PUBLISHING THE GENDER PAY GAP IN THE OIL AND GAS SECTOR

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The business environment currently facing the oil and gas sector is challenging, with the possibility of significant further job losses on the horizon. The upcoming legal requirement that employers with more than 250 employees will have to publish their gender pay gap data may, therefore, be unwelcome at first sight.

However, one of the key drivers of success for any business is the ability to recruit and retain the most talented candidates, and to be able to harness their full commitment and effort. Brand is a key factor in the race for talent within the labour market and, according to research from the Charted Institute of Personnel & Development, there is good evidence to suggest that organisations that treat their employees fairly are more likely to benefit from increased commitment and productivity. How the obligation to publish gender pay gap data will affect brand and employee perceptions of fairness will depend on how organisations react to it.

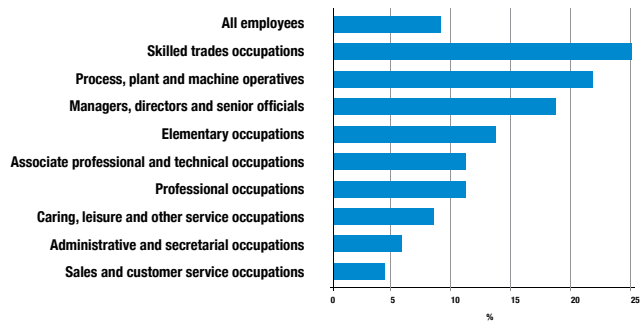
Draft regulations as to the data that will need to be published are to be issued in the early part of 2016. We do not yet know how detailed the reporting requirement will be. David Cameron's recent announcement that bonus data, broken down by gender, will have to be published suggests that the government has rejected the CBI's preferred approach of a single global figure comparing male and female pay at all levels because it would be unlikely to generate much remedial action.

Whatever has to be published, the act of publication itself is likely to highlight the issue of the gender pay gap.

The gender pay gap in the oil and gas sector

There is a gender pay gap across most sectors in the United Kingdom. The average pay gap is 19.2% when part-time workers are included in the calculation. The causes of the gap are disputed and include complex historical, social and economic factors. The oil and gas sector has historically been male dominated because of the nature of the skill sets required. Data from the Office for National Statistics indicates that the gender pay gap is highest in skilled trade occupations and is at least 11% in associate professional and technical occupations.

The Institute for Chemical Engineering's survey of its members in 2014 revealed that by age 40, females typically earn 25% less than males. It is clear, therefore, that when the data is collated for publication, many organisations will find that it discloses a pay gap. Such a gap does not mean that the employer has breached any equal pay laws but it does put the spotlight firmly on pay and may generate claims for pay equality.



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Many employers are under the misapprehension that if they pay the same salary for the same job, then they will not face claims for equal pay. Because men generally out number women in the oil and gas sector and men and women are concentrated in different roles, there seems to be limited opportunity for equal pay claims. However it is not just employees doing the same job who are entitled to equal pay but also those working for the same employer in very different roles, but where those roles are equal in terms of skill and demands.

That means that as well as comparing like with like, in certain circumstances the law also allows workers in totally different jobs to compare what is required in terms of skill and demand. If that is of equal value, the employer must explain the reasons for any differences in pay. This can be problematic for a variety of reasons not least because documentation explaining the reasons behind pay rates may be difficult to locate (or not even exist) and legacy pay systems may lack transparency.

Preparing for publication

In the period running up to the publication of the data, many organisations are taking the opportunity to review their pay practices to see whether any issues of concern can be identified and, if at all possible, addressed in advance of the obligation to publish.

The degree of review that is appropriate will depend on the circumstances of each individual organisation and the pay systems it uses. Full pay audits can be expensive both in terms of time and money.

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Some organisations may prefer to take a snapshot focusing on areas of specific concern, whilst others will undertake full business audits using existing grading structures. Some are taking the opportunity to review their entire pay system and overhaul their reward strategy, ensuring that both are legally compliant and are aligned with business strategy.

Organisations must be careful to ensure that whilst preparing for gender pay reporting they do not create unhelpful documentation that subsequently might be used in litigation by disgruntled employees. Documentation created for the purposes of taking legal advice cannot generally be used in later litigation, so it would be sensible to involve legal advisers in key parts of the audit process to benefit from this protection

Closing the gap

As well as conducting audits, organisations should consider what other activities they can undertake to help address the gender pay gap by encouraging women to choose to work in the sector and then encouraging them to remain in work and progress through the organisation. Flexible working is important but not all jobs can be done flexibly. However, there are many other actions that are low or no cost and which can address gender pay gap issues e.g. mentoring, job shadowing, ready-for-promotion schemes and internal careers services. A recent BITC survey suggests that employees know there is a gender pay gap in their organisations and want to know what is being done to address it. Taking action now can help avoid legal risk, protect brand and enhance employee engagement.

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