

Equal Pay Scandal



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Today's Agenda

1. Background and Issue: The BBC and Pay Scandal
2. HR Pay Policies Prior to Scandal
3. Policy Changes: BBC's SHRM Response
4. Analysis with Frameworks: Effectiveness of BBC's SHRM Response
5. Recommendations for BBC's SHRM



1. Background and Issue

The BBC and Pay Scandal



BBC Equal Pay Scandal: July 2017

- In July 2017, BBC released
 - A list of employees who made over £150,000 in response to a demand from the UK government as a condition of royal charter renewal
- Revealed pay disparity for equal work across BBC
- Of the top earning on-air talent, two-thirds were men
- Top seven earners all men

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First for football
Wenger beaten as Forest stun Arsenal in FA Cup third round the game

Divorce laws forced me to blame my wife
Times2

May ready to replace top cabinet ministers

BBC accused of breaking law as star quits over pay
China editor walks out after 'discrimination' • Almost 200 women threatening legal action

IN THE NEWS

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Coutinho helps move
Philippe Coutinho agreed to pay £15.5 million out of his own pocket to ensure that there were no late hikes...

French Elkhart Political Editor
New secretary of state in education and business are expected to be announced today as Theresa May reshuffles her cabinet in an attempt to ensure that the Conservatives have the energy, ideas and talent to govern.

With rising schools standards expected to be a dominant theme of the Conservatives' new year release, well-placed insiders said that Mr May intended to replace Justice Greening, education secretary. Greg Clark, U.K. business secretary, is also expected to be offered an alternative cabinet post in an attempt to give impetus to the preparation.

The prime minister has decided to appoint another first minister after a dismissed Duncan Green, her de facto deputy, after an official investigation prompted by harassment claims. Mr May had dismissed doubting the paper had concluded that the confirmed must help co-ordinating almost policy across Whitehall as head negotiator enter a critical phase. Some officials said that the first secretary could lose sight and return its cabinet roles as second only to the prime minister. However, that would make it a major departure from the role of the first secretary.

A former relationship with attention to the City. Mr Hunt has been involved in a replacement for a Clerk as business secretary in previous years. She has been described as "strong" reports that she would be a "strong" figure in the role. The NBS winter crisis played a part in the decision.

They confirmed, though, that it would mean that more women and people from ethnic minorities in the cabinet would be better reflected. It was that a seven. Downing Street hopes to complete cabinet changes in due with about five changes although — sideways moves mean that there was continued on page 1 of 4

Wenger beaten as Forest stun Arsenal in FA Cup third round the game
Arsenal manager Arsène Wenger was beaten as Forest stunned Arsenal in the FA Cup third round on Monday night. The match was a surprise result, with Forest winning 2-1. Wenger's Arsenal had been unbeaten in the competition for several years.

May ready to replace top cabinet ministers
Prime Minister Theresa May is expected to reshuffle her cabinet in the coming days. Sources close to the government suggest that several key ministers, including the Secretary of State for Education and the Secretary of State for Business, may be replaced.

BBC accused of breaking law as star quits over pay
A BBC presenter has quit the corporation after claiming to be discriminated against on the basis of her gender. The presenter, who has worked for the BBC for many years, claims that her pay was significantly lower than that of male colleagues in similar roles.

China editor walks out after 'discrimination'
A senior editor at the BBC has resigned after claiming to be discriminated against on the basis of her gender. The editor, who has worked for the BBC for many years, claims that her pay was significantly lower than that of male colleagues in similar roles.

Almost 200 women threatening legal action
A large number of BBC employees are threatening to take legal action against the corporation over pay disparities. The employees claim that they have been discriminated against on the basis of their gender, with women receiving lower pay than men for similar roles.

