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Changing Labour Market and Gender Equality: The Role of Policy

MINIMUM WAGES TO PROTECT WOMEN'S WAGES AND REDUCE THE GENDER PAY GAP

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MINIMUM WAGES TO PROTECT WOMEN'S WAGES AND REDUCE THE GENDER PAY GAP¹

1. Introduction

1. This paper has as its general aim an investigation of the implications of alternative policy regimes on gendered wage inequality. The ultimate aim is to help to uncover which regimes have the greatest potential to generate gendered wage equality. It focuses in particular on the UK and on the likely effects of the planned introduction of a national statutory minimum wage in 1999. In order to consider the effects of this new measure on gendered wage inequality in the UK it is necessary first to know something of the background; of what the current levels of wage inequality are in the UK and how this has changed. In addition a brief overview of women's and men's labour force participation is relevant to understanding the context into which these changes are to be introduced (Section 2). Changes which have occurred in the past in Britain do offer some evidence in the debate about which policies will be most effective in bringing about gendered wage equality. The effects of introducing legislation on wage equality have been studied extensively in the UK. Also, more limited minimum wage rules have operated at times in the lowest paid sectors, called the Wages Council sector, finally disbanded in 1993. These elements of the background help to inform the discussion about the effects of different policy regimes.

2. The likely effects of a statutory minimum wage on women's and men's wages, on poverty and income and other effects are discussed in Section 3. Policies like minimum wages are sometimes counterpoised to attempts to affect gendered wage inequality through the law. Debates ensue about which of the various approaches is likely to have the most effect. Section 4 attempts, therefore, to quantify the effects of two of the alternatives on gendered wage ratios. A brief set of conclusions are described in Section 5.

2. Background - UK Developments

2.1 Trends in economic activity

3. Roughly speaking, two thirds of British women of working age have paid jobs as the turn of the Millennium approaches, compared with around four tenths in 1950. Over the twenty years since 1975, the participation rate of British women aged 16-59 increased, from 62% to 73% in 1995. Most of the increase occurred since 1985; it largely consists of an increase in women with paid jobs (67% in 1995, though unemployed women also increased, from 2% to 5% of the whole age-group).[Graph 1].

1. This paper is co-authored by Shirley Dex, Judge Institute for Management Studies, University of Cambridge and Heather Joshi, Centre for Longitudinal Studies, Institute of Education, London.

4. An age-breakdown of participation rates also shows that the main source of extra members of the female labour force is among those of child-bearing -rearing age (25 to 49 years). Married women have higher economic activity rates than those without partners. Falling fertility since the 1960s means that the population of women aged 16-59 with dependent children has indeed fallen (51% in 1975, 45% in 1985 and 43% in 1995), but this compositional change is not the whole story: the economic activity rates of mothers have also risen. If we consider only the mothers with a child under age 5, who were definitely the least likely to participate in the 1970s, their activity rates have seen a spectacular increase: 30% in 1975, 36% in 1985, 50% in 1991 to 55% in 1995. Mothers have tended to rely on informal child care arrangements, although in the 1990s, formal (paid) arrangements have become more common.

5. There was very little growth in the percentage of women employed full-time between 1951 and 1985. The main growth was in part-time employment. Since then there has been a small increase in full-time employment. Forty-five per cent of employed women thought of themselves as working part time, 8 per cent were in temporary jobs, 7 per cent were self-employed and less than one per cent were on a government scheme in 1996. Eight per cent of employed men were in part-time jobs, 6 per cent were in temporary jobs, 17 per cent were self-employed and less than one per cent were on a government scheme in 1996. Relatively small proportions had two part-time jobs (6 per cent of employed women and 1.4 per cent of employed men).² In other words, women were far more likely to be in part-time employment than men, men were more likely to be self-employed than women, and women were more likely than men to be in temporary jobs. Estimates of the extent of various forms of non-standard employment as a whole (part-time, temporary, self employed without employees) amongst men and women of working age are that 53 per cent of employed women, 25 per cent of employed men, were in such jobs in 1996; this represents an increase from 1986 from 15 per cent to 25 per cent for men and from 50 per cent to 53 per cent for women.

6. Women's education levels have drawn close to men's within the generations born since the war. Graph 2 shows the proportion with no qualifications has fallen over time and has fallen with age and female gender. Among those under 40 in 1995, holding a higher qualification has become more common than having none, and the gap between men and women is also narrowing. Twenty years earlier these proportions were less than half these levels. The tendency for women's attainments to approach men's, apparent in Graph 2, has now become one for girls to outstrip boys, at least at school -level. There have been changes in both the composition and coefficients of determinants of women's labour force participation. The growth of earning power, linked to education changes, along with modest improvements in the relative wages have been important explanations of the changes.

7. By 1996, women formed 44% of the British workforce, more than half the non-manual workforce, but only one third of the manual sector, which has been relatively declining. Yet within non-manual jobs it is on the whole the less skilled and less prestigious occupations in which female employment concentrates: secretarial work (97% female), personal service occupations (78%), and sales occupations such as shop assistants (73%) are predominantly 'women's jobs'. These concentrations of women's jobs are matched by concentrations of men's employment elsewhere. Men are over-represented in both higher non-manual and manual occupations; for example, 89% of both science and engineering professionals and protective service occupations (e.g. police, fire brigade) are men. Women part-timers accounted for 44% of all female jobs. But the part-time jobs are particularly heavily over-represented in the least skilled feminized areas.

