

WHERE ARE THE WOMEN? THE COST TO THE WEST MIDLANDS

FAWCETT SOCIETY AND
WEST MIDLANDS WOMEN'S VOICE
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EXECUTIVE SUMMARY

This Report

The West Midlands economy is not working for women. The gender employment gap at 12.4% is wider than in the UK – and it has widened since the crash.¹ Devolution represents an opportunity to do things differently – but we need to make women's voices heard for it to work. Yet women are under-represented at the top of West Midlands businesses and politics.

This report combines economic analysis, data from April's Gender Pay Gap Reports, new commissioned public polling of the WMCA region, and best practice evidence. It explores the gap in women's representation at the top of business and politics, what that costs to businesses and society, and the changes that could be made to employer practice and public policy to drive a shift in the current stark picture.

The political context

Last May's election saw Andy Street, the Conservative candidate, elected for an initial three year term to lead the West Midlands Combined Authority (WMCA). **Of the 33 members of the WMCA's formal board, just three are women.**

Our polling suggests that this would be likely to come as a surprise – just 11% of WMCA residents expected the answer to be 3 (the correct figure) or lower.

66% of all residents agree that under-representation means issues affecting women are less likely to be discussed, and residents agree on balance too that it threatens the quality of decision-making in the region. For women this lack of representation risks turning them off engaging with WMCA, and 77% of women and 53% of men say it is "somewhat" or "very" important that together the Mayor and Combined Authority councils take action to improve both the gender and ethnicity balance.

The Cost of the Gender Gap

The absence of women at the top is not just a feature of West Midlands politics. **Across all of the WMCA areas, both constituent and non-constituent, half as many women hold senior management roles as men.**

Gender Pay Gap Reporting data for larger firms headquartered in the West Midlands gives us further insight. Women's representation varies by industry across large firms headquartered in the West Midlands – but the pattern, of declining representation as we go further up the salary quartiles, does not. We also find no real trend towards larger employers having better outcomes at the top – this is an issue for all sizes of company.

The smaller proportion of women who work in West Midlands senior management earn less on average than their male colleagues – there is a gender pay gap in mean hourly pay of 23.5% between women and men working in senior leadership in the wider West Midlands region. **This gap is larger than in the UK as a whole**, where the comparable gap is 20.1% – and larger than the West Midlands' overall pay gap of 16%.

¹ Fawcett Society (2018), 'Making Devolution Work for Women: West Midlands Data Report', <https://www.fawcettsociety.org.uk/Handlers/Download.ashx?IDMF=e842fcb6-4a00-403e-826f-e220b8279b0e>

We can draw together the two gaps to estimate the cost to women in the West Midlands of the lack of representation at senior levels. If women's representation amongst the 187,000 senior leadership roles in the West Midlands Combined Authority authorities was equal to men's, and women were paid the same on average, **women would stand to gain by £2.7bn per year.**

The literature suggests that those missing women hamper the West Midlands' productivity, and our polling found that residents agree. An overwhelming majority – 64% of all residents – agreed that a more gender society would be better for the West Midlands economy.

What should businesses and employers do?

This research has evidenced the lack of women at the top, the cost to the West Midlands economy, and public support for change. But what can businesses and politicians do in order to push for that change?

Make a Plan: businesses must move from just discussing the issues that underlie their gender pay gap, including women's progression to senior posts, to making changes to tackle it. Without a clear plan for change, the annual publication date in April becomes an exercise in damage limitation rather than a chance to improve productivity.

Flexible Working: A key part of a solid action plan for most businesses will be commitments to promoting flexible working, for all employees, as a route to the top.

Better recruitment: Gender inequality in senior leadership is not just caused by caring roles - too often biases against women in leadership can slip into the recruitment process. Employers need to take specific action to rule that out.

WMCA residents agree that businesses with over 250 employees should have an action plan. 68% of respondents to our poll are in favour. Residents also want to see action taken to promote flexible working. 66% of residents want to see the Mayor work with businesses to achieve this aim, and 72% also want to see businesses take a lead in this work. There was also widespread support for the Mayor and businesses to use their purchasing power to promote equality, and tackle 'girl jobs and boy jobs' in West Midlands industry. For a number of questions across our polling, we found a sometimes sizeable minority of respondents who selected a 'neither/nor' answer. This demonstrates that while there is considerable support for gender equality there is also a need to engage more West Midlands residents with the issue.

What should the Mayor and Combined Authority do?

The current consultation on the West Midlands Industrial Strategy states ten joint commitments to guide the work of public, private and voluntary partners. The first of these is **“High employment, with more good jobs and accessible opportunities, and diverse leadership in business and public life”.**

We applaud this sentiment but as this report demonstrates, the gender gap in senior leadership, and the wider economy, puts this aim at risk. Tackling that gap must be part of the strategy, which must not be gender blind.

Include work with businesses to promote gender equality across the West Midlands in the West Midlands Industrial Strategy. This should involve employers signing up to concrete measures centred around gender pay gap action plans which include progress on flexibility and recruitment, with targets at WMCA level to ensure accountability.

The 30% Club's work with the FTSE350, and the government-backed Hampton-Alexander Review has demonstrated that an overall target at the very top is key to motivating change.² An initial 30% target by 2020 should be adopted at C-suite and Board level in all organisations and sectors in the region, with those who are already at or close to 30% setting further stretching goals.

Use the lever of WMCA and council procurement to drive engagement with this agenda.

The detail would need to be worked out, but the Public Services (Social Value) Act 2012 permits commissioners to consider social value, which includes gender equality, within their decisions.

Drive best practice in their actions. The WMCA and councils should lead the way with effective and evidence-based gender pay gap action plans, and a commitment to best practice in flexible working and encouraging gender diversity in occupational roles.

Bring more women in to decision making. The pipeline for women leaders needs to be built across politics in the West Midlands, and we urge the adoption of both the West Midlands Leadership Commission and the Fawcett Society's Local Government Commission recommendations.³ But with just 9% of the WMCA board currently female, gender balance cannot wait – we urge the Mayor and WMCA to take action now to bring more women to the table.

² <https://30percentclub.org/>.

³ Fawcett Society/LGiU (2017), *Does Local Government Work for Women? Final report of the Local Government Commission*

INTRODUCTION

Devolution to the West Midlands is a unique moment of promise for change in the region. With new leadership championing economic growth, and powers gained from Whitehall, the deal that has been brokered offers a chance to do things differently.

But if women are not included in the leadership of the West Midlands, in both business and politics, the full potential of that chance will not be met.

This report seeks to demonstrate the extent of the gap in women's representation, and to quantify the impact that has; for the first time, it demonstrates the extent of public support for action by businesses and the Mayor to get more women to the top; and it suggests some actions that can be taken by both to achieve change.

The Geography of the West Midlands

In May 2017 the West Midlands went to vote for a new political figure – the Metro Mayor. The winning candidate was the Conservatives' Andy Street, former Managing Director of John Lewis. He now sits as chair of the Combined Authority's board.

The Combined Authority is made up of two tiers of areas. The **'constituent authorities'** are the central primarily metropolitan areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton. Their councils send two representatives to the Combined Authority table. The second tier are **'non-constituent authorities'**, areas adjacent to the constituent authorities which have one vote: Cannock Chase, North Warwickshire, Nuneaton and Bedworth, Redditch, Rugby, Shropshire, Stratford-on-Avon, Tamworth, Telford and Wrekin, and Warwickshire County.

In addition, some statistics are only available at the level of the West Midlands **wider region**, which in addition to the WMCA area includes Herefordshire and the whole of Worcestershire and Staffordshire. Each of these geographies is explored to some extent in this report.

The chairs of the four city-region LEPs also sit as members of the Combined Authority.

Methodology

This report employs a number of different methods to explore the lack of representation of women in the leadership of the West Midlands. It focusses primarily on business leadership and leadership in the economy as a whole, but is also concerned with leadership at the top of West Midlands politics – an area which invariably has an impact on the economy of the city region.

Our economic analysis considers two key sources of data. Firstly, the Annual Population Survey (APS), which has a sample of over 5,000 adults amongst the WMCA constituent authorities,⁴ and is our source for data on the numbers of women and men working in senior leadership roles. Secondly, the Annual Survey of Hours and Earnings (ASHE), which is a 1% sample of all PAYE payroll records, and is our source for data on pay by gender. This places a limitation on our analysis in that it does not include people who are not paid through PAYE, but it remains the best available data with the level of detail we required. Both of these datasets are accessed via the tabulation tool at www.nomisweb.co.uk.

4 ONS (2015), User Guide: Volume 6 – Annual Population Survey (Local Area Database) <https://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/labour-market-statistics/volume-6-aps-userguide.pdf>

We analyse the Government Equalities Office's published Gender Pay Gap data for 2017/18,⁵ the first year when legal reporting requirements were put in place for employers with over 250 employees. We have postcode-matched the locations of company headquarters, so this analysis looks at employers – focussing on private companies – which are headquartered in the West Midlands constituent authorities.

The public opinion polling contained here draws on a specially commissioned online panel survey of 511 individuals conducted by the polling company Survation between the 4th and the 9th October 2018. Differential response rates from different groups were taken into account. Data were weighted to the profile of all adults aged 18+ in the West Midlands Combined Authority. Data were weighted by age, sex, and region. Targets for the weighted data were derived from Office for National Statistics 2011 Census data.

Because only a sample of the full population was interviewed, all results are subject to margin of error, meaning that not all differences are statistically significant. For example, in a question where 50% (the worst case scenario as far as margin of error is concerned) gave a particular answer, with a sample of 511 it is 95% certain that the 'true' value will fall within the range of 4.2% from the sample result. Subsamples will be subject to higher margins of error. Figures are rounded to the nearest whole percentage, so some figures may not sum.

