

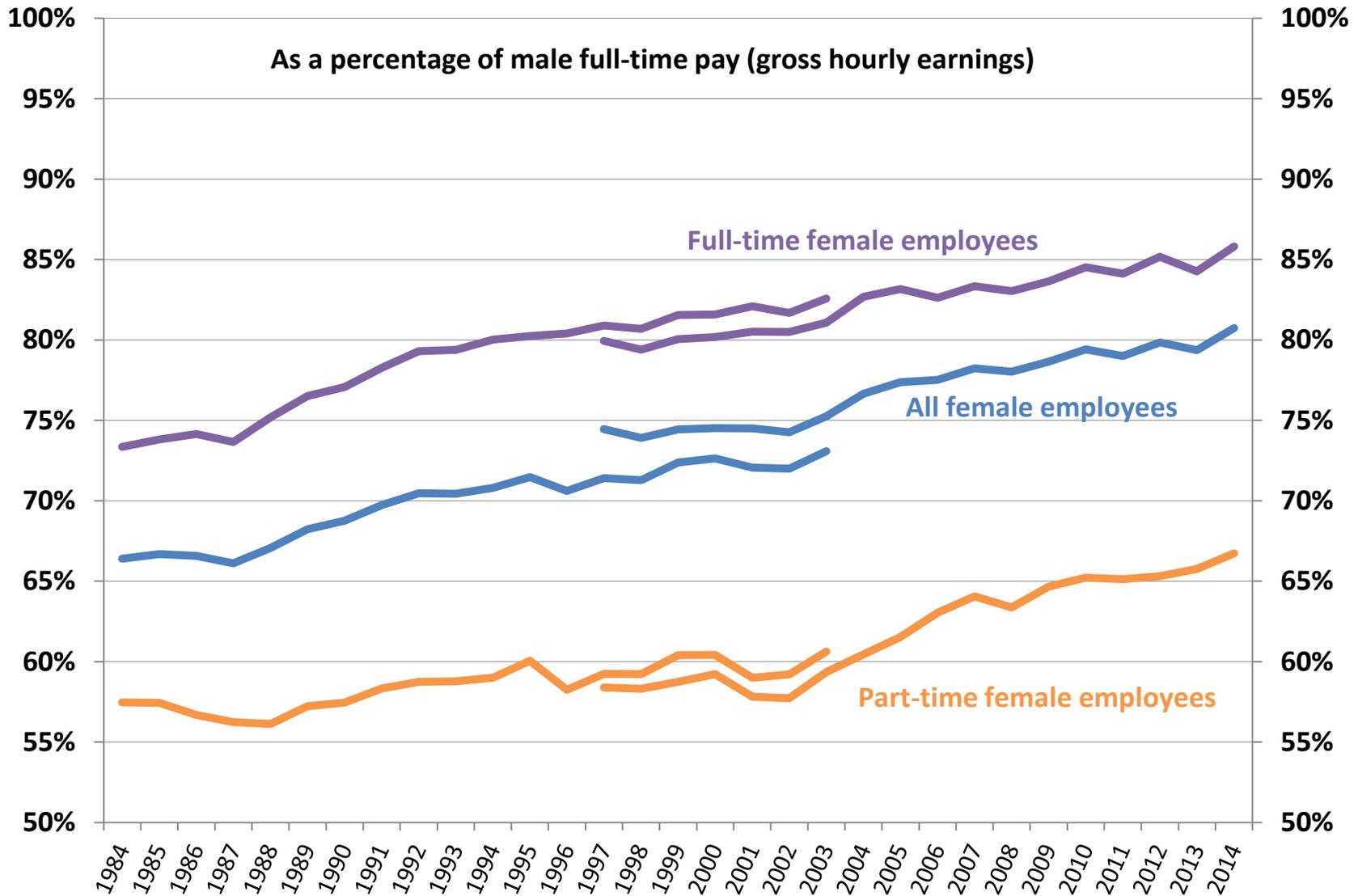
# Tackling gender pay inequality: a case of constantly moving goal posts

Jill Rubery

European Work and Employment Research Centre  
Alliance Manchester Business School

