

# Gender & Ethnicity Pay Gap

London 2019

# Introduction



## A Message from Alex Chadwick and Sarah Gregory

**We know that the world and our clients are changing, that inclusion and diversity continues to be positioned as a key business priority, and that we must continue to be ambitious and challenge ourselves at every opportunity, if we want to make meaningful progress. This is a challenge we are fully committed to.**

Inclusion and diversity is integral to our culture, to our business strategy and underpins everything we do. We have been working hard to change the current status quo and introduce sustainable, long term measures to improve representation of minority groups across all strands of diversity, including gender and ethnicity, and at all levels, including at partnership level. We take a data driven approach to ensure that we can measure the impact of the initiatives we are introducing. As part of this, we are committed to systematically report and analyse our gender and ethnicity pay gap so that we can guarantee we are making change and advancing equality for all our people.

This is Baker McKenzie's third UK pay gap report. Our gender and ethnicity pay gap analysis is hugely important to us, as it helps us to understand and shape our inclusion and diversity approach, to ensure the Firm is a fair and inclusive place to work.

### Key findings

- The mean hourly pay gap between male and female employees in 2019 was **27%**, and the median was **41%**; the mean bonus gap in 2019 was **53%**, and the median was **49%**.
- We continue to publish our ethnicity pay gap and our partner figures this year, with our ethnicity gap showing an improvement from the previous year. Our mean hourly ethnicity pay gap in 2019 was **6%** and the mean bonus gap was **31%**; at partner level, the hourly pay gap was **11%** and the bonus gap was a negative gap of **19%**.
- We know we haven't seen year-on-year progress across all of our figures, as significant change will take longer to achieve. Our pay gap figures ensure we keep focus and continue to do everything possible and introduce the right measure to ensure equal and better gender and ethnic representation across our business.



**Alex Chadwick**  
London Managing Partner

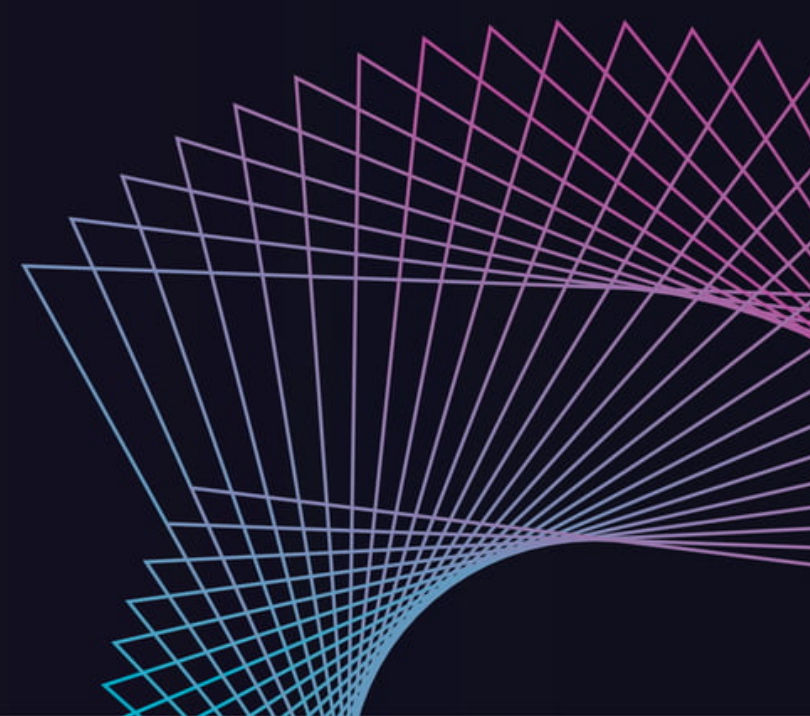
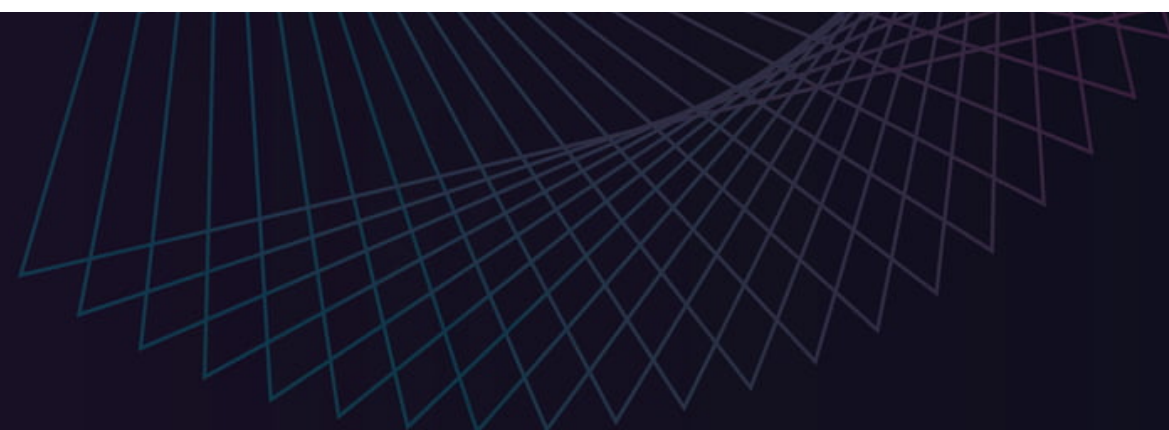


