

GENDER PAY GAP STATISTICS

January 2019

This paper is an updated version of Working Paper 17 Statistics published in 2017. It provides the latest gender pay gap statistics for Scotland and revisits the complexities of measuring and reporting on the pay gap.

Introduction

This paper provides information on how to calculate and report on the gender pay gap. It aims to explore some of the complexities around different methods of calculation and why it is important to understand what is behind the information reported in the media. This will be useful for businesses and organisations that are looking to generate, and report on, their pay gaps. It will also be useful for those interested in gender disaggregated statistics, and those who support organisations and businesses to challenge gender inequality in the workplace.

What is the gender pay gap?

The gender pay gap is an important indicator within the wider socio-economic context as it enables industries, regions and countries to benchmark their performance in challenging gender inequality. This is partly due to the fact that the gender pay gap i.e. the difference between women and men's average earnings, is a global phenomenon and the causes of the pay gap are symptomatic of wider issues relating to the persistent undervaluing of women's contribution to the economy. As a result, the gender pay gap is linked to a number of legal, social and economic factors which go far beyond the single issue of equal pay for equal work.

Annual Survey of Hours and Earnings

The UK Office for National Statistics (ONS) produces data on the average hourly earnings of women and men in the Annual Survey of Hours and Earnings (ASHE). Data on employees' earnings is drawn from payslip information and reported every year in a

number of tables accessible to the public. The ASHE tables provide information about the levels, distribution and make-up of earnings and hours paid for employees within industries, occupations and regions. It also provides data on earnings for employees by sex for full-time and part-time workers. Further breakdowns include by region, occupation, industry, region by occupation and age-groups.

The provisional ASHE results are released at the end of each year and contain the revised survey results for the previous year. The revised results include corrections identified during the period of validation as well as any late returns to the survey.¹

From the tables it is possible to calculate the gender pay gap for the whole of Scotland, and for different occupational groups and age groups at a UK level. Requests can be made to analysts at the Scottish Government to find out the pay gap for local geographical areas (e.g. Highland and Islands region) or for specific economic sectors (e.g. energy).

Calculating the gender pay gap

The gender pay gap is a complex issue and there is no definitive way in which to report a single figure which fully captures those complexities.² There are a number of factors to consider when reporting on the pay gap and it is important to understand what the different statistics indicate.

The Government Equalities Office uses the median hourly earnings (excluding overtime) to report on the pay gap, whereas the Equality and Human Rights Commission, for example, uses the mean. The ONS reports ASHE with both the mean and the median measurements, but its statistical bulletin will 'give prominence to the median'³. ASHE does not include the self-employed or those earning below the 'pay as you earn' (PAYE) income tax level, but it is possible to consider additional groups of people by integrating the Labour Force Survey results.

The headline gender pay gaps reported in the media may differ according to the region, the average measurement used, and whether the headline figure combines the full-time and part-time earnings. Table 1 illustrates the different pay gap figures in Scotland for 2017 and 2018.

¹ ONS (2017) *Annual Survey of Hours and Earnings revised* results <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2017provisionaland2016revisedresults/relateddata> Accessed December 2018

² Hicks, S., and Thomas, J. (2009) *Presentation of the Gender Pay Gap*, ONS

³ Ibid.

Pay gap in Scotland	2017		2018	
	Mean	Median	Mean	Median
Overall figure (all women/all men)	15.2%	16.1%	13.9%	15.0%
Comparing women's and men's full-time hourly rates of pay (excluding overtime)	11.1%	6.6%	10.2%	5.7%
Comparing women's part-time and men's full-time hourly rates of pay (excluding overtime)	31.7%	33.8%	29.7%	33.6%

Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018.

The **median average** is calculated by finding the midpoint in all employees' hourly pay and discarding the lowest and highest rates of pay or 'outliers.' Therefore, half of the employees' earnings will be above the midpoint and half will be below the midpoint. The median, from a robust statistical perspective, is a more accurate measure as it is not skewed by very low hourly pay or very high hourly pay. However, as the very high paid people tend to be men, and the very low paid people tend to be women, its use can obscure some gendered differences.

The **mean average** is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes the lowest and highest rates of pay. This will include a number of low paid employees, who are more likely to be women. International measures also use the mean when calculating the pay gap, which enables comparisons to be made with other countries, for example the global gender pay gap.

The combined figure includes full and part-time earnings and although not adjusted to account for individual differences in working patterns is useful to give an overall picture of gendered pay inequalities in the labour market. The European Commission uses the combined figure as it provides a fuller analysis of the economy as a whole whilst still capturing the complexities within it, and affords comparison between EU member states⁴.

More women work in lower paid, part-time work, which in statistical reporting is referred to as the 'part-time effect'.⁵ The full-time figure of 10.2 per cent illustrates the size of the gender pay gap when the part-time effect has been controlled for, although it is important to note that the 'part-time effect' is itself gendered.

⁴ European Commission (2014) Gender Pay Gap in EU Countries based on SES (2014) https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/report-gender-pay-gap-eu-countries_october2018_en_0.pdf accessed December 2018

⁵ ASHE 2009 notes (as cited in Scottish Government (2010) Gender Equality Scheme Annual Report, Scottish Government, pg 82)

The majority of part-time workers are women (75 per cent)⁶ and just under half of employed women (42 per cent) are working part-time, compared to 12 per cent of men.⁷ Men are also less likely to be in part-time positions over a long period of time.⁸ Part-time work is usually in low-paid and undervalued work, and wages are more likely to be lower in female-dominated workplaces than male-dominated workplaces or workplaces which are more diverse. This is also true for the UK as whole.

Since the 2007-8 recession there has been growth in both men and women's employment levels, women's employment rates in particular experienced a significant surge. At the same time there has also been an increase in low paid and insecure work, which can be seen in the rise of workers with more than one job, and zero-hour contracts. There is a gender-dimension to insecure work with women accounting for 55 per cent of those on zero-hour contracts⁹ and disproportionately represented among workers on casual contracts.¹⁰

Women's employment levels are currently slightly higher than pre-recession levels (2018: 71 per cent). When workers are working fewer hours than they want it is defined as underemployment.

How has the pay gap changed?

The ASHE results for 2018 indicate a slight decrease in the gender pay gap for Scotland when comparing women and men's combined average hourly earnings, as highlighted in Table 1 above. These figures represent a very slight narrowing of Scotland's gender pay gap from 15 per cent to 14 per cent and an across the board narrowing by 1 per cent. Figure 1 shows how the pay gap has changed since 2006 and highlights how the pay gap has remained relatively stable over time.

