

WHY IS WOMEN'S WORK LOW-PAID?

Establishing a framework for understanding the causes of low pay among professions traditionally dominated by women

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Oxfam Discussion Papers

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SUMMARY

This discussion paper was commissioned by Oxfam to understand why certain occupations in the UK labour market traditionally dominated by women are low-paid. The paper argues that jobs associated with traditional and outdated notions of 'women's role in the home' extends into the jobs market. This affects attitudes towards remuneration in professions such as cleaning and caring. The paper sets out a framework for understanding the risks of low pay to explore the issue of the undervaluing of low-paid jobs with respect primarily to women. We call the factors associated with this issue the five 'V's: visibility, valuation, vocation, value-added and variance.

To overcome the challenge of the longstanding undervaluing of roles traditionally dominated by women, policy makers should develop new ideas so that the UK can move away from the current pattern of highly compressed and low pay for a large number of women (and an increasing number of men). Policies discussed in the paper include:

- greater transparency around pay through the publication of detailed pay ranges operated by employers;
- reducing the extent to which women are trapped in low-paid and often part-time jobs. For example, flexible working should be available at the point of recruitment to enable women to move into a wider range of jobs;
- formal wage structures, which should be adjusted in a way that ensures that wages are not compressed as the national minimum wage increases or as organizations adopt the voluntary living wage as a base rate;
- A general 'right to pay' that is proportional to the value of the work. This could help to reawaken interest and belief, among both men and women, about the possibility of establishing a fair system of pay as a building block for tackling wider inequalities.

This paper aims to inform and aid Oxfam's policy and programme work that explores the experience of women in the UK labour market, and will inform further policy and advocacy discussions with central, devolved and local governments as well as with employers. It provides a framework for understanding the drivers of women's low-paid work, and as such a means of identifying action that needs to be taken to overcome this longstanding issue.

1 INTRODUCTION

Low pay is still primarily a problem for women. Certainly, the share of men among the low paid has been increasing and more women are escaping low pay – but women still account for 61% of those paid below the living wage; that is, the level of pay calculated to be consistent with meeting minimum subsistence needs if one works full time.¹ Women are also more likely to be trapped in low pay for long periods and to end up working for low pay at any stage of their working lives.

Understanding the causes of occupations being low paid is important in order to decide which of two very different policy approaches should be followed to reduce pay inequalities. Which path policy makers should emphasize depends on the causes of low pay.

For some, low pay simply indicates low productivity, either of the worker or the job, or both. To reduce low pay requires these jobs to disappear or actions to be taken to improve the productivity of the job or the employee. Policy prescriptions include upskilling the workers, encouraging firms to invest in the productivity of the job and measures to help people move out of these low-productivity areas.

The alternative perspective sees jobs as low paid not due to low productivity but because we are not valuing them sufficiently or rewarding them at the appropriate pay level. In this case, the policy imperative is to raise the value attached to the jobs rather than moving people out and into other and higher paying jobs. This is particularly the case when the jobs in question are areas of major growth in demand and vital for the quality of our society – for example, all types of jobs that involve providing care.

The divide between these two approaches is not black and white. Some low-paid jobs will be of low productivity, particularly if employers are taking advantage of plentiful supplies of cheap labour to postpone investment in new systems to increase efficiency. However, recent trends in low pay and job structures provide some evidence that more jobs may be undervalued. Over recent decades it is jobs categorized as ‘routine’ that have declined. Yet the share of the workforce considered to be low-paid – earning below two-thirds of the median wage – has remained roughly stable at around 21–22% of all employees.² No strict relationship exists between the proportion of jobs deemed routine or elementary and the proportion of low-paid workers.

One of the most obvious characteristics of low paid jobs is that many are associated with women’s work. This may be because they involve functions that women undertake in the household as well as in the labour markets – such as care work and cleaning – or because the jobs have become “sex-typed” as suitable mainly for women. These associations with women’s attributes are often taken as common sense and the outcome of genuine differences in men’s and women’s skills. Yet before computers became widespread and almost all typists were women, it was seriously suggested that only women had the appropriate skills to be typists. Furthermore, many low-paid jobs are associated with women’s work not because of the job content or skill but because they are organized on a part-time basis. Indeed, jobs may simply be labelled as part-time, and therefore the employees are excluded from consideration for progression and promotion. The label is thought to speak for itself: part-time workers are assumed to lack commitment, skills and ambition.