**Sarah Gregory**  
Inclusion & Diversity Partner





# **Our Inclusion & Diversity approach**



**We have been building on what we have set out to do in the past few years to reach equitable solutions across our business, to ensure that our Firm is truly inclusive.**

We are realistic that these measures will take time to take effect - meaningful and lasting change doesn't happen overnight - but we are determined to make progress, and confident we have the right initiatives in place to do so.

We have designed our strategy around an inclusive organisational approach which is based on the various touchpoints of the employee life cycle, to ensure inclusion is embedded across attraction, recruitment, retention, reward, development and progression, and that all our activity is inclusive across a wide range of identities and characteristics, including race, gender, socio-economic background, sexuality or disability. Approaches we've introduced include:

- Embedding considerations around inclusion and workforce targets into all department people plans.
- Applying an inclusion lens to key HR processes including performance evaluation, remuneration, recruitment, and development to mitigate any bias.
- Carrying out two sessions annually with suppliers to update them on our inclusion and diversity strategy and requirements, and to deliver insights based on their requests.

## Evidence Led Activity

**As a Firm, we use high quality data and research to highlight how we can understand the challenges and drivers for diversity, and in turn help to monitor and target our actions so that we can deliver the most effective results.**

We believe that developing activities based on evidence allows us to target the areas of the business which most require our attention, it helps us to deliver change programmes that can be measured, and is supporting us to create a more inclusive and better workplace. These activities include the following:

- We complete an annual review of our graduate recruitment from application to appointment, analyse any trends and develop our inclusive attraction strategy to specifically target underrepresented groups.
- We have developed a model for socio-economic background which groups our people based on their answers to multiple questions, enabling us to embed more credible socio-economic data into our inclusive processes.
- We have promoted an exercise to improve data disclosures at partner level.
- We have encouraged all legal department heads to undergo data privacy training to support any departmental people reporting.
- We monitor our pipeline closely. We note that our London partner population over the past three years has risen to **29%** from **24%** female, and has remained constant at **5%** for our Black, Asian and Minority Ethnic (BAME) partners.



## Our workforce targets

Although we have seen progress across many areas over the past years, the representation of certain groups in the most senior positions at the Firm is still not where we would like it to be. Therefore, we have set ourselves some ambitious targets to meet:

- In March 2019, the London office launched its new ethnicity workforce targets set at minimum **14%** BAME representation across all levels of the office.
- In June 2019, the global firm updated its aspirational targets for gender to **40:40:20** percent gender diversity, to represent **40%** women, **40%** men and **20%** flexible (women, men or non-binary persons) among partners and senior business professionals.

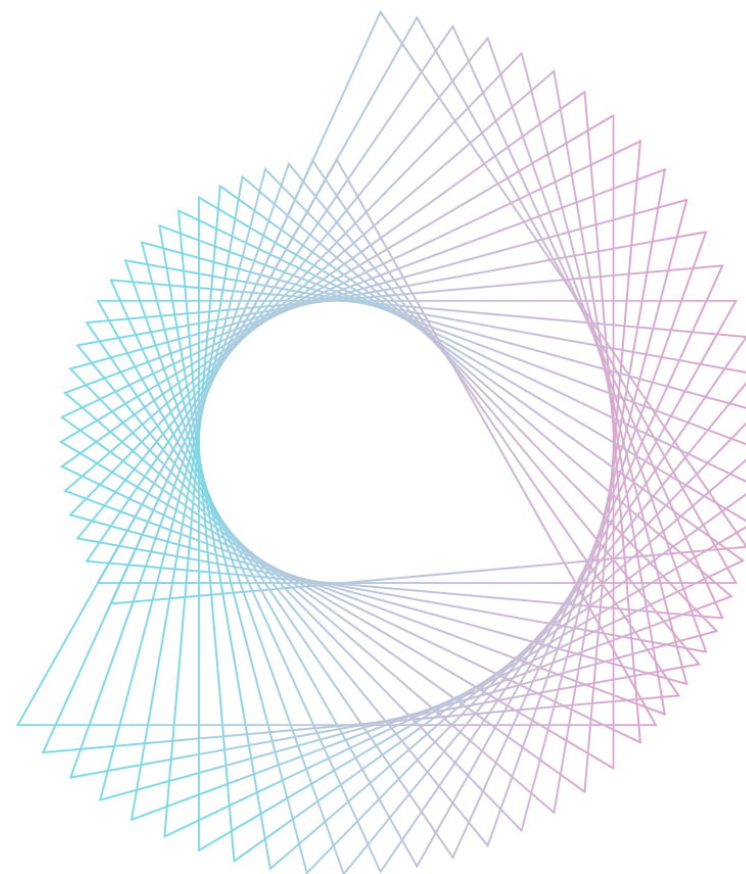
## Example of mobilising progress against workforce targets

From this year, practice groups and departments are encouraged to look at their own diversity data with the support of their HR Talent teams and develop action plans specific to their pipeline and against our workforce targets.

