

FILLING IN THE GAPS

•

A plan to move the needle
on gender wage disparity



Contents

Foreword	4
Acknowledgements	7
Executive summary	8
Why did we undertake this research?	8
Key findings	8
Summary of recommendations	9
Employer recommendations	9
Policy recommendations	9
Section 1. Pay gaps, diversity and financial performance	10
Section 2. The state of workplace inclusion in the UK	14
Section 3. The policy context: pay gap reporting	16
Progress so far	16
Section 4. Pay gap reporting as a tool for inclusion	18
Pay gap reporting: what is working?	18
Transparency	18
Impact on pay gaps	18
What are the challenges?	19
Understanding of pay gaps	19
Driving action	19
Pay gap reporting beyond gender	20
Section 5. Recommendations	22
Employer recommendations	22
Recruitment	22
Progression	22
Data	22
Working practices	22
Policy recommendations Gender pay gap reporting	23
Policy Recommendations Pay gap reporting beyond gender	23
Ethnicity pay gap reporting	23
Disability pay gap reporting	23
Terminology	25
Methodology	26
References	27

Foreword

CMI's commitment to sharing research, tools and insights into how UK workplaces can address their gender pay gaps is rooted in our core values of what makes a good manager and leader. To succeed – and bring others with you – you need to be practical, professional, passionate and progressive.

Armed with those guiding values, and in close cooperation with the dedicated volunteers on the CMI Women Committee – and the strong support of our Patron, HRH The Duchess of Edinburgh – we decided to take the practical step of looking closely at the available data with fresh eyes to determine if there were new insights to be gained.

By analysing data from the FTSE Women Leaders Review alongside gender pay gap data and company performance, we were able to tease out the trends that link firms that achieved the biggest reduction in their gender pay gaps with the proportion of women on their boards. Then look at financial performance among those same companies and you find that they also increased revenue in nearly every instance.

While it is early days, the trend identified here tells me that leaders need to zero in on the make-up of their boards and senior teams. In short – every appointment matters. They matter not for an abstract notion of diversity as a good thing for the sake of it, but because they have the potential to add to the bottom line.

This report also brings together some of the innovative thinking that came out of a series of roundtables convened by CMI to explore how best to address pay gaps. Around those tables sat professionals with relevant expertise, representing a variety of sectors, large employers and smaller organisations. They brought a shared passion for tackling an obstacle that is not just holding back women, but also ethnic minority communities, disabled workers and those from disadvantaged socio-economic backgrounds. And as this report finds, there is every indication that it is holding back the wider economy.

As always when I write on this subject, there is more to do, including ensuring our leaders and managers have the skills they need to build the teams that will deliver better outcomes. Our latest polling tells us that job candidates increasingly want to work at firms that have eliminated their pay gaps – skilled leaders will understand that they are risking their talent if they don't act. There is a need for policymakers to ask more of employers than an annual box-ticking exercise. True accountability will require target-setting, action plans to meet those targets and authentic explanations when they are missed. I hope you find this piece of work useful in determining your own organisations' action plans when it comes to filling in the gaps.



Ann Francke OBE, CMgr CCMi FIC | CEO, CMI



“

I am grateful to the Chartered Management Institute for this impressive analysis of the impact of gender pay gap reporting. The insights offered in this report will no doubt help inform valuable discussion aimed at ensuring women working across the UK are able to fulfil their potential. There is also much to learn from gender pay gap reporting when it comes to tackling the pay gaps experienced by people from minority communities and people living with disabilities. I would like to thank the report authors and all those who contributed to this valuable piece of work.

”

HRH The Duchess of Edinburgh
GVCO, Patron, Chartered Management Institute



“

This new research offers a clear roadmap for both employers and policymakers when it comes to tackling the UK's gender, ethnicity and disability pay gaps. Measurement alone will not address pay discrepancies, but analysing those firms that have closed their gaps the most gives us a clear signal that they are doing something right when it comes to overall performance. Leaders should take note of those firms' successes and ask if there's more they should be doing to close the gaps and grow their businesses. Failure to act means they risk leaving potential - and profit - at the door.

”

Tamara Box CMgr CCMi
Chair, CMI Women



The FTSE Women Leaders Review is delighted to collaborate with CMI on this important study which analyses the revenue growth of FTSE 350 companies over a five-year period and its relationship with changes in gender pay gap reporting. Notably, the reduction of the gender pay gap generally aligns with enhanced business performance reflected in the revenue growth of these companies. This reinforces the positive impact of greater gender inclusion at the leadership level of FTSE 350 companies. Continued progress towards higher representation of women in leadership roles delivers many benefits including a reduction in the gender pay gap, emphasising the importance of maintaining momentum and building on the excellent progress made so far.



Vivienne Artz OBE
CEO, FTSE Women Leaders



Acknowledgements

We would like to thank the CMI Women Committee for their expert guidance and support as well as all attendees of CMI's pay gap roundtables for their valuable insights. Our colleagues at the FTSE Women Leaders generously shared their own findings and knowledge to help inform this work. The ambition of this report was kindly supported by our Royal Patron, HRH The Duchess of Edinburgh GCVO who continues to champion our work in this area.

Within the CMI team, we would like to thank the following for their significant contributions and support: Jules Bennington (report author), Pru Shelton, Caroline Mallan, Hamish Shah, Evie Fisher-Cook and Norah Song.

Executive summary

Why did we undertake this research?

CMI has led the public discussion on pay gaps since the introduction of mandated reporting in 2017. Eight years on, we decided to revisit this issue through several lenses in a bid to tease out new routes to filling the gaps. Expert roundtables provided us with practical actions employers and policymakers can take to close **pay gaps**¹ covering gender, disability and ethnicity. While we focused on these characteristics given that these are more developed policy areas, socio-economic background was also acknowledged as a cross-cutting reality that needs to be part of the drive to close pay gaps.

We brought together topic experts and leading employers of different sized organisations and from multiple sectors to find out more about why persistent pay gaps exist, how employers can close them and what

role the government can play. Employers included PwC, Yorkshire Building Society, Renishaw, Linklaters LLP, NatWest, St Mary's University and De Montfort University amongst others.

We also conducted a detailed analysis of data from the FTSE Women Leaders Review (February 2024) and gender pay gap data published by the UK Government to further investigate how pay disparities correlate with leadership diversity within a sample of FTSE 350 companies. This report includes fresh CMI survey data capturing the views of managers and leaders in order to develop a clear picture of how pay gaps are viewed in the workplace, and the risks that employers face if they do not take meaningful action to address them.

