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Closing the gender pay gap in the legal profession

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## Dr Zara Nanu MB CEO of Gapsquare

In many ways the legal sector is truly innovative, leveraging new technologies to work more efficiently and grappling with pressing issues head on. But as our report shows, it is falling behind in other ways and without action, the gender pay gap in the legal profession will never close.



Dana Denis-Smith Founder of First 100 Years

2022 marks one hundred years since women could qualify into the legal profession in England and Wales, with Helena Normanton becoming the first woman to practice as a barrister in November 1922. Since then, there have been many great strides towards equality within this sector, but as our report shows, there is still far to go.

# "The reality is that if we do nothing it will take 75 years, or for me to be nearly a hundred before women can expect to be paid the same as men for the same work." Emma Watson

Actress and activist, UN Headquarters, 2014 speaking as a UN Goodwill Ambassador promoting the HeForShe campaign

For a woman lawyer, it turns out, Emma Watson's prediction is not quite right - if we do nothing, our recent research showed us that it will take 86 years for women and men working in the legal sector to achieve pay parity.

People working in the legal profession are subject to one of the largest gender pay gaps of any industry - 25.4% - and without intentional action and measures in place it will fall to next generations to close the gap.

A survey conducted by <u>Next 100 Years</u> and <u>Gapsquare</u> during April 2022 found that 84% of women who responded believed pay equality would not be achieved until the next generation or beyond - this perception is very much backed by data findings in our analysis that show we are nearly 100 years away from pay equity between women and men in the legal sector.

Based on our analysis of Gender Pay Gap (GPG) reports filed with the UK Government, under the annual compulsory reporting scheme applicable to organisations of 250 employees or larger since 2017, we estimate that it will take 86 years to close the mean and 40.6 years to close the median.

The median average has stayed almost the same between 2017-2021 at around 26%. The median remains higher than the mean because on average women are overrepresented in the lower two pay quartiles and underrepresented in the upper two pay quartiles. It is this unequal distribution of roles that drive a higher median pay gap.

"Despite women making up over 60% of new entrants to the solicitor profession since 1992 and representing over half of all solicitors since 2017, a relatively small proportion are reaching senior roles. In 2019, 31% of partners were women, 69% were men." (Law Society of England and Wales)

However, not addressing the gender pay gap is no longer acceptable. Increasing awareness about pay inequality alongside greater transparency being enforced for organisations and law firms in how pay is distributed is pushing the gender pay gap up the boardroom agenda and forcing more organisations to take note and act.



Despite equality for women in the legal profession being a top priority among those surveyed (95% agree or strongly agree), the research results are clear that without action, the gender pay gap will never close.

NEXT

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Three barriers to change were identified that need to be addressed to ultimately close the gender pay gap:

- > lack of transparency in areas of reward and career progression
- > preoccupation with experience rather than production when making promotion decisions
- > intentional buy in from senior leadership to make change

This paper will explore these barriers to change, share key quotes from survey respondents for relevant context and provide recommendations to accelerate progress.

"Despite being able to practise law for just over 100 years in the UK, and making up 60% of new entrants to the profession, for many women equal pay for equal contribution is not a reality. Although encouraged by some of the steps taken to address the gender pay gap by a select few law firms, organisations and chambers, there is still much work to be done to build a future-facing profession where men and women have true equality of both opportunity and outcome. I hope that our industry will find a fresh impetus to discard outmoded biases and structural inequalities and embrace recognising and rewarding female legal talent equally based on performance."

(Dana Denis-Smith, Founder, First 100 Years)

# The gender pay gap – a widening chasm

Regardless of which corner of the legal profession we look into, the reports all reveal significant gaps between the earnings of men and women.

Barrister's chambers are not caught up by the compulsory pay gap reporting legislation as most chambers have fewer than 250 employees. Yet findings from reports completed by the Bar Standards Board and Bar Council reveal considerable inequality in remuneration for female barristers. A 2020 analysis of income by gender and ethnicity by the Bar Standards Board, for example, found that female barristers are likely to earn less than male barristers – and that this holds true when looking at employed barristers, self-employed barristers, QCs and barristers with similar seniority. <u>A 2021 research</u> <u>report</u> from the Bar Council, looking at average gross fees across the whole Bar, revealed a gulf between the earnings of male and female barristers: in 2020, women earned an average gross fee of £54,747, while men earned £89,070 – a gap of 38.5%.

Research with law firms similarly highlights the chasm between pay for men and women working in private practice.

The Law Society's gender pay report for 2021 which covers the 40 largest firms, shows a median pay gap of 11.3% in favour of men - up from 8.3% in 2019. It found "8 [law firms] saw a decrease in their mean gender pay gap based on hourly pay, 12 experienced an increase and one firm saw no change".