Departments will need to track their activity and report on the progress against their action plan. Some of the most frequently suggested actions were:

- A focus on the department's diverse pipeline and the inclusion of underrepresented groups in its leadership track.
- To lead on targeted discussions which seek to understand or identify reasons behind the number of leavers from certain groups.
- A focus on applying the workforce targets as a lens whilst recruiting.

This approach is enabling us to distribute accountability more evenly across the Firm and encourage more of our leaders to lead on and own potential solutions to underrepresentation.



## Our People, Our Culture, Our Clients & Community

**We continue to develop and enhance our activities and policies to support engagement and to build inclusive environments for all.** We do this by:

Strengthening the support structure required to retain and advance at all levels across the Firm:

- We offer a variety of flexible working options through our bAgile programme to ensure a better work- life balance for our male and female employees, including job share arrangements for senior lawyers. In June 2019, two female job-share employees were promoted to partners.
- Enhanced maternity, shared parental leave and adoption policies to support parents. Further to this, we offer coaching to support parents returning from leave and a guide for line managers to support them.

Fostering a culture that is truly inclusive, leveraging the collective strengths of our diverse workforce:

- We have active employee led networks BakerWomen, BakerEthnicity, BakerOpportunity, BakerLGBT+ and BakerWellbeing which each play a key role in supporting our understanding of the actual or perceived challenges minority groups face at the Firm. We are now encouraging greater collaboration between these groups to create wider understanding of intersectional identities between race and women to build positive culture.
- We have 34 Inclusion Champions across the London office who act as a listening ear for our people. General trends and themes are reported and shared with our London Management Committee to ensure the right behaviours are continuously reinforced.

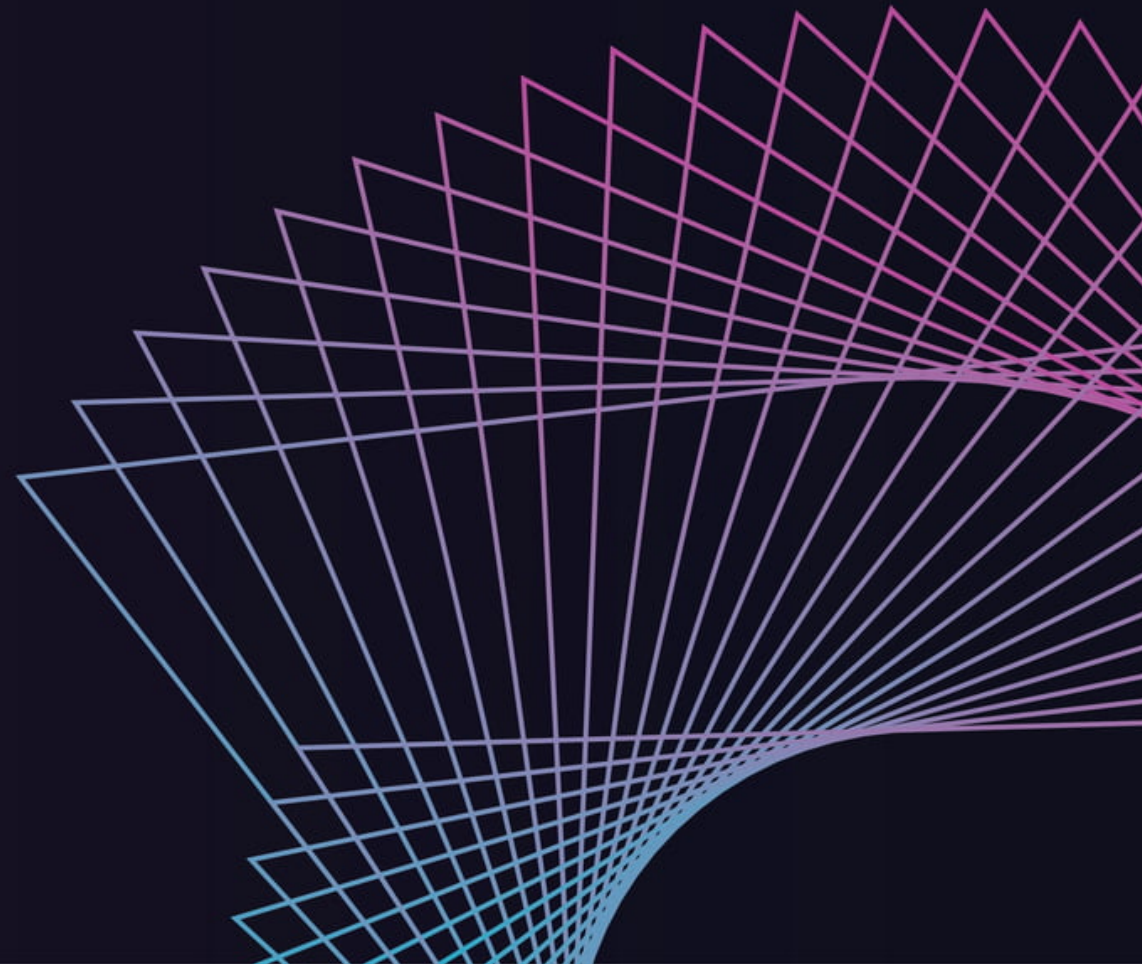
- We have a number of diversity related campaigns to engage allies including HeForShe which encourages male colleagues to advocate for gender parity and Colour Brave, which focuses on breaking down the awkwardness or discomfort when discussing race and listening to the challenges faced.

