
Women, Employment and Earnings

*A pre-budget briefing from the UK
Women's Budget Group*

March 2020

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

Key points

- *Employment rates are at record levels but the **gender employment gap** is still 9 percentage points.*
- *87% of men in paid work are full-time workers, whereas only **59% of women are in paid full-time work**.*
- ***Women** are now 47% of those in employment but are still the **majority** of those in **part-time** employment (74%), **involuntary part-time** employment (57%), **temporary** employment (54%), **zero-hour** contracts (54%) and **part-time self-employment** (59%).*
- ***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.*
- *The **Gender pay gap** has increased to 8.9% since 2018, while overall pay gap has decreased to 17.3%.*
- ***Women account for 69% of low earners**, a proportion that has barely changed since 2018(70%) and that has remained constant since 2011 (69%) when measured as earnings below 60% of full-time weekly earnings.*
- ***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 Conservatives 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. 74.7% of women aged 16-64 are economically active as are

83.9% of men.³ 71.8% of women and 80.3% of men are in employment.

The employment rate for mothers was 75.1% in April to June 2019, which has increased from 66.2% in 2000.⁴ Since 2010, the employment rate for women with children has been higher than the employment rate for women with no dependents. The reverse was true prior to 2010. 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 mothers in paid work experience some form of pregnancy discrimination.⁶ According to IFS research from 2018, the pay gap between mothers and fathers increases

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 (Oct 2019) A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted) (<http://bit.ly/2JqVurZ>)

⁴ ONS Families and the Labour Market 2019 (<http://bit.ly/34ekWbU>)

⁵ TUC/IPPR *The Motherhood Pay Penalty* 2016

⁶ EHRC (5 Apr 2016) 'Three in four working mothers say they've experienced pregnancy and maternity discrimination' (<http://bit.ly/2Wnl2eR>)

by around 21% points between the birth of the first child and the child's twentieth birthday.⁷

Women are the vast majority of those employed part-time (74% of all part-time workers). They are also more likely than men to be involuntarily part-time (57% of involuntarily part-time workers), in part-time self-employment (59% of part-time self-employed) or in temporary employment (54% of temporary workers).⁸ Increases in involuntary part-time and temporary workers since 2011 have been disproportionately shouldered by women.

These headline indicators by gender mask considerable variation in the rates of participation in paid work by ethnicity and by disability.⁹

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 16.5% since June 2010,¹⁰ 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.¹¹

Job security

In April to June 2019 896,000 people were estimated to be on a zero-hours contract, representing 2.7% of those in employment.¹² The majority (54%) of those on zero-hours contracts are women; 3.1% of women

in employment in April to June 2019 were on zero-hours contracts.¹³ Nearly a fifth of people working in caring, leisure and other service occupations, where women predominate, are on zero-hours contracts.¹⁴

While some people may choose to work on a zero-hours contract, research suggests that the majority (two-thirds) would prefer to have guaranteed hours.¹⁵ 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-hours 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.¹⁶

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 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 1 in 9 workers.¹⁷

Self-employment

Self-employment in the UK remains high at nearly 5 million in 2019.¹⁸ The proportion of all workers who are self-employed has risen from close to 13% in 2008 to 15.1% in 2019.¹⁹ There has been a significant

⁷ IFS (2018) *Wage progression and the gender wage gap: the causal impact of hours of work* (<http://bit.ly/36fc7kb>)

⁸ ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

⁹ WBG (2017) *Intersecting Inequalities*, <https://bit.ly/2Nz0Q3y>

¹⁰ ONS (2019) *Labour Market Statistics - Oct 2019*, Table 4 (<http://bit.ly/31UiaGh>)

¹¹ Ibid.

