# CDC
Investment works

# Gender pay gap analysis
*Guidance*

**What is this document?**

This document provides guidance on how to use analysis to better understand the reasons for gender pay gaps between men and women, including the most common issues such as recruitment, attrition, progression, promotion and return-to-work rates among women employees.

**Why is this document important?**

This is an important follow-up to a Gender Pay Gap report. It enables an organisation to understand why there is a gender pay gap, take actions to close the gap and determine metrics and Key Performance Indicators (KPIs) to track progress. This can lead to many business benefits, including more equal hiring and promotion practices leading to a broader talent pool, reduced staffing costs from lower attrition rates, and better decision-making from more diverse leadership teams.

**Who should be using this document?**

This guidance is for those who would be responsible for undertaking the analysis and implementing recommendations, including Human Resources, Diversity and Inclusion, Gender Equality, Environment Social and Governance (ESG) and/or Sustainability teams.

**How to use this document**

This guidance should define the parameters of your gender pay gap analysis, helping to identify the required data and how to follow best practice when using its findings. We recommend that this guidance is used to inform a cross-functional discussion with representation from all relevant teams and working groups.

**Next steps**

After completing this analysis, it is important to use the findings to identify recommendations and specific, time-bound actions. These actions should be prioritised based on importance and feasibility. Findings and actions should be developed into an easy-to-read report and communicated to internal stakeholders to demonstrate commitment and increase transparency and accountability. Progress against actions should be measured against agreed KPIs as well as

subsequent gender pay gap reporting. We recommend that progress is reported to a nominated committee and/or working group that has sponsorship from the organisation's senior leadership team and executive board.

**Guidance**

Here some guiding principles for the design, implementation and follow-up of your gender pay gap analysis:

**Start with a hypothesis and ensure it is included within an analysis plan that assesses all possible drivers**
After completing your analysis you may develop a theory around the reasons for a gender pay gap in your organisation (e.g. women are promoted at lower rates than men and women are hired on lower salaries than men). This is a useful starting point for developing the parameters of your analysis and should be included within a comprehensive analysis plan that looks at all possible drivers of the gender pay gap.

**Don't be put off if you do not have all the data**
The key to strengthening gender diversity is starting the journey. You may not have all the data listed below, but this should not prevent you from undertaking the analysis. Think about your starting point, and how this can give you meaningful analysis, even if partial. You can then develop the processes and systems needed to collect more data for later reports.

**Ensure the process is collaborative**
Make sure you have representation across functions, including any working groups or communities that may be interested (e.g. Gender Equality Group, Diversity and Inclusion Committee). This will build credibility of the process and increase transparency and trust. If resources allow, you may also consider hiring a third party to undertake the analysis. This can be useful to maintain credibility in the process, ensuring there is no misrepresentation of the analysis and that all recommendations are evidenced in data. A third party can also to help deliver difficult or sensitive messages to internal stakeholders.

**Analyse data by function and department to understand differences, gaps and good practice**
Within organisations, different functions often work in different ways. Metrics such as career progression or job turnover rates might be very different due to the nature of the work in a particular function. There may also be very different gender balances across functions. Calculating metrics at an overall level may therefore tell a very different story to the metrics

within individual functions, meaning that the analysis fails to reveal pockets of good or bad practice. If this is the case, we suggest digging deeper to understand the drivers of good or bad practice and see what can be replicated across the business, or develop targeted interventions to address gaps. It is important to note that segmenting the data by function is always worthwhile, but will result in smaller volumes for analysis which can become statistically inconclusive. You should ensure the appropriate methodologies and methods of analysis are employed so that any conclusions are not due to expected/acceptable levels of variation.

## Ensure insights are clear, evidenced by data and arranged in an easy-to-read report

Remember that data is only useful if it informs action. Think carefully about your key messages and the recommendations that are most practical and relevant for your organisation. Before you finalise the gender pay gap report, develop a communications plan and commit to delivering it. If findings are not all positive, it is important to communicate recommendations and follow-up actions that address any gaps.

## Data gathering and analysis

The table below presents some example data points, indicators and analysis/insights. The parameters of your analysis will depend on your organisation and the data available to you. The examples show baseline data – such as # of employees at each level or grade – as well as more complex data, such as promotion rates by tenure. As stated, if you do not have the necessary data for all of the analyses below, this should not prevent you from starting to analyse the drivers for your gender pay gap and using the results to develop future data gathering and analysis methodologies.

| Example data points | Suggested aggregates/indicators | Example analysis/insights |
|---|---|---|
| # of employees at each level/grade | Men and women<br>By year | Distribution of men and women employed across all grades<br><br>Insight:<br>• There are more director-level men than women.<br>• The number of women directors has increased in the last 12 months. |

| # of promotions | Men and women<br>By year<br>By function<br>By grade/level | % of promoted staff by year, gender and function/department<br><br>Insights:<br><ul><li>35% of staff have been promoted with no material difference for men and women.</li><li>More men were promoted year-on-year in the Sales and Marketing departments.</li></ul> |
|---|---|---|
| Entry salary at each level/grade | Men and women | Comparison of entry salary and relation to relevant pay band (e.g. lower, middle, upper) for men and women<br><br>Insight:<br><ul><li>At entry-level, more women are hired at the lower end of the pay band than men.</li></ul> |
| # of internal vs. external hires at each level/grade | Men and women<br>By year | Comparison of internal vs. external hires by grade/level and by gender<br><br>Insight:<br><ul><li>More women than men are hired externally.</li><li>There have been no internal hires at director level since 2015, and 70% of hires at this level are men.</li></ul> |
| # of leavers (men and women | Men and women<br>By year | Comparison of leaving rates by gender and grade/level |

| ) | By function<br>By grade/level | Insight:<br>• 60% of women leave at manager level (the grade before director level). |
|---|---|---|
| Promotion rates by tenure | Men and women<br>By year<br>By function<br>By grade/level | Comparison of % staff by gender and year of joining and by function/department<br><br>Insights:<br>• The promotion rate of women is higher than men for joiners from 2016 onwards.<br>• Promotion rates for women have been lower than the company average in the Finance department, even for employees with a tenure of 5 years or above. |
| Average tenure of leavers (Men and women) | Men and women<br>By year<br>By function<br>By grade/level | Comparison of tenure of leavers by gender<br><br>Insight:<br>• The average tenure of leavers is 5 years for men compared with 2 years for women. |
| # of employees that return to work after maternity leave | By year<br>By tenure of employee<br>By function<br>By grade/level | Comparison of annual return to work rates<br><br>Insight:<br>• Since changes in the parental leave policy in 2015, return to work |

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|---|---|---|
| | | rates have increased by 25% |
| Workers surveys and exit interviews assessing reasons for leaving e.g. remuneration, flexible working policies, clarity of career pathways, training and career development opportunities, cases of harassment or bullying, commitment of senior leadership to gender equality. | For quantitative analysis, text analysis or text mining will be required. Suggested indicators: Men and women By function By grade/level | Analysis of worker feedback and perception by gender and function/department. Insights if quantitative: <ul><li>60% of women in the Operations team do not feel able or confident to request flexible working hours from their managers.</li><li>An equal proportion (40%) of men and women employees feel that remuneration frameworks are applied equally to all employees.</li></ul> |