8. Over the twenty year period 1971-91 there was a general shift in the composition of employment towards better paying non-manual jobs (+13%). The biggest shift was into the intermediate category

2. The figures are from Dex and Joshi (1998).

(managerial and associate professional jobs). These are not particularly gendered occupations. The most feminized group (skilled non-manual) increased its share of total employment only a little, and the next most feminized (unskilled) lost a corresponding share of total employment. Hence the increased proportion of jobs overall which were female (up to 44.2% in 1991 from 36.7%) was not entirely due to compositional factors. Improved occupational opportunities for British women have on the whole excluded part-timers.

9. The trend in female activity since the 1980s has been to draw women of high education and earning power into full-time work, even when they have small children. This contrasts with the trend over the 30 years after 1950 when the labour force was mainly augmented by women of little education taking up part-time jobs after a break for child rearing. The earlier trend maintained gender inequality, but was levelling among women, and among families. Women have experienced non-standard forms of employment more than men, largely because of their predominance in part-time employment, but men's position has been worsening in this respect as part-time employment has grown amongst them. The new developments, on the contrary, permit more advantaged women to come closer to the labour market experience of men and for a gap to widen among women partly because of women's position improving and partly because of men's position deteriorating.

2.2 *The evolution of the male female pay gap*

10. The wages of British women over the past twenty years have shown some convergence and some divergence: convergence with men, and divergence between the wages received by the best and worst paid women.

11. The trend towards a smaller lead of men's pay over women's has been neither gradual nor complete. The relative wage of women in full-time manual jobs rose from 47% of men's in 1938 to 72% in 1996. It had been around 60% from the mid 1940s to the mid 1970s, when the introduction of the Equal Pay Act was accompanied by a sudden upswing, starting in 1973 and peaking, at 74% in 1978. The series fell back to a plateau around 70%, until a gentle recovery since the late 1980s. But although wages are recorded further back in time for manual workers than others, manual workers are not the majority of the workforce, particularly for women. The female to male wage ratio for non-manual workers also reaches a peak around 1975, but smaller and shorter than the manual series, and a more sustained positive trend thereafter.

12. Manual and non-manual hourly earnings are combined in Graph 3. The discontinuity at the time of the Equal Pay Act is also visible here. The wage ratio among full-timers in the New Earnings Survey is one of the series plotted in Graph 3 for a few years before the Equal Pay Act to 1996. The inclusion of non-manual jobs, in which women are more numerous and in which pay is generally higher, has the effect of raising the relative wage rate, particularly in the later years. After a peak at 74% in 1977 (around the time of the Equal Pay Act), the ratio at the median has climbed more steadily, to reach 83% in 1996. In contrast to the converging gender rates among full-timers, the pay of female part-timers relative to men remained steady. The gap between women employed full-time and part-time actually grew wider (Graph 3).

13. Note also, the age profile of relative wages in full-time work for 1976, 1986 and 1996 shows that in all years the wage gap widens for older workers. Amongst juveniles under 18, girls receive more than boys. There was little change in this profile between 1976 and 1986, but in the most recent decade, 1986-1996, relative wages have improved for women under 40, while remaining the same or deteriorating for the oldest age group. The age group showing the biggest change since 1986 are those aged 25-29, whose

wages in 1996 had reached 94% of their male contemporaries. Thus the gains over this period have not been spread equally over all parts of the female labour force, even those working full-time. Another point to note about the convergence of men's and women's hourly earnings, is that the relative gap in weekly earnings remains bigger because the average hours worked by male full timers are more than those of female full timers.

Changes in the distribution of wages

14. Disparities within the distributions are shown in Graph 4 expressed as the ratio of the top decile to the bottom decile, the ratio of the rates earned by the person at the 90th percentile of their particular wage distribution to the wage of the person at the tenth percentile. The rise in these from the end of the 1970s illustrates the well-known rise in earnings inequality which occurred over this period, plausibly linked to the deregulation of the labour market. Disparities within the wages of men full-timers grew most, closely followed by the wages of women full-timers. Disparities within women part-timers remained narrower, but also grew. The differences between men and the two sorts of women converged less at the top of the distribution. It was more a case of the wages of the worst paid men falling to meet the wages of the worst paid women, than of the latter benefiting from particularly positive growth.

Explanations of changes in the structure and institutions of the labour market.

Composition and Relativities

15. To some extent the upward shift of the gender ratio for manual and non-manual combined was the result of the relative decline of manual employment. However, relative wages within non-manual jobs were also shifting in favour of women, or rather towards reducing their disadvantages. Was this also an effect of composition? The answer to this question depends on the years to be considered. Zabalza and Tzannatos (1986), studying the 1970s, found changes of ratios within occupation, industry or agreement for two or three years around 1975, but no substantial contribution of composition to change. For the longer and later period starting in 1975, changes in within-category differentials become less important, and compositional change plays a greater part. Elias and Gregory (1994) follow 22 grouped occupations from 1975 to 1990. This shows remarkable stability within most occupations.

The 'Impact' of the Equal Pay Act?

