

GENDER PAY GAP STATISTICS

January 2020

This paper is an updated version of Working Paper 20 Gender Pay Gap Statistics published in 2019.

Introduction

This paper revisits information on how to calculate and report on the gender pay gap, and provides the latest gender pay gap statistics for Scotland. 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 data, and delivery agencies which 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 UK 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 2018 and 2019.

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

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

³ Ibid.

| Table 1: Pay gap measurements: comparing mean and median in Scotland | | | | |
|--|-------|--------|-------|--------|
| Pay gap in Scotland | 2018 | | 2019 | |
| | Mean | Median | Mean | Median |
| Overall figure (all women/all men) | 13.9% | 15.0% | 13.3% | 14.3% |
| Comparing women's and men's full-time hourly rates of pay (excluding overtime) | 10.2% | 5.7% | 10.1% | 7.1% |
| Comparing women's part-time and men's full-time hourly rates of pay (excluding overtime) | 29.7% | 33.6% | 28.4% | 32.3% |

Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables> Accessed December 2019.

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 states.⁴

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 2019

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 10.1 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. 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.

Employment rates for women in Scotland increased from 68.4 per cent in 2008 to 70.3 per cent in 2018.⁹ However, women’s employment is also increasingly precarious with women accounting for two-thirds of workers earning less than the living wage and 55% of workers on zero-hour contracts¹⁰ Women’s concentration in low-paid and precarious work ultimately contributes to women’s higher rates of in-work poverty, and women are more likely to be underemployed than men.¹¹ The rise in women’s self-employment has also coincided with a rise in low-paid self-employment.

How has the pay gap changed?

The ASHE results for 2019 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 14 per cent to 13 per cent. While the part-time pay gap has also narrowed by 1 per cent, the full-time pay gap has remained relatively stable. Figure 1 shows how the pay gap has changed since 2006 and highlights how the pay gap has remained relatively stable over time.

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

⁶ ONS Regional Labour Market Statistics 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 2019

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

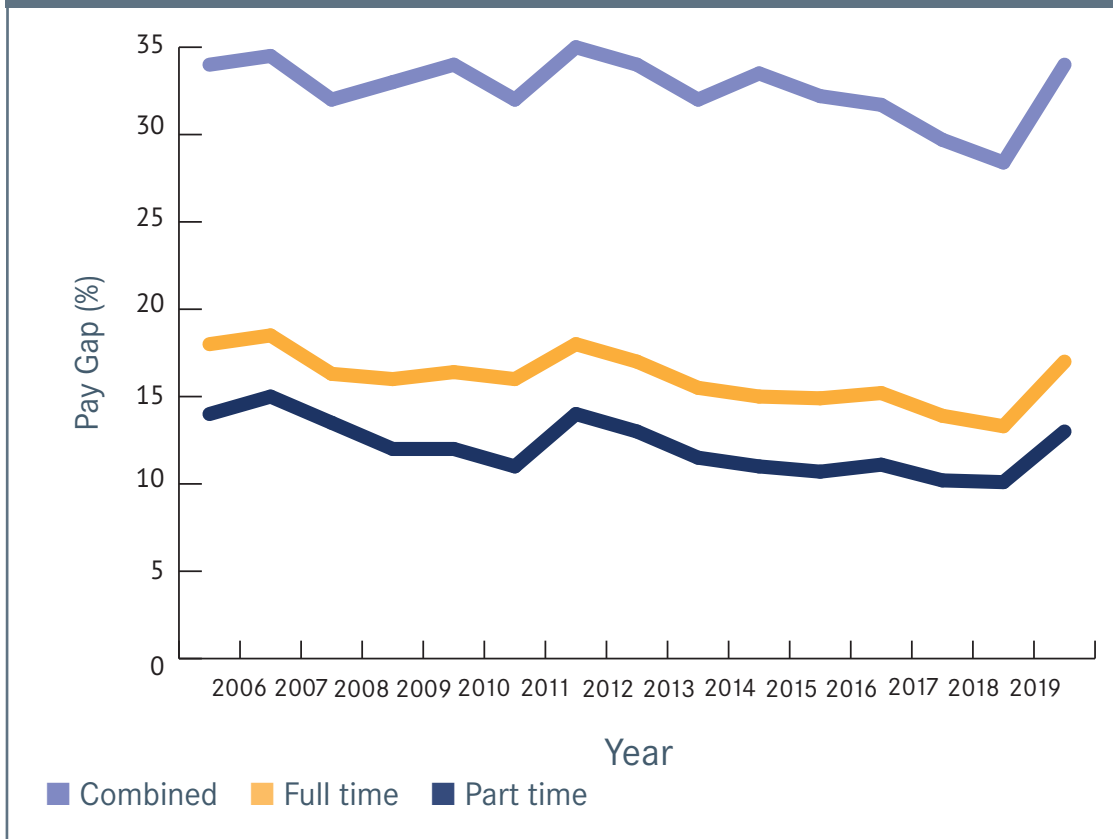
⁹ Scottish Government Equality Evidence Finder – Labour Market <https://scotland.shinyapps.io/sg-equality-evidence-finder/>