Key findings

- An analysis of FTSE Women Leaders data identified notable trends among individual, top performing companies – many of those that have made the most significant progress in closing their gender pay gap have also increased the proportion of women in leadership roles between 2019/20 and 2023/24.
- 10 FTSE 350 companies that we reviewed achieved the largest reductions in their median hourly pay gap between 2019/20 and 2023/24 and also saw revenue growth in nearly all cases - offering insights into the potential relationship between significantly closing pay gaps and leadership diversity.
- Pay gap reporting is not a cure-all or a quick fix - but it has improved awareness and transparency and there is evidence that this has had an impact.
- CMI survey data found employers who are not addressing their gender pay gaps are already missing out on talent.
 - Two in three managers (64%) said they would consider gender pay gaps when deciding whether or not to join an organisation – with one in four (24%) saying they would consider it to a large extent.
 - Of those managers who said they would consider the gender pay gap and had ever looked at an organisation's gender pay gap before deciding to join, a third (33%) said that they decided not to join an organisation because of its gender pay gap.²
 - While this represents just 6% of all managers in the survey, if applied to all UK managers (estimated to be 8.4 million), this equates to nearly half a million managers who haven't joined an organisation due to its gender pay gap. This means that businesses are missing out on talent when they need it most.³

Summary of recommendations

Employer recommendations

- **Recruitment** - State salaries in job adverts, avoid asking about salary history and use balanced shortlists and interview panels.
- **Progression** - Set clear representation targets, plan for long-term succession, and invest in management training, mentoring, and sponsorship.
- **Data** - Improve managers' understanding of data and track internal progress over external rankings.
- **Working practices** - Promote flexible work, normalise parental leave (especially for men), and make inclusion a management priority.
- **Clear communication** - Regularly update staff on equality, diversity and inclusion progress.

Policy recommendations

Gender pay gap reporting

- Extend the requirement of gender pay gap reporting to employers with 50+ employees.
- Introduce a requirement for employers with 250+ employees to publish action plans.
- Introduce a requirement for employers to submit a narrative providing a more detailed explanation of pay gap figures.
- Reintroduce the pay transparency pilot that was abandoned in 2024 to test how employers can be prevented from asking about salary history during recruitment.

Ethnicity pay gap reporting

- Introduce this for employers with 250+ employees, alongside a requirement to publish a narrative and action plan to drive progress.

Disability pay gap reporting

- Introduce this for employers with 250+ employees building on the Disability Confident Scheme which is already in place, alongside a requirement to publish a narrative and action plan to drive progress.



[Further details on page 22](#)

Section 1

Pay gaps, diversity and financial performance

CMI analysed the relationship between gender pay gaps and leadership diversity within a sample of FTSE 350 companies. Using gender pay gap data published by the UK government alongside women in leadership data from the FTSE Women Leaders Review (February 2024), we examined how pay disparities may correlate with leadership diversity over time.

Our findings indicate that, at a broad level, increased female representation in leadership positions does not directly statistically correlate with reductions in the gender pay gap. This suggests that additional factors may be driving gender pay disparities.

However, we identified notable trends among individual companies. Many of those that have made the most significant progress in closing their gender pay gap have also increased the proportion of women in leadership roles over the same time period. In particular, we examined 10 FTSE 350 companies that achieved the largest reductions in their median hourly pay gap between 2019/20 and 2023/24, offering insights into the potential relationship between significantly closing pay gaps and leadership diversity.

Most improved companies:

Company	Industry	Median hourly GPG improvement 19/20-23/24 pp ⁴	Change in % of women on boards 19/20-23/24 pp	Change in % of women on executive committee and direct reports 19/20-23/24 pp
Smiths Group PLC	Industrial Goods & Services	25pp	+20pp	+10pp
Smith & Nephew PLC	Health Care	14pp	+3pp	+11pp
Kingfisher PLC	Retail	14pp	-	+5pp
Rightmove PLC	Real Estate	13pp	+7pp	+10pp
Spirax Group PLC	Industrial Goods & Services	13pp	+10pp	+12pp
British Land Company PLC	Real Estate	13pp	+20pp	-1pp
Grainger PLC	Real Estate	13pp	-	+3pp
Convatec Group PLC	Health Care	13pp	+6pp	+14pp
Abrdn PLC ⁵	Financial Services	13pp	-10pp	+3pp
Croda International PLC	Chemicals	12pp	+13pp	+12pp

Our analysis identified a trend among the top 10 performing companies, with most demonstrating positive progress across all key variables over the five-year period.

Furthermore, a closer examination highlighted the importance of considering the broader context beyond the percentage change in the pay gap alone. For instance, some companies that showed the greatest improvement started from a significantly worse position and, despite progress, still have a notable gender pay gap. In fact, half of the top 10 companies fall into this category. While some have moved close to parity, others have made substantial corrections to previously large disparities but are far from pay parity.

The following companies have made particularly notable progress toward gender parity, reducing their gender pay gap by at least 12 percentage points over the past five years while achieving a gap of 12% or less in 2023/24:

- ➔ Smiths Group PLC
- ➔ Smith & Nephew PLC
- ➔ Spirax Group PLC
- ➔ Convatec Group PLC
- ➔ Croda International PLC

When we overlay the financial performance of the top-performing companies during the same period, a clear pattern emerges: revenue has increased in nearly all cases. Whilst we cannot isolate the specific impact of improvements in gender parity on financial outcomes, this indicative trend among top performers suggests a positive relationship between greater diversity and business performance.

Company	Industry	Median hourly GPG improvement 19/20-23/24 pp	Change in % of women on boards 19/20-23/24 pp	Change in % of women on executive committee and direct reports 19/20-23/24 pp	Revenue change 19/20 to 23/24 % ⁶
Smiths Group PLC	Industrial Goods & Services	25pp	+20pp	+10pp	+23%
Smith & Nephew PLC	Health Care	14pp	+3pp	+11pp	+22%
Kingfisher PLC	Retail	14pp	-	+5pp	+13%
Rightmove PLC	Real Estate	13pp	+7pp	+10pp	+77%
Spirax Group PLC	Industrial Goods & Services	13pp	+10pp	+12pp	+41%
British Land Company PLC	Real Estate	13pp	+20pp	-1pp	+31%
Grainger PLC	Real Estate	13pp	-	+3pp	+36%
Convatec Group PLC	Health Care	13pp	+6pp	+14pp	+13%
Abrdn PLC ⁷	Financial Services	13pp	-10pp	+3pp	-3%
Croda International PLC	Chemicals	12pp	+13pp	+12pp	+22%

““

“We have significantly reduced our gender pay gap at Kingfisher by focusing on addressing the root cause – fewer women in more highly paid senior roles. There is further to go, but over the past four years, we have grown the proportion of women in senior leadership from 23.2% to 30.2%, and in management from 36.1% to 39.8%.”

“This progress has been driven by strong sponsorship and commitment from our CEO and C-suite, alongside disciplined planning, tracking, and reporting. We have implemented diverse balanced shortlisting, trained hiring managers in inclusive recruitment practices, and focused on talent development and retention of women in our leadership pipeline.”

