



## Everything you wanted to know about the gender pay gap but were afraid to ask

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. The pay gap is caused by a range of factors, and not just women and men being paid different pay rates for the same job.

This briefing aims to answer the most commonly asked questions about the pay gap.

### What is the gender pay gap?

The gender pay gap is the difference between men's and women's average hourly pay, and is the key indicator of women's labour market inequality. It represents women's and men's divergent experiences of not only the workplace, but also education, skills acquisition, care and other domestic labour, and wider societal conventions.

### Is the gender pay gap the same thing as equal pay?

The gender pay gap is not the same thing as the issue of equal pay, although unequal pay is one of the range of factors underlying the pay gap. Equal pay law covers the concept of equal pay for equal work, rendering it unlawful to pay a woman less than a man (and indeed vice versa) for the same job or jobs of equal value. Equal pay for equal work is only one small piece of the pay gap picture and tackling this alone is not enough to close the gender pay gap.

Gender pay gap	Equal pay
The difference between the average hourly pay of men and women. This can be calculated at a national, regional, sectoral or employer level. The figure is expressed as a percentage and where this is positive indicates that women are paid less than men.	This refers to the requirement to ensure women and men receive equal pay for the same or equal work. As defined by the Equality Act 2010, an individual can claim equal pay with a comparator of the opposite sex where work is different, but which would be assessed as equal in value in terms of demands such as effort, skill and decision-making.

## Don't we have equal pay by now?

Unfortunately, no. Following the introduction of equal pay law in 1970 employers have been on a long journey towards equal pay, and progress hasn't always been swift or linear. Some employers have undertaken job evaluation exercises to identify where jobs of equal value may be paid differently, and taken action to rectify this, but anomalies still exist. There also remains the issue that the skills associated with jobs typically seen as 'women's work' are systematically undervalued, and therefore these jobs receive lower pay than they should.

While equal pay law provides a legal remedy to women who have received unequal pay, most causes of the pay gap are in fact not unlawful. Rather, they are the causes and consequences of women's wider societal inequality, and intransigent historical expectations around women's roles.

## What are the causes of the gender pay gap?

The gender pay gap is caused by a range of factors. These include:

- occupational segregation, which is the clustering of women and men into different types or work (horizontal segregation) and different levels of work (vertical segregation, often known as 'the glass ceiling');
- a lack of quality part-time and flexible working;
- the economic undervaluation of stereotypical female work such as care, retail, admin and cleaning;
- women's disproportionate responsibility for unpaid care;
- biased and untransparent recruitment, development and progression practices;
- male-oriented workplace cultures; and
- discrimination in pay and grading systems.

## Do all women experience these factors in the same way?

Women's experiences vary. 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 contribute to the pay gap.

Underemployment, both hours and skills related<sup>1</sup>, disproportionately affects disabled women<sup>2</sup> and BME women<sup>3</sup>. BME, disabled, and lesbian, bisexual and trans women are more likely to report higher levels of discrimination, bullying and harassment.

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<sup>1</sup> The International Labour Organisation definition measures underemployment not just in terms of hours worked but also in terms of under-utilisation of skills, for example, graduates working in low-skilled jobs.

<sup>2</sup> Close the Gap (2018) *Response to the Scottish Government consultation on increasing the employment of disabled people in the public sector*

<sup>3</sup> Women's Budget Group (2017) *Intersecting Inequalities: The impact of austerity on Black and minority ethnic women in the UK*; and Close the Gap (forthcoming 2018) *Black and minority ethnic women's experiences of the labour market in Scotland*

<sup>4</sup> Muslim women face a ‘triple penalty’<sup>5</sup> at work whereby they experience discrimination and disadvantage because they are Muslim, a woman and very often a BME person.

## What is Scotland’s gender pay gap?

New data from the UK Office for National Statistics shows that in 2018 Scotland’s gender pay gap is 14%<sup>6</sup>. Women working full-time earn 10% less than their male counterparts, while part-time women earn on average 30% 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.

2018		
	Mean	Median
Overall pay gap	14%	15%
Full-time pay gap	10%	6%
Part-time pay gap	30%	34%

## Why are pay gaps in the news always different?

Although there has been some progress on narrowing the pay gap in the longer term, progress in recent years has stalled, and this persistent lack of meaningful change for women should be a catalyst for concrete action to close the pay gap.

The figure you arrive at when calculating the gender pay gap depends on the data you are using. Generally speaking, whichever dataset is used, it is possible to calculate a number of different figures, all of which could be described as ‘the gender pay gap’. It is important to understand what the different statistics indicate.

When reporting on the gender pay gap the media draws on a variety of sources as these become available. This is because the stories journalists report on are driven by the news releases they receive on a daily basis. Some media reporting on the gender pay gap does not describe the figures being used, nor set them in a wider context. This can serve to create confusion over the gender pay gap and what is being reported.