¹² ONS (2019) People in employment on zero-hours contracts (<http://bit.ly/336L3SI>)

¹³ ONS (2019) EMP17: People in employment on zero hours contracts, Table 3 (<http://bit.ly/336L3SI>)

¹⁴ ONS (2019) EMP17: People in employment on zero hours contracts, Table 7 (<http://bit.ly/336L3SI>)

¹⁵ TUC (2017) *Great Jobs with Guaranteed hours*, <https://bit.ly/2yf7E1w>

¹⁶ TUC (2017) *Great Jobs with Guaranteed hours*, <https://bit.ly/2yf7E1w>

¹⁷ TUC (2019) *Insecure work: Why the new PM must put decent work at the top of his to-do list* (<http://bit.ly/36fGd77>)

¹⁸ ONS (2019) EMP14 *Employees and Self Employed by industry* (<http://bit.ly/2PvsC5E>)

¹⁹ Own calculations using total number of people in employment (Labour Force Survey, Apr-Jun 2019) and ONS EMP14 Employees and Self employed by industry (Apr-Jun 2019)

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 work.²⁰

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 33% of the self-employed.²¹

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 of full-time self-employed women were £243, compared to male counterparts who earned £363, a gender earnings gap of 32%, which is 12 percentage points higher than for full-time employees.²²

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.²³

Earnings: What is happening to pay?

Real-term average weekly earnings are still below 2.9% lower than 2008 pre-crisis earnings. In the last year, median weekly earnings for full-time employees increased 2.9%, or an increase of 0.9% after adjusting for inflation.²⁴

In 2019 median weekly earnings for part-time jobs increased at a higher rate – 5.2% in nominal terms, which translates into 3.1% increase in real terms. Earnings for part-time employees are now 6.5% higher in real terms than in 2008.²⁵

Full-time gross weekly earnings peaked at ages 40 to 49 years for men (£728) and women (£601) in 2019.²⁶

Public sector pay

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%. The 1 percent pay cap has, rightfully, now been ended. As a result, public sector earnings increased between 2017 and 2018 by 2.4% on average for all employees. In 2019, the increase was 2.1% for public sector jobs and 3.1% for private sector jobs.²⁷ This compares to an increase of 3.5% in the private sector.

Women, and BAME women in particular, are disproportionately likely to work in the public sector. Women working in the public sector also earn more on average than women working in the private sector, whereas for men it's the opposite. Interestingly, women's earnings in the public sector are increasing faster than men's (2.1% compared to 0.2% in 2019), albeit from a lower base. In 2019 the average annual salary for women in the public sector was £25,084, whereas for men it was £37,112.²⁸

²⁰ ONS (2018) *Trends in Self-Employment* (<https://bit.ly/2G0JUUM>)

²¹ ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

²² ONS (2018) *Trends in Self-Employment* (<https://bit.ly/2G0JUUM>)

²³ 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>)

²⁴ ONS (2019) *Employee earnings in the UK: 2019* (<http://bit.ly/2WnvfYF>)

²⁵ Ibid.

²⁶ ONS (2019) ASHE Age Group Table 6.1a Weekly pay gross 2019

²⁷ ONS (2019) Annual Survey of Hours and Earnings (ASHE) UK, public and private sector, 90th to 99th percentile data (<http://bit.ly/36g9vyb>)

²⁸ Ibid.

The gender pay gap

While women's earnings have grown in recent years, progress in closing the gender pay gap remains slow.²⁹

- In 2019 the gender pay gap for full-time employees was 8.9%, an increase from 8.7% in 2018.
- Among part-time employees, women are paid on average slightly more than men per hour; a reverse gender pay gap of -3.1%.³⁰ This gap has been falling steadily since 2015 when it was -6.8% 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 17.3%, a slight fall from the 2018 gap of 17.9%. The overall pay gap is greater because more women work in part-time jobs, which are lower paid on average (£9.94 per hour compared with £14.88 for full-time jobs).³¹

For full-time employees, the hourly mean gender pay gap in the private sector (16%) remains higher than the gap in the public sector (12.1%) and the difference has widened since 2018.³² This is also true for the pay gap among all workers which is 23.6% in the private sector and 16.8% in the public sector.