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

¹¹ 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 2019

Figure 1. Combined, full-time, and part-time gender pay gaps in Scotland, 2006-2019



NB: In 2012 Standard Occupational Classifications 2000 (SOC 2000) was replaced by updated classifications in 2010, including a reclassification of Managers and Senior Officials. This graph is for illustrative purposes only.

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 2018 to 2019 is greater than the increase experienced by men for both the mean and median measurement.

Table 2: Percentage change in pay (excluding overtime) for men and women between 2018 and 2019

| | Median pay excluding overtime | | | Mean pay excluding overtime | | |
|-------|-------------------------------|--------|----------|-----------------------------|--------|----------|
| | 2017 | 2018 | % Change | 2018 | 2019 | % Change |
| Men | £16.91 | £17.33 | +2.5 | £17.33 | £17.71 | +2.2 |
| Women | £14.33 | £14.92 | +4.2 | £14.92 | £15.36 | +2.9 |

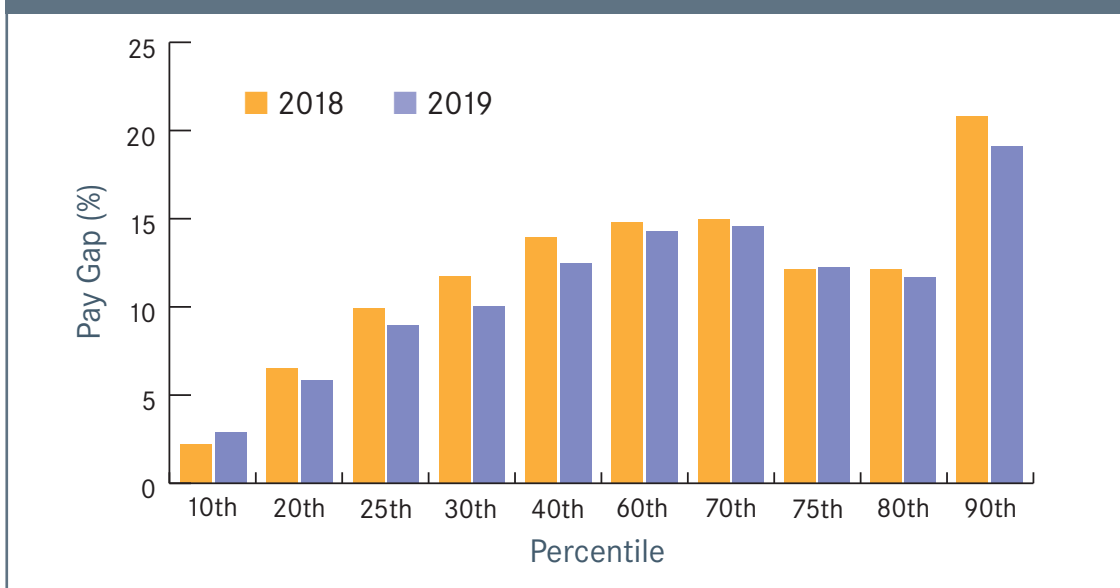
Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsasheguidetotables> Accessed December 2019

