

## The Gender Pay Gap: Facts, Causes and Solutions

### Key Facts

- The pay gap for full time workers in the UK is 13.9%<sup>1</sup>
- Equal Pay Day marks the day in the year when women effectively stop getting paid as a result of the gap
- In 2016 Equal Pay Day is 10<sup>th</sup> November
- The pay gap has been closing but progress has stalled. At the current rate of progress (2011 -2015) it will take over 50 years to close the gap for full time workers (mean full time gap)
- There's no one cause of the gap – important factors are discrimination, undervaluing roles predominantly done by women, dominance of men in best paid positions and unequal caring responsibilities
- The gap is wider for older women, some BME women, women in certain occupations (e.g. skilled trades) and women on higher earnings.

### Who is affected?

The gap varies across the life course - it is at its lowest for women in their twenties (1.3%) and opens up significantly for women in their fifties (19.7%). See Appendix Two for age breakdowns.

It also differs across sectors of the economy. For example it is over 20% in the skilled trades and less than 5.1% for those working in sales and customer service.

### Causes

#### A divided labour market

Our labour market remains highly divided with feminised sectors tending to be the lowest paid

- Women make up 80% of care and leisure workers and only 10% of those working in the better paid skilled trades<sup>2</sup>
- Women make up over 60% of those earning less than the living wage<sup>3</sup>
- Women are increasingly well educated but this isn't translating into higher pay. In the UK, the aggregate (full and part time) gender pay gap for graduates ten years after graduation is 23%<sup>4</sup>
- Men continue to dominate apprenticeships in fields with the best earnings potential: In 2013 nearly 13,000 men started engineering apprenticeships while only 400 women did<sup>5</sup>.
- Women are more likely to work in low skilled jobs (47% compared to 18% of men)<sup>6</sup>

<sup>1</sup> ONS ASHE 2015 (provisional) Table 1.6a <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-400803>

<sup>2</sup> ONS [http://www.ons.gov.uk/ons/dcp171776\\_328352.pdf](http://www.ons.gov.uk/ons/dcp171776_328352.pdf), pp.11

<sup>3</sup> Lawton k. and Pennycook M. (2013) *Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage*, Ippr and Resolution Foundation

<sup>4</sup> Comparing sample survey measures of English earnings of graduates with administrative data during the Great Recession, IFS, <http://www.ifs.org.uk/publications/7997>

<sup>5</sup> Business Innovation and Skills Committee, <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmbis/342/342.pdf>, p. 17.

<sup>6</sup> Women in the Labour Market 2013, ONS [http://www.ons.gov.uk/ons/dcp171776\\_328352.pdf](http://www.ons.gov.uk/ons/dcp171776_328352.pdf)

## Unequal Caring Responsibilities

- Women continue to play a greater role in caring for children and sick or elderly relatives. As a result more women work part time (42% vs 11%<sup>7</sup>.) These jobs are typically lower paid with fewer opportunities for progression.
- Caring responsibilities can lead to unfair treatment and discrimination. Fawcett research with low paid women (earning less than £7.44 per hour) found **one in ten of our sample who had recently returned from maternity leave was given a more junior role**<sup>8</sup>
- The EHRC has found that around **54,000 mothers a year could be being forced to leave their job early** as a result of being fired, made redundant or treated so poorly they choose to leave after they become pregnant or give birth<sup>9</sup>
- The pay gap opens up significantly once women hit their forties. Often as they return from a break to raise children women find that their opportunities for promotion are reduced and that male contemporaries are being promoted ahead of them – researchers have found at least a 10% wage penalty for British women per child they have<sup>10</sup>

## Discrimination

- By its nature it is difficult to measure the impact of discrimination. A study in 2004 concluded that up to 38% of the gender pay gap in the UK was attributable solely to being a woman<sup>11</sup>
- Other indications that discrimination continues can be found in differences in pay for work of a similar type. **The average male in an executive role earned a basic salary of £40,325 over the 12 months to August 2012, compared to £30,265 for a female** in the same type of role<sup>12</sup>
- Women are less likely to receive a bonus at work – and when they do it is likely to be smaller than one received by a man<sup>13</sup>
- The introduction of tribunal fees has limited the ability of women to tackle discrimination. Research by the TUC shows just 1,222 sex discrimination claims were made to an employment tribunal in January to March 2014, compared to 6,017 in the same quarter in 2013, a fall of 80%<sup>14</sup>.

