Written evidence submitted by The UK Commission for Employment and Skills (UKCES)

Introduction
The UK Commission for Employment and Skills (UKCES) welcomes the opportunity to contribute to the Women and Equalities Select Committee inquiry into the gender pay gap, which is paying particular attention to the position of women over the age of 40.

About the UKCES
The UKCES is a publicly funded, industry-led organisation providing leadership on skills and employment issues across the UK. Together, our Commissioners comprise a social partnership of senior leaders from large and small employers from across industry, trade unions, the third sector, further and higher education. Our vision is to create, with industry, the best opportunities for the talents and skills of people, thus driving competitiveness, enterprise and growth.

Our ambition is to see industry in the UK create “ladders of opportunity” that allow everyone to get in and on in work. This means improving entry routes into the labour market for young people, and also ensuring that the existing workforce has the chance to continuously develop and use the skills they need. We firmly believe this is a collective agenda involving employers working in partnership with each other, as well as with government, trade unions, education providers, industry bodies and local organisations.

Understanding and tackling the gender imbalance in the UK labour market has been one of the UKCES’s areas of interest since its inception. Although women outperform men in education, stark inequalities persist in the labour market, and many women are unable to reach their full potential. If we are to ensure a sustained recovery for the long-term driven by the skills and talents of people, it is vital that we make full use of all workers, male and female.

The UKCES has experience of developing practical initiatives to tackle gender inequality in the labour market. The successful ‘Women and Work’ initiative (which ended in 2011) for example was a major programme designed to tackle occupational segregation. This offered support to Sector Skills Councils (SSCs) in providing women with the skills, confidence and mentoring support to progress or move into male-dominated occupations.¹ More recently, through its UK Futures

Programme, the UKCES is exploring how innovations in the workplace might address some of the persistent constraints that women face in progressing their careers.²

UKCES Insights: Women and the labour market

The UKCES makes its decisions to invest in projects on the basis of high quality research evidence and insights. We have an extensive programme of research that includes producing robust, trusted labour market information via our major employer surveys and foresight work, supplemented by targeted research and evaluation studies. We use this research, alongside analysis of evidence produced by others to produce valuable insights on a range of employment and skills issues.

Our insights on the theme of women and the labour market show that opportunities for women have changed dramatically over the past half century. Female employment has risen rapidly, but at the same time, gender inequality at work has been described as “a hardy perennial” – an enduring feature of the economic landscape that has been hard to root out.³ This is the case in spite of the fact that girls and women have been demonstrating greater than equal achievements to their male counterparts on a majority of the measures of educational attainment in recent years.

Our latest report in this area highlights the complexity of the issue,⁴ and points to four key manifestations of gender inequality in the labour market:

- **The persistence of an economy-wide gender pay gap:** the current gender pay gap across full-time and part-time workers is 19% per hour. While the gender pay gap is relatively small for the young and single, it increases with age, marriage and parenthood. In addition, women in some ethnic groups fare particularly badly. Women are disproportionately affected by the relatively low pay and quality of part-time work because nearly one-fifth of women work part-time compared with only around 6% of male workers.

- **Gender pay gaps for equal or equivalent work still exist:** A recent large scale survey by the Chartered Management Institute⁵

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found that women managers working in equivalent full-time roles earn 22% less than men, which means that they’re effectively unpaid for 1h 40m a day. This is undoubtedly related to discrimination and bias, which can result in certain types of attributes and skills traditionally associated with men (such as risk-taking for example), being more highly valued than skills traditionally associated with women (team working and communication for example). Again, this survey also shows that the pay gap amongst managers becomes wider as women grow older. Women aged 26-35 are paid 6% less than their male colleagues. This wage disparity rises to 20% for women aged 36-45. The gap increases further to 35% for women aged 46-60.

