



Andy Haldane, the Bank of England chief economist, says the central banking community should lead by example. Photograph: Sarah Lee/The Guardian

Small firms need to report gender pay gaps – Bank chief economist

Andy Haldane says employers should also be forced to open up about ethnicity pay gaps

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Mon 21 Oct 2019 16.00 BST

The UK government needs to make companies employing more than 30 people report their gender pay gaps if inroads are to be made into the persistent bias in wages and salaries, a senior Bank of England official has said.

Andy Haldane, Threadneedle Street's chief economist, said only 40% of the private-sector workforce was covered by legislation that obliges companies with more than 250 staff members to publish details of differences in pay between men and women doing identical jobs.

Speaking at a joint Bank of England and European Central Bank conference on gender and career progression in Frankfurt, Haldane said that although the gender pay gap had narrowed in recent years, it remained close to 10%.

“To tackle the pay gap comprehensively there is a strong case for extending the pay reporting regime to smaller companies – say, those with 30 or more staff,” he said.

The ethnicity pay gap was similar to the gender pay gap and also required action, Haldane continued. “There is currently no compulsory system of company reporting on the ethnicity pay gap in the UK, though the government has consulted on doing so. In my opinion, there are therefore strong grounds for extending compulsory reporting to ethnicity as well as gender.”

He said it was important to look at how workers from different minority ethnic backgrounds fared in the UK labour market rather than treating them as a single group.

The government has launched a consultation on whether companies should be required to publish their ethnicity pay gaps each year. Haldane said that while 63% of employers monitored the gap, only 31% published it.

Greater transparency would provide companies with an incentive to explain and close pay gaps, he added.

Pointing out that unemployment is measured on an internationally agreed basis in order to make cross-country comparisons, Haldane said there was a strong case for adopting the same approach to diversity pay gaps. He said the Paris-based thinktank the Organisation for Economic Co-operation and Development, had expertise in labour market issues and could take the lead.

“The international central banking community could also help lead by example,” Haldane said, adding that the Bank had been prompted into action by its own audit, which showed a gender pay gap of 23% and an ethnicity pay gap of 7%, affected by the lower representation of both groups at senior levels of the Threadneedle Street hierarchy.

“The Bank is committed to closing these pay gaps, including by setting stretching targets for representation, in general and at senior levels,” Haldane said. At present, the governor and four deputy governors are all white men, as are eight of the nine members of the monetary policy committee, the body that sets interest rates.

Haldane said there was clear evidence that progress had been made in closing gender and ethnicity pay gaps in the UK over the past 25 years.

“The less good news is that these gender and ethnicity pay gaps remain large even once various compositional effects are taken into account, at around 10 percentage points,” he continued. “Pay gaps have not only been large but persistent, strikingly so among ethnic minorities, even once we make allowance for differences in skill and job attributes. This suggests, despite progress, much remains to be done.”

Assessed by qualification, the widest gender pay gaps are found for people with GCSE or no qualifications, while the narrowest are for workers with a degree or equivalent. Location also appeared to play an important role, with the gender pay

gap outside London consistently higher than in the capital, across all levels of qualification.

“Even where we can explain pay gaps using various fundamental factors, this should not be taken to imply these gaps are necessarily justifiable. For example, consistent and large education and skills differences between cohorts could themselves be taken as evidence of a policy failure,” Haldane said.

<https://www.theguardian.com/world/2019/oct/21/small-firms-need-to-report-gender-pay-gaps-says-bank-chief-economist>