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 2019 there was a small decrease in the gender pay gap across the majority of percentiles and a small increase within the 10th percentile (those who earn less than 90 per cent of other employees) and 75th percentile (those who earn less than 25% of other employees). The most notable decreases were among the 25th and the 30th percentile. The slight increase in the 10th percentile will impact low-paid women and may have an impact on women’s poverty. Women are more likely to be living in poverty than men, find it harder to escape poverty and are more likely to experience persistent poverty than men. The gender pay gap is a key factor in women’s higher levels of poverty.¹²

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 2019

Occupational differences

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 2019 | | | | | | | | |
|--|-----------------------------------|-------------------------------------|-----------|------------------------------------|--------------------------------------|-----------|--------------------------------------|--|
| 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 | £17.71 | £15.36 | 13.3% | £18.08 | £16.26 | 10.1% | £12.97 | 28.3% |
| Managers, Directors and Senior Officials | £26.57 | £20.89 | 21.4% | £26.91 | £21.21 | 21.2% | £18.22 | 32.3% |
| Professional Occupations | £24.16 | £20.60 | 14.7% | £24.17 | £20.75 | 14.1% | £19.98 | 17.3% |
| Associate Professional and Technical | £19.33 | £16.42 | 15.1% | £19.52 | £16.71 | 14.4% | £14.51 | 25.7% |
| Administrative and Secretarial | £14.24 | £12.66 | 11.1% | £14.36 | £13.01 | 9.4% | £11.75 | 18.2% |
| Skilled Trades | £13.87 | £10.88 | 21.6% | £13.94 | £11.32 | 18.8% | £9.38 | 32.7% |
| Caring, Leisure and other service occupations | £11.60 | £11.19 | 3.5% | £12.00 | £11.19 | 6.8% | £11.19 | 6.8% |
| Sales and Customer Service | £11.24 | £10.46 | 6.9% | £11.82 | £11.25 | 4.8% | £9.51 | 15.4% |
| Process, Plant and Machine Operatives | £12.15 | £10.25 | 15.6% | £12.21 | £10.30 | 15.6% | £9.99 | 17.8% |
| Elementary Occupations | £10.44 | £9.45 | 9.5% | £10.68 | £9.78 | 8.4% | £9.17 | 14.1% |

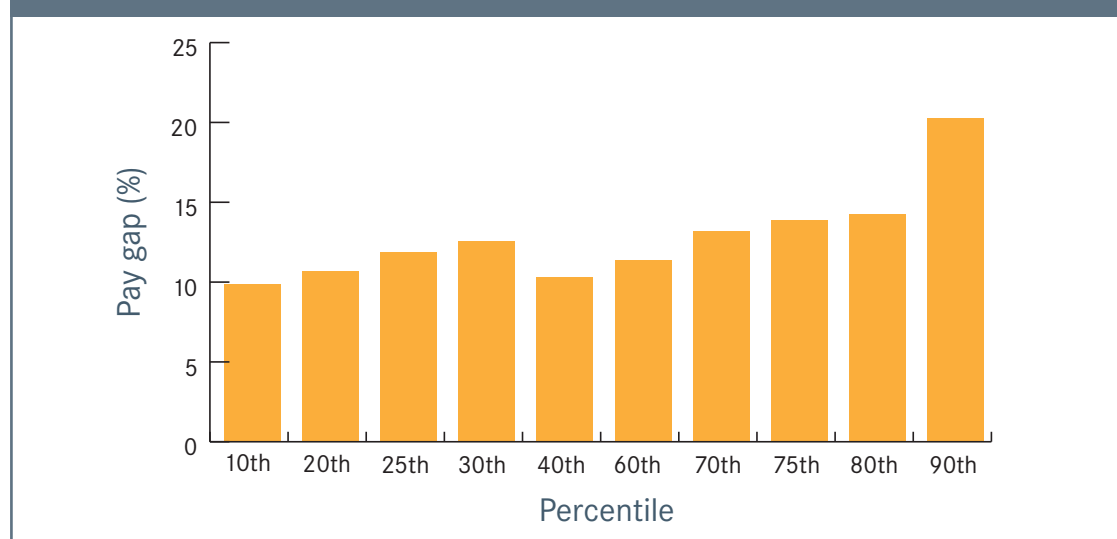
ONS (2019) Table 3.6A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/relateddata> Accessed December 2019