Carrie Gracie

- 33 years experience with the BBC
- China editor (2013 – 2018)
- Resigned her post in Jan 2018 due to unequal pay
 - Two male international editors made over 50% more than their two female counterparts
 - Gracie promised equal pay to Jon Sopel
 - Gracie: £135K vs Jon Sopel: £200K – £250K
- After bitter battle, received apology and £361K backpay donated to Equal Pay Advice Society and Fawcett Society for gender equality
- Prompted over 120 other cases of unequal pay



Equal Pay vs Pay Gap

Equal Pay Act of 1970

- Prohibits unequal treatment of men and women regarding pay and conditions of employment
- Superseded by Equality Act of 2010
- “Equal Pay for Equal Work”

Gender Pay Gap:

- Gap that exists when averaging men’s and women’s salaries overall
- Not illegal but sign of systemic inequality if large
- BBC pay gap was 9% compared to 18% average in UK in 2017
- Unequal Pay is one contributing factor of many (men in higher positions, women’s careers suffering after starting a family)



2. HR Pay Policies Prior to Scandal

HR Policies Before 2017

There was no definitive HR Policies followed related to Pay & Equality, some lowlights:

- Lack of pay transparency
- Decentralised pay determination
- Lack of internal monitoring of pay discrepancy leading to pay discrimination
- Lack of gender representation reviews
- No accountability for managers when their staff are not paid equally



Valerie Hughes-D'Aeth

Chief HR Officer (2014 - Oct. 2019)



3. Policy Changes

BBC's SHRM Response



BBC's Five Point Plan (2018)

- Requested pay cuts for some men and increases for some women and men
- New framework for determining pay for on-air talent (unspecified)
- Greater pay transparency – almost all job salary ranges published (but not actual salaries)
- Career Path Framework (review of career progression)
- 50:50 representation by 2020 goal

Source: <https://www.bbc.co.uk/mediacentre/latestnews/2018/pay-and-equality-at-the-bbc>



Valerie Hughes-D'Aeth

Chief HR Officer (2014 – Oct. 2019)

Career Path Framework (CPF)

- BBC introduced CPF that provides each job with clear pay structures and ranges
- Where there are more than 20 people in a job, staff can see how they compare to others in that same job. Staff are also able to see the pay ranges for each job across the organisation.
- BBC staff will know what to expect pay-wise when applying for a position or promotion.
- Reviews and development of career progression
- Open Inbox implementation



■ Rachel Currie (left) & Wendy Aslett (right)

■ *Joint HR Directors since Oct. 2019*

Internal Report on Gender Equality

Skip Equity, focus on PR:



“pay is out of the scope for this project.” p.7

The rest is recommendations BBC can choose to take or not.



Source:

http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/gender_equality_recommendations_2018.pdf

Despite the scandal, BBC reported no pay discrimination

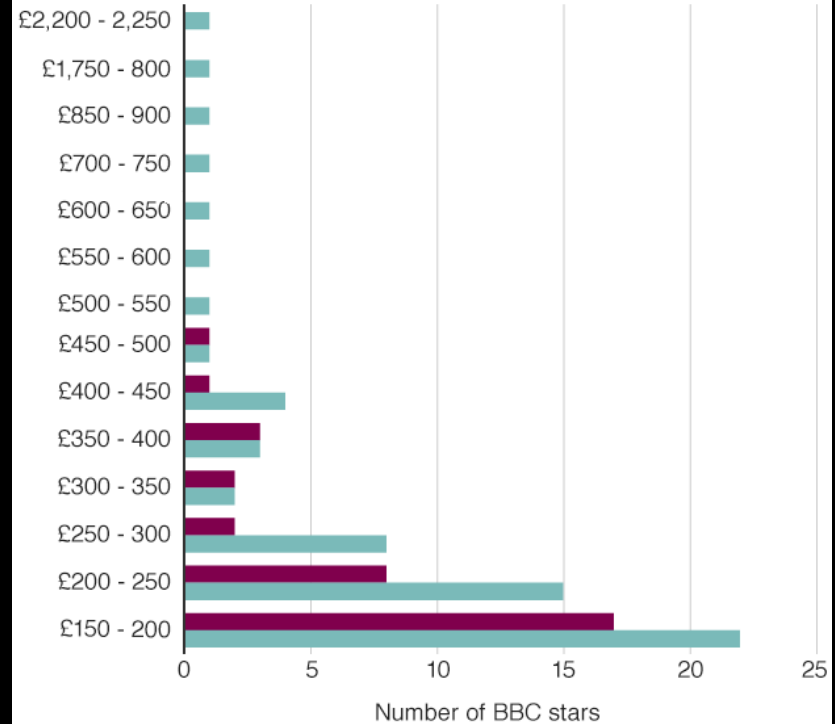
Only a large gender pay gap

- *By BBC, Sep 2017*
- *By PwC, Jan 2018*
(funded by BBC)

Gender gap in BBC stars' pay

Pay bands (£ thousands)

Men Women



Source: BBC Annual Report 2017

Source 1: http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/management_actions.pdf

Source 2: https://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/on_air_talent_review.pdf

UK Gov. Audit Shows Discrimination

“We are very disappointed that the BBC has failed to acknowledge that a pay discrimination problem exists within the Corporation.”