<sup>7</sup> ONS (2015) Annual Population Survey, November 2015

<sup>8</sup> Fawcett Society (2014) *the Changing Labour market 2: Women, low pay and gender inequality in the emerging economy*

<sup>9</sup> EHRC (2015) *Pregnancy and Maternity-Related Discrimination and Disadvantage* BIS Research Paper No. 235

<sup>10</sup> Gangl and Ziefle (2009), *Demography Motherhood, Labor Force Behavior, and Women's Careers*

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2831275/>

<sup>11</sup> Olsen and Walby 2004

<http://www.leeds.ac.uk/sociology/people/swdocs/Modelling%20gender%20pay%20gaps%20WP%2017.pdf>

<sup>12</sup> Chartered Management Institute evidence to Business Innovation and Skills Committee (2013)

<http://www.publications.parliament.uk/pa/cm201314/cmselect/cmbis/342/342iii.pdf>

<sup>13</sup> In 2012– the average bonus for a male executive was £7,496, compared to £3,726 for a female executive; Chartered Management Institute (2012) *Women in the Workplace*, December

<http://www.managers.org.uk/~media/Angela%20Media%20Library/pdfs/Policies/Women%20in%20the%20Workplace.pdf>

<sup>14</sup> TUC 2014, At What Price Justice? [https://www.tuc.org.uk/sites/default/files/TUC\\_Report\\_At\\_what\\_price\\_justice.pdf](https://www.tuc.org.uk/sites/default/files/TUC_Report_At_what_price_justice.pdf)

## Men at the Top

Men continue to dominate the most senior and best paid roles

- Only 5 Chief Execs in the FTSE 100 are women<sup>15</sup>
- Women make up only 9.6% of Executive Directors in the FTSE 100<sup>16</sup>
- Women made up 67% of the management workforce in entry-level roles, but only 43% of senior managers and 29% of directors<sup>17</sup>

## Where are we now?

Following a Fawcett campaign the government is going to require larger organisations (250 or more employees) to publish their gender pay differences, coming in to force in 2016. This will implement S78 of the 2010 Equality Act.

- We welcome this announcement but believe organisations should also be required to show how they calculated their pay gap and commit to an action plan to put it right. Alongside this there must be strong penalties such as fines of a percentage of turnover for those who do not comply.
- This is good for women who deserve equal pay but also good for business. If they understand what is holding women in their organisation back or whether they are properly valuing them they can maximise the use of the talent of their workforce.

## What else can be done?

We ask employers to:

- Advertise jobs at all levels in their organisation as flexible, part-time or a job share unless there is a strong business case not to.
- Unblock the pipeline. Support women to progress to higher paid jobs. Tackle unconscious bias and use targets to measure progress and focus minds.
- Over 60% of those earning less than the living wage are women – become a living wage employer.

And the Government to take action in the following ways:

- Create targets for apprenticeships and aim for 50:50 recruitment. Apprenticeships are publically funded but at the moment the ones in the highest paid sectors remain dominated by men. There is a £2,000 gender pay gap at apprenticeship level<sup>18</sup>.
- The introduction of shared parental leave is welcome but at the moment too few dads will be able to take it. There should be dedicated period of leave for dads paid closer to replacement earnings rate.
- Build on the extension of free childcare by investing in our childcare infrastructure so we have affordable, flexible and high quality care for children to help more families balance work and care
- Give women access to justice, remove harmful employment tribunal fees currently set at £1,200 which prevent women bringing equal pay claims and have resulted in an 80% drop in tribunal discrimination claims.

