

Making the finance sector add up for women: a white paper from [AAT](#)

Progression minus pay, multiplied by prejudice

The recent Government-backed [review](#) into Women in Finance has acknowledged that the sector is lagging behind when it comes to ensuring better, more equal, opportunities for women and addressing the gender pay gap.

In February 2016, the Government announced that companies with over 250 employees that are failing to address the gender pay gap will be highlighted in new league tables publishing pay gap data. In addition, these companies will have to report on representation of men and women at different seniority levels as part of a [range of reforms](#) aimed at securing real equality for women. To highlight where the gaps in pay and opportunities need tackling most, the Government also plans to publish the pay gap by sector.

The gender pay gap is typically higher for occupations where women are under-represented – particularly at senior levels – with finance often cited as an example. The ONS Annual Survey of Hours and Earnings 2015 suggests the difference between the average of earnings of men and women as a percentage of men's earnings is as big as 35.9% for those who work in financial and insurance activities and [AAT's own biennial survey](#) of its accountancy and finance membership in 2015 suggests the gender gap may actually be opening up in finance rather than closing, with men working full time earning 18% more than women and the gap widening to 23% for members at more senior membership levels.

AAT is committed to championing positive progress in this area. With so much pressure on the finance sector to operate more transparently, avoid a future financial crisis and help lead the UK into prosperity we believe the business benefits of redressing the gender imbalance are clear. Existing research shows that organisations perform better when they have a good balance of women across their workforce and in senior roles. McKinsey's ['Women Matter' research](#) suggests that diversity can have a positive impact on many key aspects of organisational performance including:

- Revenue – a [Gallup report](#) showed gender diverse retail units have 14% higher revenues than non-diverse companies
- Attracting and retaining talented employees – diversity increases job satisfaction levels
- Making them more attuned to their customers – women are responsible for 80% of consumer purchases in the UK
- Facilitating innovation and creativity and improving the company's image

There is also [evidence](#) that closing the gender gap in the UK could boost GDP in 2025 by £0.6 trillion if the gender gap was fully bridged according to McKinsey, while the Women in Work Commission found that unleashing untapped female potential could raise [£23 billion a year](#) to the Exchequer.

While the gap and senior-level under-representation of women in the finance sector is often reported, little has been offered in terms of clear information about what's holding back change in an otherwise fast-evolving sector. This white paper aims to better explore the experiences and attitudes of those working in the sector to help organisations develop, retain and attract top talent, meet the requirements of the new reforms, and reap the business benefits of diversity.

A sector divided due to different experiences

AAT's investigation of the experiences of a cohort of 2,000 finance employees suggests men and women experience the working world in finance very differently. Their experiences, attitudes and behaviours when it comes to pay and progression opportunities vary drastically. For example, men are twice as bullish as women about salary expectations and are more likely to push for, and to get, pay rises. In addition, while almost two thirds of men think men and women are treated equally when it comes to progression opportunities and remuneration, this is the experience of less than half of women.

Men appear to be much less aware of issues relating to gender inequality simply because they aren't exposed to them. This unconscious gender bias – which is most pronounced at the senior levels where things like salaries and progression routes are being decided upon and can be influenced – results in the same old systems being stuck to, reinforcing historical inequalities and preventing rapid progress.

Salary ambitions

The research found that men working in finance are much bolder about their salary ambitions than their female counterparts. Twice as many men as women want to earn £10,000 or more on top of their current salary (28% vs 14%), while three times as many think they should earn more than double their current salary (6% vs 2%). Women's pay desires are modest in comparison, 44% want just £1-3,000 more than they are currently earning, compared to 29% of men.

Linked to this, men are both more likely to push for a pay rise than women, and more likely to get one. 26% of men had asked for a pay rise in the last year compared to 18% of women and 47% of men had received a pay rise in that time period compared to 40% of women. In addition, men are more likely to feel comfortable that they're being paid fairly for the job they are doing than women – 49% are happy that they're being paid a fair salary for the job they're doing compared to 39% of women.

Progression problems

Opportunities to progress is one area where men and women who work in finance have starkly differing views, with men much more likely than women in the sector to think the situation is equal. 60% of men believe both genders are given the same career progression opportunities in their workplace, compared to 43% of women. And when asked why there might be differences, both men and women agreed that the top three reasons were the persistent 'old boys club' mentality (cited by 42%), that the sector is male-dominated at senior levels (35%) and that childcare responsibilities fall disproportionately to women (28%). This discrepancy was most pronounced amongst the youngest employees – almost four in ten 18-24 year-old women say men and women aren't given the same career progression opportunities, twice as many as 18-24 year-old men (18%).