5 Government Equalities Office, 'Download gender pay gap data', accessed at <https://gender-pay-gap.service.gov.uk/>

THE POLITICAL CONTEXT

2017 saw a new level of government established in six areas across the country – the ‘Metro Mayors’.⁶ May’s election saw Andy Street, the Conservative candidate, elected for an initial three year term (the role will have four year terms thereafter) to lead the West Midlands Combined Authority (WMCA). He sits as the chair of the WMCA, which comprises council leaders and senior councillors who are nominated by constituent and non-constituent local authorities, and the chairs of the Local Enterprise Partnerships. The Mayor and the WMCA have a range of powers and budgets including over skills training for adults and back-to-work support, economic regeneration and support for businesses, over transport, and planning – and the visibility and convening power that comes with the new role.

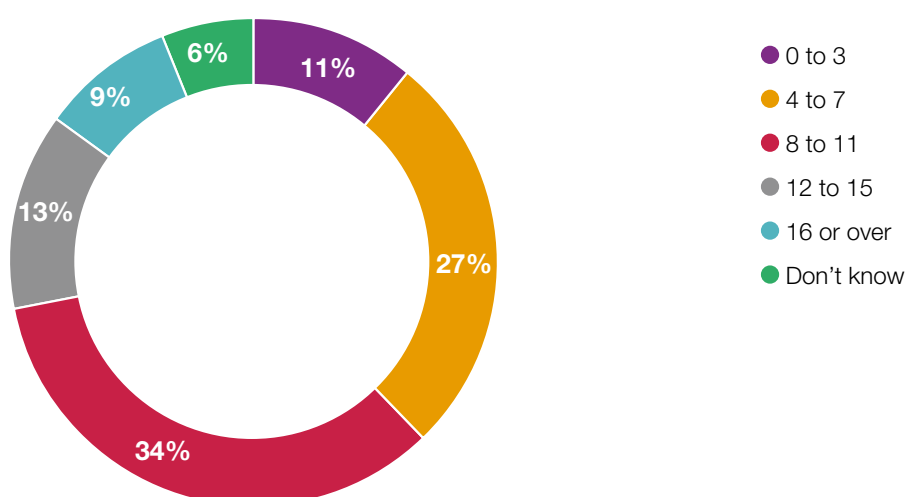
In the West Midlands, as elsewhere, there is a lack of women’s representation on that combined authority. None of the ten constituent authorities’ leaders are women. Of the 33 members of the WMCA’s formal board, just three are women, or 9%.⁷ In addition, 26% of the adult population of the WMCA area is BAME, so proportionately we might expect eight members of the combined authority board to be BAME⁸ – but only one out of the 33 members of the WMCA board is a BAME man.

Public Opinion on Representation

Our polling suggests that this would be likely to come as a surprise. After providing some information about the combined authority, we asked WMCA constituent authority residents “Out of those 33 [combined authority] members, how many do you think are women?”

As figure 1 below shows, just 11% of residents expected the answer to be 3 (the correct figure) or lower, with no significant difference between women and men. A further 27% believed that the board would have between 4 and 7 women on it. Worryingly, 71% of respondents in total assumed that women would make up a third or fewer of the WMCA members – expectations of gender balance remain low.

Figure 1: Out of the 33 WMVA members, how many do residents think are women?



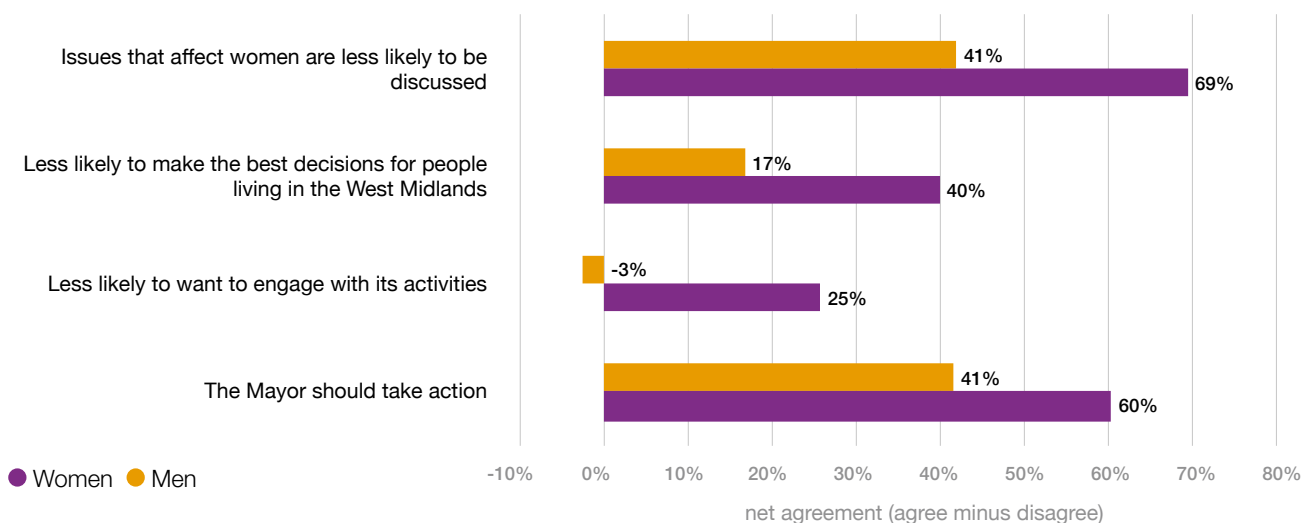
6 Greater Manchester, Liverpool City Region, Cambridgeshire and Peterborough, Tees Valley, West Midlands, and West of England.

7 WMCA website, ‘Committee details: WMCA Board’ <https://governance.wmca.org.uk/mgCommitteeDetails.aspx?ID=137>

8 ONS 2011 Census data, extracted at www.nomisweb.co.uk

Our polling finds that West Midlands residents – in particular, West Midlands women – have real concerns that this lack of representation will have an impact on the agenda that the combined authority covers. 66% of all residents agree that “The lack of women on the West Midlands Combined Authority means that issues that affect women are less likely to be discussed”. As shown in figure 2, women overwhelmingly expressed this concern, with 75% in agreement and just 7% disagreeing (69% net agreement), but there was a clear majority of agreement too amongst men in the West Midlands with 56% agreeing and just 15% disagreeing (41% net agreement). The chart below shows net agreement (agree minus disagree) for responses on the impact of a lack of representation.

Figure 2: Women’s Political Under-representation on the WMCA means that ...



Having women at the top is not just about representation – it is about the quality of the decisions that are made, and our polling shows that West Midlands residents believe that to be the case. 45% of all residents agreed that the lack of women’s representation means the WMCA is “less likely to make the best decisions for people living in the West Midlands”, against just 16% who disagree, with significant net agreement among both women and men.

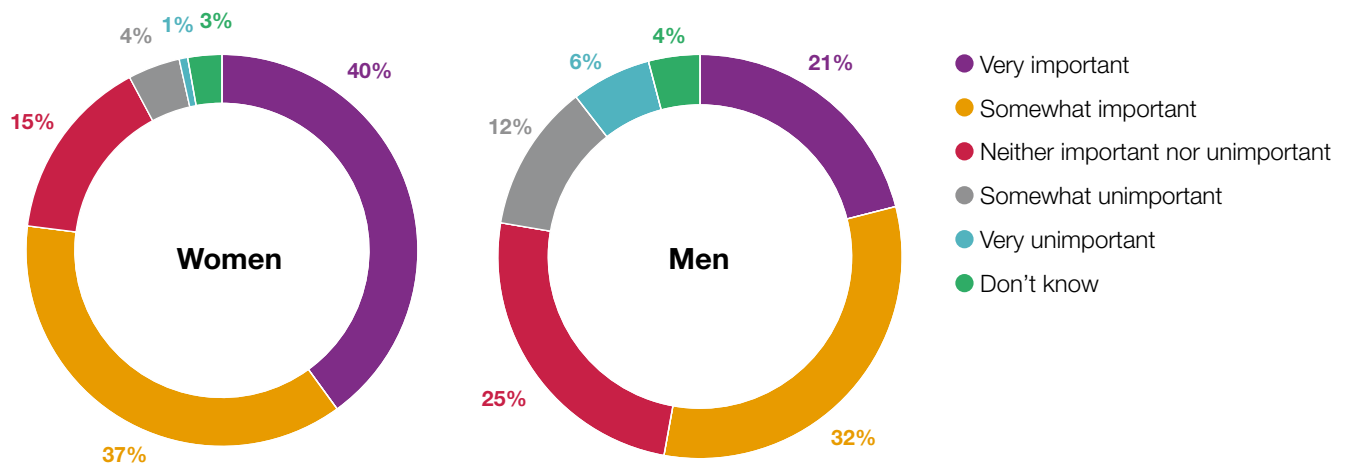
For women, but not men, in the region this lack of representation risks turning them off engaging with the WMCA’s activities as a whole – 45% of all women and 64% of Black and minority ethnicity women said that the level of representation made them “less likely to want to engage with its activities”, with 25% net agreement among women.

West Midlands Leadership Commission: This nine-month commission, commissioned by the Mayor and the WMCA and chaired by Anita Bhalla OBE, reported in June 2018 and found a significant problem with diversity at the top in the region. It made wide-ranging recommendations on inclusivity in leadership to the Mayor, business, and civil society. This included a focus on the pipeline to leadership and progression in HR – these are also key to closing the gender pay gap.⁹

As figure 2 shows, people across the WMCA region are clear that they want to see change driven by political leadership, with 67% of women and 54% of men agreeing that “The Mayor should take action” to improve the balance. But that it not the same as viewing this as a political priority – so we also asked how important they think it is that together the Mayor and councils who make up the Combined Authority take action to improve representation on both gender and ethnicity lines.