⁶ ONS *Labour Market Statistics* <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-391492>

Note: The split between full-time and part-time is based on self-classification and excludes temporary workers.

⁷ Scottish Government (2018) *Economy and the Labour Market: Regional Employment Patterns in Scotland* Available at <https://www.gov.scot/publications/regional-employment-patterns-scotland-statistics-annual-population-survey-2017/> Accessed December 2018

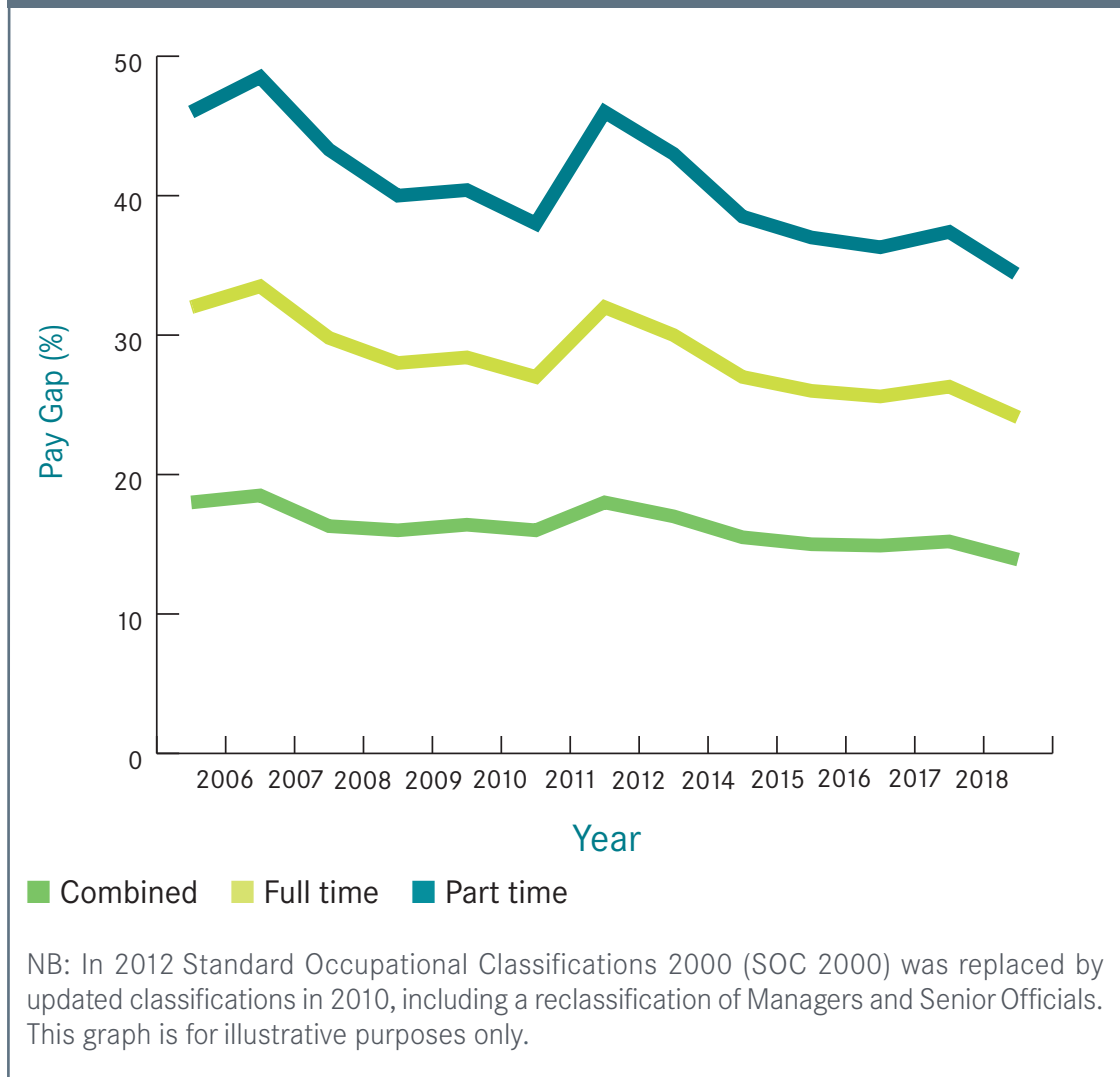
⁸ Grant, L., Yeandle, S., and Buckner, L., (2005) *Working below potential: women and part-time work EOC Working Paper Series no. 40*. Manchester: Equal Opportunities Commission

⁹ Close the Gap (2018) *Women, Work and Poverty*

<https://www.closesthegap.org.uk/content/resources/1—Women-work-and-poverty-what-you-need-to-know.pdf> Accessed December 2018

¹⁰ TUC (2014) *Women and Casualisation: Women's experiences of job insecurity*

Figure 1. Combined, full-time, and part-time gender pay gaps in Scotland, 2006–2018



This graph illustrates a fluctuation in the pay gap during 2011 and 2012 where there was a significant jump in the combined mean pay gap from 16 to 18 per cent. One explanation for this is the high number of public sector workers, the majority of whom are women, who have been affected by the public sector pay freeze, job losses and reductions in the number of posts. This highlights how economy-wide changes affect the pay gap.

The pay gap figure can also be affected by the timing of pay settlements over the survey period, where pay settlements affecting men’s earnings but not women’s earnings, are included during the survey period which could explain the differences in hourly rates of pay.

Table 2 shows the percentage change in combined hourly pay, excluding overtime, for men and women. The increase in women’s hourly pay from 2017 is greater compared to men for both the mean and median measurement.

