



CLOSING THE GENDER

PAY GAP: ARE WE

NEARLY THERE YET?

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Summary

Workplace gender inequality is a global phenomenon. The 'gender pay gap' (GPG), measuring the difference between men's and women's mean or median wages, is the most evident and direct manifestation of gender inequality, and shows how far we have to go in achieving just and inclusive workplaces. The gender pay gap exists because higher paid roles tend to be male dominated and the lowest paid tend to be female dominated. It therefore differs from the concept of 'pay inequality', which refers to unequal pay for equal work that has been illegal since the 1970 Equal Pay Act.

It is clear that if we simply wait for pay and recognition in the workplace for women to become equal 'naturally', without intervention, it is unlikely to happen. The Fawcett Society estimates the current rate of progress means a wait of around a century, assuming continuous change. That means the first generation to be paid equally would be born at the beginning of the next century. And, of course progress in this area is patchy and unpredictable – between 2014 and 2017 there was little or no change. That means women's economic independence remains lower than men's, women's pensions payments remain lower than men's, and organizations benefit from women's skills and experience without always paying for their true value. Research at Birmingham Business School focuses on understanding why the GPG has developed, why it persists, and what we can all do to ensure women are paid for the work they do. We have come to three key conclusions:

1. Claims that the GPG and differential achievement are a result of women's choices are unsupportable. Women encounter cultural and structural obstacles every day that men have little or no experience of. This grinding exclusion often results in highly trained, highly skilled women either leaving their chosen profession or working at lower levels than their skills and experience merit.
2. This is a multi-disciplinary issue, that all academic fields can make a contribution to understanding. Economists show that gender is the key variable that contributes to the GPG even after controlling for other factors such as work experience; accounting researchers show how workplace policies have differential effects through 'gender budgeting'; and sociologists provide insights into designing and implementing workplace change programmes to improve equality of opportunity and outcome.
3. That multi-disciplinarity means there are no simple solutions to the GPG and discrimination generated in

male-dominated masculine workplace cultures. Easily implemented interventions are however available, such as funding for anti-discrimination training, more and better childcare, increases to the minimum wage, better job evaluation methodologies, and better structured parental leave.

Understanding the Gender Pay Gap

Women's visibility at work has never been higher. Many women occupy positions of power that were impossible to reach only fifty years ago, well within living memory. At the same time, a few prominent high achieving women does not show equality of opportunity or outcomes. The GPG shows this clearly, from unequal graduate job salary offers to unequal pensions.

Fortunately, the GPG can be easily measured, as the new statutory requirement for 250+ employee organizations to complete a gender audit of pay shows. On 25th October 2018, the Office for National Statistics reported¹ : The GPG is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. For example, a 4.0% gender pay gap denotes that women earn 4.0% less per hour, on average, than men. Conversely, a negative 4.0% gender pay gap denotes that women earn 4.0% more, on average, than men.

The GPG fell from 2017 to 2018, to stand at 8.6% among full-time employees. The gap among all employees is higher (17.9%), driven by more women working in part-time jobs, which are lower paid (an average hourly rate is £9.36 compared with £14.31, excluding overtime, for full-time jobs). However, there is not a justification for the GPG since there is no particular reason why part-time hourly wage rates should be lower than full-time rates.

Most striking is the fact that the GPG adversely affects women in more than 80% of UK workplaces. The higher education sector is heavily implicated in this with a GPG of 18.4% in 2018 compared to a national average of 9.7%.

Academic analyses from a range of disciplines such as ours (labour economics, econometrics, sociology) all show that the GPG reflects fundamental structural inequalities in organizations and in society. In other words, it is not an accident, it is designed into workplaces and professions, from the shopfloor to the boardroom. Research consistently shows that it takes longer for women to progress to the

same level of seniority at work, after controlling for work performance. Although junior female staff receive similar starting salaries as their male counterparts initially, they rapidly come to earn less than men, are evaluated more harshly in promotion applications, and occupy positions that are not as highly regarded as those usually occupied by men.

Research that uses feminist methods and methodologies has made the most significant difference in our understanding of the GPG. Feminist economists have developed a range of 'gender budgeting' tools to assess the unequal effects of policy change on women; feminist sociologists have worked closely with politicians and civil servants to help develop EU policy on executive quotas. What is clear above all from all academic research in this area is that the GPG is **not** created because women 'self-select' out of well-paid high profile roles. The valorisation of masculine traits, judging people through stereotypes, 'boys clubs', women being excluded from decision making bodies, are all crucial. There are some easy solutions: mandatory training on, for example, unconscious bias is a good start, but has to be reinforced by requirements to show how gender balance is being encouraged in selection and promotion panels, job grading and performance management, and above all in pay. Harder solutions involve restructuring workplaces, or providing more and better state-funded childcare to mitigate those career interruptions that more often adversely affect women than men. The most important conclusion of all research in this area is that inaction will maintain inequality, and inequality is bad for people, business, and society.

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