9 WMCA (2018) *Leaders Like You: A report from the West Midlands Combined Authority’s Leadership Commission 2018*

Figure 3: How important do you think it is that the Mayor of the West Midlands and the Combined Authority takes action to get more women and ethnic minority people onto the group?



As figure 3 above shows, a majority of both women (77%) and men (53%) felt it was important, and for 40% of women and 21% of men it was ranked as 'Very important'. Only a small fraction of the population felt that improving representation on the Combined Authority board should not be a priority. For this question, as with a number across our polling, we found a sometimes sizeable minority of respondents who selected a 'neither/nor' answer. This demonstrates that while there is considerable support for gender equality there is also a need to engage more West Midlands residents with the issue.

This data demonstrates that there is support across the West Midlands Combined Authority area for taking real action to ensure that women, and BAME people, are represented at the top table – and that people do not see this as just an abstract issue of representation but one which affects their lives and their engagement with politics.

The Mayor and WMCA have taken positive steps on this issue, supporting the West Midlands Leadership Commission, and its recommendations should be heeded. But they represent a long-term approach to developing the pipeline. With such clear support for action, we urge political leaders across the region to speed up the pace of change and consider alternatives. In Greater Manchester this has involved changing structures to bring more women to the top table by creating additional gender balanced Assistant Portfolio Holder roles, with a standing invitation to attend and speak (but not vote) at board meetings.¹⁰

We urge decision makers to similarly take action now, that works within the WMCA's structure, to get more women around the table. This is likely to involve working with constituent authorities to push for them to send gender balanced representation, drawing on the diverse talents present among their councillors.

¹⁰ GMCA (2018), *GMCA Constitution* https://www.greatermanchester-ca.gov.uk/downloads/file/783/gmca_constitution_2018

THE COST OF THE GENDER GAP

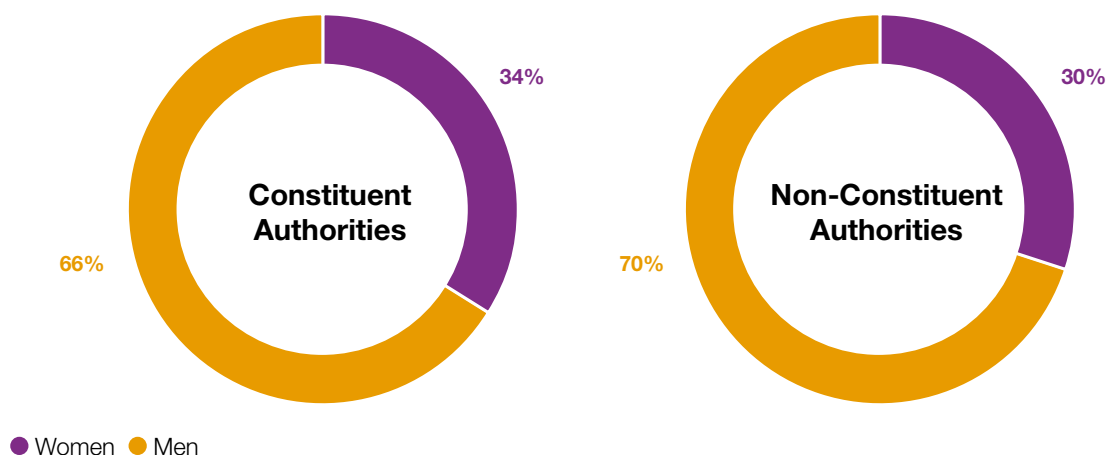
Senior Leaders in Business

The absence of women at the top is not just a feature of West Midlands politics – it is also a clear pattern in the world of business across the Combined Authority.

Women who live in the West Midlands are far less likely than men to hold Manager, Director and Senior Official roles (for brevity, we refer to these as “senior leadership” positions). In the constituent authorities just 38,000 of the 111,200 such roles are held by women. In non-constituent authorities this falls to 23,000 out of 75,800 such roles. In percentage terms, as shown by figure 4 below, the constituent authorities slightly outperform the non-constituent ones.

Across all of the WMCA areas, both constituent and non-constituent, half as many women hold senior management roles as men. The figure for constituent authorities is consistent with the UK as a whole (where 35% of managers are women), but non-constituent authorities perform more poorly.

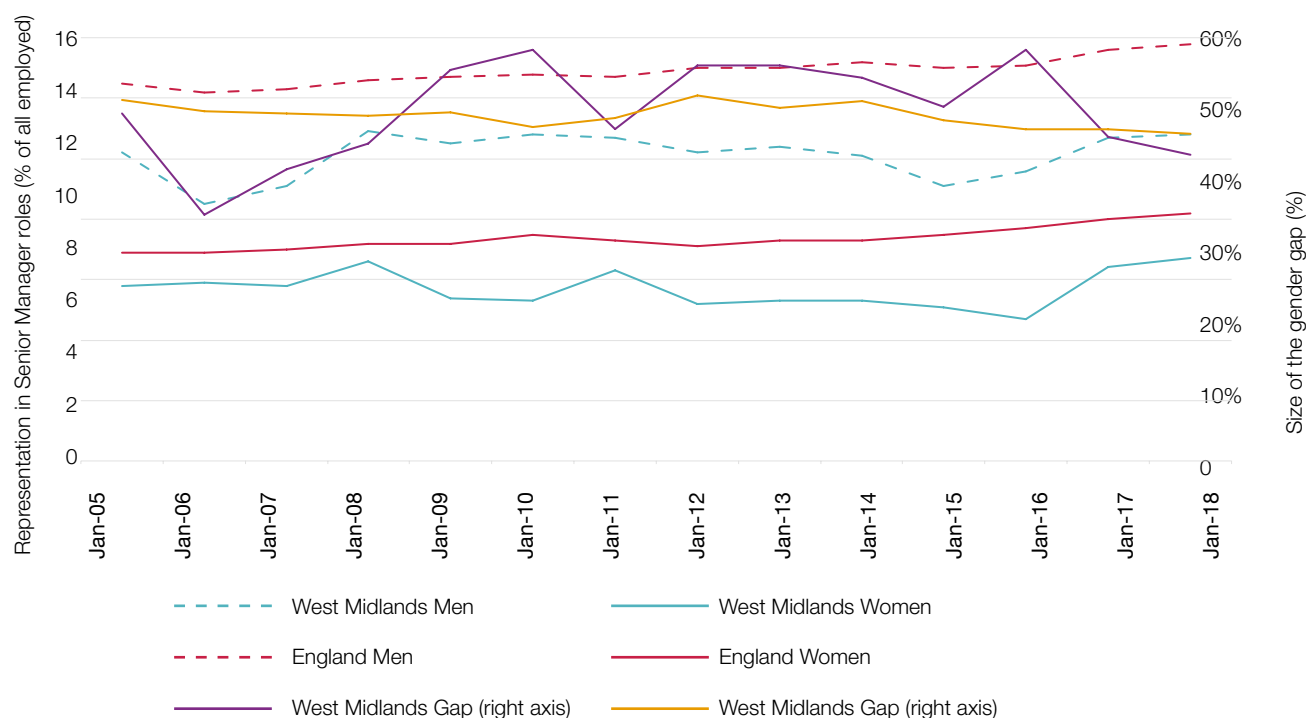
Figure 4: Women in Manager, Director, and Senior Official roles, West Midlands, 2018



Considering people who work in the West Midlands, as opposed to those resident there, shows a similar pattern, with a 32% women/68% men split amongst senior leaders working in the constituent authorities.

Comparison with national figures in figure 5 shows that fewer people overall, and therefore fewer women and men, hold senior leadership roles in the West Midlands than nationwide. Over the last ten years the gap between women and men (on the right axis) in the West Midlands has been larger than in England for more years than not – on average, it has been 3% points higher than nationally.

Figure 5: Gap in Women's Representation among Managers, Directors, and Senior Officials, West Midlands and England, 2005-2018



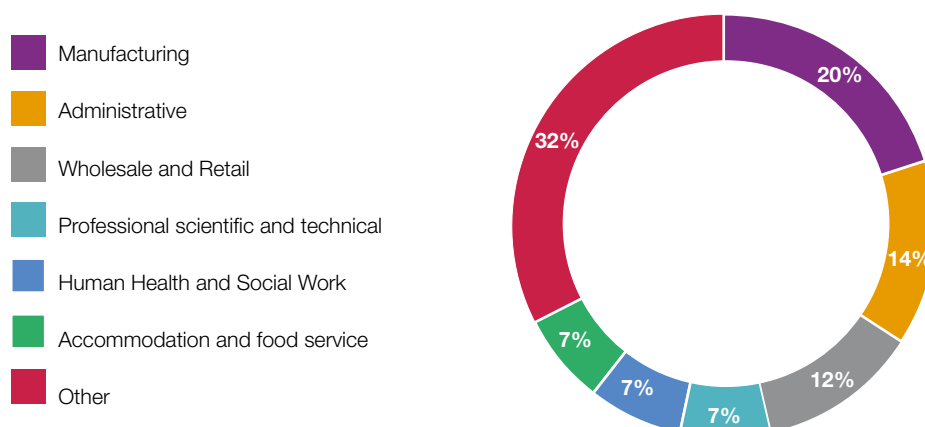
Businesses Headquartered in the West Midlands

The Gender Pay Gap Reporting requirements came into force in April 2018 for all employers with over 250 employees. The data that employers provided gives us insight, although with some limitations, into the current picture at the top of larger West Midlands employers.