Table 2: Percentage change in pay (excluding overtime) for men and women between 2017 and 2018

	Median pay excluding overtime			Mean pay excluding overtime		
	2017	2018	% Change	2017	2018	% Change
Men	£13.60	£13.90	+2.2	£16.91	£17.33	+2.5
Women	£11.45	£11.81	+3.3	£14.33	£14.92	+4.2

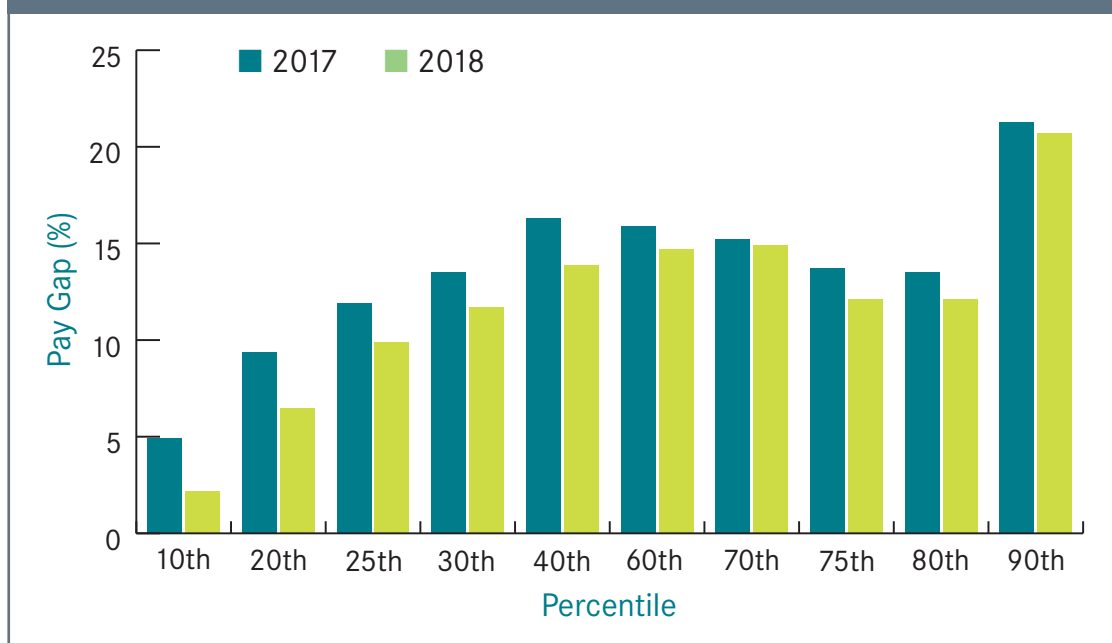
Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018

ASHE data allows for a more detailed examination of the median gender pay gap across different groups of earners. Those on the lowest wages are in the 10th percentile whilst the highest earners are in the 90th percentile.

In 2018 there was a slight decrease in the gender pay gap across the percentiles. The most notable decreases were for the lowest earners in the tenth percentile (those who earn less than 90 per cent of other employees) and the twentieth percentile (those who earn less than 80 per cent of other employees). This may be a result of the introduction of the living wage across some of the public sector, the commitment to pay the living wage for adult social care workers and the impact of the introduction of the National Living Wage by the UK Government.

Figure 2: Comparison of overall percentile pay gap by year



Source: ONS *Annual Survey of Hours and Earnings 2017-8*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed December 2018

Different occupational groups

Table 3 illustrates the combined, full and part-time gender pay gaps for different occupational groups in relation to average hourly pay.

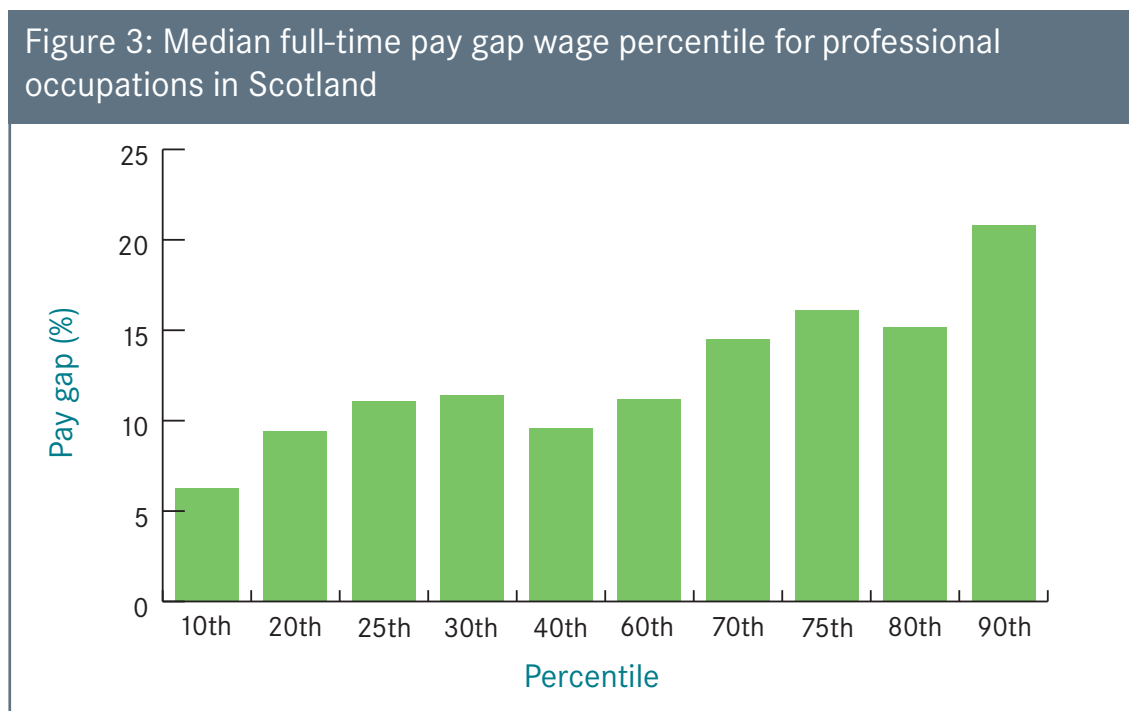
Table 3: Mean Hourly Pay (excluding overtime) (£) for male and female employees in Scotland by occupational group 2018*								
Occupation	Combined men's average hourly pay	Combined women's average hourly pay	% pay gap	Full-time men's average hourly pay	Full-time women's average hourly pay	% pay gap	Part-time women's average hourly pay	% pay gap* (Comparing men's full-time pay to women's part-time pay)
All Scotland	£17.33	£14.92	13.9%	£17.72	£15.90	10.2%	£12.46	29.7%
Managers and Senior Officials	£25.57	£20.09	21.4%	£25.87	£20.72	19.9%	£15.61	39.6%
Professional Occupations	£23.74	£20.19	14.9%	£23.85	£20.26	15%	£19.89	16.6%
Associate Professional and Technical	£19.64	£16.46	13.1%	£19.71	£16.85	14.5%	£14.36	27.1%
Administrative and Secretarial	£14.87	£12.29	17.3%	£14.88	£12.60	15.3%	£11.47	22.9%
Skilled Trades	£13.46	£10.19	24.3%	£13.57	£10.70	21.1%	£9.25	31.8%
Caring, Leisure and other service occupations	£11.52	£10.96	4.9%	£11.75	£11.12	5.4%	£10.73	8.7%
Sales and Customer Service	£11.02	£9.83	10.8%	£11.57	£10.52	9.1%	£8.84	23.6%
Process, Plant and Machine Operatives	£12.23	£9.91	19.0%	£12.32	£10.04	18.5%	£9.37	23.9%
Elementary Occupations	£10.04	£8.89	11.4%	£10.34	£9.25	10.5%	£8.60	16.8%

