Written evidence submitted by Professor Jill Rubery, Alliance Manchester Business School, University of Manchester

Introduction

The decision by the Women and Equalities Select Committee to hold an inquiry to inform Government strategy on reducing the gender pay gap, focusing on policies to reduce the pay gap for women aged over 40, is very timely as it broadens out the consideration of the issues that need to be addressed to close the gender pay gap, beyond that of equal pay reporting in large companies, which was the topic of the recent BIS consultation. The focus on women over age 40 is also to be welcomed as not only do women in this age bracket face widening wage inequalities but the interactions between gender and age discrimination need further analysis and policy consideration.

Some comments on the gender pay gap

The gender pay gap is a useful indicator for summarising the current state of gender pay equality. However, it also has many shortcomings which should be borne in mind in designing policies to close the gender pay gap. The first problem is that the gender pay gap can be reduced through improvements in women’s pay or through decreases in men’s pay. It has been generally expected and accepted that the former represented the appropriative way to close the gap but since the economic crisis in many countries there has been some narrowing of the gender pay gap due to stronger declines in men’s pay than women’s pay. The second problem is the tendency to focus on the full-time pay gap. In the UK a much smaller share of the female compared to the male population is working full-time and the female full-time employed population is more biased towards the higher educated than the male full-time employed population (over half of female full-time employed are qualified at tertiary level compared to just below 40% for men¹). This means that if we consider education to be a prime determinant of pay then a positive full-time gender pay gap in favour of women might be expected². This puts the description of the full-time gender pay gap as relatively small in perspective. It is indeed vital that the gender pay gap is considered for all the employed- both full and part-time. European law requires full and part-time employees to be treated equally so that the justification for looking at the gaps separately is weak. The part-time gender pay gap, calculated as the gap between male and female part-time workers, provides limited and indeed misleading

¹ Eurostat ELFS data 2014 table: lfsa_epgaed
² This was the conclusion of a study based on longitudinal cohort analyse (Joshi et al. 2007)
information on the state of gender equality as most men working part-time are either young or in semi-retirement whereas women in part-time work span the whole age range and include in particular many women in midlife. Moreover, many male part-timers are working in female-dominated occupations where work may be undervalued for both sexes.

Table 1 below presents the current gender pay gaps for all employees as well as the full-time and the part-time gender pay gaps and it is the all employees gap that provides the best measure of the widening gulf - even when measured here only in hourly pay - for women in the older age cohorts. These ratios underestimate the problem because women also work fewer hours, such that the gap in weekly, annual and particularly lifetime earnings is much greater. Furthermore wage earnings have major implications for pensions in old age and in Europe the gender pension gap has been estimated at 39% (43% for the UK) (Bettio et al.2013). To have a complete picture of gender inequality in the labour market one needs to consider employment rates, total earnings and pension entitlements as well as gender pay gaps in hourly pay rates.

<p>| Gender pay gap for median gross hourly earnings (excluding overtime) by age group, UK, April 2015 |
|---------------------------------------------------|----------------|------------------|</p>
<table>
<thead>
<tr>
<th>Age group</th>
<th>All employees</th>
<th>Full-time</th>
<th>Part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 17</td>
<td>-1.1</td>
<td>7.6</td>
<td>-1.7</td>
</tr>
<tr>
<td>18 to 21</td>
<td>3.6</td>
<td>3.9</td>
<td>1.4</td>
</tr>
<tr>
<td>22 to 29</td>
<td>4.2</td>
<td>-0.8</td>
<td>-2.8</td>
</tr>
<tr>
<td>30 to 39</td>
<td>11.5</td>
<td>0.6</td>
<td>-10.2</td>
</tr>
<tr>
<td>40 to 49</td>
<td>24.9</td>
<td>12.2</td>
<td>0.6</td>
</tr>
<tr>
<td>50 to 59</td>
<td>27.3</td>
<td>17.2</td>
<td>8.2</td>
</tr>
<tr>
<td>60 and over</td>
<td>21.3</td>
<td>13.2</td>
<td>10.9</td>
</tr>
<tr>
<td>All employees</td>
<td>19.2</td>
<td>9.4</td>
<td>-6.5</td>
</tr>
</tbody>
</table>

Source: Annual Survey of Hours and Earnings (ASHE) – Office for National Statistics

Notes:
Employees on adult rates, pay unaffected by absence.
Figures represent the difference between men’s and Women’s hourly earnings as a percentage of men's earnings.
Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
Causes of the persistent gender pay gap.

