March 2011, the overall rate of change has been slow. A year on from the Davies Report, the overall percentage of women on boards stands at just 15%. The percentage of women being appointed to boards was 24.7% from Jan 2011–12—falling short of the 33% recommended in the Davies report.

19. The EHRC estimates that at the current rate of change it will take more than 70 years to achieve gender-balanced boardrooms in the UK's largest 100 companies. Evidence to date would suggest that the purely voluntary measures set out in the Davies report will not be sufficient to tackling the current levels of under-representation of women in boardrooms and certainly not the scale of change the Davies report sets out to achieve by 2015. The Fawcett Society fully recommends the introduction of legislation to enable the use of quotas as an additional mechanism in not only increasing the number of women in leadership roles and driving-through a step-change in women's representation, but in improving overall business performance of UK business and the economy.

Question: Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?

20. The low proportion of women to men in leadership positions in UK business is testament to the fact that women in the UK face significant barriers to progressing to the very top of decision making structures. Formal selection processes for directors can teeter between casual to non-existent where "shoulder-tapping" and peer referrals are endemic, in stark contrast to the rigorous processes laid down for the appointment of CEOs. The vicious circle shows how barriers to supply and demand combine to create low levels of representation in the UK today.



21. The case for increasing female leadership in UK boardrooms is simple and powerful, and can no longer be dismissed. Diversity at the top is a key to corporate competitiveness. In 2007, McKinsey and Catalyst's respective analyses made a significant contribution to the business case for women leaders. Both reports demonstrated a correlation between women's representation at board level and the financial performance of companies worldwide, pin-pointing a 30% turning point at which women's representation has a significant impact across a set of corporate performance indicators.

22. A 2012 study by the Credit Suisse Research Institute also demonstrates the substantial benefits of boardroom diversity for business. According to this study, companies with more female board members had a greater return on equity and higher average growth than companies with no female board members. The business of attracting, retaining and promoting the best talent is of primary concern to all UK businesses, particularly in the current financial climate of uncertainty.

THE IMPACT OF THE CURRENT ECONOMIC SITUATION ON FEMALE EMPLOYMENT AND WAGE LEVELS

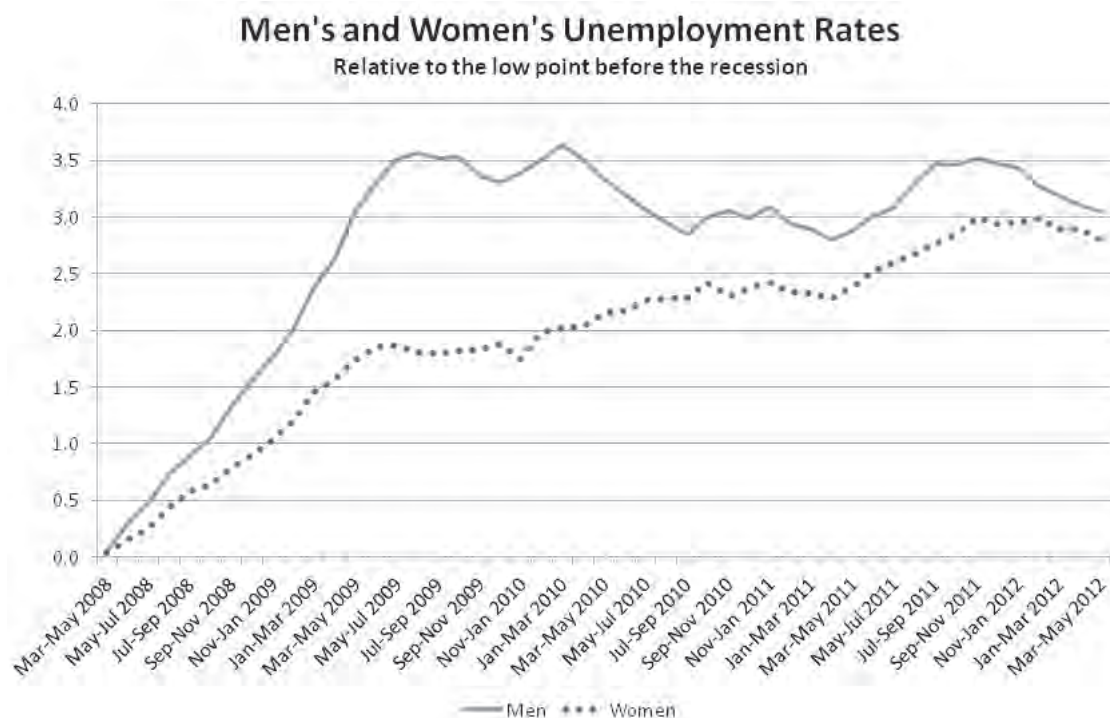
Question: *What has been the impact of the current economic crisis on female employment and wage levels?*

Unemployment

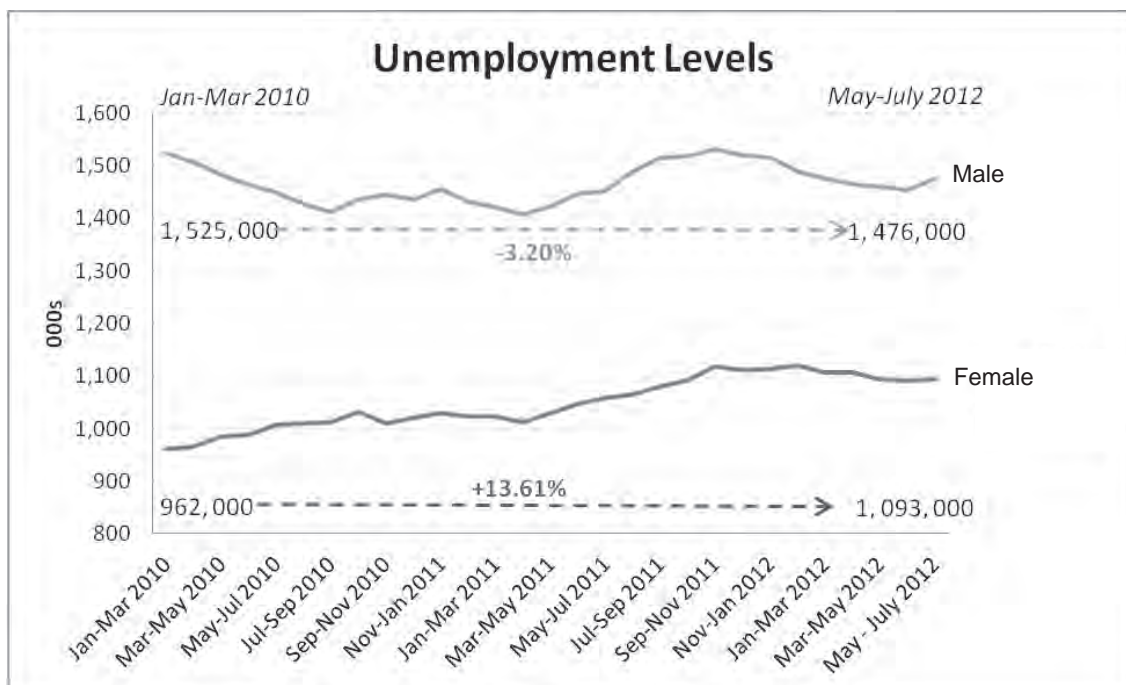
23. As noted by the TUC, both women and men were hit hard by the 2008–09 recession with employment falling and unemployment rising for both groups.¹⁰⁷ However the effects were felt worse by men. However, whilst men's unemployment largely levelled off in 2010, women's has continued to rise and now stands at 1.10 million—a 25-year high.¹⁰⁸

¹⁰⁷ <http://www.tuc.org.uk/economy/tuc-21436-f0.pdf>

¹⁰⁸ http://www.ons.gov.uk/ons/dcp171778_276985.pdf



24. Since the first quarter of 2010, men's unemployment has fallen by -0.5% and women's risen by +0.8%. In real numbers (levels), women's unemployment has increased by 131,000 to 1,093,000 in this period, an increase of 13.6%, whereas conversely men's unemployment has fallen by 49,000 to 1,476,000, a decrease of 3.2%. Thus women account for over 100% of the increase in unemployment over the last two years.



25. Losing a job is devastating for anyone, woman or man. Yet it is important to recognise that women may face particular difficulties when they become unemployed. They are more likely to have been in low-paid work and to have dependents living with them. They are less likely than men to have savings. Women therefore face a greater risk of immediate poverty as they become unemployed. It is within this context that we must understand the impact of rising female job losses.

26. Evidence indicates there are two key reasons for the declining status of women in the labour market: cuts to the public sector workforce and the increasing numbers of women being classified as unemployed due to changes in benefit conditions for lone parents.

Public sector job cuts

27. The latest figures from the independent Office for Budget Responsibility (OBR) estimate that 730,000 jobs will be lost in the public sector by 2017 as a result of public sector spending cuts.¹⁰⁹ These job losses impact heavily on women as around 40% of women in work in the UK are employed in public sector jobs, with women accounting for 64% of the public sector workforce overall.¹¹⁰

28. ONS figures for April to June 2012 reveal that, since the same period in 2010 (the point at which public sector employment peaked before starting to fall) 467,000 public sector jobs have been lost with 55% of job losses coming from women, 45% from men. By OBR projections, 64% of job losses have occurred with 36% yet to come. Jobs lost include local government workers, nurses, teachers, council workers, school meal assistants, Sure Start workers, domestic violence support workers and care workers, amongst many others.

29. In particular, certain sections of the public sector are being hit hard. ONS statistics reveal that the three largest industries: Public Administration, Education and the NHS—all sectors that employ many more women than men—have all seen a dramatic decrease in employment levels since the first quarter of 2010 with NHS employment down by 45,000, Education employment down by 75,000 and Public Administration employment down by 133,000.¹¹¹

Lone parent conditionality

30. Reforms to increase “lone parent conditionality” were initiated by the previous government and have been stepped up by the current government. The first tranche of reforms required that, as of October 2010, lone parents (92% of whom are women) are moved from Income Support (IS) onto Jobseeker’s Allowance (JSA) once their youngest child reaches seven years of age. The second tranche of reforms was announced in the 2010 Budget and, from October 2011, extended this conditionality to lone parents once their youngest child reaches five years of age.

31. The migration of those on IS to JSA means that they are represented differently in labour market statistics, because those on IS would count as inactive, whereas those receiving JSA are counted amongst the unemployed. Thus the female unemployment figures have grown not just as a result of job losses in the public sector but also because of those newly classed as unemployed who would otherwise have been counted elsewhere. In the past few years the number of female lone parents being classified as unemployed has increased by around 65,000 whereas it had only increased by a few thousand for men.

32. While this may seem on the face of it to be a simple statistical issue, the reality for many women is a significant change of circumstances, and for the job market the fact remains that there are increasing numbers of women actively looking for work. Conditionality attached to JSA means that after migration, single parents will be required actively to search for work and take up a job if one is offered, or face a cut in the amount of benefit they receive.

33. Lone parents face particular barriers to securing and undertaking paid work and so will be unduly penalised by moves to push them into work if they fail to:

- Find adequate flexible/part-time paid work that is compatible with their child care responsibilities. This is likely to be increasingly difficult as opportunities in the labour market diminish, especially in the public sector which provides more part-time and flexible working opportunities. The government has simultaneously cut support for lone parents entering work, for example by axing a grant to support lone parents with the costs of training¹¹² and by announcing in the Autumn Financial Statement that the couple and lone parent elements of the Working Tax Credit will be frozen in 2012–13.
- Access affordable childcare at a time where costs are soaring.
- Meet childcare costs at a time where the government is slashing support for costs for low-income families that are particularly affecting lone parent families.

LONG-TERM UNEMPLOYMENT

34. Both women and men are affected by long-term unemployment—that is those who have been unemployed for 12 months or more. Men are affected to a greater extent: ONS figures for May–July 2012 show that 38% of unemployed men are long-term unemployed, compared with 30% for women.

35. However, the gap between women and men’s long term unemployment has been closing particularly over the past two years where, from May–July 2010 to May–July 2012 the number of men long-term unemployed increased by around 20,000 (4%) whereas the number of women long-term unemployed increased by around 80,000 (32%).

¹⁰⁹ Office for Budget Responsibility, *Economic and Fiscal Outlook*, 2012, p. 75.

¹¹⁰ Trade Unions Congress (TUC), *The gender impact of the cuts*, November 2010: <http://www.tuc.org.uk/extras/genderimpactofthecuts.pdf>. This compares to 11% of the male workforce employed in the public sector.

¹¹¹ http://www.ons.gov.uk/ons/publications/re-reference-tables.html?newquery=*%&newoffset=25&pageSize=25&edition=tcm%3A77-222511

¹¹² The Mirror, *Tories axe single mums’ job lifeline*, 2 June 2011: <http://www.mirror.co.uk/news/uk-news/tories-axe-single-mums-job-132116>.

UNDEREMPLOYMENT

36. There are also increasing numbers of men and women experiencing “underemployment”, that is those who are working in part-time or temporary positions because they are not able to find full-time or permanent positions. ONS figures reveal that over the past year the number of those in temporary work who would rather be in permanent work has increased by 50,000 (19%) for women and 30,000 (10%) for men.

37. The number of both men and women who are employed in part-time work but couldn’t find full time-work has increased by 11% in the past year; this equates to 77,000 more women and 65,000 more men.¹¹³

38. In particular, there has also been a recent surge in under-employment in professional occupations such as teaching, nursing, legal and skilled business jobs. The number of under-employed women in these jobs has more than doubled since 2008, increasing by 127% (compared to 67% for men).¹¹⁴

39. Overall, women are affected by underemployment to a greater extent and there are currently around 1.73 million under-employed women compared to around 1.57 million underemployed men. Around one in eight women are under-employed.¹¹⁵

IS PRIVATE SECTOR GROWTH DELIVERING FOR WOMEN?

40. The past two years have seen growth in private sector employment for both women and men, however it is important to note that this will in part be due to increasing numbers in part-time and temporary work (underemployed) as well as increasing numbers of self-employed—all modes of employment which are typically pay substantially less and are less secure than permanent full-time employment. This may in part go some way to explain the current conundrum of rising employment and declining GDP.

41. Overall, private sector growth in past two years has been greater for men than for women where from April–June 2010 to April–June 2012 men’s employment in the private sector grew by 127,000 more than women’s. This can be attributed in part to a range of factors:

42. The private sector is an inherently less accessible employer for women than the public sector. In general, the private sector has been less progressive to adapt to the realities of women’s lives (ie the fact that women have maternity needs and are far more likely to have caring responsibilities) through the provision of good quality flexible and part-time work opportunities, contractual maternity schemes and other measures.

43. Thus far, measures that have been introduced to promote jobs and growth through (private and public) investment in the UK’s infrastructure—many of which were announced in the March 2011 “*Budget for Growth*” and the 2012 Budget—do little to help women in the labour market. For example, the £5 billion capital investment proposed as part of the National Infrastructure Plan will be largely spent on physical infrastructure and plans for growth laid out in the 2012 Budget included investment in national road infrastructure, the expansion of ultrafast broadband services, £60 million of investment in a UK centre for aerodynamics, and tax reliefs for video games, animation and high-end television industries.¹¹⁶

44. Women are unlikely to benefit from any new opportunities created, unless specific measures are taken to address under-representation of women in the male dominated Science, Engineering and Technology (SET) sectors. 5.3% of working women are employed in the SET sectors, compared with 31.3% of working men.¹¹⁷ Whilst the 2011 Budget announced funding for the sciences and technical training, this investment came just as the government withdrew funding from initiatives to combat entrenched gender occupational segregation in the SET sectors.¹¹⁸

45. The 2011 Budget also introduced new tax breaks and other incentives to support investment in small and medium size businesses. Men are set to disproportionately benefit from these measures, as they make up the majority of those who own and invest in business. Indeed, the government itself recognises the skewed impact of such measures. In its assessment of one tax break for business investment, it states that the investment benefits investors that tend to be “*male, located in the South of England and have higher overall income levels.*”¹¹⁹ Conversely, this investment comes as schemes to support women to start up in business are being cut.

46. However, we are pleased to welcome two key measures announced in November 2011 by the then Minister for Women and Equalities Theresa May to support women’s enterprise: funding for 5,000 volunteer mentors to support new and existing female entrepreneurs, and the establishment of a Women’s Business Council to provide advice to government on what it can do to maximise women’s contribution to future

¹¹³ <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/september-2012/statistical-bulletin.html>

¹¹⁴ <http://www.tuc.org.uk/tucfiles/367/Underemployment%20report.pdf>

¹¹⁵ *ibid*

¹¹⁶ HM Treasury, *Budget 2012*, March 2012: http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf.

¹¹⁷ Women’s Budget Group (WBG), *The impact on women of the Autumn Financial Statement 2011*, January 2012: <http://wbg.org.uk/pdfs/The-Impact-on-Women-of-the-AFS-2011.pdf>.

¹¹⁸ WBG, *The impact on women of the Budget 2011*, April 2011: http://www.wbg.org.uk/index_7_282363355.pdf.

¹¹⁹ *ibid*. p.10

economic growth.¹²⁰ We welcome the introduction of these measures and look forward to seeing more detail on their implementation and progress.

IMPLICATIONS FOR PAY

47. Whilst it is still too early to fully understand and identify the impact of these and other recent changes to pay on women's pay and the pay gap between women and men (which currently stands at 14.9%¹²¹) we are concerned that women's pay is indeed suffering and that the pay gap may widen in the coming years for a range of reasons:

Changes to Public Sector Pay

48. The 2010 Budget introduced a two-year pay freeze for all public sector workers earning over £21,000.¹²² Despite the concentration of women at the lower-paid end of the public sector workforce, they still account for the majority of those that are paid above the threshold: analysis by the Women's Budget Group found that 58% of those affected by the freeze are women.¹²³

49. Further, the Chancellor's pledge to protect the pay of those earning less than the threshold, 72% of whom are women, though an £250 annual pay "increase", has not been kept for the 1.7 million-strong local government workforce. This is because local authorities have jurisdiction over the pay of local government workers and, with a few exceptions; the vast majority have not opted to pay the £250 increase.¹²⁴ As UNISON report, due to the pay freeze and the impact of inflation, typical full-time hourly earnings in local government have now sunk back to the levels of the early 1990s and pay for those on low salaries is "poverty pay".¹²⁵

50. Moreover, as part-time workers' salaries are likely to be considered on a pro-rata basis, many women working part-time in the public sector taking home less than £21,000 will still be hit by the freeze.

51. The 2011 Autumn Financial Statement announced that, following the end of the pay freeze in April 2013 pay will be capped at 1% for a further two years. This pay restraint will apply to all public sector workers including those on the lowest incomes, the vast majority of whom are women.¹²⁶

Underemployment

52. As outlined above, there are also increasing numbers of women experiencing "underemployment". One of the key causes of the current pay gap is the high number of women in part-time work where such positions are typically lower-skilled with lower prospects for pay and promotion. Thus increasing levels of women in part-time work (as well as in temporary work which also had lower prospects) threatens to push women's pay down and may contribute to an increase in the pay gap.

Long-term unemployment

53. Long breaks away from the labour market diminish future prospects and pay, as experienced by many women who take time off to raise their children for example. Thus the increasing numbers of women in long-term unemployment will necessarily impact upon women's pay in the longer term.

The movement of jobs from the public to private sector

54. The government has projected that as jobs in the public sector are lost, private sector growth will create new employment opportunities for those out of work. However women face particular penalties in private sector employment. As outlined above, the private sector tends to provide less good-quality working opportunities for women. This is clearly demonstrated by the comparable (full-time) pay gap figures which stand at 13.2% in the public sector, versus 20.4% in private sector.¹²⁷ Thus as women move to work in the private sector, women's pay will decrease and the pay gap may widen.

55. In particular, it is concerning that there is some evidence that the recent growth in the private sector employment is in part due to growth in the lower paid echelons of the sector—part-time work, temporary work and self-employment.

¹²⁰ Home Office press release, *Women at the heart of plans for economic growth*, 04 November 2011: <http://www.homeoffice.gov.uk/media-centre/press-releases/women-at-the-heart-of-plans>. Home Office press release, *Business council will boost women's role in the economy*, 13 March 2012: <http://www.homeoffice.gov.uk/media-centre/news/WOB>.

¹²¹ Office for National Statistics (ONS), *Annual survey of hours and earnings*, November 2011: <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/ashe-results-2011/ashe-statistical-bulletin-2011.html>. Statistics based on men's mean hourly earnings excluding overtime compared with women's mean hourly earnings excluding overtime.

¹²² HM Treasury, *Budget 2010*, June 2010: http://cdn.hm-treasury.gov.uk/junebudget_complete.pdf.

¹²³ WBG, *The impact on women of the Coalition Spending Review 2010*, November 2010, p. 13: www.wbg.org.uk/RRB_Reports_4_1653541019.pdf

¹²⁴ P Kenway *et al*, New Policy Institute and Unison, *Living on the edge: Pay in local government*, February 2012, p. 5, 15–16.

¹²⁵ P Kenway *et al*, New Policy Institute and Unison, *Living on the edge: Pay in local government*, February 2012.

¹²⁶ WBG, *The impact on women of the Autumn Financial Statement 2011*, January 2012, p. 5.

¹²⁷ ONS, *Annual survey of hours and earnings*, November 2011. These figures have been calculated by Fawcett using the *mean average*, using the following formula: [male full-time hourly pay—excluding overtime (mean)]—[female full-time hourly pay—excluding overtime] / [male full-time hourly pay—excluding overtime] x [100].

Plans to regionalise public sector pay

56. We are also concerned about current proposals to introduce “regional pay” in the public sector, to reduce the gap between earnings in the public sector and the private sector where the Treasury reports that currently public sector workers earn on average 8% more across the board than private sector workers across the UK.

57. Research by the Institute for Fiscal Studies (IFS) reveals a gender dimension: women working in the public sector enjoy an average boost of 11.3% in their salaries compared with a 5.5% boost for men. This is part of the reason why there is a smaller pay gap in the public sector than in the private sector.

58. Thus women will be affected more adversely by moves to regionalise pay—not only because they make up the majority of public sector workers (particularly in areas like the North East where almost half of all working women are employed by the public sector) but also because the public sector offers them better wages. In particular it is those women on lower incomes—such as the admin assistants, home helps and dinner ladies that benefit the most where the lowest 10% of workers experience a 16% boost to their earnings, whereas the highest earners gain only around 3% to their earnings.¹²⁸ Fawcett is concerned therefore that driving down public sector pay to reflect private rates will cancel out many of the gains made for women’s pay in recent years and risks widening the pay gap.

The Fawcett Society is currently in the process of drafting a substantive report to consider in greater depth the issues and evidence outlined here on the current status of women’s employment and pay. This report will also contain recommendations for government and is due to be published in the late autumn. We would welcome an opportunity to meet with the Committee over the autumn period to discuss this work in greater depth and to inform these recommendations.

October 2012

Written evidence submitted by FDA

INTRODUCTION

The FDA is a professional association and trade union for the UK’s senior public servants and professionals. Our membership of more than 18,000 senior managers, government policy advisors, diplomats, tax professionals, economists, statisticians, solicitors, prosecutors and other professionals work across government and the NHS.

This response to the call for evidence draws on the views of the FDA’s Executive Committee, and its Equality and Diversity Sub Committee. Because of the short timescale for this call for evidence, and the difficulty of accessing data in the civil service and NHS, we have not been able to provide a detailed analysis.

SUMMARY

The FDA considers that a detailed review of the pay of women in senior grades in the Civil Service is long overdue. Although we have not seen evidence of overt or deliberate discrimination against women, we are aware that the pay of women in senior grades is lower on average than the pay of their male colleagues. Although this has been recognised through several reviews, little effective action has been taken to determine the underlying causes or to eliminate unconscious or structural discriminatory practices.

Although the FDA would prefer to work collaboratively with employing departments to look at ways to address these issues, the continued failure to respond effectively to concerns has led the FDA to consider legal action in one of the largest Government Departments, and to issue equal pay questionnaires to the employer.

RESPONSE TO QUESTIONS POSED

Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

As long ago as 1888, Clementina Black moved the first TUC equal pay resolution. But, despite the enactment of equal pay legislation over 40 years ago, the fight for equality continues today.

The Civil Service claims to lead in the area of equality, and the Cabinet Office says: “*We’re committed to giving every employee the same opportunities, whatever their background. Individuals and managers at all levels of the Civil Service must comply with the latest legislation in this area.*”

Generally, equality legislation is simple and specific. The Civil Service will not unlawfully discriminate in any aspect of employment, including:

- *how employees are selected (including deliberate refusal);*
- *terms offered by the employer;*
- *the way in which employees receive job promotion, training, transfer or any other benefits; and*

¹²⁸ See: <http://www.ifs.org.uk/budgets/gb2012/12chap5.pdf>. Chart 5.7 shows that women (as men) experience the greatest pay premium at the lower end of the wage distribution scale

— *how employees are treated.*

That is the claim. How does this compare with the practice?

The 29th Report of the Senior Salaries Review Body recommended in 2007 “that the government investigates the reasons for and implications of the difference between median starting salaries of men and women in SCS posts, and especially the higher salaries paid to male external recruits, and report next year on the findings and action taken.”

In its 2008 Report the Senior Salaries Review Body registered its disappointment that the Government had not responded to the request for an investigation.

As part of the move towards greater transparency in government the salaries of senior civil servants are now published.

As an example, in HM Revenue and Customs (HMRC) the salaries for 2010 are published on the HMRC website—www.hmrc.gov.uk. For the list of 49 staff FDA has been able to sort 44 of them into male/female. Having done that we produced the following statistics:

Average pay: men £130,370
Average pay: women £113,333
Median pay: men £125,000
Median pay: women £107,500
Range for all men on list £100,000-£205,000
Range for all women on list £80,000-£170,000

There may be some justification claimed for these findings—but the FDA finds it hard to understand how it can be justified for the highest paid woman on the list to be paid less than four of her male colleagues, when she was the Permanent Secretary and they were Directors General, and therefore junior to her. We believe it would also be difficult to justify how it was that the three lowest paid directors on the list are all women.

The FDA does not suggest that there is a deliberate policy to pay women less than men in HMRC, nor that HMRC operates separate pay scales for men and women. But the evidence indicates that the current system is discriminatory and that this needs to be rectified as a matter of urgency.

The government, as an employer, has a responsibility to ensure that it is acting within the law. Where there is an apparent breach of equality legislation, the FDA believes that this should be properly investigated and corrected, without waiting for a challenge from an individual.

What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

Much of the information necessary to monitor the pay of staff, and identify gender inequalities, is available. However, it is not easy to locate and is not provided in a consistent format, making comparisons difficult.

What has been the impact of the current economic crisis on female employment and wage levels?

This is one of the key questions. There is a widespread perception that civil servants have been protected from some of the impacts of the pay freeze, because they have continued to receive annual pay increments. While this may be the case in some other areas of the public sector, the vast majority of FDA members do not receive contractual incremental progression; and for them a pay freeze has been exactly that, and has led to a cut in pay in real terms. This has meant that inequalities have been locked in for an additional three years—mainly to the detriment of women. Discussions on pay inequalities have not taken place because the employer is unable to free up any funds to deal with anomalies. Moreover, as the departments come out of the pay freeze, they move into a period of “pay restraint”, and there is no expectation that pay equality will be reinstated, or that funds will be freed up to deal with issues which would be highlighted by any review. Indeed, there will be insufficient money available to address progression issues which relate to the period of the pay freeze.

A separate issue which has arisen as part of the austerity measures relates to the government imposed “pensions levy”, which is tiered by reference to the rate of pay. Because the pay used is the full-time rate of pay, this has had a disproportionate impact on part time workers—most of whom are women. The Equality Impact Assessment has concluded that in law the tiering system is fair and appropriate; but the FDA does not accept this, and it is clear that this has a disproportionate impact on part time workers. Where a part time worker receives the same pay as a full time colleague, who is on a lower pay point, the part time worker (mainly women) can lose a higher proportion of pay under the pensions levy. This issue has brought to light a mis-match between the legal application of equality rules, and the actual impact of austerity measures on part-time workers.

What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

The Civil Service has a reasonably good track record on the introduction of policies to support part-time working. However, the application of the policies is problematic, and “business” reasons are often cited for a refusal to permit part time working at senior levels. Part-time workers frequently receive lower performance assessment markings than their full-time colleagues, and this may be one of the factors leading to the lower average pay for women.