“We were also frustrated to note the Corporation’s continued references to the ‘gender pay gap’ and ‘fair pay’ as opposed to unequal pay (a completely different matter and an unlawful practice, as described in our Report).”



4. Analysis with Frameworks

Effectiveness of BBC's SHRM Response



Boselie Strategy Scan Model: BBC's Strategic Response

External General Market Context

- Large market for media and growing
- International reach
- BBC America, commercial outlets
- Brexit: uncertainty, Britain more insular, BBC has less influence, labour market may reduce

External Population Market Context

Heavy competition:

- Channel 4, ITV, STV, Sky
- Streaming Technology and competition:
- Netflix, Amazon Prime

The Configuration

- Oldest national broadcaster in the world
- Largest broadcaster in the world by workforce, 29 global offices
- Traditionally high journalistic reputation
- Bureaucratic - Room 101 in 1984 named after a room at BBC where Orwell had tedious meetings
- Big recruitment focus currently in technology but fairly average overall
- Broadcast, Streaming, BBC iPlayer

HR Strategy and Practices: Compensation & PM

- New Performance Management System: PDR – Performance Development Review
- Recruitment: anonymised CVs proposal
- Reward System: bonuses for outstanding performance
- Career Path Framework (reviewing career progression)
- Following Market Rates for On-Air Talent

HR Value Chain Long-Term Consequences

- Quell public criticism
- Rebuild trust with customers and employees

IN ORDER TO:

- Retain talent
- Attract new talent
- Please government auditors for royal charter
- Save money on tribunals
- Increase quality of programming
- Please stakeholders

External General Institutional Context

- Royal Charter responsibilities
- Public Funding - Obligations
- Times Up/Attention to Equal Rights
- Gov. Committee Review of BBC Policy
- Customer/Public Outcry
- Brexit Party a threat to BBC

External Population Institutional Context

- Equality Act 1970/2010: equal pay for equal work is law
- £150K list publication enforcement
- Law requires Gender Pay Gap Reports
- Watchdogs – Equality and Human Rights Commission, Ofcom (Regulates BBC)

Didn't work!
They didn't focus
on equal pay!

Strategic Fit Analysis – Boselie Model

HR Strategy and Practices

- New Performance Management System:
PDR – Performance Development Review
- Recruitment: anonymised CVs *proposal*
- Reward System: bonuses outstanding work
- Career Path Framework
- Following Market Rates for On-Air Talent

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What is the Degree of Strategic Fit?

- HR Strategies and Practices designed to address Pay Gap issues, *not* Equal Pay.
- Cause of criticism, tribunals and loss of trust and reputation – Equal Pay.
- Therefore, they do not exercise Best Practices nor Best Fit.
- You can't fix the problem if you don't admit that you have a problem.

Evidence of (Lack of) Fit:

- The UK Government Audit shows condemning evidence that initiatives do not fit goals nor do they meet legal requirements.
- Continued cases and criticism from BBC employees
- Continued public outcry

Equity Theory – Why Care About Equal Pay?

- A motivational theory from J. Stacy Adams (1967) applied to SHRM to describe the **relationship between an employee's motivation and his or her perception of equitable or inequitable treatment.**
- Employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it ***against the perceived inputs and outcomes of other employees.*** (Carrell and Dittrich, 1978)
- Inputs: time, expertise, qualifications, experience
- Outputs: monetary compensation, bonuses, perks, benefits

Consequences:

Employees who perceive inequity will seek to

- 1) reduce it, either by distorting inputs and/or outcomes in their own minds (cognitive distortion),
- 2) directly altering inputs and/or outcomes (doing less work/stealing), or
- 3) **leaving the organisation** (Carrell and Dittrich, 1978).

Application:

This is effectively what Carrie Gracie did, resigning her post and moving to a department that would pay her equitably.

