



What is the Gender Pay Gap?

The unadjusted, expected and adjusted pay gap

The Gender Pay Gap is the deviation in wages between males and females. The unadjusted pay gap shows areas of potential bias in pay policies and practices. A regression analysis should then be used to identify reasonable and legally justifiable drivers of pay, such as demographic characteristics and to identify the “expected pay gap”. The unadjusted pay gap is then compared with the expected pay gap and the differential is the adjusted pay gap, which is driven by gender or other variables not considered in the statistical model and which should be remediated by making adjustments to pay and reviewing policies and practices that affect pay decisions.



Unadjusted Gender Pay Gap



The difference between the **average (or median) wage of men vs. average (or median) wage of women** (expressed both in % and in Pounds/Euros).

The **difference in numbers of men and women receiving a bonus** (as a %).

Expected Pay Gap



Demographic characteristics, such as education, years of professional experience, seniority, time in role, professional position, site, unsocial hours and professional required skills are considered in **explaining variation in wages**.

These are used to calculate the expected pay gap using a **statistical equation**.

Adjusted Pay Gap



By taking the difference between the **Unadjusted Pay Gap** and the **Expected Pay Gap**, we can calculate the adjusted pay gap. This gap is attributed to the effect of gender and other characteristics that are not taken into account when calculating the expected pay gap.