Gender Pay Gap and Causes Briefing
Equal Pay Day - 10th November 2017

Despite the Equal Pay Act 47 years ago, women still earn less than men in Britain today.

The most recent stats from the ONS’ Annual Survey of Hours and Earnings (ASHE) show that the gap for full time workers is 14.1%.¹ Unless otherwise stated, statistics in this briefing are from this source.

Key Facts

- The mean gender pay gap for women working full-time is 14.1%
- In 2017 Equal Pay Day is on the 10th November.
- Progress in closing the gap has stalled – it hasn’t changed in the last three years. There is no guarantee that the gap will close over time – it needs significant action from Government, businesses, and society.
- 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, BAME women, women in certain occupational sectors (e.g. skilled trades) and women on higher earnings.

Calculating the gender pay gap

There are different ways of calculating the gender pay gap. Like most organisations Fawcett uses the gross hourly pay gap, excluding overtime.

Fawcett primarily calculates the gap using the mean average, as this takes into account the fact that more men than women are earning higher wages at the top, which is an important part of the overall pay gap. This is the figure we use for Equal Pay Day.

The gap can also be calculated using the median average, to look at differences between workers in the middle of the distribution. We can also use the total of both full- and part-time workers (the ‘aggregate’ gap) in order to look at the overall difference in wages when the fact that more women work part-time is taken into account. Each method sheds a different light on gender wage inequality.

The mean full time pay gap for is 14.1%, which has not changed since 2015.²

Equal Pay Day

Fawcett marks Equal Pay Day each year as the point in the year when women stop earning relative to men. It varies with the actual gap in each year, and is based on the data available at the

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¹ ONS (2017), Annual Survey of Hours and Earnings: All data related to Annual Survey of Hours and Earnings: 2017 provisional results
² The figure used for the last year was 13.9% - this has now been revised up to 14.1% in October 2017’s release.
beginning of the year. So in 2017 Equal Pay Day is on the 10th November, because the most recently available ASHE 2016 data showed that the full-time mean gender pay gap was 13.9% - the same as it was in the year before.3

Who is affected?

The gap varies across the life course - it is at its lowest for women in their twenties (5.5%) and opens up significantly for women in their fifties (18.6%). Even though today’s younger women have a smaller pay gap at the moment as they age, research suggests that their pay gap will widen.4

It also differs across industries. For example, it is over 32.8% in finance and insurance and less than 6% for those working in administrative and support services.

Graduate women from ethnic minority backgrounds have been found to have lower pay three years after graduation than their white British peers,5 and Fawcett research finds that women from Bangladeshi and Pakistani backgrounds have a 26.2% aggregate pay gap with White British men, and Black African women have a 19.6% full-time pay gap with White British Men.6

Causes of the Gender Pay 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.

A divided labour market

- Women make up 80% of care and leisure workers and only 8% of those working in the better paid skilled trades.
- Women make up 61% of those earning less than the real living wage set by the Living Wage Foundation.7
- Women with degrees face a pay gap too. In the UK, the aggregate (full and part time) gender pay gap for graduates ten years after graduation is 23%.8

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3 ONS (2016), Annual Survey of Hours and Earnings: All data related to Annual Survey of Hours and Earnings: 2016 provisional results. The gap was revised up from 13.9% to 14.1% in both 2015 and 2016.
5 Zwysen and Longhi (2016), Labour market disadvantage of ethnic minority British graduates: university choice, parental background or neighbourhood? University of Essex
6 Anthony Breach and Yaojun Li, (2017), Gender Pay Gap by Ethnicity in Britain – Briefing, Fawcett Society
Men continue to dominate apprenticeships with the best earnings potential: In 2014/15 nearly 17,000 men started engineering apprenticeships while only 600 women did.9

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 14%).10 These jobs are typically lower paid with fewer opportunities for progression.
- Research by IPPR has found mothers in full time work at age 42 face a motherhood pay gap of 11%11 - when factors such as education, class etc. are controlled for, they still face a gap of 7%. Meanwhile, fathers who have kids enjoy a daddy pay bonus of 21% compared to men without children, even when other factors are controlled for.
- The IFS has found that the gender pay gap widens over twelve years after a child is born to 33%, due to lost wage progression for women.12