16. The abrupt rise in the time series of women's relative wages shown in Graph 3 coincided with the full implementation of the Equal Pay Act. Was this actually an effect of the legislation, or just a coincidence? Did the introduction of the law really take immediate and sustained effect? It might seem unlikely given the limitations of the legislation and the sex segregation of much employment, but most analyses are agreed that the Act did have an effect. This does not mean the Act was the only factor. The operation of anti inflationary incomes policy in 1974-6 would also have helped raise women's relative pay since there was an absolute limit to increases which could be awarded, which was relatively favourable to the low paid. The effectiveness of the Equal Pay Act is attributed to the structure of centralized collective bargaining, by which a large proportion of the labour force was still covered. According to Zabalza and Tzannatos (1986), the Equal Pay Act started to take effect in 1973-74 as the sector covered by wage agreements set national wage rates to comply with the legislation. The non-covered sector followed suit, at the last minute, in 1975. Gender differentials remained wider in the non-covered sector than the

covered. It is remarkable that the subsequent dismantling of the collective wage setting machinery has not had the effect of reversing the trend to more equal pay. The weakening of labour organisations may help explain why there is not much visible effect on the time series of relative wages of the 1984 Equal Pay for Work of Equal Value Amendment. In any case the Amendment's requirement that individual comparators be identified made the legislation much less amenable to collective implementation. On the other hand, it is also possible that the strengthening of the Equal Pay Act in 1984 could have helped preserve the upward trend.

17. The introduction of the Equal Pay Act is remarkable not only for its clear impact on relative wages but for the fact that women's employment did not fall. Zabalza and Tzannatos attribute this to strong and rising demand for women's labour. Manning (1996) suggests part of the explanation lies in monopsonistic elements in wage setting, implying that before the Act some employers were paying below competitive level wages to workers (such as women with domestic ties) who could not easily transfer to other employers. The force of the Equal Pay Act even made itself felt in the rate of pay for part-time work in 1975, but as deregulation advanced, and particularly relied on non-standard employment of part-timers, their wages failed to keep up with those of female full-timers.

18. The rising pay of female full-timers, relative to males, over the 1980s and 1990s may just reflect compositional change; it may have been boosted by the strengthening of Equal Pay legislation; and it may have been affected by other change in the institutions of the labour market at the time. The weakening of trades unions is likely to have reduced the gender pay gap by reducing men's pay more than women's, men being more likely to enjoy a union mark-up in the previous regime. Privatisation also penalised men disproportionately, since they enjoyed particularly high union mark-ups when in the public sector. Another possible downward pressure on wages which would affect men more than women is that of unemployment, or its threat, in the wage-setting process. Women's rates of unemployment have been lower than men's and their employment, largely in the service sector, has been more stable. Ironically, women's precarious employment has not, on an aggregate level at least, been unstable. International competition exerted downward pressure on the wages of the least skilled.

19. The major impact of labour market deregulation has been to increase the dispersion of wages for both men and women. The least advantaged men have found their pay, often in the non-standard sector, dropping towards the rates received by the lowest paid women. Another manifestation of the deregulation, restructuring and casualisation of employment is the persistence of part-time employment for women and the deterioration of the rates at which it is paid.

Explanations in terms of the characteristics of workers

20. Changing characteristics of the workers may produce 'compositional' explanations for changes in relative wages, but to the extent that workers of given characteristics are differentially remunerated, the institutions of the labour market are implicated. The evidence presented on education implies a changing human capital composition of the labour force which would lead us to expect some convergence in the rates men and women are paid. Changes in the structure of the labour market, flexible employment and deregulation give reason to look for changing and possibly diverging terms of pay. Decomposition analyses on the characteristics versus rates of remuneration per characteristic all imply that, despite the Equal Pay Act, a considerable degree of pay discrimination remained. This is on the basis of treating the part of the pay gap which is not explained by human capital differences as reflecting discrimination.

21. The rising relative wage was generally accounted for by both a closing of human capital gaps and by improvements in rates of remuneration. There is a notable exception in the remuneration of part-

timers as we move across the all age 'married' samples, where it appears that the component due to the treatment of part-timers relative to full-timers had widened. The underlying pay penalty to part-time work has increased dramatically, from 10% in 1980 to 30% in 1994. The closing human capital gap derives from convergence in both employment experience and education.

22. The differential remuneration of given characteristics in the still large sector of part-time employment remains a large and growing component of women's low pay. It is therefore important to know whether it should be thought of as 'discrimination' in the same way as unequal remuneration of men and women usually is. Further analysis of the 33 year old 1958 birth cohort study members in 1991 found that the low pay of part-timers is not just linked to their relatively low human capital, but to structural features of the labour market: firm size, industrial sector, private sector, lack of unions, occupational segregation and travel-to-work constraints which lead to a lack of bargaining power in the face of labour monopsony (Joshi and Paci, 1998).

2.5 *Extent of low pay amongst men and women*

23. The extent of low pay in the UK depends heavily on the definition adopted. Researchers have tended to adopt varying definitions; the higher the threshold chosen the higher the extent of low pay. Using a figure of £3.50 per hour on 1997 earnings the Low Pay Commission estimated that 3,202 thousand employees were low paid, approximately 14.1 per cent of all employees in Britain; 6.4 per cent of full-time and 7.3 per cent of part-time employees were low paid at this level. This is a value approximately equal to the wage rate at which the statutory national minimum wage will be introduced. The figures for men and women separately at this wage rate are as follows: 6 per cent of male full timers, 33.5 per cent of male part timers, 10.5 per cent of female full timers and 26.9 per cent of female part timers were earning below £3.50 per hour in 1997. It is interesting to note that male full timers had better levels of low pay than female full timers but that female part timers had better rates of low pay than male part timers. This gender gap between part timers had virtually closed when a threshold rate of £4.50 per hour was used; at this rate 54-56 per cent of female and male part timers were low paid. Britain ranks lower than the USA, but higher than Spain, Luxembourg and Germany in the extent of low pay amongst male and female employees (Robson et al, 1998).

24. Groups who are more likely to be low paid are therefore women, although less so at the very bottom of the wage distribution, young people, ethnic minorities, people with disabilities, part-time workers, lone parents, temporary, seasonal and home workers (Dex et al, 1994; Low Pay Commission, 1998). Low pay is also more prevalent in some regions, in some industrial sectors especially in such services as hospitality and retailing and in smaller than in larger firms.