- **Occupational segregation remains a feature of the labour market:** The UK labour market is still characterised by marked occupational segregation. Sectors in which a high proportion of the workforce is female, such as the wholesale and retail trade, accommodation and food service activities, and occupations such as caring, administrative and support service activities attract relatively low levels of pay. By contrast, male dominated occupations in manufacturing and construction and in skilled trades attract higher median rates of pay. Skilled trades occupations are where the gender pay gap is at its greatest. The numbers of women employed here are small, as is the case in other male dominated occupations such as engineering - fewer than 10% of British engineers are female.

- **Women are under-represented in management and senior positions:** The underrepresentation of women in senior positions is well recognised and has received a significant amount of attention. Concerted efforts and campaigns have been made to bring more women into leadership positions, and good progress has been made, but the UK is still a long way from equal representation. Again there are issues here with bias and discrimination, but women have also have been shown to be less forthcoming in applying for promotion opportunities for a range of reasons relating to caring roles and lack of confidence. According to the CMI, even though women outnumber men in junior management roles, female representation drops to 43% in senior management and only 29% of director-level posts are held by women. Again, older women are particularly affected here, fewer of them in executive positions.

Consequences of the gender pay gap

The consequences of the gender pay gap obviously mean women and their families lose out financially. There are also non-financial impacts,
including greater job insecurity, lack of choice and opportunity, and unfulfilled potential.

Looking more widely at society as a whole, there also major impacts on the economy. The Women and Work Commission report (2006) estimated that the under-utilisation of women’s skills costs the UK economy between 1.3 and 2% of GDP every year. Other estimates of the potential benefit of fully tapping into female talent in the economy are that raising the level of women’s employment to the same as men’s could lift GDP by 10% by 2030, while eradicating the full-time gender pay gap would contribute additional spending into the economy of £41 billion each year (Women’s Business Council, 2015).

Many employers and industry groups also recognise the waste of talent that gender inequality creates. Inequality brings costs in terms of limiting the available pool of workers from which employers can recruit and can therefore impact on productivity. This is particularly highlighted by the fact that the performance of women and girls throughout education means that they make up the majority of the UK’s most highly educated population. Reflecting on the consequences of occupational segregation in particular, research evidence shows that there are businesses performance benefits from gender diversity in the workforce (Women’s Business Council, 2015).

What needs to be done?
Since the 1970s there has been ongoing legislative attention to gender inequality in the labour market, beginning with the Equal Pay Act. This has been instrumental in effecting positive change. Most recently in the Summer of 2015, the Government announced its intention of using its powers under Section 78 of the Equal Pay Act to make regulations requiring mandatory gender pay gap reporting for large firms. This was in response to the results of a 2011 initiative encouraging voluntary gender pay reporting which had a poor response from business. The new legislation will come into force in 2016 and will require organisations with 250+ employees to report publicly on the pay of their male and female employees. Over 7,850 organisations, which collectively employ more than 11.2 million staff (40% of the UK’s workforce), will be affected by the new legislation.

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Mandatory pay gap reporting is a very welcome development, and legislative change will continue to be vital of course in addressing the gender pay gap. But the UKCES also believes that a new emphasis on policy and practice working together, and the role of employers in particular is essential.

Women need access to high quality jobs with decent pay and progression opportunities. This requires job design that enables better female participation and skills utilisation, alongside high quality management. Crucially, these are business interests as much as policy ones. This is why the need for employer leadership is becoming more evident and relevant in the gender inequality debate.

In our major skills statement *Growth Through People* the UKCES set out our vision for sustained economic success in the UK driven by the skills and talents of people. As we know, many of the most talented people coming through our education and training systems are women. It makes no sense at all that these talents are not being fully used in the UK’s workplaces. A labour market that better reflects these educational outcomes, and that works as well for women as for men is essential if we want to maximise the productive potential of our labour force.