Men and women's views on the biggest factors that hold people back also differ with more men than women blaming a lack of talent, not having the right connections or networks and education background, and more women than men citing starting a family and people's gender. Women are almost twice as likely to say they've become stuck in a role they've outgrown due to family commitments (16% of women say this vs 8% of men). In addition, men are twice as likely as women to have stuck to a planned career path (14% of men agreed compared to 7% of women).

While women and men are both pushing for promotion and pursuing increased responsibility at roughly equal rates (23% of men and 22% of women have done so in the last year), men were more likely to have received a promotion than women (59% vs 48%).

Equal pay perceptions

The picture is very similar when it comes to perceptions of the gender pay gap. While almost two thirds (61%) of men believe men and women in their organisation doing the same jobs are paid equally, less than half of their female counterparts agree (47%). When asked why men and women might not be paid the same salary for doing the same job, the top three reasons identified by both men and women were all concerned with inherent gender bias: 58% of respondents blamed the fact that men have historically always been paid more; 32% cited the fact that the people deciding on salaries are more likely to be men than women; and 28% attributed it to the persistent 'old boys club' mentality.

Discrimination differences

In all positions except junior management level, more women say they have experienced discrimination because of their gender than men*, with the problem most pronounced at middle and senior management levels. 60% of women in senior management positions say they have experienced discrimination because of their gender, almost 20% more than men in the same position (42%) and almost three times as many women in middle management (37%) say they have experienced discrimination because of their gender than men in the same position (14%).

Mums vs dads

The differing experiences of men and women are reflected in the views of mums and dads working in finance, with starting a family having a disproportionately detrimental effect on women compared to men above and beyond taking time off for maternity leave. Key findings included that: almost half of mothers (48%) think that having children is a top barrier to progression in the workplace, compared to just 30% of fathers; almost a third of mothers (32%) say that men and women aren't given the same career opportunities because child caring responsibilities fall mostly to women, nearly double the proportion of fathers (17%); and over a quarter of mothers (26%) say they have become stuck in a role they had outgrown because of family commitments in comparison to less than a fifth of fathers (18%).

Redressing the balance: recommendations for sector organisations

Investigate, measure, report

While the new legislation only applies to larger organisations, firms of all sizes can benefit from analysing their current situation and putting measures in place to track their progress in improving their performance:

- Get the right systems in place to analyse pay information and representation at different levels by gender
- Obtain a clear picture of current experiences and attitudes – by asking the same sorts of questions AAT did in its research, employers can start to pinpoint the barriers, conscious and unconscious, peculiar to their organisation
- Analyse your pay and representation data, bearing your barriers in mind, so you can start to identify where any problems lie and tackle them front on
- Report back to the organisation – be honest about the current situation and communicate why changing it is important

- Set targets for improving gender diversity and pay and commit to reviewing and reporting at regular intervals

Dealing with discrimination

Prevention is better than cure, but it's also important to have processes in place for dealing with any instances of discrimination that employees may report:

- Have a clear discrimination policy in place, covering gender, age, ethnicity, sexual orientation and disability, to help all staff understand how to work well in a diverse organisation
- Make sure your employees at all levels know about your policy and receive training in how to ensure it's adhered to – particularly those in middle and senior management roles
- Embrace diversity within recruitment processes. Gender differences can start from the point of recruitment when men are often bolder in negotiating terms or employees are used to people of a certain gender doing certain roles. Develop job descriptions in a gender neutral way based on competencies and recruit on a name-blind basis
- Make sure employees have a range of channels available to raise any concerns about discrimination they are comfortable with. Options include anonymous staff surveys, confidential support from HR professionals and regular line manager meetings, all of which will benefit your employee relations more widely too
- Double up and document. Ensure all conversations regarding suspected instances of discrimination take place with an impartial third person present and are followed up in writing, with copies kept of all correspondence

Culture change

To close pay and progression gaps – and reap the resulting business benefits – organisations can also look at their cultures:

- Get flexible. Flexible working options are a much-desired benefit amongst men and women which can help change traditional ways of working and ensure more equal opportunities, regardless of responsibilities outside of work
- Lead from the top. By leading by example, senior team members – both male and female – can show the rest of the organisation that building diverse teams, taking advantage of flexible working and championing the progression of more junior members of staff is the norm and best for business
- Plan progression. Encourage collaboration between line managers and both female and male team members so progression pathways are plotted out and development plans put in place for how these ambitions will be realised, so everyone is working to a clear goal
- Buddy up. Assign talented women mentors – both male and female – within, or external to, the organisation who can work with them to address issues, cheerlead their cause and ensure they get development opportunities to help them achieve their goals

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