Men at the Top

- Men continue to dominate the most senior and best paid roles. In 2017, only 6 Chief Execs in the FTSE 100 were women.13
- Women make up only 10.4% of Executive Directors in the FTSE 100.14
- Women make up 73% of the management workforce in entry-level roles, only 32% of directors.15

Discrimination

- By its nature it is difficult to measure the impact of discrimination. However, experiments have shown that it is still an important factor. An American experiment where identical CVs were presented with female and male names found professors judged female applicants to be less competent, and less hireable. Professors were prepared to offer almost $4,000 more to the identical male applicant.16

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13 This is Money (2017), ‘How female bosses are outnumbered by ‘Daves’’, accessed at http://www.thisismoney.co.uk/money/markets/article-4847084/Just-six-FTSE-100-chief-executives-women.html
14 Business, Energy and Industrial Strategy Committee (2017), Corporate Governance
• The EHRC estimates that 54,000 mothers a year are forced to leave their jobs early after they become pregnant.  

• Fawcett research identifies that amongst people who make recruitment decisions in businesses, those who oppose equality of opportunity for the sexes are over-represented (16% compared to 7% in the overall population) – this small minority of ‘barrier bosses’ may be key to tackling the impact of discrimination.

What should we do about it?

• Mandatory gender pay gap reporting means that all larger employers need to publish their pay gap by April 2018. To ensure this step genuinely tackles the pay gap there should also be a requirement to publish an action plan on how employers will close the gap and there must be penalties for those who don’t follow the new rules.

• Businesses who are serious about tackling discrimination should conduct equal pay audits, going further into their data and the nature of job roles to make sure men and women are paid equal pay for work of equal value.

• The introduction of Shared Parental Leave is an important step, but to ensure more men take it and we rebalance caring responsibilities Fawcett would like to see a period of leave dedicated to second carers paid at a rate that makes it affordable for them to take it.

• Businesses should be required to advertise job roles as flexible by default, unless there is a strong business case not to do so.

• It’s time to think seriously about quotas, from the boardroom to apprenticeships.

• Over 60% of those earning less than the real living wage are women – we urge more businesses to become a real living wage employer.

• We need to challenge the segregation of men into higher-paying occupations and women into lower-paying occupations, starting with encouraging more women into STEM subjects at school age.

• And we need to increase the value placed on – and wages paid for – roles which women are highly represented in, such as care work.

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18 Jemima Olchawksi (2016), Sex Equality: State of the Nation 2016, Fawcett Society
19 i.e. the living wage calculated by the Living Wage Foundation, rather than the Government’s new National Living Wage, which is a higher minimum wage for people aged 25+.
20 Science, technology, engineering, and mathematics
### Mean full-time gender pay gap by age

<table>
<thead>
<tr>
<th>Age</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>14.1%</td>
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<tr>
<td>16-17b</td>
<td>7.3%</td>
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<tr>
<td>18-21</td>
<td>6.6%</td>
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<tr>
<td>22-29</td>
<td>5.5%</td>
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<tr>
<td>30-39</td>
<td>6.7%</td>
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<tr>
<td>40-49</td>
<td>17.1%</td>
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<tr>
<td>50-59</td>
<td>18.6%</td>
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<tr>
<td>60+</td>
<td>18.4%</td>
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### Mean full-time gender pay gap by region/nation

<table>
<thead>
<tr>
<th>Region</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>14.1%</td>
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<tr>
<td>North East</td>
<td>10.2%</td>
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<tr>
<td>North West</td>
<td>11.0%</td>
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<tr>
<td>Yorkshire and The Humber</td>
<td>10.8%</td>
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<tr>
<td>East Midlands</td>
<td>14.3%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>14.9%</td>
</tr>
<tr>
<td>East</td>
<td>14.6%</td>
</tr>
<tr>
<td>London</td>
<td>20.7%</td>
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<tr>
<td>South East</td>
<td>16.3%</td>
</tr>
<tr>
<td>South West</td>
<td>13.2%</td>
</tr>
<tr>
<td>Wales</td>
<td>8.3%</td>
</tr>
<tr>
<td>Scotland</td>
<td>11.1%</td>
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