

Gender Pay Gap Inquiry

The Royal Society of Edinburgh

Summary

- *The Gender Pay Gap is a persistent factor in the Scottish economy, as it is in all major advanced economies*
- *Over the past decades there has been substantial narrowing Gender Pay Gap, however an earnings gap of approximately 20% still persists. The scope for further reductions could be enhanced through policy measures.*
- *It is difficult to establish whether the gender Pay Gap results in a drag on economic growth.*
- *The Scottish Government should ensure that all parts of the public sector in Scotland, including contractors, are fully complying with the Public Service Equality Duty*
- *The Scottish Government should re-examine the participation of women in high remuneration sectors such as science and engineering.*

Introduction

1. The Royal Society of Edinburgh (RSE) welcomes the opportunity to respond to the Inquiry initiated by the Scottish Parliament Economy, Jobs & Fair Work Committee on the Gender Pay Gap.
2. The Inquiry focusses on the impact on the Scottish economy. This of course is an important issue, but the RSE also believes that the Parliament should consider aspects that relate to issues of fairness and equality. The Committee should consider the social as well as the economic impacts of the gender pay gap.
3. The RSE has considered previously the issue of women's participation and ongoing progression in Science, Technology, Engineering and Mathematics (STEM) and produced a major report on this in 2012¹. While this is not the sole issue relating to the gender pay gap it is a significant one, given that careers in the STEM sector result in higher earnings for men and women, yet at the time of the report continued participation of women was around half of those of men. Advancement to the most senior levels in STEM employment among women is well below that of men, even in scientific disciplines where women are well represented at the graduate level. The RSE report found that only around 1 in 4 women qualified in STEM continued to work in that sector, while for men it was 1 in 2. While there can be positive reasons why people with STEM

qualifications no longer work in that field such a difference in retention is quite remarkable.

4. This RSE response will also draw upon the work of Professor David Bell and Dr Tanya Wilson of the University of Stirling, who are currently completing a paper on the gender pay gap and who were both participants in the RSE working group.

The Gender Pay Gap

5. The Gender Pay Gap is best measured not by a single statistic that covers only full-time workers, but by a range of measures. There is a number of valid metrics that can be used, each conveying specific advantages but describe different dimensions of the Gender Pay Gap. Weekly/monthly wages paid to people of similar levels of competence and skill is an important measure, but also reflects gender differences in the number of hours worked. The hourly rate illustrates the existence of equal pay for equal work – which has not been fully achieved in the time since the 1970 Equal Pay Act. Annual and lifetime earnings should also be considered, for which there are important public policy considerations, as these impact not only on current earnings, but also on future pension entitlements.
6. Self-employment accounts for an increasing proportion of the working population, approximately 12% in Scotland according to the Office of National Statistics. However wage information on the self-employed is not measured as accurately as that for employees. Due to data scarcity, analyses on the gender pay gap are generally limited to employees only, and so overlook a substantial number of workers.
7. OECD data indicates that since the 1970s the gender pay gap in the UK, as measured by the difference between male and female full-time earnings, has more than halved, from approximately 48% to 18%. Although this improvement is substantial, the rate by which the gap is closing is decreasing over time. There is scope for active policy to improve the rate of further reductions. However even in Scandinavian countries, which have a reputation for progressive social policies, the gender pay gap has not been fully closed. Even though Sweden has one of the highest female employment rates in the OECD, Sweden still has a gap of around 10%.
8. The higher propensity of women to have career breaks due to caring for children or elderly relatives is a major factor impacting upon women's earnings. At labour market entry the gender pay gap is marginal, but increases to approximately 10% after 10 years work experience, after which the gap widens at an increasing rate. By age 45 the difference

between male and female weekly earnings is over 25%. This suggests that a focus should be on ensuring that the pay gap does not widen though the age distribution.