Engaging in a variety of community initiatives with organisations that share our goals of building a more diverse and inclusive legal profession:

- We were one of the few organisations invited by the Prime Minister to be one of the first signatories of the UK government's Race at Work Charter in 2018. We are key Advisory Board members of the Transforming Women's Leadership in Law (TWLL) which helps to address women's advancement in the legal industry.



# Our 2019 Gender Pay Gap





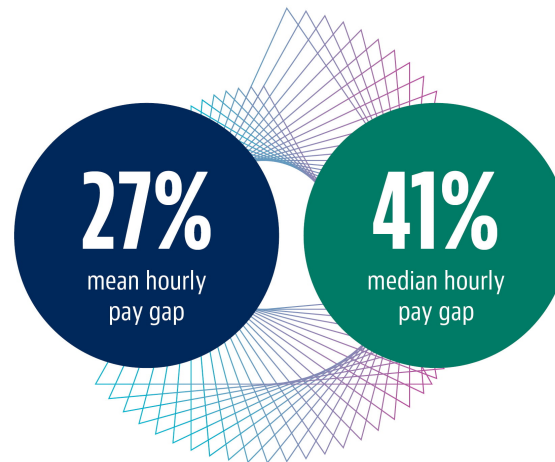
**The gender pay gap shows the difference in the average hourly pay between all male and female employees by the mean (or average) and the median (or the middle value in the range of hourly earnings) differences between pay and bonuses for men and women.**

This is different from equal pay which is how much we pay men and women in the same or like roles. A negative gender pay gap means that on average women's gross hourly earnings are higher than those of men.

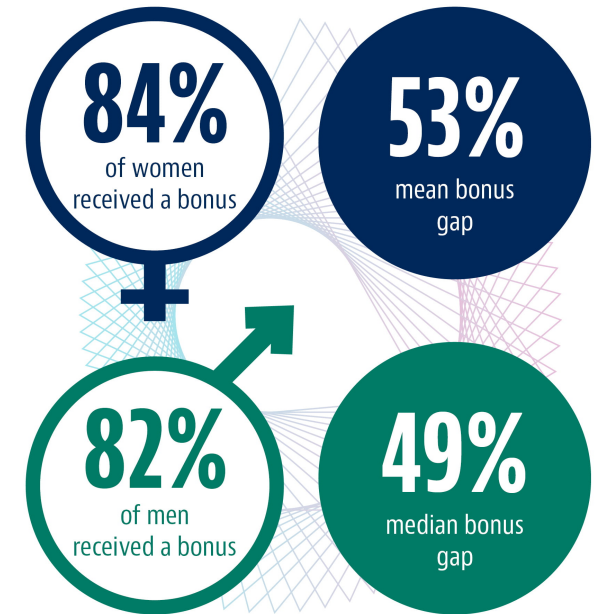
We have not published our pay gap in relation to sexual orientation or disability as part of this report because of the small size of reported data in these groups. Currently, both pay gaps are negative which is positive in this context, but we don't feel the data is robust as it can change substantially with small changes to the population size, and is less helpful as a driver of our strategy.

## Employee Pay Gap

In 2019, we had an average **27%** hourly pay gap between our male and female employees. The median shows a **41%** hourly pay gap between male and female employees.

