

# UK Regulatory Gender Pay Gap Reporting

August 2020

## Introduction

Microsoft published its first gender pay gap report in 2018, in line with the UK government's reporting legislation. The report set out our commitment to Diversity & Inclusion and to addressing our gender pay gap. We are now publishing our 2020 update on progress, and as the journey continues, we maintain our approach and strategy. Microsoft fully supports the UK government's focus on gender pay gap and its effort to shine a spotlight on this important issue.

The government's gender pay gap analysis measures the difference between the average male pay and the average female pay as a proportion of the average male pay within an organisation. This therefore reflects the distribution and relative proportion of men and women across all roles within an organisation. It is unable to take into consideration factors including job level and title.

Our focused efforts within our Diversity & Inclusion strategy has enabled us to grow our representation of female employees in the UK year on year, with increases seen across leadership positions and both technical and non-technical roles. Increasing female distribution across all roles will continue to be a key area of focus - within Microsoft, our industry and the UK education system.

## The need for a long-term view

The desire to increase female representation, and any effective strategies to achieve this, may not appear to show progress initially. As most organisations have a pyramid-shaped hierarchy, more hiring of both men and women generally occurs at the lower levels of the organisation - where the roles are relatively low paid. Increasing female hiring at this level, with the aim of nurturing employees to climb the ladder into more senior, higher paid roles, will eventually result in a reduced gender pay gap yet will take time. Hiring women into senior roles can have a positive short-term impact on the gender pay gap, yet this approach alone would not be sustainable in the long term. What is needed is a balanced organisation at every level.

Our on-going analysis means that we are confident that our efforts at increasing female representation at Microsoft are working, although we recognise that we still have much to do. Market dynamics and the shape of our organisation means that we must reinforce our efforts across all quartiles of the organisation. Our underlying demographics are improving, yet success at hiring more female employees at junior levels is resulting in our headline numbers regressing before they improve. By retaining and developing our female talent, the gap will become narrower in the long run, and by focusing on better balance at every level we can reduce the time to close the gender pay gap.

## Our gender pay gap results

Our results this year show the gender pay gap and the bonus gap widening. Two key factors have led to this:

1. In the top two quartiles the number of available positions in any given year are fewer than at more junior levels where we are naturally seeing the most effect from our long term D&I policies.
2. As the way in which Microsoft supports its customers in the UK changes, we have grown our headcount significantly over the current reporting period. Whilst our overall female headcount growth was significant, it was more pronounced in the lower pay quartiles than the upper pay quartiles.

We fully recognise that this is a journey and that it will take many years of investment and leadership to enable lasting change, but firmly believe our commitment and actions to drive this topic are having impact.

We will continue to focus on pay equality alongside our global commitment to increasing female representation across all levels of the organisation. Our efforts remain concentrated on those key factors that influence change; expanding our pipeline of talent, empowering and retaining our people through an inclusive culture, and supporting our customers and partners through diversity.

The analysis below for Microsoft UK Ltd is based on the government's methodology, using hourly rates of pay as of the snapshot date of 5th April 2019, bonuses paid in the 12 months up to 5th April 2019 and organisation demographics for 5th April 2019.

## Hourly pay

8.27%

The **mean** pay variance shown is the difference between the average hourly pay of men and women

10.16%

The **median** pay variance shown is the difference between the midpoint in the ranges of hourly pay of men and women

## Bonus pay

12.80%

The **mean** bonus pay variance shown is the difference between the average bonus pay of men and women

29.08%

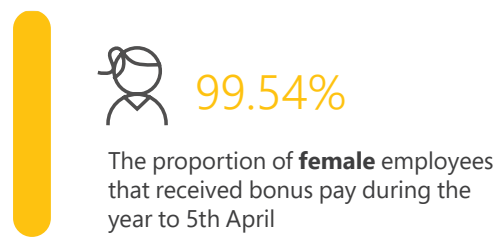
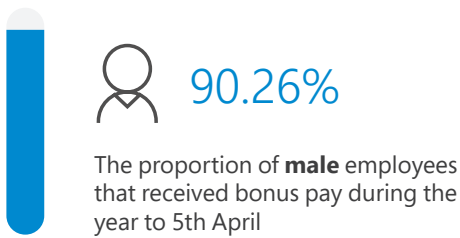
The **median** bonus pay variance shown is the difference between the midpoint in the ranges of bonus pay of men and women

## The proportion of employees in each pay quartile according to gender

Consistent with the legislation, we have reported our employee population in order of ordinary base pay from the lowest to the highest, and then divided this into four equal population sizes, to show how the distribution of men and women varies according to each pay quartile.