2.6 *The role of sectoral minimum wage regulation*

25. Wages Councils were instituted in the 1950s to set minimum pay rates in the lowest paying industries, where trade union representation was also low, and women's representation high. The government provided inspectors to monitor that pay rates were above the hourly minimum set by each industry Council. These Councils were finally abolished in 1993 although partially dismantled earlier. The abolition of 6 Wages Councils, 73 per cent of whose employees were women, between 1969 and 1976 was examined by Craig et al (1982). They found evidence of a deterioration in pay and conditions following abolition, especially in the lowest pay grades. The frequencies of illegal payments initially was relatively small. Under a Conservative government, in 1986 the hourly pay rates of young workers under 18 were taken out of Wages Council control. Also, the rate of prosecution of those found to be paying rates below

the minimum fell considerably in the 1980s. In 1991, the lowest rate found by an inspector was £1.25 per hour. But only seven of the 5205 firms found underpaying were prosecuted in 1990 (Dex et al, 1994). High percentages of women were employed in these former Wages Council industries.

26. The fact that there has been no obvious deterioration in wages in these industries since the 1993 abolition suggests that minimum wage regulation did not have any effect in Britain (Dolado et al, 1996). However from the late 1960s on the Wages Councils were weakened before being gradually abolished. For this reason, it could be argued that the UK experience with Wages Councils cannot provide evidence on this issue.

3. The effects of a minimum wage

3.1 *Numbers and percentages affected.*

27. The UK is now committed to introducing a minimum wage of £3.60 in April 1999. However, the details of who will be exempt and the mechanisms for enforcement are still under discussion and consultation. However, the estimates of the low paid described above (2.5) indicate the likely maximum percentages of male and female full and part timers who may be affected by this legislation (given at £3.50 per hour in 1997 is likely to be roughly equivalent to £3.60 in 1999).

28. In practice, the percentages of each gender and hours group who benefit from the statutory minimum wage are likely to be less than these maximum values, because there will be exceptions to the coverage. In assessing the impact of its recommended figure of £3.60 per hour, the Low Pay Commission estimated that in total around 2 million employees should receive higher earnings; 0.5 million men and 1.5 million women; this constitutes 3 per cent of male full timers, 26 per cent of male part timers, 5 per cent of female full timers and 22 per cent of female part timers. A more likely scale of effects is likely to be that 2.4 per cent of full-time males, 19.2 per cent of part-time males, 4.9 per cent of full time females and 15.4 per cent of part-time females will benefit. These figures were produced by the Low Pay Commission (1998) as the percentages of the low paid in 1997 at the £3.50 threshold, from establishments with more than 25 employees only.

3.2 *Effects on poverty and net income*

29. Being low paid is an important contributor to living in poverty for some families. Levels of low pay can also interact with the income support levels in the country to create disincentives to work. This is a particular risk when levels of income support are related to family size whereas rates of pay are not. The UK has recently announced a new system of income support, The Working Family Tax Credit, which tries to tackle the disincentive to work embedded in the existing system, to be introduced in October 1999. The Low Pay Commission considered the impact of a £3.60 per hour minimum rate in interaction with the tax and benefit system and produced the following estimates of before and after incomes for typical household types with wage rates of £3.00 per hour before the national minimum. (LPC, Table 7.2 Page 144 enclosed). All family types will benefit from the introduction of a £3.60 per hour minimum, although the increases are admittedly marginal.

3.3 *Effects on gender inequality in hourly wage rates.*

30. The effects of the statutory minimum wage on gender wage inequality was not directly considered by the Low Pay Commission's review although their report did refer to one study summarising the background of the trends which have been occurring in the UK. For this reason, some calculations have been made specifically for this paper. Estimates were made of the effects of a £3.60 minimum wage on hourly wages and gender wage ratios (at 1998 earnings levels). The calculations have been done for full and part-timers (using the hours definition of less than 31 hours for part timers), and for manual and non-manual employees over the age of 21.³ Holly Sutherland did the calculations using the Microsimulation Unit's tax benefit model POLIMOD..⁴ The calculations exclude 4 outliers and also assume first round effects; that is they do not consider the possibility of employment changes, wage differential changes, inflation effects or changes in turnover on the results. The results are described in Table 1.

31. The female/male wage ratio of full-time manual and full-time non-manual both improved very slightly from introducing minimum wages at £3.60. The ratio for part-time non-manual remained unchanged, and the ratio for part-time manual got very slightly worse moving from 0.79 to 0.78. The lack of change seen in these figures is partly because low paid men and women both benefit from minimum wages, and partly because the threshold of £3.60 has been set at a relatively low level.

4. **Minimum wage or equal pay for equal value policies**

32. An alternative in policy terms for addressing gendered inequality is to promote and strengthen the legislation on comparable worth, also known as equal pay for equal value. Studies have shown that undervaluation of women's jobs has affected their pay, and that revaluation of jobs through job evaluation schemes can affect wage rates and wage ratios as outlined below (4.1). In this section we review the UK literature on undervaluation along with its implications for further legislation on equal pay for equal value. An exercise is then reported which attempts to quantify the effects on the gendered wage ratios of a more equal value distribution of earnings for men and women. This is compared with the effects of a statutory minimum wage above (3.3)

4.1 *Undervaluation of women's job in the UK.*

33. The systematic undervaluation of women's jobs has been documented in a number of studies, and this process has sometimes involved male trade unionists arguing for skilled status and pay for their jobs at the expense of women. Craig et al's (1982) study of former Wages Council industries in the late 1970s found that 24 stamped or pressed metal ware firms regarded their female press operators as more highly skilled than their male labourers, but paid the men a higher minimum time rate (p.85). A follow up study by Craig et al (1985) found similar examples which classified feminized jobs as low-skilled, irrespective of their job content. Examples are given in Armstrong (1982), Coyle (1982), Crompton

3. The Low Pay Commission recommended a lower minimum rate for 18-21 year olds which is why they have been excluded from this analysis.