For this report, Gapsquare's analysis of the hourly pay rates provided by law firms under the statutory gender pay reporting guidelines for 2022 show a median gender pay gap of 25.4% – a figure that has remained largely unchanged since 2017, when mandatory reporting first came into effect. If this trend continues, the gender pay gap in the legal profession will never close.



## Prioritising the gender pay gap?

The large gap in earnings between men and women in the legal profession has not gone unnoticed by survey respondents. Two-thirds (66.4%) 'strongly agree' that

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'the gender pay gap is an urgent issue for women's equality in the legal profession' - while more than a quarter (28.8%) 'agree' with this statement.



It is not just basic pay that is a cause for concern - bonus payments are also a source of inequality. More than a guarter (25.4%) of respondents either 'disagree' or 'strongly disagree' that the distribution of bonuses between men and women in their organisation is fair.



Importantly, many of respondents have concerns over how the gender pay gap directly affects them now. Over half (55.9%) 'strongly agree' that 'the gender pay gap is a concern for me' and a further third (35.8%) 'agree' with this statement.



So, are senior leaders taking the gender pay gap seriously?

Our survey reveals that over a third (37.1%) of respondents 'agree' or 'strongly agree' that fixing the gender pay gap is a priority for senior management at their organisation. Yet, of concern is that almost an equal amount (34.5%) ' strongly disagree' or 'disagree' that the gender pay gap is a priority for senior leaders, with 28.4% unsure whether it is a priority or not for senior leaders.



Some respondents report that their organisations and law firms have introduced initiatives to try and address the gender pay gap. Almost a third (31.4%) report that their organisation has provided a transparent career progression and promotion framework, for example, while a similar percentage (30.1%) have improved their recruitment strategy.



Encouragingly – almost a quarter (23.1%) have introduced transparency around gender pay gap reporting and equal pay reviews.

Figure 10: "I believe my organisation is actioning the following steps to address the gender pay gap..."



However, while these findings are welcome, they fall far short of the significant change that is required to close the pay gap. For example, the most common action reportedly taken to address the pay gap – reported by just over three quarters (76.0%) of respondents – is 'improved flexible working opportunities', a peripheral move that, while welcome, is unlikely to impact pay disparities.

Moreover, some respondents report that while senior management may appear to be willing to address the pay gap and related issues at their organisations, their actions are often designed more to generate positive press than to resolve the actual issue.

## **Barriers to change**

Looking into 'why' the pay gap remains stubbornly high in the legal profession has been the subject of several recent studies from professional bodies looking to address the issue and encourage the legal profession to act. Our research suggests there are three main barriers to achieving pay parity in the legal profession.

### > 1. The lack of transparency in areas of reward and career progression

A lack of clarity makes it very difficult to establish the size and scope of the gender pay gap, let alone to tackle it. Many respondents' comments make clear the culture of secrecy over pay and promotions that pervades the industry.

### 2. The preoccupation with experience rather than production when making promotion decisions

In particular, respondents report that taking time out to raise children has a hugely detrimental impact on their career progression.

#### > 3. The position of senior leadership.

More than a third of respondents believe that addressing the gender pay gap is not a priority for senior management, a point reinforced in the qualitative comments from respondents. Some of this is due to attitude.

Given these barriers, respondents are far from optimistic about achieving significant change any time soon. Well over half (54.2%) believe true pay equality in the legal profession will only be achieved 'for the next generation' – while almost a third (29.3%) believe it will take at least 100 years.





### **Recommendations for action**

What can the legal profession do to help bring about change? Below, we set out four recommendations for action to help close the gender pay gap.

# 1. Improve the transparency of pay grades and career paths

One of the most significant barriers to closing the gender pay gap in the legal profession is the industry's reluctance to let employees openly discuss reward matters. To overcome this, employers must embrace transparency – publishing grading structures and allowing employees to talk about pay between themselves. And for self-employed barristers, it means being more open to discussing and benchmarking fees.

### 2. Secure the commitment of senior management to reducing the gender pay gap

Change comes from the top – so senior leaders must demonstrate a firm commitment to closing the gender pay gap. This means changing attitudes – management must recognise that the pay gap exists and that it is incumbent on them to address it. And this commitment must be real – leaders must implement initiatives that are genuinely designed to close the gap, not just token actions carried out to generate positive headlines. This includes looking to other sectors, working with experts and collaborating as a profession to identify which initiatives make the most impact in real terms.

