

New Perspectives on the Gender Pay Gap: Trends and Drivers

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NEW PERSPECTIVES ON THE GENDER PAY GAP: TRENDS AND DRIVERS

Communities Analysis Division with support from Labour Market Statistics team

SUMMARY

The gender pay gap is often represented as a single figure. But no single measure adequately represents the complex issues underlying differences between men's and women's pay.

This report explains the different measures of the pay gap, breaking it down by age, sector and occupation and considers how it has been changing over time.

Whilst the pay gap can be explained in terms of factors like occupational segregation, differences in working patterns between men and women and indirect discrimination, this report explores underlying drivers, such as:

- inequality of unpaid care between men and women
- traditional social attitudes towards the role of men and women at home and the workplace
- some professions rewarding longer hours and unbroken work patterns (which are more suitable to people without caring responsibilities).

These underlying drivers are important in understanding why the pay gap still persists. Analysis of international data shows that countries which have high measures of gender equality¹ and female employment, do not necessarily have low pay gaps, due to persistence of the issues outlined above. This reflects the long term challenge of accelerating the decline of the pay gap.

The Scottish Government has a comprehensive range of policies intended to help encourage this decline through:

- Transformative funding for quality affordable **childcare**
- Initiatives to tackle pregnancy and **maternity discrimination**
- A commitment to achieve greater gender diversity on Scotland's **public, private and third sector boards**
- Working with partners to encourage **flexible working, family friendly** workplaces
- Encouraging employers to pay the **Living Wage**, which will disproportionately benefit women who make up around 65% of employees earning less than the Living Wage.

¹ For example the UN's Gender Inequality Index: <http://hdr.undp.org/en/composite/GII>

- Providing further investment to health and social care partnerships to enable the **Living Wage to be paid to care workers**, mainly women, supporting vulnerable adults.
- **Funding** for partners to encourage greater gender equality within: enterprise; employment including gender imbalanced occupations, in particular science, technology, engineering and maths careers; education and modern apprenticeships.
- Committing to establish an '**Advisory Council on Women and Girls**' to advise on tackling workplace and occupational segregation and other issues relating to gender equality.
- Committing to work with employers to pilot '**Returnships**', which will bring experienced women back into their previous career after a break.

There are various different ways of presenting the pay gap

There are many versions of the gender pay gap, but the main ones are:

- The **full-time pay gap** (7.3% in 2015): this measure gives a direct comparison between women and men working full-time only. It therefore removes the effect of differences in working patterns, i.e. more women working part-time. However part-time work is generally lower paid, and the associated cultural and economic drivers which channel more women into part-time work are not fully reflected in the full-time pay gap.
- The **overall pay gap** (16.8% in 2015) reflects all workers, full- and part-time. It reflects wider drivers that channel more women towards lower paid part-time work, and can be presented alongside the full-time pay gap for a fuller discussion of the pay gap.
- The **part-time pay gap** (-9.1% in 2015) shows that median part-time pay for women is higher than for men. However many more women than men work part-time and it is generally lower paid than full-time work.

The official statistics tend to give prominence to the **full-time** median pay gap. Unless otherwise stated, where sections below refer to 'the pay gap', this refers to the full-time median gender pay gap.

The pay gap in Scotland has reduced substantially

There have been substantial reductions in the full-time and overall pay gap over past decades. But it remains persistent in some age groups, and recent years suggest a current pause in the decline in Scotland. However the overall long term trend is declining - the pay gap reduced from 18.4% in 1997 to 7.3% in 2015.

The pay gap differs greatly by age group. In Scotland, there was a negative full-time pay gap of -1.7% (women paid more than men) for the 25-34 age group in 2015

compared to 11.9% for the 50+ age group. Since 1997, the pay gap has declined for age groups under 50 but remain persistent for those older than 50.

The overall pay gap was 16.8% in Scotland in 2015 and has also reduced substantially since 1997 (26.6%). The overall pay gap shows similar patterns to the full-time pay gap when broken down by age.

Some sectors continue to have substantial pay gaps

Some sectors continue to have a very high pay gap such as professional, scientific and technical activities (31.1%), financial and insurance (28.8%) and manufacturing (24.1%) in 2015. Conversely, there is a slightly negative full-time pay gap at -0.8% in the public sector in Scotland (women are paid more than men), although we estimate the figure to be accurate to +/- 4 percentage points and note that there is a substantial pay gap for part-time (12.9%) and all (10.4%) employees in the public sector.

Some occupations have stubbornly high pay gaps

There is a persistently large pay gap for one of the highest paid occupational groups, Managers, Directors and Senior Officials, which was 17.3% in Scotland in 2015. Skilled trades (26.8%), process and plant operatives (21.8%) and elementary occupations² (16.1%) also have high pay gaps.

² This includes a wide range of elementary occupations, including, farm labourers, cleaners, elementary construction, sales and security workers.

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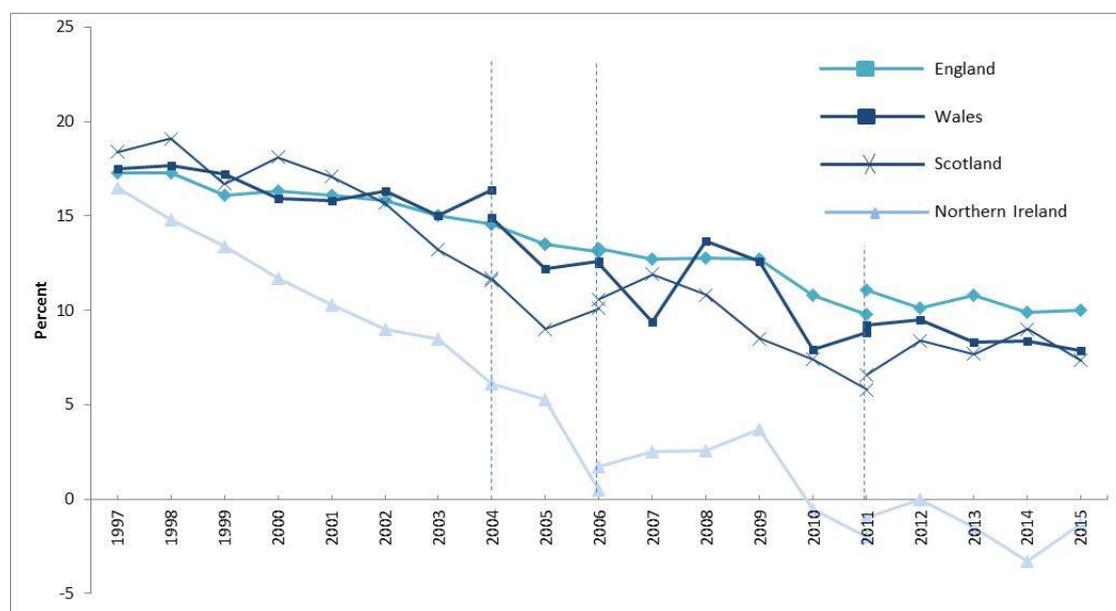
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1. THE GENDER PAY GAP IN SCOTLAND

The UK Office for National Statistics (ONS) and Scottish Government statistics give prominence to the **full-time** median pay gap which compares median hourly earnings of full-time workers³. Unless otherwise stated, where sections below refer to ‘the pay gap’, this refers to the full-time median gender pay gap.

In Scotland, the full-time pay gap has reduced substantially over time from 18.4% in 1997 to 7.3% in 2015. In the UK, it is slightly higher at 9.4% but has reduced by similar amounts. Within the UK, there is considerable difference between the countries/regions, with England at the highest level, and Northern Ireland showing a negative pay gap partly due to a higher proportion of public sector jobs in this region than in the rest of the UK⁴.

Figure 1: Gender pay gap for median full-time hourly earnings (excluding overtime) by country, April 1997 to 2015



Source: Annual Survey of Hours and Earnings – Office for National Statistics.

Between 2011 and 2015, there has been some fluctuation in the Scottish full-time pay gap, with increases in 2012 and 2014 and decreases in 2013 and 2015, but the overall trend is flat since 2011. Changes from one year to the next may not be statistically significant. The ONS doesn't yet have a methodology for assessing the statistical significance of the gender pay gap over time.

³ Alternative pay gaps exist and each has a different set of issues. These alternatives are set out in section 6 below.

⁴ The Telegraph online article: 'The gender pay gap has fallen to a record low'. Available at www.telegraph.co.uk.