Encouragingly, we are over time seeing more opportunities for women to capitalise on their educational achievements. Our own labour marker projections indicate a number of positive developments in train including a faster pace of growth in female than male full-time employment up to 2022. Importantly, there are also more new job opportunities for women than men in the top occupational categories – managers, directors and senior officials, professional and associate professional and technical occupations (UKCES, 2014). This is very encouraging for the future, but we should not be complacent about the ongoing barriers that need to be overcome, particularly for older women that have already got significant employment histories behind them, and are likely to have encountered multiple obstacles to meeting their full potential.

Our *Growth Through People* statement sets out five overarching priorities for action to achieve economic success. We set out these priorities below and reflect on the implications for action on gender inequality:

- **Employers should lead on skills and government should enable them** – the UKCES has argued for several years that strong

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employer leadership is the key to tackling the skills and productivity challenge. Part of this is about employer collaboration on identifying and delivering the skills that are needed for success in sectors and occupations. Ensuring that women (along with other disadvantaged groups) have the opportunities and the support needed to maximise their potential should be an integral part of this agenda. The clear incentive for business is that this offers employers a much wider talent pool to recruit from, at a time when many are suffering from recruitment problems and skills shortages.

- **Improving workplace productivity should be recognised as the key route to increasing pay and prosperity** – good job design is increasingly being recognised as essential for building stronger productivity, and world-class management is required to use workforce skills effectively. Employers need to challenge established practices, and be ready to step out of comfort zones in terms of job design. This also includes questioning norms in terms of working patterns, looking at new ways of allowing workers to combine paid work with their out of work caring responsibilities. Of course, this is an issue that particularly affects women, and especially women over 40, many of whom have caring responsibilities for children and/or old relatives. At the same time, managers need to be more aware of the specific challenges women workers face at different points throughout the life course, and be able to offer practical support and encouragement to help them stay in work and progress.

- **Earning and learning should be the gold standard in vocational education** – women are not only successful in formal education, but are also committed participants in vocational routes to work, now taking up more apprenticeships than men. However, patterns of participation are highly segregated, with women tending to be concentrated in certain (typically lower paid, lower status) occupations and sectors, and also in lower level apprenticeships. Ensuring that women are aware of the full range of apprenticeship pathways open to them is crucial here, in particular the opportunities offered by Higher or Degree level apprenticeships. It is important to expand the mind-sets girls and women have about their options here if patterns of occupational segregation are to be challenged. This is also relevant for older women too, given the expansion of the apprenticeships programme, and the fact apprenticeships and other vocational routes are open to anyone over the age of 16. They could offer older women workers a valuable opportunity to gain new skills and experience needed to build successful careers, and perhaps take new directions.
Education and employers should be better connected to prepare people for work – this is where a step change in careers advice and support for women and girls to consider a broader range of options can happen. More exposure to employers whilst at school and college can help break down the stereotyping that helps to perpetuate occupational segregation, particularly if that is done in a way that is sensitive to the issues. This means more employers offering a range of work experience opportunities, and participating in broader work inspiration activities. Related to this, better, more accurate careers information is also relevant for older workers too. NIACE recently completed an interesting pilot project testing out the idea of the ‘mid-life career review’, which allows people aged between 45 and 64 the opportunity to take stock of their careers through sessions with learning providers and the National Careers Service. Over 3,000 adults took part in reviews across England during the pilot period in 2013-2014. The reviews covered a range of areas including employment, training, caring and health, and individuals were empowered to consider new options for work and developing skills. More than 8 in 10 people felt their self-confidence and belief in their skills and experience were boosted, along with other positive outcomes. The mid-life career review has real potential for helping older women workers reconsider their options and broaden their horizons.

Success should be measured by a wider set of outcomes not just educational attainment – finally, an overarching point. In order to monitor progress, it is important to develop a set of measures to account for progress on tackling gender imbalances. There is strong evidence that sustained growth through people will be boosted by concerted progress on tackling the gender pay and opportunity gap. We recognise that getting the measures right here is not an easy task, but it is an important one.

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