Women have responded to many of the original diagnosed causes of the gender pay gap. They are now investing as much and often more in their education as men, they are more continuous members of the labour force, they have made significant entry into a number of professions that used to be primarily closed to women - such as lawyers, medicine, accounting etc.-, and they now outnumber men among trade union members. The family wage is less frequently used as a concept in wage setting and availability of paid leave, support for childcare, paid leave and rights to request flexible working have all increased.

Each of these developments has undoubtedly had some positive impacts for at least some women but the changes in women’s position and behaviour has coincided with changes in the overall labour market that have made it more difficult to move towards equality. As Blau and Khan (1992: 32) argue ‘In the face of rising inequality, women’s relative skills and treatment have to improve merely for the pay gap to remain constant; still larger gains are necessary for it to be reduced’. The outcome has been ‘constantly moving goalposts’ (Rubery and Grimshaw 2015), such that just as women increase their education, earnings among the higher educated diverge in favour of men. Likewise just as women make entry to professions these become more segmented and divided with women confined to the lower rungs of the profession (for example as salaried staff rather than partners in law firms). Support for working parents has increased but at the same time more and more jobs require those interested in careers and promotion to work whenever and wherever, thereby restricting career-type jobs to only one parent in a couple and effectively excluding single parents.

Equal pay law and the undervaluation of women’s work

The legal right to equal pay only apples within a specific employing organisation and where there is a male comparator. These rights, though very important, are insufficient to close the gender pay gap or indeed address the most pervasive forms of gender pay inequality. This is primarily because women’s work may be segregated from men’s work in different occupations, employing organisations and sectors and there is no provision for pay comparison across organisational boundaries. Furthermore, even within an organisation the pay differential between the two types of jobs do not have to be proportional to the value of the job. Thus, if a man’s job is found to have slightly more value than a woman’s

Note in Quebec and Ontario notions of proportionality have been introduced to address equal pay issues - see Fredman (2013).
then it may be legal to pay considerably more to the man than the
women, that is the pay differential does not have to be proportional to the
difference in value\textsuperscript{3} It is well known that in the UK women are
concentrated in low paid part-time jobs which are also often segregated
into female-dominated firms and sectors. Indeed the outsourcing of many
areas of service work to specialist service forms may be linked to the
opportunity to pay lower wages to a primarily female workforce than if
the work was integrated in a more gender-mixed and regulated pay
grading system. Certainly this has applied to some work in the public
sector, especially home care. Despite being upgraded to middle level skill
ranges in the local authority single pay spine, home care work was
subsequently outsourced by most local authorities to private agencies
that only pay the minimum wage or just above the minimum wage to
home care workers (Bessa et al. 2013).

Thus the problem with the gender pay gap is not solely or mainly to do
with variations in pay for men and women in roughly the same kind of
work but with the undervaluation of women’s work through its
concentration in lower paying firms and sectors (Grimshaw and Rubery
2007). The introduction of a national minimum wage has done something
to protect against women being employed at very low pay, particularly in
part-time jobs, but there has also been a compression of pay between the
national minimum wage and the median such that opportunities for pay
progression for lower paid women have diminished. More therefore needs
to be done to raise the value of women’s work by raising the floor to the
labour market and providing more pay progression within female-
dominated occupations, firms and sectors.

The undervaluation of women’s work that can arise because it is
concentrated in specific sectors applies with respect to women’s higher
skilled work in the public sector. Long term freezing of pay and/or capping
pay at below the cost of living and/or the average earnings increase is
resulting in the reward for work undertaken by nearly two thirds of higher
educated women being determined more by the government’s fiscal
priorities than by the value of the work. Just short of two thirds of all
women (64.3% 2010) with a university degree in the UK are employed in
public services (public administration, education and health) compared to
only 31.9% of male university graduates (Rubery 2015). Many women
who have trained in public service occupations such as nurses and
teachers have limited opportunities, once they embark on this type of
course, to use their training outside of the public sector; to demonstrate
commitment to closing the gender pay gap the government has to address the valuation of work within the public sector.

This focus on undervaluation through segmentation across employing organisations and sectors does not mean there are not issues to address within integrated organisations, including the size of differentials across occupations, the tendency to hire men on higher starting salaries (if women are hired at a lower wage they often remain lower paid throughout their careers), differential access to promotion particularly for those working part-time and the discretionary and variable allocation of bonuses and increments.