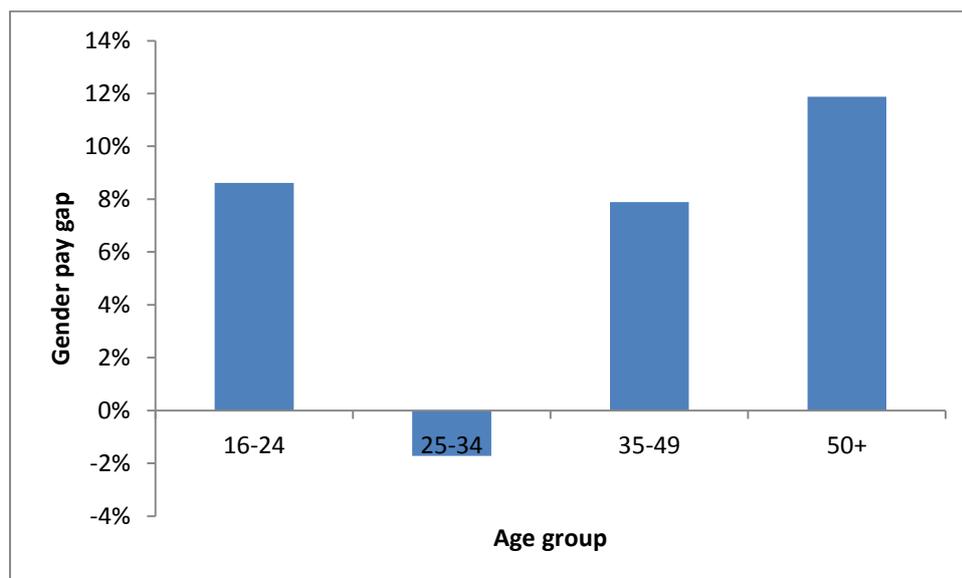
KEY MESSAGE: As a result of current uncertainty around the statistical significance of year on year changes, it is advised not to place too much emphasis on the annual changes in the pay gap, but to focus on changes over the longer term.

2. THE PAY GAP BY AGE GROUP

The pay gap differs greatly for different age groups. UK⁵ and Scottish analysis of the Annual Survey of Hours and Earnings (ASHE) shows that the full-time pay gap is generally lower for younger age groups than for older groups.

The chart below shows that in Scotland the pay gap was almost zero or negative for the 25-34 age group in 2015, but there was a much higher pay gap for those aged 16-24. This is broadly consistent with the previous year's data.

Figure 2: Gender pay gap – median hourly earnings excluding overtime – full-time by age 2015, Scotland



Source: Annual Survey of Hours and Earnings, ONS

Note: covers employees age 16+ on the PAYE system on adult rates and whose pay was not affected by absence.

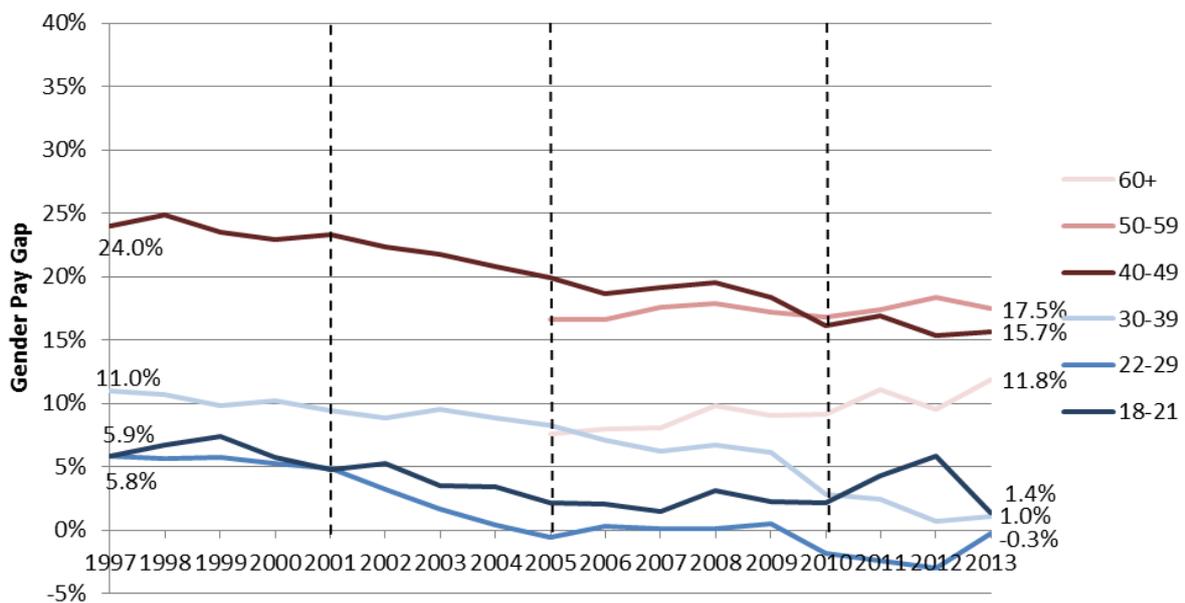
Longer term data (UK only), presented in Figure 3 illustrates that the pay gap has been reducing for age groups below 50.

⁵ Department of Culture, Media and Sport (2014) Secondary Analysis of the Gender Pay Gap: Changes in the gender pay gap over time. March 2014. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295833/Analysis_of_the_Gender_Pay_Gap.pdf

The full-time pay gap for age groups under 40 (those born after 1973) was close to zero in 2013. But age groups 50 or over have seen little overall change in the pay gap, even as people from younger cohorts move into them. So, the full-time gender pay gap was almost entirely attributable to those aged 40 or over (those born earlier than 1973).

This suggests that policymakers need to consider how policies to reduce the pay gap are likely to affect different age groups.

Figure 3: Gender pay gap for FULL-TIME employees by age group (median hourly earnings excluding overtime), UK 1997-2013



Source: UK Department for Culture Media and Sport (2014) Secondary Analysis of the Gender Pay Gap - changes in the gender pay gap over time.

The decrease in the under 40 pay gap over time is partly due to a ‘cohort effect’ within age groups below 50 – meaning that the pay gap of each age groups decreases over time as younger people age and move into them. The cohort effect is likely to relate to differences in education levels and qualifications between generations.

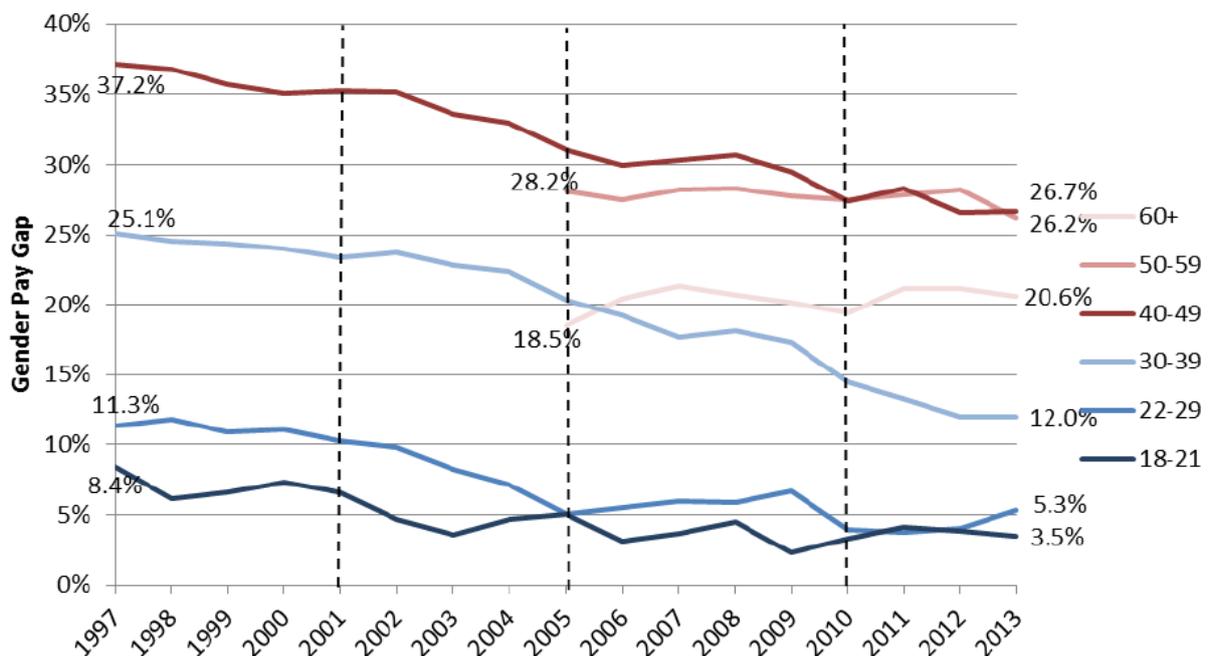
Scottish Government analysis suggests that an ongoing cohort effect is likely to continue to narrow the full-time pay gap further over time as employees born in the 1950s leave the labour market and are replaced by those born in the 1990s who have different education levels along with different career and life expectations.