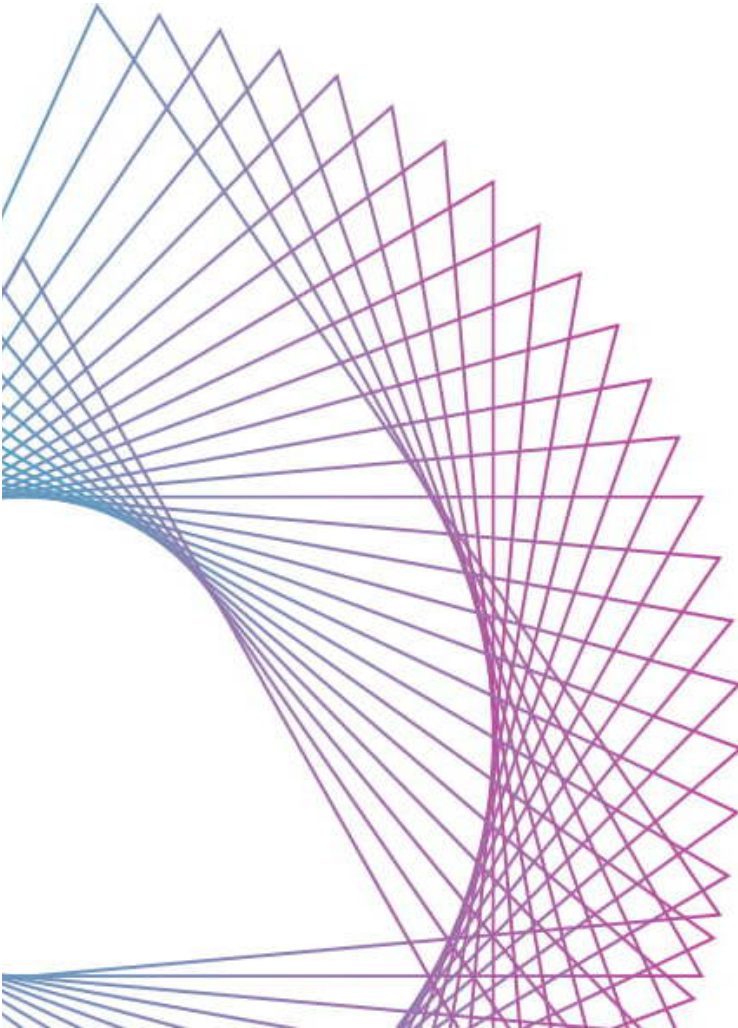


## Pay gap based on bonus



## Pay gap based on salary quartiles

These quartiles show the mean gender gap according to the range of employee salaries:



FEMALES		MALES
<b>Lower Quartile</b>		
<b>86%</b>	Versus	<b>14%</b>
<b>Lower Middle</b>		
<b>65%</b>	Versus	<b>35%</b>
<b>Upper Middle</b>		
<b>51%</b>	Versus	<b>49%</b>
<b>Upper Quartile</b>		
<b>49%</b>	Versus	<b>51%</b>

This shows that we have a larger percentage of women in roles in the lower and lower middle quartiles, than in the other quartiles where it is more even.

Ensuring a more balanced spread of roles is something which will take time. Indeed, the legal sector tends to have more women than men in secretarial and other professional business services roles, which tend to be the lower paid jobs. Our results according to role show:

Legal Services: amongst our trainee and associate population, we have a minimal pay gap between **1** and **6%**.

This reflects a more balanced representation across our lawyer population (below partner level).

Professional business and secretarial services: we have a negative pay gap of **-18%** in secretarial services where the majority of roles are held by women. Within professional business services, the pay gap is **26%** driven by the fact that we have more men in senior director roles than women.

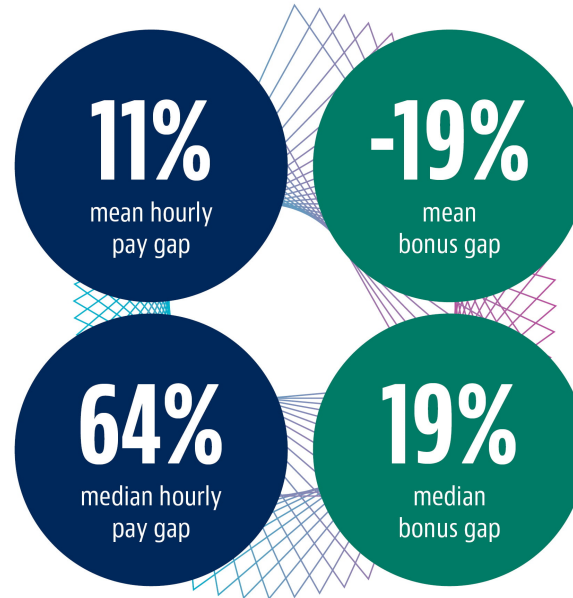
## Partner Pay Gap

In an effort of providing greater transparency on gender pay reporting, we continue to publish our partner remuneration figures, alongside our statutory (employee) data.

Because partners and employees are remunerated differently, we have calculated the figures for partners based on a full financial year rather than just looking at a snapshot of our April 2019 figures.