ONS (2018) Table 3.6 A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018

Below national average (13.9 per cent) pay gaps are found in two female-dominated sectors which are also characterised by low pay, caring, leisure and service and sales and customer service. While administrative and secretarial, another female-dominated sector, had a lower than average pay gap in 2016 and 2017, the pay gap in this sector is now above average. Overall there was a decrease in the occupational groups in 2018 with a lower pay gap than the Scottish national average than in 2017.

When comparing full-time hourly pay gaps, the largest gaps are in managers and senior officials, skilled trades, and process, plant and machine operatives occupations. This is also true when women’s part-time hourly pay is compared to men’s full-time hourly pay. The part-time pay gaps are significantly larger in those three groups, especially in managers and senior officials where it is 6 per cent higher than the national average. This can be partly explained by the relatively few women working part-time in those occupational groups compared to the proportion of male full-time employees.

Comparing the difference between median and mean earnings can explain the distribution of earnings for women and men within an occupational group. For example, the median pay gap for professional occupations is 9.9 per cent, which is significantly lower than the mean measurement of 14.9 per cent. The difference between measurements suggests there are fewer women earning higher rates of pay within this group. This can be further explained by the distribution of earnings within this group, which is illustrated in figure 3 below. The pay gap for the 10th percentile of professional occupations for women and men working full-time is 6.3 per cent, compared to 20.8 per cent for the 90th percentile. The 90th percentile pay gap is over three times the overall median average.



Source: ONS *Annual Survey of Hours and Earnings 2018 provisional results*
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018

Weekly earnings

Table 4 details the differences in weekly pay, excluding overtime, between women and men. Compared to Table 3, the differences are greater in some cases than hourly rates of pay. Women are more likely to work fewer paid hours per week than men, due the burden of care disproportionately falling on women, and at the same time may not be categorised as part-time workers.

Table 4: Average (mean) weekly pay—excluding overtime (£) for male and female employees in Scotland by occupational group 2018

Occupation	Combined men's average weekly pay	Combined women's average weekly pay	Difference in pay per week	Percentage difference in in women's and men's weekly earnings	Full-time men's average weekly pay	Full-time women's average weekly pay	Percentage difference in women and men's full-time weekly earnings
All Scotland	£610.30	£428.40	£181.90	29.8%	£681.40	£583.90	14.3%
Managers & Senior officials	£962.60	£689.60	£273	28.4%	£1004.00	£778.20	22.5%
Professional occupations	£827.80	£624.60	£203.20	24.5%	£882.70	£730.0	17.3%
Associate professional occupations	£701.20	£524.70	£176.50	25.2%	£744.70	£618.20	17%
Administrative and secretarial	£501.90	£353.30	£148.60	29.6%	£556.60	£459.40	17.5%
Skilled trades	£517.30	£307.70	£209.60	40.5%	£534.40	£423.20	20.8%
Caring, leisure and other service occupations	£334.30	£291.50	£42.80	12.8%	£438.20	£411.20	6%
Sales and customer services	£334.70	£248.90	£85.80	25.6%	£441.10	£392.60	11%
Process, plant and machine operatives	£439.30	£325.00	£114.30	26%	£477.10	£385.40	19.2%
Elementary occupations	£316.00	£196.40	£119.60	37.8%	£406.00	£348.10	14.3%

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2018*

Table 3.6A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018.

Pay gap by full-time and part-time work

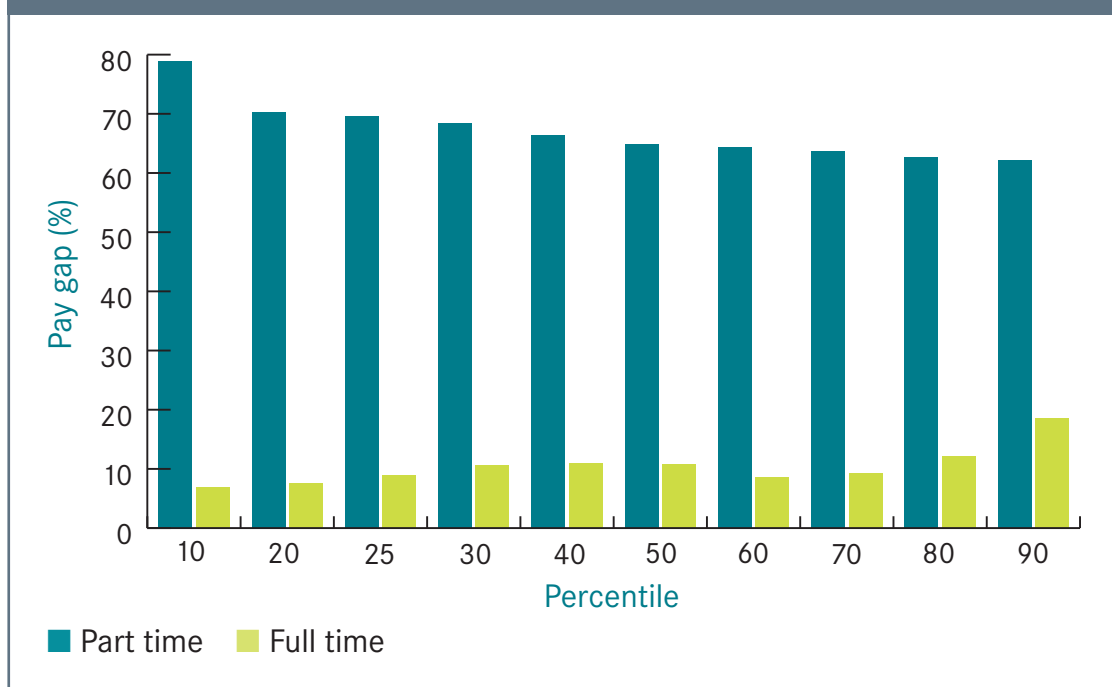
When comparing the combined with the full-time figures the limitations of excluding part-time workers are clear. The pay gaps across each of the occupational groups displayed figures significantly lower when only full-time workers were considered, about three quarters of women work part time, in order to capture an accurate picture of the labour market it is important to include part-time workers. The mean combined weekly pay gap (29.8 per cent) is more than double of the full-time figure (14.3 per cent). Female dominated occupations, which have high levels of part-time work, also have a narrower gap when only comparing full-time workers. The combined pay gap in sales and customer services (25.6 per cent) is almost fifteen percentage points higher than the full-time figure (11 per cent), and in caring leisure and other service occupations the gap more than doubles (6 per cent to 12.8 per cent).