But, it is not clear from the data why the pay gap has remained high, or increased for the 50-59 and 60+ age groups. Factors could include women traditionally retiring earlier than men, and therefore beginning the ‘winding down’ (with pay reductions)

phase earlier than men, many of whom are still achieving maximum earnings. This may change as the state pension age for women is raised to the same level as men - 65 by December 2018.

Figure 4 shows the UK pay gap for all employees, including part-time. The trends are similar to the full-time pay gap, but the gaps for all age groups are higher than for full-time employees. This is because part-time work is lower paid and more frequently done by women.

Figure 4 – Gender pay gap for ALL employees by age group (gross hourly earnings excluding overtime), UK 1997-2013

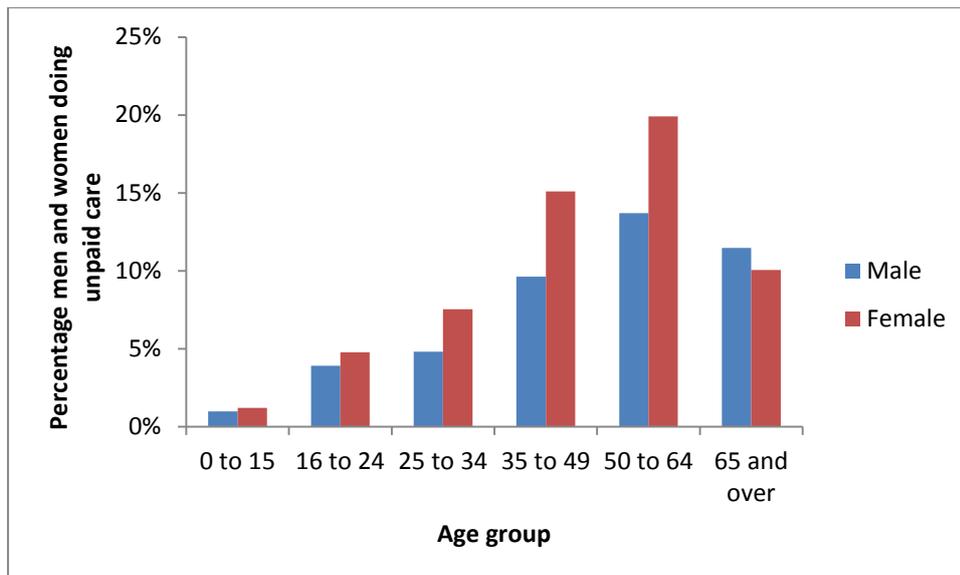


Source: UK Department for Culture Media and Sport (2014) Secondary Analysis of the Gender Pay Gap - changes in the gender pay gap over time.

Women are more likely to work part-time largely due to the fact that they undertake more unpaid care than men. Figures are not available on hours of informal childcare provided by gender, but Figure 5 shows that women are a lot more likely than men to be doing unpaid care of disabled or elderly family, friends or neighbours - across all age groups but particularly in age groups 35-49 and 50-64.

In general, informal unpaid care includes looking after children, grandchildren, partners, parents or relatives, all of which increase the likelihood of work disruption, and encourages reduction of hours and less demanding work in order to balance work/care commitments. As the population ages and more elderly parents require longer care, this issue will continue to be an important influence on older age groups (e.g. 50 and over) who are most likely to have elderly parents in need of support.

Figure 5: Provision of unpaid care by sex by age, Scotland, 2011



Source: Scotland's Census 2011. Table DC3103SC - Provision of unpaid care by sex by age

KEY MESSAGE: across all age groups, it is unlikely that the cohort effect alone will lead to an elimination of the gender pay gap. A residual pay gap can be expected due to other drivers including barriers to economic progress that women face, for example: structural differences in women and men's working patterns, demographic pressures and gendered attitudes towards care, labour market issues (such as occupational segregation) and factors like direct and indirect discrimination.

3. THE PAY GAP BY INDUSTRY AND OCCUPATION

The headline pay gap figures are also influenced by the proportion of men and women in different occupations. The chart below shows three separate variables which, combined give a sense of the scale and significance of the pay gap in any one sector:

1. The size of the pay gap (vertical axis)
2. The proportion of employees in the sector who are female (horizontal axis)
3. The estimated proportion of total workforce in each industrial group.

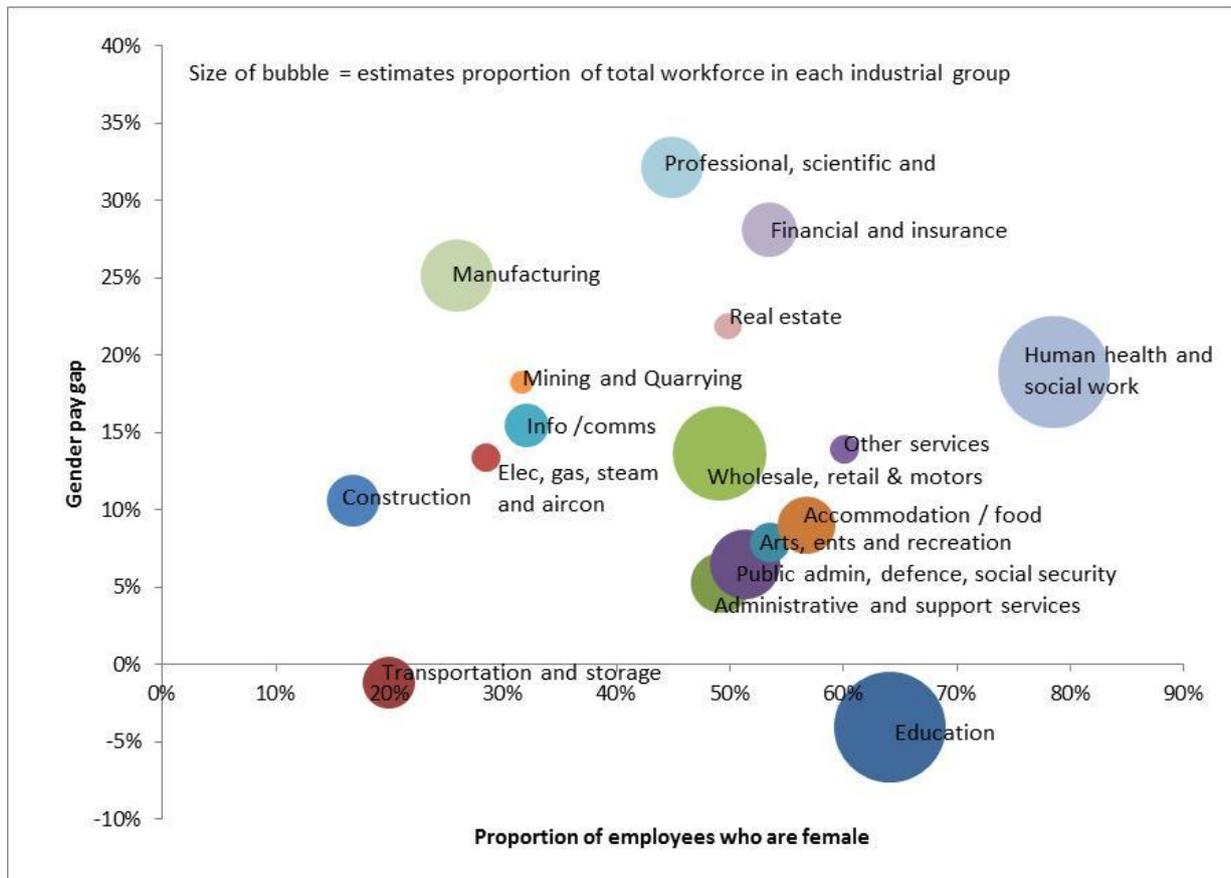
It shows that there are particularly high pay gaps in certain sectors such as professional, scientific and technical activities and manufacturing.

There is also a substantial pay gap in human health and social work, combined with a high proportion of employees who are women and a large proportion of total workforce. Manufacturing and wholesale, retail and motors also stand out as having substantial pay gaps in large sectors.

Education stands out as being a large, strongly female sector with a negative pay gap, meaning that on average, women are paid more than men in this sector.