Those limitations include that this data only covers larger employers. Corporate structures also play a part, as many organisations which employ a considerable number of people in the West Midlands do not have their company address there, and vice versa.

Nonetheless, the analysis throws some light on gender equality at the top of businesses which are headquartered in the West Midlands Combined Authority area. We focus on private sector organisations as they are central to this report.

Figure 6: % of Large Private Employers in the WMCA area, by industry



There are 433 employers with over 250 employees headquartered in the West Midlands, of which 81 are public sector organisations. Of the 352 private sector organisations submitting data, the largest proportion are in manufacturing as their primary industry (20%), with administrative and support services second (14%), as figure 6 shows. Industries grouped into 'other' comprise fewer than 20 reporting businesses.

As figure 7 shows, women's representation varies by industry across large firms headquartered in the West Midlands – but the pattern, of declining representation as we go further up the salary quartiles, does not.

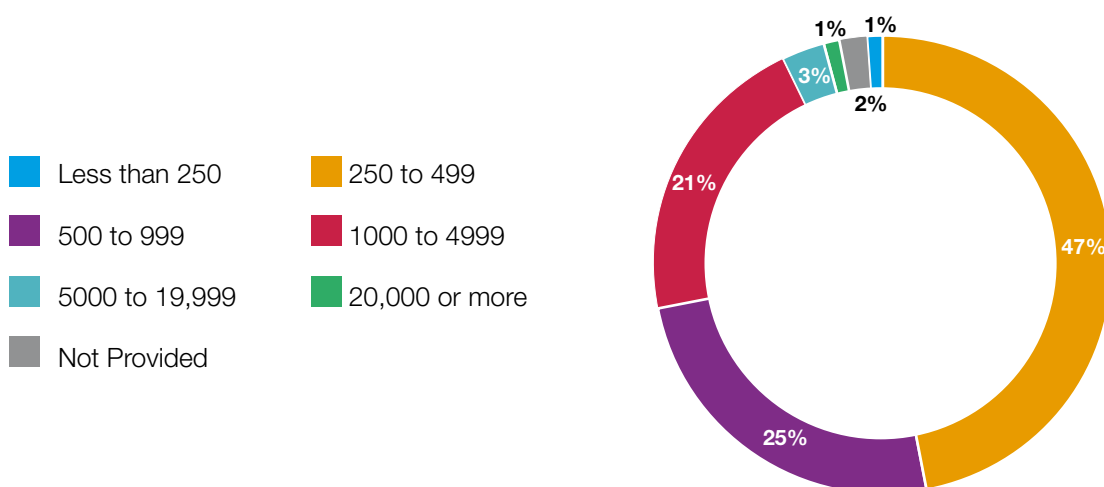
At each level of higher earnings, we find a lower average proportion of women. In some industries the bottom of the pyramid is fairly equal, like Administrative and Support Services where we have 54% men and 46% women in the lowest salary quartile – but by the top quartile men outnumber women two to one. In industries where women predominate overall like Human Health and Social Work, there are still disproportionately fewer at the top; and in industries where men dominate like Manufacturing, that effect increases at the top.

It is clear that sectors, like Manufacturing, which have a lower proportion of women in more junior positions within their workforce will struggle to move closer to an even gender balance in senior leadership positions. For them, a target for representation in line with their overall workforce, combined with efforts to make their intake of junior employees more gender balanced, will be an appropriate approach.

The West Midlands lags behind the UK in GVA per employee, a measure of productivity, in the majority of sectors.¹¹ Concerningly, the lack of women in senior leadership is particularly prominent in the highest-GVA sectors. West Midlands businesses in the finance sector have an average of 32% women in their top salary quartile, and are part of the Business, Professional and Financial Services with a GVA per head of over £60,000. Digital and Creative industries have the next highest GVA per head, of over £50,000, but there are only 25% women in the top quartile of gender pay gap reports for Information and Communication firms headquartered in the WMCA area.

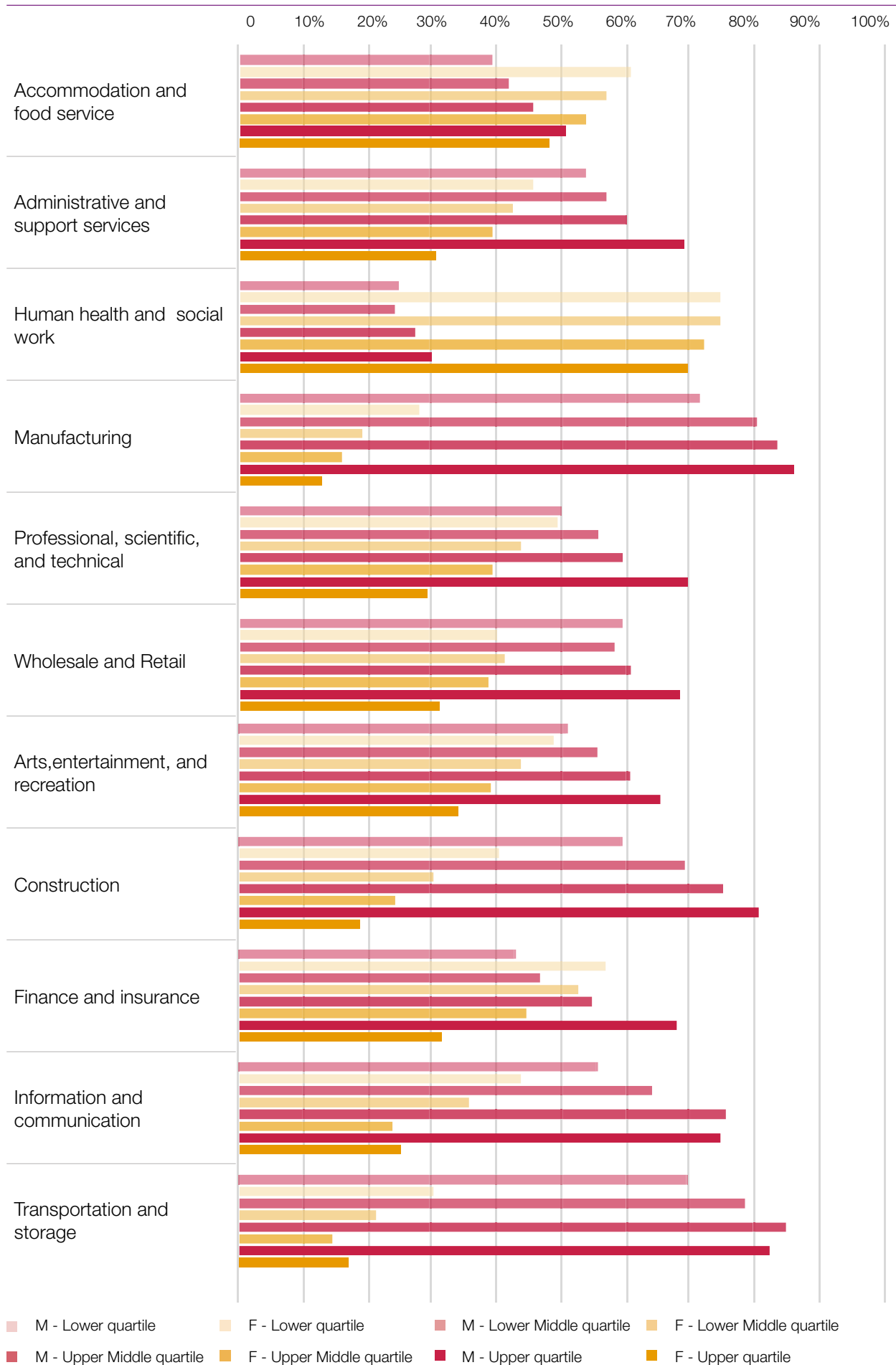
Almost half of West Midlands headquartered private firms reporting on their gender pay gap are in the smallest size bracket (250-499), with around a quarter each in the subsequent brackets and very few over 5,000.

Figure 8: % of Private Employers Reporting GPG data by Size



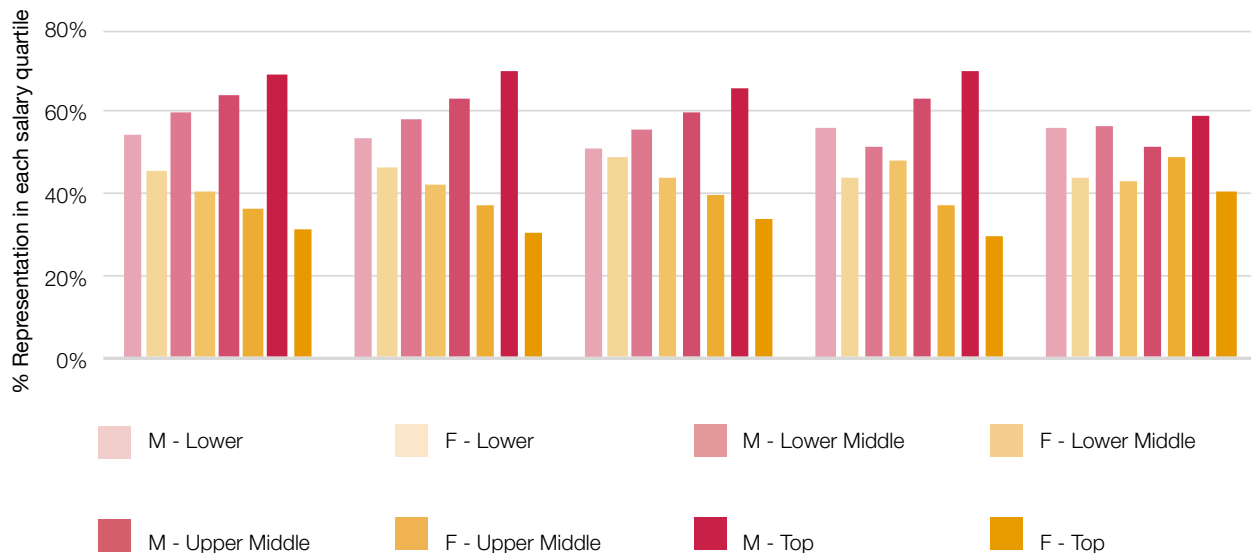
¹¹ WMCA, (2018), *State of the Region: Executive Summary* <https://www.wmca.org.uk/media/2435/state-of-the-region-2018.pdf>

Figure 7: Women's Representation by Salary Quartile, Industries in the West Midlands



Looking again at the average proportions of women and men in each salary quartile by the size of the employer, we can see from figure 9 that there is no real trend towards larger employers having better outcomes at the top. Across almost all employer sizes, there are around twice as many men as women in the best paid quartile. The exception is amongst the four employers with over 20,000 employees,¹² but apart from Jaguar Land Rover these are more likely to be national employers. A lack of women at more senior levels is not solely an issue for small, or large, businesses in the West Midlands.

