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GENDER PAY GAP AND OCCUPATIONAL SEGREGATION: CAUSES AND IMPLICATIONS FOR LOCAL ECONOMIC DEVELOPMENT PLANNING AND RECOVERY

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Introduction

This paper aims to highlight issues for discussion in addressing the question, “why addressing the gender pay gap can improve women’s economic position and address local economic problems at a time of economic recession”. It offers an overview of gender dimensions in the labour market, the causes and implications of the gender pay gap; the differential gendered impacts of the recession on employment, and the reductions in public spending following the economic downturn. Arguments for gender-aware policy appraisal of interventions for local labour market insertion, and responses to contraction of public sector employment are considered alongside examples of tools and approaches to policymaking that aim to tackle occupational segregation at local labour market levels and to challenge the persistence of the gender pay gap.

Gender and the Labour Market

Gender as a concept is broader than the distinction between women and men: “it is used to designate social relations between the sexes... Gender is a social category imposed on a sexed body,” Scott (1986). For Walby,

“The nature of gender relations in employment affects the productivity and performance of the economy as a whole. Productivity and fairness are not alternates but both are necessary for the realisation of the other. Decreasing gender

inequality will increase the productivity of the [British] economy” (Walby 2007).

Arguably, public policy in all sectors and at all levels is increasingly characterised by mainstream economic thinking and language. However, “most economists fail to recognise the ways in which macroeconomic impacts are not gender neutral,” (Elson, 2006:105). Alternatively, gender policy appraisal scrutinises policies and programmes, questions assumptions of gender neutrality and asks “in what ways are policies and associated resource allocations likely to reduce or increase gender inequalities,”(op.cit:171). If public policy decisions do not take into account the gender inequalities that characterise society and limit the potential and roles of women and men, it follows then that government policy interventions such as increasing labour market participation, skills development and reducing the gender pay gap continue to fall short, and fail to contribute to overall objectives to promote equality and reduce inequality.

This reality clearly informs the rationale for the WEED project under URBACT II. The 2008 Baseline report sets out both an evidenced rationale in support of improved gendered analysis of employment interventions, given women’s position across labour markets and in the knowledge economy (WEED, 2008:3).

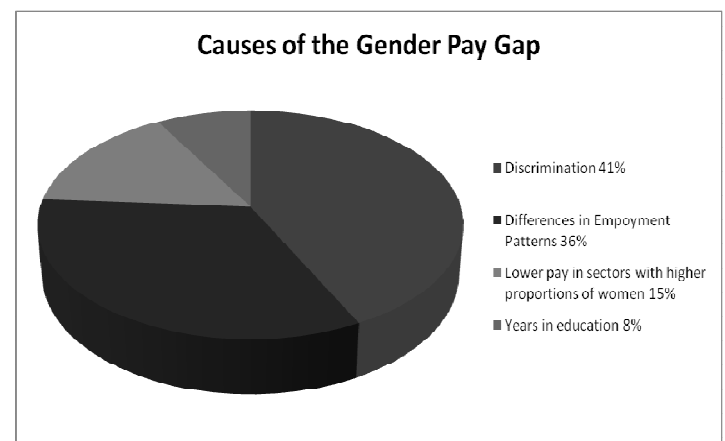
Gender Pay Gap and Occupational Segregation: Causes

Women and men have different experiences of employment and labour market dynamics. The inter-relation between paid and unpaid work, formal and informal economies are well documented. The persistent pay gap between women and men and the enduring segregation of women and men in different occupations and sectors within the labour market is common across countries and economies.

According to recent Eurostat data, the gender pay gap across EU27 was 18%¹. In other words, women's gross hourly earnings are 18% lower than men's. This differential rises to 26% in the Czech Republic; 21% in the UK; 19% in France, but falls to 17% in Spain and Sweden, 8.5% in Slovenia, and 4.9% in Italy. Some of these lower-end differentials can be explained by other factors including lower participation rates of women and lower wage rates overall. Higher overall wage rates do not necessarily lead to lower gender pay gaps. Denmark is recorded as having the highest gross hourly wage, at

22.38EUR², yet the gender pay gap there is still 17%³.