By considering men's average full-time weekly earnings and women's average part-time earnings the gaps increase significantly. For example, this varies according to occupation from weekly pay gap of 67 per cent for managers and senior officials to a gap of 52.8 per cent for care, leisure and other service occupations.¹¹

The increase in the gender pay gap when viewing weekly earnings can also be better explained by viewing the differences in the distribution of earnings in both full and part-time work. For example, figure 4 shows that the full-time weekly pay gap for Scotland does have some variation across the percentiles, between 7 per cent and 19 per cent. The variance of part-time weekly pay gaps is wider, and ranges between 79 per cent for those on the lowest earnings and 62 per cent for the highest earners.

¹¹ ONS *Provisional Results Annual Survey of Hours and Earnings 2018* Table 3 Region by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018

Figure 4: Weekly full-time and part-time percentile pay gaps, Scotland, 2018



Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2018*
 Table 3 Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata>

Intersectionality and the pay gap

Disabled women, Black and minority ethnic women, Muslim women, lesbian and bisexual women, trans women, refugee women, young women, and older women experience different, multiple barriers to participation in the labour market, and to progression within their occupation, which also contributes to the pay gap. Across the labour market, disabled women and some groups of Black and minority ethnic women are more likely to be under-employed in terms of skills, and experience higher pay gaps.¹² Disabled, Black and minority ethnic, and lesbian, bisexual and trans women are also more likely to report higher levels of discrimination, bullying and harassment.¹³

However, there is a lack of intersectional data pertaining to gender pay gaps to fully illustrate these differences. Figures relating to disability, sex and pay are only available at a UK-level and the most recent figures (2017) show that the average pay gap for disabled women is 22 per cent when compared with non-disabled men and 11 per cent when compared with disabled men.¹⁴

¹² Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap* <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf> Accessed December 2018

¹³ Ibid

¹⁴ TUC (2018) *Disability Employment and Pay Gaps 2018* <https://www.tuc.org.uk/sites/default/files/Disabilityemploymentandpaygaps.pdf> Accessed December 2018

There is also limited data relating to the ethnicity pay gap, which measures the difference in average hourly pay between different ethnic groups. The most recently available data is based on Labour Force Survey data over the period of 2002-14. The data shows that there is a pay gap between women from all ethnic groups and white men. However, the pay landscape for women in the same period was more complex as there were clear differences in pay gaps across ethnic groups and migration status. The data therefore highlights that BME women cannot be treated as a homogenous group with British-born BME women experiencing pay advantages or smaller pay gaps than migrant women from the same ethnic group, except for Chinese and Indian women.

The following pay gaps or pay advantages represent the difference in median wage per hour when compared to the median hourly wage of a white British woman in the UK:

- British-born Bangladeshi women experience a 0.9 per cent pay gap and this rises to 12.3 per cent for a Bangladeshi migrant woman.
- A British-born Black African woman has a 19.4 per cent pay advantage over a White British woman. However, no such advantage exists for Black African migrant women who experience a 6.1 per cent pay gap.
- A British-born Black Caribbean woman has a 15 per cent pay advantage while migrant women of the same ethnicity experience a 1.7 per cent pay gap.
- Both British-born and migrant Chinese women experience a pay advantage over a White British woman, at 26.5 per cent and 11 per cent respectively.
- Indian women are the only other ethnic group to have a pay advantage over white women regardless of whether they are British-born (14.9 per cent) or migrant (5.4 per cent).
- Finally, the pay gap for a Pakistani woman is 5.8 per cent if they are British born and 7.9 per cent if they are a migrant.¹⁵

¹⁵ Weekly full-time and part-time percentile pay gaps, Scotland, 2018

Pay gap by age

The published ASHE tables allow for an analysis of pay, sex and age. At present, a regional analysis combining age, sex and pay is only publicly available at the UK level.

Age Category (all occupational groups)	Combined male average hourly pay	Combined female average hourly pay	% Pay Gap
All UK	£18.13	£15.04	17%
18- 21	£9.03	£8.58	5%
22-29	£13.73	£12.76	7.1%
30-39	£18.25	£16.42	10%
40-49	£21.01	£16.77	20.2%
50-59	£20.26	£15.40	24%
60+	£17.65	£13.33	24.5%

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2018*

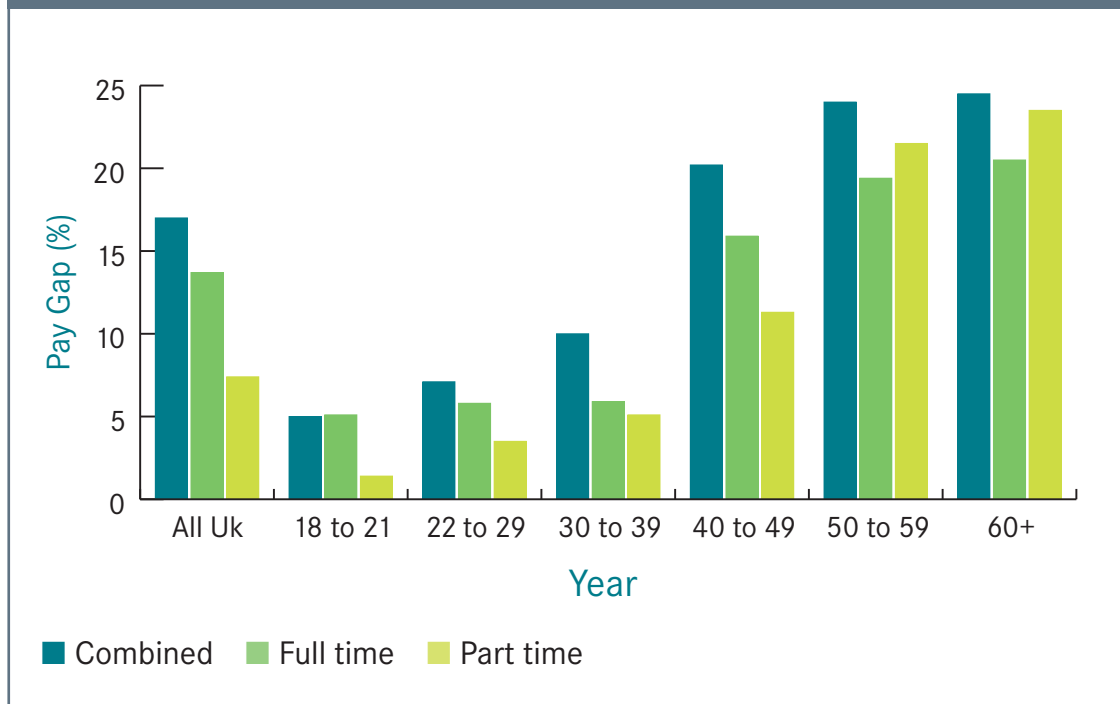
Table 6.6a hourly pay (excluding overtime) by age