## How is the gender pay gap calculated?

The gender pay gap is the percentage difference between the pay of women and men. If women on average earn less than men, the percentage is expressed as a positive figure e.g. In Scotland women on average earn 14% less than men, so the pay gap is 14%. In the usual case where women earn more than men, it shown as a negative figure e.g. 14% more than men the pay gap would be -14%.

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<sup>4</sup> Close the Gap (2018) *The Gender Penalty: Exploring the causes and solutions to Scotland’s gender pay gap*

<sup>5</sup> UK Women and Equalities Committee (2016) *Employment opportunities for Muslims in the UK*

<sup>6</sup> Close the Gap (2019) *Gender pay gap statistics*

## What is the difference between the mean and median pay gaps?

The **median pay gap** 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. Often, a median pay gap will be lower than its corresponding mean pay gap.

The **mean pay gap** is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes all of the lowest and highest rates of pay, and therefore reflects the impact of the higher proportion of women working in lower paid roles, and the higher proportion of men in higher paid roles. International measures also use the mean when calculating the pay gap, which enables comparisons to be made with other countries.

## Which is more accurate: mean or median?

From a purely statistical standpoint, the median is considered to be a more accurate measure as it is not skewed by very low hourly pay or very high hourly pay. However, we know the very high paid people tend to be men, and the very low paid people tend to be women, and the mean paints an important picture of the pay gap because it reflects this issue. It is therefore good practice to use both the mean and the median when analysing or reporting on the gender pay gap.

## What is the difference between the full-time and part-time pay gaps, and why is it important?

The overall, or combined, gender pay gap figure (which includes full and part-time employees) provides the most complete picture in relation to women's experiences of work.

Sometimes, in media reporting on the pay gap, coverage may actually be referring to the full-time pay gap, which is calculated by comparing women's full-time average hourly pay with men's full-time average hourly pay. This figure is usually lower than the overall figure as it does not include part-time employees, the vast majority of whom are women, and whose average hourly pay is much lower than the average hourly pay of a full-time employee's. Some reporting on the pay gap will foreground the full-time figure, again as this may paint a more positive picture.

The part-time pay gap is calculated when comparing women's part-time average hourly pay with men's full-time average hourly pay. This figure is usually much higher than the combined figure and highlights both the concentration of women in part-time work, and of part-time work in lower paid jobs. The part-time pay gap paints a stark picture of the undervaluing of 'women's work'; however, discussion of this figure often fails to acknowledge the lack of quality part-time work.

## Why doesn't the part-time pay gap compare women's and men's part-time pay?

Some measures of the part-time pay gap compare women's average part-time hourly pay with men's average hourly part-time pay, which usually results in a pay gap in favour of women, i.e. a negative pay gap figure such as -10%, because part-time work is overwhelmingly done by women. This measure obscures the gendered dimension of part-time work which is caused by women's need to work part-time because of their caring roles. Comparing women's average part-time hourly pay with men's average full-time hourly pay is a more useful measure as it illuminates the concentration of part-time work in low-paid jobs.

## Why is the hourly rate of pay used to calculate the pay gap?

Most pay gap reporting compares the average hourly rates of pay of women and men, as this enables a comparison of pay for different jobs irrespective of whether they are full-time or part-time.

Where the pay gap is calculated using weekly rates of pay, this is likely to produce a higher gender pay gap figure than that calculated using hourly pay rates. Because of their greater propensity to have caring roles, women are more likely to work fewer paid hours per week than men, and therefore their average weekly earnings are lower than men's.

## What data source does Close the Gap use to calculate the gender pay gap?

In calculating Scotland's gender pay gap figures Close the Gap uses data on the hourly earnings of women and men in the Annual Survey of Hours and Earnings (ASHE), which is produced annually by the UK Office for National Statistics (ONS). The ASHE tables provide information about the levels, distribution and make-up of earnings for employees by industry, occupation and region. It also provides data on earnings for employees by sex for full-time and part-time workers.

The UK Government uses this data to report the gender pay gap at a national level, however others may use different, less robust data to report pay gaps. For example, a sectoral body may use data from an employer survey to highlight the pay gap in a particular industrial sector, or a recruitment company may use data taken from a selection of CVs. The figures described here are likely to be different from those produced at a national level by ONS, as they may relate to a particular sector, or to a particular group of workers in a workplace, occupation or sector.

For more information on the gender pay gap and how to close it, visit our website at [www.closethegap.org.uk](http://www.closethegap.org.uk).



Close the Gap works in Scotland on women's labour market participation. We work with policymakers, employers and unions to influence and enable action that will address the causes of women's inequality at work.

Close the Gap  
166 Buchanan Street  
Glasgow  
G1 2LW

0141 572 4730  
[info@closethegap.org.uk](mailto:info@closethegap.org.uk)  
[www.closethegap.org.uk](http://www.closethegap.org.uk)

Twitter: [@closethepaygap](https://twitter.com/closethepaygap)  
Facebook: [/closethepaygap](https://www.facebook.com/closethepaygap)



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