
Women, employment and earnings

*Briefing from the UK Women's Budget Group on
recent changes to the labour market by gender*

October 2018

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Key points

- *Employment rates are at record levels but the **gender employment gap** is still 9 percentage points and this widens to **24 points** when measured in **full-time equivalent**.*
- ***Women** are now 47% of those in employment but are still the **majority** of those in **part-time** employment (73%), **involuntary part-time** employment (54%), **temporary** employment (52%), **zero-hour** contracts (53.6%) and **part-time self-employment** (60%).*
- ***Unemployment rates have fallen faster for men than for women** since the peak of 2011; long-term unemployment prevalence has increased for women over 50 while decreased for men.*
- ***Employment rates of Bangladeshi and Pakistani women still lag behind** that of other groups. Bangladeshi and Pakistani women are also more likely to work in the public sector meaning they are more exposed to the loss in employment and pay freeze than other groups.*
- ***Wages have continued to stall in real terms since 2016 and are still below their 2008 peak level.***
- *The **Gender pay gap** has continued to fall, however it **has increased in the public sector** and for full-time employees it is at its highest level since 1999.*
- ***Women account for 70% of low earners** (67% of full-time low earners), a proportion slightly up from 2011 (69%) when measured as earnings below 60% of full-time weekly earnings.*
- *Following the Supreme Court **ruling to reverse the increase in fees for employment tribunals** the number of tribunal claims has risen.*
- ***Paid employment** will only provide a **reliable route out of poverty for women** if action is taken to **address continued gendered inequalities in the labour market.***

The government regularly reminds us that there are more women in work than ever before and paid employment is often positioned as a key route out of poverty. Women's greater labour market participation is often held up in response to analysis showing that cuts to benefits and services have fallen disproportionately on the shoulders of women.¹

However, while women's employment rates may have increased markedly, they continue to lag behind that of men and women remain overrepresented in low-paid, part-time and insecure forms of employment.²

Economic activity, employment and unemployment: who is in (paid) work?

There are now more women in paid employment than at any time, with economic activity levels having recovered significantly for both men and women since the peak of the economic crisis in late 2011. 74.1% of women aged 16-64 are economically active as are 83.5% of men.

The employment rate for mothers was 74.0% in April to June 2018, which has increased from 68.9% in 2013 and from 61.9% in 1996³. Since 2010, the employment rate for women with children has been higher than

¹ See for example, Hansard (2016) *Equality: Autumn Statement*, Opposition Day Debate, 14 Dec (<http://bit.ly/2zMPXpA>)

² The Fawcett Society (2014) *The Changing Labour Market 2: Women, low pay and gender equality in the emergent recovery* (<http://bit.ly/1rMAKsZ>)

³ ONS Families and the Labour Market 2018 (<https://bit.ly/2DXxHzl>)

the employment rate for women with no dependents. The reverse was true prior to 2010. In April to June 2018 there were 4.9 million⁴ mothers in employment which equates to 74.0% of all mothers. Part of the increase in working mothers may be attributed to women having children later in life when they have spent more years in work and have greater labour market attachment.

In spite of the increase in working mothers, it is still the case that there is a significant pay penalty for mothers⁵ and that three quarters of working mothers experience some form of pregnancy discrimination⁶. According to recent IFS research, the pay gap between mothers and fathers increases by around 21% points between the birth of the first child and the child's twentieth birthday.⁷

Women are the majority of those employed part-time (73% of all part-time workers). They are also more likely than men to be involuntarily part-time (54% of involuntarily part time employed), in part-time self-employment (60% of part-time self-employed) or in temporary employment (52% of temporary workers). Increases in involuntary part-time and temporary workers since 2011 have been disproportionately shouldered by women.

While unemployment has shrunk for both sexes, it has reduced less rapidly for women than for men. Nearly 40% of unemployed women aged over 50 were so for at least 12 months, a prevalence that has increased since 2011.

These headline indicators by gender mask considerable variation in the rates of participation in paid work by ethnicity and by disability.⁸

The sectors where women tend to work still tend to be the lowest paid, with women still predominating in the so-called 'five Cs' of caring, cashiering, catering, cleaning and clerical work. They are also more likely than men to be working in the public sector, making

up just over two thirds of all public sector employees and 9 out of 10 part-time public sector employees. This has made them particularly vulnerable to the spending cuts on public services, which have seen employment in the public sector as a proportion of all employment fall from 21.8% to 16.9% since June 2010, as well as to the effects of the public sector pay freeze.