Figure 9: Gender Representation by Salary Quartile and Business Size, private firms headquartered in the West Midlands



Board level representation

This research looks at a more broadly drawn definition of senior leadership within the business world, but at board level businesses in the West Midlands demonstrate a similar lack of gender diversity to that seen in the world of politics.

GKN, one of the largest firms in the wider West Midlands area (based in Redditch) have just two women on a board of ten, and 14.5% of their combined Executive Committee and directors are women, placing them 232nd for women's representation in the FTSE350. Mitchells and Butlers, the Birmingham-based pub company rank 337th with just one woman on an eleven person board, although their Executive performs better with 38.8% women.¹³

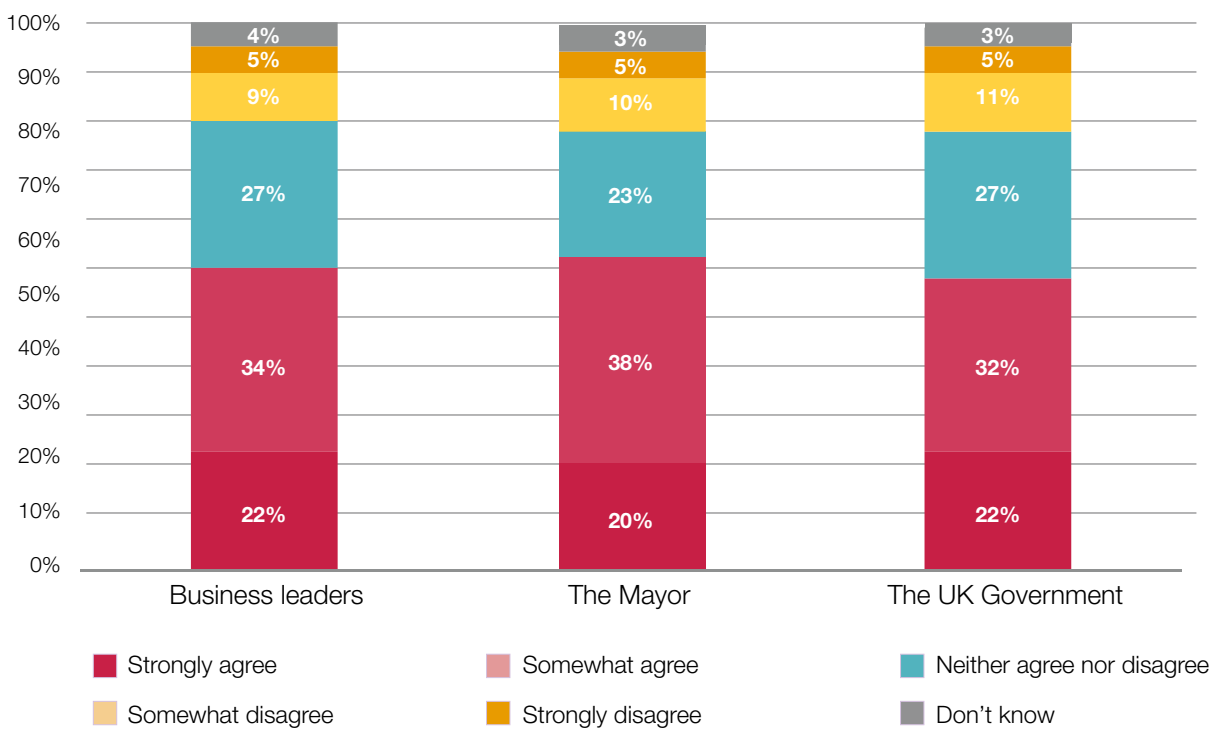
What do the public think?

Our public polling explored attitudes to this disparity. We presented WMCA residents with the data on the lack of women at the top of the business world, and as figure 10 shows, there was a clear message that it is the role of business leaders, the Mayor, and central Government to take action to close the gap. With over half of residents agreeing that any one of these actors should take steps to get more women into senior leadership, and very few disagreeing, there is a clear impetus to act.

¹² Jaguar Land Rover, Lloyds Pharmacy, Pertemps Recruitment, and Mitchells and Butlers

¹³ FTSE Women Leaders (2017), *Hampton Alexander Review 2017* https://ftsewomenleaders.com/wp-content/uploads/2017/11/Hampton_Alexander_Review_Report_FINAL_8.11.17.pdf

Figure 10: Who should take action to make these roles more gender balanced?

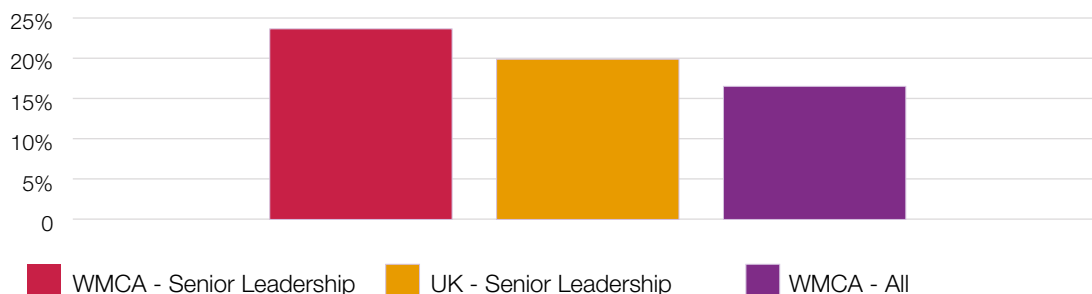


What is the cost?

The Senior Leadership Gender Pay Gap

The smaller proportion of women who work in West Midlands senior management roles (across both the public and private sector) earn less on average than their male colleagues – there is a gender pay gap in mean hourly pay of 23.5% between women and men working in senior leadership in the wider West Midlands region.¹⁴ This gap is larger than in the UK as a whole, where the comparable gap is 20.1% - and larger than the West Midlands' overall pay gap of 16%.¹⁵

Figure 11: Hourly Gender Pay Gaps - WMCA Region and UK Senior Leaders



¹⁴ ONS (2017), *Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results, Region by Occupation (2 digit SOC) - ASHE: Table 3*. Data refers to the whole geographical region, not just the Combined Authority area.

¹⁵ Fawcett Society, BVSC, West Midlands Women's Voice (2018), *Making Devolution Work for Women: West Midlands Data Report*.

Some of this difference in average hourly pay reflects the fact that part-time workers are often paid less, and it is likely that more women work part-time as senior managers in the West Midlands.¹⁶ However, looking solely at full-time workers still finds a significant senior manager gender pay gap of 22%, compared with 18.4% across the UK as a whole.

Quantifying the cost

We can draw together the two gaps – in the number of senior leaders who are women, and the pay they receive – to estimate the cost to women in the West Midlands of the lack of representation at senior levels.

For this estimate we use a different measure of pay – the mean annual pay, which takes account of the difference in hours that women and men work. Women in senior leadership roles in the West Midlands wider region take home on average £36,665 per year, compared with £52,539 per year for men. That means a cash gap of £15,874 per head for women on average, or 30%.¹⁷

Operating on the assumption that women within the West Midlands Combined Authority earn similarly, if the 61,000 women in senior leadership roles within constituent and non-constituent authorities earned as much as men, they would receive an additional £986m in before-tax income.

If, however, we had the same number of women working in senior management roles as men (126,000 across the constituent and non-constituent authorities), the additional gain to women would be even more significant. Women in the West Midlands Combined Authority would receive £3.2bn in additional pre-tax income if they were as well represented in senior leadership as men, and if they earned as much as them.

This figure could be disputed on the basis that there are only so many senior leadership roles to go around. If women's representation amongst the 187,000 senior leadership roles in the West Midlands Combined Authority constituent and non-constituent authorities was equal to men's, and women were paid the same average annual salary in senior leadership roles as men, women would stand to gain by £2.7bn per year.

This figure represents a way to quantify the economic impact on women of unequal representation at the top. In reality getting more women into senior positions does not have to be an entirely zero-sum game because it needs to happen as part of a growing West Midlands economy, and over a period of time.

Figure 12: Value to Women in the West Midlands, £m



¹⁶ The sample size for part-time managers in the wider region is too small to be statistically significant. UK-wide there are 50% more women in part-time manager roles.

¹⁷ ONS (2017), Ibid

The Impact on Businesses

Research evidence shows that getting more women in to, and succeeding in, the labour market is a key component of improving productivity in the West Midlands economy.