4. Thanks are due to Holly Sutherland for altering the model to produce these ratios and for doing the calculations. Acknowledgement is also made for the data. Material from the Family Expenditure Survey is Crown Copyright; has been made available by the Office for National Statistics through the Data Archive, University of Essex and has been used by permission. Neither the ONS nor the Data Archive bear any responsibility for the analysis or interpretation of the data reported here.

(1982), and Jensen (1989) from a range of different industries. Horrell et al (1989) examined whether women would benefit most if the skill levels of their jobs were upgraded, or if they achieved equal pay for work of equal value. They concluded that a reassessment of the value of women's jobs would be of greater financial benefit to women than the upgrading of the skill level of their jobs, unless this upgrading gave them access to men's jobs at men's pay and rates of fringe benefits.

34. Some firms have clearly undertaken job evaluation schemes and reviewed their payment systems in order to avoid falling foul of Equal Value legislation (IRS, 1992). However, such firms are few. Studies have identified a number of inhibiting factors which make it more difficult for equal pay and equal value claims to improve women's pay. In the UK the totally different pay scales which operate in men's and women's jobs prohibits many equal value comparisons being made, especially since the law in Britain has only allowed comparisons within firms (Rubery, 1993). Case studies of a range of employers found a very low level of awareness and knowledge of equality issues by personnel staff and by unions, especially at the local level (IRS, 1992; Colling and Dickens, 1989). Also, the stereotypes which underlie job evaluation schemes, and the undervaluation of women's skills which they build in, have often inhibited improvements for women's jobs (Bevan and Thompson, 1992; IRS, 1991, 1992).

35. Job evaluation schemes have been used increasingly in the 1980s, although they are more common in larger establishments, and in manufacturing, and therefore they disproportionately cover men's rather than women's jobs (IRS, 1991). In addition, far from being an effective way to tackle the undervaluation of women's jobs, the qualities which underlie some job evaluation schemes and many payment systems have been found to be based on gender stereotypes. They would therefore reward qualities thought to be held by men, but not those thought to be held by women. This is part of a more extensive and systematic undervaluation of women's skills. In most cases it occurs where there are no job evaluation schemes in place, but recent studies have shown that it is often present in job evaluation schemes.

4.2 *Effects of equalising the value of men's and women's jobs*

36. Figart and Lapidus (1995) attempted to estimate and compare the effects of a national comparable worth policy with an increase in the minimum wage. They concluded that the comparable worth policy would have a greater impact on female poverty, under most of the scenarios considered. However, their method of calculating the effects of a comparable worth policy is unclear and debatable. They appear to use the coefficients from two regression models of female and male wages, incrementing women's wages by eliminating the negative coefficient found for percentage of females in an occupation category. Thus, undervaluation is regarded as being measured by the extent of female domination in an occupation. Undervaluation is obviously difficult to measure in practice as the attempts to rectify through job evaluation schemes show. An alternative measure might be argued to be the extent of gap between male and female wages in the same broad occupation category.

37. The calculation performed here used male wages in each occupation as the norm and calculated the effects of giving women the same mean wage as men in that occupation. It seems likely *prima facie* that this approach, like that of Figart and Lapidus will produce a larger effect on female wages than a minimum wage change. The main reason for this expectation is that minimum wage changes only work at the bottom of the wage distribution and on both men and women, whereas giving women men's wages operates across all levels of wages and benefits women only. The results on the gender wage ratio of these two alternatives were also set out in Table 1. As expected very large changes arise from giving women

men's hourly rates of pay per broad occupation category⁵, more especially for manual than non-manual. On the basis of these calculations the conclusion might be drawn that strengthening equal pay legislation and equal pay for equal value would benefit gender earnings ratios the most.

38. It is important to remember alongside these calculations the constraints which operate when policies are implemented. Minimum wages have to be monitored and penalties imposed on employers who do not comply. The level at which the minimum is set is an important issue. However the problems of implementing minimum wage regimes seem small in comparison with implementing comparable worth, many of which were described above (4.1). For comparable worth to become a reality, there are the problems of agreeing the criteria to be used for job evaluation, agreeing the comparators, possibly lengthy and expensive court cases, facing the political issues and backlash from male employees, finding the money to pay, and more. In practice it seems likely that a statutory minimum wage is much simpler to implement and it will have a much better chance of addressing at least low paid women's position providing it is set at a reasonable level. It is also possible to argue that low paid women's needs should have higher priority, especially in the UK, since the dispersion of wages has grown and those at the bottom are worse off than they used to be. It may be important, therefore to consider policy choices in the context of a country's existing wage structure and dispersion.