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018.

While table 5 shows that there is a pay gap for all age categories, the gap is above average for those aged 40 and over. This is further illustrated in figure 5. The ‘motherhood’ penalty¹⁶ contributes significantly to the increased pay gap. Women returning to the workplace after having children can find it increasingly difficult to reconcile caring responsibilities with work, and for many the only option is to find part-time work which is below their skill-level. This work is usually found in female-dominated occupations, such as administration, which are characterised by low pay. At the same time, there are fewer women working part-time and earning more in senior positions proportionately to the number of men earning higher rates of pay.

¹⁶ ‘Motherhood’ penalty is a term used to describe the economic impact of taking time out of the labour market to look after children. For some women this results in extended periods of working part-time in often lower paid positions. The length of time which women work on a part-time basis, as well as the number of hours worked, are significant determinants of their levels of pay, their promotion prospects, and their income in retirement. At the same time, it reduces a woman’s ability to build her human capital, and propensity to progress their careers. For example, women who have spent just one year in part-time work and then worked full-time, can still expect to earn up to 10 per cent less after 15 years than those who have worked full-time for all 15 years (Francesconi and Gosling, 2005).

Figure 5: Gender pay gap for mean hourly pay gap by age group



Demographic specific surveys can reveal differences in pay for young women and men. The Higher Education Careers Service Unit (in partnership with Warwick Institute of Employment Research) has tracked female and male graduates' transition into the labour market, with a specific focus on earnings. The final 2013 report found that the 2006 female graduate survey group earned less on average than their male counterparts from the same group surveyed.¹⁷ In some cases the difference was as much as £8000 per annum for women and men with the same qualifications.¹⁸ This has consistently found to be true in previous HECSU surveys with 1995 and 1999 graduate cohorts.

More recently, figures from the UK Government Department for Education, covering the financial year 2015-2016, also found that the gender pay gap starts from graduation. The research, based upon English data, shows that one year after graduating women were earning around £1600 less than their male counterparts, meaning male earnings were 9 per cent larger than female earnings. Five years after graduation, this rises to 13 per cent and reaches 30 per cent ten years after graduation.¹⁹

¹⁷ Purcell, Elias, Atfield et al., (2012) Futuretrack stage 4: *Transitions into employment, further study and other outcomes*, HECSU, http://www.hecsu.ac.uk/current_projects_futuretrack.htm Accessed December 2018.

¹⁸ The Guardian (2013) *Female graduates earn less than males – even if they studied the same subject* <http://www.theguardian.com/careers/careers-blog/graduate-gender-pay-gap-university-subject> Accessed December 2018

¹⁹ *Graduate outcomes* (LEO): 2015 to 2016 <https://www.gov.uk/government/statistics/graduate-outcomes-2015-to-2016> Accessed December 2018

Public, third and private sectors

Table 6 shows the gender pay gap in the public, third and private sectors in Scotland.

Sector	Combined men's average hourly earnings	Combined women's average hourly earnings	% pay gap	Full-time men's average hourly earnings	Full-time women's average hourly earnings	% pay gap	Part-time women's average hourly earnings	% pay gap
Public sector	£19.27	£16.80	12.8%	£19.41	£17.71	8.7%	£14.36	26%
Private sector	£16.63	£13.17	20.8%	£17.05	£14.09	17.4%	£10.91	36%
Non-profit body or mutual association (Third sector)	£18.40	£14.98	18.6%	£19.30	£16.27	15.7%	£12.03	37.7%

Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018/relateddata> Accessed December 2018.

The public sector combined, full-time and part-time pay gaps are lower than the national average (13.9 per cent). By comparison, the third sector has higher than average pay gap across all categories and the private sector pay gap is considerably higher for each category. Pay in the private and third sectors is also lower than pay in the public sector for both women and men in part-time or full-time work.

