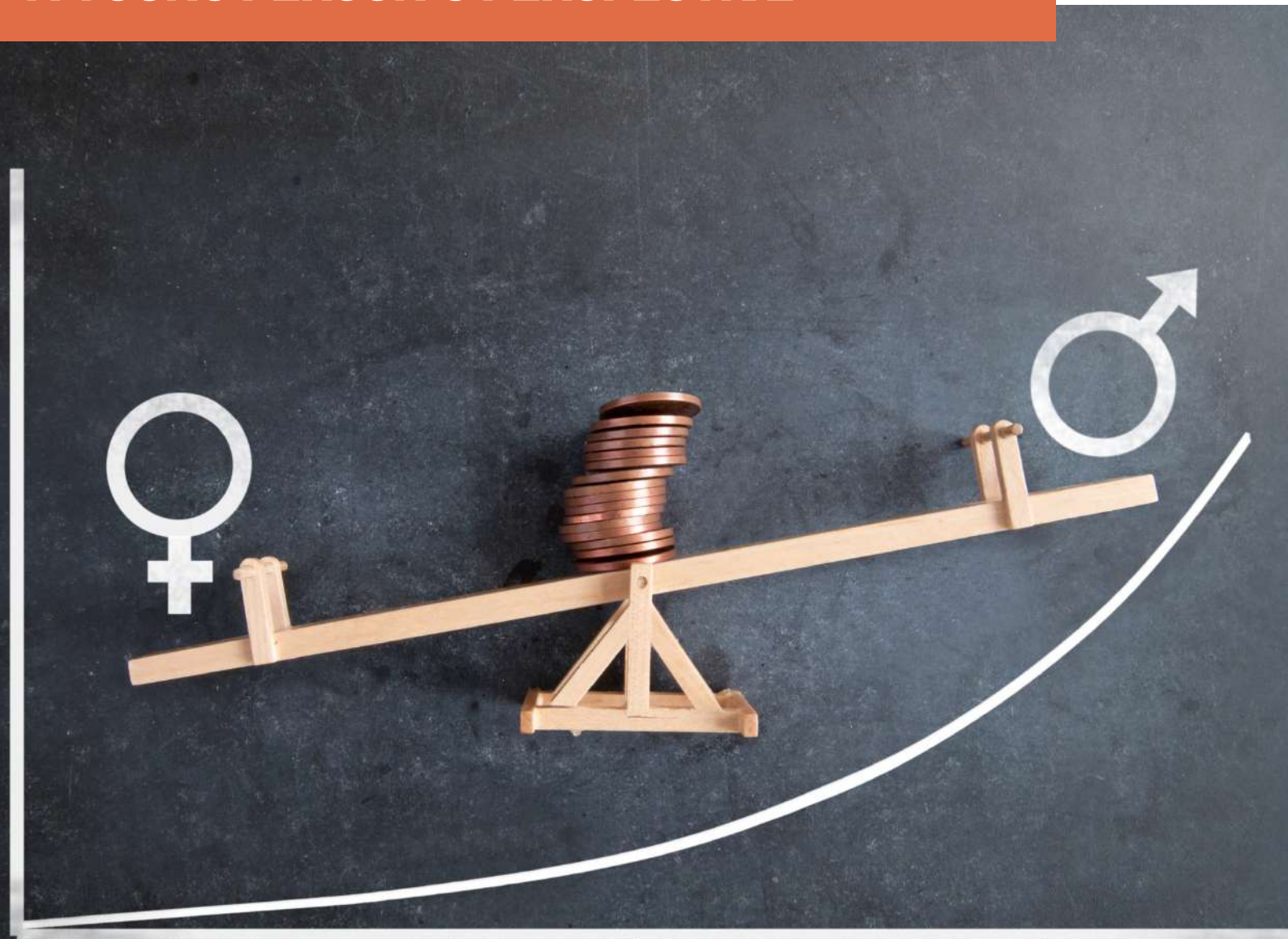


THE GENDER PAY DIVIDE

A YOUNG PERSON'S PERSPECTIVE



INTRODUCTION

The gender pay gap is a sensitive subject that has been a key talking point for a number of years. It is an issue across all industries, affecting women at all levels and career paths.

This year, under new legal requirements, companies with 250 or more employees were forced to disclose their gender pay gap figures. In April 2018 when the overall statistics were released, it was clear that this was a bigger problem than first thought. For the 10,005 firms that reported their pay differences, the statistics showed that there was a 78% gap in favour of men.

The issue of the gender pay gap has created significant controversy, which is forcing a turning point for UK businesses. These businesses are now having to demonstrate that they are at least attempting to remove the differences they originally reported. The legal requirement that was introduced has highlighted the problem to both business leaders and their workers.

Worryingly, recent research from the Department for Education has found that 22% of the private sector businesses have no plans to take action in reducing the gender pay gap at the time of the survey and 49% intend to take action but are unsure of their specific plans.

The impact of the gender pay gap reporting has been huge on the trust that employees hold in their organisation. Whilst it is apparent that the new legal requirement has certainly forced companies to be transparent, businesses seen to be taking no action on the issue of the gender pay divide will soon face problems with hiring and retaining staff and in particular, women.

