

Gender Pay Gap

Professor Tom Schuller

SUBMISSION FROM PROFESSOR TOM SCHULLER, FACSS, author of *The Paula Principle: how and why women work below their level of competence*

I have worked mainly in adult education, and especially on the benefits of adult learning. I became interested in the fact that although women increasingly outperform men at all levels of education, and go on learning more than men throughout their lives, their pay and careers do not reflect this significantly superior competence. But I am not a gender specialist, and certainly do not claim to speak on behalf of women. *The Paula Principle* is a book simply intended to promote debate on the issue – a toolkit for discussion.

What are the strengths and limitations of the different definitions of the gender pay gap?

Several submissions to the Inquiry have stressed the importance of including part-time employment, and I agree this is crucial. There is, though, a fundamental problem with the simplistic binary division between full- and part-time, especially when the line is drawn at or around 30 hours. The consequence is that people who work below that are generally regarded as less committed to their work and their careers. This attitude – which has deep mental roots – penalises women particularly.

If a line is needed, I suggest turning the picture around and drawing it at 7 or 8 hours a week. If this is too radical, it would be an improvement to have more than one line and at different places (as they do in the Netherlands), so that you have, say, below 16 hours, 16-25, 25+.

The gap in financial returns – income and bonuses - is central but captures only part of the problem. Women are more likely to measure success by reference to criteria other than money, eg the intrinsic value of the work, non-monetary recognition etc. So the concept of a gender pay gap needs to be complemented by that of the *gender career gap* – the differences in recognition and progression, as well as financial reward. This is admittedly harder to measure, but not impossible and truly important.¹

What are the wider economic and social benefits of closing the gender pay gap?

Huge figures are bandied about in relation to the economic cost of the failure to make full use of women's competences. McKinsey's \$12 trillion estimate is well known. Such calculations depend greatly on the assumptions made, but there can be little doubt that for Scotland the economic benefits of closing the pay and career gaps run into tens or even hundreds of millions; the social benefits are on a similar scale.

¹ <http://www.pwc.co.uk/womeninwork>

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A recent analysis from PWC's *Women in Work 2017* suggested the following:

- increasing the female employment rate to match that of Sweden would bring GDP gains across the OECD of around US\$6 trillion (UK figure: \$248bn – no breakdown for Scotland) .
- fully closing the gender pay gap could increase total female earnings by US\$2 trillion across the OECD (UK figure \$107bn). However, at current rates of progress, the average OECD country would take almost a century to close the pay gap.

Alongside these very broad figures, in my view, are the losses involved in qualified women not returning to full employment. Longer working lives make these issues particularly important. Analysis from PWC's *Women Returners* report shows:

- Around 427,000 female professionals who are currently on career break want to return to the workforce in the future.
- Three in five professional women (or around 249,000) returning to the workforce are likely to move into lower-skilled or lower-paid roles, experiencing an immediate earnings reduction of up to a third.
- 29,000 women who return to the workforce on a part-time basis will be underemployed, meaning that they would prefer to work more hours if flexible working opportunities were made more widely available.
- Addressing the career break penalty could boost female earnings by £1.1 billion annually, equivalent to £4,000 per woman.
- The multiplier effect from the higher earnings and spending power of these women generates additional gains to the UK economy of £1.7 billion.²

I want to stress that the issue of underutilisation of competences is not only about professionals, but apply at all organisational levels. Many women working at lower levels are nevertheless serious about their work and keen to progress. They tend to be overlooked in the focus on the glass ceiling.

Apart from the underutilisation of individual skills, *teamwork/collective competence* is increasingly recognised as crucial for economic success and organisational efficiency (public or private sector). Conventional wisdom holds – I think accurately – that women are generally stronger in enabling groups to work together effectively. As one of my PP interviewees, a senior civil servant, said:

“Women’s language is about ‘we’, about looking for complementary skills in a team...For men, it is about ‘I’, competitive, their personal career.”

As for social benefits, the positive effects of adult learning on physical and mental wellbeing, as well as on employment, are well documented³. But these

² <http://www.pwc.co.uk/services/economics-policy/insights/women-returners.html>

³ See *The Impact of Adult Learning and Education on Health and Well-Being; Employment and the Labour Market; and Social, Civic and Community Life* 3rd Global Report on Adult Learning and Education, Unesco Institute for Lifelong Learning 2016 for international

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effects are limited by workplace cultures that fail to recognise competence, or misallocate rewards. Enabling women to realise their potential more fully will increase their confidence and enhance their own wellbeing. This will often have spillover effects on their families and the wider community.

There is, of course, an important corollary: there will be *lower* economic and social costs flowing from the *Peter Principle* – fewer men rising *above* their level of competence.

What reasons are there for the existence of the gender pay gap?

The Paula Principle rests on five factors, listed below. To some extent these operate universally. But, crucially, they carry different weights according to the context. The relative importance of each factor depends on the country's culture; the nature of the different economic sectors within that country; the procedures and values of the different organisations within that sector; and so on. The PP is designed as a toolkit to allow these differences to be explored (see below).

1. *Discrimination* (covert/overt). Obvious (or at least I have nothing remotely new to say on this.)
2. *Child and eldercare* responsibilities. (Likewise.)
3. *Self-confidence*. Women are more likely not to put themselves forward for promotion or apply for jobs. The 60/20 rule says that if men feel they can do 60% of a job they will go for it; if women think they can't do 20%, they won't.
4. *Vertical networks*. Men are more likely to know and associate with people working at levels above them. This isn't about nepotism, but it gives them a cultural and informational advantage.
5. Lastly, a very different factor: *positive choice*. The previous four are negative ones, that should be tackled. The final factor is when women could get a job/promotion, but judge that they do not need the money or status; they are doing their current job well, and still growing in it (so it's not the easy option); and so choose – positively – not to move upwards (and so possibly avoid becoming an example of the Peter Principle). It's a choice which many men would also benefit from being able to make.

I have found that inviting people to discuss which of these factors they think are the more important ones in their particular country/sector/organisation is a failsafe way of generating productive discussion. So the question is:

'Give yourself 100 points and allocate them across the five PP factors. Then discuss with your neighbour/colleague your allocation and the reasons for it.'

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evidence; see also current UK Foresight exercise on lifelong learning, www.gov.uk/government/collections/future-of-skills-and-lifelong-learning.