“As a result, our leadership teams are now more diverse, leading to better decision-making, higher levels of engagement and a more inclusive culture. Our CEOs with more diverse teams report that these teams operate more effectively, with a greater breadth of perspectives helping to foster more innovation and new thinking.”

Kate Seljeflot | Chief People Officer at Kingfisher PLC

““

“I’m a firm believer that the **variety of thinking, skills and experiences you get from diverse teams means businesses can be more innovative and it makes them better able to understand and serve their customers.** When you combine that with truly inclusive workplaces where everyone is respected, safe, and feels they belong, that supercharges capabilities. You can’t have any of that without a conscious focus on gender equity - in all its forms. **It’s both the right thing to do, and it’s a business imperative.**”

Jim Devine | Group HR Director at Spirax Group PLC

““

“As a business we are committed to achieving gender equality across our organisation globally and are making significant progress in closing pay gaps and improving gender representation.”

“Croda has improved the gender balance throughout the organisation particularly in leadership roles, with our Board level gender balance currently standing at 40% female and 60% male, and the Executive Committee and their direct reports moving from 26% female in 2017 to 37% in 2024. This is particularly encouraging considering our business operates in the traditionally male-dominated manufacturing and chemicals sector.”

“There is a very clear business case for diversity. At Croda we believe now more than ever that we must concentrate our efforts on creating a culture that values and embraces difference. **This enables us to attract and retain the best people, gaining the benefit of the great minds across our global workforce, drive innovation, and ultimately deliver strong business performance** to meet our Purpose of using Smart Science to Improve Lives™ and so deliver for our customers and all our stakeholders.”

Michelle Lydon | Chief People Officer at Croda PLC



“As a truly international company, building an inclusive culture has always been an important part of life at Convatec. **We recognise that we will only improve care for patients and customers if we harness the power of our differences and encourage diverse thinking.**”

“As a business committed to pay equity, as of April 2024, our median hourly pay difference narrowed to 1.93%, down from 3.82% in the previous year.”

“Our actions to close the gender pay gap have increased female representation in the upper and upper middle quartiles by 3.7% and 2.6% respectively, primarily through internal promotions, inclusive hiring and flexible work practices, and supported by embedding a clear global job architecture, with salary adjustments and promotions deployed to align with market ranges and internal equity.”

“In 2024, I’m proud that we continued to introduce progressive parental leave policies and that 45% of our senior management are women.”

Emma Rose | Chief People Officer at Convatec PLC



“Smiths is a purpose driven organisation supported by strong values and leadership behaviours. We are fostering a culture of belonging where all aspects of diversity are valued, including gender diversity.”

“Over the past several years we have focused on three strategic pillars: Accelerating our growth, supporting our people and sharpening our execution. Together these have enabled us to report **a strengthened financial performance and continue to build an inclusive and high performing culture.**”

“A key factor influencing our gender pay gap is the significant representation of women in leadership and higher-paying roles. Women are well-represented in senior positions, occupying a substantial proportion of decision-making roles. The distribution of women in these higher paying roles has contributed to a gender pay gap in favour of women.”

“We have outstanding women leaders across the company and a strong pipeline of future diverse talent. Our recent data shows that attrition rates for women in the organisation have been decreasing steadily, and we are seeing an increase in retention of women in key grades across the company as we look to build a pool of future diverse leaders.”

“**Diversity and belonging is key to our effectiveness, and the long-term success of Smiths.**”

Kini Pathmanathan | Chief People, Sustainability & Excellence Officer at Smiths Group PLC



“Grainger aims to be a leader for driving inclusivity across the wider real estate sector, with equality, diversity and inclusion (ED&I) as an integral thread in everything we do. Our commitment to ED&I is evident through the significant strides we have made in advancing our inclusive working practices coupled with the external recognition we have received, demonstrating we are making strong progress with our ambition to lead the way in this area.”

“We were recognised in the FTSE Women Leaders review for making great strides across a number of key areas, while the representation of women on our Boards together with our combined executive committee and direct reports exceeded the target of 40% set by the FTSE women leaders. The review demonstrated how **EDI gains can lead to business growth while enabling us to better represent the communities we serve**, with the FTSE Women Leaders review placing Grainger 2nd out of 21 real estate companies and moving us up 8 places within the FTSE 250 rankings.”

“The way in which we deliver our values, and in particular People at the Heart, continues to be a key driver to how we engage with colleagues, fostering a workplace culture built on trust, respect and listening. We want to build a diverse workforce that is representative of the communities in which we live, work and operate.”

Michelle Boothroyd | Chief People Officer at Grainger PLC

Section 2

The state of workplace inclusion in the UK

As a nation, we must be more proactive in creating inclusive workplaces which maximise talent and enable all employees to fulfil their potential. CMI [research](#) has shown the barriers that are holding back particular groups from progressing in the workplace, such as discrimination, micro-aggressions and a lack of targeted action.

CMI analysis has shown that certain groups are under-represented in management positions. In order to equal demographic proportions in the UK working population as a whole we need:⁸

- 490,000 more female managers
- 290,000 more disabled managers
- 200,000 more managers from ethnic minority backgrounds

In 2022, CMI's [Everyone Economy](#) research made the case clear – equality, diversity and inclusion (EDI) is not a 'nice to have', it can have business benefits from boosting innovation to increasing profitability. Our 2024 report '[Walking the Walk?](#)' strengthened the case, showing that when HR leaders reported that their workplaces viewed EDI as business-critical, they also reported that their organisation met most or all of its overall objectives.

Good management and leadership: A key driving force behind inclusive workplaces

Good management is critical for creating inclusive workplaces. Our 'Walking the Walk?' report found that having a supportive manager was the most influential factor in people feeling supported and included at work. The research also found that management training appears to have a strong association with inclusivity. This is echoed in other CMI research, where we have identified that those with formal management training are significantly more likely to trust their team, feel comfortable leading change initiatives and feel comfortable calling out bad behaviour compared to those that did not.⁹

In contrast, ineffective managers have a deep negative impact on employees including on their motivation, satisfaction and likelihood to leave their job.¹⁰ Unfortunately, our [research](#) has shown that 82% of managers who enter management positions have not had any formal management and leadership training – they are "accidental managers."

Becoming a truly inclusive employer requires concerted and proactive actions – one of these is using data to measure and track progress, which is where pay gap reporting comes in. This enables employers to better understand the demographics of their workforce, who is facing barriers, what might be causing them and what actions need to be taken to tackle them.