The FDA does not have any response to the other questions posed.

4 October 2012

Supplementary written evidence submitted by Dr Catherine Hakim

THE PAY GAP

There is a widespread assumption (evidenced among witnesses to the BISC) that gender equality policies and anti-sex discrimination legislation can eliminate the pay gap. This is a complete misunderstanding, unfortunately one that is found among MEPs, Vivianne Redding and others in the European Commission. The pay gap is normally measured as the comparison between the average hourly earnings of ALL men and ALL women (and normally the focus is on full-time workers as well). Inevitably, a huge range of factors explains differences between male and female earnings, including occupation and job grade, educational qualifications level, subject of qualifications, work location (city centre versus small town or village), distance travelled to work, trade union membership, private-public sector, willingness to accept jobs that involve a lot of business travel or unsocial hours, etc etc. Studies for the USA and Britain have shown that for these countries sex discrimination is no longer a factor, the pay gap is fully explained by all these factors. Sweden has pursued gender equality policies more vigorously and longer than anywhere, yet the pay gap in Sweden is close to the EU average. (Not eliminated, as the Swedes claimed quite falsely for years.) The pay gap has shown hardly any real movement for around 20 years, in Britain and more generally across the EU. This is because gender equality policies give women genuine choices, and most women do not choose to be ambitious careerists in the same way as most men. Some prioritise family life over their careers. Preference theory sets out the two different patterns of preferences and choices. Yes, the local culture, social and economic environment has some impact on aspirations, for men as well as women, but the impact is relatively small. In ALL cultures, all ethnic groups, all societies, at all income levels, and at all levels of education, the three groups are found among women. Survey results for men are more rough (because the questions were never designed for men) but again the three groups are always found, albeit with different percentages for men, most of whom are careerist.

OCCUPATIONAL SEGREGATION

The European Commission, and many people in Britain, still believe that occupational segregation is a key cause of the pay gap. This has been shown comprehensively to be false—today and in the past as well. Numerous studies, across many countries prove this. Just one example: I did a study of pharmacists, an occupation that employs roughly 50/50 men and women in north America and most western European countries—and also employs lots of ethnic minorities. It is a completely desegregated occupation (or integrated occupation), and there is widespread consensus that there is no sex or race discrimination in the profession, largely due to labour shortages. Yet there is a large pay gap between men and women in pharmacy, around 25%, because men and women choose different types of job, different hours, different locations, etc etc. In fact, I have shown that the pay gap is generally largest in occupations that employ both men and women in roughly equal numbers—contrary to all assumptions, these occupations actually display sex differences in employment preferences and choices most clearly.

GENDER-NEUTRAL EMPLOYMENT POLICIES

Along with many others, I have long argued that all employment legislation should be gender-neutral. I have championed two particular examples, both very successful. In the Netherlands, a law allowing employees to request part-time hours, for any reason or none, has helped to destigmatise part-time work and break down the stereotype of it being exclusively for mothers who had other life priorities. The Netherlands has the highest percentage of male employees working part-time hours: around 18% as well as three-quarters of all employed women working part-time hours. In Belgium, another gender-neutral law helped to destigmatise career breaks by offering sabbaticals to all employees, of any age, for a wide range of purposes (not exclusively parental leave). In the public sector, the career break system, and the time credit system in the private sector allow men and women to take a break for a few months or years, to study or do other things. The leave is unpaid as far as employers are concerned, but the state pays 362 € per month for full-time leave from a job. Following this argument, parental leave policies should not be targeted at (or reserved for) men or women. After a two or three month maternity leave reserved for the mother (a basic minimum for the health of mother and baby), all further parental leave should be available to the parents on a gender-neutral basis, to be used by either parent as they choose, hence allowing role-reversal choices.

FEMALE QUOTAS FOR BOARDS AND OTHER PURPOSES

EU law does not permit positive discrimination. This has been heavily reconfirmed by the European Court of Justice (ECJ) in several rulings. Quotas are one form of positive discrimination, and would be open to being overturned through case law challenges even if they were introduced in any country. This is the primary reason why the European Commission had to drop Vivianne Redding's proposal for quotas. Norway was able to impose female quotas on boards by law because it is not an EU member country. Everyone keeps forgetting this. In addition, the quotas have not worked in Norway. Over 100 companies took themselves private to avoid a law seen as pointless window-dressing. Many others hired American and British non-executive directors in order to comply. There is no evidence that Norwegian firms have benefitted commercially from the change, contradicting arguments about the "business case" for quotas.

The pay gap is no longer a useful indicator of whether gender equality policies are working. Legislation has achieved its purpose, in the broad. Legislation is good for establishing basic rules and norms (such as equal opportunities rules), but legislation is not a good tool for social engineering (designing a new world and persuading people to espouse the idea). Moral exhortation may work better. However if social engineering aims for outcomes that go against the grain, then all the money and effort will be wasted anyway. There are good reasons why fewer women remain working as engineers and few men become beauticians. The Committee's Enquiry should be informed by the latest social science research evidence, not only by wishful thinking.

3 December 2012

Written evidence submitted by Investment Management Association

1. EXECUTIVE SUMMARY

1.1 In the context of board representation, the most important thing for investors is that a board is effective and the best fit for a company. A diverse board with a cross section of ideas, skills and experiences is likely to be better equipped to develop the company in the long-term, be more likely to challenge previously held assumptions, have a broader perspective on issues and be better able to manage different stakeholders. There is also a body of evidence that demonstrates greater diversity, particularly of gender, can have a positive effect on corporate performance. Nor is this just a gender issue in that there is a need for better diversity on non-gender or country issues—too many directors are accountants and lawyers with few having marketing or international experience.

1.2 The lack of women on boards is a symptom of their underrepresentation at senior levels from where board members are recruited. Some consider quotas could address this. We consider such measures could potentially alienate established board members. For example, in Norway, established board members had to stand down to make way for women and the short supply meant that a few women sat on a number of boards. Legislation may even deter ambitious women from assuming executive positions by offering them a direct route to a non-executive directorship. Board appointments should be on merit.

1.3 Nevertheless, it is clear that Lord Davies' report of 2011 is having an impact. One year later women accounted for 15.5% of all directorships in the FTSE 100 up from 12.5% and for 9.6% in the FTSE 250 up from 7.8%. According to Cranfield School of Management's Female FTSE Report, with this momentum, Lord Davies' target will be achieved with 26.7% of FTSE 100 boards being made up of women by 2015. It is also important that companies are transparent in accounts on how they are seeking to increase gender diversity and what they have done. Over time this would drive higher standards of corporate governance in the long-term interests of shareholders. Increasingly, shareholders are raising the issue of board diversity with companies and it is they that should decide if the policy or any explanation for non-compliance is adequate and the impact this may have on a board's effectiveness.

2. INTRODUCTION

2.1 IMA represents the asset management industry operating in the UK. Our members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. They are responsible for the management of £4.2 trillion of assets, which are invested on behalf of clients globally. These include authorised investment funds, institutional funds (eg pensions and life funds), private client accounts and a wide range of pooled investment vehicles. In particular, the Annual IMA Asset Management Survey shows that IMA members managed holdings amounting to 34% of the domestic equity market.

2.2 In managing assets for retail and institutional investors, IMA members are major investors in companies whose securities are traded on regulated markets and may engage with the boards and executive management of those companies. Thus in submitting this evidence from the perspective of institutional investors in companies, we have focused on women on the boards of those companies as opposed to in the workplace in general.

3. *To what extent have the recommendation in Lord Mervyn Davies' Report: Women On Board" (published in February 2011) been acted upon?*

3.1 It is clear that Lord Davies' report of February 2011¹²⁹ is having an impact. It set a target of at least 25% of FTSE company boards to be made up of women by 2015 and that FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. His Progress Report¹³⁰ one year later noted that:

- women account for 15.6% of all directorships in the FTSE 100 up from 12.5%;
- women account for 9.6% of all directorships in the FTSE 250 up from 7.8%; and
- there are now 11 all male boards in the FTSE 100 down from 21.

3.2 According to Cranfield School of Management's Female FTSE Report,¹³¹ with this momentum, Lord Davies' target will be achieved with 26.7% of FTSE 100 boards being made up of women by 2015.

3.3 The following measures would help ensure this change is sustained:

- *Corporates develop the pipeline.* One of the issues is that there needs to be a ready source of candidates. The training and development of women below board level is essential to ensure a credible and sustainable supply of women as both executive and non-executive directors. Companies should also allow their executives to take up at least one non-executive position.
- *Voluntary, market-led initiatives.* There are a number of these such as the FTSE 100 Cross Company Mentoring Programme, the Professional Boards Forum and the "30% Club". The latter brings together chairs of UK boards and investors committed to increasing the proportion of female directors whose members support a goal of 30% of board positions being occupied by women by 2015.
- *Search firms list women.* The European Round Table of Industrialists is working with three executive search firms to establish a database of top female managers recommended by its members. The firms access this when proposing candidates for board positions. See also point 6 below.
- *Flexible working.* More flexible working provisions such as allowing for parental leave etc mean that priorities can be managed and women as well as men can progress in a business.

4. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

4.1 Investors are increasingly taking into account the percentage of women on boards when considering company reporting and appointments to boards. The disclosures required by the UK Corporate Governance Code in a listed company's annual report underpin this and mean that shareholders can challenge companies on their diversity policy. The Code requires companies to report on the work of the nominations committee¹³². As from June 2010, it recognised the value of diversity: "the search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender".¹³³

4.2 Following Lord Davies review from 1 October 2012, companies are required to report annually on their boardroom diversity policy, including gender, and on any measurable objectives for implementing the policy and the progress in achieving those objectives.¹³⁴ Diversity, including gender, will also be one of the factors to be considered when a board evaluates its effectiveness¹³⁵. Moreover, the Government is looking at introducing the disclosure of proportion of women on boards as part of improving narrative reports in accounts. This will mean that shareholders will be able to judge how the diversity policy has been implemented in practice.

4.3 The 30% Club (see 3.3 above) launched the 30% Club Investor Group in November 2011. It has 13 members managing assets totalling £1.8 trillion.

4.4 The Group helps to co-ordinate the investment community's approach to the issue and works to broadcast the investment case for more diverse boards, encouraging investors to engage on the issue of board diversity with Chairmen and management teams, and to consider the issue when voting on the appointment and re-election of board members. In February 2012, the Group published best practice guidelines, "Achieving More Diverse Boards: Guidelines for Engagement", to help investors engage with companies on this issue.

5. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

5.1 IMA believes one of the main reasons is that there are still so few women in senior positions on boards is due to the fact they are underrepresented at senior executive levels from where the majority of board

¹²⁹ <http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-on-boards.pdf>

¹³⁰ <http://www.bis.gov.uk/assets/biscore/business-law/docs/w/12-p135-women-on-boards-2012.pdf>

¹³¹ <http://www.som.cranfield.ac.uk/som/dinamic-content/research/documents/2012femalfitse.pdf>

¹³² Provision B.2.4

¹³³ Supporting Principle B.2

¹³⁴ Provision B.2.4

¹³⁵ Supporting Principle B.6

members are recruited. We believe a cross section of ideas, skills and experiences is more likely to be better equipped to develop the company in the long-term. A diverse board is more likely to:

- challenge group think previously held assumptions,
- embrace new ideas; and
- be better able to manage different stakeholders.

5.2 There is also a certain amount of evidence that greater diversity can have a positive effect on corporate performance.

- An analysis conducted by McKinsey in 2007 showed that European-listed companies with the highest levels of gender diversity outperformed their sector peers. In terms of stock price change they outperformed them by 17% between 2005 and 2007 and by more than 1% in terms of return on equity in the same period.
- A study by Catalyst in 2007 of US Fortune 500 companies found that those with the highest number of women on their corporate boards outperformed companies with the lowest number or no women on their boards by 53% in terms of return on equity.

Against this some critics would argue that women are selected or self-select into better businesses. Moreover, the latest research from the Bundesbank¹³⁶ suggests that a greater proportion of women on bank boards resulted in “a more risky conduct of business”, before citing “lack of executive level experience” as the cause.

6. *How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?*

6.1 Following Lord Davies’ recommendation, UK executive search firms drew up a voluntary code of conduct to address gender diversity which requires at least 30% of the candidates on “long lists” are women or an explicit justification why there are no qualified women. Our understanding is that at least 25 search firms have signed up to the Code. However, not all firms are as proactive and we would welcome more companies clarifying their expectations.

5 October 2012

Written evidence submitted by Dr Heather McGregor

Managing Director and Owner of the executive search firm Taylor Bennett, which specialises in senior communications appointments. I am also a founder member of the steering committee of the 30% club. Her book, *Careers Advice for Ambitious Women*, was published in January 2012 and is now a best seller, translated into several languages including Italian, French, Portuguese for the Brazilian market, and Japanese.

Activity through the 30% club

The 30% Club is a group of Chairmen and organisations committed to bringing more women onto UK boards, because they believe it is good for the overall effectiveness of the boardroom—and therefore good for business. The club launched in November 2010, and its aim is to achieve the 30% goal of women on boards by 2015.

There has been strong progress to achieving this goal:

- Initially there were *seven* founding chairmen supporters; now there are 55, representing 60 companies between them.
- At launch, 12.5% of FTSE-100 board directors were women and this figure had not changed for four years; today 17.3% of FTSE-100 board directors are women.
- The pace of change is accelerating sharply: in 2010 12% of the previous 100 FTSE-100 non-executive appointments were women; since March 2012 55% of non-executive FTSE-100 appointments have been women.

The pipeline is increasing. There are many well qualified women but they need encouragement and support.

What next?

The rate of growth of female Executive Board members has been slow. This is where efforts need to be focused. There needs to be more visibility of the executive pipeline within companies.

Larger companies need to be encouraged to identify and support aspiring and talented women. However, this needs to be a business-led, voluntary change, in contrast to the EU pressure for a quota. The 30% club believes strongly that this must be achieved without legislation.

¹³⁶ http://www.bundesbank.de/Redaktion/EN/Downloads/Publications/Discussion_Paper_1/2012/2012_03_06_dkp_03.pdf?__blob=publicationFile

A summary of key issues which Heather McGregor believes senior women need to address in order to progress is attached here (Appendix 1), and detailed in *Careers Advice for Ambitious Women*.

A specific recommendation, supported by the 30% club, is that:

The nomination committee of a public company should have the power to request information regarding the gender record of the executive search firm to be used for senior appointments, non-executive, or executive.

By way of example, I attach to this submission the gender record of my own company over the last four financial years (Appendix 2).

APPENDIX 1

Heather McGregor believes that the overriding issues to be addressed by women seeking to build a career today are: self-confidence; time management; and the establishment of an effective strategy to cover the child-bearing years. The following points build on these three essentials.

- Continue to develop human capital; 2/3 of MBA students are still male.
- Develop social capital; if there is no obvious opportunity, make it yourself.
- Learn how to ration time. There are 168 hours in a week and for a busy woman this time will be hugely dissipated. You cannot achieve without sacrifice.
- Stop trying to have it all and do not feel inadequate that you can't. Whether male or female you can achieve the things you want over a lifetime, not all at once.
- Delegate and outsource.
- Acquire financial fluency.
- Establish a position of thought leadership.
- Cultivate your team skills beyond and outside of the workplace.
- Build in a third dimension to your life, whether as a junior employee or at the most senior level and seeking a board position.

APPENDIX 2

TAYLOR BENNETT LTD PLACEMENTS—GENDER RECORD

Financial Year	Placed Candidates		Placed Candidate Salary Brackets			Shortlisted Candidates	
	Male	Female	Salary (£)	Male	Female	Male	Female
2008–09	24	25	60–99k:	11	17	88	72
			100–149k:	10	6		
			150k+:	3	2		
2009–10	32	33	60–99k:	18	19	110	91
			100–149k:	9	10		
			150k+:	5	4		
2010–11	35	25	60–99k:	16	16	65	69
			100–149k:	14	7		
			150k+:	5	2		
2011–12	44	29	60–99k:	15	19	93	92
			100–149k:	16	10		
			150k+:	13	0		

19 November 2012

Written evidence submitted by The Mentoring Foundation

EXECUTIVE SUMMARY

This submission makes the following key points in addressing the specific questions listed by the Department in relation to its inquiry:

1. In our experience stereotyping and women's failure to progress to the top of large organizations result from complex and often invisible barriers such as lack of confidence, pre-conceptions about what it take to succeed, lack of relevant role-models for women and feelings of isolation and ambivalence. Interventions which tackle these root causes are needed and our work demonstrates that effective mentoring relationships with powerful business role-models (both male and female) fulfil those needs and can bring about real change.

2. The voluntary, business-led approach adopted by the UK following Lord Davies' review in 2011 for tackling board diversity is yielding results and enables flexible interventions which address the real causes of the problem.
3. We believe that the Mentoring Foundation's model of effective mentoring relationships could be applied more broadly to meet the aims of the Department in tackling diversity challenges as women study, enter the workplace and progress in their careers.

THE MENTORING FOUNDATION

The Mentoring Foundation operates the FTSE 100 Cross-Company Mentoring Programme which was established in 2003. It facilitates mentoring relationships for senior women executives in FTSE 100 or equivalent organisations and has recently expanded to apply to FTSE 250 companies and equivalent. The Programme's aims include:

- (1) to bring the challenges of senior women executives to the attention of Chairmen and Chief Executives of leading companies; and
- (2) to help Mentees, through the advice and guidance provided by their Mentors, attain Board positions or otherwise progress their careers.

All 54 Mentors on the FTSE 100 Cross-Company Mentoring Programme are Chairmen or Chief Executives of FTSE companies, or their equivalent in the public sector. To date 94 Mentees have participated in the Programme and 81 of those Mentees have gone on to achieve significant career success. 14 of the female non-executive director appointments made in the last 24 months have been Alumnae of the FTSE 100 Cross-Company Mentoring Programme. The Programme has been replicated in European countries such as France, Hungary, Turkey and Ireland as well as outside Europe including in Australia and South Africa.

The Mentoring Foundation and the FTSE 100 Cross-Company Mentoring Programme can be regarded as part of the self-regulatory initiatives taking place in the UK, although the Programme pre-dates recent regulatory threats (namely of quotas) and self-regulatory interventions.

The Mentoring Foundation operates at the heart of the underlying issues being examined and is accordingly delighted to respond to this Inquiry by the Business Innovation and Skills Committee. Peninah Thomson, CEO of The Mentoring Foundation and author of four books on the subject of gender and the board room, responded to the recent European Commission Consultation Process and to the House of Lords Select Committee Call for Evidence on this subject in her own name and on behalf of The Mentoring Foundation. The Inquiry examines a number of questions, some of which are not within the scope of the Mentoring Foundation's work. The Foundation will therefore limit itself in this submission to responding to questions in which it has relevant expertise.

1. How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction and the beauty industry, be tackled?

1.1 One of the aims of the FTSE 100 Cross-Company Mentoring Programme is to bring the obstacles to success faced by women to the attention of Chairmen through the mentoring relationships that we build. This aim has many purposes which go to the heart of the question that you raise as to how stereotypes can be tackled. Our experience offers some insights into the prevalence and complexity of stereotyping and how mentoring-based interventions can help.

1.2 Discussions with our Mentees over our 10 years of operation have been very revealing on this subject. Many of our Mentees come from traditionally "male" work environments such as the engineering, banking and construction industries you mention. We have found that women in these roles often hold deep-rooted assumptions about what it takes to succeed, what a successful person is like and how they are viewed as women, based often on perceived differences between how men and women operate. The manifest result of all of this can often be that women lack confidence and feel isolated and unheard in their working environments, which offer them few if any relevant role-models for success and discourage them from their ambition to reach the top. The mentoring relationships facilitated by the Foundation (lasting 12 or 24 months) for senior women, pairing them with company Chairmen (the vast majority of whom are men) have proved to be an extremely effective means of overcoming some of these barriers to progress. Our Mentees form strong relationships with some of the country's most senior business figures who offer them advice, support and the benefit of their professional experience. They frequently describe their mentoring experience as transformational and their Mentors as inspirational role models. The mentoring relationship also brings these women to the attention of top businessmen, offering them a degree of visibility and contact which may not otherwise be afforded to them, particularly as data demonstrate that women frequently do not have access to powerful networks. The success enjoyed by our Alumnae Mentees reflects the effectiveness of this intervention.

1.3 Our view is that well-run effective programmes of mentoring relationships across industries and starting in schools, targeted at students, young women entering the workplace and beyond could make a material contribution to overcoming the types of stereotyping you identify, supporting women as they make their studying and work choices and following them through their working life.

2. *What more should be done to promote part-time work at all levels of the workplace and to ensure that both men and women have opportunities to gain senior positions within an organization while working part time?*

2.1 The Mentoring Foundation does not hold data relevant to this question. Anecdotal feedback from our members suggests that current flexible working policies are not sufficient to bring about sustainable change in attitudes towards part-time work. Existing research indicates that many women feel unable to benefit from these policies for fear of being overlooked for promotion (*Liff and Ward (2001), Distorted views through the glass ceiling. Gender, Work and Organization (8), 19–36*).

2.2 Discussions with both Mentors and Mentees reveal that relevant role-models (both male and female) and a safe environment, in which women and men feel safe to raise matters of work life balance, might help. Some of our participants believe that a real cultural shift is needed before part-time work can be enjoyed at all levels within organizations. There is also a question as to whether many of the women who are now at the top of organizations feel willing or able to support increases in flexible part-time working, in particular as this is unlikely to have been an option they experienced.

3. *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Boards" (published in 2011) been acted upon?*

3.1 The Committee will be aware of progress reports published, including Lord Davies' first annual review in July 2012. In that report, material progress was demonstrated in the number of female appointments to boards and also in the number of search firms that have signed up to the new code of conduct aimed at increasing the number of women on board shortlists.

3.2 Figures published on the Professional Boards Forum Boardwatch website indicate that overall female board appointments have risen to 17.3% overall, with 21.5% of NED appointments going to women (up from a previous three year plateau in 2011 of 15.6%) and 6.6% of Executive Board positions going to women (up from 5.5%). The UK is now in line to meet Lord Davies' recommended targets for 2015.

3.3 As progress develops in the UK, focus is now turning to sustainable long term change through developing and sustaining the "pipeline" of next-generation talented women to succeed to the very top. To that end, with support from some of our existing member companies, The Mentoring Foundation is launching a new pilot initiative (Programme 2.0) to offer women at the junior end of senior management mentoring from very senior female executives in other companies. The Mentors for Programme 2.0 are all Alumnae of the main FTSE Programme. Therefore, women in the pipeline will be supported by some of the most senior female executives in UK companies, who have themselves benefitted from mentoring from Chairmen of FTSE 100 or equivalent companies. This "ripple" effect from one Programme to another will provide women in the pipeline with Mentors and role models as well as access to a growing network of powerful women and the Chairmen who have supported them. We believe that these initiatives offer a sustainable model for change that address the root causes of why women are being held back.

3.4 Given the figures and our experience of participation by companies in our voluntary activities, we would echo the words of Vince Cable, Secretary of State for Business that the "UK's business-led approach to achieving boardroom diversity is working" (2011). Our evidence indicates that the same approach is now being applied to the task of developing and sustaining the pipeline of future women business leaders.

4. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments on the board?*

4.1 Changes to the UK Corporate Governance Code, which came into force on 1 October 2012, require companies to publish their policy on diversity and publish progress against that policy annually as well as taking diversity into account when considering a company's effectiveness.

4.2 It seems that, given these requirements and the recommendations made by Lord Davies in 2011, diversity information will be publicly available and may well affect market sentiment about companies (although there is no evidence yet to indicate how that sentiment might be affected by the recent changes to the Code).

4.3 Other than monitoring these regulatory changes The Mentoring Foundation is not in a position to comment on the role of investors.

5. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

5.1 The factors holding women back from achieving senior positions in greater numbers are widely acknowledged to be manifold and complex. Those obstacles identified in research and highlighted in our answer to question 1 give some insight into the invisible and deep rooted nature of many of those barriers. They underpin the approach at The Mentoring Foundation to offer highly effective and rounded mentoring relationships with UK business leaders in order to tackle those obstacles at their root cause.

5.2 The benefits of achieving more women in senior business roles, including on boards, have been widely debated and can be categorised as relating to financial performance, corporate governance and board room behaviour.

5.3 Numerous studies have found strong correlations between the number or proportion of women on boards and financial performance (*McKinsey (2010). Women Matter: women at the top of Corporation*). It has been hard to demonstrate a clear, causal link, but the weight of evidence strongly suggests there is such a link. Such microeconomic benefit aggregates to macroeconomic benefit.

5.4 In addition, research suggests a causal link between the proportion of women on the board and the quality of corporate governance (*Adams and Ferreira, Journal of Financial Economics, 2008*). This suggests overall macroeconomic risk, of which we have become acutely aware in recent years, will be reduced when there are more women on company boards.

Finally, Sir David Walker in his 2009 Review of Corporate Governance highlighted the dangers of overly collegiate “groupthink” and how more diverse boards would avoid its pitfalls. Groupthink is a psychological phenomenon defined as “A mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members’ strivings for unanimity override their motivation to realistically appraise alternative courses of action” (*Irving Janis, Victims of Groupthink: a Psychological Study of Foreign-Policy Decisions and Fiascoes*. Boston: Houghton Mifflin).

5.5 Speaking before the House of Commons Treasury Select Committee on 22 May 2012, Sir David described the need for “challenge” in the board room and how gender diversity can help avoid groupthink: “The word I have been very keen to deploy and promote, greatly irritating some, is “challenge”. Diversity is likely to provide, invite, elicit challenge and women are part of it.”

5.6 The Department has itself highlighted some of the benefits of greater diversity on company boards, with Vince Cable, Secretary of State for business stating that:

“Diverse boards are better boards: benefiting from fresh perspectives, talent, new ideas and broader experience which enables businesses to better reflect and respond to the needs of their customers. This is good for women, good for companies who need to be the best they can be in order to compete in today’s tough global market place, and ultimately good for the UK economy as a whole. It is essential that Executive Search Firms and Chairmen continue to use the Code to increase this rate of change”. (2012)

5 October 2012

Written evidence submitted by Mr Steven Moxon

EXECUTIVE SUMMARY

1. The central and first issue to address is not what measures can be taken to increase the proportion of those at high levels in organisations who are women, but whether or not this can be achieved even in principle, given relevant scientific understanding. As I outline, the seldom discussed, but overwhelmingly evidenced scientific research reveals ineradicable very deep-seated (biologically-based) reasons why few women are on company boards in comparison to men, and why this will never substantially change.

2. The central question of feasibility in principle is relegated to almost the bottom of the list of questions in the remit (and is only a half question at that; inappropriately linked as the other half to another question that has as its implicit assumption that measures would in fact provide a benefit), indicating a serious political reluctance to even broach it. Yet irrespective of the political position the Select Committee may adopt, if the science is ignored and measures are taken to try to increase the proportion of women on company boards, then (for reasons I outline) this is not unlikely to be counter-productive and lead even to a decrease, let alone to no change.

3. At least by taking into account the science, then this sort of adverse impact on women may be minimised. Given the general appreciation that women would have been given further help, then any women who do get on to a board would be regarded even more than at present as having risen not according to their talents. Consequently, measures easily could serve generally to undermine women in the workplace, in direct opposition to the intention.

4. Women do not reach high levels in organisations for reasons of major ramifications of the essential functional difference—indeed dichotomy (profound, non-overlapping difference)—between the sexes, that impact not only on relative competitiveness but also in terms of the social structure and dynamics distinctive according to sex.

5. Not only is the nature of the workplace structure in accord with male sociality and at odds with that of the female, but competitiveness per se is inimical to how women behave in the presence of the opposite sex: whereas men actually become more competitive as part of their displaying to women; women actually back away from being competitive because this compromises their displaying to men the attributes that confer female mate-value. Furthermore, male competitiveness allied to the male facility to focus leads to men intensifying

competitiveness in areas that are favourable to them but withdrawing from other areas, resulting in a distribution of effort on any particular measure showing a pronounced polarised spread, with males disproportionately at both the top and the bottom of variation. This contrasts with women tending to crowd the median of any distribution. Consequently, even if there were in aggregate no sex difference in performance or aptitude—and not excluding in competitiveness itself—then still there would be ten times as many men than women at the top.

