

**The forty year pursuit of equal pay:
a case of constantly moving goal
posts.**

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Four main approaches to pay

- Pay reflects productivity of the individual- pay differentials across firms/sectors/ occupations are primarily individual productivity differences

Human capital theories of gender pay gap

- Pay reflects social status- in family and class system- in occupational /professional status

Family wage and occupational exclusion theories of gender pay gap

- Pay is shaped by institutional wage setting arrangements- reflecting compromise among main actors

Collective bargaining, institutional and monopsony theories of gender pay gaps

- Pay is a management tool- trade-offs between fairness/ incentives – motivation/demotivation

Payment systems and the gender pay gap

Human capital theories of gender pay gap

Key causes

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

Trends/developments

- Higher human capital
- More equal experience and tenure
- More continuous employment

Moving goal posts

Reduced share of gap explained by education (6% Olsen et al. 2010)

- Largest share unexplained (Joshi, Makepeace, & Dolton, 2007; Makepeace, Dolton, & Joshi, 2004; Swaffield, 2007)

Causes of persistent gap attributed to

- form of human capital-choice of subject (Chevalier 2006)
- skill biased technical change (Afonso et al.2012)
- choice of jobs for wlb and other preferences (Myck and Paul 2001)
- expectations of career break(Chevalier 2006)
- negative returns to part-time experience (Olsen and Walby)
- unmeasured productivity differences rather than stubborn or increasing discrimination (Myck and Paull 2001)

But matched datasets revealing greater importance of demand side- uneven rent sharing/gender of job rather than gender of person (Simón,2010)

Education is of lower importance in 2007 than in 1997. In 2007, 6 per cent of the pay gap is attributable to formal education levels which is rather small. Institutional factors are very important in 1997 but have reversed in their role in 2007. Three particular factors have tended to move toward being protective of women in the period 2004-2007 compared with 1994-7: working in the public sector, being in a trade union and working in a large firm. (Olsen et al. 2010)

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 op. cit.: 699).

Myck and Paull (2001) show that among workers with high education, the gender pay ratio follows an inverted U-shaped curve – from 85%, up to 95% after 8 years experience and then down to just 40% after 16 years experience. The authors interpret this evidence with the following argument:

The decline may be related to a change in employment tastes or capabilities brought about by the presence of young children for working mothers. For example, mothers of young children may trade-off other desirable work aspects (such as flexible hours or the ability to work at home) against wage levels in their employment choice. The ability to trade such aspects may be greater for the more highly educated (op. cit.:23, cited in Grimshaw et al. 2002).

Women invest in different types of human capital, are more likely to work in the public sector and in female dominated occupations, possibly to prevent discrimination. These differences remain even after accounting for motivation and expectations. With this extended specification, 84 per cent of the gender wage gap can be explained, so it would appear that discrimination is limited (at least for this population of recent graduates) and that studies omitting these variables bias the explained component of the gender wage gap. (Chevalier 2006:20)

Family wage and occupational exclusion theories of gender pay gap

Key causes

- Family wage/component wage (Humphries 1977, Kessler-Harris 1990; Siltanen 1994)
- Social closure in high status professions- reinforced by 'boys' networks (Witz 1990, 2003)

Trends/developments

- Decline in family wage opportunities for men
- Entry of women to professions via higher education (Reskin and Roos 1990, Crompton and Sanderson 1990)

Moving goal posts

- Family wage/component wage distinction recreated through in-work benefits (Rake 2001)
- Hours of work for full-timers reinforce women's position as family carers (Himmelweit 2008)
- Massive entry of women into some professions but reconstructed around lower paying/higher paying divisions (Hochschild, Reskin and Roos 1990, Crompton and Sanderson 1990, Grimshaw and Rubery 2007, Muzio and Tomlinson 2012)
- Network exclusion maintained by presenteeism (Simpson 1998)

‘As women and BME professionals become essential human resources in the economics of professional services firms and key components in their increasingly leveraged business models, the debate and research agenda has shifted from a concern with exclusion to one with inclusion but without equality (Muzio and Tomlinson 2012)’

In Reskin and Roos’ analysis of US trends in the 1970s and 1980s, there was a fairly systematic link between the feminisation of men’s jobs and declining earnings for men. ... Our analysis for the 1990s and early 2000s for the UK suggests a more mixed picture, but one that is skewed in a similar direction with more evidence of falling earnings than rising earnings for men in feminising male-majority occupations.

Of the 18 feminising male-majority occupations listed in Table 6.6, men’s relative pay declined in 10 cases, showed little movement in four cases and scored a significant improvement in only four cases. Thus while the pattern of change is not systematic, it would seem that the warnings voiced in the work of Reskin and Roos remain relevant even in the 1990s and 2000s.’ (Grimshaw and Rubery 2007: 108).

