

# THE IA GENDER PAY GAP REPORT



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**The Investment Association (IA), the trade body that champions UK asset managers, is committed to creating a diverse and inclusive UK investment and savings industry at all levels. This starts with ensuring that we follow these principles in our own business.**

Gender pay gap reporting obligations came into force in 2017 requiring UK companies with 250 or more employees to report their gender pay gap for salaries and bonuses. This requirement is aimed at encouraging the UK's larger employers to actively work to reduce the pay gap in their workforce, which is often due to an imbalance in gender diversity across the organisation and particularly in the most senior jobs.

We know that this is important. As investors in UK listed companies, we see first-hand that more diverse organisations are often more effective ones. And as

the trade body that represents the asset management industry, we consider it the right thing to do to voluntarily publish our own gender pay gap when many of our members need to do so.

Although the IA is significantly smaller than organisations which are required to publish this information (with 69 employees as at 5 April 2018) we firmly believe that greater transparency is an important step in helping to drive change and increase gender diversity.

## THE IA'S GENDER PAY GAP

The IA has a gender pay gap of 31.9% (median) and 38.5% (mean). The gender pay gap in financial services industry, including asset management which we represent, is higher than other sectors of the UK economy. The IA believes this gap is too wide and is actively working with its members to address it, both in our organisation and across the industry.

Reporting this data for the first time is an important step in helping us to understand the drivers of the gap and the steps we can take to help close it.

The table to the right includes the gender profile by pay quartile at the IA. It shows that the IA has a significantly higher proportion of women than men in administrative roles in the lower quartile and a higher percentage of men than women at the most senior level. This reflects the fact that in previous decades, women have not always had opportunities to join financial services organisations and to progress within them.

More encouragingly, there is an almost even split between male and female employees in the upper middle quartile, which shows that progress is already being made.

### GENDER PAY GAP REPORTING AS AT 5 APRIL 2018

|  |              |                            |
|--|--------------|----------------------------|
| <b>The mean gender pay gap</b>                   |              | 38.5%                      |
| <b>The median gender pay gap</b>                 |              | 31.9%                      |
| <b>The mean bonus pay gap</b>                    |              | 63.7%                      |
| <b>The median bonus pay gap</b>                  |              | 44.7%                      |
| <b>Males and females receiving any bonus pay</b> |              | 82.8% Male<br>75.0% Female |
| <b>Quartile distributions</b>                    | Lower        | 27.8% Male<br>72.2% Female |
|  | Lower middle | 35.3% Male<br>64.7% Female |
|  | Upper middle | 41.2% Male<br>58.8% Female |
|  | Upper        | 64.7% Male<br>35.3% Female |

# WHAT WE ARE DOING TO CLOSE THE GAP



As the champion of an asset management industry supporting millions of savers, investors and businesses, it is vital the IA and the industry reflects the society we serve. The pay and bonus gaps at the IA and across the industry show we have more to do.

Closing this gap will require a more diverse workforce at all levels. There is no quick fix – we need to deliver sustainable, long-term changes that increase female representation in the most senior roles in our industry. We need to do better at attracting more women to the tremendous career opportunities the investment industry has to offer. And we need to continue developing an inclusive and flexible culture that supports more women to realise their potential and rise to the top.

The natural rate of turnover of any given industry will also be a key factor in determining how quickly it will be able to close its gender pay gap. This means that focusing on diversity both in the recruitment of new staff when new positions become available, as well as nurturing the existing pipeline of diverse talent, are likely to be key to our success.

We want to ensure equality, inclusion and diversity are firmly at the heart of the asset management industry. The IA merged with Investment20/20 in April 2018 to increase diversity by changing perceptions and raising awareness of careers within the industry. We are also signatories and active supporters of a number of flagship initiatives aiming to increase diversity and gender balance in our industry and beyond, such as the HM Treasury's Women in Finance Charter and the Diversity Project.

No single action will close this gap. That's why we are taking a number of actions to increase diversity at all levels both at the IA and on behalf of the industry:

- » **Committing to gender balance at senior levels** – the IA already has a good record of promoting women to senior roles: at the moment, 62.5% of our senior management team are women. We define the IA senior management team as anyone who has recruitment and line management responsibility and is therefore empowered to make decisions on

diversity. This works well in an organisation of our size today, but as the organisation grows we may wish to revise our methodology to keep it accurate and relevant. As signatories of the Women in Finance Charter, the IA aims to ensure that female representation at senior management does not drop below 40% over the next five years.