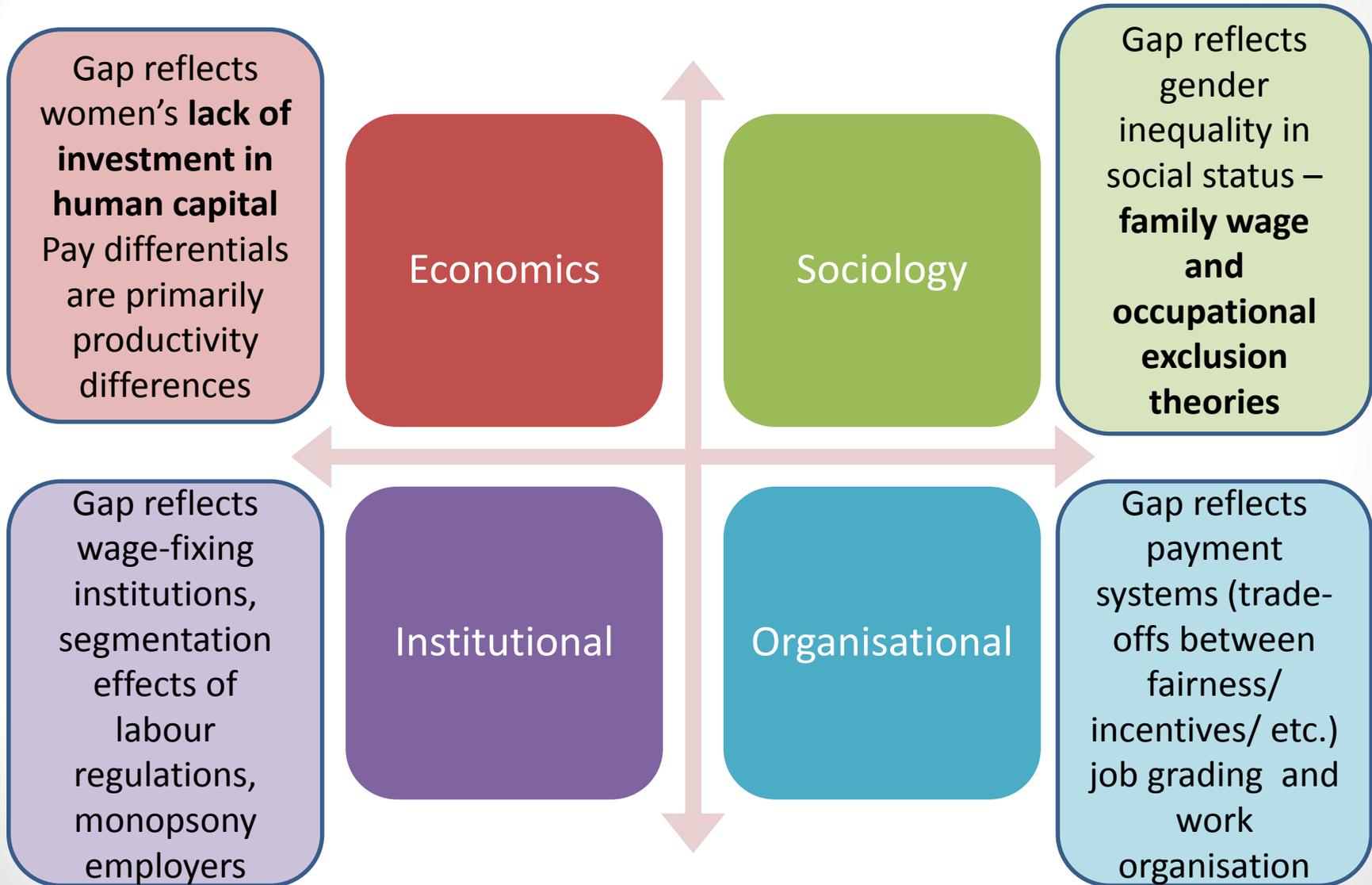
(based on: Rubery and Grimshaw (2015) *Cambridge Journal of Economics*,  
39(2) Special Issue)

# Progress towards equal pay is elusive



Source: New Earnings Survey and Annual Survey of Hours and Earnings

# What theoretical approaches?



# Theorising the multi-faceted roles of pay

## Rubery (1997)

1. Pay as an allocation mechanism
2. Pay as social position/stratification
3. Pay as an element in the employment relations