The factors contributing to the gender pay gap have been established and reinforced in multiple studies over the years. Gender differences in lifetime working patterns account for 36% of the pay gap; labour market rigidities account for 18% of the pay gap, and 38% of the pay gap is due to other factors associated with being female, including indirect discrimination; differences in labour market motivation (Olsen and Walby (2003, 2004). The average woman has fewer years of education than the average man, accounting 8% of the pay gap.



Occupational segregation, where women and men are concentrated in certain groups of occupations and sectors of the labour market, is a result of the same factors that contribute to the gender pay gap, and the

¹ Gender pay gap in adjusted form – in % (Structure of Earnings Survey, 2002-2006 onwards), <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=0>. Accessed 29 April 2010

² Casali, S., Alvarez Gonzalez, V., *17% of full-time employees in the EU are low-wage earners*, Populations and Social Conditions, EUROSTAT Statistics in Focus 3/2010

³ See 1 above.

traditional under-valuing of women's economic and societal role, and the overvaluing of men's, (Perrons, 2009). The interplay of discrimination, stereotypical assumptions and attitudes result in a restriction of choice by women – and men – and the imposition of choice by employers and other influencers on the roles and levels in employment available to women and men.

The ascribing of values to the socially determined or expected roles of women and men that Grimshaw and Rubery describe as the “Social Construction of Value”, whereby women's economic contribution and scope to choose are restricted by the following variables:

- Visibility – women's skills not visible
- Valuation – women's skills not valued in same way
- Vocation – women's skills treated as 'natural' skills
- Value Added – women are more likely to be found in low value added jobs
- Variance – women's lives follow different patterns to men's (Grimshaw and Rubery 2007).

In considering the future of work, Walby asserts that occupational segregation, the persistence of the pay gap, and discrimination against women, all have implications for government policy in gender justice, and productivity of the economy and its capacity for economic growth (Walby 2007).

Gender Differentials of Current Recession

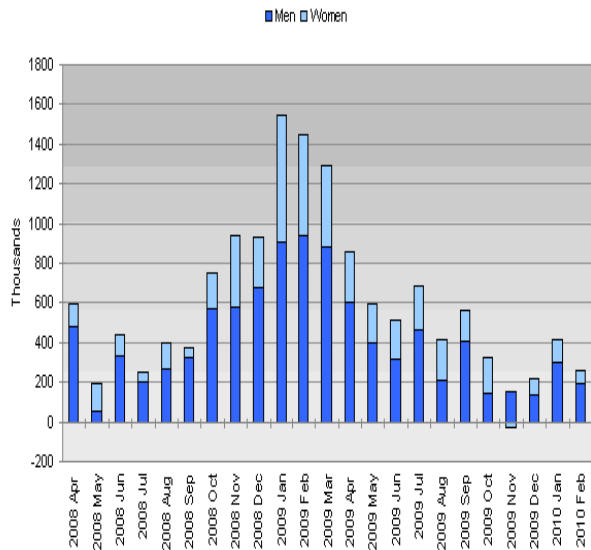
To date analysis of the gender dimensions of the impact of the financial crisis, consequent economic downturn, and global recession has suggested a significant difference in the implications for women and men. This is that the impacts are likely to be more evenly shared by women and men than in previous recessions. (Smith, 2009; EHRC 2009a, 2009b).

Among the reasons for this difference are:

- Women are present in the labour market in higher numbers than previously;
- Women are making a greater contribution than previously to family incomes;
- Growth in dual-earning households places greater reliance than previously on women's earnings
- Male job loss leads to attachment of 'breadwinner' to women
- Increases in lone mother households.

Initially, job losses occurring in the private sector due to the recession were in traditionally male areas of employment, specifically construction and manufacturing, with losses also occurring in finance and business services. Latterly, however, the impact on women's redundancy and unemployment levels has become clearer. The perspective at EU levels is that

“unemployment rates for both men and women have been increasing at a broadly similar pace for seven months, after a long period when unemployment affected men more than women” (European Commission, April 2010).



Source: Eurostat, Series on unemployment. Data seasonally adjusted.