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2 INTRODUCING THE FIVE 'V'S

To understand the risks of low pay for women it is helpful to explore how jobs undertaken by women or associated with women's work come to be undervalued. We use a framework here for understanding the factors associated with undervaluation which we call the five 'V's,³ that is:

- visibility
- valuation
- vocation
- value-added
- variance.

We discuss each of these in turn and their role in the UK labour market, before returning to some policy proposals for raising the value of women's work.

2.1 VISIBILITY

The first requirement for combatting the undervaluation of women's work is to make the content of women's work more visible and recognized. Invisibility is evident in the way in which we divide up and measure occupations and skills in official classifications of occupations. Women's jobs are much more likely to be grouped together in very large occupational groups, while male-dominated occupations receive a much finer grained classification, reflecting the role of skill and occupational differentiation in pay bargaining.

If women's skills remain hidden it is highly unlikely that they will be rewarded. Yet agreement on what constitutes the skills or attributes of a job that should be recognized and rewarded is highly contentious. The skills associated with women's work are often regarded more as aspects of women's character and personality, not skills that have to be learned through education or training. These skills are not thought to require extra effort; they are believed to 'come naturally' to a woman.

According to Joan Acker⁴ 'the types of knowledge perceived as natural to women have to do with caring, nurturing, mediating, organizing, facilitating, supporting and managing multiple demands simultaneously'. After the right to equal pay for work of equal value was passed into law, serious efforts were made in the public sector in the UK to make hidden skills visible and to challenge some of the accepted differences in what was rewarded in men's jobs and not rewarded in women's. For example, men tended to be rewarded for working outdoors in bad weather and undertaking 'dirty work'; yet women undertook a different type of 'dirty work', like dealing with bodily fluids in potentially distressing circumstances, which received no additional pay. Likewise, rewards for physical effort are more often related to the maximum weight that might have to be lifted, even if this is infrequent, than to the effort required to tolerate repetitive and demanding work.

Box 1 How to improve the visibility of women's skills

To ensure that job evaluation schemes pay due attention to the skills required in women's as well as men's jobs Sue Hastings⁵ suggested the following principles.

Pay attention to:

- responsibilities for people and information;
- skills, not just knowledge or qualifications;
- knowledge, not just qualifications;
- interpersonal skills, not just physical skills;
- stamina, dexterity, coordination, as well as strength;
- judgement skills, scope for action, not just management decision making;
- mental and emotional demand, not just physical demands;
- adverse working conditions to include exposure to abuse/bodily fluids, not just dirt/weather.

2.2 VALUATION

It is one thing to make visible the skills women use at work. It is quite another to ensure that they are rewarded for those skills. The problems in part relate to women's lower bargaining power, particularly those who have major care responsibilities which restrict the hours they can work or the distance they can travel. Powerful employers – sometimes called monopsonistic employers – may be able to hold down wages if employees have few alternative job options. This problem can also apply if women request to work flexibly. Employees only have the right to request flexible working after working for six months in a full-time job, and they are not able to transfer this right to request to another employer. They can thereby become effectively trapped into working for their current employer who may or may not reward their efforts appropriately.

Some of the pay problems women face should, in principle, be alleviated by the right to equal pay. This covers both work requiring a similar level of skill, and equal pay for work of equal value within the same employing organization. However, not only is it challenging to compare different types of jobs; if the jobs done by men are deemed to be of even slightly higher value, the equal pay legislation does not apply. There is also no requirement that jobs should pay a wage proportional to their value. The skill gap may be quite small, but the pay gap very large and still legal.

In respect of tackling gender pay inequality, it is imperative for a high floor to be set for wages in the form of a high minimum wage, as women's jobs are more likely to be affected by the legal minimum. It is also the case that the rate of pay for women has traditionally reflected the view that women are only working for 'pin money' and can rely on their partner's family wage to make up the gap between their pay and their subsistence costs. For women in particular, the adoption in 1998 of a legal national minimum wage (NMW) provided a welcome security net. The uprating of the minimum wage under the plan to raise the NMW to around three-fifths of the median wage by 2020 should provide an important wage boost for many women workers, especially part-time workers. However, there are some downsides. Many workers are now receiving pay at or close to the NMW, with the result that there are even fewer opportunities in the low-paid sectors to boost pay through developing skills and experience. The problems of the low value attached to greater experience and responsibility in the social care sector are discussed in Box 2. Thus, what is needed to give value to women's work is both a rise in the minimum pay floor

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and a mechanism for upgrading the wages of those with greater skill and experience than those at entry level.