## Figart et al. (2002)

1. Wage as price
2. Wage as living
3. Wage as social practice

- All perspectives provide a different lens on gender pay gap issues
- Because GPG reflects multiple competing pressures and influences, progress in one area is often counterbalanced by retreats in other areas
- Once a particular cause of GPG is identified and addressed, some progress is made, but then conditions/contexts change—*constantly moving target*

# Economic perspectives

## Traditional causes

- Lower education
- Less experience
- 'Rusty' human capital

## Trends/ developments

- Higher education (overtaking men)
- More equal experience/ tenure
- More continuous employment

# Economic perspectives

## But moving goal posts

- Decompositions always found high unexplained share of gap (reduced with detailed occupation controls)
- Reducing share of gap explained by education. In UK education gap is reversed for younger cohorts – with gender equal rewards to characteristics, female 30 year olds should be paid same as men
- Reducing returns to women's work experience over career

Oaxaca commented that controls for occupation ‘eliminate some of the effects of occupational barriers as sources of discrimination. As a result, we are likely to underestimate the effects of discrimination’ (Oaxaca 1973: 699).

**Table 3: Detailed Components of the Pay Gap Causality for Great Britain, 2007**

	Men's Avg.	Women's Avg.	Simulation Effect	Overall Coeff	Simulation As a % of the whole Gap
Gender female	0	1	-0.1238	-0.1238	71.5%
Education (years)	12.3473	12.1777	-0.0132	0.0781	7.7%
Tenure – insider	0.8726	0.8629	-0.0011	0.1100	0.6%
Tenure – outsider	0.0116	0.0139	-0.0002	-0.0939	0.1%
Sex segregation scale	6.8825	3.3078	-0.0332	0.0196	19.2%
Small firm 25-49	0.1295	0.1428	0.0009	0.0652	-0.5%
Medium firm 50-499	0.3788	0.3086	-0.0106	0.1504	6.1%
Large firm 500+	0.1839	0.1695	-0.0028	0.1941	1.6%
Public sector	0.0833	0.1585	0.0074	0.0977	-4.3%
In a trade union	0.2554	0.2913	0.0036	0.1002	-2.1%

# Economic perspectives

Try to reduce share of gap attributed to discrimination by finding new reasons:

- **Type of education**-subject studied
- **Type of employment experience**/only full-time work is effective in preventing rusting of human capital
- **Widening pay differentials due to skill-biased technical change**/But why are male/female returns different , why do they have to rise in UK?
- **Unmeasured productivity differences**
  - Choice of jobs for WL balance and other preferences
  - Women's weaker commitment towards organisational careers

**But recent studies stress the demand side:**

- Women's limited job options/ employer power –Monopsony
- Matched employer/employee datasets reveal greater explanatory power of uneven rent sharing/gender of job --not gender of person

# Sociological perspectives

## Traditional causes

(Kessler-Harris, Siltanen, Witz)

- Women's role in family as carers/ only 'need' component wage
- Social closure excludes women from high status professions

## Trends/ developments

- Decline in family wage opportunities for men
- Welfare state reduces care burden
- Entry of women to professions via higher education

# Sociological perspectives

## But moving goal posts

- In UK in-work benefits allows for family wage through state subsidies- women still paid below a living wage
- Welfare state may have mixed effects by class and ongoing imposed austerity is undermining care and pay and conditions
- In UK long hours of work for full-timers reinforce women's position as family carers
- Massive entry of women into some professions but reconstructed around lower paying/higher paying divisions
- Network exclusion maintained by presenteeism

*'Most strikingly, work-family reconciliation and public-sector expansion in the social democracies bring mothers into the labor market while inadvertently obstructing their chances of attaining higher-class positions.'* (Mandel and Shalev 2009 :1901)

*'As women and BME professionals become essential human resources in the economics of professional services firms ..., the debate and research agenda has shifted from a concern with exclusion to one with inclusion but without equality'* (Muzio and Tomlinson 2012)'

# Institutional perspectives

## Traditional causes

- 'Distortionist' views: Insider/outsider theories of trade unions/ wage bargaining
- Employer practices- share rents with men, exercise monopsony power over women