For Walby (2009a; 2009b), the structures, causes and impacts of the financial crisis precipitating this recession are all gendered. Women are not present or represented in the decision-making structures, nor are their experiences reflected in analysis of policy responses. As a consequence of the financial crisis, recession, and extended retrenchment of the labour market due to public spending cuts, women’s employment, wellbeing and income levels will be affected in a number of ways. These include:

- Increase in vulnerable and informal employment;
- Job-losses in export-orientated manufacturing;

- Increase in domestic labour and time spent;
- Increase in poverty will affect women and men, but unevenly as women’s income is more likely to be spent directly on the family, so loss of women’s income “tends to have greater effects on the wellbeing of families” (2009a:12);
- Immediate and long-run effects on welfare, including food credits, benefits, housing, pension returns and values of pensions;
- Reduction in tax revenues funding welfare, and reduction in tax cuts, will impact on women and men differently as men are more often the higher contributor to tax revenues through higher earnings and employment levels, and women more often are the higher beneficiaries of tax-funded services and benefits.

It can be argued then that unlike previous recessions which impacted significantly more on men, this time around the pain is more evenly distributed because there have been more women in the labour market and they are now experiencing job losses. Their earnings are much more integrated into household budgets, thereby impacting on family incomes to a greater extent than previously. The impact on women’s position in employment appears to have changed over the course of the downturn, recession and recovery. Initially mainly male jobs were affected, then unemployment rates converged, with most recent data in the UK suggesting that “female unemployment increased

by 1.9% in 2008-2009, compared to 3.4% for men, a far smaller difference than previous recessions” (TUC, 2010).

Gendered Implications of consequences of recession

The direct effects of the economic downturn and recession in productivity have been discussed briefly so far. There is consensus on the different impacts on women and men of employment in the private sector. The consequences of the publicly-funded “bail-out” of the banks (McKay, 2010, Walby, 2009b) means this downturn will have a much longer tail than the duration of the recession as public spending is withdrawn to service debt. Seguíno, amongst others, highlighted this early in 2009,

“The differential impact on women versus men will vary across countries. The effects depend on the gender job segregation in a country. In developed economies, in which men have dominated in construction and durable goods manufacturing industries that have been hardest hit by sharp drop in demand, mounting job losses have affected men more than women. But women, too, will be affected in coming months. Female joblessness can be expected to rise disproportionately as public sector budget cuts are made, since women are disproportionately employed in

education, health, and social services,”(Seguíno, 2009).

Across the WEED partner countries cuts across services will result in significant reductions in employment terms and conditions and in numbers of people employed in the public sector. Particular areas of public spending are likely to be most affected. These include: social care, including childcare, elder care, home-based care, respite for carers; education, including childcare, community-based education and learning support; and support for services provided through social work and third sector organisations such as mental health support, and advice services on debt and financial management; and housing and fuel poverty. These issues have already been highlighted by the voluntary sector as areas of provision designated as vulnerable by both service users and providers⁴.

Women represent significant numbers of workers in the public sector⁵. While the measures taken by public authorities, including local councils in response to reduced budgets will affect men and women, given the gendered nature of the structural inequalities already underlying their

⁴ see Glasgow Council for Voluntary Services, 2010

⁵ The TUC estimates that in GB, Wales at 46.6%; Scotland at 43.1%; and the North East at 45.9% are the areas with the highest proportion of women working in the public sector, (TUC, 8 March 2010).

employment experiences, the implications for women may be more acute. They include:

- Loss of employment
- Reduction in working hours, terms and conditions
- Reduction in pensions
- Failure to address long-running equal pay disputes

There is an established link – as emphasised in the WEED baseline report - between provision of public services, especially care services, and employment generation programmes and outcomes for women. Potential reductions in public service provision stand to have a seriously detrimental impact on the effectiveness of such interventions, unless robust equality analysis is integrate in spending decisions and reduction in allocation and re-configuration of services.

“For many women the capacity to work depends very strongly on developing local services that are often the responsibility of citywide agencies – services that both support them and employ them such as childcare and community care. Finding the workers to fill these sectors often need local solutions” (WEED, 2008:17).