Below national average (13.3 per cent) pay gaps are found in three female-dominated sectors which are also characterised by low pay; caring, leisure and service; sales and customer service; and administrative and secretarial. While there was a decrease in the occupational groups with a lower pay gap than the Scottish national average from 2017 to 2018, the number of occupational groups with a below average pay gap has remained constant from 2018 to 2019.

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. These occupational groups also have the largest pay gaps when women’s part-time hourly pay is compared to men’s full-time hourly pay, with the addition of associate professional and technical roles. The part-time pay gaps are significantly larger in those four groups, especially in managers and senior officials where it is almost 4 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 9.1 per cent, which is significantly lower than the mean measurement of 14.7 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 9.9 per cent, compared to 20.3 per cent for the 90th percentile. The 90th percentile pay gap is over two times the overall median average for this occupational group.

Figure 3: Median full-time pay gap wage percentile for professional occupations in Scotland



Source: ONS *Annual Survey of Hours and Earnings 2019 provisional results*
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/relateddata> Accessed December 2019

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 to the burden of care disproportionately falling on women, and at the same time may not be categorised as part-time workers.

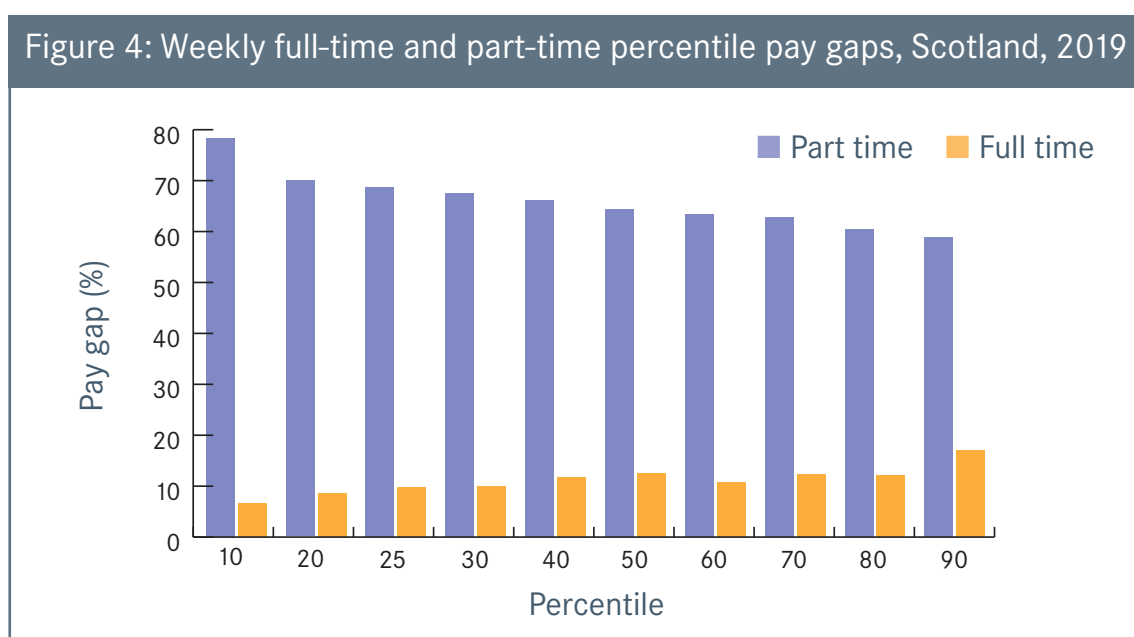
| Table 4: Average (mean) weekly pay-excluding overtime (£) for male and female employees in Scotland by occupational group 2019 | | | | | | | |
|--|-----------------------------------|-------------------------------------|----------------------------|--|------------------------------------|--------------------------------------|--|
| Occupation | Combined men's average weekly pay | Combined women's average weekly pay | Difference in pay per week | Percentage difference 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 | £624.70 | £444.90 | £179.80 | 28.8% | £696.30 | £597.30 | 14.2% |
| Managers and Senior officials | £985.30 | £724.50 | £260.80 | 26.5% | £1040.20 | £792.60 | 23.8% |
| Professional occupations | £838.40 | £635.10 | £203.30 | 24.2% | £895.90 | £746.80 | 16.6% |
| Associate professional and technical occupations | £698.90 | £529.90 | £169.00 | 24.2% | £745.10 | £612.30 | 17.8% |
| Administrative and secretarial | £493.10 | £368.50 | £124.60 | 25.3% | £540.10 | £475.60 | 11.9% |
| Skilled trades | £533.10 | £339.50 | £193.60 | 36.3% | £550.50 | £433.50 | 21.3% |
| Caring, leisure and other service occupations | £338.00 | £305.10 | £32.90 | 9.7% | £449.00 | £418.30 | 6.8% |
| Sales and customer services | £339.40 | £258.80 | £80.60 | 23.7% | £454.70 | £420.70 | 7.5% |
| Process, plant and machine operatives | £463.80 | £355.30 | £108.50 | 23.4% | £494.80 | £392.00 | 20.8% |
| Elementary occupations | £330.90 | £209.40 | £121.50 | 36.7% | £417.90 | £366.70 | 12.3% |

