

The Gender Wage Gap: decline and deceleration

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Unequal pay between men and women is a key driver of social and economic gender inequality. In the 1920s, women's pay was around 50% of men's. A hundred years later, the gap is around 15%. It continues to fall but only very slowly. Aside from the push given by World War 2, the factors behind this long-term convergence are the closing of gaps between women's and men's education and employment experiences, helped by equal opportunities policies, especially those initiated by Barbara Castle in the 1970s. While the pay gap has been falling historically, within lifetimes it tends to widen as cohorts pass from youth to midlife.

Our [ESRC-funded research project](#) at UCL has examined the Gender Wage Gap as reported in the British Birth Cohort Studies, which track nationally representative samples of people born in 1946, 1958, 1970, 1990 and 2000. These studies capture factors which may account for both the closing pay gap at a given age over time and its widening over the life course, notably education and experience (jointly known as 'human capital'). While gender

differences in attributes affecting pay may themselves reflect patterns of gender disadvantage, differences in pay which remain unexplained suggest unequal treatment of men and women with similar human capital. This is often interpreted as discrimination, although other factors may be at play.

One paper published under the said research project followed the 1958 cohort from 1981 to 2013, across surveys at ages 23, 33, 42, 50 and 55. Their gender pay gap peaked at age 42, at 33% of men's pay, mirroring the rates in official statistics for that age group. The gap in men's and women's experience in full-time employment to this age was found to drive most of the explained gap: women had more part-time experience than men, but this served to depress their relative pay. Men in this cohort still had a small lead in education, but this was a minor source of pay difference. About half the gap remained unexplained – a gender pay penalty at 42 of 16%. There were asymmetrical rates of pay associated with family responsibilities – mothers faced a pay penalty, fathers a premium. We also noted that women in the cohort who never had children did not entirely escape a gender penalty in pay, albeit a smaller one than mothers, a finding confirmed recently for the 1970 cohort.

A second paper brought in the 1970 cohort, running from 1996 to 2012. Those born in 1970 experienced a smaller gender wage gap than the 1958 cohort. This was partly due to convergence in the human capital of men and women, but unexplained unequal pay also fell, without disappearing. We also showed that women out of paid work in their 20s and 30s would have received lower pay than those who were actually employed, thus enlarging the potential gender pay gap and increasing the extent of its secular decline.

We also examined the gender wage gap among young adults, in their mid-20s, across four of the five birth cohorts, covering 1972 to 2015. The gender wage gap declines with each new cohort. It fell from 33% for 26-year-olds in 1972 (before implementation of the Equal Pay Act) to around 7% for 25-year-olds in 2015. The rate of decline in the gap is even greater when allowing for the low employment participation of lower earning women in the earlier cohorts. Taking graduate and non-graduates separately, we found most of the convergence in the gender wage gap was among people without degrees. Graduate women in the early cohorts were few in number but relatively well paid. The estimate of unequal treatment remained significant in 2015, around 6%. It was also shown (in the cohorts observed in 1996 and 2015) that much of the wage gap which was unexplained by human capital was attributable to the sex-based composition of occupations, suggesting social undervaluation of 'women's' jobs.

The covid pandemic disrupted the working lives of many, requiring our colleagues to collect data to establish what impact it was having. Those born in 1958, 1970, 1990 and 2000, then aged 62, 50, 30 and 20, were sent an online survey, in three waves between mid-2020 and March 2021. Our team looked at the results for evidence of gender inequality in paid work at this unusual time. One striking finding was that women were more likely than men to be furloughed, even when working as key workers, especially if they had children. Among

people who continued in employment over the pandemic we looked for gender differences in the propensity to work at home and in their pay. It was better paid workers – usually men – who appeared more likely to work from home. Part-time workers – mainly women – were not. The gender wage gap was particularly large among workers from home. These gaps were largely attributable to the employment situation prior to the pandemic, implying that they reflect pre-existing lines of gender inequality.

Our research into the gender pay gap is on-going, continuing to examine factors contributing to the gap and changes in it. Among the outstanding obstacles to a continued convergence of men's and women's pay are those faced by parents combining paid work with family life, still mainly affecting mothers. Mothers are facing pay penalties linked to choices around occupations, hours and employers, to balance work and family life. Some of the unexplained gap reflects discriminatory behaviour by employers and others. Public policies introduced in the 1970s can and did reduce gender inequality in the labour market, as should the more recent gender pay gap reporting in large firms. More could be done to speed up the slow progress. Fruitful areas for policy development include eliminating unequal treatment in hiring, pay setting, training and promotion (including for part-timers); improving access to flexible working arrangements and parental leave (for both men and women); quotas to increase women's access to managerial and board-level positions; and zero tolerance of sexism and harassment in the workplace and the wider society. Although the Gender Pay Gap has not featured much in the 2024 election, there is plenty an incoming government might do to hasten its demise.