Section 3

The policy context: pay gap reporting

As a nation we're facing a clear problem: we're not doing enough to maximise talent when faced with various economic challenges such as flatlining productivity and slow economic growth.¹² In 2024, the incoming Labour government vowed to tackle this through its manifesto mission to "Kickstart Economic Growth".¹³

A key pillar of this is Labour's 'New Deal for Working People' aimed at modernising the world of work through boosting wages and job security, improving job conditions, and raising living standards. The objective? To increase productivity and create the right conditions for sustained, inclusive economic growth.¹⁴

If we want to achieve this then we need to change employer behaviour. Pay gap reporting requirements are one way the government can do this. As we heard in a CMI-convened roundtable on the topic, the government and employers need to think about pay gap reporting through the lens of outcome, performance and value creation, rather than treating it as a burden and cost.

In terms of policy, the Labour government has committed to introducing mandatory gender pay gap action plans for companies with 250 or more employees, as well as introducing mandatory disability and ethnicity pay gap reporting for large employers.¹⁵

It is within this context that CMI has published this report with recommendations for both employers and policymakers on how they can make progress in closing pay gaps.

Progress so far

Previous governments have attempted to change employer behaviour. In 2017, the government introduced gender pay gap reporting with the aim of improving transparency and helping employers to identify the gaps in their organisations and in turn take action to close their gender pay gap.¹⁶

In 2018, the government consulted on introducing mandatory ethnicity pay gap reporting.¹⁷ Since then, the government decided to take a voluntary approach to ethnicity pay gap reporting due to difficulties in designing a methodology that produces accurate figures. It published guidance to help employers with this approach.

In 2021, the government consulted on introducing disability workforce reporting. This could involve employers reporting the proportion of disabled people in their workforce at different levels, but not necessarily reporting on disability pay gaps.¹⁸

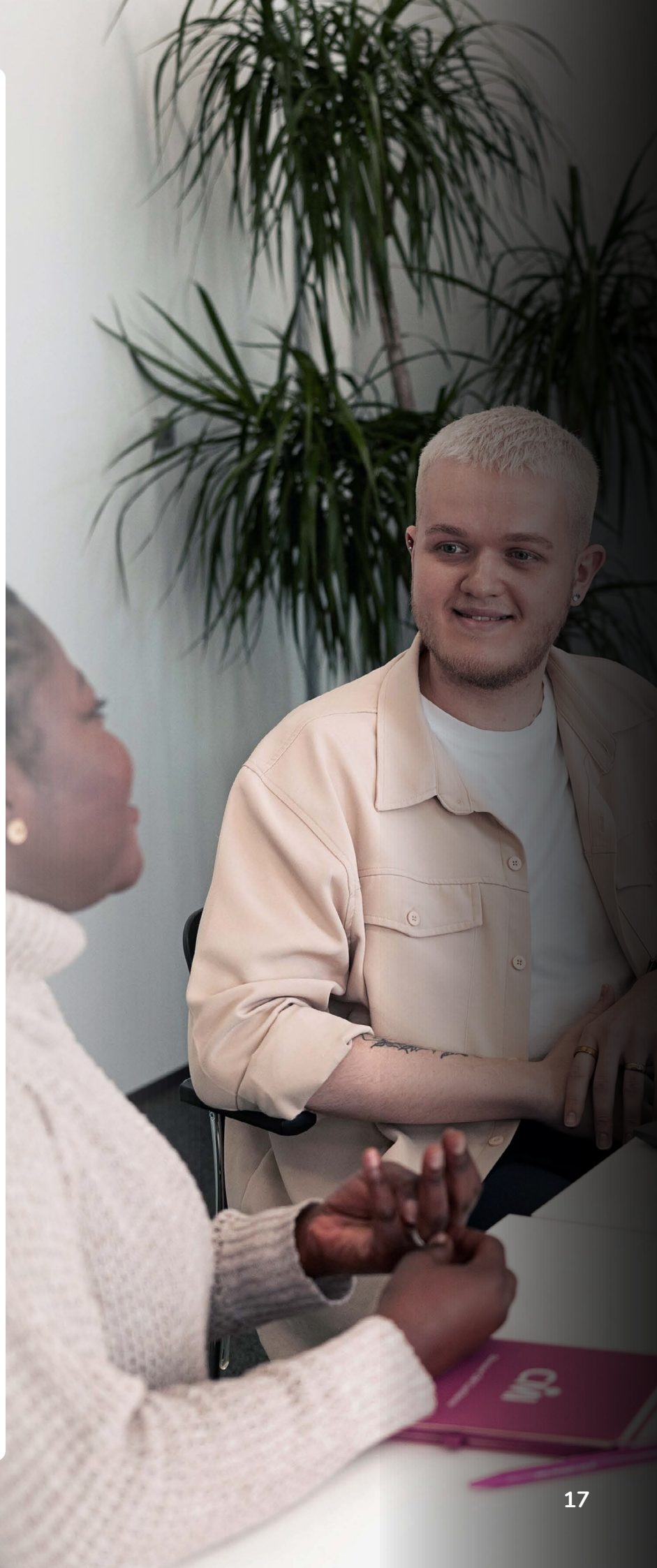
Research shows that progress on closing pay gaps is slow:

- The gender pay gap has been declining slowly over time. As of April 2024, it stands at 7.0% for full-time employees.¹⁹
- International comparisons show that the UK performs poorly on gender inclusion when compared to other OECD countries, partly due to the fact that other countries are outpacing it when it comes to achieving gender equality at work.²⁰
- Ethnicity pay gaps vary considerably by ethnic group, but research shows that Black, African, Caribbean or Black British employees have consistently earned less than White employees since 2012. Bangladeshi and Pakistani employees have also earned less compared to White British employees.²¹
- The disability pay gap was 12.7% in 2023 and this has remained relatively stable since 2014.²²

Despite the clear barriers that exist for under-represented groups, CMI research has found that the majority of managers (70%) believe that their employer has done about the right amount to support EDI in the workplace. However, the experience is very different for those facing these barriers. Women and those from ethnic minority backgrounds are significantly more likely than men and those who identify as White to say that their employer has done too little to support EDI in the workplace.²³ Unfortunately, CMI [research](#) has identified a 'say-do' gap suggesting organisations have been focusing too much on a "tick box" approach.

However there are some positive signs. Research from the FTSE Women Leaders Review has found that British businesses are leading the way in increasing women's representation at the highest levels in the FTSE 350. There has been a year-on-year increase with women holding 43% of Board roles and 35% of leadership positions. Despite this, we still need to grow the number of women in key decision-making positions such as Chairs, Finance Directors and CEOs to reach parity and to ensure that roles at the top of organisations and with the greatest influence can benefit from diversity.²⁴

It is clear more needs to be done. The challenge for the government is how it can utilise policy levers such as pay gap reporting to change employer behaviour and encourage them to be more proactive in tackling workplace disparities.



Section 4

Pay gap reporting as a tool for inclusion

Pay gap reporting: what is working?