Source: ONS Provisional Results Annual Survey of Hours and Earnings 2019 Table 3.2A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/relateddata> Accessed December 2019

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 (28.8 per cent) is more than double of the full-time figure (14.2 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 (23.7 per cent) is over 16 percentage points higher than the full-time figure (7.5 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 62 per cent for managers and senior officials to a gap of 51.9 per cent for care, leisure and other service occupations.¹³

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 17 per cent. The variance of part-time weekly pay gaps is wider, and ranges between 59 per cent for those on the highest earnings and 79 per cent for the lowest earners.



¹³ ONS *Provisional Results Annual Survey of Hours and Earnings 2019* Table 3 Region by Occupation (2 digit SOC 2010) weekly pay (excluding overtime).
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/relateddata> Accessed December 2019

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2019* Table 3 Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/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.¹⁴ Disabled, Black and minority ethnic, and lesbian, bisexual and trans women are also more likely to report higher levels of discrimination, bullying and harassment.¹⁵ For example, research by Close the Gap into the employment experiences of BME women in Scotland found that 72 per cent of survey respondents reported that they had experienced racism, discrimination, racial prejudice and/or bias in the workplace, and 42 per cent of respondents indicated that they had experienced bullying, harassment or victimisation in the workplace because they are a BME woman.¹⁶

However, there is a lack of intersectional data pertaining to gender pay gaps to fully illustrate these differences. Figures relating to disability, gender 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.¹⁷

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 experience pay advantages or smaller pay gaps than immigrants 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.