Box 2: Findings from a study of pay and conditions for domiciliary home care workers⁶

Seventy percent of around 50 private sector providers of domiciliary home care were found to have a normal rate of pay for their care staff no more than 20% above the National Minimum Wage. Opportunities for pay advancement were limited, with extra pay for skills or qualifications more a matter of a few pence, and even senior carer positions often only provided an extra £1 or less per hour. In return, senior carers were expected to be more flexible in helping out with gaps in rotas.

2.3 VOCATION

A third factor that is used to legitimize low pay for women's work is women's supposed preference for intrinsic rewards over extrinsic or material rewards. Where evidence is found of women expressing high job satisfaction in jobs such as care work, this may be used to suggest that employers do not need to pay women more, as they appear happy to trade satisfying work for better pay. Women are expected to be more altruistic than men, and employers can enjoy their commitment while continuing to pay them low wages for demanding and responsible jobs. This argument has been developed in a labour economics text, where a comparison is made between men with mathematical skills and women with care skills. The authors comment that "'caring' unlike mathematics skill, for example, does not require an investment on the part of the worker which has to be recouped in the form of higher wages. The opportunity to care seems to be a good attribute of a job and hence brings with it a negative compensating differential".⁷ Thus, over and above a premium for education for mathematicians, these authors suggest that pay for care work can be further downgraded because of the satisfaction derived from caring. Yet the work tasks involved in implementing mathematical knowledge, once the skills are acquired, are not necessarily onerous, while even those who enjoy and are committed to care work still have to constantly undertake emotionally and physically demanding tasks to provide the care, particularly for the elderly.

Women's apparent high job satisfaction also needs to be put in context. Often the job satisfaction is only found among those who choose to stay in care work, but there is often a shortage of women willing to tolerate the low wages and zero hours contracts, however satisfying the work. Folbre⁸ has suggested that women do not necessarily choose to become committed care workers but become emotionally attached through their work experience. They may become 'prisoners of love', unable to leave because of their attachments but unhappy nevertheless with the low pay. High job satisfaction among women must also be interpreted in context: sometimes it is because the alternative is not to be in waged work at all; sometimes it is also because the alternative jobs available to them do lack intrinsic job interest. This is more a reflection of limited job options than the good conditions found in care work.

2.4 VALUE-ADDED

One of the main factors affecting women's pay is their location in parts of the economy which are considered to generate less. Contrary to textbook theories of labour markets, wages are not only affected by the relative skills of the workforce but also by variations in the ability to pay of the firms and sectors in which jobs are located. These variations reflect

differences in productivity or market power of companies. The willingness of companies to share economic rents – that is the excess profitability in some companies and sectors – with the work force varies. Evidence⁹ has emerged to suggest that the sharing may not be equal by gender, both because men are more likely to work in high value-added sectors and because even when women do work in these sectors they may be offered lower shares, perhaps because they are channelled into the less profitable activities. Companies with high ability to pay may also decide to outsource activities to minimize the potential size of the workforce able to make claims on its economic rents. This outsourcing often involves activities that women undertake, such as cleaning and catering, and puts a distance between those employed in ancillary services and those employed in what the companies define as their core activities.

Women are also much more concentrated in the public sector than men, and pay for work in the public sector is to a large extent in the hands of government. Thus, pay for many public services can be considered a societal choice and a mark of the value the society places on this type of work. The value added in many public service areas is measured mainly by the wages paid to the workers, as there is no alternative measure of value. If society pays teachers more, they contribute more value to the economy. The importance of social choice in deciding how much a public-sector worker is paid is evident in the different relative pay for occupations such as teachers across societies: the ratio of the average pay for a female teacher, for example, compared with the average pay for all male full-time workers varied from 83% to 173% across 27 European countries. The public sector has traditionally paid a premium at the bottom end of the job structure and there is still a premium today, although it has been squeezed by both the minimum wage and by recent pay freezes and capped pay rises in the public sector. Table 1 provides some comparisons of pay across the public and private sectors in some key female occupations. The columns showing the premiums for either being in the public sector or for working full-time rather than part-time reveal that there are huge differences between the public and private sectors in care occupations and elementary occupations, while for administrative and clerical occupations the main divide is between full- and part-time workers.