**Long working hours as a barrier to quality part-time jobs**

Much of the policy focus to closing the gender pay gap has been on providing more opportunities for women to work flexibly. While such opportunities are to be welcomed, there is a crucial problem with this approach. The core issue is that higher level jobs increasingly require employees to accept working arrangements that involve long and unpredictable hours of work such that these cannot be taken by both parents. This also creates a barrier to part-time work in higher level jobs as issues of fairness arise if actual hours are fixed for some and not for others. The answer must therefore be to return to more regulated hours for all and to reduce the pressure towards overwork for both sexes during the key decades of parenting responsibilities. Although the right to request to work flexibly has helped some women retain their career jobs, and thereby avoided the costs of taking specifically designed part-time jobs that are even more likely to be low paid, the outcome is to create differentiated career paths within the higher level grades. Moreover, the ASHE earnings data make it clear that it is primarily in the public sector where women have gained the opportunity to earn wages above a narrow band while working part-time (that is more than half of female part-time workers in the public sector earn over £10 per hour while the share of private sector part-timers earning more than £10 and is less than a quarter\(^4\)). This is in part because more higher educated women work in public services but the planned shrinkage of the state, particularly in relation direct employment, may diminish opportunities for quality part-time work yet further.

**Interactions between gendered life courses and age discrimination**

\(^4\) ASHE 2014 Table 13.6a- note three fifths of all employees earn more than £10 an hour Table 1.5a
To understand the factors behind the widening gender pay gap for women above 40 we have to understand the interactions between women’s life course and the available employment opportunities linked to life stage. Until the right to request to work flexibly was introduced, most women who wanted to work flexibly or shorter hours after childbirth had to seek a new job and the UK was renowned for having a high rate of occupational downgrading among women returners. This exacerbated the problem of undervaluation of women's work, particularly as many of the jobs for women returners were located in low paying and female-dominated occupations and firms. The right to request to work flexibly may be moderating this influence for some women and thereby may potentially reduce the gender pay gap for those over 40 in the future. Nevertheless the result may still be women confined to lower career tracks after returning to work, even within their chosen occupation or career, for the reasons discussed above.

To some extent the decision to backpedal for a few years could be regarded as a reasonable choice and although women would like men to share the childcare more and in some cases to become the main carer, a majority of women might still ‘choose’ to reduce commitment to wage work for a period of time. The problem that this poses is the extraordinary costs imposed on women for taking these steps. These costs include the immediate ones of losing out on career opportunities, even being forced to accept occupational downgrading and low pay (in a highly unequal labour market such as the UK the penalty for accepting a downward move is much greater than in a more equal society). Even more significant are the very high long term costs that continue well beyond the period of active childcare and indeed into retirement. These include the difficulties faced, particularly by women but also by men, in re-entering professions or even returning to full-time work from interrupted or more flexible careers. Thus timeout causes high scarring effects that women are unable to overcome even when childcare concerns are largely in the past. Women’s high pension gap is also linked to this early curtailing of opportunities for wage earning and their confinement to jobs and sectors with few opportunities to accumulate occupational pensions. There is an apparent right to non-discrimination by age but this so far has largely been considered primarily in relation to younger and older workers, not in relation to those trying to restart careers in their thirties, forties or fifties. Women may be less able to access better jobs in these age ranges in part because of because of discriminatory attitudes towards flexible careers (some estimates suggest part-time work even has a negative impact on job prospects compared to not working at all) but also because
of discrimination on the basis of appearance or aesthetic appeal. The UK has strong age norms; most finish their studies by age 21 or 22 and careers are made or broken in the first two decades of employment. To achieve the Government’s objective of longer working lives, as well as the more flexible careers and more sharing of childcare and even eldercare among men and women that are essential to gender equality, there is a need to move beyond the fixation on performance at a young age as the basis for careers. It is paradoxical that older people are able to hold senior and responsible jobs provided they remain in employment in the same organisation but if made redundant are suddenly considered worthless and unable to regain employment at a comparable level or even at all. This paradox is recognised as a problem for men who are displaced from senior jobs but the general tendency to write off the capabilities of women even from their thirties onwards is an issue that needs to be addressed, particularly now all are expected to work productively up until their late 60s.

**Summary**

Many of the factors that generate the high gender pay gap for women over 40 arise out of the organisation of the labour market in the UK, in particular the high degree of wage inequality and its association with the undervaluation of women’s work, the long and unspecified working hours in career-type jobs, the lack of pay progression opportunities in many areas of women’s work and the institutionalisation of age norms and age discrimination in hiring and promotion decisions.

**6 December 2015**

**References**