These impacts are likely to be felt more strongly by Black, Pakistani and Bangladeshi women compared to other groups as they are disproportionately represented in the public sector.⁹

Job security

In the last quarter of 2017 901,000 people were estimated to be on a zero-hour contract, representing 2.8% of those in employment. Moreover, there were 1.8 million employees with no guaranteed minimum hours.¹⁰ The majority (55%) of those on zero-hour contracts are women; 2.7% of women in employment are on zero-hour contracts. Nearly a quarter of people working in caring, leisure and other service occupations, where women predominate, are on zero-hour contracts.

While some people may choose to work on a zero-hour contract, research suggests that the majority (two thirds) would prefer to have guaranteed hours.¹¹ The same research highlighted the 'last minute' nature of zero-hours working which can be particularly problematic for women with caring responsibilities or juggling more than one job. More than half (51%) of zero-hour workers had had shifts cancelled at less than 24 hours' notice, nearly three-quarters (73%) had been offered work at less than 24 hours' notice.

The lack of autonomy over working hours inherent in zero hours and short hours contracts – similar contracts to the latter, with small minimum guaranteed hours per week – makes it impossible to

⁴ IFS *Wage progression and the gender wage gap: the causal impact of hours of work* 2018
<https://www.ifs.org.uk/publications/10358>

⁵ TUC/IPPR *The Motherhood Pay Penalty* 2016

⁶ EHRC 2016

⁷ IFS *Wage progression and the gender wage gap: the causal impact of hours of work* 2018
<https://www.ifs.org.uk/publications/10358>

⁸ WBG (2017) *Intersecting Inequalities*,
<https://bit.ly/2Nz0Q3y>

⁹ Ibid.

¹⁰ ONS, *Contracts that do not guarantee a minimum number of hours: April 2018*, <https://bit.ly/2HWITCu>

¹¹ TUC (2017) *Great Jobs with Guaranteed hours*,
<https://bit.ly/2yf7E1w>

budget, arrange childcare, rent in the private sector and can lead to problems with tax credits or universal credit as income can fluctuate from week to week.

It is worth noting that zero hours contracts have become shorthand for precarious work where workers have minimal rights and are at the whim of their employer but zero hours contracts are just one of many types of working arrangements that are equally precarious. For instance, TUC analysis shows that almost 4 million people are in some form of insecure work (including agency, casual and seasonal workers, and low-paid self-employed workers) which equates to around one in nine workers.¹²

Self-employment

Self-employment in the UK remains high at 4.8m in 2018¹³. The proportion of all workers who are self-employed has risen from close to 13% in 2008 to 17% in 2018. There has been a significant growth in the number of part time self-employed men, whereas the growth in self-employed women can be attributed to both full-time and part-time work¹⁴.

Self-employed women are the majority of the newly self-employed since 2008. The increase in the number of women in the UK becoming self-employed is unprecedented. Historically, women have made up just over a quarter of the self-employed, but since the 2008 downturn 61% of the newly self-employed have been women so their share is now 34% of the self-employed. And while male self-employment has decreased in the last year (from April-June 2017 to April-June 2018), women's has continued to increase.¹⁵

For many women self-employment is a positive option allowing them to pursue fulfilling and flexible work which fits around other commitments such as caring responsibilities. But the upward trend in the number of self-employed women goes alongside a sharp downward trend in their incomes, access to training

and social protection. For a growing proportion of women, self-employment does not appear to be a 'choice' but a necessity driven by factors such as public sector job losses, the uprating of the female retirement age, or a need to accommodate caring responsibilities. Data from the Family Resources Survey showed that in 2016, median weekly earnings (from all sources) of full-time self-employed women were £294, compared to male counterparts who earned £400, a gender earnings gap of 27%, which is 10 percentage points higher than for full-time employees.¹⁶

The rise in "bogus" self-employment is also cause for concern. This occurs when workers are told that they are self-employed when in fact legal tests would likely define them as employed. As a result they lose employment rights, such as holiday and sickness entitlements, and the government loses tax revenues.