Unequal pay has been a defining feature of public sector employment, certainly in the UK, for many years. More recently sustained campaigns by trade unions, statutory commissions, parliamentary committee inquiries, independent lawyers, and of course

individual women, have seen a number of significant challenges to local authorities and the National Health Service. Across local authorities however revised pay and grading systems, including the Single Status framework due to be implemented in Scotland, have systematically failed to address or resolve equal pay disputes. There are an estimated 35-50,000 cases pending in the Employment Tribunal system in Scotland alone. On 27th April 2010, the Employment Tribunal in Birmingham, UK, ruled that the pay systems of Birmingham City Council, one of the largest in the UK, were discriminatory and that it was to remedy years of unequal pay to women workers that could amount to £600m in payments⁶.

[Gender Pay Gap and Occupational Segregation: Policy Responses](#)

In developing gender-aware policy responses to recent recession and enduring job losses stemming from public sector cuts, the concepts of cyclical changes and structural inequalities are useful. Characterised as

- “*Cyclical changes* are the extent to which each group’s labour market outcomes changed as a result of the recent period of growth and slowdown associated with the current recession, and

⁶ Insert various sources, including The Guardian, 30 April;

- “*structural inequalities* experienced by some of the equality groups which preceded the downturn, suggest that there are factors beyond the general performance of the economy which influence their labour market outcomes. Recent labour market changes can obscure deeper, and more enduring, differences which may require more than a return to economic growth to resolve” (EHRC, 2009b).

The concept of *structural inequalities* is consistent with approaches to policy making which urge the integration, or mainstreaming of equality analysis. Effective, robust gender analysis – a requirement of equality impact assessment now embedded in national gender equality plans and legislative frameworks will also highlight the need and opportunity for positive action, or specific measures to redress underlying, structural inequalities such as the causes of the gender pay gap and the persistence of occupational segregation as discussed earlier. This means that different policies may be required for specific groups within the labour market if they are to be supported to improve their labour market performance. Walby sets out key challenges for policymakers concerned to break the structures,

“We need to: break out of the gender ghetto; treat gender as an input into the analysis of the future of work as well as an output. The way in which women are treated as workers

makes a difference to the size and quality of the supply of labour, and to the level of output and productivity of the economy. There are many significant changes in gender relations which affect the likelihood of women wanting paid employment as well as their skill level... Any measure of productivity has implications for gender equality, and is a big issue for economic policy. If women’s potential contribution to the employment is held back then productivity suffers” (Walby, 2007).

In the 2008 WEED Baseline report the authors noted “one surprising gap”: “the lack of connection between analyses of city economic development and the role of men and women in that development” (op. cit: 17). Given the earlier commentary on the absence of gender analysis from dominant economic thinking, such an omission is not really surprising at all. There have been many Opinions, and other legally binding measures from distinct institutions of the EU over the last 40 years, but still occupational segregation and the pay gap remain dominant characteristics of the labour market. In addressing other omissions and gender-blind approaches to policymaking identified in the baseline report, which include the absence of gender analysis in regional and city development, a number of tools can be brought into play. Among these tools for integrating gender equality analysis into local employment and training programmes which have been

variously adapted to regional and national programmes and supported by legislative requirements are:

- Gender mainstreaming as a strategic approach to building in gender analysis in all public policy measures and processes, including resource allocation. This requires robust data, disaggregated by gender across the range of services, including users, patterns of use, other socio-economic variables, and workers.
- Gender budget analysis, which is described by some as a tool of gender mainstreaming, or alternatively as a separate strategy. Either way, the tools of analysis to conduct effective gender analysis of spending and resource allocation decisions, and which are integral to effective gendered policy making, include:
 - Gender-aware policy appraisal
 - Gender beneficiary analysis
 - Gender-Aware Budget Statement
 - Gender Analysis of macro-economic framework and medium-term economic analysis
- Time-use analysis: disaggregate how women and men as workers, carers and service users use their time in order to reconcile patterns and purpose of usage to improve access to services
- Pay audits and cross-sectoral working on addressing the causes and consequences of the of the

pay gap with business and trade union partners

Approaches to policy-making which adopt these approaches may, it has been argued, address some of the criticisms of labour market policies and their effectiveness in supporting women's access to sustained, rewarding employment. Grant (2009), highlights a number of factors contributing to poor policy outcomes:

“Current policy works so inadequately for women on the margins of the labour market whose existence is often marked by poverty and social exclusion. Policy fails to respond to the significance of the reality of women's lived experiences and the nature of local labour markets.