Young Enterprise - the national business and education charity – wanted to learn more about how this well-documented issue is perceived amongst the next generation – whose voice has not yet been heard on the topic. This report specifically outlines the challenges businesses will face with recruitment and employee retention of young people, i.e. the perception of the gender pay gap by young people and the standards that they expect from future employers.

The report outlines the findings from a survey which polled over 200 young people with questions related to the gender pay gap, including testimonials from young people on the subject, and provides recommendations for how businesses can make the necessary steps to attract new talent.



Michael Mercieca, CEO,
Young Enterprise

METHODOLOGY

This report is designed to shed some fresh insight into the views and opinions that the next generation have regarding the gender pay gap and what impact they believe it will have on their careers. The report was commissioned to understand the impact that the gender pay gap and the reporting of statistics has had on the attitudes of the next generation of workers.

For the research statistics, Young Enterprise polled 200 young people who took part in the charity's Company Programme, which is supported by HSBC UK. The Company programme enables participants to experience what it's like to set up and run a student company. Running throughout the academic year, students make all the decisions about their enterprise, from deciding on the name of the product to creating a business plan, managing the student company finances and selling products to the public at trade fairs.

The individuals were asked a series of 15 questions around their future career aspirations and the gender pay gap. The data was split into male and female responses.

As well as this initial polling, Young Enterprise also conducted one-to-one interviews with the candidates that were present at the Company Programme Final. Their various testimonials are included in this report. These interviews provide credible, personal testimonials around the subject.

It is clear that the gender pay gap reporting has affected all workers and in particular women. A recent study by CV Library found that 84% of women felt personally affected by the gender pay gap whilst 64% of men believe they are paid the same as women. According to research by YouGov, 52% of adults believe the gender pay gap will never close, with 64% of women having a negative perception of companies with a wide gender pay gap.

The findings from this report aim to demonstrate the concerns that the gender pay gap has created amongst young people, a viewpoint which is yet to be sufficiently explored. The recommendations that this report proposes are designed to enable employers to adapt their current procedures and take action to ensure current and future employees - regardless of gender - are recognised and supported adequately.

ATTITUDES TO THE PAY GAP

The data collected from the survey of young people discovered a clear theme of negativity towards the gender pay gap.

Overall, 74% of young people are not comfortable knowing they earn more than someone of the opposite gender but in the same role. When this was broken down into gender, 83% of women are not comfortable, compared to 62% of men.

Furthermore, the survey asked whether the individual would refuse to work for a company which had a large gender pay gap. The results found that 70% of females would refuse to work for that company, compared to only 63% of males.

When questioned about women's confidence in applying to higher paying roles and negotiating higher salaries, the students from the Company Programme explained that taking on important roles in their company gave them increased confidence in their abilities.

One student from the company called 'Impact' stated "I think this programme has been really empowering for us to gain that confidence".

Another student from the student company 'Vortex' said "my confidence has improved a lot and because our team is a mixed team, I feel comfortable working with males, as well as females and I feel very confident in my own abilities, and I wouldn't have a problem applying for a high-paying job at all."

THE GENDER DIVIDE

The survey also looked to explore the attitudes young people have towards their future careers, their career support and the gender divide between expectations of earnings.

When questioned about the salary expectations young people have for their first year in employment, it was clear that young men expect to earn higher salaries than females. 27% of males believe they will earn £22,000 - 24,000 in their first year, whilst 30% of females believe they will be on a lower salary at £19,000 - £21,000. Interestingly, 1 in 10 pupils believe they will earn over £30,000 in their first job.

Although these salary expectations show a divide between what male and females anticipate being paid, the survey also found that 1 in 5 young people have not received necessary careers support and advice in their schools.

This statistic makes it clear that careers support and advice needs to improve in schools in order to help students to reach their full potential.



THE ROAD AHEAD

The road ahead for companies is a difficult one. The survey found that there is a clear issue of young people's perception of companies with large gender pay gaps, and they are concerned about what this means for their career.

The survey found that 54% of young people believe that the gender pay gap will affect their career, with 74% of females believing this to be the case.

Despite these statistics, the females questioned from the Company Programme are determined to not let this affect them.

One finalist stated "Being able to conduct ourselves in a male-driven world is very important. Talking about obstacles such as the gender pay gap has helped to empower us as females".

There is a significant negative feeling from young people towards the gender pay gap with 54% of them stating they would refuse to work for a company which had a large gender pay gap. As well as this, a zero gender pay gap was an attractive incentive for young people, falling second to pay.

This needs to be a clear lesson for companies to take action to reduce this, or face losing future talent.



KEY RECOMMENDATIONS

OUR FINAL THOUGHTS

It is apparent that the gender pay gap has a significant influence on generations that will be entering the world of work in the near future. Employers will have to work hard to fix their gender pay problem, for example ensuring to promote more women into senior positions or ensuring male and female workers in the same roles are paid equally.

Thanks to the gender pay gap legislation, the next generation of workers is knowledgeable about the legal requirements, meaning they are likely to check a company's report before proceeding with a potential interview or job.

Companies need to start taking the gender pay gap seriously otherwise it will have an impact on their growth– the next generation are watching and are worried.

Our recommendations for businesses are as follows:

1. **Businesses should be taking concrete steps towards tackling the gender pay gap – offering flexible working for those that need it or ensuring career support for returners to work.**

2. **Companies need to start demonstrating clearly what action they are taking to help combat the divide.**