REWARD STRATEGY

“...aim(s) to satisfy the needs of both the organization and its stakeholders and to operate *fairly, equitably and consistently*.”
(Armstrong, 2016 p. 210)

- Guiding Principles are the basis for Reward Strategy.

BBCs Guiding Principles/Values:

“We cannot, and will not, discriminate on the basis of gender, race, disability, social background or any other characteristic.” - BBC

“Employees will suspend their judgement of the principles until they experience how they are applied. What matters to them are not the philosophies themselves but the pay practices emanating from them and the messages about the employment ‘deal’ that they get as a consequence. It is the reality that is important, not the rhetoric.”
(Armstrong, 2016 p. 217)

Application:

It can't end at principles. Reward strategy will not be effective unless it is matched by consistent action. This explains the dissatisfaction from female employees over the BBC's response.

Source:

http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/gender_equality_bbc.PDF



The BBC has been stonewalling on equal pay claims and its HR strategy seems to be to deny there is a problem and hope it will go away.

– BBC Women Spokesperson

Source: <https://www.telegraph.co.uk/news/2019/04/24/bbc-nominated-hr-award-despiteinvestigation-alleged-pay-discrimination/>

REWARD STRATEGY GAP ANALYSIS

What Should Be Happening	What Is Happening	What Needs to Be Done
Equal Pay Law is Upheld Across All Departments	Over 120 Cases of Unequal Pay; High profile cases won by claimants	<ul style="list-style-type: none"> - BBC needs to write clear policy on how to ensure equal pay - Clear policy how managers are accountable when their staff are paid unequally - Regular checks in place to ensure equal pay - Full Transparency in salaries
Understand why Equal Pay Is Important for Ethics and Good for Business	BBC talks about values surrounding Equal Pay but does not admit to wrongdoing on a wide scale. Focusing on PR rather than written policy and culture change	<ul style="list-style-type: none"> - Admit publicly that the BBC regularly discriminated against women. - Apologise publicly. - Publicise concrete policies that ensure equal pay with consequences for managers and top level execs when they fail to ensure equal pay.
Fair parental leave for men and women	<ul style="list-style-type: none"> - Women assumed to bear most of the childcare - More leave granted to women than men - Men allowed to not take paternity leave - Women feel behind when returning - Women's salaries and future progression suffer 	<ul style="list-style-type: none"> - Mandatory equal parental leave for both men and women - Leave can be staggered/flexible - Re-training upon return for men and women - Salaries and progression remain constant
50/50 Representation on all levels	Only 37% of senior leadership roles held by women	<ul style="list-style-type: none"> - Look internally for qualified female candidates for C-Suite positions - If no candidates exist, look externally - Incorporate Blind CVs in recruitment process
Little or no Gender Pay Gap	9% Gender Pay Gap	<ul style="list-style-type: none"> - First ensure equal pay as above. - Next, use Career Path Framework to ensure employees are progressing at similar rates. If not, find out why and solve.



5. Recommendations

Trust Repair



Recommendations

- Own past mistakes, take responsibility and apologise publicly.
- Written policies outlining checks for equal pay with centralised HR Dept.
- Built in time for Equal Pay reviews
- Publish all steps taken to ensure equal pay to make it a known foundation of the organisation
- Inspire senior management to stand behind BBC values with their actions.
- Open access to view all staff wages
- Ensure employees know how to report safely in case of unequal pay
- Empower managers to rectify valid unequal pay cases immediately in-house and make them accountable for valid cases of unequal pay
- Required equal parental leave for men and women so women's careers and pay don't suffer disproportionately to men's for having children

Measurement Metrics: How We Measure Success

- Yearly internal Equal Pay Reviews coordinating management and HR
- Welcome regular valid external audits.
- Yearly Pay Gap reports
- Employee and management surveys with metrics published
- Track number of equal pay complaints with managers & HR held accountable for valid cases
- Public sentiment surveys
- Measure ex-employees' comments regarding equality on Glassdoor/Indeed.co.uk etc.
- Measure number of applications, factoring in other variables (unemployment, other initiatives, etc.)
- Measure number of new high profile on-air talent acquired
- Measure number of female applicants
- Measure female C-Suite / Senior Leadership representation
- Measure parental leave men vs women and enforce 50/50 after birth



Thank You
Questions?