The McKinsey Global Institute conducted a deep-dive into the economic impact of increasing gender equality in the UK labour market. They found that the West Midlands region as a whole stood to gain £6.7bn in Gross Value Added (GVA) if it reached the level of equality of the best regions in the UK. As they state, much of this could come from increasing women's representation across the West Midlands labour market: previous Fawcett Society, BVSC and West Midlands Women's Voice research has found that the overall gender employment gap has risen since the financial crash amongst the constituent authorities.¹⁸ But the gap in senior leadership also represents a waste of women's talents, and a significant constraint on women's contribution to productivity in the West Midlands.

Research from across the private sector routinely demonstrates that more diverse teams, including teams with a more even share of women, perform more effectively than teams which are homogenous: from research and design teams in Spain, which are more innovative with women members,¹⁹ to senior management boards across the UK and North and South America, which are more likely to grow if they are gender-diverse.²⁰

This is in part because teams which have a broader range of backgrounds and skills are less likely to fall prey to 'groupthink', and more likely to genuinely scrutinise the actions they take. But it also represents a greater ability to connect in to a wider range of consumers – or, in the local government context, to better understand the experiences of all of their residents.

How do people in the West Midlands see the cost of inequality?

Our evidence demonstrates the business case for greater gender equality in West Midlands workplaces, and our polling shows that residents concur with that assessment. We asked whether “A more equal society between women and men would be better for the West Midlands economy” or not, and an overwhelming majority – 64% of all residents – said that it would (figure 13). Positive responses were highest amongst women (73%) but there was still a clear majority amongst men, with 55% stating that gender equality would improve the economy, and less than half as many (24%) disagreeing.

WMCA residents clearly took the view that the lack of senior women in the corporate sector was likely to have an impact on other women in the labour market. Asked whether they “The lack of women at the top of businesses in the West Midlands means less attention is likely to be paid to ensuring that work is flexible for mothers and fathers”, a majority – 53% - agreed, with only 12% disagreeing (figure 13). Notably, two thirds of women felt this was likely to be the case.

Residents were more split when it comes to the issue of whether a lack of gender diversity hampers decision-making in the corporate sector. Three in ten (29%) agreed that it does, four in ten (42%) neither agreed nor disagreed, and a quarter disagreed.

18 Fawcett Society, BVSC, West Midlands Women's Voice (2018), *ibid*.

19 Cristina Díaz-García, Angela González-Moreno & Francisco Jose Sáez-Martínez, (2013), 'Gender diversity within R&D teams: Its impact on radicalness of innovation' *Innovation: Organisation and Management*, Vol 15(2), pp. 149-160

20 Vivian Hunt, Dennis Layton, Sara Prince (2015), *Diversity Matters*, McKinsey & Company

Figure 13: Equality and the economy

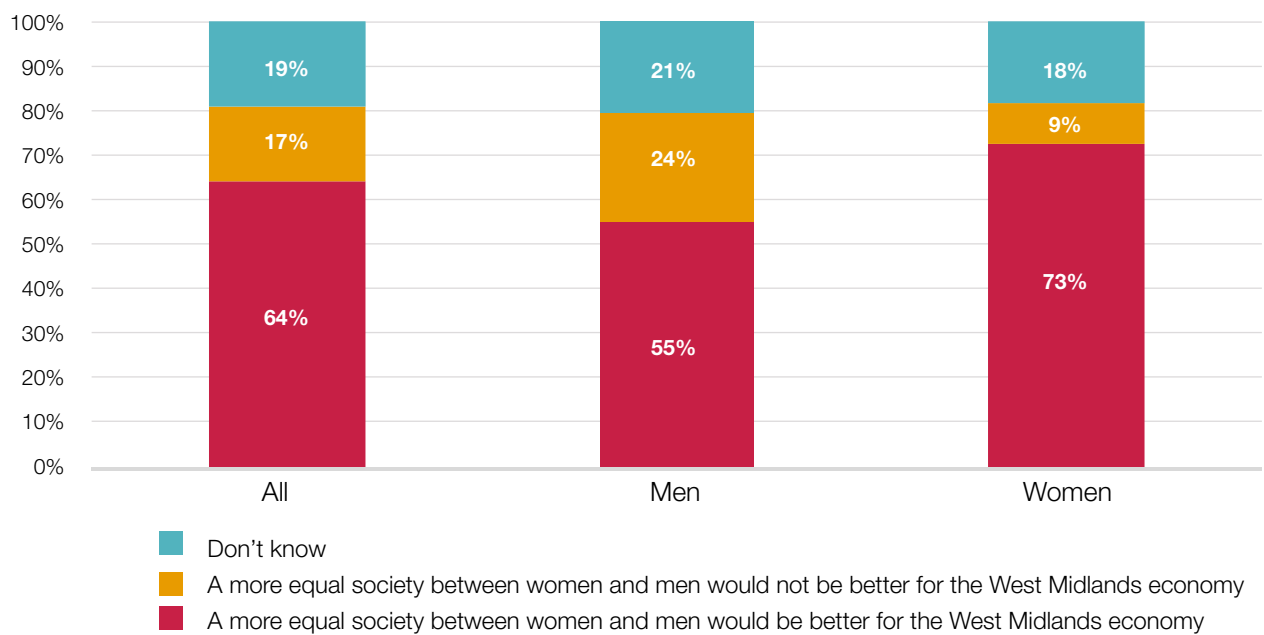
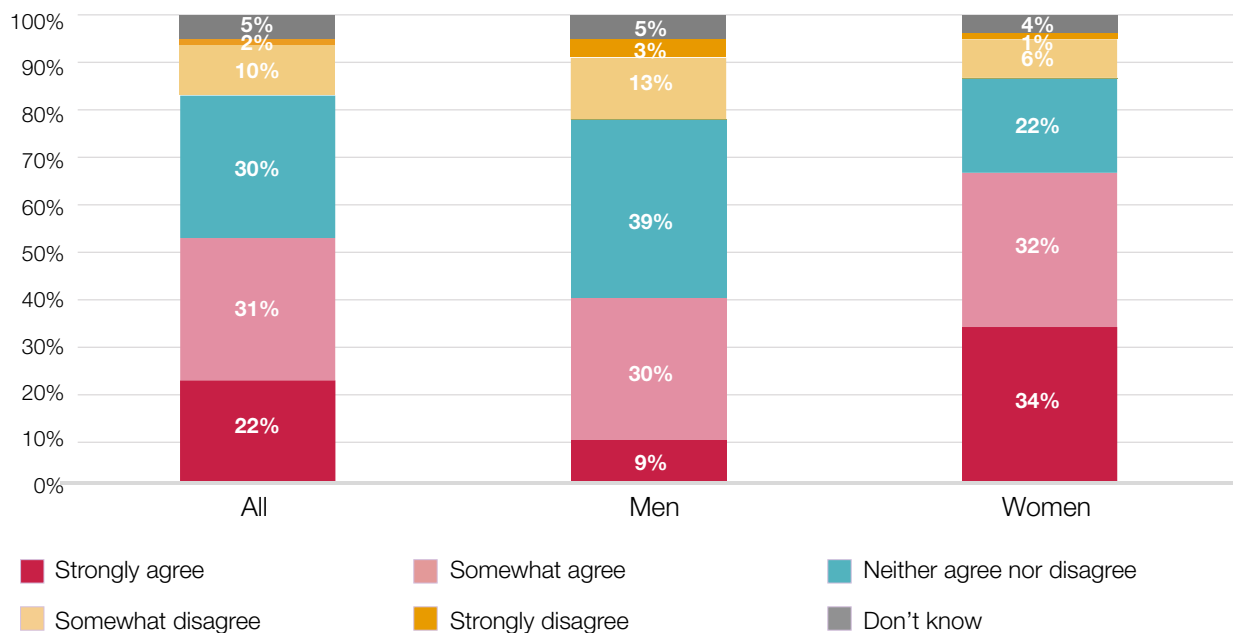


Figure 14: The lack of women at the top of businesses in the West Midlands means less attention is likely to be paid to flexible working



WHAT SHOULD BUSINESSES AND EMPLOYERS DO?

What does the evidence say works?

This research has clearly evidenced the lack of women at the top of the West Midlands economy and politics, the cost to the economy, and public support for change. But what can businesses and politicians do in order to push for that change? We outline some of the changes that businesses can put in place, and which public policy can support, or mandate, to shift the dial on women's progression to the top.

Make a Plan

Publishing data on the gender pay gap in line with the statutory requirements is a first step – but to achieve change businesses must move from just discussing the issues that underlie their gap, including women's progression to senior posts, to making changes to tackle it.

Fawcett has called for the Government to introduce a statutory requirement for all businesses who report on their gender pay gap to also have to put in place, and publish, an action plan. This is advisable for businesses anyway – without a clear plan for change, the annual publication date in April becomes a risk and an exercise in damage limitation, when it could be an opportunity to create a more productive business.

Only 296 out of 433 employers headquartered in the West Midlands published a link to a report on their website alongside their data.²¹ Publishing a link in no way guarantees that an employer has done any significant work to analyse their pay gap or put in place an action plan, but the finding that a third of employers have not even taken that basic step is not promising.

That plan should also recognise that discrimination and harassment are still too often a part of women's experiences in the workplace – a recent poll by Slater and Gordon found that 37% of women had been sexually harassed in the workplace in the year since #MeToo.²² An active plan to prevent harassment and respond appropriately when it happens should also be a part of employers' approaches.

We recommend that company boards also introduce Key Performance Indicators for reducing and eliminating their pay gaps and that Remuneration Committees, in reporting on pay policy, explain how this commitment is being reflected in their decisions.