A BRIEF INTRODUCTION TO THE SUBMITTER

6. Given the central question posed in the Inquiry remit of “why are there still so few women in senior positions on boards”, I feel that I am in a very strong position to provide an answer and therefore to make a submission. As a cross-disciplinary researcher and published writer regarding the nature and basis of human sociality (social structure and dynamics), with a special interest in the sexes, in particular I focus on the neglected but crucial necessity of fully understanding the deep biological roots of sex differences that are ineradicable and profound.

7. My work appears in science journals, and also in book form through the renowned academic publisher, Imprint Academic: *The Woman Racket: The New Science Explaining How the Sexes Relate at Work, At Play and in Society* (2008). This has had a considerable influence amongst evolutionary psychologists in particular, receiving distinct praise from Professor Geoffrey Miller (University of New Mexico, USA), the author of the ground-breaking book, *The Mating Mind*. My MS had received such a glowing review from Professor Bruce Charlton (Universities of Newcastle and Buckingham) that Imprint Academic felt immediately obliged to publish it, and Professor Charlton provided assistance in further development.

8. Women and work is the subject of the book’s most prominent chapter, for which I had some help in content and overview from the world’s leading expert on this topic, the sociologist Catherine Hakim, formerly of the LSE.

9. Constantly researching, I am always preparing papers and working towards a follow-up book to include all of the relevant science irrespective of disciplines.

10. Mine is a contribution of the sort standard academics are unable to make owing to their specialisms. You will appreciate that without a full and wide-ranging scientific understanding of the basis of why women tend to fail to rise within workplace hierarchies, any policy initiatives to try to change the current reality are doomed to failure; if not, indeed, actually to produce the very opposite effect to that intended.

11. It is widely agreed that this is already evident in the attitude of businesses to maternity and childcare legislation, and it cannot be assumed that even just the threat of imposing such as quotas will not produce overall a negative impact on women. Indeed, and as I outline, in some respects the agents of a negative impact on women of trying supposedly to help women, are likely to be women themselves.

SUBSTANTIVE COMMENTS

The reasons why women won’t match men in the workplace irrespective of whatever action is taken

12. My submission is to address the one central question in the remit: “*Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*” As I outline below, the actual reasons for the first part of this question are not those usually supposed, which are implicit or explicit within the Inquiry’s remit. The actual reasons render irrelevant all of the other set questions, so there would be no point in my answering them. Despite its absolute centrality, and the question that needs to be asked before any other, the first part of this question is near the foot of the several questions within the remit, which is thereby revealed to be fundamentally misguided and ideologically motivated. This is also revealed by the second half of this question in its being loaded to assume a benefit; apparently not even accepting the possibility of no benefit, let alone of a disbenefit.

13. PRELIMINARY NOTE

This submission necessarily is in terms of the roots of human social structure/dynamics, because only a “bottom-up” analysis from the biology can explain what is going on with women in the workplace. It is too often not understood that all culture is itself biology in being a manifestation of human psychology evolved to function to feed back to fine-tune and reinforce the biology underpinning it. Consequently, culture never goes off at a tangent such that it needs its own level of explanation beyond biology; and far from being obscured by culture, actually culture serves to render the biology ever better expressed. The problem with a “top-down” perspective, as from sociology, is that culture has evolved not least to further the biology in an “ignorance is bliss” way to obscure from us its working, and even to cause self-deception. The upshot is that sociological starting premises are really ideological and not scientific positions, into which any data is prised as a circular exercise little better than a tautology. Therefore, the biological perspective is the necessary one, and so any investigation has to start with the evolved roots of human social structure/dynamics to see if sex differences or dichotomies exist that account for women’s failure to climb the workplace hierarchy.

14. The executive board of a commercial enterprise is at the apex of a form of organisation essential and therefore common to all workplaces of a hierarchy, which is the form of organisation of human male sociality apparent right from early toddler age onwards (this fact having been long universally accepted in the science

literature, so there is no need to cite any here). Same-sex (all-male) dominance-hierarchy is a ranking of individual males otherwise relatively loosely inter-connected within a coalition. It is entirely different to the female form of sociality, also evident from early toddler age, of what is generally dubbed a “personal network” of much more intimate same-sex dyads (twosomes) extending out from family to friends and acquaintances. Dominance hierarchy is the male form of sociality ubiquitous across species in biology, ineradicable in humans, and fundamental to the essential biological function of the male, which is as the “genetic-filter” [1. 2.] (or, as very similarly but alternatively conceptualised, “mutational- cleansing”). [3.]

15. To unpack this a little for essential background to subsequent discussion: within the dominance hierarchy, competitive defeat causes an individual male to be reproductively suppressed (low fertility and sex drive), and to be rejected sexually by females; whereas competitive victory confers higher-status, indicating “good genes”. As the lower-status males fail, absolutely or relatively, to reproduce, this system rids the gene pool of accumulated gene-replication error (deleterious mutations and recombinations) that otherwise would lead to local and ultimately to species extinction. This is the male “genetic filter” or “mutational cleansing” function in action, and thus is solved the fundamental problem in any biological system. The male turns out to be the very opposite of “useless”. The corresponding female function is in being simply the “gene-vessel”, as it were, to transmit the genes filtered by the male—the “good genes” in higher-ranking males—to the next generation. Consequently, female mate-value (sexual attractiveness) is not to do with “good genes”, but is instead to do with fertility. Albeit that genes also determine fertility, as it is indicated by youth and beauty, this is a narrow set of genes, and the qualities they code for and control are more or less a “given”—innate and immutable—and therefore cannot really be fought over (which is why, across nature, in species where females also exhibit dominance hierarchy, rank is often simply inherited). As a result, human female intra-sexual competition tends to be confined to mutual derogation regarding sexual proprietariness (in that suggestions of future infidelity would injure a female’s chances of acquiring a long-term sexual partner). Intra-sexual competition is fierce in males and for the most part relatively weak or absent in females, because for a male it determines whether or not he gets to reproduce, and, if he does, the degree of fertility and the number of partners with whom he reproduces. It determines little if any such thing for the female. This sex dichotomy is confirmed by very recent research into stress response. Brain imaging very graphically reveals completely sex-distinct major neuro-hormonal pathways and brain systems, whereby although stress is something to be alleviated in the female, it is by striking contrast something that is actively produced in the male so as to drive competitiveness.

16. The underlying separate sociality of the sexes continues through adulthood, notwithstanding cross-sex interaction. Other than matters sexual (and parental), the aspects of the social environment individuals find most salient are intra-sexual—within their own sex. This applies in particular to competition. [4.] As it would make no biological sense for competition to be inter-sexual, then competition is only *de facto* when, for example, individuals of both sexes apply for the same job promotion. The context merely of a “socially amorphous” formal work organisation does not render the competition as being psychologically salient in any inter-personal sense. Albeit that the workplace formal social structure mostly corresponds to the informal actual hierarchy of male dominance of the male individuals within the workplace, it is not the same thing; and the disparity would be spotlighted when two opposite-sex individuals within the work organisation interact. What is psychologically salient then is not competition but sexual display.

17. Regarding sexual display, recent research (re which I have a review paper myself in preparation) shows that in the presence of males, females tend to withdraw from any form of competition and instead display, whereas males in the presence of females become still more competitive. [5.] [That is, they compete in effect against their own previous performance or the performance of other males.] The upping of male competitiveness in the presence of females is evident even ahead of puberty in running-track experiments by Uri Gneezy (a key researcher in behavioural-economics) with children at an age (10) when there is no sex-difference in athletic ability. This seems to be because competition *per se* is felt by females (girls as well as women) to be antithetical to revealing female mate-value, whereas for males (boys as well as men) competitiveness *per se* indicates male mate-value and is part of male sexual display. Mutual sexual display makes a nonsense of the claim that women would confer a benefit to company boards through engendering reduced risk-taking, because their very presence is likely to produce the opposite effect of greater male risk-taking behaviour.

18. As part-and-parcel of these sex-dichotomous forms of sociality is sex-dichotomous in-grouping psychology—the sex-specific psychology which explains how an individual envisages his/her own group-belonging. [6. 7.] Human male in-grouping psychology is a symbolic identification with any salient group of which an individual male feels himself to be a part—such as the work-group, company, university course-group or year-group, etc. This would correspond to a dominance-hierarchy of the males within that grouping, but would appear additionally to include collaterally any associated females. By great contrast, but analogously, female in-grouping corresponds to the individual female’s “personal-network”, cutting across the more obvious basis of grouping felt by males; and also unlike for males features a fourfold same-sex preference.

19. It is immediately apparent from this that women are likely to have serious problems in even wanting to locate themselves within the workplace, given that their mode of sociality and in-grouping psychology is very much at odds with the structure and dynamics of the contemporary workplace. Albeit amorphous and supported by official exhortation that everyone is supposedly the same irrespective of sex, the workplace is in significant ways less conducive to women than to men. It might well be asked, then, why *any* women desire to climb a workplace hierarchy? Status, in being in effect a summation of male “good genes”, indicates male but not

female mate-value, so there would seem to be no good reason why any woman would wish to try to acquire status per se, with rank of no evident use to her. Even so, by climbing the amorphous social structure of the workplace, a woman can better meet males who possess the high mate-value she requires. She can place herself *in the path* of high-status men. On this understanding, whereas men obviously have a clear direct motivation to vie for status, women are only *indirectly* thus motivated. Therefore, women's motivation will be weaker. This analysis does not conflict with the proximal explanation most people in work would provide: of a need to do a job well, and that this is its own reward. A progression up the ranks with increasing expertise follows naturally. Certainly this applies to women—given the findings that females are more conscientious than males; though males have greater facility to be focused—and can be envisaged as a tight positive feedback loop that has come to be split off from the core, distal motivation, to become an end in itself. Distal motivations are the crucial ones, and that we are mostly unaware of them actually is instrumental to better actualising them.

20. When you consider what is in effect playing a “double sexual game”, as it were, of aping male status-striving whilst not eschewing sexual display, together with the exclusionary basis of female in-grouping psychology and personal-network; then it is hardly a surprise that women are revealed to have a strong aversion to women managers—as shown by academic research [8. 9. 10.] as well as extensive if less rigorous survey (by the Alfred Marks Agency, the Royal Mail and the magazine, Harper's Bazaar). Women prefer as their managers even incompetent males over competent females. Conversely, women overseeing senior appointments are likely to favour only those women who are within their own in-group, notwithstanding a fourfold same-sex preference. Although this would drive discrimination against males, it would be counteracted by the universal view of males as naturally fitting into hierarchy and therefore appropriate as line-managers. The upshot is that as the proportion of women in management increases, then other women are the main obstacles to further advancement for many or most women. For some women their female manager may be the source of unfair preferment, but the introduction of such as nepotistic element is itself damaging to the workplace in contributing to inappropriate over-advancement.

21. That there is not some simple sex discrimination against women in the workplace is shown very clearly by recent field survey work sending CV applications to employers for real jobs, where the CVs were identical other than for the sex of the applicant. The female-named applications were four times more likely to attract an invitation to interview. [11.] [This dramatic sex discrimination in favour of women is despite the jobs in question being highly male-typical jobs: systems analyst and accountant.] This suggests that the preponderance of women in HR departments might now be allowing the expression of the aforesaid fourfold female same-sex preference in recruitment. This would result in a large imbalance at entry level in (and in “parachuting” into) organisations, with only particularly well-qualified and suitable male applicants being accepted in comparison to their female counterparts. This translates into a much poorer pool of female candidates for subsequent promotion to high position. However, the jobs in the study were not managerial, and when a very similar survey-study [12.] was carried out within science academia, the pro-female/anti-male sex discrimination partially reversed, because the job in question was “lab manager”. As soon as it becomes a question of line-management, then women as well as men view the job as naturally male-appropriate. It is not through some supposed general favouring of men, because the applications most liked were those purporting to be from a female. Notwithstanding this preference in favour of women, the male-named applications were more often chosen through being assessed as revealing greater competence. The competences in fact were identical, so this is an artefact of an implicit understanding that males rather than females are suited to hierarchical positions.

22. This picture clearly is a problem for women not simply to be selected, but—to return to a major point already made—themselves even to want to climb the workplace hierarchy: at least through line management. Women alternatively could expect more success if they eschew line management and try to progress through staff positions, such as in human resources departments. Clearly, this is very much what women do; HR being just the kind of “people-centred” employment niche women favour; but it is not the route to get a full business sense of the company. This explains the striking current data revealing that almost all appointments of women to the boardrooms of major companies are for non-executive roles. [Between March and August 2012, as a result of the threat of legislated quotas if FTSE100 companies don't “voluntarily” achieve 25% female representation by 2015 (as recommended in the Davies report, 2011), 55% of new FTSE100 directors were women (up from 13% in 2010 and 30% in 2011), but fully 100% of these have been as non-executives. All of the 18 new executive directors over the same period have been men.]

23. Yet this is but the start of the ramification of reasons why women are less evident on company boards. As a result of the radical sex difference—sex dichotomy—in competitiveness, the distribution of almost any attribute or accomplishment varies across individuals in two distinct types of distribution according to sex. The female normal distribution curve features a pronounced median but with both the top and bottom tails quickly falling away to zero. For males, the median is far less pronounced, whereas correspondingly the top and bottom tails are quite “fat” and tail off only slowly. The upshot is that even in the unlikely event of there being a nil sex-difference overall (that is, identical in aggregate) in ability or aptitude in respect of whatever is being measured—and this applies even to competitiveness itself—then, as you approach the top tails of the sex-separate distributions, you encounter the distinction between the pronounced top tail of the male distribution versus the near non-existent female top tail. This reveals the occupants at this point to be overwhelmingly if not almost 100% male and near 0% female. [This is commonly pointed out in the science literature. For a fuller outline see Moxon (2008). [13]] This is precisely the scenario pertaining to the apex of a commercial

enterprise, and is highly illuminating in considering the sex composition of a company board. A ratio of men to women typically of ten to one is what would be expected.

24. There is a surfeit of explanation for the lack of female company-board presence even before the more obvious, indeed self-evident usual explanations are proffered—such as a response to pregnancy, childbirth, and young children, of shifting to part-time work, taking a career break, down-shifting or even leaving work permanently; these being now understood to be the result of not constrained but free choice, or, more subtly, neither choice nor restraint but “satisficing”. [14.]

25. What is often not appreciated is that sex-dichotomous psychology rooted in the most basic biological distinctions is the strongest driver of the various different work patterns that distinguish women and impact in slower progression. Part-time working (and, for many women, not working at all) is preferred irrespective of having or intending a family. [15.] Then there is the additional desire for both good working conditions and a conducive social aspect that is prominent for women but not for men. [16.] This drives profound sex differences in the choice of work niche. [I won’t go further into this, given that you have a submission from Catherine Hakim, who is the world expert on all this.]

26. Deep psychological sex differences are also behind not merely work-niche but work-sector preferences. The orientation towards “people”- and “care”-centred occupations is all too well-known and I hardly need to cite work on this here—again, the most comprehensive reviews are by Catherine Hakim. Even when both sexes gravitate to the same work sector, they may well have a completely different view of it. In academia, the key reason cited in the recent major review [17.] about why women don’t get to the top in science is that women much prefer teaching to research roles, and thereby do not place themselves on the main career ladder that requires prestige in a particular field. It would seem that whereas men are interested in working in science fields for the science per se, women tend to be interested in the “people”- and “care”-centred aspects of science as a platform for a profession in teaching, and thereby self-limit their progression up the hierarchy.

27. This submission is but an introduction to a plethora of research in the sciences that has direct bearing on the question of why it is that women do not climb the work hierarchy. Given the surfeit of explanation that is nothing to do with sex-discrimination, then it follows that all of the other questions within the Select Committee’s remit on this topic are irrelevant, and I need not address them.

28. Indeed, to continue to still further press on with the intellectually dead extreme politics that drives the “women quota” agenda, is to cause the very evil that it is intended to try to end. Actual sex-discrimination is produced: against men. This cannot be admissible if all of the effort in respect of alleviating discrimination is to do with egalitarianism as it purports to be. Unfortunately, it is not at all as it purports: the efforts all stem from the now hegemonic political-philosophy of “political-correctness”, which originated and developed as an attempt to salve the “cognitive-dissonance” experienced by those with a political-Left mindset in the wake of the long-standing demonstrable failure of their ethos in practice. [18.] Instead of blaming the theory and one’s own gullibility in accepting and adhering to it, blame was transferred to the hitherto projected recipients of “liberation” from “oppression”: “the workers”. [There is full agreement on this amongst the various scholars who have written about “political correctness”, eg Browne.] [19] In that “the workers” typically were male, “white”, and heterosexual, then a replacement mass of people deemed worthy of being the “victims” in need of “saving” was deemed to be by inversion the sum total of all those individuals who are non-male, non-“white” and non-heterosexual: that is, females, ethnic-minorities and homo- and trans-sexuals. This is a political idiocy without precedent in the history of our or any other culture. It is deeply disgraceful for this Select Committee that it should be even giving lip service to such foolishness.

29. The consequences, inevitably reflected “downstream” through the economy, of the combination of putting ever further obstacles in the path of men, with the bogus reasons (when they become generally understood) why this is being done, hardly need to be spelled out. The key problem—known to everyone intuitively, but now deemed politically inadmissible—is that men (but not women) need a good job in order to “have a life”—that is, to acquire a partner and have a family. The explanation for this could not be clearer. Males possess mate-value in terms of the degree to which they possess “good genes”, regarding which male status is the major indicator. This is not the case for any woman: there being no overlap with men here, because female mate-value is “fertility”, not “good genes”; and as such is unrelated to status. Status is purely a measure of male mate-value. Inasmuch as the scope for males to achieve status is ever more narrowed by deliberate government anti-male discrimination and in artificially favouring women—and inasmuch as this is exacerbated by an inexcusably elitist-separatist motivation by those who have placed themselves within the government-media-education über-class—then many or most men indeed will not be able to “have a life”. The predictable impact of this is serious social breakdown, one major manifestation of which would be likely violence against the government-media-education elites, given that they are clearly identifiable as being responsible.

30. Finally, the last part of the question I’m addressing posed by the Inquiry is in regard to what may be the benefits of including more women on company boards. Referring above to the issues that women themselves have with woman managers, then the presence of women in senior positions is likely to be a disbenefit to many or most other women in the company, and of no benefit or again a disbenefit to women even in terms of representation. The “womanly” qualities sought after are exactly those qualities likely not possessed by the very unusual women who do successfully compete for a place on the board. This renders any “representation” argument worse than empty. A childless career woman is hardly likely to be more able to represent the interests

of the great mass of ordinary women (who never place work, let alone career at the centre of their lives) than is a man directly serving the interests of a typical woman in being partnered to such a woman. So even the presence of the “token” woman is unlikely to be of benefit. The case for even the most minimal “positive discrimination” is, to say the least, unconvincing. In any case, the economic case has been radically misrepresented. Already a poorer performance of companies in Norway is being seen after the imposition of female quotas for that nation’s company boardrooms (though it is not for me to present the data and studies here, given that the knowledgeable expert on this, Michael Buchanon, has submitted specifically on this). Negative economic consequences into the bargain really does put the seal on the faux egalitarianism of imposing “women quotas”, doomed to failure as is any such attempt by the impossibility of engineering a wholly new human sociality. To imagine this is possible betrays an extraordinary historical and cultural illiteracy, and a wilful ignorance of science with the profoundest denial of human nature through a reprehensible inegalitarian extreme political philosophy.

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Written evidence submitted by Opportunity Now

WHO WE ARE

Opportunity Now empowers employers to accelerate change for women in the workplace. We work with our membership of employers, from private, public and education sectors to offer tailored, practical and pragmatic advice on workplace issues.

Founded in 1991, the original aim of Opportunity Now was to maximise the potential of female employees and improve their recruitment and retention prior to the start of the new millennium. 21 years on, the need for the work of Opportunity Now is just as strong.

The campaign pillars of focus are:

- Balanced Boards.
- Flexible working.
- Equal Pay.

Opportunity Now is part of Business in the Community, a registered charity.

BUSINESS IN THE COMMUNITY

Business in the Community mobilises business for good. Our members commit to take action on the key issues of today, be they people or planet, and create a unique platform for collaborative action.

OUR RESPONSE

Opportunity Now welcomes the chance to respond to this consultation. We have more than twenty years of experience working with businesses to increase the number of women at senior levels, improving women's progression in workplace, addressing the gender pay gap and flexible working. This has allowed us to develop an expertise which forms the basis of our response detailed below.

1. *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

For the last 21 years, Opportunity Now has been working with employers to tackle inequalities between men and women in the workplace, including the gender pay gap and job segregation. It is our belief that the most powerful driver for change within UK workplaces is the *Gender Business Case*¹³⁷ which needs to be used alongside legislation to lever real change for women in the workplace.

Opportunity Now welcomed the Gender Equality Duty and Equality Act 2010 legislation and its impact on gender equality. The Equality Act 2010 contains a reserve power which could lead to mandatory reporting of organisational pay gaps by 2013. Opportunity Now contributed to recommendations made by the Equality and Human Rights Commission (EHRC) to encourage organisations to voluntarily report on their pay gap.

In 2011, the median full-time gender pay gap for hourly earnings was 10.5%. For the tax year ended 5 April 2011 the figure for median gross annual earnings for male full-time employees was £28,400, while for women the figure was £22,600.ⁱ More information on the pay gap can be found on <http://www.equalpayportal.co.uk/>

The EHRC found that women working full time in the finance sector earn 55% less per year than men working full time.ⁱⁱ This demonstrates the impact horizontal segregation can have on the gender pay gap. In the UK, we know that women cluster in the '5 Cs'—cleaning, catering, caring, cashiering and clerical work, whereas men occupy a wider range of jobs. Opportunity Now has over 20 years of experience of working with employers to tackle job segregation—both at vertical and horizontal levels. We have developed *best practice recommendations*¹³⁸ for employers to tackle horizontal/occupational segregation, in order to widen their talent pool, make the best use of talent and more effectively reflect their customer base.

What gets measured gets done and this is certainly true of the gender pay gap and job segregation. It is only when employers really mine their data and get to grips with the real picture, that they can set about solving it. Opportunity Now's data reveals that within our membership of employers, 61% of private sector employers have already put an infrastructure in place to audit pay on a regular basis. However, if the recommendations from Opportunity Now and EHRC are to be successfully taken up by employers, it is vital that clear guidance and practical and pragmatic assistance is provided. Collecting and publishing pay data requires business commitment, time and resources, and we would urge the government to ensure that employers are adequately supported.

¹³⁷ http://www.bitcdiversity.org.uk/about_us/opportunity_now.html

¹³⁸ http://www.bitcdiversity.org.uk/best_practice/exemplar_employers/occupational_segregation/recommended_best_practice/index.html

2. *What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?*

For the last 20 years, Opportunity Now has been at the forefront of championing transparency on pay and other issues such as workforce composition. Opportunity Now was pleased to help shape the Think, Act, Report initiative and is delighted to be working with the Government's Equalities Office to further develop this initiative. We strongly believe that increasing women's recruitment, retention and progression within UK businesses is not a women's issue but a commercial imperative. Creating workplaces which better tap into the talents of both men and women offers clear business advantage in terms of talent, innovation and financial performance.

Opportunity Now played a significant role in promoting and encouraging sign up to the Think, Act, Report initiative, with the majority of signatories being Opportunity Now members. To encourage more visibility amongst organisations on transparency of gender equality reporting, Opportunity Now and GEO last year launched the *Transparency Award*¹³⁹ to highlight best practice on transparency on gender equality issues in the private and voluntary sectors.

We support the Davies report approach to women on boards, including the amendments to the UK Corporate Governance Code which will mean that companies are publicly reporting on their policies on gender and diversity, and any targets set, for the first time. This approach could be widened. We support government proposals previously consulted on to encourage companies to report the numbers of women at different levels in their organisations. We also encourage member organisations we work with to identify areas and functions within their organisation where women are underrepresented and set targets to better balance women's representation.

Opportunity Now supports the move by government to conduct another survey of employers in 2012 and government will report annually on progress against four key indicators:

- The number of organisations who conduct analysis on their gender pay gap;
- The number who have a planned approach to reducing their gender pay gap;
- The number who report publicly on gender diversity; and
- The number who report publicly on their gender pay gap.

Early indications from our recent benchmark exercise suggest 50% of responding organisations publicise some information on the gender composition of their workforce.

3. *What has been the impact of the current economic crisis on female employment and wage levels?*

Whilst the current economic situation is challenging our evidence from our members is that they are continuing in their commitment to diversity and inclusion. They recognise that diversity isn't just a nice to have, it is a business imperative.

Our recently updated benchmark tool encourages monitoring of female employees at different levels and wage levels by gender within our member organisations. The overall findings will be published in a report due out in November 2012 which can be *found here*.¹⁴⁰

4. *How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?*

As cited above, the concentration of men in certain sectors has impacted on the gender pay gap negatively for women who are concentrated in the 5 'C's' of cleaning, catering, caring, cashiering and clerical work. Gender stereotyping in particular occupations is a complex issue that requires a holistic approach—addressing the impact of education, the media and sector's reputation to potential employees. Many employers have displayed best practice approaches towards encouraging women of all ages and backgrounds to take up non-traditional roles as can be displayed by previous winners of the Opportunity Now *Inspiring the Workplace of the Future Award*.¹⁴¹

Baroness Greenfield's report, SET FAIR (November 2002) provided several recommendations for government to overcome the barriers that prevent women and girls in entering, staying and succeeding in science, engineering and technology education and employment. The government published its response 'A Strategy for Women in Science, Engineering and Technology' in April 2003 to address the issues outlined in SET FAIR. The main initiative to come out of the Strategy was the establishment of the *UK Resource Centre for Women*¹⁴² (UKRC) in Science, Engineering and Technology. In addition to this, there are several organizations in existence to address the participation of young people in Science, Technology, Engineering and Mathematics (STEM), such as *STEMNET*.¹⁴³

¹³⁹ http://www.bitcdiversity.org.uk/awards/on_awards_2012/index.html

¹⁴⁰ <http://www.bitcdiversity.org.uk/benchmarking/index.html>

¹⁴¹ http://www.bitcdiversity.org.uk/awards/on_awards_2012/index.html

¹⁴² <http://www.setwomenresource.org.uk/>

¹⁴³ <http://www.stemnet.org.uk/content/stem-ambassadors>

Opportunity Now has developed *best practice recommendations*¹⁴⁴ for addressing occupational segregation and gender stereotyping in particular roles. These recommendations were developed based on Opportunity Now's expertise and work with member organisations. Opportunity Now has found that best practice owned by business and driven by business, results in greater traction in addressing occupational segregation.

Opportunity Now would recommend a working group is set up consisting of organizations addressing gender equality in the workplace, best practice employers, Sector Skills Councils and organizations encouraging girls, women and young people to consider careers in Science, Technology, Engineering and Mathematics (STEM). The working group would seek to determine the most effective way to address gender stereotyping in the industries mentioned above at education and employment level—including apprenticeship and Higher Education level. If the BIS Select Committee is interested in this proposal, Opportunity Now could convene this working group.

5. What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

For the last 20 years, Opportunity Now has advocated that agile working is an effective way to address job segregation. Our role is to seek out and highlight best practice on agile working, including part time working, approaches which enable women and men have opportunities to gain senior positions. Opportunity Now's Awards highlight best practice across industry on a range of categories including *Agile Working*,¹⁴⁵ advancing women in the workplace and inclusive culture. Opportunity Now manages the Awards process jointly with the *Times Top 50 Employers for Women*,¹⁴⁶ allowing us to further highlight best practice on agile working, part time working role models and raise the profile of gender equality within the public eye. Opportunity Now holds events for its member organisations on agile working including an event on the changes to paternity leave legislation and is currently organising a roundtable with best practice organisations on flexible working for two board member's of the Women's Business Council. Flexible working is one of Opportunity Now's campaign aims and we are keen that flexible working doesn't become a "Mummy Track", or an option available only to people less able to participate in traditional ways of work. In fact it allows businesses to retain the talents of any employee through periods of change in their lives. Opportunity Now is keen for flexible working to be seen as a mainstream business imperative and not as a "fringe" issue.

The Office of National Statistics latest figures show that in the three months up to April 2012 the UK workforce consisted of some 13.60 million men and 7.72 million women in full-time employment, and 2.11 million men and 5.85 million women in part-time employment.ⁱⁱⁱ In our *2010–11 benchmark*¹⁴⁷ exercise we found that while all employers surveyed offered some form of flexible working (75% of Opportunity Now employers offer nine or more types of flexible working), 28% of organisations said they did not consider flexibility at all when designing jobs. We also found considerably less part-time working evident at senior levels, thus reinforcing the myth that it is not possible to work in senior level roles on a part-time basis.