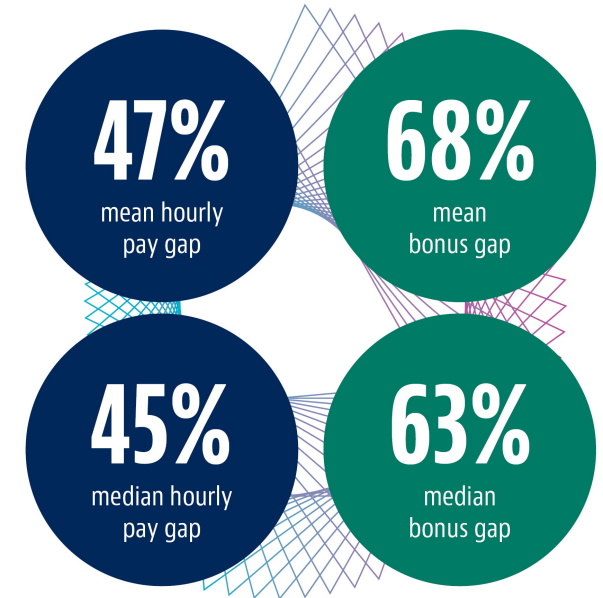
This provides a more meaningful assessment of the data, which also reflects non-discretionary and discretionary partner profit share as "pay" and "bonus" respectively.

## Partner pay and bonus gap



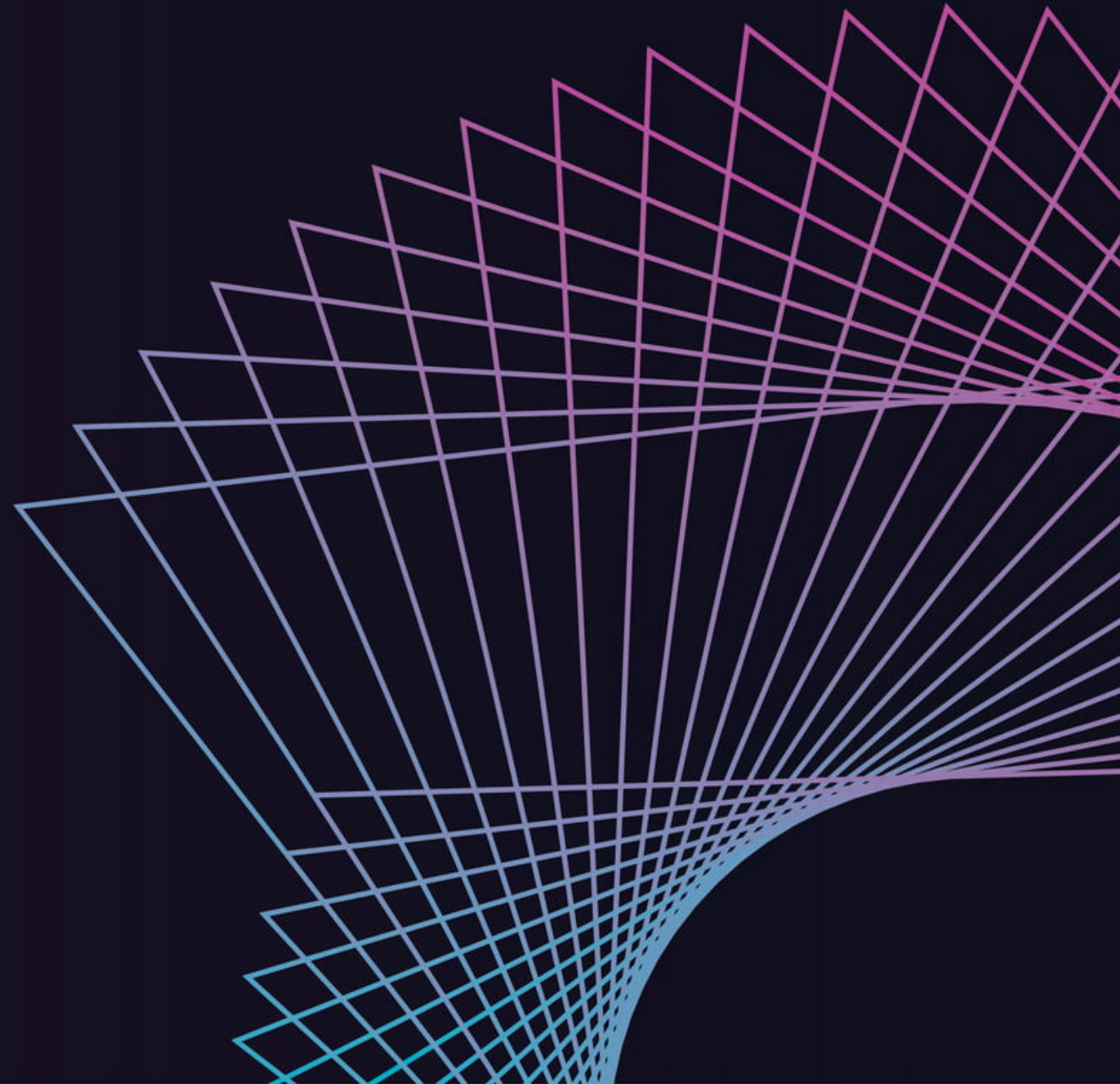
The hourly pay gap for partners is **11%** and the bonus gap is a negative gap of **19%**.

## Combined partner and employees



When employee and partner data is combined, the mean hourly pay gap is **47%** and the median is **45%**.