It also shows that there are greater than proportional levels of women in some key low paid sectors, like accommodation and food and other services, many of which are 'elementary occupations' such as waiters and cleaners.

Figure 6: Gender pay gap – median hourly earnings excluding overtime – full-time by standard industry classification 2013-2014, Scotland



Source: Scottish Government analysis using the Annual Survey of Hours and Earnings data

Notes: 1. Covers employees aged 16+ on the pay as you earn (PAYE) system on adult rates and whose pay was not affected by absence.

2. The following sectors had unreliable data and are not included: Agriculture, forest and Fishing and Water supply: sewerage, waste management and remediation activities.

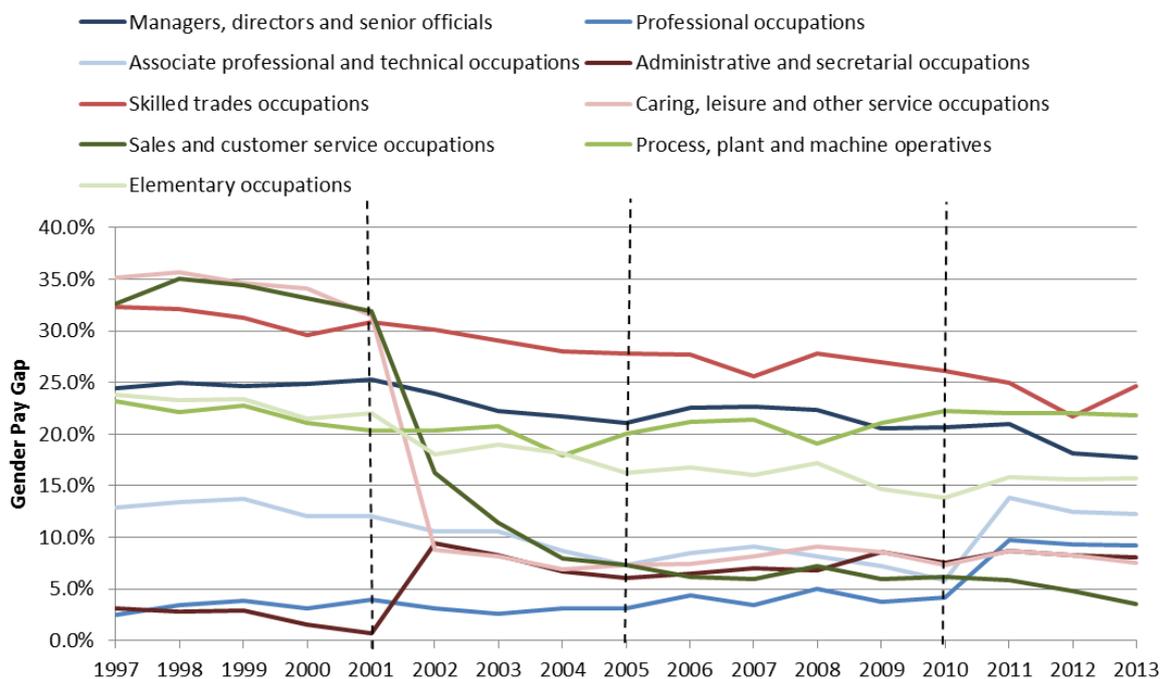
Analysis of the pay gap over time by occupation is available at the UK level and is presented in Figure 7. This shows that:

- The highest earning occupations are 'Managers, Directors and Senior Officials' & 'Professional occupations'. For Managers, Directors and Senior Officials, there has consistently been a large pay gap, whilst Professional

Occupations (such as scientists, and legal, health and teaching professions) have a lower than national average pay gap.

- Skilled trades (28.9%), process and plant operatives (19.7%) and elementary occupations (16.7%) also have very high pay gaps. Along with managers, directors and senior officials, these gaps have also reduced less than in other occupations.
- Large reductions in the full-time pay gap were seen in sales and customer service occupations, caring leisure and other service occupations.

Figure 7: Gender pay gap for full-time employees by occupational group (SOC2010) (gross hourly earnings excluding overtime), UK 1997-2013



Source: UK Department for Culture Media and Sport (2014) Secondary Analysis of the Gender Pay Gap - changes in the gender pay gap over time.

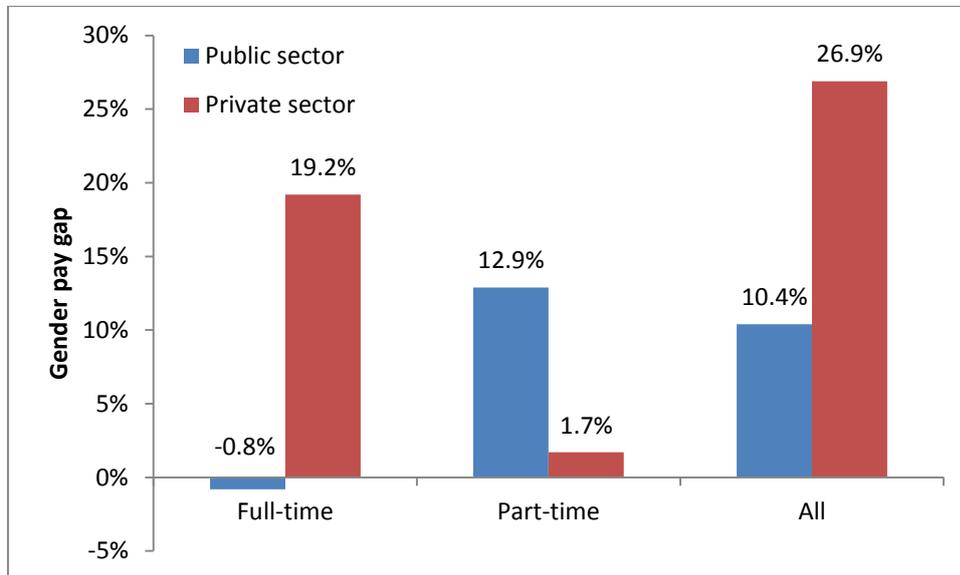
Note: Dotted lines represent discontinuities in the data which make periods not perfectly comparable

The chart below compares public / private sector level data and shows that there is no overall full-time pay gap in the public sector in Scotland, although there is a substantial pay gap for part-time (12.9%) and all (10.4%) employees.

The full-time pay gap is largely driven by the private sector pay gap of 19.2%. The private sector part-time pay gap is only 1.7%, but when full-time and part-time workers are combined again, the pay gap is much larger at 26.9%.

Whilst it can appear odd that the pay gaps differ so much, it is worth remembering that the average hourly wage for part-time work is lower than full-time work, and most people that work part-time are women. When combined again with full-time workers this increases the pay gap considerably.

Figure 8: Gender pay gap by public/private, Scotland, 2015



Source: Annual Survey of Hours and Earnings.

4. WHAT DRIVES THE PAY GAP?

A detailed, but now old (2001/02 data) study⁶ estimated the percentage of the (UK) **overall** pay gap (full- and part-time workers) associated with different drivers as follows:

- 38% of the overall pay gap was due to ‘Other factors associated with being female’, including discrimination
- 36% was due to differences in working patterns
- 18% was due to structural labour market differences, and
- 8% was due to educational differences: ⁷.

⁶ Wendy Olsen and Sylvia Walby (2004). Modelling gender pay gaps. This study is now very old and focused on the UK. The Scottish Government has provided funding to Close the Gap to commission work to update this reflecting the structural changes that have taken place in the economy since 2001/02.

⁷ This reflects that the UK data (British Household Panel Survey 2001/2) showed that women spent less time in formal education than men.

The largest contributor, 'Other factors associated with being female' includes direct discrimination but also could reflect underlying differences between genders in preferences and motivations towards work and unpaid care. The extent to which **direct discrimination**, i.e. discrimination on the basis of gender alone, contributes to the pay gap is difficult to determine. However, many of the other factors set out above may be associated with **indirect discrimination**.

Indirect discrimination can contribute to underutilisation of women's skills. As an example, studies suggest that women in Science, Technology, Engineering and Mathematics careers can often experience systems and structures, policies, processes and procedures that are discriminatory, even where the employers have the very best of intentions on fairness and equality⁸.

For example, while there is general agreement that appointments should be based on 'merit' and the 'best person for the job', concepts of what constitutes 'merit' are socially constructed and can be influenced by preconceived views of men and women. They can also value some qualities or attributes more than others. Women can be significantly disadvantaged by a gendered conception of merit, for example if it places particular value on a full-time, uninterrupted career trajectory and research success⁹.

The large contribution to the pay gap of differences in working patterns suggests that higher rates of part-time work and interruptions to employment tend to reduce women's accumulation of skills and experience.