## The percentage of employees receiving a bonus



To provide a more complete picture of our results, we are also sharing Microsoft UK's equal pay figure and gender workforce demographic data for year ending April 2019.

## Equal pay

At Microsoft we are committed to the principle of equal pay for equal work for our employees. The determination for equal pay compares male and female employees carrying out the same or similar work, including factors such as job level and title.

While the numbers will always fluctuate slightly year to year, statistically these are small adjustments. For Microsoft in the UK we are at effective parity. For every £1 earned by male employees, our female employees in the UK earned 99.7 pence at the same job title and level.

This equal pay data reflects Microsoft's focus to ensure that all employees, no matter their gender, are compensated equally. We will continue to monitor this data and it will remain a key value and priority for us.

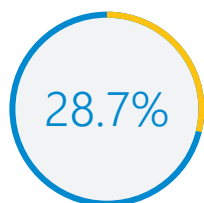
99.7p  
Earned by women for every £1 earned by men with the same job level and title in the UK

## Workforce representation

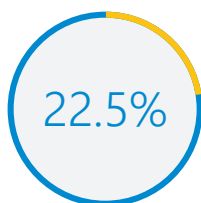
Microsoft is committed to increasing the representation of female employees across all professions and levels. Like many companies, we know from our analysis that having more men at senior levels within our organisation is a key contributing factor to our results, but to be successful in reducing the gender pay gap, we need to acknowledge the industry-wide challenge we face for available skills.

Year on year we have seen an increase in female representation of just over 1.0% and is broken down as below.

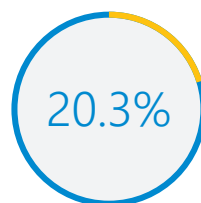
Our female representation in the workforce (as per April 2019):



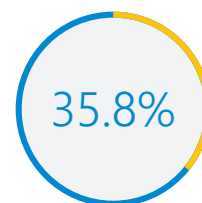
Microsoft UK's female representation in the **workforce**



Microsoft UK's female representation in **leadership** positions



Microsoft UK's female representation in **technical** roles



Microsoft UK's female representation in **non-technical** roles

## Looking ahead

At Microsoft, we are committed to improving and learning how to increase our representation of all demographics of diversity, including female representation.

For the next reporting period, we can already see that our efforts to increase female representation are continuing to achieve positive results. We are attracting and hiring women into all roles, yet the numbers are likely to continue rising more quickly at junior levels where we have more opportunities. We will focus intently on developing our female employees into more senior roles, and on hiring females into leadership positions. Although we anticipate there may be further regression in our gender pay gap numbers as we continue on our journey, we know that the actions we are taking now will achieve the balanced organisation we need to be able to close the gender pay gap in the long term.

Ultimately, these are short to medium term challenges in a much broader programme which is driving positive change. However, we believe it is important to be transparent about the journey we are on. The reality is that it will take us, and others in our industry, many years to achieve equal female representation and therefore close the gender pay gap. That does not diminish our determination to achieve it, and these numbers and this growth trajectory are evidence of our commitment to continuing positive change.

Further details of our Diversity & Inclusion commitments can be viewed in our initial [Gender Pay Gap report from 2018](#) and in our [Global Diversity & Inclusion report](#). We are continually evolving our inclusive culture, yet we know we still have a long way to go and we will continue to monitor and measure progress against each of these commitments regularly. We strive to create an environment where everyone is respected, safe and able to do their best work.

## Authorised signatory

### Declaration

I confirm that the data contained within this report is accurate and meets the requirements of the gender pay gap reporting regulations.



**Andrea Winfield**  
UK HR Director