Opportunity Now conducted research on agile working within organisations—*Out of Office*¹⁴⁸ and *Out of Office II*¹⁴⁹—which found that more flexible working can be a business benefit as well as an employee benefit, and the reports make practical recommendations for employers to embed within their organisations. A recent YouGov Poll conducted by Opportunity Now found 33% of those polled said that greater flexibility would make them more productive and 43% said that it would help them with stress. Opportunity Now recommends profiling organisations that promote flexible working at all levels—particularly those that have seen positive business benefits in light of the recent Olympic and Paralympic Games in London. Opportunity Now promotes senior role models who are able to demonstrate the benefits of flexible working.

Opportunity Now sits on the Private Sector Working Group (PSWG) for the consultation on the Extension of the Right to Request Flexible working to all and supports this proposal as a method for encouraging take up of all forms of flexible working by both women and men at all levels within their organisation. Opportunity Now recommends highlighting the business benefits of agile working through the ACAS Guidance produced with the support of the PSWG, *Opportunity Now's Agile Working Award*¹⁵⁰ and Working Families Awards.

Opportunity Now is working closely with Working Families and actively supports the 'Strapline' project (lead by Working Families) to pilot using a strapline promoting the possibility of flexible working within senior level roles within job advertising.

¹⁴⁴ http://www.bitcdiversity.org.uk/best_practice/exemplar_employers/occupational_segregation/recommended_best_practice/index.html

¹⁴⁵ http://www.bitcdiversity.org.uk/awards/on_awards_2012/index.html

¹⁴⁶ http://www.bitcdiversity.org.uk/awards/on_awards_2012/the_times_top_50.html

¹⁴⁷ <http://www.bitcdiversity.org.uk/benchmarking/index.html>

¹⁴⁸ http://www.bitcdiversity.org.uk/research/on_out_of_office/index.html

¹⁴⁹ <http://www.bitcdiversity.org.uk/applications/fep/feLogin.rm?destination=http%3A%2F%2Fwww%2Ebitcdiversity%2Eorg%2Euk%2Fresearch%2Fon%5Fout%5Fof%5Foffice%2Fout%5Fof%5Foffice%5F11%2Fout%5Fof%5Fofficeii%2Eрма&authenticate=true>

¹⁵⁰ http://www.bitcdiversity.org.uk/awards/on_awards_2012/index.html

6. *To what extent have the recommendations in Lord Mervyn Davies' Report "Women on Board" (published in February 2011) been acted upon?*

Since the launch of the Lord Davies report on women on boards in February 2011 and following a three year plateau, the percentage of women on FTSE 100 listed companies has increased by 3% to 17.2%. Since 1st March 2012, 55% of FTSE 100 new board appointments were women. However, there were no female Executive Director appointments, (although Karen Witts will join Kingfisher as Executive Director in the Group Finance Director role in October).

The increase is in line with what Lord Davies called for—equating to around one in three new board appointments in the last year going to women. The “comply or explain” model being used in the UK as well as elsewhere has had a significant impact which we believe is sustainable and powerful, and which has been achieved with no threat to effective governance.

Amendments to the UK Corporate Governance Code and progress on other Davies recommendations demonstrate the success of this approach.

7. *To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?*

Research has consistently shown that more women on boards and at senior level reduce risk and improve corporate governance. Thomson Reuters examined the performance of companies with more than 30% women on their board compared with those with less than 10% women on their board, and found that companies with greater numbers of women leaders fared better in periods of greater economic volatility.^{iv} Furthermore, Leeds University Business School reports that having at least one female director on the board appears to cut a company's chances of going bust by about 20%. Having two or three female directors lowers the risk even more.^v The Conference Board of Canada found that 91% of boards with three or more women directors explicitly take responsibility for verifying audit information compared with 74% of companies with all male directors.^{vi}

Other research has shown the benefits of having more women on boards to the company's return on equity, sales and crucially, invested capital. This research is highlighted in the question below.

At the Opportunity Now Dinner in April 2012, James Leigh-Pemberton, CEO Credit Suisse UK, to approach the investors of the audience's pension funds to ask 'how you will hold the Boards of the companies you invest in accountable for complying with the UK Corporate Governance Code's requirements on Board diversity'. More work needs to be done with UK institutional investors to ensure awareness of the benefits of having more women on boards is taken into account during annual company reporting and at each new board appointment, and diversity and talent management is placed on the board agenda.

Investors are a crucial lever for change. The business case is clear, and the support of many investors for more women on boards is having real impact already.

8. *Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?*

As shown above, progress has been made but this is concentrated in NED appointments currently, and more focus is needed on executive appointments. Opportunity Now has produced guidance for employers called *Changing Gear*¹⁵¹ based on its 20 years of expertise on how to effectively tackle women's progression in the workplace.

The barriers that women experience in progressing to senior levels are complex and varied.^{vii} Opportunity Now research called *What Holds Women Back*,¹⁵² found the biggest barrier to women getting senior jobs is the need to balance work and family responsibilities, 82% of female managers and 54% of male managers see this as the main barrier. The second biggest barrier is also related to childcare. 57% of women managers and 20% of male managers believe that women are seen as less committed to work because they may have family commitments. The third most cited barrier to women's progression was a lack of senior or visibly successful role models (according to 52% of female respondents and 26% of male respondents).

Opportunity Now believes that diversity on boards is good for business and there is a compelling body of research which demonstrates the correlation. According to McKinsey,^{viii} companies across all sectors with the most women on their boards of directors significantly and consistently outperform those with no female representation—by 41 percent in terms of return on equity and by 56 percent in terms of operating results. A study of the in the Fortune 500, Catalyst studies reveal companies in the highest percentile of women on their boards outperformed those in the lowest percentile by 53% higher return on equity, 42% higher return on sales, and 66% higher return on invested capital.^{ix} Furthermore, a recent Danish study found that companies with good numbers of women on the board outperformed those with no women by 17% higher return on sales and 54% higher return on invested capital^x. As cited above, companies with larger numbers of women at the top fared better in times of economic volatility.

¹⁵¹ http://www.bitcdiversity.org.uk/research/changing_gear/index.html

¹⁵² http://www.bitcdiversity.org.uk/about_us/on_rfo_media_centre/press_releases/what_holds_women.html

Similarly, over the course of 2011, companies in the STOXX 600 Index with more than 30% women managers outperformed those with less than 20% women managers by nearly 8%.^{xi}

Evidence from Opportunity Now employers in the UK suggests that diverse teams enhance innovation and approach problem solving through a wider lens, while homogenous teams can suffer “groupthink” and are less effective at scrutiny, challenge and innovation. When management groups consist of people from similar backgrounds, executives are more likely to take excessive risks or fail to form contingency plans. Our evidence also suggests that diverse leadership groups are better able to deliver business solutions which appeal to diverse consumers and clients.

9. *How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?*

The voluntary code of conduct has contributed in the shift towards increased numbers of women on boards cited above. However, a broader cultural shift is needed within the FTSE board level appointments search criteria and processes and needs to be actively supported by both FTSE companies and their search firms.

Opportunity Now encourages its members to challenge their search firm’s understanding of diversity, their track record in diverse placements and challenge them on how they would put together a bias free brief, ask for their recommendations on how they would overcome stereotyping. If the Code is to be effective nominating committees must hold search firms to compliance. Pockets of best practice exist which need to be profiled and consultation with executive search firms needs to take place.

Opportunity Now is keen to ensure women’s progression in the workplace moves beyond being seen as simply a boardroom issue and remains high on the government’s agenda and the UK business agenda.

5 October 2012

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i Cited from The Equal Pay Portal, <http://www.equalpayportal.co.uk>, Sheila Wild, 2012

ii http://www.equalityhumanrights.com/uploaded_files/financial_services_inquiry_report.pdf (page 7)

iii <http://www.equalpayportal.co.uk/where-to-start-2/>

iv *Women in the Workplace: Latest Trends in Gender Equality*, Thomson Reuters 2012

v Leeds University Business School, 2009

vi *Women on Boards: Not Just the Right Thing ... But the 'Bright' Thing*, The Conference Board of Canada, 2002

vii See Balanced Boards for more information

viii *Women Matter*, McKinsey, 2010

ix *The Bottom Line: Corporate performance and women’s representation on boards*, Catalyst 2007

x *Women on Board and Firm Performance*, Mijntje Lückers-Rovers, Erasmus University Rotterdam, 2010

xi *Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance*, Vicki Kramer, 2007

Written evidence submitted by The Quoted Companies Alliance

The Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500 million.

The Quoted Companies Alliance is a founder member of European Issuers, which represents over 9,000 quoted companies in 14 European countries.

RESPONSE

We welcome the opportunity to provide written evidence in this inquiry.

We are a strong advocate of good governance amongst the small and mid-size quoted companies we represent and amongst the UK and European corporate landscape more generally. We believe that initiatives to encourage more representative boards will improve the quality of board decision-making and accept that promoting greater gender diversity throughout the management structure of organisations is a key element of that.

There are currently a number of ongoing initiatives both in the UK and the EU to increase female participation in the boardroom. Most notably, Commissioner Reding, Vice President of the European Commission, DG Justice, has confirmed that she will release a proposal shortly that will require listed companies to have at least 40% of their non-executive director board seats for women by 2020 or face fines and other sanctions.

We are concerned that, in relation to gender diversity, the imposition of quotas will not deliver better corporate governance. We believe that any imposition of quotas for women on boards is premature and will fail to allow enough time for recent initiatives to increase board diversity (such as amendments to the UK Corporate Governance Code that require companies to explain their approach to boardroom diversity) to be fully realised. Most importantly, organisations need to look beyond the boardroom to increase the available constituency of appropriately experienced women keen to enter the boardroom in either an executive or non-executive capacity.

Tim Ward
Chief Executive
5 October 2012

Written evidence submitted by the Royal Academy of Engineering

EXECUTIVE SUMMARY

1. This submission gives evidence in relation to a single question posed by the consultation. It focuses on that question because it raises an issue that plays a significant part in the persistent under-representation of women in engineering: gender stereotyping. The focus of this submission is on the impact gender stereotyping has on the supply of skills into engineering, the threat this poses to the success of the UK economy and how to tackle it.

2. Whilst all the other questions are of interest to the Academy, as lead for the Diversity in Engineering programme, it is interested in tackling issues that contribute to the persistent under-representation of women across the engineering profession. The Programme is led by Professor Dame Wendy Hall FREng FRS and funded by the Department of Business Innovation and Skills (BIS). It aims to increase diversity across the profession by identifying and tackling persistent barriers to the participation of women and other groups. For more on the Programme see <http://www.raeng.org.uk/about/diversity/default.htm>

3. The Academy recognises that gender stereotyping is pervasive across society and it will require action at Government level to make an impact. Government could:

- Develop and implement a mechanism to compel schools to encourage gender balance in school subjects—especially those with a history of gender imbalance. For instance by addressing the recommendation in the Institute of Physics¹⁵³ report which recommends including gender equity as an Ofsted inspection criteria so that no school can be judged outstanding if there are clear participation issues that are not being addressed.
- Integrate an awareness of the different learning patterns of boys and girls into teacher training to encourage them to implement classroom strategies that challenge gender stereotyping and engage the same level of subject interest from girls and boys.
- Encourage schools and colleges to deliver careers education that raises awareness of the impact of different programmes of study on pay and progression in employment¹⁵⁴

ABOUT US

4. Founded in 1976, The Royal Academy of Engineering (the Academy) promotes the engineering and technological welfare of the country. Our fellowship—comprising the UK's most eminent engineers—provides the leadership and expertise for our activities, which focus on the relationships between engineering, technology, and the quality of life. As a national academy, we provide independent and impartial advice to Government; work to secure the next generation of engineers; and provide a voice for Britain's engineering community. www.raeng.org.uk

5. Since April 2011, the Academy has been leading a diversity programme funded by the Department for Business Innovation and Skills aimed at increasing diversity across the profession. The Royal Society has also been appointed to conduct a parallel programme that focuses on the sciences, and the two organisations are working closely together to increase diversity across the Science, Technology, Engineering and Maths (STEM).

Detailed Submission in response to the question:

6. *How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?*

7. Stereotyping is a key factor in the under-representation of girls and women in the supply of skills to engineering, and the make-up of the engineering profession. If this under-representation and the stereotyping that contributes to it remain unchecked, it has potential to have a detrimental effect on the UK economy.

¹⁵³ It's Different for Girls: Influences of Schools IOP (2012) http://www.iop.org/education/teacher/support/girls_physics/file_58196.pdf

¹⁵⁴ Girls' Career Aspirations, Ofsted (2011) <http://www.ofsted.gov.uk/resources/girls-career-aspirations>

8. Analysis of Labour Force Survey data tells us that only 8% of those in engineering occupations are women, which in turn means the UK has fewer female engineers than any other European country. According to Engineering UK,¹⁵⁵ the reasons for this are that (i) girls effectively rule themselves out of a degree in engineering by the age of 14, (ii) the link between enjoyment of a subject and attainment in terms of a pupil's likelihood of pursuing that subject further, and (iii) careers information and guidance that reinforces gender stereotypes.

9. At the apprenticeship level, the under-representation of women is even more profound. Whilst the overall number of apprenticeships has increased, only 5% of engineering apprentices are women.¹⁵⁶ When it comes to work experience placements, choices are often based on traditional gender roles; the most common work experience placement for girls at secondary school are in schools (26%), playgroups or nurseries (11%) and in retail (10%).¹⁵⁷

10. Against this backdrop, the 10 engineering-related Sector Skills Councils¹⁵⁸ estimate that an additional 2,217,500 skilled people will be required by industry over the next five to 10 years. At the same time, the number of economically-active 16–64 year olds is set to fall by 6% between 2010 and 2035 and 23% of the UK population is over retirement age. Women present a potential pool of talent that cannot be realized whilst gender stereotyping persists.

11. Gender stereotyping stems from the way boys and girls are socialised, the messages that come through parental influence, wider society and failure of the education system to challenge these social norms. It is prevalent not just within some professions but across society. Research demonstrates that gender patterns in subject interest are socially constructed, not biologically based.¹⁵⁹ Families, teachers and schools play a role in creating stereotypical patterns of subject choice, for instance by, limiting toy choice from an early age¹⁶⁰ and giving different levels of encouragement for boys and girls to pursue science¹⁶¹—and ultimately engineering. Research provides examples of teachers favouring boys and perceiving them to be “better” (and more “naturally able”) at science than girls, even where attainment data indicate otherwise¹. Added to this, amongst educators there are a significant number who do not see engineering as a desirable career. According to an Engineering UK report 21% of STEM educators do not see engineering as a desirable career of which a large majority saw it as being a career for men.¹⁶² Compounding this, an evaluation of pilot apprenticeship projects carried out by the Institute of Employment Studies (IES) in 2012 revealed that young women, parents and, often, teachers and advisers held outdated views of science, technology, engineering and manufacturing occupations.¹⁶³

12. As children progress through the education system, it is achievement in physics and maths that has the potential to lead engineering careers. However research shows that, even among those who are very able, notably women, working-class people and some ethnic minority students find it difficult to envisage themselves as “science people”, particularly when their backgrounds do not “fit” the public profile of the wider science or engineering workforce.¹⁶⁴

13. In 2012, a report by the Institute of Physics, *It's Different for Girls*,¹⁶⁵ threw a spotlight on the participation of girls in physics across English schools. The report is to be commended for the contribution it has made to understanding and clarifying causes for the underrepresentation of girls in a subject vital to the study of, and progression in, engineering. Specifically, the report highlights the fact that almost half of all maintained co-ed schools in England (49%) sent no girls on to take A-level physics in 2011. If gender stereotyping in engineering is to be tackled, it must include a focus on increasing the proportion of girls who study subjects that put them on the road to engineering occupations.

¹⁵⁵ Engineering UK, An investigation into why the UK has the lowest proportion of female engineers in the EU (2011) http://www.theukrc.org/files/useruploads/files/int_gender_summary_engineeringuk_04_11_.pdf

¹⁵⁶ National Apprenticeship Service Achievement by Framework, Level and Gender <http://mireportslibrary.thedataservice.org.uk/apprenticeships/>

¹⁵⁷ Women's Business Council Second Evidence Paper <http://www.homeoffice.gov.uk/publications/equalities/womens-equality/business-council/evidence2>

¹⁵⁸ Engineering UK State of Engineering 2012

¹⁵⁹ Ten Science Facts and Fictions: The Case for Early Education about STEM Careers <http://www.kcl.ac.uk/sspp/departments/education/research/aspires/10FactsandFictionsfinalversion.pdf>

¹⁶⁰ Gender-neutral? Harrods' new Toy Kingdom tries to end boy-girl divide <http://www.guardian.co.uk/lifeandstyle/2012/jul/20/harrods-toy-kingdom-boy-girl-divide>

¹⁶¹ Girls' Career Aspirations, Ofsted (2011) <http://www.ofsted.gov.uk/resources/girls-career-aspirations>

¹⁶² Engineering UK Brand Monitor 2011 http://www.engineeringuk.com/_db/_documents/EngineeringUK_EEBM_2011_Executive_Summary_-_FINAL.pdf

¹⁶³ Good Practice Evaluation of the Diversity in Apprenticeships Pilots, IES 2012 <http://www.employment-studies.co.uk/press/report.php?id=496>

¹⁶⁴ Carlone, H. B., Kimmel, J., Lowder, C., Rockford, J., & Scott, C. (2011). Becoming (less) scientific in the figured worlds of school science learning: A longitudinal study of students' identities. Assessing equity beyond knowledge- and skills-based outcomes: A comparative ethnography of two fourth-grade reform-based science classrooms. *Journal of Research in Science Teaching*, 48(5), 459–485.

¹⁶⁵ It's Different for Girls: The influence of schools, Institute of Physics (2012) http://www.iop.org/education/teacher/support/girls_physics/file_58196.pdf

14. This pattern of participation in physics; gender-biased messages, behaviours and stereotypes need to be challenged at all levels¹⁶⁶ to build a more equitable profession and society where both women and men have equal opportunity to contribute to and reap the benefits of economic growth.

RECOMMENDATIONS

15. The UN Entity for Gender Equality and the Empowerment of Women has identified a number of policy interventions at country level¹⁶⁷ which could impact on gender stereotyping at societal level. Within engineering, a number of strategies might be useful as laid out below.

16. To minimise gender imbalance and encourage more young people to envisage themselves as “science people”, a mechanism should be put in place to support gender-balance and wider diversity across subjects in schools. Research by the Institute Of Physics¹⁶⁸ (and others) shows that girls often have different learning patterns from boys. It recommends teachers be made aware of these differences, trained and encouraged to be more proactive in minimising gender stereotyping in the classroom to enable the same level of interest from both boys and girls. For instance, teachers of maths and physics, and other subjects, should be encouraged to develop strategies that challenge gender stereotypes, and more specific curriculum-related strategies to engage the same level of subject interest from girls, boys, and other groups currently under-represented in the supply of engineering skills.¹⁶⁹

17. Illustrating engineering’s role in finding solutions to some of the world’s key challenges such as its ageing population, climate change and the environment, and promoting these in engineering careers advice will go some way to tackling gender imbalance because evidence shows that engineering activity placed within a societal, environmental or ethical context will instantly engage girls more than ones that are not.¹⁷⁰

18. Finally, there is evidence to suggest that gender-stereotypical careers education and work placements in schools and colleges are having a detrimental impact on the confidence, drive and ambition of girls to take risks in challenging vocational stereotypes.¹⁷¹ A 2011 Ofsted report outlines action schools and colleges can take to redress this imbalance. This includes, promoting better understanding of the long term impact of career choice amongst young people, helping young people understand responsibilities associated with parenthood, and developing opportunities for young women to meet professionals in non-stereotypical roles amongst other things.

19. Whilst many organisations are doing good work to promote engineering careers in schools, this will have minimal impact on the under-representation of women if stereotypes perpetuated at societal level—through parents, teachers, peers and society at large are left unchecked. The education system and wider society must be aligned to challenge stereotypical thinking that acts as a barrier to the participation of girls in programmes of study that lead to engineering careers. Whilst at the same time presenting engineering careers as achievable, desirable, progressive and well-paid.

4 October 2012

Written evidence submitted by the Royal Aeronautical Society

1. The Royal Aeronautical Society is the learned society for the aerospace and aviation community. It has over 17,000 members world-wide. The work of the Society is supported by a number of Specialist Groups, including Women in Aviation and Aerospace Committee. It also has a Corporate Partners’ scheme linking it to aerospace and aviation companies.

WOMEN IN AVIATION AND AEROSPACE¹⁷²

2. There are plenty of women employed in aviation, aerospace and defence manufacturing, the space sector and the military. But the vast majority of women in the aerospace and aviation industries are working in jobs they could do in any other industry—eg clerical, marketing, public relations, human resources and finance.

3. However, when it comes to the most critical jobs, such as engineer, pilot and senior management/director, the percentage of women employed in these roles is less than 5%. For example, less than 4% of commercial

¹⁶⁶ Eliminating Gender Stereotypes—Mission (Im)Possible http://www.arhiv.uem.gov.si/fileadmin/uem.gov.si/pageuploads/Gender-Stereotypes_conference_report.pdf

¹⁶⁷ United Nations Women—Countering Gender Discrimination and Negative Gender Stereotypes: Effective Policy Responses <http://www.unwomen.org/2011/07/countering-gender-discrimination-and-negative-gender-stereotypes-effective-policy-responses/>

¹⁶⁸ Carlone, H. B., Kimmel, J., Lowder, C., Rockford, J., & Scott, C. (2011). Becoming (less) scientific in the figured worlds of school science learning: A longitudinal study of students’ identities. Assessing equity beyond knowledge- and skills-based outcomes: A comparative ethnography of two fourth-grade reform-based science classrooms. *Journal of Research in Science Teaching*, 48(5), 459–485.

¹⁶⁹ London Engineering Project, Getting Girls into Engineering—A practical guide <http://www.thelep.org.uk/about/girls>

¹⁷⁰ Strategies to get girls interested in science, engineering and technology, Marita Cheng, 2012 http://www.churchilltrust.com.au/site_media/fellows/2011_Cheng_Marita.pdf

¹⁷¹ Girls’ Career Aspirations, Ofsted 2011 <http://www.ofsted.gov.uk/news/girls-making-uninformed-choices-about-careers>

¹⁷² Data in this submission is derived from a Royal Aeronautical Society (RAeS) report: *The Future of Women in Aviation and Aerospace*: October 2009. See also <http://aerosociety.com/About-Us/specgroups/Women> for the Society’s Women in Aviation and Aerospace web page.

pilots and less than 5% of aerospace engineers are female. These figures make aviation and aerospace one of the worst sectors for representation of women in the most important roles.

4. There are very few examples of women who have worked their way through the business to achieve a seat on the main board. Invariably, female main board directors, where they exist, are non-executives rather than executive directors and are usually appointed for their expertise in other sectors.

5. In contrast to the above figures, three quarters of airline cabin crew and two thirds of airline ticketing staff are female.

6. However, there is in general considerable difficulty getting up-to-date data on women in the workplace in our sector and it is recommended that further research needs to be undertaken to remedy this deficiency.

7. For its part, the Royal Aeronautical Society tries to ensure that women and men are equally included in articles, case studies etc. which appear in its career literature and on its website. Every effort is made to provide information that appeal to both genders, but it is often difficult to obtain good case studies from the industry.

THE GENDER PAY GAP

8. With regard to the Gender Pay Gap, the report commented that “neither the Equal Pay Act 1970 nor the Sex Discrimination Act 1975 have been wholly effective at preventing discrimination”. The report stated: “Unequal pay is another issue of concern with women in the UK experiencing one of the worst pay gaps in the EU. The Government’s latest estimates show that the average pay gap experienced by all women is 23%. The gap is wider in the private sector than in the public (a full-time gap of 21.7% as compared to 13.8%) and far fewer private than public sector employers are taking action to close the gender pay gap by carrying out equal pay reviews (23% as compared to 43%, according to the Equalities and Human Rights Commission).”

9. In addition, in 2010 the Government dropped compulsory gender pay audits for companies employing more than 250 people which were to be introduced by 2013 under the Equality Act. As a result, there is now no legal requirement for companies to undertake gender pay audits. There are, for example, a large number of SMEs in the aerospace supply chain which will not be required to submit audits.

10. The Gender Equality Duty, which requires all companies supplying goods and services to the public sector to demonstrate that they do not discriminate against women, is causing some concern for employers. The Engineering Employers Federation reported that discrimination and equal opportunities now ranked fourth in their top ten “Burning Issues” barometer.

GENDER STEREOTYPING

11. With regard to gender stereotyping in occupations such as engineering, the Royal Aeronautical Society has been tackling the issue of the under-representation of women by firstly setting up an Advisory Group to look into the role of women in all job functions and across all sectors represented by our membership. This Group produced the report quoted above and also morphed into the Women in Aviation and Aerospace Committee (WAAC) which has set itself the following Mission: “To work to increase the number of women choosing a career in all sectors of aviation and aerospace, to support those already in the industry to achieve their career goals, and to encourage more women to join the Society and play a role in all its groups and activities”.

12. The strategy the Committee is employing to pursue its Mission includes: A successful annual conference where high-achieving role models give inspiring presentations and where delegates can meet and network with other like-minded women; nominating women for national awards to highlight their achievements; developing a network of role models who can demonstrate that engineers are not just white males in greasy overalls carrying a tool box, the stereotypical image many of the public have of engineers; mentoring women; and further research projects to generate data such as the current joint research project into lapsing membership in relation to diversity being undertaken by RAeS, the Institution of Mechanical Engineers and The Institution of Engineering and Technology, under the auspices of the Royal Academy of Engineering and funded by the Department of Business, Innovation and Skills.

13. With regard to tackling gender stereotyping, the Society has highlighted the “leaking pipe”, which begins from an early age with the different toys given to girls and boys and continues throughout education and into careers. Exam and university figures show conclusively that the number of young women taking science-based subjects declines from GCSE to A-Levels through to engineering degrees. More disturbing still is that the UK Resource Centre for Women in Science, Engineering and Technology (UKRC) reported in 2010 that “only 29.8% (185,000) of all female STEM graduates of working age in the UK are employed in SET occupations compared to half (782,000) of all male STEM graduates of working age. Nearly 100,000 female STEM graduates are either unemployed or economically inactive”.

14. The final leak in the pipe is employee retention and attrition. The RAeS report comments: “An overwhelmingly male environment can lead to women leaving the industry altogether for a more female-friendly workplace or transferring from engineering into “softer” jobs such as PR, Marketing and Human Resources.”

15. In an article on Returners in *Unlocking Potential: Perspectives on women in science, engineering and technology*, Dr Katie Perry, Chief Executive of the Daphne Jackson Trust, wrote: "...it is still predominantly women who take career breaks, and the most common duration is between three and eight years." She added: "Scientists, engineers and technologists often feel unable to return to their previous careers for a wide variety of reasons: lack of part-time or flexible posts, difficulties with childcare, unpleasant and outdated working environments, lack of career progression, secretive and unfair recruitment and promotion procedures, to name but a few."

WHAT MORE NEEDS TO BE DONE?

16. Serious consideration should be given to how employers can be persuaded to undertake gender pay audits to tackle the issue of unequal pay.

17. Employers should also be encouraged to produce audits on the opportunities they provide for part-time, job-sharing or other flexible posts.

18. Positive action to make the work environment more female friendly.

19. Advice/encouragement for male bosses and supervisors on how they can mentor women and encourage them to take the next step up in their careers. It is the belief of the RAeS Women in Aviation and Aerospace Committee that while discrimination against women clearly still exists, particularly amongst older people, in many cases men are not deliberately discriminating against women because they find it easier and more comfortable to mentor and promote male colleagues.

20. The Professional Engineering Institutions (PEIs) have a major role to play in fostering a greater awareness of the contribution women can make in the workplace and in encouraging them to become PEI members, as RAeS is doing through WAAC. The move by the Royal Academy of Engineering to bring the PEIs together through a Concordat to promote diversity in engineering and share data is to be applauded and encouraged.

21. While there has been some research into the benefits women bring to businesses (notably the *Women Matter* reports by McKinsey), it is WAAC's belief that more research needs to be done to prove conclusively the business case for women.

22. Women on Boards: the annual Cranfield Female FTSE report (March 2012) shows that a month after its publication the number of female-held FTSE 100 directorships rose from 15.6% to 16% and the number of all-male FTSE 100 boards fell from 11 to nine. Cranfield is predicting that 26.7% of directors could be women by 2015 and 36.9% by 2020, which will exceed the targets set in the Davies' report. If this prediction is proven to be correct, the Davies' report recommendations are being acted upon.