Transparency

Comparative research shows that the UK's gender pay gap reporting system has high transparency and compliance. A major driver of this has been the simplicity of the reporting system with all information publicly available on the government's Gender Pay Gap Service, facilitating comparisons between employers and the ability to publicly 'name and shame' non-complying companies.²⁵

In our roundtable discussions, there was universal agreement that gender pay gap reporting is a useful tool for raising awareness and creating a conversation around pay gaps. Reporting also played a role in improving transparency in organisations, encouraging them to measure what progress they are making on closing pay gaps.

The requirement to break down pay data by quartiles was seen as valuable as it helps employers to build a fuller picture of pay gaps and their causes at different levels within their organisation.

Impact on pay gaps

Analysis from the OECD finds that the UK's gender pay gap reporting requirements have had a small impact on narrowing the gender pay gap. Reporting has also influenced hiring practices, with employers affected by pay gap reporting requirements adopting initiatives which can promote gender inclusion such as providing information about salaries in job advertisements and offering flexible working arrangements. Furthermore, studies have shown that when organisations continued to report their pay gap figures – even when not required e.g. when regulations were suspended during the Covid pandemic – they showed a 6% lower gap a year later compared to those that paused their

reporting. This suggests that the measures are important for driving transparency and action over time.²⁶

Other research shows that pay gaps do seem to have an impact on staff attraction and retention. One survey from Ciphir found that most women (58%) and around two fifths of men (38%) said they wouldn't apply for a job with an organisation that has a gender pay gap. Whilst around a half of all workers (47%) surveyed said they would be averse to working for an organisation that has an ethnicity pay gap.²⁷

This is echoed in new CMI research which found that:²⁸

- ➔ 64% of managers said they would consider gender pay gaps when deciding whether or not to join an organisation; a quarter (24%) would consider it to a large extent.
 - This is more pronounced among female managers (81% would consider gender pay gaps vs 47% of their male counterparts).
- ➔ Of those managers who said that they would consider the gender pay gap, a quarter (27%) stated that they have researched or looked at an organisation's gender pay gap before deciding whether to join.
- ➔ Of those who said they would consider the gender pay gap and had ever looked at an organisation's gender pay gap before deciding to join, a third (33%) said that they decided not to join an organisation because of its gender pay gap.
 - While this represents just 6% of all managers in the survey, when extrapolating this to all UK managers, this equates to nearly half a million managers who haven't joined an organisation due to its gender pay gap, meaning that businesses are missing out on talent when they need it most.²⁹

A separate CMI survey found that a third of managers (32%) said that they consider pay gap data in salary reviews and promotion opportunities; a similar proportion (30%) said they would consider it in the recruitment and hiring process.³⁰

Whilst not perfect, the UK's system for gender pay gap reporting has provided a solid framework for raising awareness, transparency and accountability.

What are the challenges?

Understanding of pay gaps

The causes of pay gaps can be varied and complex. For example, when it comes to the gender pay gap this can be caused by direct discrimination and bias but also by a range of structural factors such as occupation, sector, age, education and women's disproportionate responsibility for unpaid caring.³¹ And as mentioned above, there is a difference between equal pay and pay gaps; so those reporting need to be able to differentiate between them so that they are taking the correct action to tackle workplace inequality.

CMI roundtable attendees mentioned that some employers lack an understanding of what pay gaps actually are and what is causing them. As there are various drivers of pay gaps, employers need to understand what is relevant to them and their sector – for instance, are pay gaps down to bias in recruitment or progression? Or is an organisation struggling to retain talented women? This enhanced understanding will influence what actions an employer needs to take to tackle pay gaps such as implementing more flexible working, return-to-work programmes and/or more inclusive recruitment practices.

Attendees raised concerns that the understanding of pay gaps beyond gender was particularly weak. Characteristics such as ethnicity and disability can be complex and hard to define, with multiple categories. For instance, employers might have to make decisions about how to combine different ethnic groups to ensure their data is reliable and to protect confidentiality. This might mean that employers feel intimidated or confused by the process of collecting data on these characteristics and, in turn, this can lead to a lack of action. We have found that around half of managers said they do not know whether their organisation collects, publishes or uses ethnicity

pay gap data (47%) or disability pay gap data (50%) to make changes in their organisation. This is compared to around a third for gender pay gap data (36%).³²

Attendees also emphasised that when analysing their data employers need to look at balance across all pay grades when tackling pay gaps – both at senior and lower levels – which is why breaking down data by quartiles is so important.

Building this fundamental understanding of pay gaps, how to measure them and being able to analyse them effectively is a crucial first step.

Driving action

Whilst appreciating that pay gap reporting has been important in raising awareness and transparency, roundtable attendees agreed there is a lack of action to close pay gaps under the current reporting requirements.

Data alone does not give information on the causes of pay gaps or what an employer is going to do to tackle them. Publishing an accompanying narrative report provides an opportunity for employers to put their data into context, explaining why pay gaps exist and what they are doing to tackle disparities through an action plan. For example, an employer might have made a proactive effort to hire more women but if they are at the lower end of their pay scale then their pay gap could increase. A narrative would give an employer an opportunity to explain this.

No action plans are required to be published under these requirements which can lead to 'box ticking' and light-touch pay gap reports, lacking detail and commitment. Organisations might be comfortable that there is going to be a gap, rather than taking action to tackle it. From our research we found that only a third of managers (31%) who say their organisation collects or publishes pay gap data have observed action plans put in place to close pay gaps.³³

It has been argued that without a requirement to publish action plans and a narrative, employers are not encouraged to go beyond the statistics: they do not need to explain their data and they do not actually need to do anything about their pay gaps.³⁴

Roundtable attendees agreed that action plans can play an important role in closing the gender pay gap, but a number of caveats were mentioned:

- **Plans need accountability.** Who is responsible in the organisation for driving this forward? Research has shown that for action plans to be effective they need strong accountability mechanisms so that every manager feels accountable for diversity outcomes in their team. For example, appointing a senior diversity lead who can review hiring, progression and talent management decisions.³⁵
- **Targets must be realistic for the organisation/sector.** Evidence shows that setting targets for representation is an effective way of improving EDI in an organisation. But these must be specific and clear, time-bound, challenging but realistic, public and regularly monitored.³⁶
- **A mandatory requirement to have action plans could lead to copy and paste responses; any policy approach should guard against this.** We need to avoid a situation where employers see this as a 'tick box' exercise, copying generic actions from external sources or from previous action plans without any genuine commitment to change. The government needs to ensure this process is effectively monitored and enforced.