¹⁴ 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 2019

¹⁵ Ibid

¹⁶ Close the Gap (2019) Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland

¹⁷ TUC (2018) Disability Employment and Pay Gaps 2018

<https://www.tuc.org.uk/sites/default/files/Disabilityemploymentandpaygaps.pdf> Accessed December 2019

- A British-born Black African 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.¹⁸

Pay gap by age

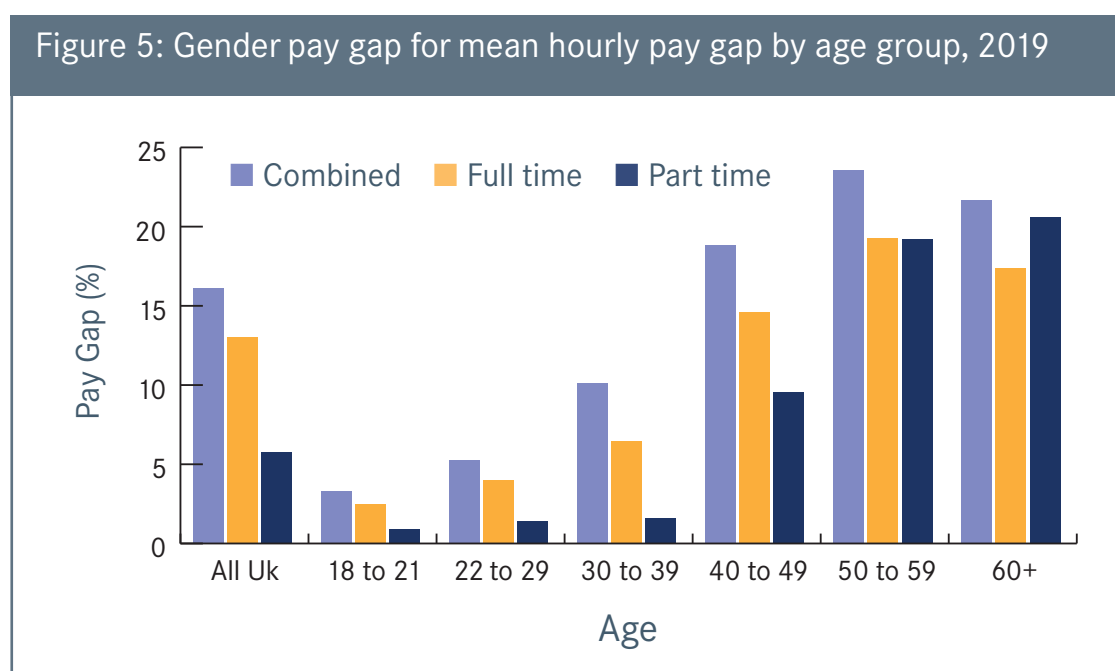
The published ASHE tables also allow for an analysis of pay, gender and age. At present, a regional analysis combining age, gender and pay is only publicly available at the UK level.

| Age Category (all occupational groups) | Combined male average hourly pay | Combined female average hourly pay | % Pay Gap |
|--|----------------------------------|------------------------------------|-----------|
| All UK | £18.65 | £15.62 | 16.2% |
| 18- 21 | £9.44 | £9.13 | 3.3% |
| 22-29 | £14.02 | £13.27 | 5.3% |
| 30-39 | £18.71 | £16.80 | 10.2% |
| 40-49 | £21.61 | £17.52 | 18.9% |
| 50-59 | £21.08 | £16.09 | 23.7% |
| 60+ | £18.01 | £14.08 | 21.8% |

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2019* Table 6.6a hourly pay (excluding overtime) by age
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupashetable6> Accessed December 2019.

¹⁸ EHRC Website. Ethnicity: what does the pay gap look like?
<https://www.equalityhumanrights.com/en/pay-gaps/ethnicity-what-does-pay-gap-look> Accessed December 2019

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 penalty’¹⁹ 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.



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.²⁰ In some cases the difference was as

¹⁹ ‘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).