23. Less encouraging is the fact that the number of female Executive Directors is much lower than the number of Non-Executive Directors—of 163 female-held directorships; only 20 are Executive Directors, according to Cranfield University's 2012 report. More needs to be done to increase the number of female executive directors.

24. However, data from BoardWatch, publicised in August 2012, contradicts Cranfield's findings, saying none of the executives appointed to FTSE 100 boards this year were women with only four out of 87 executives, less than 5%, appointed by FTSE 100 companies in the past two years being female.

25. The issue of whether to set quotas for female directors is a thorny one, dividing even women, many of whom are concerned about tokenism. However, the Society is firmly of the view that progress is so slow that quotas will have to be introduced one day and argues that therefore this should be introduced sooner rather than later. At the least, much more needs to be done to persuade businesses not just to include women on their boards, but to promote/employ women in senior executive roles.

1 October 2012

Written evidence submitted by The Royal College of Midwives

The Royal College of Midwives (RCM) is the trade union and professional organisation that represents the vast majority of practising midwives in the UK. It is the only such organisation run by midwives for midwives. The RCM is the voice of midwifery, providing excellence in representation, professional leadership, education and influence for and on behalf of midwives. We actively support and campaign for improvements to maternity services and provide professional leadership for one of the most established clinical disciplines.

GENERAL COMMENTS

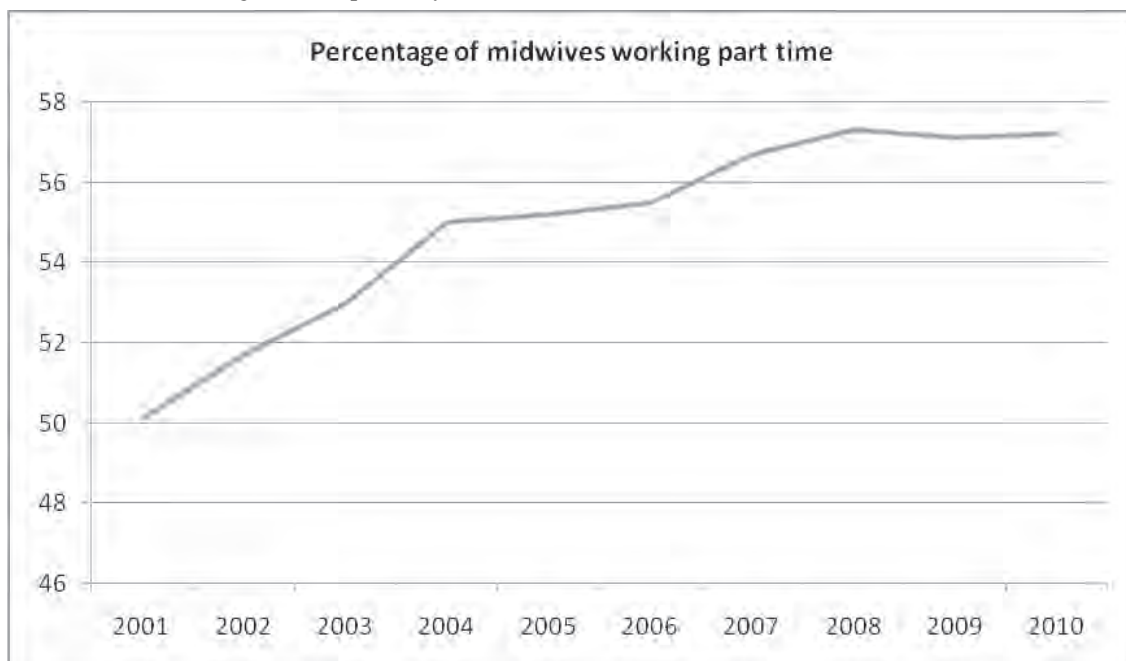
The Royal College of Midwives (RCM) welcomes the opportunity to respond to the Business, Innovation and Skills Committee's consultation into Women in the Workplace.

We are slightly disappointed, however, that out of the nine topics the committee will consider concern five of those topics concern the numbers of women in more senior positions and serving on boards. While it is

important to consider the equality of company boards the reality is that serving on a board is the experience of a minority of both women and men in the workplace. We are concerned that the committee's discussions will be dominated by this issue and will not focus their attention on the experiences of the majority of women in the workplace.

The RCM believes that the Committee should focus their attention on the impact of the economic climate and the Government's policies on women and employment. We are particularly concerned about a number of the Government's policies having a detrimental impact on women's employment. The Government has stated its intention to reduce employment rights and protections which will have a negative impact on all employees and it has also made clear its intention to reduce levels of public sector employment and public sector pay, pensions and terms and conditions which will have a negative impact on all employees but particularly women as a disproportionate number work in the public sector.

The RCM is the trade union and professional body that represents the vast majority of practicing midwives in the UK. In September 2011 there were 25,316 midwives employed by the NHS in England and 99.6% were women.¹⁷³ According to a parliamentary answer¹⁷⁴ in 2010 57.2% of midwives worked part time and this has been increasing over the past 10 years.



Currently, the Government's policies are having a detrimental impact on midwives. For the past two years NHS pay has been frozen which has resulted in a real decrease in the value of pay given the high rates of inflation. The Government has announced that there will be a pay cap of 1% for the next two years. Given the high numbers of women working in the public sector, particularly in midwifery, the Government's policy has a disproportionate affect on women.

Furthermore, the Government has asked the NHS Pay Review Bodies to investigate moving the NHS away from nationally negotiated pay to market facing regional pay. The RCM has responded to the consultation arguing that the current pay structure in the NHS, called Agenda for Change, has been equality proofed.

The Kings Fund wrote a report in 2007 and they concluded that "Achieving equal pay for jobs of equal value was one of the key objectives of Agenda for Change. The trust managers were generally supportive of the more standardised working hours and job evaluation based pay as providing a more transparent and fairer pay system." In 2009 the Hartley Judgement also confirmed Agenda for Change is an equal pay proofed system. Therefore, we are very concerned that moves to regional pay could fragment the pay structure and could open the NHS up to equal pay issues.

Currently there are twenty trusts in the South West that have joined together to break away from the national agreement to attempt to form their own regional terms and conditions, the RCM is opposed to this. We are concerned that the move to regional terms and conditions will give rise to equal pay challenges.

Moreover, the Government's cuts to NHS services are affecting midwives as they are facing demotion to a lower banded role with less pay and less responsibility. They are also frequently having to work in excess of their contracted hours to complete their caseload.

¹⁷³ NHS Information Centre

¹⁷⁴ <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110426/text/110426w0004.htm#11042736002068>

We are also alarmed that the Government has run two consultations investigating repealing parts of the Equality Act that give protections in employment. They have consulted on removing employment tribunals power to make wider recommendations in discrimination cases and the procedure for obtaining information and they have consulted on the employers liability for harassment of employees by third parties.

Moreover, we are concerned by the Government's proposals to reduce the maternity leave period to increase the parental leave period which has serious implications for women in the workplace due to the various protections given by maternity leave that are not given by parental leave. We are also worried that women will be pressured back to work early which could have health implications and drive down breastfeeding rates.

SUMMARY AND CONCLUSION

The RCM is pleased to have had the opportunity to raise these issues with the committee. While we are pleased the committee is conducting this inquiry we would rather that the focus of the inquiry is on the employment situation of the majority of women and how the Government's policies on public sector employment and employment rights and protections are having a detrimental impact on all employees and especially women.

5 October 2012

Written evidence submitted by the Royal College of Physicians

The Royal College of Physicians (RCP) plays a leading role in the delivery of high quality patient care by setting standards of medical practice and promoting clinical excellence. We provide physicians in the United Kingdom and overseas with education, training and support throughout their careers. As an independent body representing over 27,500 fellows and members worldwide, we advise and work with government, the public, patients and other professions to improve health and healthcare.

INTRODUCTION

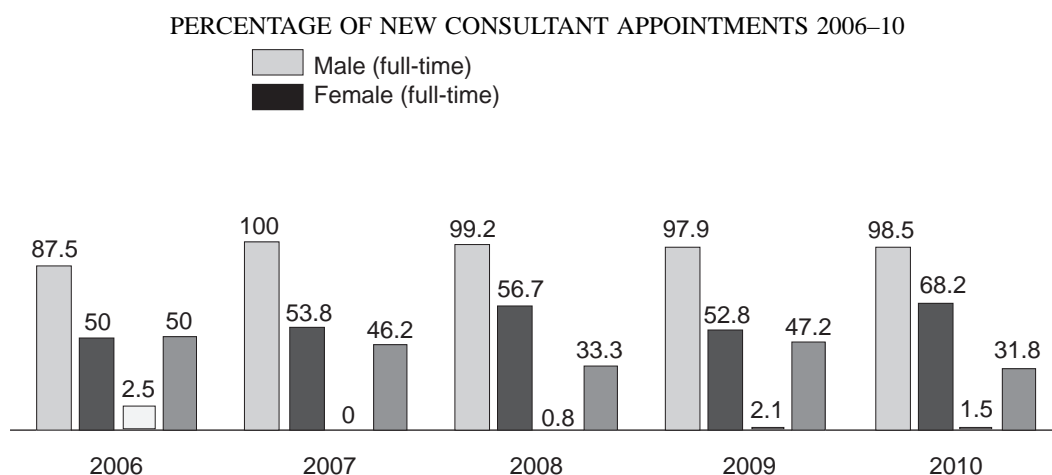
1. The Royal College of Physicians (RCP) welcomes the Business, Innovation and Skills Committee inquiry into *Women in the Workplace: call for written evidence*. We value the opportunity to provide comment on the following questions.

QUESTIONS AND COMMENTS

2. *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

This might not be the case in medicine and we would direct the committee as follows:

- (a) GMC report—*The state of medical education and practice in the UK report: 2012* especially Chapter 1, page 21.
- (b) Information on newly appointed consultants from the RCP medical workforce survey of new consultants (see below) suggests that men are much more likely to be appointed to full-time consultant posts than women. We are uncertain whether this is because male consultants are more likely than women to be appointed to full-time posts or less likely than women to apply for part-time posts. It is important to note that this is percentages of those appointed to consultant posts that are working full-time or less than full time, not percentage of all those appointed to consultant posts.



- (c) Preliminary analysis of the Academy of Medical Royal Colleges data (see below) suggests that women are more able to obtain flexible working hours than men. However it should be noted that

the data is not a random or representative sample. Also that issues regarding bullying in the workplace are not usually associated with the issues of flexible working or gender but may be a greater issue for doctors with a long-term illness or disability.

Academy of Medical Royal Colleges (AoMRC)—Flexibility and Equality Survey Summary of findings—1,162 responses across the Medical Royal Colleges

Grade at which currently employed and whether this is full-time or lft of 1119 responses usable for this question:

<i>Grade at which currently employed</i>	<i>Number of grade (% of those at grade) working LTFT</i>	<i>Number (% of those at grade) working full-time</i>
Trainee (FY1-ST7)	700 (89)	87 (11)
SAS/Specialty doctor	33 (84.5)	6 (15.5)
Consultant	192 (73)	70 (27)
General Practice	6 (66.5) *	3 (33.5) *
Other	13 (59) *	9 (41) *
Total	944 (84.5)	175 (15.5)

<i>Grade at which currently employed</i>	<i>Working LTFT (% of which are women)</i>	<i>Working full-time (% of which are women)</i>
Trainee (FY1-ST7)	700 (97%)	87 (60%)
SAS/Specialty doctor	33 (93%)	6 (0%)
Consultant	192 (82%)	70 (60%)
General Practice	6 *	3 *
Other	13 *	9 *

**small numbers*

(3 respondents in dentistry, 1 currently a trainee)

<i>Did you have any difficulty in negotiating your current contract</i>	<i>Females**</i>	<i>Males**</i>	<i>Those declaring a disability or long-term health problem</i>
yes	185 (23.5%)	23 (35.5%)	31 (42%)
no	605	42	43

<i>Of those working LTFT any difficulty negotiating your current contract</i>		
yes	173 (22.5%)	16 (30%)
no	592	37

***49 respondents did not disclose their gender*

23.5% women, 35.5% men and 42% those declaring a disability or long-term health problem had difficulties when negotiating the time commitment of their current contract

<i>Have you been bullied during your career</i>	<i>Female</i>	<i>Male</i>
No	651	86
Yes	211 (24.5%)	29 (25%)
Total	862	115

Two individuals said that they had been bullied in relation to their LTFT status

<i>Have you been bullied during your career</i>	<i>Those without disability or long term illness</i>	<i>Those with disability or long term illness</i>
No	690	46
Yes	200 (22%)	40 (46.5%)
Total	890	86

3. *What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?*

There seems to be a reasonable amount of information published, but it is not necessarily easily accessible.

The ACCEA awards system looks at issues of gender and race. However, it is not clear whether there is variable representation of women on the committees that would support their applications to a system that rewards working above and beyond their NHS contract and whether this is because of real or perceived barriers.

4. What has been the impact of the current economic crisis on female employment and wage levels?

There is anecdotal information that trusts are increasingly advertising less than full-time contracts where previously they would have advertised a full-time post. It is not yet clear whether men are disproportionately unlikely to apply for less than full time posts. These data may be more apparent in this year's new consultant survey run by the RCP medical workforce unit.

4 October 2012

Written evidence submitted by TUC

EXECUTIVE SUMMARY

The TUC welcomes the opportunity to submit evidence to the BIS Select Committee on women in the workplace. While great strides have been made over recent decades in terms of increasing participation of women in the labour market, the fight for equal pay, promoting flexible working and tackling the gender pay gap, women's position in the labour market is still far from equal to men's. A shrinking public sector poses a great threat to women's access to well paid, flexible work and decent pensions. Progress made in closing the gender pay gap has all but stalled. Occupational segregation, both vertical and horizontal, is still rife. The so-called "glass ceiling" still excludes women from the corridors of power and from a seat at the table in the board room.

In 2005 the TUC submitted detailed evidence to the Women and Work Commission—a Commission which examined many of the same questions that this Committee is now considering. The evidence is still available on the TUC website,¹⁷⁵ and is as relevant today as it was in 2005.

In this short submission, the TUC seeks to outline some of the key issues facing women in the workplace today.

INTRODUCTION

1.1 The TUC is the umbrella body for 53 affiliated unions with a total of just under 6 million members, working in a wide range of organisations, sectors and occupations. The TUC represents approximately 3 million working women.

1.2 Through its elected Women's Committee, and annual Women's Conference, the TUC formulates policies and carries out research and campaign work on a range of issues affecting women at work, from the gender pay gap and equal pay, to occupational segregation, to flexible working and family friendly policies, to discrimination and harassment.

Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

2.1 The TUC does not believe that the Gender Equality Duty or the Equality Act go far enough in tackling inequalities between men and women in the workplace.

2.2 The TUC has long called for a statutory requirement for employers to carry out regular equal pay audits and we argued for such a provision to be included within the Equality Act.

2.3 We believe that if the voluntary approach to encouraging reporting on gender equality does not stimulate widespread activity in the private sector on tackling the gender pay gap in the next year then the power in s.78 of the Equality Act should be used.

2.4 The Gender Equality Duty has been replaced with the single Public Sector Equality Duty and the specific duty on tackling the gender pay gap in the GED no longer exists in England and for non-devolved public bodies in Scotland and Wales. The TUC is concerned that this will mean fewer public authorities having equality objectives related to narrowing gender pay gap.

2.5 Equal pay audits are the most effective way of ensuring equal pay for men and women doing similar work or work of equal value. As the EHRC's statutory Code of Practice on Equal Pay states:

2.6 "Most employers believe that they provide equal pay for equal work, irrespective of the sex of the job holders or whether they work full or part time. An equal pay audit is the most effective way of establishing whether an organisation is in fact providing equal pay."¹⁷⁶

2.7 The current government in its Modern Workplaces consultation on making equal pay audits a requirement for employers who have had a ruling against them at tribunal also stated: "They are the most effective way of establishing whether an organisation is providing equal pay and rewarding employees fairly."¹⁷⁷

¹⁷⁵ <http://www.tuc.org.uk/equality/tuc-9391-f0.pdf>

¹⁷⁶ http://www.equalityhumanrights.com/uploaded_files/EqualityAct/equalpaycode.pdf

¹⁷⁷ <http://www.bis.gov.uk/assets/biscore/employment-matters/docs/c/11-699-2-consultation-modern-workplaces-equal-pay.pdf>

2.8 Various research has shown that there are a number of factors responsible for the gender pay gap such as occupational segregation, time out of the labour market and periods spent working part-time, but there is still a sizable proportion of the pay gap that is unexplained and/or could result from indirectly discriminatory pay and employment practices. A recent report for the Government Equalities Office found 36% of the national gender pay gap was unexplained by observable factors.¹⁷⁸

2.9 Equal pay audits involve:

- comparing the pay of men and women doing similar work, work rated as equivalent or work of equal value;
- identifying and explaining any differences in pay; and
- eliminating those gender pay gaps which cannot be explained or justified on non-discriminatory grounds.

2.10 The government's intention to make equal pay audits a requirement for employers who have lost a tribunal claim on sex discrimination in pay is a welcome step forward. However, it is likely to affect a very small number of employers. The government's own impact assessment suggests it will only apply to 26 employers a year.¹⁷⁹ This is because it assumes the requirement will only apply to private sector employers who lose tribunal claims. Most equal pay claims from the public sector (which it is estimated have made up around 94% of the approx. 30,000 claims that go to tribunal each year) relate to legacy issues and action has already been taken in those employers either to do equal pay audits or implement new non-discriminatory pay systems for the future.

2.11 It is still incredibly difficult for individuals to identify potential equal pay claims, particularly in the private sector, where pay rates and practices are far less transparent. An individual often lacks the necessary information about potential comparator jobs and the associated pay rates, plus the necessary expertise to be able to assess where jobs might be considered to be of equal value.

2.12 A survey of large private and voluntary sector employers (250 or more employees) for the EHRC in 2009 found that very few of them encouraged a general culture of openness about pay. Just 4% formally made employees aware of how much colleagues in the same role were earning. 35% made employees aware of the pay band they were in but provided no more information. 51% said staff could discuss pay with their colleagues if they wished but the company provided them with no information about it. 18% said staff were discouraged from talking about pay with colleagues and 2% had contract clauses that staff could not discuss their pay with colleagues.¹⁸⁰ There were similar findings on openness about pay in research for the Government Equalities Office on medium-sized private and voluntary sector employers (150–249 employees).¹⁸¹

2.13 The TUC believes that all employers should be regularly required to carry out equal pay audits as the onus for ensuring compliance with the law and addressing any potentially discriminatory pay gaps should rest with them and not with individuals who have poor access to information and a lack of resources.

2.14 The government is placing more barriers in the way of individual claimants being able to take equal pay claims to tribunal. From summer 2013 it will cost £1,200 for an individual to lodge and get an equal pay claim heard at tribunal. The government has also proposed repealing the provision in s.138 Equality Act 2010 that enables an individual who suspects there is discrimination in pay to serve a questionnaire upon their employer to access information that would help them determine if this was the case and if they have a potential tribunal claim.¹⁸²

2.15 A new provision was introduced into the Equality Act 2010 which was aimed at enabling individuals to share information with each other about pay. S.77 provides that a contract term that prevents an individual from discussing their pay is unenforceable if the pay discussion was in order to establish whether there has been discrimination. It also makes clear that colleagues who are found sharing information about pay for the purpose of establishing whether there has been discrimination are protected under the victimisation provisions of the Act. The TUC welcomed this provision.

2.16 However, s.77 must not be seen as an alternative to the statutory equal pay questionnaires. The employer is the one party who holds complete information about pay, job content, grading and other factors such as performance and experience for all employees. Individuals should have the right to obtain information from the employer and not have to rely on picking up incomplete information from discussions with colleagues.

2.17 The TUC believes the provision in s.78 of the Equality Act 2010 that gives a Secretary of State powers to introduce regulations requiring reporting on information related to the gender pay gap by large private sector employers should be used, if the voluntary approach to gender equality reporting is shown not to have widespread take up in the next year and/or there is poor quality reporting under that approach, particularly if few employers choose to monitor and report on progress on narrowing pay inequalities.

¹⁷⁸ The gender pay gap in the UK 1995–2007, GEO (2010).

¹⁷⁹ <http://www.bis.gov.uk/assets/biscore/employment-matters/docs/11-742-legislative-measures-to-equal-pay-impact.pdf>

¹⁸⁰ http://www.equalityhumanrights.com/uploaded_files/research/gender_pay_baseline_report.pdf

¹⁸¹ <http://www.homeoffice.gov.uk/publications/equalities/research/gender-equality-reporting/gender-equality-reporting?view=Binary>

¹⁸² <http://www.homeoffice.gov.uk/publications/about-us/consultations/equality-act-wider-enforcement/consultation-document?view=Binary>

2.18 The former Gender Equality Duty included a specific duty which directed public authorities to consider the need to have an objective that addressed the causes of any differences in pay between men and women related to their sex. This specific duty encouraged most public authorities to take action on the gender pay gap. For example, the level of equal pay audit activity was considerably higher in the public sector than the private sector in Feb/March 2008 (43% compared to 23%), shortly after the GED took effect.¹⁸³

2.19 For English and non-devolved Scottish and Welsh public authorities, there are just two specific duties under the new Public Sector Equality Duty in s.149 Equality Act 2010: one to publish equality information, which includes workforce information if there are more than 150 employees; and one to set “one or more” equality objectives. The EHRC non-statutory guidance to support the PSED states that it is “likely to be useful” to collect and consider disaggregated information on pay and notes that an equal pay audit would help demonstrate due regard was had to gender equality. But the gender pay gap and equal pay are presented as just one of many potential equality priorities and objectives that public authorities could select.

2.20 In Scotland and Wales, specific duties were introduced on equal pay and the gender pay gap to support the new PSED in s.149. Scottish public authorities have a duty to publish gender pay gap information from April 2013 and every two years after that and they also have a duty to publish a statement on equal pay from April 2013 and every four years after that. The statement must specify the public authority’s policy on equal pay among its employees and the degree of occupational segregation. In Wales, public authorities are directed to consider the need to have an equality objective related to differences in pay between employees with different protected characteristics. They must also set out their arrangements for identifying and gathering information on pay differences and, if they have identified any gender pay differences, and they have not published an equality objective to address the causes of such differences they must publish the reasons for their decision not to have an objective.

2.21 The TUC believes that after April 2013, there should be a comparative analysis of public authorities’ equality information and their objectives related to the gender pay gap and equal pay across England, Scotland and Wales to assess whether the Scottish and Welsh approach has resulted in greater activity among devolved public authorities. If it has, then the current specific duties for English and non-devolved public authorities in Scotland and Wales should be amended to take a similar approach to the devolved nations.

What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

3.1 To clarify what is meant by transparency and why it is important, the Court of Justice of the European Union has held that pay systems that are not transparent are at greater risk of being found to be discriminatory. It defined a transparent pay and benefits system as one that should be capable of being understood by everyone (employers, workers and their trade unions), which means it should be clear to individuals how each element of their pay contributes to their total earnings in a pay period. Therefore, transparency is more than just publishing an overall gender pay gap figure, comparing the average pay of all men with the average pay of all women. There should also be transparency about the factors that determine pay and therefore pay differences.

3.2 As stated above, equal pay audits would contribute to transparency.

3.3 Having a clear pay and grading structure based on analytical job evaluation for the whole workforce, would assist all employees in understanding why they are paid what they are paid and how their role fits into the whole structure.

3.4 Collective bargaining also tends to mean much greater transparency in pay as information is shared with trade union representatives for the purpose of collective bargaining and there tends to be greater disclosure of pay between union members and their representatives.

3.5 Statutory equal pay questionnaires are an important mechanism for employees to ask for more information to help them understand their pay and whether discrimination is an issue. The government should not go ahead with its proposed repeal of these questionnaires.

3.6 S.78 in the Equality Act 2010 could be used to adopt Regulations that would encourage greater transparency around pay in the private sector. It should be used, if the voluntary approach to gender equality reporting is not taken up by the majority of large and medium-sized private sector employers and if, among those who are adopting this approach, there is little or very poor quality information on pay.

What has been the impact of the current economic crisis on female employment and wage levels?

4.1 The current economic crisis and the government’s response of spending cuts have had a measurable negative impact on women’s employment and pay. The fact that more women are employed in the public sector than men has meant that public sector cuts, and redundancies have had a disproportionate effect on women’s employment and incomes.

¹⁸³ http://www.equalityhumanrights.com/uploaded_files/research/2_equal_pay_reviews_survey_2008.pdf

4.2 Furthermore, the public sector pay freeze has depressed the pay of women in the public sector. TUC analysis outlined below shows how those women who manage to migrate from public sector jobs to private sector jobs are likely to face lower pay and a greater gender pay gap.