It has been argued that the enforcement of pay gap reporting is weak with few consequences for inaction. It is clear that some employers have done the bare minimum as they know they face minimal consequences for non-compliance. There is a reluctance to fine companies, despite hundreds failing to accurately file their figures on time.³⁷

There is also an argument to extend gender pay gap reporting to employers with fewer than 250 employees. The gender pay gap reporting portal shows that only around 1,533 employers with fewer than 250 employees voluntarily reported their gender pay gap.³⁸ This is a very small proportion of businesses given that government data shows there are around 37,800 medium sized businesses and 5.45 million small businesses, which account for around 99.8% of the UK business population.³⁹ International comparisons show the UK is the only country with requirements for an employer size of 250+ employees; most are 50+ employees.⁴⁰

Pay gap reporting beyond gender

One of our roundtables had a specific focus on how we can close pay gaps beyond gender and discussed what can be learnt from gender pay gap reporting that can be applied to other characteristics such as ethnicity and disability.

Attendees felt that the main principle we have learnt from gender pay gap reporting is the need to break down data by quartiles. This involves sorting employees from highest to lowest hourly pay and dividing this into four quarters, with an equal number of employees in each section. These are typically divided into: upper hourly pay, upper middle hourly pay, lower middle hourly pay and lower hourly pay.⁴¹ This was mentioned as a crucial reporting mechanism that can help employers gain a fuller picture of representation in an organisation and what barriers might be holding certain groups back.

However, it was stressed that we must be aware of the differences between other forms of pay gap reporting if they are to be enforced.

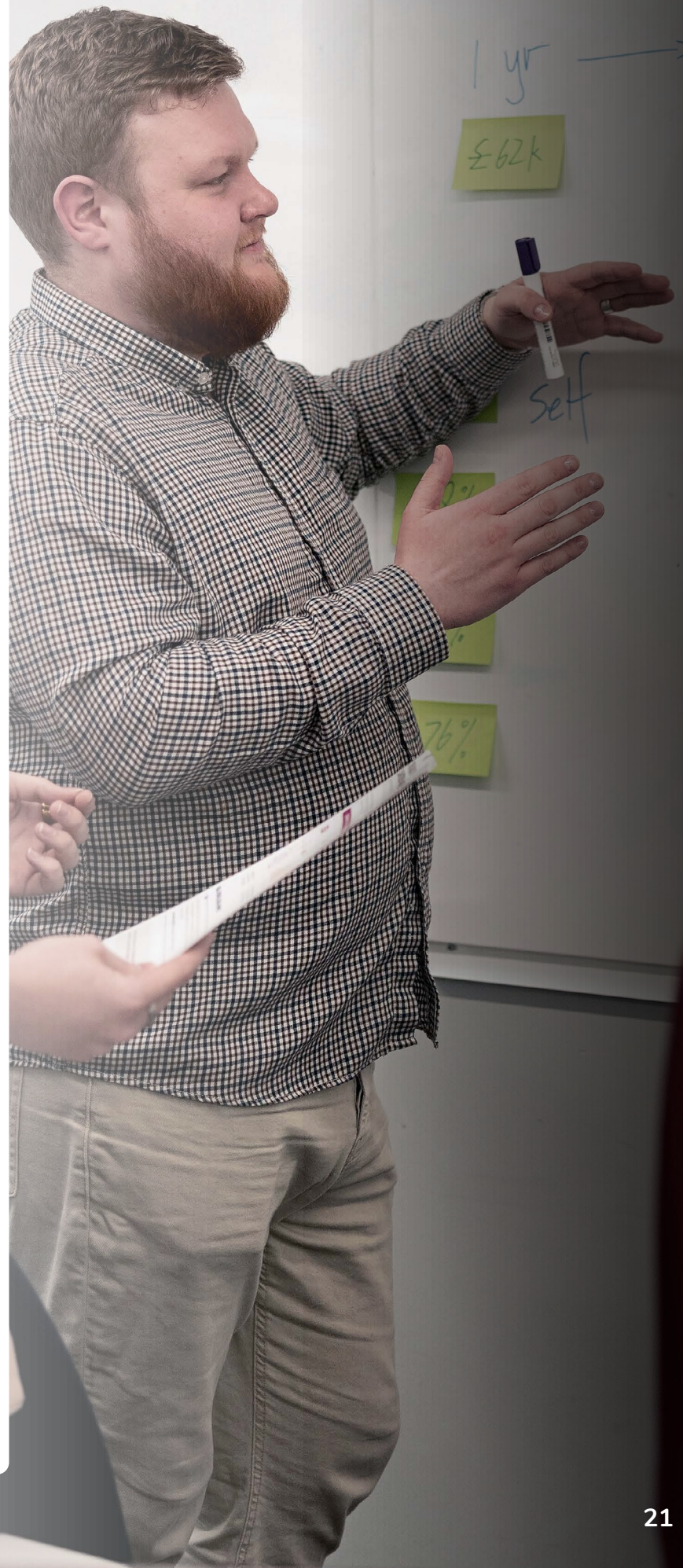
Gender pay gap reporting is a binary system with a mean or median headline figure and cannot be accurately translated across to characteristics such as ethnicity which are complex with multiple categories. Employers need to be clear on the definitions and categories they are using. However, as mentioned above, understanding of pay gap reporting beyond gender is generally weak, especially for smaller employers who might face resourcing challenges when it comes to collecting and reporting data on multiple characteristics.

Another challenge for smaller employers and for those in locations which are not ethnically diverse is very small sample sizes. This can mean that data is not meaningful or can be easily skewed (e.g. if one highly paid employee leaves an organisation). There is also a risk of identifying individuals.

Low disclosure rates can create further challenges with data collection and reporting: Employees might be unwilling to or unaware of the need to share data on their characteristics. This concern has been echoed in other research where low disclosure rates can limit the usefulness of statistical analyses and create issues around privacy with smaller numbers.⁴²

Whilst appreciating the difficulties that employers will face with reporting on multiple characteristics, there was an agreement from roundtable attendees that if mandatory pay gap reporting is not extended beyond gender then we simply will not progress in this area. CMI research shows that over half of managers (54%) believe that it should be mandatory for organisations to report on ethnicity and disability pay gaps, whilst 80% of managers agree that where pay gaps exist, it should be mandatory for organisations to develop action plans to tackle these gaps.⁴³

Furthermore, some employers are already leading the way and voluntarily reporting beyond gender, so this should not be seen as something completely new or unrealistic.



Section 5

Recommendations

The following employer and policy recommendations are based on extensive engagement and feedback from leading employers and topic experts.

Employer Recommendations

Recruitment

- State salaries in job descriptions to improve transparency. Being transparent about progression, pay and reward can help attract talent and close pay gaps.⁴⁴
- Do not ask about salary history. Asking about salary history can help keep under-represented groups on lower salaries and contribute to pay gaps.⁴⁵
- Utilise balanced shortlists and balanced interview panels when recruiting.