5. Conclusions

39. One view of the evolution of women's wages is that it is the result of compositional change: employment at the top end of the market expanding in occupations with low discrimination, while less skilled jobs are relegated to part-timers. Hunter and Rimmer (1995) contrast this view with another: a change in the way in which the wage structure rewards skills as it becomes more flexible. The first account applies to some, but not all managerial and professional occupations. The second explains the increased dispersion in both men's and women's pay. The convergence between them could have been brought about by several institutional changes, not just Equal Pay legislation. Rates of remuneration have converged (discrimination has decreased) for men and women in full-time jobs, but that there were also changes of composition in terms of human capital. These changes in the composition of the labour force are mirrored (if not perfectly matched) by changes in the composition of jobs, a partial, though not complete, explanation of wage change. In so far as improved wages and other equal opportunity policies have encouraged women to acquire more education and labour force experience, the convergence of women's wages towards men's is a self-generating process. Those who fail to acquire skills are excluded from the more advantageous parts of the labour market and are left further behind, with the deteriorating wages in casual, particularly part-time jobs.

40. The wages of men and women under 30 in full-time jobs have already come close to equality in the UK. Below that age, the education and employment experience of male and female employees have converged, and will possibly evolve to the female advantage, following the emergence of male underachievement in the classroom. Unequal treatment of the sexes probably plays no more than a small part in the determination of the wages of young workers. The wider gap between the wages of older men and women would seem to arise from both differential pay and men's greater education and labour market experience. It is also associated with greater occupational segregation. These are all the more reasons to choose a minimum wage regime to address the position of low paid women and the increasing dispersion of wages. In the end the policy choice needs to be considered in the context of national circumstances and existing institutional frameworks.

5 This procedure used the UK's 18 socio economic groups.

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Table 1 Impact of the National Minimum Wage on typical low-paid households

	Pre-NMW net income (£)	Post-NMW net income (£)
Single person aged 18	98	103
Lone parent - 2 children	181	184
Married couple - 2 children - 1 earner	207	214
Married couple - 2 children - 2 earners	121	137

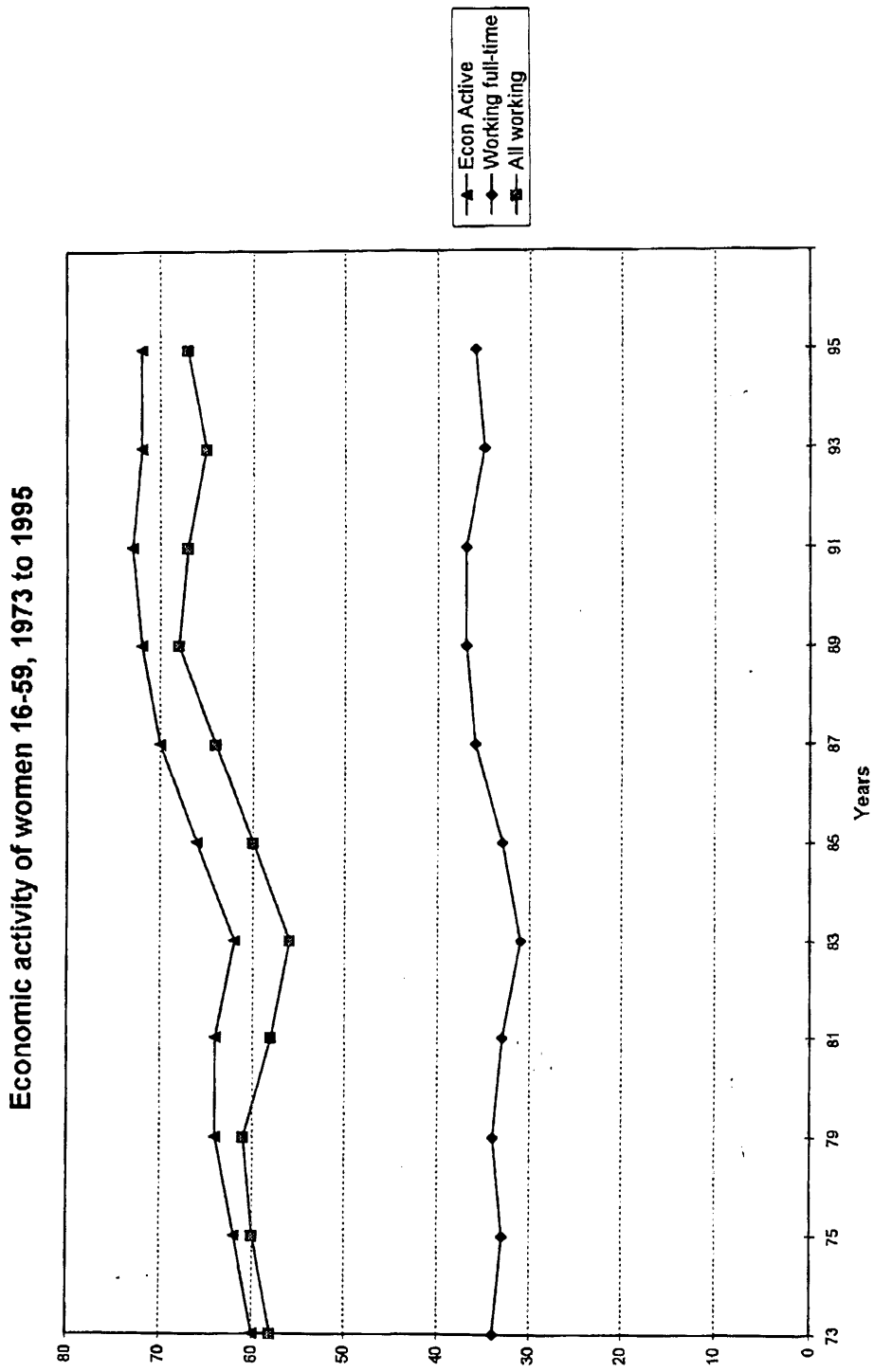
Note: Figures expressed are weekly net incomes
Source: Low Pay Commission (1998), Table 7.2.