WOMEN’S UNEMPLOYMENT

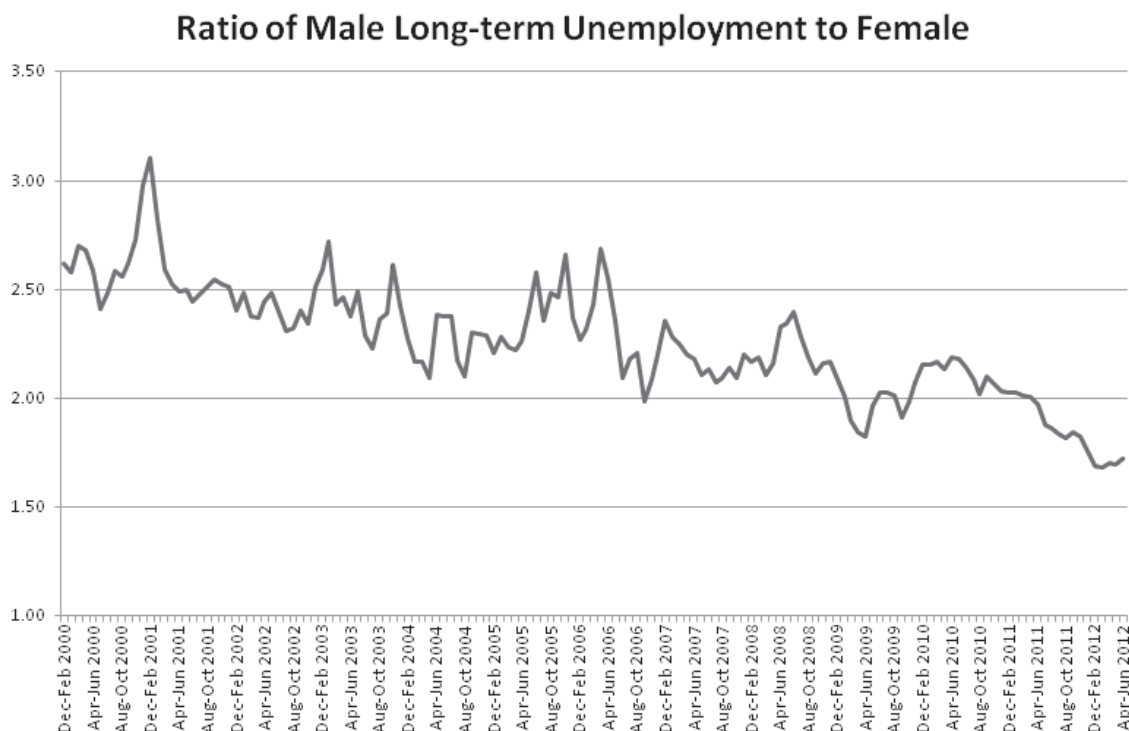
4.3 In January 2000, there were 689,000 unemployed women and women’s unemployment rate was 5.2%. By May 2012, the female unemployment level had risen by two-thirds, to 1,099,000 and the rate by nearly half, to 7.5%. Women’s unemployment had been over one million for 24 successive months and *women account for over 100% of the increase in unemployment over the last two years:*

Table 1
CHANGE IN UNEMPLOYMENT LEVELS (000’s)

	<i>People</i>	<i>Men</i>	<i>Women</i>
Apr–Jun 2010	2,471	1,478	994
Apr–Jun 2012	2,564	1,464	1,099
Change	+ 92	-13	+ 105

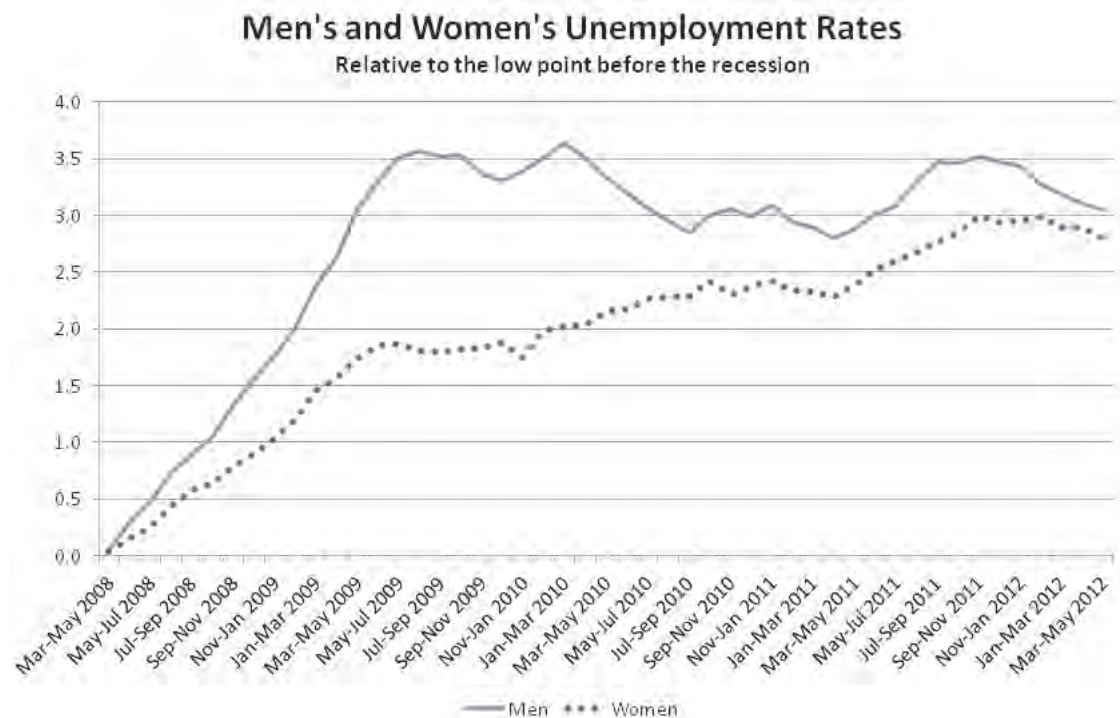
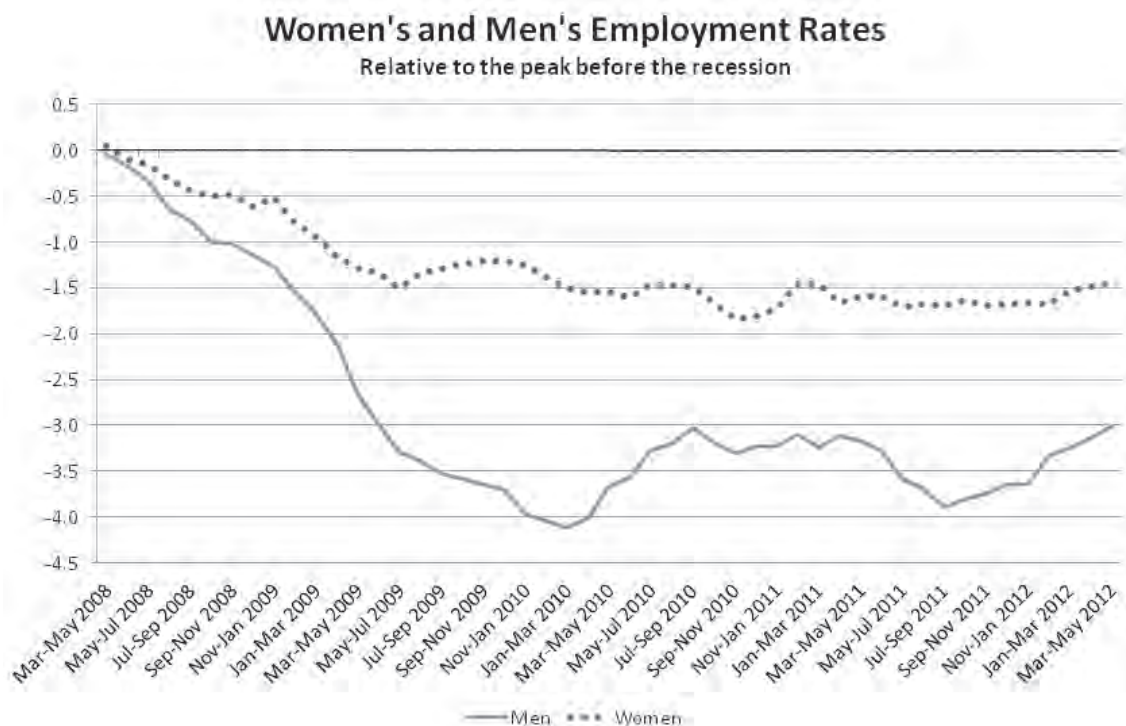
4.4 In the most recent data, 324,000 women had been unemployed for over a year. In July 2011, this figure went over 300,000 for the first time since 1993 and it has not fallen below that level since. Although there are still more men who have been unemployed for that long, the ratio of male long-term unemployment to female has been falling since the last century and this trend has, if anything, accelerated in the past five years.

4.5 Women’s chances of becoming long-term unemployed are still lower than men’s, but women’s likelihood of being in this position is increasing:



THE IMPACT OF THE RECESSION

4.6 The recession played out differently for men and women; employment fell and unemployment rose for both, but neither was a mirror image of the other:



4.7 Initially, the effect of the recession was on men, especially on employment rates was more noticeable. The neologism “*mancession*” was even coined¹⁸⁴ to describe the early years of the recession when women appeared to fare better than men. Women’s employment rate may have levelled off before men’s, but women have not yet seen anything similar to the improvement in men’s employment rate that began in August 2011.

4.8 The recession drove men’s unemployment rate higher than women’s, but while men’s unemployment rate levelled off in 2010, women’s continued to rise, though at a slower rate. Men have seen a faster fall in

¹⁸⁴ <http://www.cipd.co.uk/pressoffice/press-releases/women-better-men-2011-jobs.aspx>

unemployment since the autumn of 2011 and the gap between current rates and the pre-recession trough is similar for both.

WOMEN'S PAY

4.9 The latest Annual Survey of Hours and Earnings (ASHE 2011) revealed some improvement in women's pay relative to men's. Between 2010 and 2011, the full-time gender pay gap reduced from 10.1% to 9.1% based on median hourly earnings (excluding overtime) as a result of women's full-time median hourly earnings increasing at more than twice the rate of men's (1.9% compared to 0.8%).

4.10 However, the overall gender pay gap for all employees based on median hourly earnings decreased only marginally from 19.8% to 19.5%.¹⁸⁵ This is because women's part-time earnings did not improve as much as women's full-time earnings and it is still the case that a substantial part of the female workforce is employed on a part-time basis (43% of women compared to 13% of men).¹⁸⁶

4.11 Most striking of all when analysing the pay data for men and women is that the gender pay gap is significantly lower in the public sector. For full time employees, the gender pay gap is half that in the private sector. Part-time women suffer a significant pay penalty in both sectors but this is also lower in the public sector. The lowest paid part-time jobs for women are better paid in the public sector—the bottom 10% earn up to £9.98 an hour in the public sector compared to just £7.00 an hour in the private sector.

GENDER PAY GAP (MEDIAN HOURLY EARNINGS, EXCLUDING OVERTIME, FOR PUBLIC AND PRIVATE SECTORS -2011)

	<i>Public Sector</i>	<i>Private Sector</i>
All Employees	18%	26.8%
Full-Time Employees	9.2%	18.4%
Part-Time Employees ¹⁸⁷	36.3%	42.8%

4.12 The expansion of public sector employment in recent decades transformed work opportunities for women. Women make up 65% of the public sector workforce¹⁸⁸ and in many sectors such as local government and education there is an even higher concentration of women. Many women working in the public sector work in associate professional or professional level jobs such as nursing or teaching so there is less vertical segregation than in the private sector. Charts 1 and 2 below highlight how women in full-time jobs are more evenly spread through different earnings levels in the public sector than in the private sector where they are more concentrated at the lower end of the income distribution.

4.13 There appears to be greater opportunity for women to work on a flexible basis at higher levels in the public sector too. For example, there is little difference between the top earnings of full-time women across the sectors—the top 10% earn £26.51 or more an hour in the public sector compared to £26.97 or more an hour in the private sector. However, a comparison of part-time women's earnings shows that while in the public sector the top 10% of women working part-time earn £22.54 or more an hour (15% less than the highest earning full-time women), the top 10% of women working part-time in the private sector earn just £14 or more an hour—half the amount the highest paid full-time women earn in that sector.¹⁸⁹

4.14 Analysis carried out by the TUC using data from ASHE 2011 further explores pay for women in the public and private sector. This analysis finds that:

- Almost a third of women (28%) working full-time earn less than £300 in the private sector compared to 8% in the public sector.
- Over half of all women (56%) earn less than £300 in private sector compared to just over a third (35%) in the public sector.
- Over three quarters of women working part-time in the private sector (77%) earn less than £200 compared to less than half (47%) in the public sector.
- Low paid jobs are far more prevalent in the private than public sectors, with 17% of full-time workers earning less than £300 in the private sector, compared to only 6% of public sector workers.

¹⁸⁵ ONS, ASHE 2011 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235202>

¹⁸⁶ ONS Labour Market Statistics (February 2012) http://www.ons.gov.uk/ons/dcp171778_254579.pdf

¹⁸⁷ When measuring the part-time women's pay gap we have used the Equality and Human Rights Commission's measure (a comparison of women's hourly part-time earnings compared to men's hourly full-time earnings) rather than the ONS measure (a comparison of women's hourly part-time earnings compared to men's hourly part-time earnings). Part-time work is gendered and this measure is preferred as it shows how far women are being penalised by their propensity to work part time.

¹⁸⁸ ONS, Economic and Social Data Service, Quarterly Labour Force Survey Household Dataset, (April–June 2010)

¹⁸⁹ ONS, ASHE 2011, <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235202>

	<i>ALL-FT & PT</i>		<i>FT</i>		<i>PT</i>		
	<i>Less than £200</i>	<i>Less than £300</i>	<i>Less than £250</i>	<i>Less than £300</i>	<i>Less than £200</i>	<i>Less than £150</i>	<i>Less than £100</i>
Public Sector ALL	15.3%	27%	1.7%	6.0%	47.3%	31.4%	19%
Private Sector ALL	20.2%	35.8%	7.6%	17.3%	76.6%	58.3%	32.5%
Public Sector MALE	6.8%	12.7%	0.7%	3.5%	46.8%	34.6%	21.6%
Public Sector FEMALE	19.9%	34.6%	2.4%	7.9%	47.4%	30.8%	18.6%
Private Sector MALE	10.2%	22.3%	5.2%	12.7%	75.6%	58.3%	33.1%
Private Sector FEMALE	34.9%	55.5%	13.2%	27.9%	76.9%	58.2%	32.1%

4.15 The following charts, using data from ASHE 2011, show the proportion of full-time women and men at different earnings intervals. It is evident that a higher proportion of women in the private sector are at the lower end of the income scale, whereas in the public sector there are more women higher up the income scale and, apart from at the very top and bottom, the women's earnings distribution in the public sector more closely resembles that of their male colleagues.

Chart 1

PRIVATE SECTOR DISTRIBUTION OF GROSS WEEKLY EARNINGS FOR FULL-TIME EMPLOYEES 2011

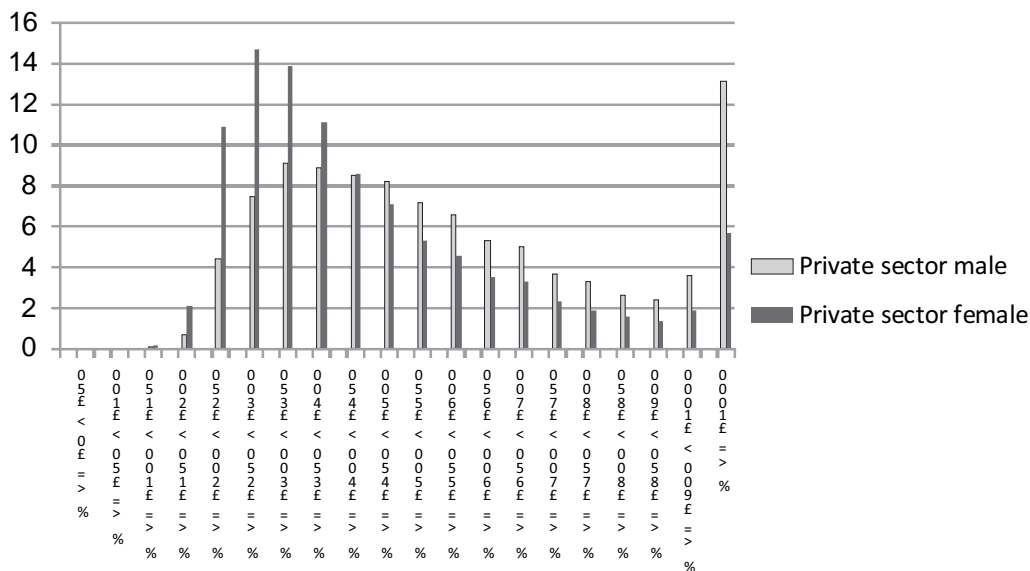
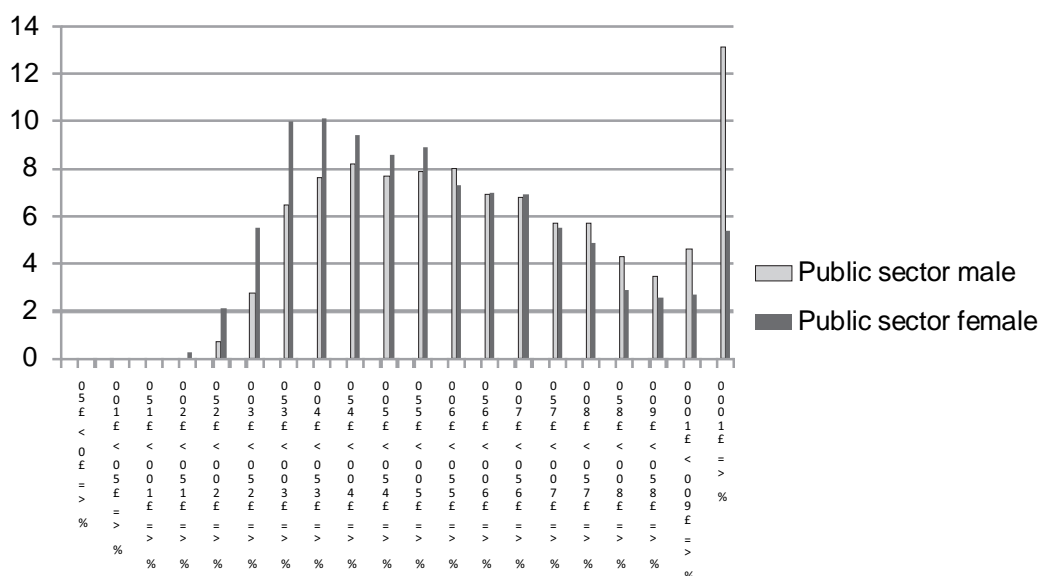


Chart 2

PUBLIC SECTOR DISTRIBUTION OF GROSS WEEKLY EARNING FOR FULL-TIME EMPLOYEES 2011



4.16 The impact of government spending cuts on public sector jobs will be severe. The OBR now estimate 710,000 public sector jobs will be lost by 2017.¹⁹⁰ It has been consistently argued by the TUC, the Fawcett Society, the Women’s Budget Group and others, that public sector job losses will have a disproportionate effect on women who make up the majority of public sector workers.

4.17 This is borne out by the latest labour market statistics. Women’s unemployment has been over the one million mark for the past 18 months. This is largely down to rapid and significant job losses in the public sector.

4.18 A recent GMB report shows that the drop in the number of women employed in local government and schools in England and Wales accounted for more than two-thirds of the drop in numbers employed by councils since the General Election. *The GMB also reported that in 19 English Local Authorities women’s job losses accounted for 100% of the total job losses.*¹⁹¹

4.19 While many hoped that private sector growth will provide new job opportunities for those becoming unemployed as a result of the public sector job cuts, the latest data shows that while public sector employment fell by 67,000 in the third quarter of 2011, private sector jobs grew by only 5,000.¹⁹²

4.20 Even if women are able to find employment in the private sector it is questionable whether they will be able to attain the pay, pension and employment prospects of the jobs they have lost in the public sector. Many women could find themselves having to take lower skilled work and a significant pay cut. This would result in a widening of the overall gender pay gap and worsening levels of female poverty. And, given the significant contribution women’s earnings have made to low and middle income households over the past four decades, it could lead to poorer life chances for the hardest hit families too.

How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

5.1 Gender stereotyping is still as prevalent as it ever was and can significantly impact a woman’s education, career trajectory, and consequently her lifetime earnings.

5.2 The gender stereotyping that exists across society cannot only be tackled at sector or industry level. The government should take steps to challenge the gender stereotyping that permeates society at all levels including in the media and in schools. Gender roles and stereotypes are “taught” to girls from birth and the media and education system have a key role to play in broadening young women’s horizons and showing them that they are capable of doing anything that their male classmates can do.

5.3 As the Women and Work Commission identified in 2006, young people’s career choices are often determined by what they study at school. More must be done to broaden young people’s horizons by offering careers advice free of gender stereotypes. Young women must be given information about the earning potential and promotion prospects of stereotypically feminine sectors such as the so-called “5 C’s” (cleaning, catering, caring, cashiering, and clerical).

¹⁹⁰ http://cdn.budgetresponsibility.independent.gov.uk/Autumn2011EFO_web_version138469072346.pdf
¹⁹¹ http://www.gmb.org.uk/newsroom/other_news/women_council_job_losses.aspx
¹⁹² ONS, Public Sector Employment Q3 (December 2011) http://www.ons.gov.uk/ons/dcp171778_247739.pdf

5.4 The Women and Work Commission found that girls were often getting stereotyped careers advice, were not getting sufficient access to interesting work placements and work experience opportunities, were being failed by an apprenticeships system which perpetuates wider patterns of occupational segregation, and are often influenced by stereotyped and negative portrayals of women in the media. The Commission found that Careers Advisors rarely gave information about salaries and pay differentials, instead basing recommendations and advice solely on perceived preferences or personal interests of young people.

5.5 The EOC General Formal Investigation into Occupational Segregation (2005) found that two thirds of women are not aware of the pay differentials between typically male and female careers and 67% of women aged 16–24 said they would have chosen different careers had they known more about the pay prospects of different careers.

5.6 Subsequent TUC reports¹⁹³ on gender and apprenticeships have found that patterns of occupational segregation and gender pay gap are as entrenched as ever and little has been done to implement the recommendations of the Women and Work Commission.

5.7 Gender stereotyping and the gender pay gap are inextricably linked. Attempts to address the gender pay gap must also take into account gender stereotyping and occupational segregation.

5.8 The TUC would encourage DfE and BIS totake steps to improve careers advice offering non-stereotypical information—including pay, training and prospects associated with different sectors—to all young people.

5.9 There should be a concerted effort by NAS to ensure that employers in male dominated sectors take proactive steps to recruit women apprentices.

5.10 The TUC also supports the recommendation of the Women and Work Commission that the DfE should draw up national guidance for EYFS teachers to ensure that pre-school and reception age children’s horizons are not limited by stereotypes reinforced in the classroom/nursery environment.

5.11 There is also a role for the DCMS in tackling negative and stereotyped portrayals of women in the media.

What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

6.1 Well paid, part time work is crucial to improving rates of maternal employment and decreasing the gender pay gap. Unfortunately, while the numbers of women employed in part time work are increasing, opportunities for well paid part time work are not. This is a cause for concern for the TUC and for many campaigning for gender equality.

6.2 According to Walby and Olsen, part-time employment is apparently “the location where many of the factors that depress women’s pay and productivity are clustered. Part-time workers are engaged in the most segregated occupations, are among the least educated, would benefit most from training, and have the shortest employment histories”.¹⁹⁴

6.3 The majority of UK women with children under the age of 14 work less than 30 hours a week in contrast to other OECD countries. This may partly be explained by choice or preference but it also suggests barriers to maternal labour market participation. For example, the lack of affordable childcare in the UK is well documented, as is the lack of flexibility/long hours culture in many full-time roles. The extent to which women genuinely “choose” to work part time is debatable, given that their “choice” may be affected by a range of factors including the availability and affordability of childcare, the willingness of their employer to agree to them working part time, family pressure, perceptions of traditional gender roles, and the availability of other types of flexible working from their employer.

6.4 The gender pay gap is significantly more pronounced amongst part time workers. Median hourly earnings for part time women are 35% lower than for full time men. Furthermore, studies have shown that moving from shift from full time to part time work is associated with downward occupational mobility.¹⁹⁵

6.5 The part time pay penalty is minimised if women stay with same employer when they make the move to part time working patterns.¹⁹⁶

6.6 Employers could do more to think creatively about ways in which all jobs, not just the low paid jobs, could be performed by part time employees, job sharers and/or flexible working patterns (such as term time only, compressed hours, working from home etc). According to research by the recruitment company, *Women Like Us*, just 5% of job advertisements for part time jobs in London and the South East had a full time equivalent salary of over £20k.

¹⁹³ <http://www.tuc.org.uk/extras/genderreport.pdf> and http://www.tuc.org.uk/extras/Apprenticeships_and_Gender.pdf

¹⁹⁴ Walby and Olsen, p.10

¹⁹⁵ Manning, Alan and Petrongolo, Barbara (2005) *The part-time pay penalty*. 679. Centre for Economic Performance, London School of Economics and Political Science, London, UK.

¹⁹⁶ *ibid*

6.7 The TUC has supported and worked with the DWP in their efforts to create a “strapline” or kitemark for employers advertising jobs flexibly. This is a welcome step in encouraging employers to think creatively about how they advertise jobs and about how promoting their commitment to flexible working may have a positive impact on how prospective employees may view their business.

6.8 The TUC believes that the current law governing the right to request flexible working should be strengthened and should be “Day One” right. It is only by making flexible and part time working more normal across occupations, sectors and industries that we can begin to lift the penalties against those who currently work part-time.

To what extent have the recommendations in Lord Mervyn Davies’ Report “Women on Board” (published in February 2011) been acted upon?

7.1 The TUC welcomes the determined efforts of Lord Davies of Abersoch to drive up the numbers of women on UK company boards. Lord Davies’ persistence and determination has led to a welcome increase in the number of women on company boards.¹⁹⁷

7.2 However, the pace of change is still too slow. According to Lord Davies’ interim report,¹⁹⁸ within the FTSE 100, women now account for 15.6% of all directorships, up from 12.5%. However, within the FTSE 250, women account for just 9.6% of all directorships, an increase of just 1.8%.

To what extent should investors take into account the percentage of women on boards, when considering company reporting and appointments to the board?

8.1 The TUC supports the view that investors have a role to play in promoting best practice and in holding companies to account. Investors wield significant power and are able to influence corporate culture and decision making. Any pressure that investors are able to bring to bear on companies to encourage greater gender equality on boards would be welcome.

Why are there still so few women in senior positions on boards, and what are the benefits of having a greater number?

9.1 The barriers to women accessing board positions are manifold and complex. There is evidence to suggest that a large part of the problem lies in discriminatory attitudes and practices and well documented sociological phenomena of people choosing to hire people they perceive to be like them.

9.2 The impact of “old boys” networks on gender equality at board level is further compounded by a range of other issues including a lack of flexible working at senior levels in many sectors, lack of suitable or affordable childcare, limited workplace training and CPD opportunities for women, and the impact of maternity leave and career breaks on many women’s career trajectories.

9.3 The TUC believes that policies addressing the current obstacles for women to reach top positions, such as measures to reconcile work, family and private life for both women and men, fighting gender stereotypes in education and in the labour market, and engaging men in the debate should also continue to be promoted and adequate measures should be put in place.

9.4 The impact of higher representation of women on boards across Europe would be positive both in terms of furthering equality objectives and in terms of improved business operations and outcomes.

9.5 Lord Davies’ report cites a Canadian study entitled “Not just the right thing, but the bright thing”¹⁹⁹ which found that boards with three or more women on them performed better than all male boards in several areas including communication, employee and customer satisfaction, and corporate social responsibility.

9.6 The Davies report also cites a 2010 study by Harvard Business School which found women to be more assertive than men on certain important governance issues such as evaluating the board’s own performance.

9.7 The European Parliament’s Committee on Economic and Monetary Affairs²⁰⁰ called on the European Commission to improve women’s representation on boards, emphasising that greater diversity would tend to reduce the sector’s vulnerability to crises, contribute to stability, and improve the quality of debate and decision making.

9.8 A McKinsey study of large European companies indicates that the best companies in terms of work environment, innovation, accountability and profits were those with a higher proportion of women on boards. According to their latest report, companies with a gender balanced composition can achieve an operational profit which is 56% higher than that of male only companies.

¹⁹⁷ <http://www.bis.gov.uk/assets/biscore/business-law/docs/w/12-p135-women-on-boards-2012.pdf>

¹⁹⁸ *ibid*

¹⁹⁹ Brown, D, and Anastasopoulos, V (2002). *Women on Boards: Not just the Right Thing...But the Bright Thing*, Reprint 341–02: The Conference Board of Canada, Ottawa

²⁰⁰ European Parliament, Committee on Economic and Monetary Affairs, Rapporteur Ashley Fox (24 March 2011) *Report on corporate governance in financial institutions A7–0075/2011*

How successful is the voluntary code of conduct (a recommendation of the Davies Report) which addresses gender diversity and best practice, covering relevant search criteria and processes relating to FTSE board level appointments?

10.1 While the TUC has been supportive of the Davies Review and welcomes the work of Lord Davies in raising awareness of the issue of women on boards and in persuading companies to improve the gender balance on their board, it is clear that voluntary approaches, incentives, and “comply or explain” approaches have had limited impact to date.

10.2 Norway is the only country which has successfully made swift and meaningful changes to the representation of women on company boards and it did so by implementing quotas.

10.3 The TUC believes that more must be done to even out the playing field in the world of corporate boards. Quotas are one of a host of measures in the government’s armoury which should be deployed in order to achieve change.

10.4 The TUC also supports a range of measures and mechanisms to address the problem of under-representation of women on company boards.

10.5 Mentoring schemes, voluntary codes, best practice examples, changes to the practices of Executive Search Firms (ESFs), and increased transparency in recruitment processes all have a role to play.

SUMMARY

While the TUC believes that there are many obstacles to gender equality in the workplace, it does not believe that these obstacles are insurmountable. There is clearly a good deal that all government departments, employers, and trade unions can do to address the many issues set out in this submission.

The TUC would urge the Committee to revisit the Women and Work Commission’s report which made a number of very detailed and practical recommendations on a range of issues being explored by this inquiry.

9 October 2012

Written evidence submitted by UNISON

INTRODUCTION

UNISON is the UK’s largest public service union with more than 1.3 million members. Our members are people working in the public services, for private contractors providing public services and in the essential utilities. They include frontline staff and managers, working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector. 74% of our members are women; many are low paid or work part time.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

1 Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

The provisions of the gender equality duty and its replacement Public Sector Equality duty failed to sufficiently address inequality between men and women. UNISON recommends the following measures

- Reinstating the requirement for employers to produce an equality scheme, in consultation with stakeholders including trade unions;
- Reinstating the requirement for equality impact assessments to be published in respect of changes to all policies and procedures, including staffing;
- Revising and simplifying equal pay legislation and practice to include mandatory pay audits and representative action;
- Ensuring that the EHRC is properly resourced and funded to ensure that they are able to meet their obligation to challenge discrimination, and protect and promote human rights.

2 What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

- All employers should be required to undertake equal pay audits and equality impact assess any proposed changes.
- There should be no repeal of the Equality Act provisions in respect of Section 138 questionnaires or the powers of tribunals to make recommendations.

3 What has been the impact of the current economic crisis on female employment and wage levels?

The government’s austerity measures have had a devastating and disproportionate impact on women, as detailed in this response.

4 How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

Girls and young women need better careers advice including information on future prospects and the impact of career choices on long term earnings, together with better female role models and effective mentoring.