Progression

- Set targets for representation. Evidence shows these are most effective when they are specific and clear, time-bound, challenging but realistic, public and regularly reviewed.⁴⁶
- Look at succession planning to ensure you have enough people in the medium- to long-term to improve progression.
- Implement formal management training which can boost opportunities and improve workplace culture. Those with formal management training are significantly more likely to trust their team, feel comfortable leading change initiatives and to feel comfortable calling out bad behaviour compared to those that don't.⁴⁷
- Implement sponsorship and mentoring programmes which can be important for developing talent and sharing knowledge.⁴⁸

Data

- Improve managers' understanding of data. A number of toolkits and guidance already exist to assist with this. For example, CMI has worked with the Equality and Human Rights Commission (EHRC) to produce a gender pay gap [toolkit](#).
- Do not just focus on quantitative data, also look at qualitative data to help build a fuller picture of the barriers to inclusion.
- Learn from good practice elsewhere but do not get too caught up with comparing yourself to other organisations and 'league tables' - you could be number one of a poor league. Instead, compare where you want to be, with where you are or were and track progress.

Working practices

- Make use of flexible working. Research shows this can help close pay gaps and support workers from under-represented groups.⁴⁹
- Normalise parental leave and flexible work, especially for men. Research has shown that simply telling men that their peers support parental leave and flexible working increases their intention to share care.⁵⁰
- Tie managers' objectives to inclusion - every manager needs to be responsible, not just HR managers.
- Regularly communicate progress on EDI to staff. For example, at monthly or quarterly 'All Hands' meetings.

Policy recommendations: Gender pay gap reporting

- As outlined in its New Deal for Working People, the government should introduce a requirement for employers with 250+ employees to publish action plans. These should be:
 - Published on the gender pay gap portal and on employers' websites.
 - Assessed to identify any companies who are consistently "copy and pasting" actions without any commitment to progress against targets, with sanctions for non-compliance. There needs to be strong enforcement from the Office for Equality and Opportunity working alongside the Equality and Human Rights Commission to undertake thorough monitoring and analysis of submitted data.
 - A commitment to train and develop managers and leaders at all levels should be a fundamental part of all action plans.
- The government should build on this commitment and extend mandatory gender pay gap reporting requirements to employers with 50+ employees. The Office for Equality and Opportunity should signpost employers to relevant guidance such as CMI and EHRC's gender pay gap [toolkit](#).
- Introduce a requirement for all employers covered by pay gap reporting requirements to submit a narrative providing a more detailed explanation of their gender pay gap figures.
- Reintroduce the pay transparency pilot that was abandoned in 2024 by the previous government to test how employers can be prevented from asking about salary history during recruitment and encourage greater transparency in the recruitment process.⁵¹ This requirement is already in place across various states in the US, with evidence showing they can reduce the gender and ethnicity pay gaps and benefit the economy. This can be something that the UK can learn from.⁵²

Policy recommendations: Pay gap reporting beyond gender

- The government's New Deal for Working People also outlines its intention to introduce a requirement to report on both disability and ethnicity pay gaps for large employers. CMI supports this measure. To ensure the reporting is fit for purpose the government should set dates to review definitions, categories and employee threshold.

- Whilst appreciating some of the differences, this should build on some of the principles and frameworks that are in place for gender pay gap reporting such as using the current pay gap reporting portal and introducing a requirement to break-down data by quartiles.
- We need to appreciate this will be a challenging area for many employers. There needs to be a focus on building capability and understanding to undertake this reporting - for example, by working with professional bodies to produce and distribute clear guidance.

Ethnicity pay gap reporting

- We agree with the government that employers with 250+ employees should be required to report on ethnicity pay gaps. Employers should be required to publish a headline pay gap figure as well as breaking data down by different ethnic groups.
- Ethnicity data can be complex with multiple categories and [varies considerably by location](#). We propose that larger employers (e.g. 500+ employees) should be required to produce more granular data. As recommended by government guidance, this should follow the [Ethnicity Harmonised Standard](#) to allow for comparability across different employers. Employers should aim to collect the data and then aggregate into larger groups where there might be very small sample sizes (this can be explained in an accompanying narrative).
- Alongside this, employers must be required to publish a narrative explaining their representation and pay data by quartiles, alongside 'non-disclosure rates' and an action plan to drive progress.

Disability pay gap reporting

- We agree with the government that employers with 250+ employees should be required to report on disability pay gaps. They should publish a headline disability pay gap figure but this should build on the Disability Confident Scheme which is already in place:
 - Employers with at least 250 employees who are Level 3 Disability Confident already have to report using the [voluntary reporting framework](#).

- They have to provide a narrative explaining what initiatives they are undertaking in relation to the recruitment and retention of disabled people.
 - They should include information on the progression and pay of disabled employees. This should be broken down by quartiles.
 - They should be required to publish the percentage of individuals who consider themselves to be disabled and non-disclosure rates.
- ➔ Employers covered by these requirements should have to publish an action plan.
- ➔ Government should use similar enforcement mechanisms used for gender pay gap reporting to enforce ethnicity and disability pay gap reporting.



Terminology

What is a pay gap?⁵³

A pay gap is the difference between the median (or mean) hourly pay of employees in category A and the median (or mean) hourly pay of employees in category B. This is expressed as a percentage of one group's earnings.

A pay gap can be calculated across a whole workforce. It can also be calculated for groups within a workforce.

This can help employers to understand if certain groups are affected more than others.

For examples of pay gap calculations see [Gov.uk](https://www.gov.uk)

What is gender pay gap reporting?⁵⁴

The gender pay gap is the difference between the average pay of men and women in an organisation.

Any employer with 250 or more employees must report their gender pay gap data each year.

This includes:

- ➔ Mean and median gender pay gap hourly pay and bonus pay
- ➔ Percentage of men and women in each pay quarter
- ➔ Percentage of men and women receiving bonus pay

Employers must report this data on the gender pay gap portal and on their own website. They can choose to publish a supporting narrative and action plan, but this is not mandatory.

It is important to note that there is a difference between equal pay and the gender pay gap. The former means that men and women in the same employment performing equally must receive equal pay, whilst the latter measures the difference between men and women's earnings across an organisation or the labour market.⁵⁵



Methodology

CMI examined the relationship between gender pay gaps and leadership diversity in FTSE 350 companies as listed on the London Stock Exchange on 17 December 2024. Desk research was conducted by sourcing gender pay data from gov.uk for the 350 organisations. Data was then collected for median hourly pay across the five-year period between 2019/20 and 2023/24.

Of the 350 companies, 115 reported gender pay gap data for both years, including those listed under parent company names or different trading names. The remaining companies were not included in CMI's analysis: 93 investment trusts were exempt from reporting, and 142 companies had subsidiaries that either didn't provide overall data or fell below the 250-employee threshold. CMI's gender pay gap

findings are based solely on the 115 companies that met the reporting criteria.