Table 2 Female/male hourly earnings ratios in Britain 1997-98 earnings values.

	Existing ratios 1997-98	After minimum of £3.60 p hr.	After equal pay
All manual	0.70	0.72	0.93
<i>Full-time manual</i>	0.74	0.75	0.97
<i>Part-time manual</i>	0.79	0.78	1.06
All non-manual	0.66	0.66	0.80
<i>Full-time non-manual</i>	0.71	0.72	0.89
<i>Part-time non-manual</i>	0.50	0.50	0.62

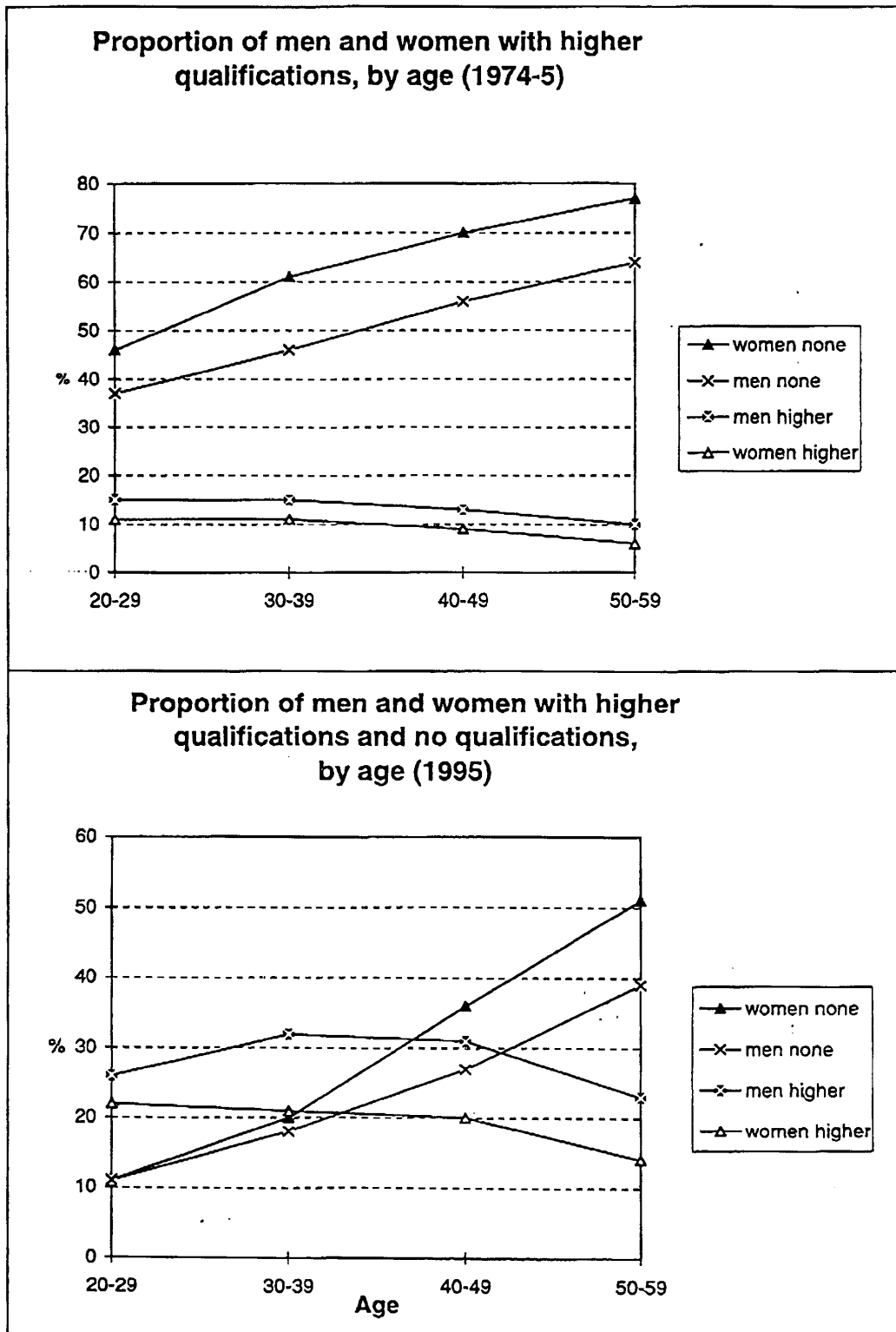
Source: Family Expenditure Survey.