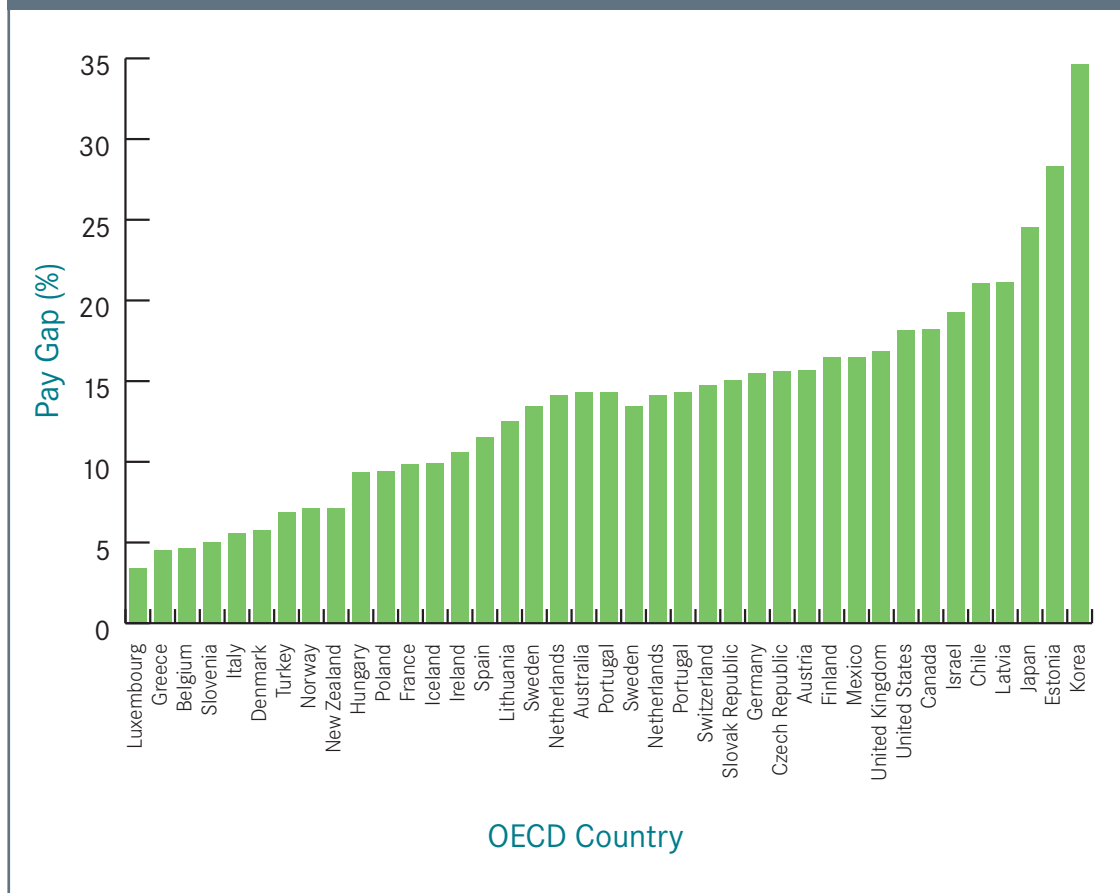
Global gender pay gap

The pay gap is a worldwide phenomenon and is symptomatic of the undervaluing of women's participation in social and economic spaces of production. The International Trade Union Congress, when analysing the global gender pay gap, have reported that the average gender pay gap stands at 23 per cent.²⁰

Figure 6 illustrates the OECD's estimates of the median gender pay gap of its 34-member countries. The gap ranges from almost 35 per cent to less than 4 per cent across the different countries, and the overall gender gap in earnings is 13.9 per cent. This set of data is limited as it compares only full-time employees, but in some cases, as the chart footnotes discuss, countries have submitted information about all employees who work over 15 hours per week. The pay gap varies between countries, partly due to differences in data collection and analysis, and partly due to the nature of women's participation in local, formal labour markets.

²⁰ ITUC (2018) Economic and Social Policy Brief: The Gender Wage Gap <https://www.ituc-csi.org/brief-wage-gap> Accessed December

Figure 6: The gender pay gap in average earnings of full-time employees (median) across each of the OECD countries 2017 or latest available data



Source: OECD *Employment Database 2018*, accessed December 2018
<https://data.oecd.org/earnwage/gender-wage-gap.htm>

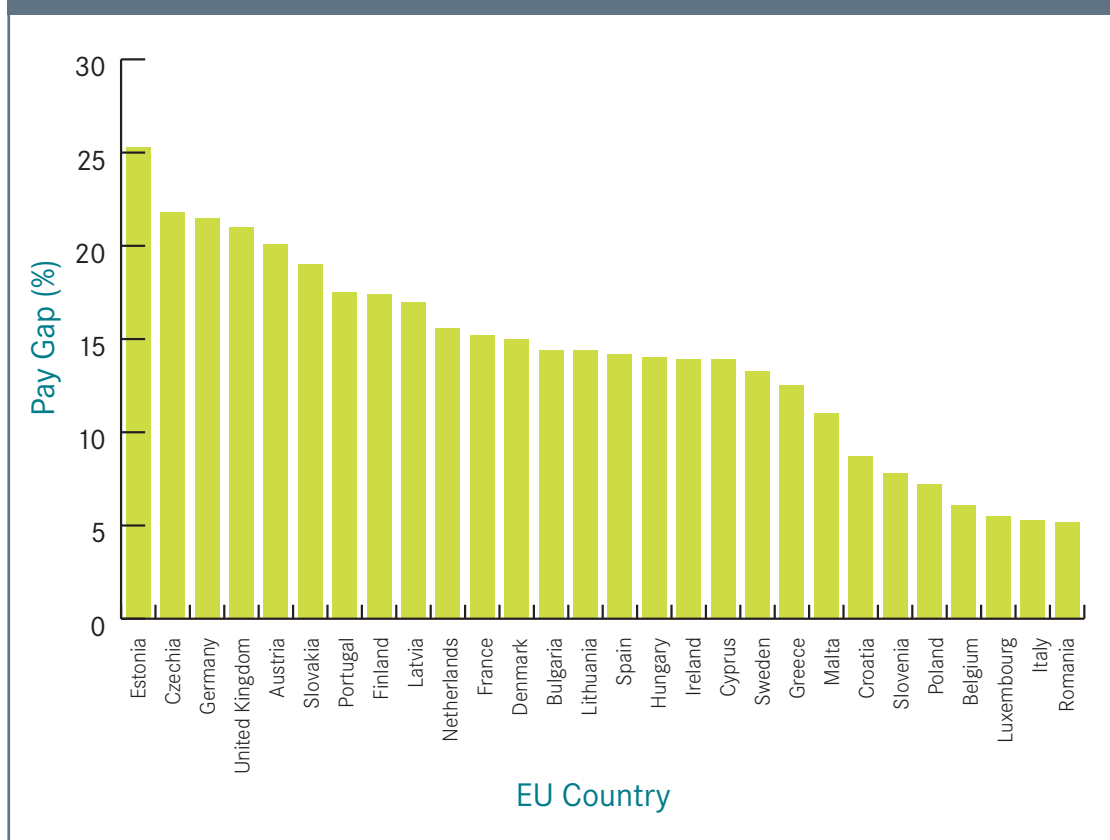
The European Commission publishes annual reports on the pay gaps in EU member states and uses the mean combined figure, however, the Commission does not have annual figures for each member state.

Similar to OECD figures, in the European Union the gap ranges vastly from as low as 5 per cent to 25 per cent, with an average gap of 16.2 per cent (figure 7). The European Commission highlights that the gap is ‘not an indicator of the overall inequality between women and men since it only concerns salaried people. The gender pay gap must be looked at in conjunction with other indicators linked to the labour market’²¹. Countries such as Italy have a relatively low figure (5.3 per cent) however this is likely to be a reflection of the small proportion of women in its workforce²².