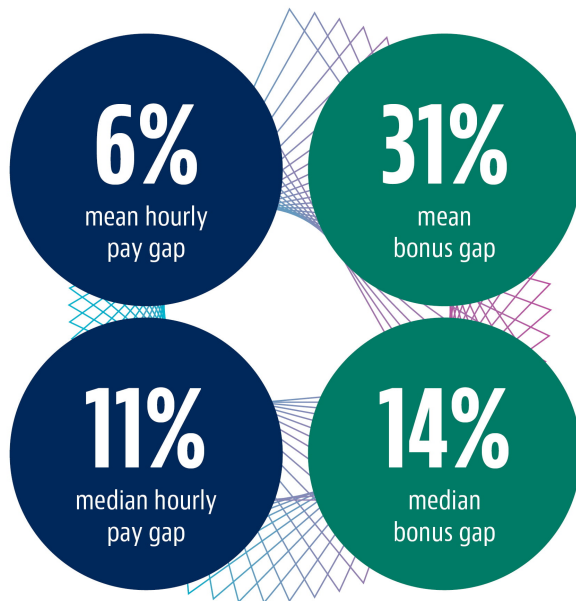
# Our 2019 Ethnicity Pay Gap





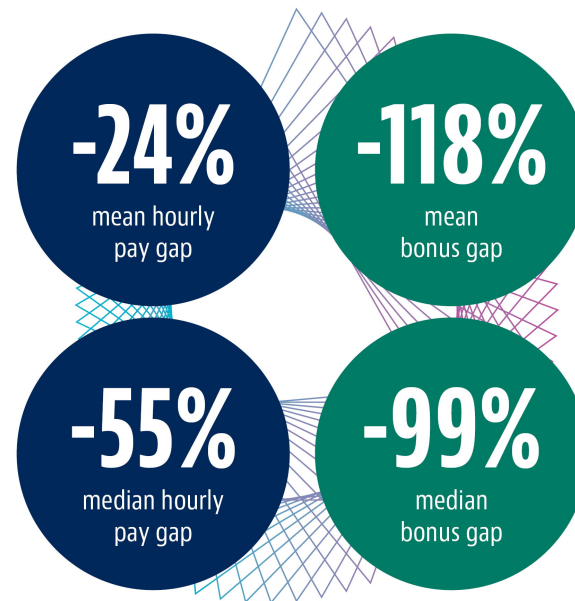
## Ethnicity Pay Gap:

### Employees



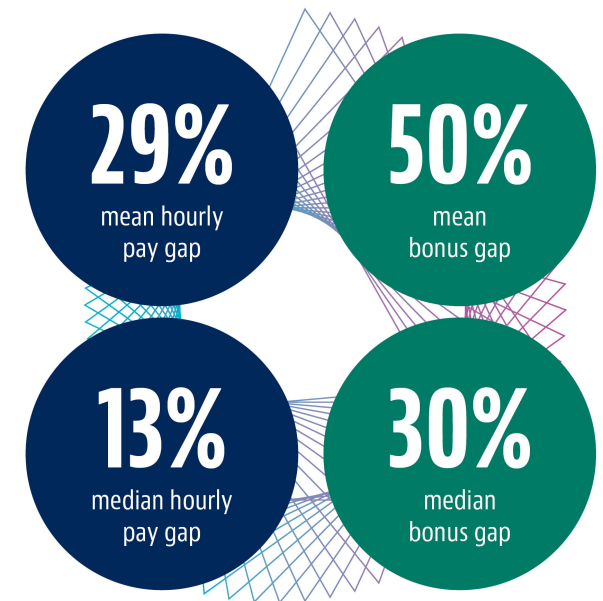
In 2019, there was an average **6%** hourly pay gap for our BAME employees and a **31%** average bonus gap. This is based on **94%** employees who have reported their ethnicity.