Collective bargaining, institutional and monopsony theories of gender pay gaps

Key causes:

- Insider/outsider theories of trade unions/ wage bargaining (Cockburn 1983; Rueda 2005; Lindbeck and Snower 2002)
- Employers practices- share rents with men (Simon 2010)/ exercise monopsony power over women (Manning 2003)

Trends/developments

- Centralised bargaining found to reduce gender pay inequality (Blau and Kahn 1992)
- Trade unions actively engaged first in negotiating equalisation of male and female wage rates (Tzannatos and Zabalza 1985), second in single pay spines in public sector (Hastings 2000)
- Further widening wage inequality between and within firms associated with declines in collective regulation (Machin 1997)
- Insiders shrunk- but includes proportionately more women in public sector
- New minimum floor to protect outsiders/ part-timers to have equal rights with full-timers

Moving goal posts

- Non compressed/ compressed wage structures not designed around gender pay issues- may change for structural/political reasons
- Collapse of sector-wide bargaining in private sector reduced opportunities for spread of wage setting changes across sectors/economy.
- Widening wage inequality increasing penalties for those at the bottom of the wage structures.
- Legal cases limiting opportunities to renegotiate skill and pay structures in public sector (Deakin and McCloughlin 2012)
- Pressure on public sector 'privileges' through wage freezes/ local pay/ outsourcing (Grimshaw et al. 2012)
- Minimum wage becoming going rate for many women (and men)- squeezed differentials for skill/experience (Grimshaw 2013, IDS 2011)
- Part-timers concentrated by employer and occupation (Manning and Petronglo 2005) Equal rights for part-timers do not apply across organisations- many part-timers in low paying organisations

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).

We appear to have reached a situation in which, however much we agree with the principle of equal pay for equal work—as we all do—it is apparently impossible to move from an allegedly discriminatory system of pay to a non-discriminatory one. (Chris Mullin Hansard)

The left-hand tail of the male pay distribution is not as concentrated as that of the female. So relatively more women earn less than men and this has neither changed over time, nor in the advent of minimum wage legislation. Indeed, Robinson (2002) notes that the minimum wage would have had to be £6.00 an hour in 1999 in order to reduce the average gender pay gap to around 20 per cent (Robinson 2003: 239)

Payment systems and the gender pay gap

Key causes

- Gender bias embedded in pay grading/ seniority pay/ supplements/ discretionary payments

Trends/developments

- From discriminatory pay grading to gender sensitive job evaluation- but then on to broad banding
- From collective to individualised pay

Moving goal posts

- Positive Job evaluation outcomes led to outsourcing (for example in care sector) (Nolda 2004)
- Move from job-related pay to individual performance pay- overlapping or broad pay bands- increase in discretion (finance sector) (EHRC 2009)
- Reduced rewards for experience as women became more stable/ longer tenured (IRS 2004, Rowbottom 2005)
- Discriminatory but more transparent pay supplements replaced by non transparent performance pay (Grabhan 2003)

There is evidence of gender bias in the distribution of bonuses and performance-related pay. In more than half the cases the gap for discretionary performance-related pay was 45per cent or more. (page 67, Table 3)

There is a gender gap of 80 per cent for performance-related pay based on the 42cases providing complete data. (page 33, para 3.8)

The use of job evaluation was positively associated with a lower gender pay gap in both basic pay and total earnings. However, only a third of cases used job evaluation to determine job grading. (page 36, para 3.24)

Both basic and performance-related pay are much higher in revenue-generating functions, where women are significantly under-represented. (page 28, para 1.9)

EHRC Financial Services inquiry

Explanations for moving goalposts

- Seeking equality in a widening distribution of pay based on changing principles of pay formation
- Pay subject to multiple pressures and serves multiple functions
 - likelihood is that reason for gender gaps varies between classes/ workplaces- no one gender pay gap
- Not a technical issue as closing gap implies redistribution – among worker groups and or labour/capital
 - no political will to change labour/capital distribution
 - distribution among worker groups is being changed for non elite groups through decrease in men's pay as trade unions become weaker but equality through levelling down
- Upward equality requires collective action not just legal rules as laws can be reinterpreted through a managerialist perspective (Deakin et al. 2011)- collective action at both workplace and more macro level.
- Unending capacity for gender inequality to reproduce itself in different forms
 - institutions/policies may at best moderate not eliminate inequalities
 - Gender discrimination not necessarily rational or primarily explained by materialist cost/ productivity issues