5 What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

Part time workers have the right to equal pay for work of equal value, equal rights to bonus and other pay enhancements, equal access to fair pensions and equal access to quality training and promotion.

In addition, measures must be put in place to encourage employers to offer genuinely family friendly policies at all levels in their organisation, to support parent and carers to fulfil their full potential in the workplace.

6 Women on boards

It is essential that employers capitalise on the knowledge and skills of all their staff, at management and board level. Women bring with them innovation, creativity and new ways of working, to the benefit of all involved. Quotas may be necessary to bring about change, since voluntary measures are unlikely to bring about change with any speed.

RESPONSE

1 Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?

1.1 No. The Gender Equality Duty was intended as a proactive duty on public authorities to take general and specific actions to remove institutional barriers and systemic discrimination against women. The duty was called “Gender Equality Duty” to put women on an equal basis with men; to remove the disproportionate adverse impact of policy measures for women when compared with men and for public authorities to lead by example in removing gender discrimination in their application of public policy. Women make up 70% of public sector employees. They have a right to expect equal treatment in public sector employment and not to be adversely affected by the implementation of public policy measures.

1.2 Although the subsequent Public Sector Equality duty had the potential to be a powerful piece of legislation which brought together the separate duties on gender, race and disability, the weakening of the requirements and enforcement powers has resulted in a disappointing shift away from positive action which would affect societal change to the good, to a bureaucratic process which is easily circumvented.

In particular:

1.2.1 Public sector organisations are no longer required to publish an equality scheme. The requirement now is that they publish equality objectives (at least every four years) and information to demonstrate their compliance with the Equality Duty (at least annually). Producing and publishing an equality scheme under the previous legislation included a requirement to consult with stakeholders—staff, service users, trade unions and community organisations. As such the issues targeted were those which were genuinely important, rather than those which could be met through a quick fix, tick box exercise.

1.2.2 The statutory code of practice which accompanied the previous duties has been replaced by a non-statutory code. Further the specific duties do not require public authorities to carry out an Equality Impact Assessment (EIA) prior to making changes to procedures, policies and practices. EIAs have enabled the public, trade unions and under-represented groups to scrutinise and influence public authorities. They have become simple to operate, widely accepted and defined by the courts and have helped drive improvements in public policy.

1.2.3 UNISON believes that EIAs are still the best way of complying with the General Duty when changes are proposed, and thus bringing about real change.

1.3 In respect of equal pay, the 2005 Women and Work Commission report identified three major causes of the continuing gender pay gap in both the public and private sector:

- Occupational segregation
- Caring responsibilities
- Discrimination in pay systems

1.4 In terms of public sector employment, the gender equality duty was a powerful tool in tackling these issues, evidenced by the gender pay gap which is twice as large in the private compared to public sector.

1.5 Further, although there is little or no difference in the abilities of women and men—in fact more than half the first degree graduates from UK higher education institutions are women—only around a fifth of senior managers in the UK are female, although in the public sector this increases to almost a third.

1.6 Examples of some of the positive measures facilitated by the gender equality duty included the ability to consult on and negotiate family friendly and flexible working policies which enabled more women to remain in the workforce at a level suited to their skills; taking proper account of the needs of women when organising training and developmental opportunities; and women-focused recruitment and mentoring.

1.7 The importance of improving the workplace for women is well recognised, and the business case is strong. Organisations are able to capitalise on the knowledge and skills of all their staff, rather than half the talent available, and women bring with them innovation, creativity and new ways of working, to the benefit of all involved.

1.8 To rely on voluntary or non regulated action by employers is flawed. The gender pay gap persists despite forty years of legislation and women are under-represented in all areas of public life and in senior roles in business. Positive action is necessary to bring about change.

1.9 There remains a need for a review of equal pay legislation and practice. Employers must be transparent about how they pay their workers. They should be required to undertake full equal pay audits, so they can address any pay inequality that exists. In addition, trade unions should be permitted to take group action on behalf of members. These measures would be a major step towards closing the gender pay gap without the need for costly and time consuming legal challenges.

1.10 Finally, the cuts to the budget of the Equality and Human Rights Commission (EHRC), the enforcement body for the Equality Duty, have effectively rendered the commission incapable of carrying out their role. The commission has supported both employers and employees in the past in understanding the often complex equality legislation and the loss of that expertise and resource is unacceptable and leaves the UK open to challenge in European law.

1.11 Recommendations :

- 1.11.1 Reinstating the requirement for employers to produce an equality scheme, in consultation with stakeholders including trade unions;
- 1.11.2 Reinstating the requirement for equality impact assessments to be published in respect of changes to all policies and procedures, including staffing;
- 1.11.3 Revising and simplifying equal pay legislation and practice to include mandatory pay audits and representative action;
- 1.11.4 Ensuring that the EHRC is properly resourced and funded to ensure that they are able to meet their obligation to challenge discrimination, and protect and promote human rights.

2 *What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?*

2.1 All employers should be required to undertake equal pay audits, which would enable them, their workers and trade unions to identify and deal with the causes of any gender pay gap. Such an audit need not be onerous and there is therefore no reason to exclude smaller employers. The EHRC, if properly resourced, would be an invaluable resource in this regard.

2.2 The recent Home Office consultation on the proposal to repeal Section 138 questionnaires is a backwards step in transparency. The questionnaires are crucial in enabling people to prove genuine discrimination claims, particularly where employers may not even acknowledge to themselves that discrimination exists, and therefore differential treatment will remain hidden.

2.3 Likewise, the proposal to remove the newly awarded power for tribunals to make recommendations is a retrograde move. At the very least, where an employer is found to have breached equality law, the tribunal should have the power to ensure that they take steps to ensure that any further transgressions are identified and rectified.

2.4 The use of equality impact assessments is crucial in ensuring that public sector policies, procedures, re-organisations, restructures and procurement activities are fair and do not discriminate against women or other disadvantaged groups. It is regrettable that the government have chosen to withdraw this requirement from the public sector equality duty.

3 *What has been the impact of the current economic crisis on female employment and wage levels?*

3.1 One in four women in the UK work in the public sector, and between 65–75% of the public sector workforce are women. Inevitably therefore the cuts to public sector jobs have impacted disproportionately on women, and women's unemployment is now at its highest level for more than 25 years. Indications are that more than 80% of the jobs being lost in the current round of public sector job cuts are women's jobs, whilst research conducted by the Runnymede Trust for UNISON has found that Black and disabled women particularly are being selected for redundancy.

3.2 An analysis of the impact of the government's austerity measures to date reveals that :

- 3.2.1 Benefits make up, on average, one fifth of women's income, compared to one tenth of men's. The further £10 billion in benefit cuts will therefore impact harder on women than men;
- 3.2.2 the small rise in the minimum wage for older workers is still a cut in real terms. Women make up the majority of the workers on the minimum wage;
- 3.2.3 plans to introduce "regional pay" in the public sector will drive down women's wages and widen the gender pay gap;
- 3.2.4 42% of women will gain nothing from the increase in the personal tax allowance—many because they do not earn enough to make use of the additional allowance;
- 3.2.5 the freezing of child benefit has in real terms meant a cut of 10% since 2010. In 95% of cases, it is women's income that has been reduced;
- 3.2.6 the change to the working tax credit criteria will reduce the household income for almost 900,000 men, women and children. The proposal that those in receipt of the credit should find additional working hours at a time of high unemployment and job cuts is simply not feasible;
- 3.2.7 services and community projects supporting women have been particularly vulnerable to cuts in funding. Sure Start centres, women's aid services, rape crisis centres and women's refuges are being closed or their budgets cut. The majority of these services are also staffed by women, further adding to the number of unemployed women;
- 3.2.8 the private sector is not matching the number of jobs lost in the public sector. Even where jobs are created, past evidence has shown that where services are contracted out, women have suffered disproportionately as their pay and conditions have been cut;
- 3.2.9 30,000 women lost their jobs in 2009 as a result of being pregnant. Pregnant women are unfairly selected for redundancy, despite laws to protect them;
- 3.2.10 changes to state and public sector pensions—deferred income—will disproportionately affect women—who already make up 2/3 of the UK's poorest pensioners;
- 3.2.11 private sector childcare costs for working parents are increasing—nursery care by an average of 6% over the past year. Pay freezes and low wage settlements are simply not keeping pace with the increased costs;
- 3.2.12 women's caring responsibilities are a major cause of the gender pay gap. Currently one in five women act as unpaid carers for adult family members, therefore cuts in funding for social care services mean this figure is almost certain to rise and the gender pay gap will widen.

4 How should the gender stereotyping prevalent in particular occupations, for example in engineering, banking, construction, and the beauty industry, be tackled?

4.1 Two relatively recent reports—*Girl's Career Aspirations (OFSTED 2011)* and *Apprenticeships and Gender (TUC and YMCA 2010)* highlight the weaknesses in careers guidance for girls and young women from an early age.

The OFSTED report found that :

- 4.2.1 The programmes of careers education and work-related learning, and the provision of information, advice and guidance in the schools visited, were not focused sufficiently on the knowledge, understanding and skills that girls and young women needed in order to deal with factors such as career breaks and the roles they might wish to play as future parents;
- 4.2.2 a narrow range of gender-stereotypical work placements dominated choices in almost all the settings seen;
- 4.2.3 the girls and young women spoken to had limited knowledge and understanding of how choices about courses and careers influenced pay and progression routes.

4.3 Whilst the TUC reported that:

- 4.3.1 Although the Government has taken some action to address how young men and women are represented in apprenticeships (photos of male childcare workers and female construction workers can be found on central Government websites about careers and apprenticeships), a cursory browse through the apprenticeships pages of a random selection of FE college websites illustrates just how little has changed in terms of what is perceived as "women's work". Web pages aimed at prospective apprentices are illustrated with pictures of young women cutting hair and young men in engineering and construction;
- 4.3.2 women are often unaware of the vast difference in pay between different sectors when they make careers choices. There is little in the way of visible information on pay rates on employer websites or the National Apprenticeship Service's.

4.4 Clearly there remains a need for better advice for girls and young women, including future progression and the impact of career choices on long term earnings; better role models and mentoring for girls and young women, including improved opportunities for young women to meet professionals working in non-stereotypical

roles, to learn more about what such work entails and helping to support young women in overcoming barriers; linking of the content of lessons and skills to career opportunities.

5 What more should be done to promote part-time work at all levels of the workplace and to ensure that both women and men have opportunities to gain senior positions within an organisation while working part time?

5.1 Nearly half of UNISON's one million women members work part-time. Some occupations, like hospital domestics and school meals workers, are nearly all part-time and are almost exclusively posts occupied by women—four times as many women than men work part-time.

5.2 Part time work is often the only option for women seeking to balance homecare commitments with an income, but they pay the price—quite literally, as the gender pay gap for women part time workers is significantly wider than that for full time women workers (as compared to full time men).

5.3 In a report by carers' charities published earlier this year it was estimated that one in six carers either give up work or reduce their hours to look after elderly friends and relatives or younger adults with disabilities; two thirds of mothers with dependent children work; whilst nine out of ten lone parents are women. To support women in the workplace to continue to meet their homecare commitments, UNISON believes that part time workers must have a right to:

- Equal pay for work of equal value
- Equal rights to bonus and other pay enhancements
- Equal access to fair pensions
- Equal access to quality training and promotion

5.4 But there are additional measures—challenging the long-hours culture in the workplace which prohibits carers from progressing; providing genuinely family friendly flexible working hours which do not have a pay penalty attached; considering other forms of flexible working, such as compressed hours, shorter hours during school holidays etc; support with good quality childcare and other dependent care.

5.5 Employers also need to give greater consideration to the suitability of all posts for part time or shared work. There are few jobs which cannot be made flexible given employer will and creativity, and the business case for flexibility through which employers retain experienced and skilled women in the workplace is sound.

6 Women on Boards

6.1 In March 2011, Lord Davies of Abersoch published a review of women on boards in the UK, examining the business case for gender diversity and the obstacles faced by women in achieving board level appointments. This put forward 10 recommendations to business, including a target of a minimum of 25% female representation on FTSE 100 boards by 2015.

6.2 The Davies Report on women on boards was long overdue. The same argument applies to women on boards as for all women in the workplace and in management positions—namely that organisations are able to capitalise on the knowledge and skills of all their staff, rather than half the talent available, and women bring with them innovation, creativity and new ways of working, to the benefit of all involved.

6.3 However, progress is, predictably, painfully slow. One year on, the Government report that nearly three in 10 board appointments in the FTSE 100 went to women, with the UK on course to achieve a 27% total representation of women on boards in 2015. At the same time, around one in 10 FTSE 100 boards, and almost half of FTSE 250 boards, are composed entirely of men. The “one year on” report celebrated the fact that the number of women board appointments in the FTSE 100 had doubled, but in fact this still meant that only a quarter of the total board appointments were women; the number of people rather than percentages was very small, and that overall the percentage of women on boards falls far short of the 50% + needed for genuine equality.

6.4 We are disappointed at the slow rate of progress and are concerned that progress will not be improved unless effective mechanisms are implemented to sustain progress. Recent reports demonstrated that fewer women are being appointed to full time executive director positions in UK companies and 15 years after the first woman chief executive of a FTSE 100 company was appointed very little progress has been made at that level and with slow incremental progress in part-time, non-executive director roles.

6.5 The Institute of Leadership and Management research on ambition and gender at work identified that the barriers usually cited—child care and maternity issues, were not the only barriers to women's progression in the workplace. Women generally had lower career expectations and lower confidence, and were less likely to apply for management or promotional positions.

6.6 UNISON has almost one million women in membership. We have a strong commitment and record of ensuring women's representation at all levels of decision-making in UNISON's structures. Women make up seventy percent of our membership. We have a rule book commitment that provides effective mechanisms for women to be represented in proportion to their membership. Our rule book also provides for fair representation to ensure representation from our diverse membership is reflected in the decision-making process of the Union.

We believe that it is important that the Union and organisations reflect the diverse composition of the UK. This is no different for business or for representation for women on boards.

6.7 Our experience over many decades has demonstrated that a voluntary approach does not work. We believe that there is a cogent case for structural mechanisms to guarantee women's representation on boards, for example quotas for women on boards are necessary to ensure fair representation for women and to improve gender representation on company boards. Voluntary approaches are of limited value in bringing about meaningful change. Where there is evidence of change, this has been achieved through political commitment backed by legislation. For example, Norway has made swift and meaningful changes in increasing the representation of women on boards through the introduction of quotas.

6.8 It is without doubt that women have skills, expertise and knowledge equivalent to men. However, if, as the ILM research suggests, women are less likely to seek management roles, quotas would encourage employers to actively seek more women candidates, who could then act as role models for other women; women would also be more likely to offer other women the opportunity to progress. It therefore comes as no great surprise that when exploring the issue of quotas, almost half of all women surveyed were supportive, whilst only a quarter of men were.

6.8 In response to challenges about the discriminatory nature of quotas, and the potential for tokenism, it is clear that quota are in themselves not discriminatory, they are in fact correcting existing disadvantage, as evidenced by the low numbers of women in senior management and on boards, compared to academic achievement.

4 October 2012

Written evidence submitted by equal pay expert Sheila Wild

EXECUTIVE SUMMARY

- An effective voluntary approach to closing the gap would entail:
 - Strong and consistent leadership.
 - All national statistics on earnings to be disaggregated by gender.
 - Accessible advice and information for both employers and employees.
 - Regular monitoring of the take up of advice and information and of the extent of good practice.
- Reform of the equal pay provisions of the Equality Act 2010, while desirable in the long-term, is at the present moment unlikely.
- Because the gender pay gap has no one single cause, a number of levers need to be applied if the gap is to be closed. They include:
 - Breaking down the segregation of women into lower-paying occupations and workplaces.
 - Continuing the improvements to maternity and parental leave arrangements. This enables women to maintain their earning power and enables sharing of parental responsibilities, thereby lessening the pay penalty for motherhood.
 - Opening up flexible working in senior jobs. This too enables women to maintain their earning power and facilitates the sharing of parental responsibilities.
 - Implementing pay and reward practices which ensure that equal work attracts equal pay.
- It would be useful to have an annual or bi-annual report to ministers which, in addition to the variables currently reported on, also examines the statistics on the gender pay gap across the protected grounds and looks at workplace characteristics, personal characteristics, and hours and patterns of work and the relationship between these and the gender pay gap.

INTRODUCTION

1. For over 30 years I was the policy lead on equal pay at the Equal Opportunities Commission, and more recently, the Equality and Human Rights Commission, and in that capacity I worked with employees, employers, trade unions, and advisory agencies such as Acas and the Chartered Institute of Personnel and Development. My aim was to get equal pay out of the “too difficult” box and into the “can do” box, and to this end much of my work involved the development and dissemination of good equal pay practice.

2. I now work as a freelance consultant specialising in equal pay. I have recently set up *EqualPayPortal*,²⁰¹ an independent website aimed at equipping people to understand and deal with equal pay issues.

3. As a freelancer, my resources are limited, and this submission will therefore focus on key components of an effective voluntary response to the gap, and the Committee's first two questions, namely:

²⁰¹ <http://www.equalpayportal.co.uk/>

- Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?
- What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?

In the interests of brevity I will not repeat the headline statistics on the gender pay gap, but will assume that these are already available to the Committee.

AN EFFECTIVE VOLUNTARY APPROACH

4. There is no reason why a voluntary approach to closing the gender pay gap should not be effective, but the current approach is lacking the basic essentials. What is needed is:

- Strong and consistent leadership.
- Gender disaggregated statistics on earnings.
- Accessible advice and information.
- Regular monitoring of the take up of advice and information and of the extent of good practice.
- A legal framework which supports transparency of payment systems and the resolution of equal pay issues for both individuals and groups of employees with common cause for complaint.

STRONG AND CONSISTENT LEADERSHIP

5. Successive governments have taken an inconsistent and sometimes weak approach to tackling the gender pay gap. Both the legislative and policy frameworks have developed in a piecemeal way, which the Equality Act 2010 has done little to counter.

6. While there is a recognition that a key component of the gender pay gap is women's labour market disadvantage, and welcome and necessary interventions such as improvements to parental rights and opportunities to work flexible hours have been introduced, the equal pay element of the gap is increasingly overlooked. There is no monitoring of the extent to which women are getting equal pay, and no encouragement of good equal pay practice. If government seriously wants to narrow the gender gap, and wants to do so by means not of compulsion but by self-regulation, then strong and consistent leadership is essential. In its absence, intentionally or not, the issue slips down the business agenda, leading some to call for increased regulation.

GENDER DISAGGREGATED STATISTICS ON EARNINGS

7. Statistics on earnings are not always disaggregated by gender. This means both that our understanding of the gender pay gap is more limited than it needs to be, and that action to tackle it cannot be properly targeted.

8. To give an example, the Office of National Statistics recently published *Average Weekly Earnings—Bonus Payments in Great Britain*²⁰² [ONS, September 2012]. This shows that £37 billion was paid out in bonuses in 2011–12—up 3% on a year earlier, of which £13 billion was paid out to employees of businesses in the finance and insurance industry. Although this was a 9% fall from the 2010–11 level, financial sector bonuses made up 36% of all bonuses in 2011–12, even though just 4% of all employees work in the industry. We know from previous ONS analyses of the gender pay gap that:

- (a) the gender pay gap is wider at the upper end of the earnings distribution than at the lower end;
- (b) bonus payments at the higher end of the earnings distribution make a major contribution to the gender pay gap; and
- (c) the gender pay gap is considerably wider in the financial services sector than in other industrial sectors.

However, in the absence of any gender disaggregation of the statistics in the ONS report on bonus payments, it is not possible for policy makers to determine whether the 9% fall in what was paid out in bonuses has had any impact on the gender pay gap or not.

9. Given that the surveys which inform ONS's earnings' analyses already collect data on the sex of employees, it would seem reasonable to ask the ONS to disaggregate by gender *all* of its reports on earnings, thereby enabling us to focus on those parts of the labour market where women are most seriously disadvantaged. ONS have told me they have no plans in the future to breakdown bonus payments by sex.

RECOMMENDATION

- *All national earnings data to be disaggregated by gender.*

10. Improving the quality of the information available at a national level would enable action to be better targeted. The gender pay gap, the reasons for it, and what should be done about it remain highly contested issues. Even in the past few months we have seen vastly different responses to it: the gap is widening; the gap is narrowing; women are earning more than men; it's not a gender gap, but a mummy gap.

²⁰² http://www.ons.gov.uk/ons/dcp171766_279661.pdf

11. All of these responses are to some extent correct, but none of them tell the full story, for while it is the headline figure for the full-time gender pay gap that drives public policy both on the gap itself and on equal pay, more detailed analyses show that within the overall gender pay gap, progress is uneven: the gap is narrower or non-existent for younger women and at the lower end of the earnings' distribution, but the gap for some groups of ethnic minority women, for older women and at the upper end of the earnings' distribution shows no sign of closing. And looking more closely at the part-time women's pay gap (women working part-time as a percentage of men working full-time) shows that older women in particular experience a huge pay penalty—these are the women who missed out on the educational and career opportunities now open to younger women.

12. Decomposing the headline gender pay gap in this way suggests that the usefulness of the headline figure as a policy driver is now severely limited; a more refined set of measures would be more appropriate, and might serve to bring more of the key actors on board.

RECOMMENDATION

— *To develop a more nuanced set of measures of the gender pay gap.*

13. We also need to take account, not only of the gender pay gap, but of the extent to which women are getting equal pay for equal work. Whereas the national statistics on the gender pay gap measure differences in average earnings, the right to equal pay means that there should be no difference in *the contractual terms* of a woman and a man doing *equal work*, who both work for the same employer.

14. Information about differences in contractual terms can only be derived from the employers' payroll and human resource data. A woman's employer is also the only source of information on whether the work being done by the woman and the man is equal, and what the reasons are for any differences in their pay. There is no obligation on employers to monitor the extent to which their female employees are getting equal pay for equal work, so, while there is official information on the gender pay gap, there is no information on the extent to which women are getting equal pay.

RECOMMENDATION

— *Policies on transparency should include a consideration of the extent to which employers could be encouraged to evidence the actions taken to ensure delivery of equal pay in the workplace.*

15. Her Majesty's Courts and Tribunal Service Annual Report shows the number of cases filed with the Employment Tribunal and their outcomes. In 2011–12, 28,800 equal pay claims (out of a total of 186,300 claims across all jurisdictions) were received. The success rate for equal pay claims is 1%, with some 60% of claims being settled or withdrawn. There is no published evidence on the reasons for settlement or withdrawal.

16. The figures for equal pay claims should be interpreted with extreme caution, as equal pay cases can take over a decade to reach a final determination and it is difficult to distinguish between individual and multiple claims. This is not an academic question; European law on equal pay obliges Member States to ensure access to justice and with many equal pay claims taking over a decade to reach a final determination Britain is arguably falling short of what is required.

RECOMMENDATION

— *To improve the collection, analysis and presentation of statistics on equal pay cases, both to differentiate between individual cases (where there are at most two or three claimants) and multiple cases (where there may be several hundred claimants) and to show the length of time each type of case takes to reach a determination.*

ACCESSIBLE ADVICE AND INFORMATION

17. When looking for information about a complex issue, it is useful to begin by asking “who is the lead body?”, but in the case of equal pay there is no such body. This is in part a structural problem, and in part to do with the nature of equal pay, which unlike any other equality entitlement, is grounded in the contract of employment. The ensuing difficulty in accessing information has a number of consequences. It reduces the possibility of good equal pay practice becoming the norm. It makes it harder for women to find out if they are getting equal pay, and if they are not, what they can do about it. It drives both employer and employee into the arms of lawyers, thus potentially increasing the incidence of litigation. These issues are explored more fully in an article published in the October edition of *Equal Opportunities Review*.²⁰³

RECOMMENDATIONS

- *Government information sites to be linked to each other and to key agencies;*
- *A designated lead department or agency to take responsibility for checking the information is accurate and that the links work and;*
- *Where the relevant information is a sub-set of a broader report or dataset, it should be clearly indexed as being about equal pay.*

²⁰³ <http://www.eordirect.co.uk/>

REGULAR MONITORING OF THE TAKE UP OF ADVICE AND INFORMATION AND OF THE EXTENT OF GOOD PRACTICE

18. A recent Freedom of Information Request to the EHRC (see Annex A) revealed that the Commission is not carrying out any monitoring of pay by ethnic groups, nor is it monitoring the incidence of equal pay reviews more generally. This lack of information can only hinder the development of a more effective voluntary approach to closing the gender pay gap and may inadvertently lead to increasing pressure for tighter regulation.

AN EFFECTIVE LEGAL FRAMEWORK

19. With one or two exceptions the Equality Act 2010 replicated the provisions of the Equal Pay Act 1970 (as amended), thereby missing an opportunity to modernise the legislation. In its current form the legislative framework (designed over 40 years ago when women's presence in the labour market was marginal, discretionary bonuses made up only a small proportion of take-home pay, and rates of pay were generally centrally determined) does not work for employers, nor does it work for women. The law does not work for employers because it has the unintended effect of penalising those employers who commit to implementing equal pay by exposing them to immediate litigation; it does not work for women because an equal pay claim can take over a decade to reach a determination.

20. Legislation that is fit for purpose would provide women with redress within a reasonable timeframe and it would provide employers with a protected period (of say three years) within which to equalise pay without finding themselves in an Employment Tribunal. An effective legal framework would also provide a mechanism for dealing with systemic problems—a need, for example, to update a bonus scheme, or to respond to an equal pay claim brought by several hundred women all doing similar work.

21. While reform on the scale outlined above is unlikely to be put into effect so soon after the introduction of the 2010 Act, it has to be recognised that without a legislative framework designed with the needs of 21st century pay and reward structures in mind, implementing equal pay will remain an exercise fraught with risk for both employer and employee.

THE EQUALITY ACT 2010

— *Do the Gender Equality Duty and the Equality Act go far enough in tackling inequalities, such as gender pay gap and job segregation, between men and women in the workplace?*

22. The Gender Equality Duty acted as a prompt to public bodies to deliver good equal pay practice and research carried out by both the Equal Opportunities Commission and the Equality and Human Rights Commission showed that a far greater proportion of public than of private sector employers were actively engaging with the gender pay gap.

23. The Equality Act 2010 replaced the Gender Equality Duty with a generic public sector duty which encourages public bodies to look beyond gender to pay gaps across the protected grounds. This move is welcome, both of itself, and because of the intersectionality of pay disadvantage on grounds of gender, age, ethnicity and disability—the gender pay gap is wider for example, for older women, disabled women and women from certain ethnic groups. The 26% pay gap for Pakistani women relative to white British men [EHRC 2008] cannot be resolved by attending solely to the gender dimensions, it also requires action to tackle ethnic disadvantage. However, official statistics on the gender pay gap do not look at pay gaps across the equalities areas, but only at gender, and the equality duty itself is currently under review.

RECOMMENDATIONS

— *To retain the public sector equality duty*

CLOSING THE GENDER PAY GAP

24. The gender pay gap is generally held to have four main causes: occupational segregation, pay discrimination, the fact that women still bear the main responsibility for looking after children, and the undervaluing of women's work. For those working full-time, the gender pay gap is down mainly to industry and personal characteristics; for those working part-time, occupational segregation and the undervaluing of women's work make the most significant contributions. Occupational segregation is sometimes put forward as a phenomenon which makes the gender pay gap inevitable, but the concept of equal pay for work of equal value—whereby different jobs can be deemed to be equally demanding and therefore deserving of equivalent reward—is intended to redress the inequalities arising out of men and women doing different types of work.

25. Because the gender pay gap has no one single cause, a number of levers need to be applied if the gap is to be closed. They include:

- (a) Breaking down the segregation of women into lower-paying occupations and workplaces.
- (b) Continuing the improvements to maternity and parental leave arrangements. This enables women to maintain their earning power and enables sharing of parental responsibilities, thereby lessening the pay penalty for motherhood.

- (c) Opening up flexible working in senior jobs. This too enables women to maintain their earning power and facilitates the sharing of parental responsibilities.
- (d) Implementing pay and reward practices which ensure that equal work attracts equal pay.

26. Improved maternity and parental rights are more effective when accompanied by opportunities for men as well as women to work flexibly; flexible working arrangements also help to break down occupational segregation, as does the implementation of measures to ensure equal pay for equal work. Good equal pay practices pick up, not just on any inadvertent pay discrimination, but also on low rates of return from maternity leave, or on flexible working being taken up only by workers in lower paid roles. Tackling the gender pay gap entails tackling all of its causes.