### Partners



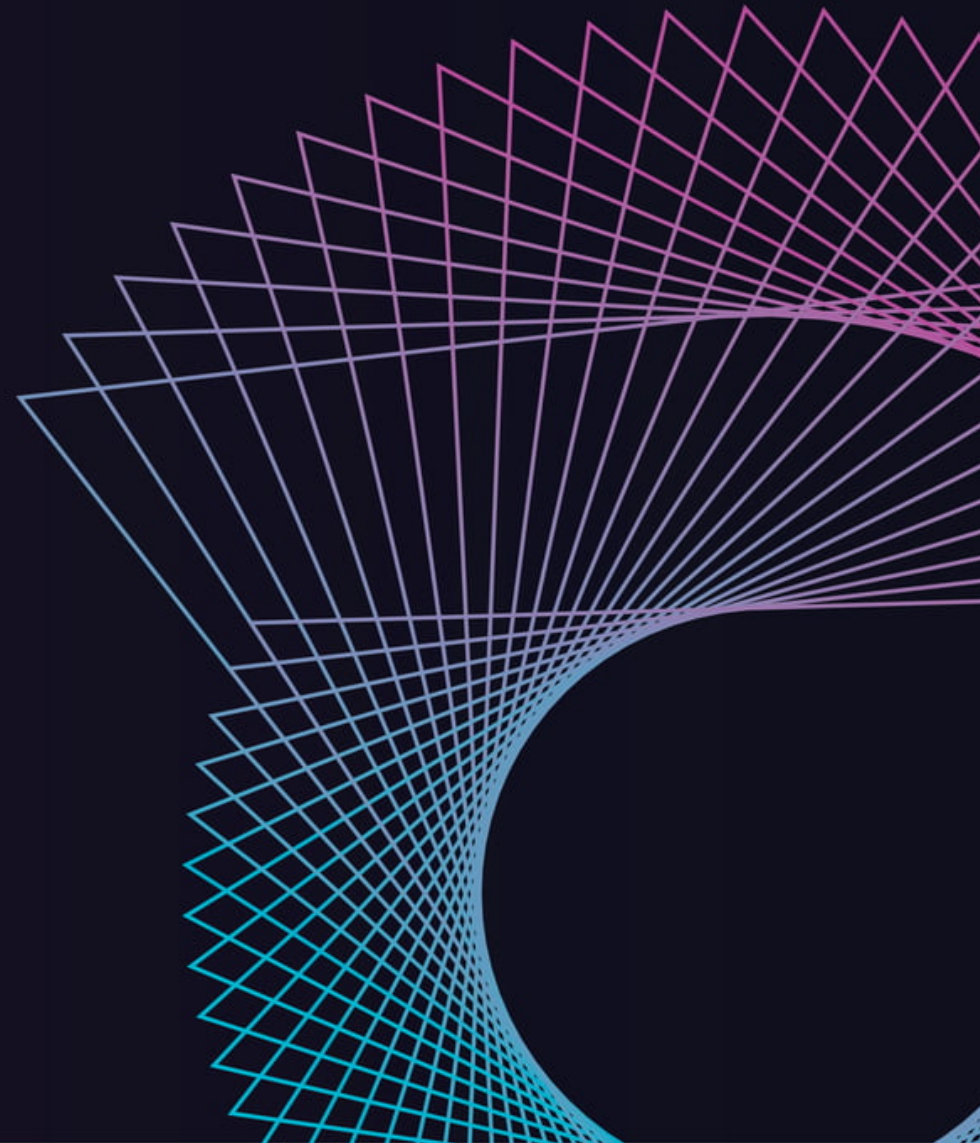
At partner level, there is a negative hourly pay gap of **24%** for our BAME partners and an average negative bonus of **-118%**. This is based on **89%** partners who have reported their ethnicity.

### Combined partners and employees



Our overall London BAME workforce stands at **18%**, and representations thins out at the most senior levels of the business.

# What we know



## What we know

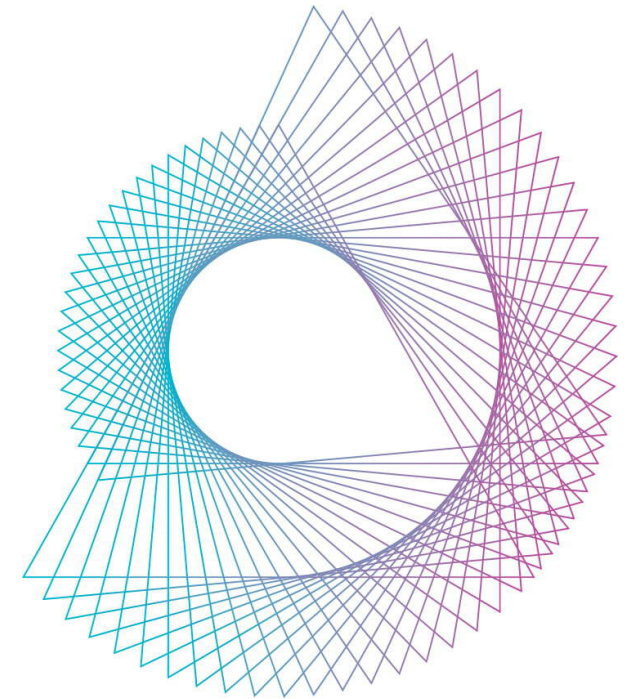
**From this analysis, we know we have a gender and ethnicity pay gap and we acknowledge that significant change will take longer to achieve.**

The figures we are reporting should not be looked at in isolation, as they are only a snapshot in time from April 2019, but the analysis is key to help inform and as part of our broader approach that will move the dial on inclusion and diversity.

Where gender and ethnicity pay gaps exist they are, as we have talked about in previous reports, predominantly the result of:

- having fewer women and people from BAME backgrounds in our partnership and other senior roles;
- having a much higher proportion of women in business support/administrative roles;
- having a higher proportion of female part-time employees than male part-time employees which has an impact on our bonus gap; and
- investing in areas (i.e. banking & finance) which at senior level are predominantly male dominated sectors in the legal industry.

We will continue to monitor these gaps, as well as the progress of our activities detailed at the start, so that we can deliver meaningful long-lasting change.



Thank you for reading

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