²⁰ 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 2019

much as £8000 per annum for women and men with the same qualifications.²¹ 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 2016-2017, 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 about £1600 less than their male counterparts, meaning male earnings were 8 per cent larger than female earnings. Five years after graduation, this rises to 15 per cent and reaches 31 per cent ten years after graduation.²²

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 | £19.90 | £17.30 | 13.1% | £20.04 | £18.23 | 9% | £14.87 | 25.3% |
| Private sector | £16.90 | £13.70 | 18.9% | £17.30 | £14.58 | 15.7% | £11.36 | 32.8% |
| Non-profit body or mutual association (Third sector) | £19.26 | £15.47 | 19.7% | £20.24 | £16.43 | 18.8% | £12.98 | 32.6% |

Source: ONS *Provisional Results Annual Survey of Hours and Earnings* 2019 Table 6.6a hourly pay (excluding overtime) by age
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6> Accessed December 2019.

The public sector combined, full-time and part-time pay gaps are lower than the national average. By comparison, the third and private sectors have higher than average pay gap across all categories. Pay in the private and third sectors is also lower than pay in the public sector for women in part-time or full-time work.

²¹ 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 2019

²² Graduate outcomes (LEO): Employment and earnings outcomes of higher education graduates by subject studied and graduate characteristics in 2016/17
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790223/Main_text.pdf Accessed December 2019

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.²³

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 13.5 per cent. This set of data is limited as it compares only full-time employees, but in some cases, 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.²⁴



Source: OECD Employment Database 2019

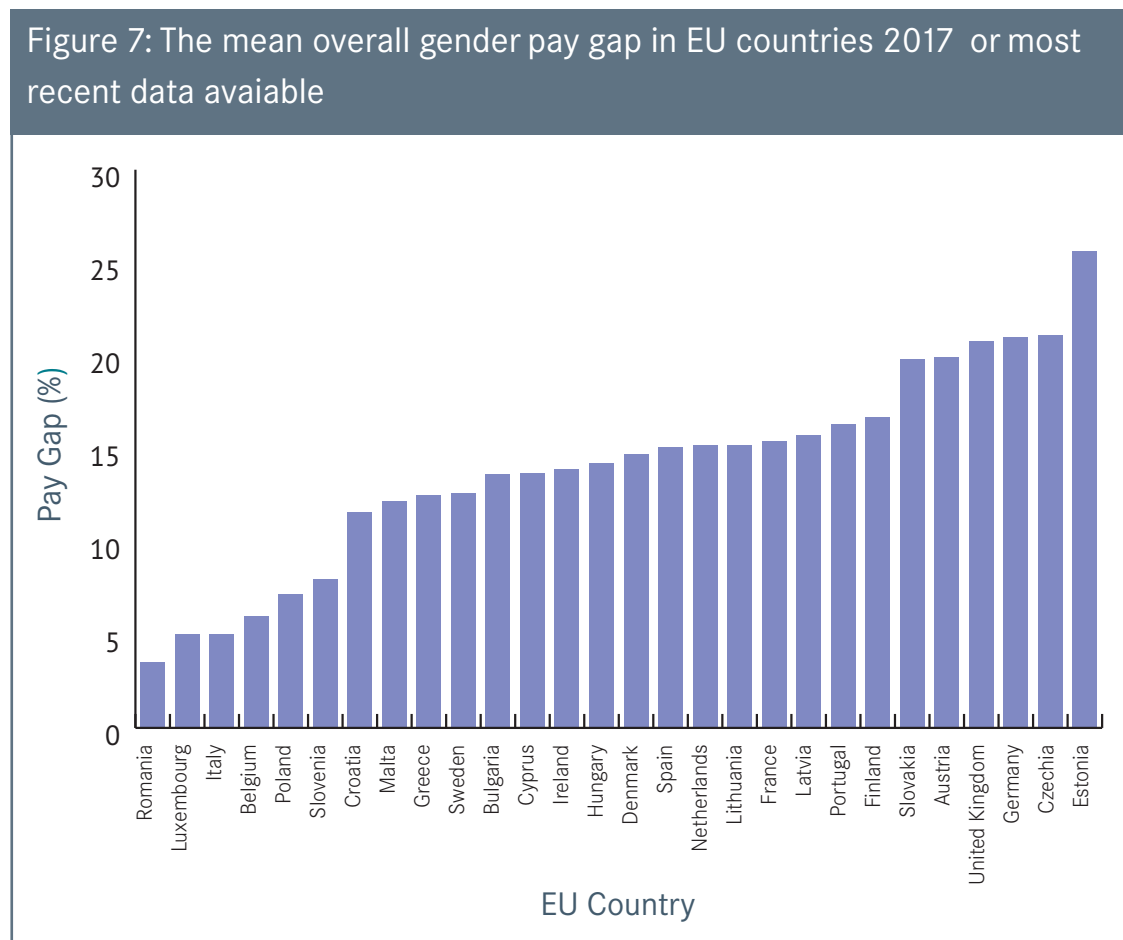
<https://data.oecd.org/earnwage/gender-wage-gap.htm> Accessed December 2019