We also analysed leadership data from the FTSE Women's Leaders Review for 2019 and 2024, focusing on the percentage of women on Boards and Leadership teams (defined as Executive Committee members and their direct reports). The analysis is based on:

- 239 companies reported on gender representation on Boards in both years studied (2019 and 2024)
- 191 companies reported on gender representation on Leadership teams in both years studied (2019 and 2024)



References

1. [See the terminology section for definitions](#)
2. CMI Manager's Voice poll of 1,041 managers conducted between 24th February and 6th March 2025
3. Based on 60 out of 1,041 managers in the 2025 Manager's Voice poll, and extrapolated to 8.4m managers as calculated in [Management and UK 2030](#), netting out at 484,150 managers
4. "pp" refers to percentage points. A percentage point is the difference between percentages. Please refer to the [ONS page](#).
5. Company name at time of analysis, now called aberdeen group
6. Source of revenue data is company annual reports. Where 2023/24 annual reports were not yet available at time of writing, 2022/23 revenue figures have been used (for Smith & Nephew, Rightmove, Spirax, Convatec, Abrdn and Croda)
7. Company name at time of analysis, now called aberdeen group
8. CMI analysis of the Labour Force Survey Jan-Mar 2023
9. [CMI](#) (2023), Taking Responsibility - Why UK PLC Needs Better Managers
10. [CMI](#) (2023), Taking Responsibility - Why UK PLC Needs Better Managers
11. [LSE](#) (2023), Chronic under-investment has led to productivity slowdown in the UK
12. [House of Commons Library](#) (2024), GDP – International Comparisons: Key Economic Indicators
13. [Labour Party](#) (2024), Manifesto
14. [Labour Party](#) (2024), Labour's Plan to Make Work Pay
15. [Labour Party](#) (2024), Labour's Plan to Make Work Pay
16. [GEO](#) (2017), Gender Pay Gap Reporting Goes Live
17. [DBT](#) (2023), Ethnicity Pay Reporting: government response to consultation
18. [HM Government](#) (2021), Disability Workforce Reporting
19. [ONS](#), Gender pay gap in the UK: 2024
20. [PWC](#) (2025), Women in Work 2025
21. [ONS](#) (2023), Ethnicity pay gaps, UK: 2012 to 2022
22. [ONS](#) (2024), Disability pay gaps in the UK: 2014 to 2023
23. CMI Manager's Voice Poll of 1,007 managers conducted between 13th June and 25th June 2024
24. [FTSE Women Leaders Review](#) (2025)
25. [The Global Institute for Women's Leadership](#) et al (2021), Bridging the Gap? An analysis of gender pay gap reporting in six countries
26. [OECD](#) (2023), Reporting Gender Pay Gaps in OECD Countries
27. [Ciphr](#) (2021), Most British workers likely to underestimate their employer's gender pay gap
28. CMI Manager's Voice poll of 1,041 managers conducted between 24th February and 6th March 2025
29. Based on 60 out of 1,041 managers in the 2025 Manager's Voice poll, and extrapolated to 8.4m managers as calculated in [Management and UK 2030](#), netting out at 484,150 managers
30. CMI Manager's Voice Poll of 1,005 managers conducted between 18th July and 31st July 2024
31. [House of Commons Library](#) (2024), The Gender Pay Gap
32. CMI Manager's Voice Survey of 963 managers conducted between 15th Feb and 5th March 2024
33. CMI Manager's Voice Survey of 963 managers conducted between 15th Feb and 5th March 2024
34. [The Global Institute for Women's Leadership](#) et al (2021), Bridging the Gap? An analysis of gender pay gap reporting in six countries
35. [BIT](#) (2021), How to improve gender equality in the workplace
36. [BIT](#) (2021), How to improve gender equality in the workplace
37. [KPMG](#) (2022), Gender pay gap reporting: its impact and possible future
38. [Gender Pay Gap Service](#), data correct as of 26.2.25
39. [DBT](#) (2024), Business Population Estimates for the UK and Regions 2024
40. [GIWL](#) (2021), Bridging the gap? An analysis of gender pay gap reporting in six countries
41. [GEO](#) (2024), Making Your Calculations
42. [The Global Institute for Women's Leadership](#) et al (2021), Bridging the Gap? An analysis of gender pay gap reporting in six countries
43. CMI Manager's Voice Poll of 1,005 managers conducted between 18th July and 31st July 2024
44. [BIT](#) (2021), How to increase transparency of progression, pay and reward
45. [Fawcett Society](#) (2021), The Fawcett Society Calls on Employers to Stop Asking Salary History
46. [BIT](#) (2021), How to improve gender equality in the workplace
47. [CMI](#) (2023), Taking Responsibility - Why UK PLC Needs Better Managers
48. [CMI](#), 30% Club and Russell Reynolds (2019), Sponsoring Women's Success
49. [CMI and GEO](#) (2020), Flexible Working and the Gender Pay Gap. [CMI](#) (2022), 75th Anniversary: disability in the workplace
50. [BIT](#) (2021), Simply telling men that their peers support parental leave and flexible working, increases their intention to share care
51. [Women and Equalities Committee](#) (2024), Government abandons pay transparency pilot
52. [US Department of Labor](#) (2023), Equal Pay in the United States: salary history bans
53. [DBT](#) (2023), Ethnicity Pay Reporting: guidance for employers
54. [GEO](#) (2024), Gender Pay Gap Overview
55. [EHRC](#) (2021), What is the difference between the gender pay gap and equal pay?

Chartered Management Institute (CMI)


The Chartered Management Institute (CMI) works with business and education to inspire people to unleash their potential and become skilled, confident and successful managers and leaders. With a wealth of practical qualifications, events and networking opportunities on offer throughout the UK and internationally, CMI helps people boost their career prospects and connect them with other ambitious professionals in any industry and sector. In fact, CMI has more than **160,000** people training to be better managers right now. Backed by a unique Royal Charter, CMI is the only organisation allowed to award Chartered Manager status – the ultimate management accolade, and Chartered Management Consultant status which sets and maintains the highest standards for the management consulting profession. CMI's thought leadership, research and online resources provide practical insights on critical issues for a membership community of over **220,000** and anyone looking to improve their skills, nurture high-performing teams and help pave the way for the next generation of managers and leaders.

For more information, please visit www.managers.org.uk

Chartered Management Institute on LinkedIn, Facebook, Instagram, TikTok and YouTube.

 LinkedIn: [Chartered Management Institute](#)

 Facebook: [@bettermanagers](#)

 Instagram: [@cmi_managers](#)

 TikTok: [@cmi_managers](#)

 YouTube: [@cmi_managers](#)

INVESTORS IN PEOPLE™
We invest in people Platinum



Chartered Management Institute
Management House
Cottingham Road, Corby
Northamptonshire, NN17 1TT

Registered charity number 1091035
Incorporated by Royal Charter
Charity registered in Scotland number SCO38105

Copyright Chartered Management Institute ©
April 2025

#BetterManagers