A report by Citizens Advice suggests that bogus self-employment is increasing in traditionally female-dominated sectors, including caring and cleaning.¹⁷

Tribunal fees

Following a legal challenge by Unison, the Supreme Court ruled in July 2017 that employment tribunal fees indirectly discriminated against some groups, including women, and prevented access to justice. As a result, the fees were abolished and since, there has been a significant increase in the number of cases going to tribunal and a scheme to refund fees paid between 2013 and 2017 has opened. According to Ministry of Justice figures, single employment tribunal claims received increased by 118% between January and March 2018.¹⁸

Earnings: What is happening to pay?

The backdrop to any gender wage analysis is that real-term average weekly earnings have stalled in the last two years and are still below their pre-crisis level.¹⁹

¹² See <https://bit.ly/2I7TypG>

¹³ ONS EMP14 *Employees and Self Employed by industry* <https://bit.ly/2zYSgYp>

¹⁴ *ONS Trends in Self-Employment 2018* <https://bit.ly/2G0JUUM>

¹⁵ ONS Labour Force Survey, September 2018

¹⁶ ONS Trends in Self-Employment 2018 <https://bit.ly/2G0JUUM> and ASHE 2016

¹⁷ Citizens Advice (2015) *Neither one thing nor the other: how reducing bogus self-employment could benefit workers, business and the Exchequer* (<http://bit.ly/2ziWYDK>)

¹⁸ See <https://bit.ly/2xcSRmr>

¹⁹ ONS, average weekly earnings dataset (EARN01), Sep 2018 (<https://bit.ly/2GadA13>)

In April 2017 – the latest available earnings data – median gross weekly earnings for full-time employees in the UK were £550, up 2.2% from £539 in 2016. Weekly earnings for part-time employees also increased, from £177 in 2016 to £182 in 2017 (an increase of 2.9%).²⁰ However, inflation rose by 2.6% over the same period meaning that in real terms average full-time earnings fell by 0.4%.

Men working full-time continue to earn more on average than women working full-time (£592 per week compared with £494), but pay for women working full-time has increased by slightly more than for men (2.4% and 2.7% respectively).

As a result of the public sector pay freeze, the pay of public sector employees increased by only 0.9% between 2016 and 2017, a real-terms cut of 1.7%. Private sector earnings increased by 2.8% over the year. Women, and BME women in particular, are disproportionately likely to work in the public sector.

The stagnation in real wages means that workers at the lower end of the income spectrum have been unable to compensate for the freeze applied to in-work benefits with any real-terms increases in earnings. Actual weekly hours worked have been relatively stable since 2002 at an average of 32 for all those in employment (with a slight dip during the last recession), masking an almost ten-point gender gap. This means despite stagnating wages, people on average have not been able to find additional jobs or not been in a position to take on more hours to compensate for the loss of living standards. Underemployment rates – the proportion of people in employment who would like to work more hours and are available to do so – stood at 8.1% (slightly lower than the peak in 2012 at 11% but higher than before the crisis at 7.3%).

The gender pay gap

While women’s earnings have grown in recent years, progress in closing the gender pay gap remains slow.

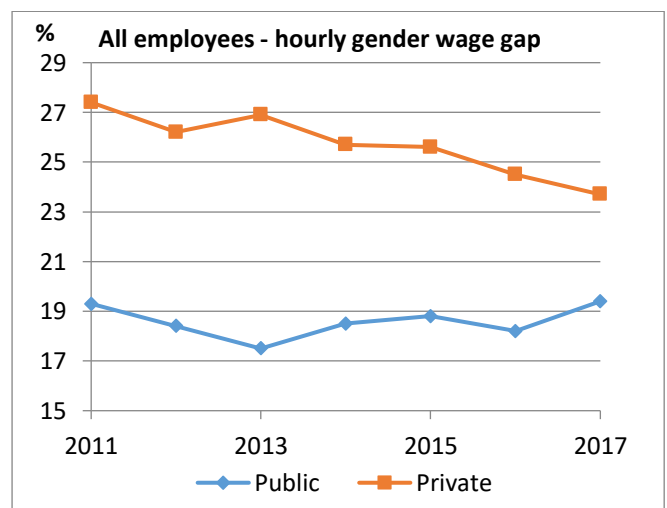
- In 2017 the gender pay gap for full-time employees was 9.1%, down from 9.4% in 2016