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<sup>15</sup> Women on Boards Davies Review Five Year Summary October 2015

<sup>16</sup> Women on Boards Davies Review Five Year Summary October 2015

<sup>17</sup> Chartered Management Institute (2015) <http://bit.ly/1EUR9Hv>

<sup>18</sup> Apprenticeships – Where the Pay Gap First Appears Young Women's Trust <http://bit.ly/1kylCBW>

- The time-limited use of boardroom quotas (ie with a sunset clause) can with international evidence show that they can be an effective way of improving women’s representation at the top. Recent Survation polling carried out for Fawcett shows Britain does not believe diversity at the top of public life will occur naturally, but that it will benefit the economy<sup>19</sup>. Quotas in the UK could be an important tool to improve women’s representation in public life and across the private sector, but additional work needs to be done within organisations to embed culture change and that quotas alone will not be enough.

**Statistics<sup>20</sup>:**

Fawcett prefers to measure the GPG using the mean. This is also the preferred measure for the TUC and EHRC, and the full-time mean is the basis for Equal Pay Day. Both the full-time only and aggregate (full time and part time) figures are useful. These statistics are all taken from the full-time, hourly pay gap which excludes overtime pay in order to isolate the gap in hourly pay from the gap in overall earnings.

**Appendix One - Hourly Gender Pay Gaps:**

<b>Year</b>	<b>Mean Full Time Gap %</b>	<b>Median Full Time Gap %</b>
1997	21.2	17.4
2001	20.1	16.4
2005	17.1	13
2010	15.5	10.2
2011	14.9	10.5
2012	14.8	9.5
2013	15.7	10
2014	14.2	9.6
2015	13.9	9.4

<sup>19</sup>Fawcett Society, State of the Nation 2016 <http://www.fawcettsociety.org.uk/2016/01/fawcett-releases-state-of-the-nation-2016-report/>

<sup>20</sup> All data is calculated from the ONS’ *Annual Survey of Hours and Earnings* <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/index.html>

**Appendix Two - Mean Hourly Full Time Gaps by age (2015)**

Age	GPG
18-21	5.7%
22-29	1.3%
30-39	5.7%
40-49	17%
50-59	19.7%
60+	19.9%

**Mean hourly full time gaps by employment sector excl. overtime 2015**

Employment Sector	Gap %
Managers, Directors, Senior Officials	21.82
Skilled trade occupations	20.21
Process, plant and machine operatives	18.13
Associate Professional and Technical Occupations	14.25
Professional Occupations	13.76
Elementary Occupations	13.25
Caring, leisure and service occupations	9.64
Administrative and Secretarial Occupations	8.09
Sales and customer service occupations	4.85

**Mean hourly full time gaps by industry excl. overtime 2015**

Industry	% Pay Gap
<b>FINANCIAL AND INSURANCE ACTIVITIES</b>	35.21
<b>HUMAN HEALTH AND SOCIAL WORK ACTIVITIES</b>	24.65
<b>PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES</b>	22.07
<b>ARTS, ENTERTAINMENT AND RECREATION</b>	21.52
<b>REAL ESTATE ACTIVITIES</b>	18.52
<b>OTHER SERVICE ACTIVITIES</b>	17.27
All Manufacturing	16.19
<b>MANUFACTURING</b>	16.19
All Service Industries	15.49
<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES</b>	15.43
<b>ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; [i.e. Domestic Work]</b>	13.10
<b>INFORMATION AND COMMUNICATION</b>	13.06
<b>EDUCATION</b>	11.72
<b>CONSTRUCTION</b>	9.51
<b>PUBLIC ADMINISTRATION AND DEFENCE;</b>	9.08
<b>ACCOMMODATION AND FOOD SERVICE ACTIVITIES</b>	7.93
<b>MINING AND QUARRYING</b>	5.33
<b>ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES</b>	5.03
<b>TRANSPORTATION AND STORAGE</b>	4.45
<b>AGRICULTURE, FORESTRY AND FISHING</b>	3.44
<b>WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT</b>	-10.99