There is substantial international and UK evidence to suggest that women who return to work after having a child / children are more likely to experience downward mobility. Long term risk of downward mobility in mothers is likely to be particularly affected by the availability of quality part-time opportunities and flexible working opportunities.

KEY MESSAGE: a large proportion of the pay gap is currently un-attributable to characteristics other than 'being female'. This implies that direct, and in particular, indirect discrimination in the way that work is organised continue to play a significant role in driving the pay gap and causing many women to 'downgrade' their employment in order to balance work and caring commitments.

⁸ Hart R and Roberts JE (2011). British Women in Science and Engineering: the problem of employment loss rates. http://www.royalsoced.org.uk/1013_Data.html

⁹ Royal Society of Edinburgh (2012). Tapping all our talents: Women in science, technology, engineering and mathematics: a strategy for Scotland.

5. THE IMPACT OF WORK ORGANISATION ON THE PAY GAP

Research in the USA¹⁰ has highlighted how certain professions have reduced their pay gap considerably, as a result of changes within the industry. For example, the industrial organisation of retail pharmacy in the US changed in the following ways:

- a strong shift away from self-employment to employment in chain stores and supermarkets.
- In the late 1950s about 75% of all pharmacists were owners or were employed by an independent practice, by 1980, 40% were and recently just 14% were.

These changes had major implications for the pharmacy work environment, particular women, because they reduced the penalty for working part-time/part-year and employees were much **more substitutable** for each, than owners. As more pharmacists became employees, their earnings no longer included a premium for the additional risk and responsibility of ownership. The fraction of pharmacists working part-time then rose from around 9% in the 1970s to 20% largely driven by an increasing share of women as professional employees in the profession. These structural changes apparently decreased the costs to retailers of offering flexibility and the **'time dependency'** working hours reduced – that is the importance of being present for long hours, and at particular moments was greatly reduced compared to a situation in which if the owner pharmacist is not present, the business struggles to operate.

Key lessons from this example include that high levels of time dependency and non-substitutable labour within a profession is likely to act as a strong barrier to parents with children. Many of these parents (mainly women) wish to work part-time, or are likely to experience work disruptions, requiring substitution (or flexible deadlines). Examples of jobs which are highly time dependent and non-substitutable include lawyers, medical consultants, CEOs etc.

Similar trends have been observed in the UK and Scotland and around 70% of registered pharmacists in Scotland are now female (around 60% in the UK in 2011 having risen from around 53% in 2002)¹¹.

¹⁰ For example Goldin, C. and Katz, L. (2012). The most egalitarian of all professions: pharmacy and the evolution of a family friendly occupation. National Bureau of Economic Research. Working paper 18410.

¹¹ CPWS Briefing Paper, GPhC Register Analysis 2011. Tables 2 and 3.

KEY MESSAGE: structural changes within industry can have important consequences for work organisation, with consequences for the pay gap. The concepts of time dependency and employee substitutability are also useful in understanding how to tackle professions with high pay gaps.

6. COMPARISON OF THE DIFFERENT WAYS OF PRESENTING THE PAY GAPS

No one measure is appropriate as a single measure of such a complex issue as the gender pay gap. All pay gaps have fundamental differences and limitations relating to their composition and what exactly they represent - there is no ideal option. Public presentations of the pay gap tend to focus on:

1. single headline pay gap figures which do not reveal the particular barriers faced by specific age groups, sectors and occupations and how they are changing
2. the changes from year to year, rather than the longer term trend.

The full-time pay gap is the most commonly cited pay gap and is based on full-time employees only, not including self-employed. The rationale for focusing on this is to remove any 'distortion' from women being more likely to work part-time, and the association of part-time work with lower pay.

But this does not recognise that more women work part-time in response to greater caring responsibilities and wider barriers to economic progress. These women are not represented in the full-time pay gap.

The overall pay gap includes all full and part-time workers. On the one hand, this does not allow direct comparison of the wages of men and women working full-time. On the other hand, it does capture the effect of factors which result in the channelling of women into part-time work.

The overall pay gap is higher than the full-time gap because:

- A higher proportion of women work part-time – around 41% compared with only 11% of men¹².
- Part-time workers of both genders earn less, on average, per hour than full-time workers.

The full-time pay gap removes any influence of different working patterns – in general, part-time work is lower paid per hour. It is arguably, therefore, a better

¹² Annual Population Survey, Jul 2014-Jun 2015.

measure for comparison on a like-for-like basis. However, it does not capture wider influences on women's hourly wages. For example, women are more likely to seek part-time work which may be made partly in response to wider societal and economic barriers¹³.

The overall pay gap captures the effects of all of these barriers but also any 'residual' imbalance between men and women's working patterns relating to preferences rather than barriers.

The part-time pay gap compares only part-time workers. This shows that part-time women have higher part-time wages than part-time men and the pay gap was -7.2% in 2014 in Scotland. However, there are considerable compositional effects due to part-time workers being predominantly women. A higher proportion of employees working part-time are women (77%) than men (23%)¹⁴. Those who work part-time earn less on average than those who work full-time.

Different organisations also emphasise alternative variations of the pay gap based on whether they prefer the median or mean¹⁵. The **mean pay gap** is much more sensitive to very high incomes and is consistently higher than the median. The Scottish Government (and the ONS) emphasises the **median pay gap** because it is likely to be a better representation of gap in the middle of the earnings distribution. Others emphasise the **mean** pay gap because it takes into account gender inequalities at the very top of the income distribution.

KEY MESSAGE: the median full-time pay gap is likely to remain the official ONS measure but it is helpful to consider the overall pay gap when discussing wider barriers to economic participation.

7. COMPARISON OF UK AND SCOTTISH PAY GAPS

Relative to the UK, recent falls in the pay gap in Scotland have been driven by the growth of female earnings in Scotland (and a subdued growth for men). Women's earnings in Scotland saw the second highest growth among UK countries and regions (up 3.0% over the year with the UK growing at a slower rate of 2.1%). Median earnings for full-time women in Scotland was higher than the UK and also the third highest compared to anywhere outside of London and the South East. Male

¹³ For more detailed discussion, see Scottish Government (2015) Maximising Economic Opportunities for Women in Scotland. <http://www.gov.scot/Resource/0047/00473060.pdf>

¹⁴ Source Annual Population Estimates Jan 2015-Dec 2015.

¹⁵ The **median** is the value that would be in the middle of all values if they were ordered by magnitude, so is unaffected by the actual amount of the highest or lowest values. The **mean** is the sum of all values, divided by the number of values, so is directly affected by the amount of every value, including the very highest and lowest.

earnings growth over the year was subdued in Scotland which, given the strong performance of female earnings, would have contributed to the reducing gender pay gap in Scotland (male pay in Scotland recorded the second lowest increase among the UK countries and regions, up 0.7% over the year with the UK growing at a faster rate of 1.5%).

What other factors could be at play?

We know that one of the driving factors in the Scottish Labour Market in recent times has been the rise of **older workers** particularly women shifting from inactivity into employment. For example, over the ten-year period from 2004 to 2014, there has been a 23.4% rise in employment level for 50-64 year olds (from 573,200 to 707,200) and a 95% rise in employment level for those aged 65 and over (41,200 to 80,300).

In the UK, the gender pay gap for 50-59 year olds in 2015 was 17.2% and for 60 year olds and over, 13.2%. In contrast, the gender pay in Scotland for **50 year olds and above** is 12.0%. It is likely therefore that this in part is contributing to a smaller gender pay gap in Scotland.

Looking at the earnings distribution between Scotland and the UK, the gender pay gap appears more pronounced at the top end of the earnings distribution. For those in the **top 10% of earnings**, the full-time gender pay gap in the UK was 18.5% while the gender pay gap in Scotland was 14.6%.

If we consider an **occupational analysis**, key differences in occupations between Scotland and UK can be seen in: Caring, Leisure and other Service Occupations (6.1% in Scotland versus 8.1% in the UK), Professional Occupations (7.0% in Scotland versus 11.0% in the UK) and Associate professional and technical occupations (9.0% in Scotland versus 11.2% in the UK).