- » **Supporting a diverse culture** – the IA supports the Diversity Project's Principles which include setting diversity goals to be measured annually and to review recruitment and promotion practices to promote inclusion. Members of the IA's Executive Committee have diversity and inclusion as part of their annual objectives. The IA also launched a new Diversity and Inclusion Strategy in October 2018 which was informed by our first equality and diversity staff survey. An IA staff Diversity and Inclusion Group is also looking at suggestions to help the IA innovate in this area.
- » **Championing flexible working** – attracting and retaining the best people means offering everyone the opportunity and support they need to balance family care with their careers. Over 12% of IA staff work part time or have flexible working arrangements already.
- » **Encouraging the next generation** – Investment20/20 provides trainee and apprenticeship opportunities for individuals from diverse backgrounds who might not otherwise have considered an asset management career. Over a thousand young people have joined the asset management industry (including roles in the IA) since the programme began, providing a diverse foundation for the future.
- » **Identifying best practice** – the IA is carrying out industry research, gathering evidence of the work that firms are undertaking to help increase the diversity of their workforce. The research will also aim to uncover additional data to help us better measure diversity in our industry. This body of evidence will help the IA and the wider industry adopt the best approaches to help address the gender pay gap over time.

# WHAT IS THE GENDER PAY GAP?

Gender pay gap shows the difference in the average pay of men and women across all levels of an organisation, irrespective of the role or seniority they occupy in the organisation. It is not a 'like for like' comparison of roles, so organisations that have more senior men than women will typically have a wider gender pay gap. Ultimately this is what the gender pay gap measures are trying to address: spotlighting the gender pay gap encourages firms to think more actively about the gender balance of their organisations from top to bottom.

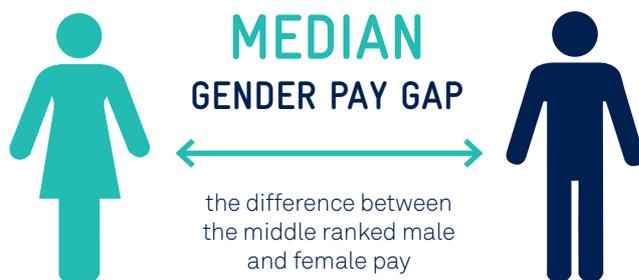
The gender pay gap is often wrongly conflated with equal pay but the two are very different. Equal pay is paying men and women the same amount for doing the same jobs or work of equal value. This has been the law for nearly 50 years and any employer found in breach of this legislation can be prosecuted and heavily fined.

There are two measures for reporting firms' gender pay figures – the mean and the median. Both provide a useful perspective on the data but it is generally acknowledged that the median figure is a more comprehensive and telling picture of the workforce since it doesn't allow for the top end high salaries to distort the data upwards.

Alongside the calculations, firms must publish a written statement, authored by an appropriate senior person (a director of their corporate body), which confirms the accuracy of their calculations.

Firms report on six separate measures:

1. **Mean gender pay gap** – the difference between average hourly earnings of men and women.
2. **Median gender pay gap** – the difference between the middle ranked male and female pay.
3. **Quartile pay bands** – the proportions of men and women in the lower, lower middle, upper middle and upper pay ranges.
4. **Mean bonus gap** – the difference between the average bonuses for men and women.
5. **Median bonus gap** – the difference between the middle ranked male and female bonuses.
6. **Bonus proportions** – the percentage of men and women who are awarded bonuses.



**Chris Cummings, Chief Executive of The Investment Association:**

*The asset management industry is committed to attracting and retaining talent from across genders and backgrounds to ensure we better reflect the customers we serve. As the industry's trade body, we want to lead by example and believe greater transparency is an important step in driving change, which is why I am proud to be voluntarily publishing the IA's gender pay gap figures.*

*I am personally committed to ensuring diversity, inclusion and meritocracy are firmly at the heart of the Investment Association and the wider asset management industry. Whilst some progress has been made, it is clear that we have more work to do to increase the representation of senior women at the IA and across the industry. This is a priority for me and the IA Board and I look forward to taking on that challenge.*

*I confirm the gender pay gap data contained in this report is accurate.*

**Chris Cummings**  
Chief Executive,  
The Investment Association

