The gender pay gap

Executive summary

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Introduction

This research report explores the gender pay gap, which is defined as the difference between the average hourly pay of men and women. As well as looking at basic differences in pay, the research identifies the characteristics that explain those differences such as age, occupation and level of education. The report is intended to further debate and highlight areas where intervention may be needed.

Key findings

- According to the Annual Survey of Hours and Earnings, the median gender pay gap for full and part-time workers in 2016 was 18.1%. The gap for full-time employees only was smaller at 9.4%. While part-time women tended to earn slightly more than part-time men (6%), part-time women earned 36.5% less than full-time men. Women are much more likely to work part time than men.
- Based on the analysis of Labour Force Survey (LFS) data – the source for all of the analysis in this report - the mean gender pay gap has reduced considerably. As a percentage of male earnings, for full and part-time work, it fell from 27% in 1993 to 10% in 2014.
- The gender pay gap is a longstanding phenomenon and its causes are complex. Social pressures and norms influence gender roles and often shape the types of occupations and career paths which men and women follow, and therefore their level of pay. Women are also more likely than men to work part-time and to take time out from their careers for family reasons.
- The effect of ‘occupational segregation’ – the division of men and women into different occupations – on pay has lessened. However, within occupations, on average women are still paid less than men suggesting they are either being paid less for doing broadly the same work or they have lower level jobs in the same occupations. In 2014, the gender pay gap within occupations (the ‘occupational gender pay gap’) was 15.3% based on the median. This has also declined, from
20.7% in 1993, however less so than the general gap. This disparity of pay within occupations now explains a very large part of the gender pay gap overall.

- Women not only earn less than men overall, they are more likely to be low paid. In 2014, 20.4% of men earned less than £8 per hour while 30.3% of women did so. However, the proportion of women experiencing low pay has declined over time.

- Nearly two-fifths of women in employment are part-time and four times as many women as men work part-time. Male and female part-time workers generally earn less per hour than full-time workers, but women who work part-time generally earn more than men who do so.

- The pay gap widens with age: older women experience a larger pay gap compared with their male peers than younger women with their male peers. This is primarily because women are more likely than men to take time out of the labour market to care for children. This may slow career development. The statistical analysis found that women's shorter job tenure, a likely consequence of starting a family, is a factor driving the pay gap.

- While younger married women earn more than unmarried women, this advantage reverses with age. From their 40s onwards, married women experience a pay disadvantage compared to unmarried women. This is likely to be linked with child-rearing: the analysis found that having a child increases the pay gap considerably for women. Married men, by contrast, earn substantially more than unmarried men in all age groups. The 'wage penalty' for child-rearing, as a proportion of women’s pay, has increased slightly over time. However, as with the gender pay gap generally, the pay gap between men and women with children has also declined over time.

- There appears to be a relationship between housework and the pay gap. Across the whole sample, women do more housework than men, and the demands of housework do not affect women and men in the same way. Where women work fewer hours they do more housework but men do not vary their housework hours relative to hours worked – their contribution tends to remain low regardless. Women that do the largest amounts of housework experience a pay gap even when compared with the small number of men who also do a lot of housework.

- Care responsibilities affect men as well as women in terms of pay. Men and women with the most time-consuming care responsibilities tend to have similar salaries. However, the majority of men and women do not have care responsibilities.

- The gender pay gap varies according to where people live and the sector they work in. The difference between central London and the rest of the country is vast. London has a smaller gender pay gap compared to the UK as a whole. The
North of England, particularly North and East Yorkshire and Humberside, followed by the South West, have the largest pay gaps. Scotland and Wales have gender pay gaps that are similar to the UK average, although the gap is slightly smaller in Wales than in Scotland.

- The gender pay gap is larger in the private sector, at £3.11 per hour over the period 1993-2014, than in the public sector where the gap is £2.38 per hour (adjusted for inflation). The pay gap between male and female graduates in the public sector is comparatively small (£1.63 per hour) but higher in the private sector (£2.77 per hour), suggesting that female graduates in the private sector gain less from their education in terms of parity with men.

- In the period 1993–2014 the gender pay gap among graduates declined from 21% to 6%, whereas for women without A-levels the gap declined from 34% to 17%. Twenty-eight per cent of male employees are graduates compared with 33% of female employees. Regression analysis found that female graduates have a higher pay return on their degree than male graduates – that is, controlling for other factors such as age and job tenure – and also benefit more from working in a graduate occupation.

- If a number of variables in the data, such as level of education for example, are controlled for to remove their influence over the pay gap, the remaining ‘residual’ and unexplained pay gap is much smaller. However, the proportion of the gender pay gap which remains unexplained has risen from just over half in the period 1993–1997 to over two-thirds between 2010-2014.

- Analysis of LFS data indicates that part-time work, occupational segregation and the ‘glass ceiling’ are the main drivers of the gender pay gap. Other significant factors include the over-representation of women in low-paid jobs, having children and shorter job tenure (which is linked to child-rearing). As a result women face barriers in their forties and in older age groups when it comes to progressing their careers.

**Background**

In 2015 the Equality and Human Rights Commission (‘the Commission’) commissioned research into the causes of, and potential solutions to, the gender, ethnicity and disability pay gaps. A suite of reports has been produced including a summary of findings from the entire project. These are available on the Commission’s [website](#).

The Commission holds the view that pay gaps reflect broader inequalities in society and tackling them is an important way to make Britain fairer. The analysis in this
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report builds on our previous research on pay gaps and complements our extensive online guidance on equal pay.

**Methodology**

Firstly, a brief literature review was conducted to establish what is already known about the gender pay gap. The statistical analysis, which is based primarily on historical data from the UK LFS covering the period 1993–2014, followed on from this. The LFS is a quarterly household survey of the employment circumstances of the UK population and is administered by the Office for National Statistics (ONS). A small amount of additional analysis is based on the UK Household Longitudinal Study (UKHLS, also known as Understanding Society).

The LFS data were used not only to establish the relative pay of different groups but also to identify the personal characteristics that are associated with differences in pay, such as level of education. These variables are referred to in the report as 'drivers' of pay gaps, although it is only possible to say that these are associated with, rather than the causes of, pay gaps. This analysis reveals, based on the data available, how much of the pay gap can be explained and how much is left unexplained. For a full account of the methodology see Chapter two.
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