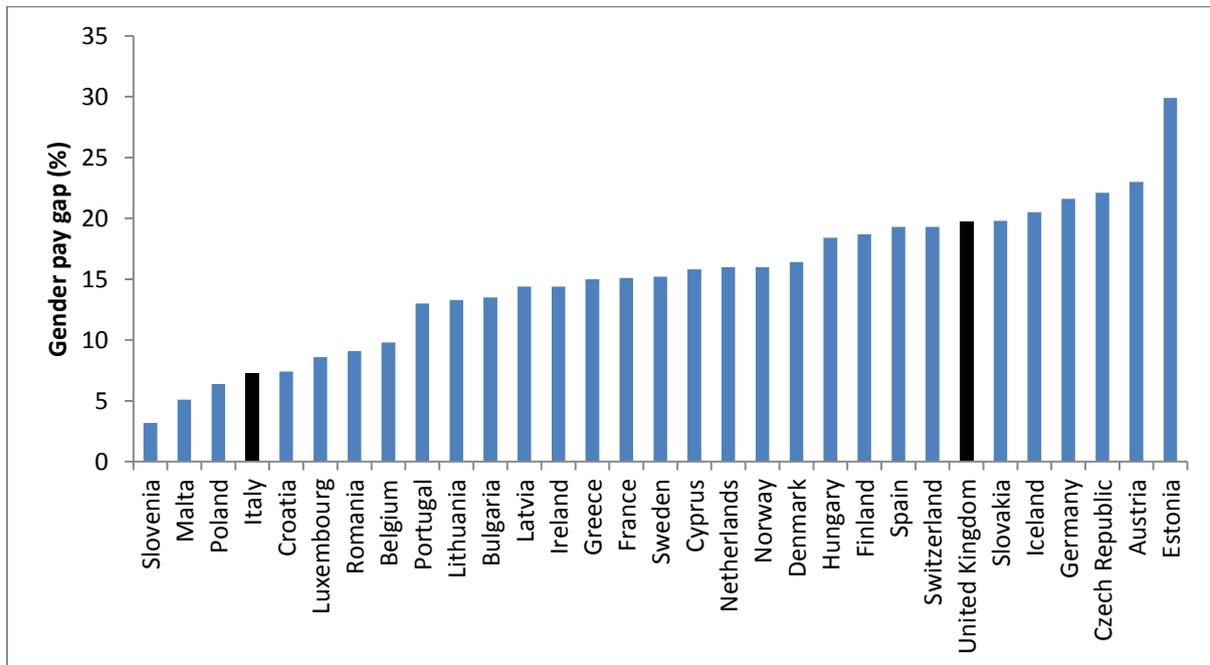
Looking at **sectoral analysis**, the gender pay gap for full-time workers in the **public sector** in Scotland was (-0.8%, where women are paid more than men) (albeit we estimate the figure to be accurate to +/- 4 percentage points), this compares to 11.4% for the public sector in the UK. The larger size of the public sector in Scotland (21.0% of total employment compared to 17.2% in the UK) will again play into the smaller gender pay gap in Scotland because there tends to be greater work flexibility and therefore lower pay gaps within public occupations.

8. INTERNATIONAL COMPARISON OF THE PAY GAP

The UK has a relatively high pay gap compared to other countries. However meaningful direct comparison between countries can be complicated by underlying structural labour market differences. For example, **Figure 9** shows that Italy has a low overall pay gap (7.4%) and Nordic countries, despite good performance in areas

like female employment, childcare costs and parental leave, still have quite high gender pay gaps – for example Finland with 18.7% .

Figure 9: Overall pay gap in 2013 – EU member states (where data is available)



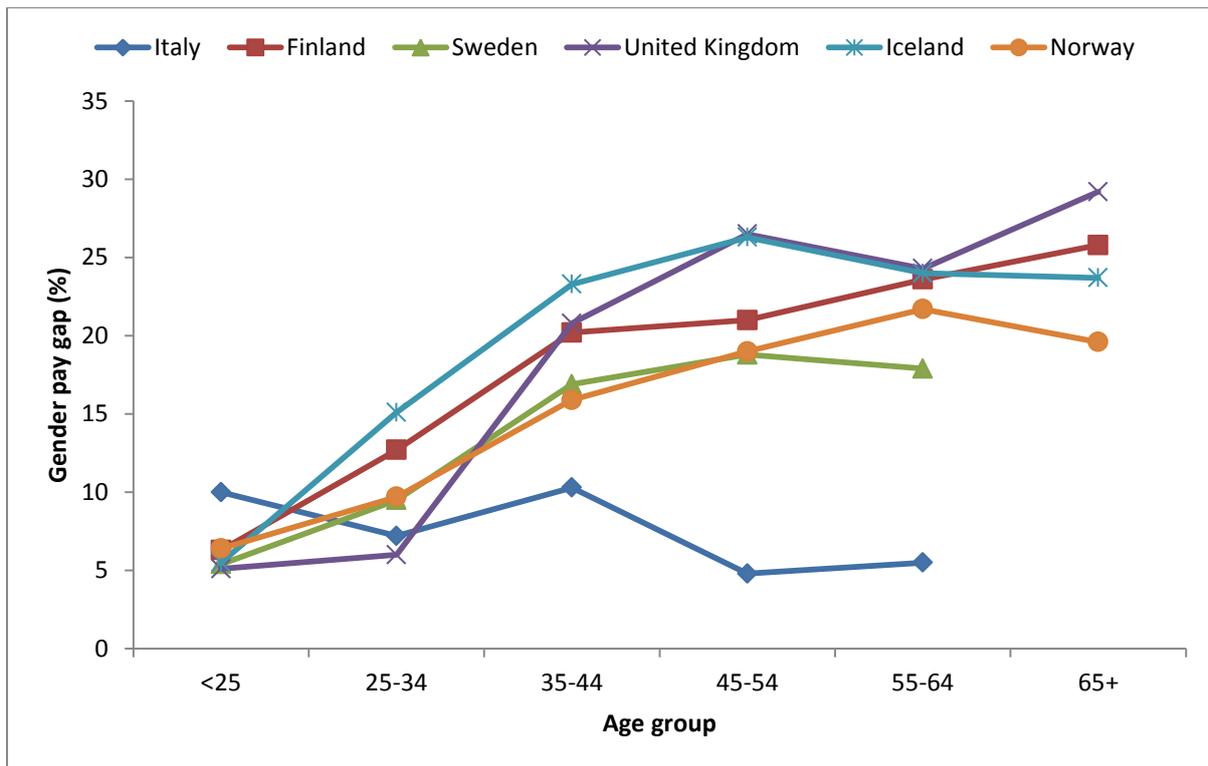
Source: Eurostat - gender pay gap in unadjusted form [table: earn_gr_gpgr2]

Looking at the ‘shape’ of the gender pay gap across age groups (see **Figure 10**), the UK and Nordic countries tend to have higher pay gaps higher in age groups where women are more likely to be undertaking unpaid care.

Italy, in contrast, has a relatively flat pay gap across the age groups. However this is most likely a reflection of its relatively high gender employment gap – fewer women employed, especially in part-time work results in a lower overall pay gap.

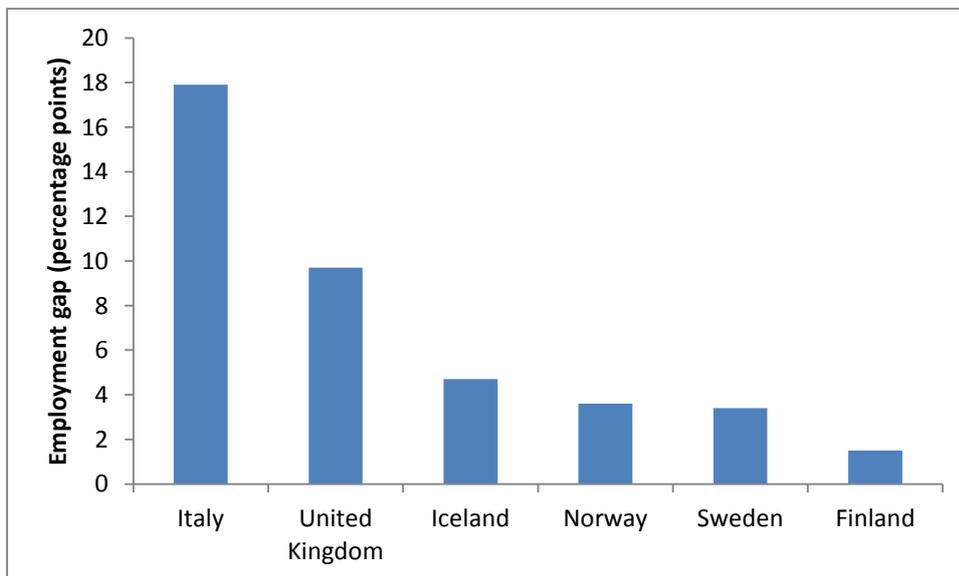
This suggests that whilst countries with more gender equality tend to do better in terms of female employment rates, this does not necessarily reduce the pay gap.