Women lack bespoke support and are channelled into 'women's jobs', perpetuating gender inequalities in employment and reinforcing precarious relationships with the labour market. In addition, the effect of the key ideas underpinning policy, in particular 'welfare dependency' and a 'work first' orientation, is to distort the responses to women claimants and to ignore the needs of non-claimant women returners. Current policy both overlooks the specificity of women's labour market disconnection and contributes to its reproduction” (Grant 2009).

The enduring causes of the pay gap and occupational segregation, within dominant approaches to policy making which continue to be gender-blind and fail to address structural inequalities in the labour market and formal/informal economies, require policy responses to recession and its consequences, as well as more general policies and programmes to promote labour market integration to be subject to rigorous gender equality analysis. Despite legislative developments for formal and substantive equality and the formalising in law of gender mainstreaming under recent developments including the UK Gender Equality Duty (Equality Act 2006), and the Spanish Law for Effective Equality between Women and Men (LOIMH, 2007), and the raft of EU and UN direction on gender equality, policy making at municipal level and transnational levels of governance remains gender blind. Walby asserts that “recovery plans are gendered”, (2009b), but that despite this analysis, gender is absent in the European Economic Recovery Plan⁷, the De Larosiere Report⁸, and the recommendations of the UN Commission of Experts⁹ (2009a, 2009b).

⁷ Commission of the European Communities (CEC) (2009) *Driving European Recovery* Volumes I and II. COM (2009) 114 final.

⁸ De Larosiere, Jacques (2009), *The High Level Group on Financial Supervision in the EU* http://ec.europa.eu/commission_barroso/president/pdf/statement_20090225_en.pdf

⁹ UN President of the General Assembly (UN PGA)(2009), The Commission of Experts on

Finally, and in conclusion to this paper, Walby sets out a series of questions for policy makers, which also reflect the demands of civil society organisations for gender impact analysis, including the Spanish “Plataforma para Análisis de Impacto – Ya!”¹⁰. In response to the absence of gender analysis in economic stimulus proposals for interventions in, for example, the car industry, construction, and the commercialisation of research, questions for policy makers to audit their proposals for gender impact and awareness include:

- “What is the gender composition of employment in the industrial sectors and companies that are given financial support?”
- “Is training supportive of women’s access to non-standard occupations, or does it reinforce existing patterns of occupational segregation? Such as in the Scottish Government’s Modern Apprenticeship programme, for example¹¹.”
- “Do considerations of infrastructure investment include human capital as well as fixed?” In other words, is education included as well as transport? Is attention on ICT development extended to a more

Reforms of the International Monetary and Financial Systems, Recommendations.

¹⁰ Manifiesto for gender analysis of the Spanish Government Economic Recovery Plan, (2009), Plataforma...

¹¹ Campbell, J., Gillespie, M., Thomson, E., Meikle, A., (2009), insert full reference

inclusive concept of knowledge economy?

- What are the gendered effects of variances in taxes and have the gendered consequences been identified and mitigated?
- What are the gendered implications of variances in access to credit arrangements? (See Walby 2009b).

These questions are key challenges for policy makers at local and national level to guard against the recession resulting in further disadvantage and greater poverty for women. Furthermore, it has been argued that

“Gender equality is at risk if the downturn is used as a reason to slowdown progress on equality policies or even to rethink ‘expensive’ policies that help women on the labour market,” (Smith, 2009).

In conclusion, the issues discussed in this paper are at the heart of local economic development planning and decision-making. Gender analysis of local labour markets, business investment and incentives, and broader public policy interventions is essential if local economies and the policy actors engaged in stimulating and sustaining them, are to be accessible to and benefit from women and men.

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