Graph 1



Source General Household Survey

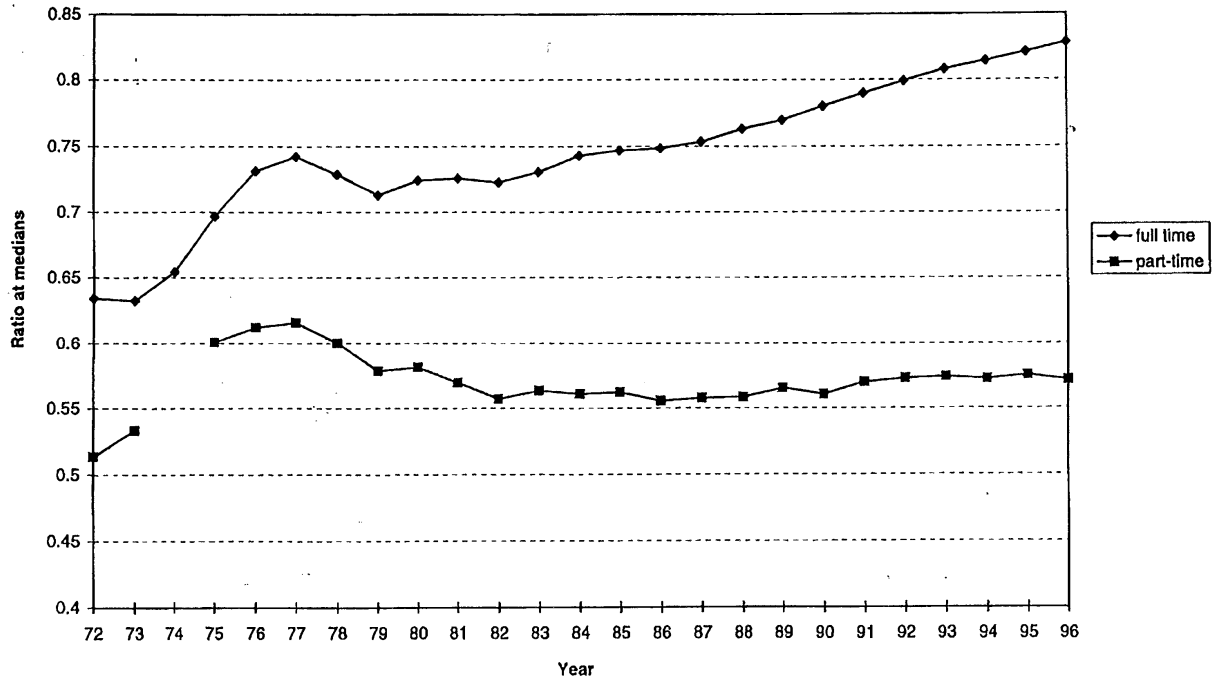
Graph 2



Note: Denominator excludes those currently in full-time education. Higher qualifications are tertiary (higher than A level)

Graph 3

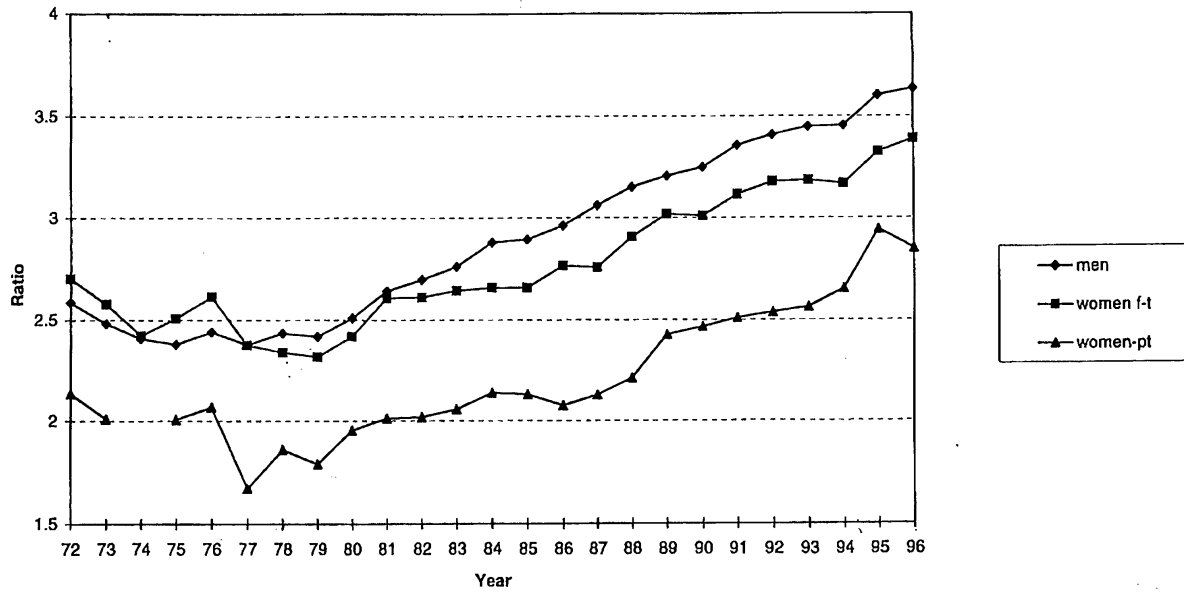
Ratio of women's to men's full-time wages,
UK 1972-1996



Source: New Earnings Survey

Graph 4

Ratio of top and bottom decile, within wage distributions of men and women full-timers and women part-timers, UK 1972-1996,



ANNEX LEGISLATION AND POLICY ENVIRONMENT.

The Equal Pay Act of 1970 came into full force at the end of 1975. It was backed up by two other pieces of legislation: the Sex Discrimination Act of 1975 and the Employment Protection Act, 1976. The first outlawed discrimination in hiring, and the second included some provision of maternity leave. The Equal Opportunities Commission (EOC) was set up under the Sex Discrimination Act. These have to be considered in the context of labour market deregulation, a major element of the policy of the Conservative Government in power from 1979 to 1997.

Changes in legislation about pay have been accompanied by other policy and institutional changes which have benefited women; statutory maternity leave and pay have been introduced in 1975; child care and family-friendly employment practices have started to grow (but from a very low base); job evaluation schemes to upgrade the value of women's work have increased; also a variety of education and training initiatives have been introduced to encourage women into male-dominated sectors of employment. On the other hand, the general framework of labour market deregulation, privatisation and increasingly decentralised bargaining and payment systems have contributed to a deterioration in the status and rewards of many female (and male) employees. These also allow for more discretion in pay setting procedures in which discrimination against women is less easy to monitor.