Figure 10: Gender pay gap by age group – 2013



Source: Scottish Government analysis of Eurostat data: Gender pay gap in unadjusted form by age in % - NACE Rev. 2, B-S excluding O (structure of earnings survey methodology) [earn_gr_gpgr2ag]

Figure 11: Difference in overall employment rate of women and men - 2014



Source: Scottish Government analysis of Eurostat data: Employment (main characteristics and rates) - annual averages [lfsi_emp_a]

KEY MESSAGE: countries with higher gender equality and female labour market participation do not necessarily perform best in terms of the pay gap. The pay gap, is also substantially influenced by labour market participation rates, and wider cultural factors.

9. ATTITUDES TO DIVISION OF GENDER ROLES IN THE HOME AND WORKPLACE

The surprisingly high gender pay gap in countries with positive gender equality policies suggests that traditionalist attitudes towards gender roles in the home and workplace continue to hold sway. These continuing attitudes may result in women continuing to be more likely to be doing unpaid work, despite also being more likely to be in (part-time) work.

The British Social Attitudes (BSA) survey provides some insight into public attitudes towards the division of gender roles in the home and workplace. In Britain, support for a traditional division of gender roles has declined over time, though substantial support remains for women having the primary caring role when children are young.

According to the BSA survey in 2012, 33% thought that a mother should stay at home when there is a child under school age, compared with 64% in 1989. The most popular choice by survey respondents in 2012 is for the mother to work part-time (26% in 1989, 43% in 2012).

The survey also suggests that while the male breadwinner family system has been in decline for at least half a century, concerns about the balance of 'work-family conflict' have only been voiced more recently, i.e. where the demands of a job or inflexible working pattern conflict with family commitments.

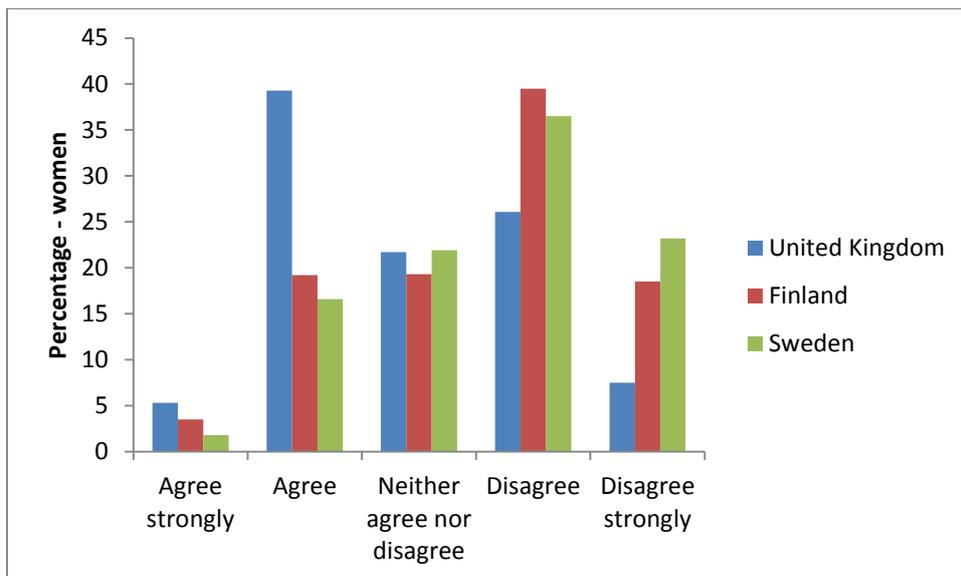
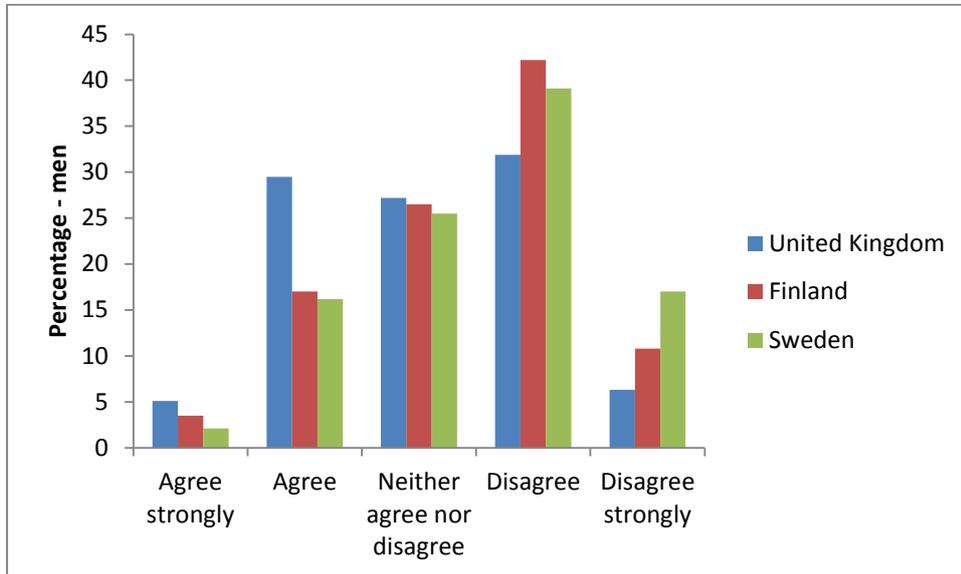
It implies that with the rise in mothers' labour market participation, there is a role for policy measures that seek to reduce family-work conflict. However it should not necessarily be expected that this will lead to a reduction in the pay gap. It is conceivable that more workplace flexibility could even increase the pay gap if more women than men choose to take up flexible or part-time working patterns.

Underlying these choices is a persistent general view that it is preferable for women, rather than men, to take on more of the work disruption associated with having a family. When asked to consider a family with a child under school age and to choose the best way for them to organise their family and work life, the most popular approach, selected by almost four in ten people, is for the mother to work part-time and the father to work full-time. Only 5% suggested that it would be preferable for both the mother and father to work part-time to share the childcare.

International data from the European Social Survey shows that high proportions of both men and women in the UK agree or strongly agree with the following statement:

“Women should be prepared to cut down on paid work for sake of family”. A higher proportion of women than men agreed with this statement.

Figure 12: Percentage who agree that women should be prepared to cut down on paid work for sake of family, 2010 UK



Source: European Social Survey, Family, work and well-being module (ESS2 2004, ESS5 2010)

Attitudes underlying women and men’s labour market choices remain quite traditional whilst the distribution of unpaid work in the home remains highly gendered. Whilst this persists, it is increasingly important to emphasise the economic value of unpaid work that women do more of, and its importance to the wider economy.

KEY MESSAGE: Increasing female labour market participation alone will not necessarily improve the pay gap, whilst inequality of unpaid work increases the pressure on women to find jobs that accommodate greater work disruption due to caring and a greater burden of unpaid work.

There may be 'structural lag' in terms of attitudes towards gender roles in unpaid work, including housework, changing more slowly than increasing acceptance of the idea of gender-neutral 'adult worker' families where both partners are expected to work.

10. SCOTTISH GOVERNMENT POLICIES ARE HELPING ACCELERATE THE LONG TERM DECLINE OF THE PAY GAP

Scotland's pay gap is declining over the long term and the Scottish Government has a comprehensive range of policies intended to help accelerate this decline where possible, for example through:

Affordable early learning and childcare

The Scottish Government is committed to increasing and improving high quality, flexible early learning and childcare which is accessible and affordable for all, prioritising those most in need in the first instance. Since August 2014:

- the hours of early learning and childcare have increased from 475 to 600 per year for all 3 and 4 year olds; and, local authorities have started to improve the flexibility and range of options for how those hours are accessed.
- the entitlement to 600 hours has been extended to those 2 year olds who will benefit the most, this includes those who are or have been at any point since their second birthday looked after, subject to a kinship care or guardianship order; as well as those who are disadvantaged as a result of parents having no sustainable employment and living in poverty (15%). From August 2015 this increased to 27% of 2 year olds, and includes children from low income families.

The First Minister has pledged in the Programme for Government to increase early learning and childcare provision, from 600 to 1,140 hours a year, by the end of this parliament. Planning for this is underway.

Tackling pregnancy and maternity discrimination

The Scottish Government is working with the Equality and Human Rights Commission (EHRC) to tackle pregnancy and maternity discrimination, as highlighted in EHRC and Business Innovation and Skills (BIS) research published in July 2015¹⁶. On 25th February 2016 the previous Cabinet Secretary for Fair Work, Skills and Training, Roseanna Cunningham, announced a series of measures to show the Scottish Government's commitment to addressing this issue. Measures include a working group to create guidelines for employers to ensure best practice on monitoring and reporting on pregnancy and maternity.