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 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 2019 companies reported for the second time so it was the first time that analyses of progress could be made. The data shows that the median pay gap was nearly the same at 11.9% (11.8% in 2018). No

sector in the UK economy pays women and men the same.³³ However, caution should be taken when interpreting these results, as measures to decrease the gender pay gap at the organisational level can increase it in the short-term (e.g. hiring more women starting at entry-level positions, bringing low-paid female-dominated services like cleaning or catering in house, etc).

Low pay

Low pay is assumed by the ONS to be below two-thirds (66%) of hourly median wages. In 2019 median hourly earnings were £13.27, meaning that the ONS defines anyone earning under £8.76 an hour as low paid.³⁴ The National Living Wage in 2019 for over 25s was £8.21 per hour. However, the 2019/20 NLW is lower than the 2019/20 real Living Wage of £9.00 an hour (£10.55 an hour in London).³⁵

In 2019 an estimated 272,000 women and 158,000 men were in jobs paying less than the National Living Wage.³⁶

The proportion of people on low pay calculated on an hourly basis is 16.2%, representing a steady fall since 2013. This masks a significant difference between low pay among part-time workers (32.9%) and full-time workers (9.6%). The proportion of low-paid part-time jobs in 2019 is over 3 times larger than for full-time jobs.³⁷

However, it is arguable that it is more relevant to assess low pay on the basis of weekly rather than hourly earnings, particularly since social security benefits targeted at low earners are based on income rather than hourly wages. Calculated on a weekly basis 31.3% of workers were low paid in 2019,³⁸ an increase from 27.3% in 2018.³⁹ The most up to date analysis of these workers by gender shows that 69% of these workers were women.⁴⁰ Compared to 2011, the share of women in low earnings has not changed (69%) and the proportion of employees on low earnings was slightly higher then, at 34%. There were

²⁹ ONS (2019) Gender pay gap in the UK: 2019 (<http://bit.ly/32YtinX>)

³⁰ ONS (2019) Gender pay gap – Total Table 1.12, 2019 (<http://bit.ly/2Wm4Pq6>)

³¹ ONS (2019) ASHE Table 1.5a Hourly pay gross, 2019

³² ONS (2019) Gender pay gap – PubPriv Table 13.12, 2019 (<http://bit.ly/2Wm4Pq6>)

³³ Financial Times (23 Apr 2019) 'Gender Pay Gap: women still short-changed in the UK' (<http://bit.ly/2NnytqX>)

³⁴ ONS (2019) *Low and high pay in the UK: 2019* (<http://bit.ly/36e0da9>)

³⁵ The Living Wage Foundation (2019) *What is the real living wage?* (<http://bit.ly/2JAC83D>)

³⁶ ONS (2019) Jobs paid below minimum wage by category (<http://bit.ly/2PE3wBR>)

³⁷ ONS (2019) *Low and high pay in the UK: 2019* (<http://bit.ly/36e0da9>)

³⁸ ONS (2018) Jobs paid below minimum wage by category (<https://bit.ly/2zIz41E>)

³⁹ WBG (2018) *Women, Employment and Earnings* (<http://bit.ly/2pgkRGc>)

⁴⁰ WBG calculations using ASHE Table 1.1a Weekly pay gross 2019

5.7 million women employees on low earnings in 2011 growing to 5.75 million in 2019.⁴¹

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 sectors.⁴² 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. Employment rights should be strengthened and extended to ensure that all workers, whether they are on zero-hour contracts, short-hour 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.

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UK Women's Budget Group, March 2020

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

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⁴¹ WBG calculations using ASHE Table 1.1a Weekly pay gross (2011 and 2019)

⁴² Fabian Society (2018) *Pathways to Progression: Improving Progression Rates for Young Retail Workers* (<http://bit.ly/2JvDKvu>)