## Trends/developments

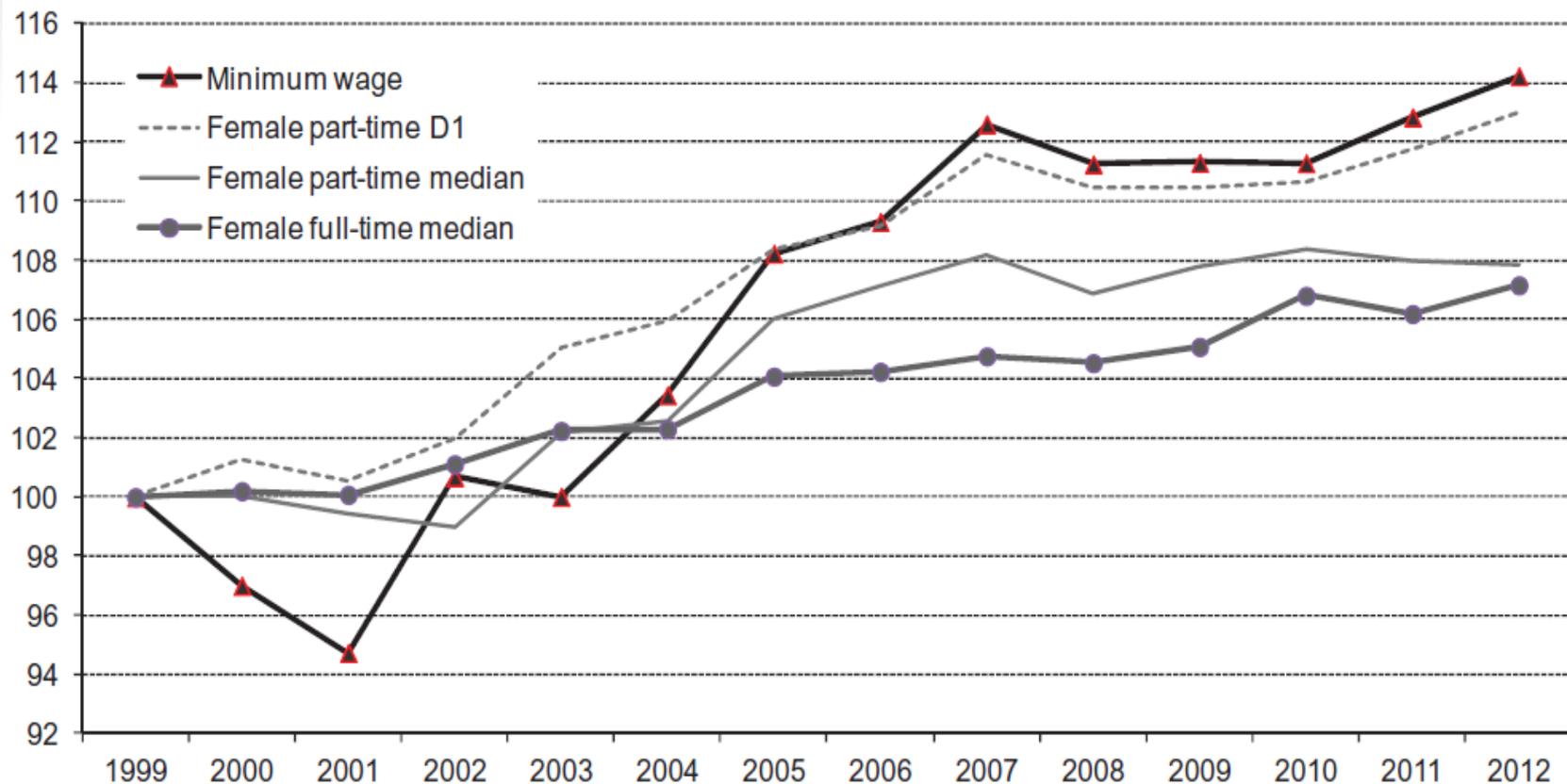
- Centralised bargaining found to reduce gender pay gap
- Trade unions in UK actively engaged in negotiating a) equalisation of male/ female wage rates, b) single pay spines in public sector
- Widening wage inequality between/within firms associated with declines in collective regulation
- New minimum floor to protect outsiders; part-timers to have equal rights with full-timers