GREATER TRANSPARENCY

- *What steps should be taken to provide greater transparency on pay and other issues, such as workforce composition?*

27. In the context of equal pay and the gender pay gap, the term “transparency” has two meanings. First, transparency of payment systems has a specific legal meaning deriving from European case law and written into the current and previous *Code of Practice on Equal Pay*.²⁰⁴ At paragraph 102 the Code states:

“The Court of Justice of the European Union has held that pay systems that are not transparent are particularly at risk of being found to be discriminatory. Transparency means that pay and benefit systems should be capable of being understood by everyone (employers, workers and their trade unions). It should be clear to individuals how each element of their pay contributes to their total earnings in a pay period. Where the pay structure is not transparent and a woman is able to show some indication of sex discrimination in her pay, the employer carries the burden of proving that the pay system does not discriminate.”

28. Most public and voluntary sector pay systems are at least in part transparent, in that the pay spines setting out basic pay are published, and it is noticeable that where cases have been taken they tend to involve the more opaque payments such as bonuses or additional allowances.

29. Pay transparency is much less common in the private sector and in some parts, most notably the investment banking sector, transparency is a rarity. Given that the gender pay gap is at its widest in this sector, and clarity over who gets paid what and why would undoubtedly prompt action to narrow the male/female earnings’ differential, it is regrettable that the actions taken to make remuneration in the higher echelons of the financial services sector open to greater scrutiny and accountability have not also applied a gender lens to the payments made, but that being the case, a voluntary approach can still be encouraged.

RECOMMENDATION

- *To invite Remuneration Committees to monitor the extent and structure of the gender pay gap.*

30. Given not only the public policy interest in closing the gender pay gap, but also the risks of legal action, such an approach would be consistent with existing responsibilities to ensure remuneration policies, procedure and practices are consistent with and promote effective risk management.

31. The second definition of transparency has to do, not with payment systems, but with the gender pay gap at an organisational level, and efforts have been made to encourage private and third sector organisations to report publicly on their pay gaps. Section 78 of the Equality Act 2010 if activated, would enable government at some future date to compel companies to make their pay gaps public, and but for now the Think, Act, Report initiative attempts to do the same on a voluntary basis. However, a figure for a headline gender pay gap whether at a national or a workplace level is a measure that masks as much as it conceals. At an organisational level, for example, it is possible to have a headline gap of 8%, but within that, a substantial group of workers for whom the gender pay gap is 25%.

32. Much more useful is a hierarchical gender profile of the workforce, particularly if this also includes information on employees’ age and the number of hours that they work. Such a profile gives a strong steer, not only as to where pay gaps might be occurring, but also what the causes might be. A detailed gender profile can be used to target, underpin and monitor good equal pay practice.

RECOMMENDATION

- *To encourage organisations to profile their staff by gender, hours worked and earnings.*

CONCLUSION

33. It would be useful to have an annual or bi-annual report to ministers which, in addition to the variables currently reported on, also examines the statistics on the gender pay gap across the protected grounds and looks at workplace characteristics, personal characteristics and hours and patterns of work and the relationship between these and the gender pay gap. The Triennial review, which the Equality and Human Rights

²⁰⁴ http://www.equalityhumanrights.com/uploaded_files/EqualityAct/equalpaycode.pdf

Commission is obliged to produce, is quite simply not sufficiently detailed to enable accurate diagnosis of the most helpful interventions. The report should include the numbers and types of equal pay claims, and an account of how long these have been in the tribunal system. Such a report would enable us to track progress over time not just towards narrowing the gender pay gap but also the extent to which equal pay is being delivered in the workplace, and would eventually lead to the adoption of more effective strategies for redressing the imbalance between men's and women's lifetime earnings.

October 2012

Annex A

RESPONSE FROM THE EHRC TO A FREEDOM OF INFORMATION REQUEST

18 October 2012

SUBJECT: FREEDOM OF INFORMATION REQUEST

Dear Ms Wild

Thank you for your recent email in which you make the following request:

“In the context of the above, I ask that you provide me with information as to the action the Commission has taken, or has committed to taking:

- To monitor and make public information on the extent of pay gaps across ethnic groups for England, Scotland and Wales since the 2008 analysis was carried out.
- To monitor and make public the incidence of equal pay reviews for gender, ethnicity and disability, across England, Scotland and Wales, since the 2008 study was carried out.
- To work with public bodies across England Scotland and Wales to jointly agree and publish a standard format for data collection, analysis and reporting on pay gaps across gender, ethnicity and disability.

Where action has not yet been taken, but is intended, I ask that you provide me with a copy of the relevant minute recording the decision to initiate action.”

For clarity we have responded to each of your requests in turn below.

1. The action the Commission has taken, or has committed to take to monitor and make public information on the extent of pay gaps across ethnic groups for England, Scotland and Wales since the 2008 analysis was carried out.

RESPONSE

In 2009 the Commission published a review by Hilary Metcalf entitled *Pay gaps across the equality strands: a review*.²⁰⁵ This was a review of secondary sources and therefore did not produce new data.

In 2011 the Commission published the First Triennial Review and this contained some new data produced by the Policy Studies Institute's analysis of 2004–07 Labour Force Survey data. The relevant extract from this review has been attached for your information.

At this time the Commission has not committed to any further monitoring on the extent of pay gaps across ethnic groups.

2. The action the Commission has taken, or has committed to take to monitor and make public the incidence of equal pay reviews for gender, ethnicity and disability, across England, Scotland and Wales, since the 2008 study was carried out.

RESPONSE

No further action has been taken by the Commission to monitor the public incidence of equal pay reviews, since the publication of “Equal pay reviews survey 2008” to which you refer.

At this time the Commission has not committed to any further monitoring on the incidence of equal pay reviews for gender, ethnicity and disability.

3. The action the Commission has taken, or has committed to take to work with public bodies across England Scotland and Wales to jointly agree and publish a standard format for data collection, analysis and reporting on pay gaps across gender, ethnicity and disability

RESPONSE

The Commission has not taken action (or at this time made future plans) to work with public bodies across England, Scotland and Wales to jointly agree and publish a standard format for data collection, analysis and reporting on pay gaps.

²⁰⁵ http://www.equalityhumanrights.com/uploaded_files/research/14_pay_gaps_across_equalities_review.pdf

Finally, we note that in the contextual information you have provided alongside your request, you have referred to a report regarding the monitoring of compliance with the Public Sector Equality Duty; which was due for publication in Spring 2012.

Between February and May the Commission looked at the published equality information of almost 1200 public authorities to evaluate how they were performing against the new specific requirements. The report of the Commission's findings (originally expected to be published in Spring 2012) is nearing its conclusion and will be published in due course.

Please note that whilst the evaluation enables us to say how many public authorities published employment information, we cannot extract any findings in respect to how many public authorities had included equal pay within their published employment information.

A second evaluation is currently taking place in the form of the "equality objectives project". This includes scope for those completing the evaluations to include details of the employment objectives that they find. It is possible that this may generate information on equal pay, but at this time it is too early to tell.

The findings from both projects will be taken forward through the most appropriate form of regulatory activity; with the aim of improving public sector practice going forwards.

We trust this response has been of assistance to you. If you require any clarification please do not hesitate to contact us at the following address: Corporate Communications Team, Equality and Human Rights Commission.

If you are unhappy with our response and wish to request an internal review of our decision please write to the Corporate Communications Team at the address above.

During the independent review the handling of your information request will be reassessed by Commission staff afresh.

If following the review you are not content with the outcome you may apply directly to the Information Commissioner's Office (ICO) at:

The Information Commissioner's Office
Wycliffe House
Water Lane, Wilmslow
Cheshire SK9 5AF

Generally the ICO cannot provide a decision until you have exhausted the review process within the Equality and Human Rights Commission.

If the Commission can be of any further assistance please contact us using the details provided below.

Corporate Communications Officer
Equality and Human Rights Commission

Written evidence submitted by the Women into Science and Engineering (WISE) Campaign

ABOUT THE WISE CAMPAIGN

1. Women into Science and Engineering (WISE) inspires women and girls from all backgrounds to pursue science, technology, engineering and mathematics (STEM) as pathways to exciting, worthwhile and fulfilling careers. We support educational institutions, business and industry to provide a welcoming and positive experience for women. WISE acts as a catalyst and broker—bringing together women, educational institutions, business and industry to create a powerful force for change. Working in partnership, our aim is to ensure that 30% of the UK's STEM workforce is female by 2020.

2. Our services are designed to build and sustain the pipeline of female talent in STEM, from classroom to board room. These include:

- (I) Case for change: statistics, evidence of what works, case studies and champions of the business case for women in STEM.
- (II) Building the pipeline: expert advice on effective engagement of girls in STEM subjects, recruitment services and inspiring female role models
- (III) Sustaining the pipeline: Training and consultancy services to industry and professional bodies to nurture female talent at all levels. Networking and training programmes for women.

3. Our submission focuses on the question posed by the Inquiry on how to tackle gender stereotyping, which is a barrier to women's participation in STEM subjects and therefore limits their contribution to the STEM workforce. WISE is the new trading name of the UKRC, which was funded by BIS from 2004–12. The purpose of the UKRC was to increase the proportion and position of women in science, engineering and technology careers by providing resources to industry and education and support services to women, including those STEM qualified but not currently working in it. Our submission reflects lessons learned from this investment.

EVIDENCE

4. Women in the UK are under-represented in STEM sectors: it is 37 years since the passing of the Sex Discrimination Act. The engineering workforce comprises 4% female technicians and 6% female engineers.²⁰⁶ The percentage of women employed as IT and telecoms professionals has declined from 22% in 2001 to just 18% in 2010.²⁰⁷ Fewer than one in five of applicants to the Technical Apprenticeship Service for scientific roles are female.²⁰⁸

5. Female participation in STEM tapers off from primary school age onwards. The proportion of girls sitting STEM GCSEs is almost 50%.²⁰⁹ The proportion of girls sitting STEM “A” levels is 42%.²¹⁰ Women account for only 33% of undergraduates,²¹¹ and only 12% of the STEM workforce.²¹² Fewer girls and women study STEM subjects: and then there is also a serious problem of retention. More than two thirds of working age women in the UK with a STEM degree do *not* work in STEM occupations.²¹³

6. A recent evaluation of pilot projects to increase the diversity of apprenticeships found that young women, parents and, often, teachers and advisers held outdated views of STEM occupations. Employers tended to feel that there were few barriers on the supply side but rather there was limited demand among young women. However, pilots were not convinced that all employers had considered unconscious bias in recruitment practices and work environments.²¹⁴

7. The evidence shows that girls are in effect discouraged from taking up STEM subjects from primary school age onwards. This failure of the education system means there is a smaller pool of talent for businesses which need more people with STEM skills. It also means women are excluded from jobs commanding higher earnings.²¹⁵ For those women who do obtain STEM qualifications, the culture and practices of traditionally male-dominated working environments is often a deterrent to their recruitment and retention. The overall impact of the dearth of women in STEM occupations is that UK industry does not benefit from the additional innovation, return on equity and profit that a diverse workforce offers.

RECOMMENDATIONS FOR TACKLING GENDER STEREOTYPING IN ENGINEERING, CONSTRUCTION, SCIENCE AND TECHNOLOGY SECTORS

8. Engineering, science and technology are still not chosen as careers by the majority of women and girls in the UK, despite a growing desire from business and industry to diversify their workforce. There is a lot of public money going into engagement initiatives which are failing to have any significant impact on the numbers of women in STEM. We need to break the vicious circle, whereby the lack of female role models in UK companies sends a message to the next generation that these industries are not for them. It is time for a fresh approach. WISE recommends concerted and co-ordinated action on three fronts:

- Promote the case for change.
- Build the female pipeline.
- Sustain the female pipeline.

9. Recommended action to promote the case for change:

- (I) include a gender breakdown when reporting on educational achievement in STEM and draw attention to the positive achievements of girls and women;
- (II) include a gender breakdown in business and industry reports on the UK STEM workforce, with trends over time and international comparisons;
- (III) Business, industry & government to publish information on unfilled STEM jobs and the potentially untapped market opportunities in the STEM world; and
- (IV) ask STEM industry leaders to speak out about the business benefits of a diverse workforce.

10. Recommended action to build the female pipeline:

- (I) Audit publicly funded STEM education and engagement programmes to assess their impact on the number of women and girls taking STEM subjects and entering the STEM workforce.
- (II) Schools and colleges should be required to promote STEM subjects to male and female pupils alike and to publish data on male and female participation and achievement.
- (III) OFSTED should include addressing gender stereotyping in their inspection criteria.

²⁰⁶ Engineering and Technology: Skills and demand in industry, Annual survey, 2012, IET

²⁰⁷ Why you need to know more about the gender imbalance in IT, E-skills website download 28 September 2012

²⁰⁸ Technical Apprenticeship Service, July 2012

²⁰⁹ Secondary analysis by the UKRC (2012) of JCQ GCSE and Entry Level Certificate [Provisional] Results Summer 2012 (http://www.jcq.org.uk/national_results/gcse/ accessed 23 August 2012)

²¹⁰ The UKRC (2010), Women and men in science, engineering and technology—The UK statistics guide 2010

²¹¹ Secondary analysis by the UKRC (2010), *The working age population by ethnicity, economic activity and occupation in the UK, 2009*

²¹² The UK statistics guide as above

²¹³ ???

²¹⁴ Evaluation of the Diversity in Apprenticeships pilots, Institute of Employment Studies, September 2012

²¹⁵ The gender pay gap in technology is 23%—significantly higher than the figure for the UK labour market as a whole.

- (IV) Schools and advisers should provide information to girls and their parents about the range of jobs and careers available to those with STEM qualifications, expected earnings and job opportunities/demand.
- (V) Colleges, universities and employers seeking to attract women onto STEM courses or into STEM jobs should review their marketing and recruitment strategy to ensure the messages appeal to women and that there are no unintentional hurdles to female recruitment.
- (VI) Government, business and industry should share and publish information about what works and what does not work in terms of attracting girls and women into STEM.
- (VII) Prospective employers should demonstrate to women from all backgrounds that STEM subjects will open doors for them, by promoting a wider variety of success stories and role models.
- (VIII) Policy makers and media should increase the air time given to women commenting on STEM issues.

11. Recommended action to sustain the female pipeline:

- (I) University STEM funding, including research funding should be linked to achieving the Athena Swan awards.
- (II) Business and industry to embed gender equality into business plans with stretched targets for recruitment and progression.
- (III) Business and industry to audit workplace culture and practices and develop action plans to address any issues adversely impacting on women's recruitment, retention and progression, for example:
 - (a) Unconscious bias awareness training should be given to recruiters—both in HR and those running selection days and interviews.
 - (b) Selection processes to be vetted and accredited.
 - (c) Gender awareness training to address the demeaning and regressive banter that can go on in the workplace.²¹⁶
- (IV) Women with STEM qualifications who take career breaks should be given opportunities to maintain contact with the workplace and offered refresher programmes if necessary to encourage their return to work.
- (V) The promotion process needs to be challenged to ensure that women are encouraged to positions for senior roles.
- (VI) Provide targeted support for women mid-career, at the point where progression drops off (mentoring, sponsorship, development, training).
- (VII) Promote the benefits of maternity returners remaining in organisations.
- (VIII) Promote the economic & social benefits of flexible working including working from home and compressed hours (working eight hours during school terms and fewer during holidays is very useful) including a campaign to rebrand part time working as “prime time working”.
- (IX) Provide child care vouchers to assist with childcare costs
- (X) Strengthen pay reporting to include male/female pay by grade.
- (XI) Campaigns to promote women in STEM should promote case studies of companies which have bucked the trend in terms of female recruitment, retention and progression
- (XII) Organisations employing women in STEM should give them opportunities to promote their work as positive role models to the next generation and organisations that highlight their female role models, particularly internally, this provides encouragement and challenges stereotypes.
- (XIII) Use the power of government contracts to reward organisations with good practice by requiring those bidding for funding or contracts to develop a diversity strategy and report annually on progress.

11 October 2012

²¹⁶ For example, a young female engineer on work placement complained to WISE recently about being told by male colleagues she had to “man up”

Written evidence submitted by Working Families

1 INTRODUCTION

1.1 Working Families is the UK's leading work-life balance charity. We advise disadvantaged parents and carers about employment rights through our free legal helpline. We research the impact of work on family life and the benefits of flexible working. We also work with employers to create family friendly workplaces and benchmark good practice through our annual "Top Employers for Working Families" awards. Our evidence concentrates on the questions about the impact of the current economic crisis on women, promoting part time work and women's prospects of advancing to senior levels.

1.2 IN SUMMARY:

- We are aware of considerable ongoing discrimination against women in the workplace which has worsened in the current economic climate. Changes to state support for childcare costs make it harder for low income women to enter or remain in work.
- We recognise that there has been considerable progress in offering flexible working but there are still too many women who cannot enter flexible jobs or obtain a part time role which matches their skills and responsibilities. We recommend that all jobs should be advertised as available on a flexible or part time basis (unless there are sound business reasons why they cannot be) to widen women's opportunities, and that the right to request flexible working is extended to all employees as soon as possible.
- We welcome the attention given to Women on Boards as there is evidence that diversity leads to performance gainsⁱ and the presence of senior role models may help cultural change within businesses. However, without significant changes to how we organise and reward work there will continue to be insufficient numbers of women in the pipeline, ready to take on senior roles.

2 THE IMPACT OF THE CURRENT ECONOMIC CRISIS ON FEMALE EMPLOYMENT AND WAGE LEVELS

Discrimination And Breach Of Contract

2.1 Working Families helpline receives around 3,000 calls and emails a year. During the recession we have seen a rise in the number of calls about discrimination, particularly affecting pregnant women and those on maternity leave. In 2011 eight per cent of our calls concerned maternity discrimination. Callers on maternity leave reported being demoted on their return to work, not being offered their old jobs back, being made redundant or even dismissed because of their pregnancy. The recession appears to be used as an excuse by some employers blatantly to flout employment laws and disregard the protections available in the Equality Act. With women's unemployment at a 24 year high, many women are not well placed to challenge discrimination at work. Many of those we advise could bring a claim against their employer at tribunal but they are reluctant to take action if it may result in the breakdown of the employment relationship and loss of their job.

A further example of discrimination occurs when women are inappropriately asked about their childcare when looking for work. For example:

A job seeking single parent reported that she felt unfairly treated by potential employers asking how many children she has and what childcare arrangement she has made. While being a single parent is not a protected characteristic, direct or indirect sex discrimination may be behind the employers' questions. However, it would be difficult to bring a claim and prove that her answers to these questions have prevented her getting a job.

2.2 Women are also significantly affected by employers imposing changes to contracts as a reaction to the recession. Many women callers to our helpline tell us that they are being forced to change their flexible working patterns due to employers reducing headcount and reviewing working practices. Some employers are reverting to traditional working patterns and withdrawing home working or part time options, ignoring the business case that shows greater flexibility can bring productivity gains. We recognise that some changes may be necessary, but parents need time to adapt and amend carefully crafted childcare arrangements. Employers insisting that women with childcare responsibilities work at weekends—when no formal childcare is available—put women in impossible positions of choosing between losing their job and leaving their child home alone.

For example:

A woman caller had worked for a DIY store for several years on week days. She was told that she now has to work some Saturdays—as this is the store's busiest day. The employer refused to consider recruiting additional weekend staff, and imposed the requirement to change hours to cover Saturdays on all staff. The caller cannot find weekend childcare cover.

CHILDCARE AND EMPLOYMENT RATES

2.3 The reduction in the state's support for childcare has had a serious impact on low income women's ability to enter and remain in employment. Callers to our helpline refer to the high costs of childcare as a significant barrier to employment, and parents of disabled children are particularly disadvantaged by inadequate provision and higher costs of care for a disabled child. Research by Save the Children and Daycare Trustⁱⁱ

found that the reduction of state support from 80% to 70% of childcare costs added an average £500 per year to the childcare bill for half a million families. They found a quarter of parents in severe poverty have given up work and a third have turned down a job mainly because of high childcare costs.

2.4 The high costs of childcare are particularly difficult for women on low to middle incomes. Women callers to our helpline will weigh their own net income against the costs of childcare and decide that it is not “worth” working. We advise women to take a long term view as costs are particularly high when children are young, and to include their partner’s salaries in the calculations. However, finding and paying for childcare remains largely the woman’s responsibility and an inability to access childcare disproportionately affects women.

2.5 Requests for deposits for childcare places and fees in advance, and difficulties in finding any childcare for work in the evenings and weekends also limit women’s employment options. An increase in the use of zero hours and agency contracts disadvantages women who cannot organise childcare at short notice.

WOMEN’S EMPLOYMENT PATTERNS

2.6 The changing nature of the jobs market has also disadvantaged many women. Forty three% of women work part time (compared with 13% for men). Many women will limit their job searches to part time work, in order to balance their work and caring responsibilities. The recession has seen an increase in part time employment, particularly among men, but many of those now moving into part time work are doing so because they cannot find full time employment.ⁱⁱⁱ This squeezes the available jobs market for women with caring responsibilities. Many women in part time work are in low paid and insecure employment and are particularly vulnerable to job losses and redundancy. Women also comprise two thirds of public sector workers and cuts in public sector employment are likely to have a disproportionate impact on women’s employment.

2.5 Research by the Institute of Fiscal Studies and the Resolution Foundation has identified the increased reliance on women’s work to family living standards: it is women’s work that has helped counterbalance flat wages and falls in income from male employment in recent years. They identify a slowdown in the female participation rate and suggest that “compared to the better and best performing countries, somewhere around 1 million women could be considered missing from the UK workplace. Survey data suggests continuing and substantial unmet demand for work among women”.^{iv} TUC research has shown that women are a majority of underemployed workers and that the number of underemployed women workers has risen by 40% since 2008.

3 PROMOTING PART TIME WORK

3.1 Increasing the availability and quality of part time work is essential to improving women’s employment participation. Working Families proposes three changes to promote more part time work at all levels in the workplace: open up flexible working to all; advertise all jobs flexibly; and equip Jobcentre Plus to work with employers on job design and recruitment. We remain concerned that too much part time work is low paid, and recommend a fresh look at how to provide quality part time employment for women as well as others who cannot work full time (including disabled workers, men with caring responsibilities, and older workers).

3.2 While many studies have pointed to an increase in flexible working offers by employers our research “Time Health and the Family 2012”^v found that less than half of parents work flexibly and that there is a reality gap between availability and take up of flexible working. Evidence suggests that women who can get flexibility in their current roles fare better in terms of pay and prospects than if they have to leave their jobs and seek part time work elsewhere—almost half of women professionals who take up part time employment move into low skill jobs.^{vi}

3.3 Working Families supports the Government’s proposed extension of flexible working to all employees as one way to speed up cultural change in the workplace and to move flexible working from being seen as “part time” work for mothers of young children, towards being “the way we work”. Our research suggests parents benefit when flexible working is widely available in an organisation, rather than seen as a concession to particular groups.^{vii}

FLEXIBLE JOB ENTRY

3.4 There is a particular problem facing women entering work as few jobs are offered on a flexible or part time basis and the right to request flexible working is only available to those who have been in employment for 26 weeks. Women with caring responsibilities will often limit their job searches to part time or flexible jobs. Research by Women Like Us^{viii} found that the part time recruitment market is skewed in favour of vacancies with salaries below £20,000 (full time equivalent earnings) with only three% of part time jobs in London advertised at above £20,000 ft. Many women in low paid part time work cannot earn enough to move their family out of poverty on one part time job alone.

3.5 We recommend that all jobs are advertised as available on a part time or flexible basis, unless there is a strong business reason why they cannot be. We recommend that the public sector leads the way in promoting this change. If all jobs were advertised flexibly, women with caring responsibilities would feel able to apply for many more roles, and employers would gain from a wider recruitment pool. Working Families Chief Executive, Sarah Jackson, is chairing a working group for DWP on promoting flexible working to private

sector employers. The group is developing a strapline for advertisements encouraging employers to offer jobs flexibly, and allowing potential recruits to discuss their flexible working needs from the outset.

3.6 We recognise that many employers may need help if they are to redesign and advertise jobs on a flexible basis. However, there is limited help available. Jobcentre Plus could play a key role in encouraging employers to think differently about how jobs are advertised and designed. The new “Universal Jobsmatch” to be introduced by DWP in autumn 2012 should be used to prompt all employers to consider whether advertised jobs could be made available on a flexible basis.

4 WOMEN ON BOARDS AND IN SENIOR ROLES

4.1 Working Families welcomed Lord Davies’ Report “Women on Board” and was pleased to note some progress in the six month report both in more women board appointments, and in the number of companies setting targets to improve gender diversity. However, too few women are appointed to executive board roles and this highlights the need to encourage talent in the “pipeline”. Working Families believes that to achieve the diversity that is lacking at the top of business, the pool of available talent needs to be increased. We are aware that some Working Families’ employer members are addressing retention issues of women in executive posts below board level by exploring part time and flexible roles.

4.2 We support Lord Davies’ recommendation that quoted companies should disclose the proportion of women on the board, in senior executive positions and female employees in the whole organisation. We would also like to see wider job advertising of senior roles to ensure that organisations are fishing from the widest possible talent pool. Transparency may help drive change both from female employees within, and from investors, clients and customers making transactions with quoted companies. Good employers who recognise the importance of diversity understand that clients increasingly want to deal with “people like us”. As women take on more positions of responsibility, so companies need to adapt their personnel to ensure that they reflect their clients’ needs and remain competitive. Good employers also heed the evidence of performance gains that are achieved by companies with more diverse boards.

4.3 However, a closer examination of the talent gap within companies is also needed: structural problems facing women in work must also be addressed. Working Families believes that childcare issues (as identified above) and a lack of flexible working opportunities remain significant barriers to women reaching senior roles. Changes in how work is organised and measured would also help.

FLEXIBLE WORKING

4.4 Evidence suggests women are entering professional roles in similar numbers to men, but many companies lose women before they reach senior levels. For example, while 60% of those admitted to the Law Society are women, only 23% of partners in private law firms are women. An inability to change hours after childbirth can have a negative impact on a woman’s career. If organisations are unwilling to accommodate requests to work flexibly, women may choose to leave their jobs and find alternative employment. However, when they do so, they may have to trade job status and responsibility for family-friendly working patterns. One third of female corporate managers move down the career ladder after having a child.^x

4.5 Women with childcare responsibilities may find it harder to work long and inflexible hours than men. However, not all women in professional roles wish to work part time to reconcile their work and family commitments. Changes such as working from home, compressed hours and job shares can allow women to remain in their roles without loss of status or money. Too few organisations see flexible working as more than part time working and women requesting flexible opportunities are often offered alternative part time jobs which do not match their skills and experience.

4.6 Even among the top employers there is a need to embed flexible working cultures so that flexible working is not equated with reduced hours and a lack of commitment. Our benchmarking of employers^x found a recognition that flexibility helps to deliver high performance and increase resilience. However, we found employers are better at offering flexibility to mothers than fathers and that half the employers surveyed still look at the reasons for making a request alongside the business case. This creates a risk that subjective or potentially discriminatory practice will determine the outcome of a request. Flexibility should be reframed as working “smarter” and about providing all employees greater autonomy over how, when and where they work. All requests should be considered using the business case as the criterion. We also identified an unmet need for manager training both for those dealing with requests and for those managing flexible workers.

ORGANISATION OF WORK AND MEASUREMENT OF OUTPUTS

4.7 Working Families research has demonstrated that flexible working can be successful in many senior roles, both in the public and private sector, but one size does not fit all.^{xi} Our work with law firms^{xii} shows that changes to working patterns can help retain women in senior roles. For example, offering home working and job sharing opportunities may be more suitable than part time work in transactional roles.

4.8 Employers wishing to embed flexible working cultures need to consider measuring performance differently—by outputs rather than hours worked. Our most recent survey^{xiii} found family life is negatively

impacted by working hours and that a long hours culture in the UK causes stress and resentment. A culture of “presenteeism” disadvantages women with childcare responsibilities.

4.9 Our benchmarking work with top employers has also identified a need to re-examine performance measurement as fewer flexible workers receive the top performance grades than other workers. Research has shown that employers give performance grades for a host of reasons, only one of which is actual performance and that, as a consequence, people with flexible patterns, women in senior grades, people with disabilities and people from minority ethnic groups all do worse in the performance management process.^{xiv} Tackling how women’s work is measured and valued could go some way to enabling progress to the top.

1 October 2012

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