Flexible Working

A key part of a solid action plan for most businesses will be commitments to promoting flexible working, for all employees, as a route to the top. Only then will the 30% national pay gap for mothers stand a chance of closing.²³ That means:

- **Change the culture** – work to structure jobs and working practices so that flexible working is the norm in your organisation. That must include multiple forms of flexible work, including part-time roles or job-sharing in senior positions, not solely home working or flexible hours.

21 Original analysis of Gender Pay Gap Reporting data.

22 Slater and Gordon, (2018), 'One In Four Women Still Have A 'Weinstein' In Their Workplace – With More Than A Third Experiencing Sexual Harassment In The Last 12 Months, Study Shows' <https://www.slatergordon.co.uk/media-centre/press-releases/2018/09/one-in-four-women-still-have-a-weinstein-in-their-workplace-with-more-than-a-third-experiencing-sexual-harassment-in-the-last-12-months-study-shows/>

23 Costa Dias, Joyce, and Parodi., (2018), *Wage progression and the gender wage gap: the causal impact of hours of work*, Institute for Fiscal Studies

- **Advertise all jobs as flexible**, internally and externally, as open to specific forms of flexible working, unless there is a clear business case not to. Nationally just 11% of jobs at £20k+ FTE are advertised flexibly²⁴ – there is a clear opportunity here for businesses in the West Midlands to lead the way, and attract talented women who need flexible roles.
- **Make flexibility a route to the top** – if working flexibly is seen as outside of the promotion track, then it risks being viewed negatively within your business. How are you ensuring that flexible workers have equal opportunities to excel and develop?
- **Promote flexibility for men** – from flexible working requests to equalising leave for new parents, employers need to play their part in enabling men to take an equal role in caring for children. Fawcett polling shows that 72% of men prioritise flexible work when looking for employment, 35% feel under-supported, and seven in ten want equal parental leave policies.²⁵

Better recruitment

Gender inequality in senior leadership is not just caused by caring roles, as evidenced by the proportion of the gender pay gap that is not linked to motherhood.²⁶ Too often pervasive biases against women in leadership can slip into the recruitment process. So employers need to take specific action to rule that out. Evidence suggests that the following are amongst effective actions businesses can take to sidestep bias through better design:²⁷

- **Include multiple women in recruitment shortlists** – just including one woman isn't enough,
- **Use name-blind shortlisting** to diminish the likelihood of bias based on ethnicity or gender
- **Reduce the impact of bias in interviews** – use skills-based tasks, and structured interview questions that give all candidates the same chance
- **Tell applicants the salary range** – and whether it is open to negotiation. This can reduce the effect on salaries of men being more likely to negotiate. In Massachusetts legislators have banned asking about previous salaries too, as this can perpetuate inequality for women and other groups who have previously been underpaid.²⁸ Employers should adopt this approach.
- **Make your promotion and pay rules clear and transparent** – if everyone is clear why people are compensated as they are, and that the process is objective, less bias is likely to creep in.
- **Make gender equality and diversity a corporate priority** – ensure a senior leader has responsibility for this, and the data, budget and clout to make it happen, and then hold them accountable at board level. By doing this businesses will be able to support the WMCA to be ambitious in its aims, and enable business and the WMCA to hold each other accountable for progress.

In addition, at the recruitment stage employers can take action to tackle gender stereotyping of job roles, including senior leadership roles. This can be at the level of job advertisements, where research finds that

24 Timewise (2018), *The Timewise Flexible Jobs Index 2018*

25 Jemima Olchawski (2016) *Parents, Work, and Care: Striking the Balance* Fawcett Society: London

26 Costa Dias, Joyce, and Parodi (2018), *Wage progression and the gender wage gap: the causal impact of hours of work*, IFS

27 This draws on GEO/Behavioural Insights Team (2018), 'Actions to close the Gender Pay Gap'

28 State of Massachusetts, 'Learn more about the Massachusetts Equal Pay Act' <https://www.mass.gov/service-details/learn-more-about-the-massachusetts-equal-pay-act>

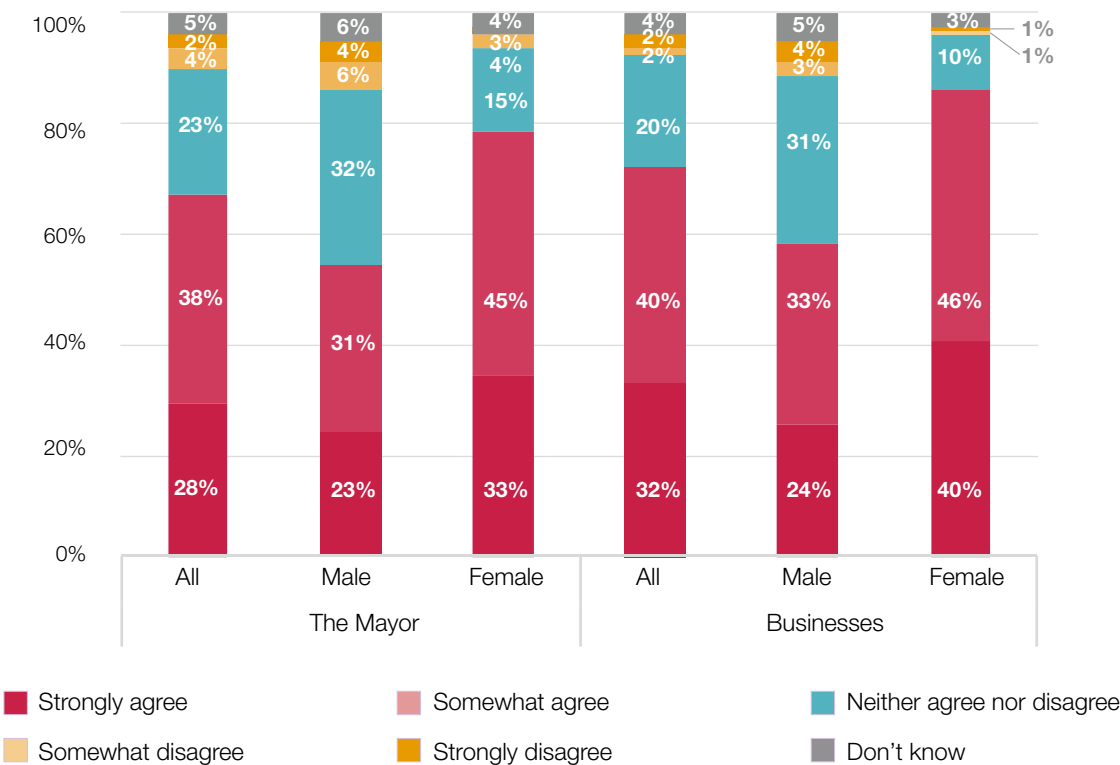
otherwise identical job advertisements which contained stereotypically ‘masculine’ coded words have been shown to be less appealing to women;²⁹ but it can also be about where jobs are advertised, the role model images used alongside them and across the corporate identity, and how businesses interact with young people and new graduates to develop their talent pipeline. Businesses should examine the language used in their advertisements to ensure that it is designed to attract diverse candidates.

What changes do West Midlands people want to see?

WMCA residents agree that businesses should have an action plan. 68% of respondents to our poll are in favour of a requirement for businesses with over 250 employees to have a plan in place to tackle their gender pay gap. Both women (74%) and men (62%) support this proposal, with majority support across age ranges and political preferences.

We also asked residents about some of the approaches to improving gender equality in senior leadership that could be taken. When it comes to the content of those action plans, polling shows that residents also want to see action taken to **promote flexible working**. 66% of residents want to see the Mayor work with businesses to achieve this aim, and 72% also want to see businesses take a lead in this work. Once again, as figure 14 shows residents do not see this as solely the role of either corporates or politicians, but the responsibility of both working together. Taking action would have widespread support – less than 10% of any gender group of respondents opposes change, and overwhelming support amongst women, where nine out of ten (86%) support businesses taking action and eight out of ten (78%) support the Mayor taking action.

Figure 15: Who should take action to promote flexible working practices among businesses in the West Midlands?