# Institutional perspectives

## But moving goal posts

- In UK collapse of sector-wide bargaining in private sector reduced opportunities for spread of agreed changes across sectors/economy
- Widening wage inequality increasing penalties for those at the bottom of wage structures
- In UK legal cases limiting opportunities to renegotiate skill and pay structures in public sector
- Pressures on public sector 'privileges' through wage freezes/ local pay/ outsourcing
- In UK minimum wage used as the going rate for many women (and men)- squeezed differentials for skill/experience
- Equal rights for part-timers do not apply across organisations- many part-timers fragmented into low paying organisations (outsourcing firms)

*'Our research suggests that to understand changes in the gender pay gap fully, it would also be fruitful to examine the impact of changes in wage structure. . . . In the face of rising inequality, women's relative skills and treatment have to improve merely for the pay gap to remain constant; still larger gains are necessary for it to be reduced'* (Blau and Kahn 1992: 32).



**Fig. 1.** Trends in the minimum wage, female part-time pay and female full-time pay (relative to male full-time median earnings).

*Note:* All earnings are hourly (excluding overtime) and estimated relative to male full-time median pay for each year, normalised to 100 in 1999; value of minimum wage refers to April each year to correspond with Annual Survey of Hours and Earnings data. D1 = lowest decile.

*Source:* Authors' compilation derived from published data from the Annual Survey of Hours and Earnings (Office for National Statistics).

# Organisational perspectives

## Traditional causes

- Gender bias embedded in pay grading/ seniority pay/ supplements/ discretionary payments
- Women disadvantaged by short tenure in seniority-based pay and by promotion practices

## Trends/ developments

- From discriminatory pay grading to gender sensitive job evaluation- but then on to broad banding
- From collective to individualised pay
- Increasing tenure/ higher qualifications for women should increase promotion opportunities

# Organisational perspectives

## But moving goal posts

- Delaying/ temporary employment and outsourcing of female-dominated services reducing promotion opportunities
- Positive job evaluation outcomes can encourage outsourcing (e.g. care sector)
- Move from job-related pay to individual performance pay-overlapping or broad pay bands- increase in discretion (e.g. finance sector)
- Reduced rewards for experience just as women became more stable/ longer tenured
- Discriminatory but more transparent pay supplements replaced by non transparent performance pay

The *EHRC Financial Services inquiry* found:

- gender bias in the distribution of bonuses and performance-related pay. In more than half the cases the gap for discretionary PRP was 45% or more
- The use of job evaluation was positively associated with a lower gender pay gap in both basic pay and total earnings --but only a third of cases used job evaluation to determine job grading
- Both basic pay and PRP are much higher in revenue-generating functions, where women are significantly under-represented.

'

# Conclusion:

## How do we explain the moving goalposts?

### **Context of constantly & rapidly changing environment for pay determination**

- seeking equality in a widening distribution of pay based on changing principles of pay formation- how to achieve a collective outcome in individualising system?

### **Pay serves multiple functions & is subject to multiple pressures**

- likelihood is that reasons for gender gaps vary between classes/ workplaces- no one gender pay gap

### **Not a technical issue -closing gap implies redistribution**

- scientific benefits of job evaluation oversold (Acker 1989)
- no political will to change labour/capital distribution (limit to living wage campaigns)
- equality through levelling down for men reflects weakening power of labour

*'... true comparable worth presented the possibility to management to strengthen its power over the labor unions in wage setting... If management controls the job evaluation process, unions have even less influence....Thus the feminist proposal to eliminate gender inequity exacerbated class conflict threatening to place feminists on the side of management, even though the most broad-based support for comparable worth outside the women's movement came from organised labor.'* (Acker 1989: 202)

# Conclusion:

## How do we explain the moving goalposts?

### **Upward equality requires collective action not just legal rules**

- laws can be reinterpreted through a managerialist perspective (Deakin et al. 2011)
- collective action needed at both workplace and macro level

### **Unending capacity for gender inequality to reproduce itself in different forms**

- institutions/policies may at best moderate not eliminate inequalities
- gender pay gap linked to misogyny in wider society- not just to materialist factors
- need constant vigilance to protect gains as well as address moving goalposts.