²³ ITUC (2018) *Economic and Social Policy Brief: The Gender Wage Gap* <https://www.ituc-csi.org/brief-wage-gap> Accessed December 2019

²⁴ OECD (2019) *Employment Database* <https://data.oecd.org/earnwage/gender-wage-gap.htm> Accessed December 2019

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

Similar to OECD figures, in the European Union the gap ranges vastly from as low as 3.5 per cent to over 25 per cent, with an average gap of 16 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’²⁵. Countries such as Italy have a relatively low figure (5 per cent) however this is likely to be a reflection of the small proportion of women in its workforce²⁶.



Source: European Commission
https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics
 Accessed December 2019

²⁵ 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 2019

²⁶ Ibid.

Discussion

These figures represent a very slight narrowing of Scotland's gender pay gap from 14 per cent to 13 per cent. While the part-time pay gap has also narrowed by 1 per cent, the full-time pay gap has remained relatively stable. Women working full-time earn 10.1 per cent less than their male counterparts, while part-time women earn on average 28.4 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 2019 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 A Fairer Scotland for Women, the Scottish Government's Gender Pay Gap Action Plan, published in March 2019. The plan commits to a range of actions, recognising that the causes of the pay gap reach far beyond the workplace, with change also necessary in early years settings; schools, colleges and universities; economic development; and procurement. Only bold action will substantively tackle the multiple causes of the pay gap and realise women's labour market equality. The publication of the gender pay gap action plan represents a commitment to substantive action on the causes of women's inequality at work. It is critical, however, that the ambition is realised.

Close the Gap's research, *The Gender Penalty*, published in 2018 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.²⁷

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 is was not possible to include in Close the Gap's research. The factors identified in the UK research included working patterns

²⁷ 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 2019

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.^{28 29}

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 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 reaffirms this. 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, 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 data, 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.³⁰

²⁸ 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 2019

²⁹ Walby, S. and Olsen, W., (2004) *Modelling Gender Pay Gaps* Manchester: Equal Opportunities Commission

³⁰ ONS *Provisional Results Annual Survey of Hours and Earnings 2015* Table 3 Region by Occupation Combined figure) Accessed December 2019

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 assessment³¹ of employer reporting reveals that the pay gap remains an intractable problem, with no end in sight. Less than a third of employers had published actions they will take to close the gender pay gap, and 69 per cent of those actions were rated as being poor quality. Only 38 per cent of Scottish employers published a narrative which explained the causes of their pay gap, with 77 per cent of those narratives rated as poor. Only 6 per cent had published targets, with most lacking timescales, and only 4 per cent had provided evidence of action taken since the last reporting round. Overall, these findings reaffirm Close the Gap's concerns about the limitations of the gender pay gap regulations. While 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.³²

Gender disaggregated data is necessary for policy makers, employers and other stakeholders to understand and 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.

³¹ Close the Gap (2020) An assessment of Scottish employer reporting of the UK gender pay gap regulations Forthcoming

³² See Close the Gap (2013) *Missing out on the benefits* and IFF Research (2015) *Company Reporting: Gender pay data*, Government Equalities Office