Greater Gender Diversity on Scotland's Public, Private and Third Sector Boards

For the first time, more women than men were appointed by Ministers to the boards of regulated public bodies in 2015. Women represent 54% of those appointed to boards and 41% of applicants were women, an increase of 15 and 10 percentage points respectively versus 2012, and a leap of 7% in female appointees in a single year.

The Scottish Government's Partnership for Change was launched on 25 June 2015, inviting public bodies, third sector organisations and companies from across Scotland to make a voluntary commitment to improve the diversity of their board and work towards 50/50 gender balance by 2020. The Partnership currently has 179 signatories (as of 19 May 2016).

The Scottish Government has committed to bring forward legislation requiring gender balance on the boards of public bodies in Scotland in the first year of the new Parliament.

Of the 73 regulated bodies, over half (41) are either gender balanced; as balanced as is possible, if the board comprises an odd number of members; or comprise more women than men. This compares to 31 bodies a year ago.

Skills and Learning

Women represented over 51% of college enrolments in 2014/15. The number of women studying full-time courses is up by 16% since 2006/07.

The Scottish Government is committed to working in partnership with Scottish Funding Council, colleges and universities and others to address the **under-representation of women** in science, technology, engineering and maths (STEM) subject courses.

¹⁶ BIS Research Paper No. 235.

<https://www.equalityhumanrights.com/en/file/10516/download?token=P8gyXkUi>

We are investing up to a **total of £1.5 million** over the next three academic years, through Scottish Funding Council, in a programme of equality projects across Scottish colleges and universities.

Colleges are taking further steps to counter gender imbalances - City of Glasgow College has a HNC **Engineering course** specifically targeted at women and West Lothian College recently launched (Feb 2016) an innovative 16 week fast track course designed to give women an **opportunity to work in STEM** areas.

We are also funding **campaigns** like #ThisAyrshireGirlCan to help girls to see the opportunities that a STEM career can bring.

SFC's **Gender Action Plan Interim** report¹⁷ (published 22 Feb 2016) addresses a key recommendation of the Commission for Developing the Young Workforce and allows us to see the progress made so far and what more needs to be done.

Women in Enterprise

The Women in Enterprise Action Framework and Ambassadors role-model project were launched on 04 March 2014 and received strong buy-in from partners across the public, private and third sectors. The Action Framework is being led by our key partner Women's Enterprise Scotland (WES) which is working with partners from all sectors to deliver actions.

We supported WES with £47,000 in 2015/16 to deliver the Ambassadors project. In addition, £45,000 of support was also made available for the Investing Women initiative, designed to help female entrepreneurs to become investment-ready. Consideration is currently being given to providing WES with £60,000 for 2016/17 to continue the Ambassadors project and £50,000 to Investing Women for the continuance of its Catalyst Programme.

A refresh of the Action Framework, due to be published at the end of summer 2016, is currently being undertaken by partners to identify priority areas of action and how best these actions can be collaboratively supported. To encourage collaboration across the 'Women in Enterprise Implementation Group', the SG announced to the group it would financially support (in 2016/17) a project where partners collaborate to deliver quantifiable impact.

Female self-employment has increased over recent years from 84,000 in the year ending December 2010 to 101,900 in the year ending December 2015, a rise of 21.3%¹⁸.

¹⁷http://www.sfc.ac.uk/web/FILES/Corporate_publications_SFCCP022016_GenderActionPlanInterimr eport/SFCCP022016_Gender_Action_Plan_Interim_report.pdf

¹⁸ Source: APS Survey, January-December, ONS. Statistics were up to date at time of writing.

Family Friendly and Flexible Working

The Scottish Government is committed to working with employers directly and through their representative bodies, to explore ways of promoting and supporting flexible working.

The Scottish Government is a partner in – and funds – the Family Friendly Working Scotland Partnership. Through this Partnership, established in 2014, we work with Working Families (a leading UK work-life balance organisation), Parenting Across Scotland and Fathers Network Scotland to support and promote the development of family-friendly workplaces across Scotland.

The Family Friendly Working Scotland Partnership aims to ensure that high quality flexible working opportunities are available, which will be of particular benefit to women, including those returning to the workforce after periods of maternity or other caring leave.

In addition, we support family friendly and flexible working for all, including men, and particularly fathers. This is part of a wider aim to ensure equality at home and at work.

The Scottish Government has awarded £178,700 to the Family Friendly Working Scotland Partnership for 2016-17, continuing our commitment to this policy.

STEM/Occupational Segregation

The Scottish Government is providing funding of £200,666 per year to Equate Scotland to support the recruitment, retention, return and success of women studying and working in Science Engineering Technology and the built environment. Through Equate Scotland, we are **delivering the CareerWISE programme** which offers female undergraduates paid work placements with STEM employers.

The Scottish Government also funds Close the Gap (£205,000 per year) to change employment practices and workplace cultures to support gender equality and tackle the pay gap.

The Scottish Government has also committed to establish an 'Advisory Council on Women and Girls' to advise on action to tackle workplace and occupational segregation and other issues relating to gender equality. We have also committed to work with employers to pilot 'Returnships', which will bring experienced women back into their previous career after a break. Planning for these new initiatives is underway.

Living Wage

Increasing payment of a Living Wage will disproportionately benefit women, who make up around 65% of employees earning less than the Living Wage.

There are currently over 555 Scots-based Accredited Living Wage Employers. In March, the First Minister announced a new target of 1,000 Accredited Living Wage Employers to be achieved by Autumn 2017.

The Scottish Government controls wage packets in central government, government agencies, NDPBs, and NHS and requires these employers to pay the Living Wage. While the Scottish Government is not able to set pay levels in the private sector, or indeed the wider public sector in Scotland (where employees' pay levels are not under direct Ministerial control) we encourage every employer, regardless of sector, to ensure all staff on lower incomes receive a fair level of pay.

The Scottish Government is also increasing payment of the Living Wage by:

- public sector pay policy for 2016-17 - which increases funding towards encouraging employers across Scotland to pay the Living Wage
- Statutory Guidance for Procurement (launched 6 Oct 2015) which states that the Scottish Government considers that the payment of the Living Wage is a significant indicator of an employer's commitment to fair work practices.

Providing significant investment to health and social care partnerships to enable a Living Wage to be paid to adult social care workers. This will benefit up to 40,000 workers, mainly women, in 2016/17 alone.

Modern Apprenticeships

Skills Development Scotland (SDS) published its Equalities Action Plan for Modern Apprenticeships (MA EAP) in Scotland on 2 December 2015. This plan outlines the challenges to be addressed and the actions SDS will undertake with partners to improve the participation of under-represented groups within the MA programme.

The MA EAP covers a five year period until 2021 and sets out clearly the scale of the challenge relating to gender segregation and inequality in MAs, and the requirement for all partners to work in collaboration to tackle culturally ingrained challenges.

SDS will report annually on improvement targets for each group to be achieved by 2021.

Fair Work Convention

The Fair Work Convention has identified within the Fair Work Framework for Scotland that employers should consider pay transparency and defensibility to be a core objective. This should incorporate pay levels, benefits provision and pay structures that are openly shared with workers and can provide the basis for more equal pay and more defensible pay dispersion.

Unpaid Carers

It is estimated that there are 745,000 adult carers and 44,000 young carers in Scotland. Some key facts outlined in Scotland's Carers¹⁹ include:

- 59% of carers are female and 41% are male.
- 56% of all carers are also in employment or self-employment.
- 35% of full-time carers (35+ hours per week) are also in employment or self-employment.
- 7% of women and 5% of men said they were unable to take up work because of caring responsibilities.

The Carers (Scotland) Act will make a meaningful difference to carers. It will contribute towards the improvement of their health and wellbeing, ensuring that they can continue to care, if they so wish, and to have a life alongside caring.

The Act will, amongst other things, help to support unpaid carers to return to or remain in work by placing a duty on local authorities to provide an information and advice service that may include employment and training.

The Scottish Government has provided Carers Scotland with over £311,000 since 2012 to take forward Carer Positive. The scheme recognises those employers that support carers in the workforce and take steps to implement flexible and fair working practices. So far, 51 organisations have been assessed as being Carer Positive. The number of employees working for Carer Positive employers now stands at over 180,000.

SG is exploring how to progress the scheme further to cover more employers across Scotland.

¹⁹ <http://www.gov.scot/Publications/2015/03/1081>



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