

Opinion **Gender pay gap**

## This is how companies can close the gender pay gap

Concrete changes to alter hiring and promotion practices pay off

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Setting gender targets for senior roles and changing hiring practices are all solid steps to counter gender bias © FT montage; Getty Images; Tolga Akmen  
Iris Bohnet YESTERDAY

Now that mandatory reporting has revealed that three out of four British public entities and companies pay their male staff more than their female staff, the next question is what employers should do about it.

Most organisations want to do something about their [gender pay gaps](#), which in many cases stem from a dearth of women in higher-paying jobs — but many still focus on the wrong actions.

Diversity training courses and their newer incarnation of [unconscious bias training](#) remain a popular tool, even though there is little evidence that they work. While they can raise awareness, studies show they do little to help change behaviour. And while leadership training for women aspiring to higher-level jobs can be a helpful tool, it tends to focus too

much on “fixing women” and too little on fixing the system that makes it hard for them to succeed.

Companies are more likely to succeed if they use data, often their own, to diagnose what is broken and design processes proven to work to remedy the ills. They understand that a bandage does little to heal a broken leg, but a structural intervention such as a steel rod might.

Data for the UK and other western countries show the three most important explanations for the gender pay gap today are within-occupation segregation, with men occupying more senior and women more junior roles; across-occupation segregation, with men and women in different types of jobs; and a “residual” that economists attribute to gender differences in time on the job as well as bias in pay negotiation and discrimination.

To address gender pay gaps due to within-occupation segregation, [Accenture](#), [Barclays](#), [Credit Suisse](#) UK and KPMG have set gender targets, broken down by business lines and functions. Interim milestones and deadlines are clearly defined, because what does not get measured does not count. These employers also hold managers accountable for meeting the targets.

Mandating diversity on hiring slates can be effective. But experience shows there must be [at least two](#) counter-stereotypical candidates on a shortlist for either to have a real chance of being selected. Two companies we are working with have seen encouraging results from showing managers their track records of hiring and promoting men and women compared to the available candidate pool.

We can help managers by giving them tools that take bias out of the personnel system. Hiring, performance appraisal and promotion processes should be made as objective as possible.

Structured one-on-one interviews should replace open-ended interviews by panels, and “potential” should be clearly defined. Of course, the path to promotion starts well before a job opens up. Goodwin, a global law firm, is piloting a system to track which associates are asked to work on high-profile deals. They want to make sure their process does not fall prey to what is known as performance-support bias, where some people are given more opportunities.

Addressing across-occupation segregation is harder. But [Unilever](#) and [Vodafone](#) have found that blind evaluation procedures — including work sample tests and neuroscientific tests of an applicant’s aptitude and skills — have helped them recruit from more diverse

backgrounds. Start-ups such as Applied and Pymetrics have developed software that helped point out, for example, that linguists can be great coders.

That leaves the residual. [Research](#) suggests that the “time” factor plays an important role. Manager preferences for time spent face-to-face, a 24-hour, seven-day mentality, and for workers who steadily advance, punish people who need or want more flexibility. Time penalties can show up as lower bonuses despite great performance. To address this, [Telstra](#), the Australian telecoms firm, has made flexible work the default option.

Evidence-based tools should be part of any HR manager’s toolbox. Thankfully, the [UK’s Government Equalities Office](#) is collaborating with the [Behavioural Insights Team](#) to create research-based guidelines that will help us do the right thing more intelligently.

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