UK Law Firms Report Pay Disparities as Part of "Name and Shame" Regulations

Insights

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As we reported last November, businesses in the UK with 250 or more employees now are required publicly to report differences in pay between men and women on their own websites and also to upload such information to a government-sponsored website. With the March 31, 2018 deadline for doing so rapidly approaching, some business—including some law firms—already have begun posting such data.

The UK regulations do not require law firms (or any other traditional or limited liability partnerships, for that matter) to report their partners' pay because partners typically take a share of the organization's profits, which is not directly comparable with employees' pay). However, the regulations do require them to report pay data for all of their non-partner employees.

In January, the first UK top 50 law firm, CMS, posted its report. It showed female employees earned, on average, 17.3% less than male employees. It also showed that, while 90% of all employees received a bonus, female employees' bonuses were, on average, 26.9% less than those of male employees.

In February, Linklaters became the first magic circle (London headquartered, largest revenue, most international work) firm to post its report. It showed female employees earned, on average, 23.2% less than male employees, and while more women received bonuses (78.4% as compared to 75.9% of males), male employees' bonuses were, on average, almost a staggering 60% higher than those of female employees.

And just this month, a second magic circle firm, Allen & Overy, posted its report. That report showed female employees, on average, earned 19.8% less than male employees. It also showed that a slightly lower percentage of females received bonuses (53.2% as compared to 55.5% of males), and that male employees' bonuses were, on average, 42.1% higher than those of female employees.

While the average gender pay gap in the UK is the lowest it has ever been, it still remains over 18%. These new regulations are designed to reduce that gap even further by employing a "naming and shaming" strategy; the thought being that if businesses are required to publicize any existing gender pay gaps, they will be more likely to take proactive and more effective measures to reduce and eliminate them. While it remains to be seen what impact these regulations will ultimately have in accomplishing this goal, it is difficult to believe they will not at least further reduce gender pay gaps in the UK in the coming years. Fortunately, with businesses required to report their pay data annually, we should be able to track such progress (or any lack thereof).

As we reported, California recently considered similar legislation, which failed when the governor vetoed the proposed law. But the proof of the pudding is in the eating, and if the new UK regulations are ultimately successful in reducing or eliminating the gender pay gap in Great Britain and Northern Ireland, perhaps states on this side of the Atlantic will follow suit.

Related People

Jeffrey A. Fritz
Partner
617.532.9325
Email

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