# 3. Focus on performance not experience when determining pay and promotion

People's abilities must be judged on their knowledge and skills, not just on how many years of experience they have. Focusing on service time disproportionately impacts women, who often take maternity leave and then return to work part-time to allow them more time to raise their family. Instead, decisions on pay and promotion must be informed by a person's ability to do the job.

# 4. Provide a more balanced distribution of work

Different areas of the law have traditionally paid more than others. Comments from respondents suggest that law firms often assign men to the highest paying practice areas, further exacerbating the gender pay gap. To resolve this, managers must assign work more evenly, eschewing the attitude that 'family law' is women's work, for example, or that complex fraud cases can only be handled by men.

Of course, even if all these recommendations are followed the gender pay gap in the legal profession will not disappear overnight. It will require several years for the inequalities currently 'baked into' the system to dissipate. It is crucial that senior leaders acknowledge the existence of the problem and take the first steps towards resolving it as soon as possible.





### Methodology

Our research is the result of a mixed approach based on analysing public data submitted by law firms, running an original survey of over 250 professionals as well as reviewing published research into the data by organisations such as the Law Society and the Bar Standards Board.

Using the government portal for Gender Pay Gap ("GPG") reporting, we gathered legislative data from 127 law firms\* across the UK, ranging from under 250 employees to over 20,000.

We then took the median for each year across the following metrics:

- > Mean pay gap (%)
- > Median pay gap (%)
- > % of women in each quartile: LQ, LMQ, UMQ, UQ

#### \*Notes on sample

For each year, not all law firms had reported their figures therefore the sample size ranges between each year as follows:

2017-2018: 109 firms

- 2018-2019: 114 firms
- 2019-2020: 87 firms
- 2020-2021: 119 firms

2021-2022: 115 firms

We also collected responses in a survey carried out in April 2022. Our survey was conducted online, launching on International Women's Day (9 March) 2022 and staying open for four weeks. Responses were received from 229 female legal professionals working in a variety of roles - with one in six (16.6%) at partner level, around one in nine (11.4%) working as barristers and just over one in 20 (5.7%) working as non-fee earners. 'Other' occupations represented in the survey include paralegals, counsel, legal directors and judges. The majority (61.6%) of our respondents are employed in law firms, with around one in seven (14.9%) working in-house and a further one in nine (11.4%) working in chambers. The sample is well balanced in terms of experience - almost one in five (17.0%) have worked in the law for between 0 and 5 years, while more than a quarter (28.0%) have over 20 years' experience. The vast majority (86.0%) of respondents describe their ethnicity as 'white', with around one in 12 (8.3%) identifying as 'Asian or Asian British', 3.1% as 'mixed' and 2.2% as 'Black or Black British'.



At other times, a gender pay gap results from women being allocated work in areas of law that are traditionally lower paid then others.

Associate, Law firm, 5–10 years' experience \_\_\_\_\_



Upon qualification I was paid less than the male solicitors qualifying at the same time which I was told was because I was qualifying into a different practice area, despite having the same target.

Associate, Law firm, 5–10 years' experience



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I personally had to raise an equal pay dispute - a male colleague with less gualifications and experience was getting paid £17.5k more than me."

Associate, Law firm, 5–10 years' experience

All the supposed diversity efforts are for marketing purposes. Nothing has changed and the promotions go to the men.

Partner, Law firm, 15–20 years' experience\_\_\_\_



Maternity leave (or lack of it) is a contributor to the pay gap in the workplace. Maternity leave is seen as a good excuse not to promote women.

Solicitor, Law firm, 0–5 years' experience \_

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When in practice, my firm tried to advise that they were an equal pay employer as the pay gap in the firm was less than the national average. It was still 8%.

Tutor/Legal Executive, University, 15-20 years' experience



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#### Gapsquare<sup>™</sup> from XpertHR<sup>®</sup> are intelligently building a world where work is inclusive, where pay meets value and diverse talent thrives.

We provide innovative solutions that ensure all work is fair, so that companies can focus on performance, productivity and building inclusive teams.

We do this through our analytics software, our consultancy services, and our research. We tailor what we offer to best suit your organisation and its needs.

We partner with fantastic organisations and companies across the globe to work together to create a fairer world of work.

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The Next 100 Years, the new project from the team behind the First 100 Years, is dedicated to achieving equality for women in law.

Over the next decade we want to accelerate the pace of change by encouraging collaboration across the profession, improving the visibility of women in law and supporting the women lawyers of the future.

The Next 100 Years project is powered by Spark21, a charity founded to celebrate, inform and inspire future generations of women in the profession. It builds on the success of the First 100 Years project, created to chart the journey of women in law in the first 100 years following the Sex Disqualification (Removal) Act 1919, which paved the way for women to become lawyers for the first time.

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