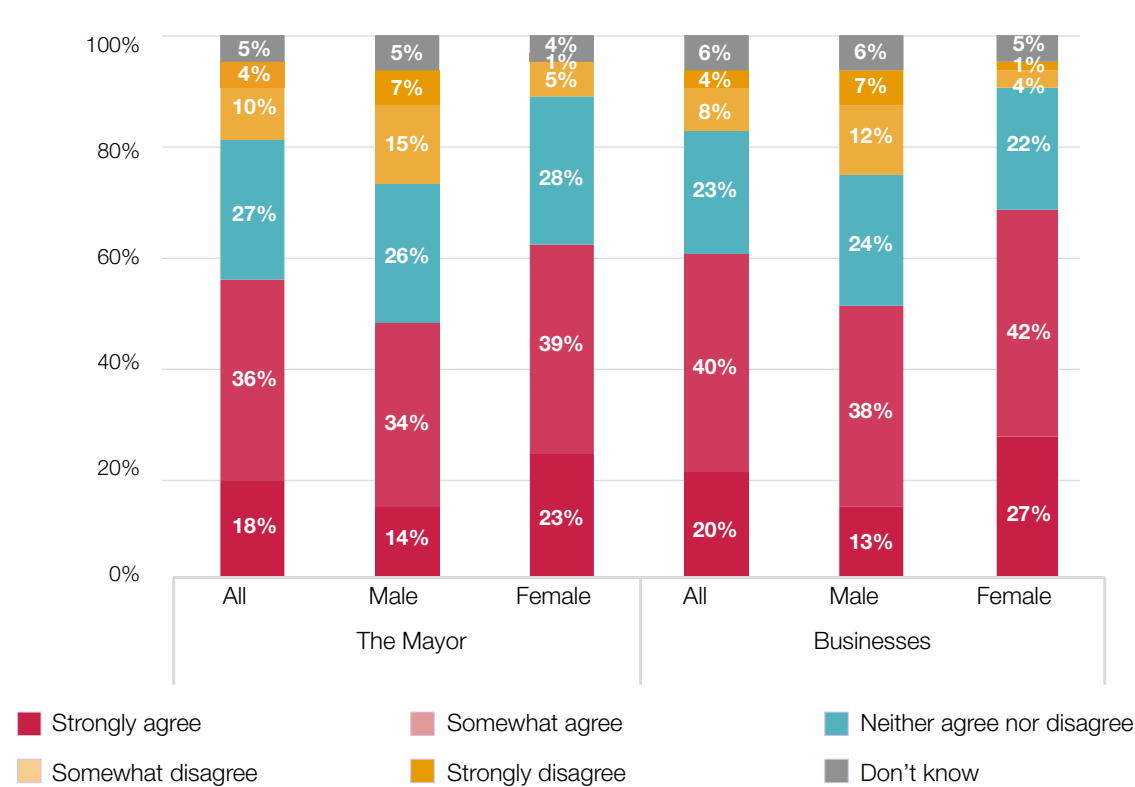


29 Danielle Gaucher, Justin Friesen, and Aaron Key, (2011), 'Evidence That Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality,' Journal of Personality and Social Psychology 101.1: 109-28

Another cause of the gender pay gap is the way that women are more likely to work in lower paid job roles, like adult social care, and less likely to work in relatively well paid roles, such as science, technology, engineering and manufacturing (STEM) and indeed senior management professions. We asked residents whether they agreed or disagreed that the Mayor, or businesses, should take action to change this and encourage more women into stereotypically ‘male’ jobs.

A clear majority of people across the West Midlands want to see this happen, as figure 15 shows, with 55% saying the Mayor should take action and 60% saying businesses should. Respondents were four times as likely to say they agreed than disagreed that the Mayor should take action, and five times as likely to agree than disagree that businesses should take action.

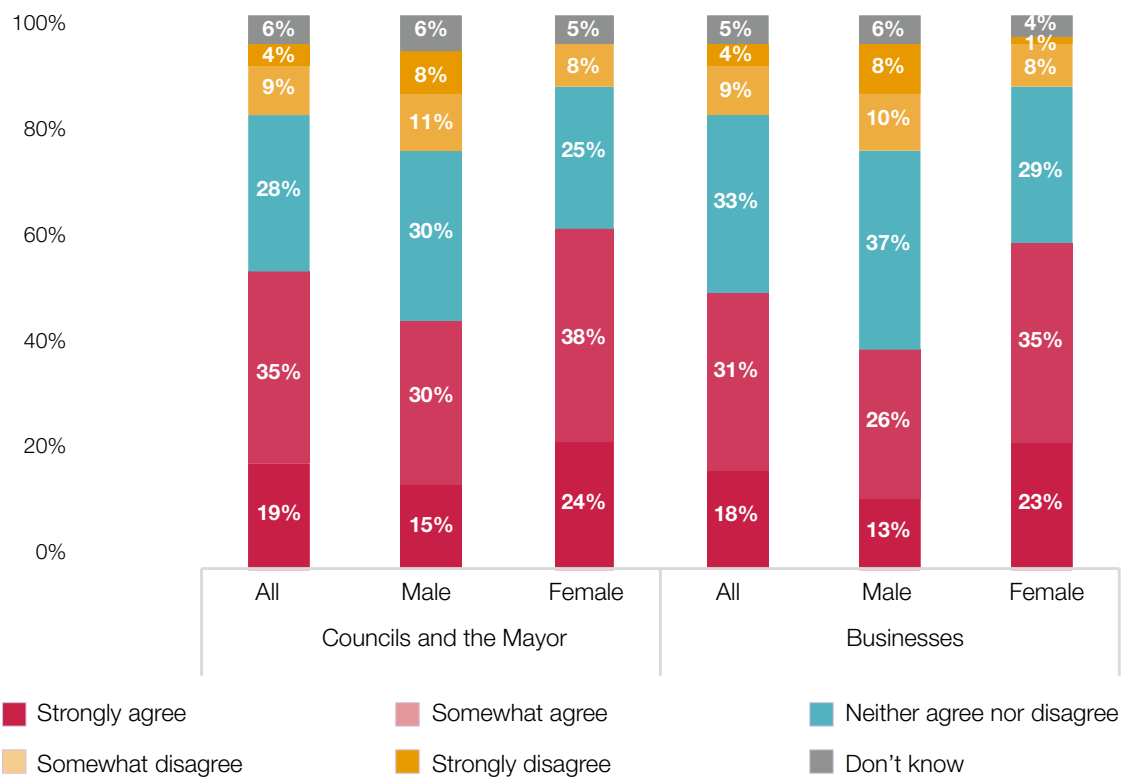
Figure 16: Who should take action to get more women in the West Midlands into jobs that are more commonly held by men, such as construction and IT?



A key lever that councils and the Mayor hold when it comes to influencing West Midlands workplaces is the public money that they spend when **procuring goods and services from a range of providers**. Similarly, businesses who want to have a positive impact on gender equality beyond their own organisation can look to have an impact through their own supply chains.

We asked residents whether councils and the Mayor, and businesses in the region, should “prioritise companies that commit to improving gender equality when it comes to spending public money”, or buying goods and services from other companies. Our polling found majority support for both the WMCA and businesses taking this approach. A larger proportion of people were unsure, perhaps due to the more complex proposal, but positive respondents outnumbered negative by 2:1 in each category.

Figure 17: Should the WMCA and Businesses use their supply chains to promote gender equality?



WHAT SHOULD THE MAYOR AND COMBINED AUTHORITY DO?

This research demonstrates the extent of the lack of women at the top of West Midlands business, and politics. It shows the cost of that lack of women, in terms of the economic impact on women and the cost to business. It explores some of the evidence around actions that employers can take to close that gap. And it demonstrates the widespread public support for action to change this stark picture.

Many of the actions outlined above can be taken now by businesses who want to do better, and who see the business case for supporting more women to progress to the top. But the politicians who decide WMCA policy also have a key role to play.

The current consultation on the West Midlands Industrial Strategy states ten joint commitments to guide the work of public, private and voluntary partners. The first of these is **“High employment, with more good jobs and accessible opportunities, and diverse leadership in business and public life”**.³⁰

We applaud this sentiment but as this report demonstrates, the gender gap in senior leadership, and the wider economy,³¹ puts this aim at risk. Tackling that gap must be part of the strategy, which must not be gender blind.

Include work with businesses to promote gender equality across the West Midlands in the West Midlands Industrial Strategy. This should involve employers signing up to concrete measures centred around gender pay gap action plans which include progress on flexibility and recruitment, with targets at WMCA level to ensure accountability. The 30% Club’s work with the FTSE350, and the government-backed Hampton-Alexander Review has demonstrated that an overall target at the very top is key to motivating change.³² An initial 30% target by 2020 should be adopted at C-suite and Board level in all organisations and sectors in the region, with those who are already at or close to 30% setting further stretching goals.

Use the lever of WMCA and council procurement to drive engagement with this agenda.

The detail would need to be worked out, but the Public Services (Social Value) Act 2012 permits commissioners to consider social value, which includes gender equality, within their decisions.

Drive best practice in their actions. The WMCA and councils should lead the way with effective and evidence-based gender pay gap action plans, and a commitment to best practice in flexible working and encouraging gender diversity in occupational roles.

Bring more women in to decision making. The pipeline for women leaders needs to be built across politics in the West Midlands, and we urge the adoption of both the West Midlands Leadership Commission and the Fawcett Society’s Local Government Commission recommendations.³³ But with just 9% of the WMCA board currently female, gender balance cannot wait – we urge the Mayor and WMCA to take action now to bring more women to the table.

30 WMCA (2018), *West Midlands Industrial Strategy: Consultation Document* <https://www.wmca.org.uk/media/2571/west-midlands-industrial-strategy.pdf>

31 Fawcett Society, BVSC, *West Midlands Women’s Voice* (2018), *Ibid*

32 <https://30percentclub.org/>.

33 Fawcett Society/LGiU (2017), *Does Local Government Work for Women? Final report of the Local Government Commission*

ABOUT US

The Fawcett Society

The Fawcett Society is the UK's leading charity campaigning for gender equality and women's rights at work, at home and in public life. Our vision is a society in which women and girls in all their diversity are equal and truly free to fulfil their potential.

West Midlands Women's Voice

We are women working together to support the West Midlands Combined Authority (WMCA) in setting an agenda for economic growth and better social welfare - with the role of women central to this new political and economic forum.

Our group represents businesses across the sector as well as the arts – all wanting a say in WMCA strategy.

The 'Making Devolution Work for Women' project

This project, a separate undertaking to this report, sees the Fawcett Society, West Midlands Women's Voice, and BVSC working together to bring women together in the West Midlands, to ensure diverse women's voices are heard and that policy makers make decisions to advance gender equality.

The project combines workshops with women across the conurbation with data analysis to identify changes that will benefit women, and ensure their voices are heard. Key areas of focus are jobs and skills, transport, and childcare and social care.

The Fawcett Society is the UK's leading campaign for equality between women and men. We trace our roots back to 1866, when Millicent Fawcett began her lifetime's work leading the peaceful campaign for women's votes. Today we remain the most authoritative, independent advocate for women's rights in the UK.

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