The key finding here, though, is that it matters where you work and particularly for care workers – consequent on a detailed job evaluation in both the 1980s and the 2000s – but the outcome has been to encourage local authorities to outsource the work to the lower paying private sector. This suggests that the problem is not solely or mainly that care work is held in low regard by society, though this plays an undoubted part. It is also the specific organization of the sector, where the dominant public-sector client offers very low prices to suppliers, which results in low pay. Value added is thus a consequence of social choices about how to organize markets, and is far from being simply a technical issue.

Table 1: Pay differentials for women in some key female occupations in the public and private sectors for full-timers and part-timers

	Female full-time employees		Female part-time employees		Public/private premiums		Full-time over part-time premium	
	Public sector	Private sector	Public sector	Private sector	Full-time	Part-time	Public sector	Private sector
Administrative occupations	11.13	10.57	9.84	9.58	+5%	+3%	+13%	+10%
Secretarial occupations	11.09	10.32	9.73	8.70	+7%	+12%	+14%	+19%
Nursery nurses and assistants	10.95	7.00	10.31	7.00	+56%	+47%	+6%	0%
Care workers and home carers	10.72	7.35	10.23	7.72	+45%	+33%	+5%	-5%
Elementary occupations	8.89	7.25	7.70	6.69	+22%	+15%	+15%	+8%

Source: Annual Survey of Hours and Earnings table d05.6a 2015

2.5 VARIANCE

In the UK, around 45% of women in employment work part-time and the share is even higher for mothers of young children. Many women change from full-time to part-time work after returning to work after their first child. Part-time work in the UK is characterized by its low pay and startlingly low opportunities for progression. Median pay for female part-time workers is only 62% of the male median full-time wage compared with a ratio of 91% for the median wage for women in full-time work. Also for part-timers, moving from the bottom of the pay distribution to the mid-point for part-timers would only lead to a £2 improvement in pay, while full-timers moving from the bottom to the mid-point gain more than £6 for men and more than £5 for women.¹⁰ Opportunities for higher paid part-time work are mainly found in the public sector, where more women have been able to stay in their higher paid jobs but work part-time. This is largely as a result of the right to request to work flexibly (introduced in 2003) which has been more effectively implemented in the public sector.

There are two main factors behind the part-time pay penalty. The first is that many women are confined to relatively low-paid and low-status part-time jobs as there is no right to work flexibly at the point of recruitment. Even to be able to request to reduce hours in a job that has not been designed as part-time, it is necessary to put in six months uninterrupted work on a full-time basis. Those jobs that are designed as part-time and available to new recruits tend to be all low-paid and concentrated in particular segments such as retail, catering, care work and call centres. Those who are able to reduce hours within a previously full-time job risk being side-lined and put on what has come to be known as a 'mommy track'. Evidence suggests that employers automatically assume that those who want to work part-time will not be committed workers or be as productive as full-time workers, and thus assign them to lower quality work.

All these problems are exacerbated by a tendency to use the term part-timer not only as an indication of working hours, but as an indication of a less committed worker with low ambitions. Part-timers are expected to pay a penalty over and above the loss of earnings from working fewer hours simply because they do not fit with the standard full-time contract. This is the case even though there is strong evidence that part-timers are often more productive for the hours they work than full-timers.

3 DEVELOPING A POLICY RESPONSE

The drivers that account for women's low pay take a number of forms. Some relate to deeply entrenched attitudes both to women's pay and the type of work women do. Others stem from more recent changes, such as the outsourcing of care jobs from the public sector and the lack of strong collective bargaining in the private sector to provide for formal wage structures through which women's skills and experience could be recognized. Despite these problems, there is evidence of opportunities for improvements. We only have to remember how hotly contested was the introduction of a NMW. Now, not only political parties but also employers have accommodated themselves to this change which has provided better protection for women, particularly in part-time jobs. The planned further increases in the NMW should also help – but they bring with them the very real risk of further pay compression and even less recognition of women's skills and experience.

