

HOW TO CALCULATE YOUR GENDER PAY GAP

WHAT IS THE GENDER PAY GAP?

The gender pay gap is the difference in average hourly earnings between men and women. It is caused by a range of complex, inter-related factors including **occupational segregation** (where men and women do different types and levels of work), **lack of good quality flexible working opportunities** and **discrimination in pay and grading structures**. These three causes are common across all workplaces and sectors.

The gender pay gap is not the same as equal pay, although unequal pay between men and women is a major cause of pay gaps at a business level. Equal pay law covers the concept of equal pay for equal work, making it unlawful to pay a woman less than a man (and indeed vice versa) for the same job or jobs of equal value. Tackling equal pay alone is not enough to close your gender pay gap.

To close your pay gap you need to understand what its key drivers are in your workplace, and the solutions to tackle those. The [Think Business, Think Equality](#) tool can help you do this.

WHY SHOULD I CALCULATE MY GENDER PAY GAP?

Calculating your gender pay gap is a practical tool for understanding differences in average pay between women and men across your business. It goes beyond individual pay rates to highlight patterns in pay outcomes, helping to identify whether women, overall, are earning less than men, and prompting further exploration of how roles, progression, working patterns, and pay decisions operate in practice.

THE CALCULATION

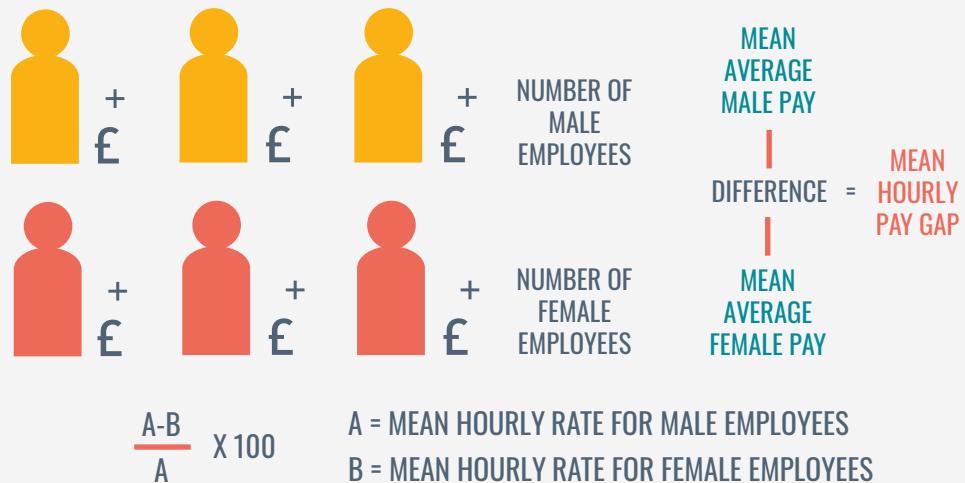
There are two measures of the pay gap, mean and median. Both figures are important as they can highlight the different causes of your pay gap.

The mean average is calculated by adding all individual employees' hourly rate of pay and dividing by the total number of employees.

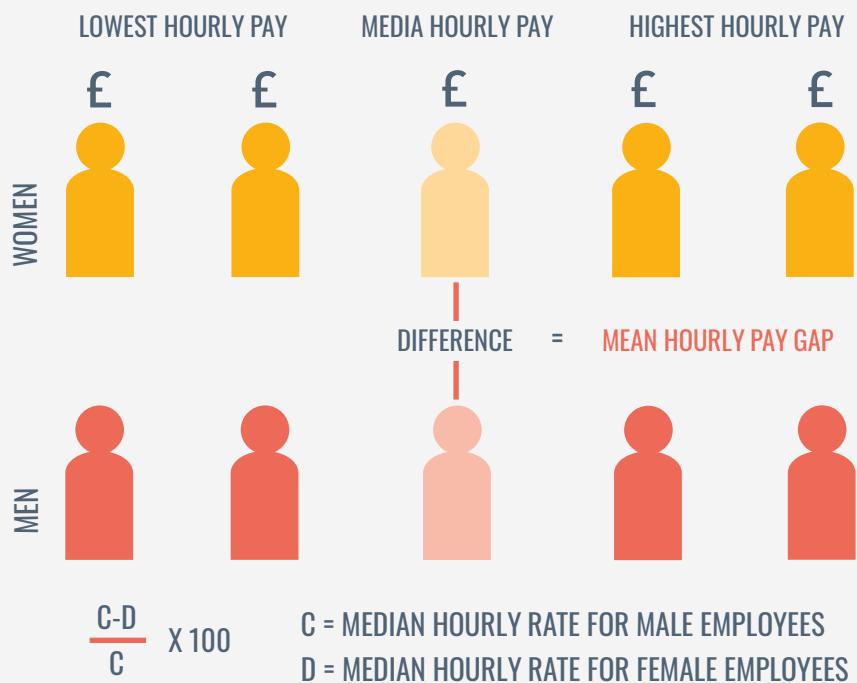
The median average is calculated by listing all employees' hourly rate of pay and finding the midpoint.



HOW WE CALCULATE THE MEAN DIFFERENCE



HOW WE CALCULATE THE MEDIAN DIFFERENCE



CALCULATING HOURLY RATES OF PAY

Determine the basic (excluding overtime) hourly rate of pay for each employee. If the basic pay data is expressed as an annual salary, you should divide this until they have an hourly rate.

CALCULATING THE PAY GAP

The single pay gap figure should include all employees, including those in senior grades, even if pay in those grades is determined in a different way from other employees. It should also include all full-time and part-time employees, and employees on permanent and fixed term contracts.

WHY CALCULATING YOUR GENDER PAY GAP MATTERS

For small and medium-sized businesses, gender pay gap data can surface issues that are not always visible day to day, such as the impact of part-time working, patterns in progression, or the cumulative effect of informal or discretionary pay decisions. This evidence helps move from assumptions to a clearer understanding of what is happening in practice.

On its own, gender pay gap data does not explain why inequalities exist. Used alongside **Think Business, Think Equality**, it enables you to explore the workplace practices that sit behind the figures.

Together, this approach helps SMEs set realistic priorities, take targeted action, and track progress over time. This supports fairer outcomes for women and strengthens your business by improving retention, making better use of skills, and ensuring talent is recognised and rewarded fairly.



Close the Gap works in Scotland on women's labour market participation. We work with policymakers, employers and unions to influence and enable action that will address the causes of women's inequality at work.

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