²¹ European Commission (2014) *Gender Pay Gap in EU Countries based on SES (2014)*
https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/report-gender-pay-gap-eu-countries_october2018_en_0.pdf accessed December 2018

²² Ibid

Figure 7: The mean overall gender pay gap in EU countries 2016 or latest available data



Source: European Commission accessed December 2018
https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics

Discussion

These figures represent a very slight narrowing of Scotland’s gender pay gap from 15 per cent to 14 per cent and an across the board narrowing by 1 per cent. Women working full-time earn 10.2 per cent less than their male counterparts, while part-time women earn on average 29.7 per cent less than men working full-time illustrating the systemic undervaluation of “women’s work” which continues to be concentrated in part-time, low-paid jobs. The gender pay gap has remained relatively stable, with small fluctuations in recent years, including in 2018 which saw only a slight decrease. This highlights that there remains a persistent lack of meaningful change in the everyday experiences of women’s lives.

The pay gap has a range of complex, inter-related causes which require a cohesive and strategic response. Close the Gap has welcomed the Scottish Government’s commitment to develop a gender pay gap action plan, as announced in the Child Poverty Delivery Plan. However, only bold action will substantively tackle the multiple causes of the pay gap and realise women’s labour market equality.

In 2018, Close the Gap published *The Gender Penalty*, research which modelled Scotland's gender pay gap to identify the causes, and highlighted the solutions necessary to close the gap. The research found that there are four main drivers of Scotland's pay gap: bonus earnings, the size of company a woman works for, occupational segregation, and the "gender residual" which is most commonly attributed to gender discrimination in the labour market. The research found that occupational segregation remains an intractable problem. To date, efforts to reduce occupational segregation have been overwhelmingly focused on increasing the number of girls and women in STEM, with a heavy emphasis on supply-side initiatives and there has been no work to address the inherent undervaluation of women's work.²³

In 2010, research by Olsen, Gash et al and earlier research by Olsen and Walby (2004) identified the factors which contribute to the gender pay gap in the UK. Both studies included work histories in their models which it was not possible to include in Close the Gap's research. The factors identified in the UK research included working patterns over the course of a life-time; occupational segregation; size of an organisation and whether it is unionised or not; and gender discrimination in the labour market.^{24,25}

Although the causes of a gender pay gap, whether nationally, or at sectoral or organisational levels, are context specific, there are commonalities across all labour markets. Studies consistently identify inflexible working practice, women's propensity to have caring roles, biased and non-transparent recruitment and progression practice, and pay discrimination contribute to women's divergent experiences of the labour market. Women's concentration in undervalued lower-paid jobs and sectors of the economy such as social care, administration, catering and retail remains a critical challenge. In addition, the nature of women's participation in the labour market has been characterised by the historical undervaluing of women's contribution to society and the economy. Despite almost 50 years of legislation for equal pay between men and women, which aimed to correct the undervaluing of women's work and ensure equal pay for 'like work' or 'work of equal value', pay and grading structures continue to reward stereotypical male roles, behaviour and characteristics.

The statistical evidence backs this up. Three quarters of part-time workers are women in Scotland. A smaller percentage of women are in managerial and senior positions, and women are concentrated in certain occupational groups and sectors e.g. public sector, health and social care, administration. However, at the UK level there are changes which suggest that the pay gap between young women and men has reduced significantly. This could partly be explained by women's higher attainment, however,

²³ Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap* <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf> Accessed December 2018

²⁴ Olsen, W., Gash, V. et al (2010) *The Gender Pay Gap in the UK 1995 - 2007: Part 1 - Research Report* Available at http://openaccess.city.ac.uk/15912/1/genderpaygap2010_olsenetal.pdf Accessed December 2018

²⁵ Walby, S. and Olsen, W., (2004) *Modelling Gender Pay Gaps* Manchester: Equal Opportunities Commission

the pay gap between young men and women varies greatly between occupational groups, and where there is a significant reduction it is a short-lived. Data on the pay gap, by age shows that the gap increases significantly above the national average for those aged 40 and over and sector specific studies such as HECSU Futuretrack study have reported a significant difference between female and male earnings within the same graduate cohort despite having the same qualification.

This economic injustice will extend over the period of a woman's working life, regardless of a woman's earnings when initially entering the labour market. For example, from the survey, women overall earn on average in Scotland £175.30 less per week than men. Over the course of a woman's working life (from age 16-64) she will earn £440,044.80 less than a man.²⁶

In April 2018, large private and third sector organisations were required to report their gender pay gap information for the first time. The Equality Act 2010 (*Gender Pay Gap Information*) Regulations 2017 requires private and third sector employers with 250 or more employees to report a range of information including mean and median gender pay gap figures; gender gap in bonus earnings, and the proportion of men and women receiving bonuses; and the proportion of men and women in each pay quartile. This pay transparency measure is a welcome start, however, Close the Gap's assessment²⁷ of employer reporting reveals that the pay gap remains an intractable problem, with no end in sight. That less than a third of Scottish employers have set out an action plan for closing their pay gap reaffirms Close the Gap's concerns about the limitations of the gender pay gap regulations. Less than a fifth of employers had set out actions they will take to close the gender pay gap and only 5 per cent have set targets to reduce their pay gap, with some lacking timescales. While the new pay transparency measures are an important first step in addressing the systemic inequality women face at work, the fundamental weakness is that employers are not required to take action that will close their pay gap. The lack of action also aligns with research published by Close the Gap and the Government Equalities Office on employer action on gender equality which shows that employers are unlikely to voluntarily take action on the causes of the pay gap.²⁸

Gender disaggregated statistics are necessary for policy makers, employers and other stakeholders to challenge gender inequality. The cross-cutting and complex issues relating to the nature of women and men's access to education, training and their participation in the labour market can only be understood if the information provided is disaggregated according to gender, otherwise new and existing policies and practices will continue to perpetuate gender inequality.

²⁶ ONS *Provisional Results Annual Survey of Hours and Earnings 2015* Table 3 Region by Occupation Combined figure) <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-400803> Accessed January 2015

²⁷ Close the Gap (2019) *Assessment of employer reporting on the public sector equality duty* [Forthcoming]

²⁸ See Close the Gap (2013) *Missing out on the benefits* and IFF Research (2015) *Company Reporting: Gender pay data*, Government Equalities Office