In Germany the recently introduced national minimum wage has been linked directly to pay setting by collective bargaining to prevent too much pay compression and to protect a skill-based wage structure. However, this extensive collective bargaining infrastructure does not exist across sectors in the UK. The UK could ensure that in the public sector formal wage structures are adjusted in ways that do not simply compress differentials for higher grades as the NMW increases, or as public-sector organizations adopt the voluntary Living Wage as the base rate. Another feature of the German national minimum wage that the UK could learn from is the placing of ultimate responsibility for compliance with the minimum wage throughout a supply chain onto the main client, not the immediate employer. If this was done in social care in the UK it would be local authorities that would be responsible for underpaying care workers, which might lead to less of a squeeze on suppliers. This would create pressure for more responsible procurement and could lead to more requirements on suppliers to offer training and rewards for skills in bids for outsourcing contracts. Nevertheless, ultimately the solution lies in citizens being willing to pay more for care services through the tax system.

Policies to address low pay among women undoubtedly need to be led and implemented under the scrutiny of trade unions, but to gather momentum behind a programme for fair pay it is important to come up with new ideas for moving beyond the current pattern of highly compressed and low pay for the majority of women and an increasing minority of men. Policies could be developed to reduce the extent to which women are trapped in low-paid and often part-time jobs. For example, as the House of Commons Select Committee on Women and Equalities has recommended, flexible working should be available at the point of recruitment to enable women to move into a wider range of jobs. Measures could also be taken to improve the transparency of the labour market by requiring not only pay audits but also publication of detailed pay ranges. A general right to pay that is proportional to value could help to reawaken interest and belief among both men and women in the possibility of establishing a fair system of pay as a building block for tackling wider inequalities.

NOTES

- 1 The Living Wage is a voluntary hourly rate set independently and updated annually. The Living Wage is calculated according to the basic cost of living in the UK, and an NGO, the Living Wage Foundation, accredits employers who apply the wage rate. For data related to 2016 see Office for National Statistics:
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/adhocs/006335annualsurveyofhoursandearningsashenumberandpercentageofemployeejobswithhourlypaybelowthelivingwagebyparliamentaryconstituencyandlocalauthorityukapril2015and2016>
- 2 See Resolution Foundation (2012). *The Changing Shape of the UK Job Market and its Implications for the Bottom Half of Earners*. Table 2.2.
<http://www.resolutionfoundation.org/wp-content/uploads/2014/08/The-Changing-Shape-of-the-UK-Job-Market.pdf>
For evidence of decline in routine jobs see Resolution Foundation (2015). *Low Pay Britain*. Figure 1 <http://www.resolutionfoundation.org/wp-content/uploads/2015/10/Low-Pay-Britain-2015.pdf>
- 3 This framework draws on that presented in D. Grimshaw and J. Rubery (2007). *Undervaluing Women's Work*. Equal opportunities Commission Manchester, Working Paper Series No 53.
http://www.equalityhumanrights.com/uploaded_files/equalpay/undervaluing_womens_work.pdf
- 4 J. Acker (1989). *Doing Comparable Worth*. Philadelphia: Temple University Press. P.214
- 5 S. Hastings (2003). *Pay Inequalities in Local Government. Submission to the Local Government Pay Commission on behalf of the Trade Union Side*.
- 6 J. Rubery, D. Grimshaw, G. Hebson, and S. Ugarte (2015). *It's All About Time: Time as Contested Terrain in the Management and Experience of Domiciliary Care Work in England*. *Human Resource Management*. 54(5), 753–72.
- 7 S. Polachek. and W. Siebert (1993). *The Economics of Earnings*. Cambridge: Cambridge University Press. P.206
- 8 See N. Folbre (2001). *The Invisible Heart: Economics and family values*. New York: New Press.
- 9 See for example H. Simón (2010). *International Differences in Wage Inequality: A New Glance with European Matched Employer–Employee Data*. *British Journal of Industrial Relations*. 48 (2): 310–46.
- 10 Office for National Statistics. *Annual Survey of Hours and Earnings 2015*. Table 1.6a.

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