The Gender Pay Gap in Scotlandⁱⁱ

9. The analysis by Professor Bell and Dr Wilson shows that there has been a narrowing of the gap between men and women in terms of real median weekly pay between 2001–2016. However this has been largely due to real male earnings over the period being no greater in 2016 than in 2001. In particular there is an increase of men employed in low paid and insecure work, rather than a significant improvement in women's pay. Both men and women experienced a reduction in the post-2008 period, while women's real weekly earnings recovered slightly more quickly after the financial crisis. In Scotland, for full-time workers, the earnings gap was 18% in 2016, against 27% in 2001.
10. In terms of the pay gap for part-time workers the Labour Force Surveyⁱⁱⁱ shows that for part-time workers, women have higher weekly earnings than males, which is likely to be a function of female part-time workers having better qualifications, although this is also the case across almost all age ranges and is not reflected in the earnings of full-time workers. The Labour Force Survey also indicates that part-time work is a voluntary choice for three quarters of women who work part-time. In contrast half of men who are working part-time would prefer to have a full-time job. These preferences are likely to be linked to the gender divide in caring responsibilities. Improvements in flexible and work/life balance practices could facilitate gender equality in working hours.
11. The gender pay gap (median weekly earnings) is smaller in Scotland than in the rest of the UK. This may reflect the larger public sector in Scotland. The public sector tends to employ a larger proportion of women than the private sector and the pay gap is smaller in the public sector than in the private sector. This may be due to more centralised pay setting in the public sector where unions are making the case on behalf of their women members. There have been instances in the public sector where forms of employment dominated by women are paid less generously than jobs of comparable skill requirements dominated by men. Nevertheless, there has been no significant narrowing of the public sector pay gap during the last decade.
12. Women's employment is more concentrated than is men's in occupations that are often less well paid. Career options are often determined at a young age. Subjects such as physics and computing science, which tend to be associated with higher paying occupations, have relatively low take

up among women, though they are well represented in the biological and chemical sciences. However, men are still predominantly in the most senior positions even in these disciplines. The recent impact of the reduction in the number of subjects studied to S4 may even have made this situation worse, with almost all of the sciences experiencing a significant downturn since the change to the National Qualifications. In 2014 girls made up seven per cent of entries for Higher Technological Studies, only 20 per cent of Higher Computing candidates and 28 per cent of entries for Higher Physics. They also accounted for just three per cent of modern apprentices in engineering^{iv}. The Committee may wish to investigate this issue.

13. While it might seem to follow that reducing the pay gap would increase economic growth, causality might run in the other direction. Imagine an economic boom caused by expansion in the oil industry. Economic growth would increase and so would the gender pay gap, since the oil industry predominantly employs men. In this case, the gender pay gap is being influenced by economic growth rather than vice versa. One might introduce policies to ensure a more equitable distribution of employment in the oil sector, but until these are effective, there is a tradeoff between higher economic growth (and attendant tax revenues) and the gender pay gap.
14. The RSE would also encourage the Committee to consider carefully the possibilities of a focus on inclusive economic growth. As women are the primary carers for children, in most cases, increases in female pay are more likely to have a positive impact on child welfare. The contribution of women within the household, while more difficult to measure than traditional GDP, is also an economic contribution.

Recommendations

15. To address the widening of the gender pay gap over career length, the Scottish Government should seek to encourage practices facilitating equality in opportunities for working over the life course. In addition to the statutory reporting requirement within The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Scottish Government should require firms to publish information on the gender gap at different points in the career ladder – firm entry, mid-level and upper-management. Actions by individual employers to address flexible and work/life balance practices should be incorporated within the Scottish Business Pledge.
16. The Scottish Government STEM Education strategy should seek to encourage more young women to study the physical and mathematical

sciences, in particular physics and computing science. This needs to start at as early a stage of education as possible, including at primary schools.

17. As an employer, but also through procurement of services, the Scottish Government and all parts of the public sector in Scotland should ensure that they are fully complying with the Public Sector Equality Duty.

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ⁱ RSE Tapping all our Talents, 2012. <https://www.rse.org.uk/inquiries/women-in-stem/>

ⁱⁱ The Gender Pay Gap in Scotland. David Bell, Tanya Wilson, March 2017.

ⁱⁱⁱ <https://www.ons.gov.uk/surveys/informationforhouseholdsandindividuals/householdandindividualsurveys/labourforcesurveyifs>

^{iv} <https://www.holyrood.com/articles/inside-politics/appliance-science-women-stem>