²⁰ ONS (2017) *Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results* (<http://bit.ly/2zGaZrV>)

- Among part-time employees women are paid on average slightly more than men per hour; a reverse gender pay gap of 5.1%. This gap has fallen from 6.1% in 2016 as the earnings of men working part-time increased by more than the earnings of women working part-time.
- The overall gender pay gap for both full and part-time employees was 18.4%, a slight increase from the 2016 gap of 18.2%. This is the result of the narrowing of the part-time pay gap, and an increase in the proportion of employees working part-time.²¹

For full-time employees, the hourly pay gap in the private sector (15.9%) remains higher than the gap in the public sector (13.1%). However the pay gap in the private sector is on a steady downward trend, while the pay gap in the public sector has increased and is now at its highest level since 1999, in large part due to the public sector pay freeze. The same trend is observed for all employees’ hourly gender wage gaps too (Figure 2).

Figure 2 Gender wage gap in public and private sectors



Source: ONS (2017), ASHE Provisional results April 2017

Gender Pay Gap reporting

In April 2017 new gender pay gap reporting regulations came into force, placing a duty on all organisations, from both the public and private

²¹ ONS (2017) *Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results* (<http://bit.ly/2zGaZrV>)

sectors, with 250 or more employees to report on their mean and median gender pay gaps.

The regulations require employers to report on an annual basis and to publish data on their own company website as well as a government website.

In spring 2018 companies had to report for the first time. The reported data highlighted how widespread the gender pay gap is with 8 in 10 companies reporting a positive pay gap (i.e. in favour of men) and positive pay gaps reported across all sectors.²²

Low pay

Conventionally, low pay is assumed to be 60% below median wages although it is not clear whether this should be seen as median weekly earnings or median hourly wage. In 2017 figures, the National Living Wage of £7.50 was equivalent to 60% of the median hourly wage but only 54% of the median hourly wage of full-time employees. Given that social security benefits targeted at low earners consider income rather than hourly wages, looking at low weekly earnings to assess the prevalence of people living with low income from employment is more relevant.

If we take full-time jobs as the benchmark to assess who is in low pay, median weekly earnings of full-time employees were £550 in 2017. The threshold per week for low earnings is thus £330. According to data from ASHE 2017, about 8.4 million employees were on low earnings (32% of all employees), 70% of whom were women. Compared to 2011, the share of women in low earnings has barely changed (69%) and the proportion of employees on low earnings was slightly higher than at 34%. There were 5.7 million women employees on low earnings in 2011 growing to 5.84 million in 2017. Even if only full-time employees are considered, 67% of those on low pay were women.²³

A recent Fabian Society report found that one in five low paid workers were still stuck in low paid work after a decade, indicating a lack of progression in many sectors²⁴. In the retail sector and in administration, both female dominated sectors, two in five workers were still stuck in low-paid work a decade later.

Conclusion

While it is true that women's employment rate continues to grow, it is also true that there are ongoing issues of low pay, job insecurity, and involuntary part-time work which continue to affect the quality of work and have a sizeable impact on women's earnings. The impact of austerity is still being felt by many women working in the public sector who face pay freezes, job cuts, increased workloads, and contracting out of services on worse terms and conditions. The public sector pay freeze should be lifted, employment rights should be strengthened and extended to ensure that all workers, whether they are on zero hours contracts, short hours contracts or they are agency workers, have the same floor of rights as full-time permanent employees. Meaningful action should also be taken to strengthen and enforce existing equalities legislation in order to tackle widespread sex and maternity discrimination in the workplace and the undervaluing and underpayment of jobs traditionally carried out by women.

Written by

Jerome De Henau, Senior Lecturer at the Open University

Scarlet Harris, TUC Women's Officer

Mary-Ann Stephenson, Director of the Women's Budget Group

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WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See www.wbg.org.uk

Contact: Mary-Ann Stephenson (WBG Director):

maryann.stephenson@wbg.org.uk



²² House of Commons, Gender Pay Gap Reporting, 23 July 2018 (<https://bit.ly/2LR2D7p>)

²³ ONS, *Annual Survey of Hours and Earnings*, 2011 and 2017 tables (<https://bit.ly/2DW1e7o>)

²⁴ Fabian Society, *Pathways to Progression*, May 2018