

# WOMEN IN LONDON'S ECONOMY



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Greater London Authority  
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# Mayor's foreword



London's future as a world city depends on using the talents of all its citizens to the full. Women are the majority of London's population yet entrenched barriers often prevent them playing a full and equal part in London's economy as this report shows. The inequalities revealed are bad for women and bad for London's economy and society.

This study presents the latest results of a programme of research into women in London's economy. I hope it will stimulate discussion on the measures needed to ensure women can engage equally in London's economy and to

allow business to benefit fully from women's potential contribution.

It demonstrates that:

- While London's economy contains a higher proportion of highly paid jobs than most of the rest of the UK, women are much less likely than men to be in them. The difference between pay for men and women in London is greater than elsewhere in the UK, with an average gender pay gap for women working full-time of 25 per cent. This average figure conceals far greater extremes. Women are much more confined to less senior jobs and lower-paying industries. The most common man's employment in London pays £17.30 an hour, but the most common woman's employment pays £5.38 an hour.
- Women with dependent children in London are less

likely to be in employment than women elsewhere in the UK, contributing greatly to London's high level of child poverty.

- As well as being under-represented in senior grades in employment women are under-represented in London's business sector - making up less than ten per cent of directors and less than five per cent of executive directors of FTSE 100 companies based in London. London's economic output would be raised by £1.5 billion a year if the rate of part-time employment of women with dependent children was equal to that in the rest of the UK.

Despite progress made in some areas the situation highlighted by this report is unacceptable for a city that relies on using the talents of all its citizens in an increasingly competitive global marketplace - nor is it in accord with social justice.

The report considers reasons for these inequalities. For example, it would appear that indirect discrimination may play a greater role in London than in the rest of the UK. The costs of childcare, the lack of flexible employment opportunities and the operation of the tax and benefit systems for instance create particular barriers for women with children to move into employment in London.

This research demonstrates why measures the Greater London Authority has started to promote strongly, such as family-friendly employment policies, are important. It also supports the case for more robust equality laws, including positive duties to promote equality.

The areas requiring further research are clear, such as the impact of indirect

discrimination and gender segregation in employment. Others measures needed to address inequality will become clearer both through this programme of research and as a result of dialogue with women in London, businesses, trade unions and policy-makers.

I look forward to this report stimulating a wide-ranging discussion.



**Mayor of London**  
January 2005



# Chapter 1:

## Introduction

### 1.1 Overview

Women contribute to London's economy in many ways, paid and unpaid. They bring up children; look after partners, relatives and friends; maintain households; take part in voluntary organisations; and undertake civic duties. But this report is concerned with the part that is recognised and paid - the role that women play in employment and business. It primarily considers the position of women in full-time employment and the barriers to such employment, although part-time workers are also considered.

It is the first report on a dedicated programme of research by the Greater London Authority (GLA) into Women in London's Economy. In addition to quantitative analysis, it presents the views of London women obtained through qualitative research, and assesses the strengths and limitations of current anti-discrimination policies

and what could be done to improve these. It also considers the current debate around equality and anti-discrimination law, in particular discussion about positive duties, specific measures such as childcare, family-friendly working and pay audits, and the need to widen dialogue on how to tackle the factors that contribute to a gender division of occupations.

Given the complex interactions of labour markets, gender relations and demographics, no single report can hope to cover the full range of issues. This report seeks to throw more light on the following questions:

- What are the trends in women's employment?
- How does this compare with the rest of the UK?
- Where do women work?
- How does this compare with where men work?
- How senior are women in employment?
- What do women earn?
- What contributes to the differences between men's and women's pay?
- Are there differences between London and the rest of the UK in these factors?
- What impact does having children have on women's employment?
- Is there a glass ceiling for women in senior positions and business?
- What impact has legislation had on women's employment?
- What might be done to improve the situation?

The picture that emerges from this research is of an economy where women are less likely to be in well paying jobs than men and restricted to jobs where rewards are low. The gender pay gap in London is wider than in the rest of the UK; differences in the pay of occupations that men and women work in account for about half of this gap. Women are much less likely to be in employment if they have

dependent children than similar women elsewhere in the UK. They are also under-represented in senior positions, in skilled trades and in running businesses. Although London's economy has many well-paid jobs, women are less likely to be in them.

These facts not only deny equality to women; they also mean that London businesses are not taking advantage of the full range of skills and talent potential in the population. London's relatively low incidence of women with dependent children in employment reduces London's output by around £1.46 billion a year.

The vision of the Mayor of London and the GLA, that London be an exemplary, world city, based on diverse economic growth and social inclusion, requires that barriers to the fullest economic participation of women, across all sectors and levels, be removed. The Mayor and GLA seek dialogue about the findings of this research with London businesses,

policymakers, unions and women at all levels.

## 1.2 Report structure

Chapter 2.1 provides summary conclusions of the quantitative research.

Chapter 2.2 sets out the characteristics that affect women's participation in the London economy, in comparison both with men and with women elsewhere in the UK. It also quantifies the loss to London's output of the lower participation rate of women with children.

Chapter 2.3 shows women's participation in employment, by sector and type of job. It uses a detailed cross-tabulation of industries and occupations to throw further light on the relative representation of women in specific areas of work. It identifies the most common types of jobs for women and for men.

Chapter 2.4 analyses the gender pay gap - the difference between women's

and men's average pay - in London and in Great Britain. It identifies the measurable factors that help to build the pay gap and discusses how far these can be attributed to differences in characteristics between men and women or to differences in occupation.

Chapter 2.5 looks at women's role in businesses, in terms of ownership and board membership. It analyses the size and sector of women-owned businesses and identifies some of the financial difficulties they face.

Chapter 3 illustrates the issues raised in the rest of the report by direct information and quotes from women who participated in qualitative research commissioned specifically for this study.

Chapter 4 examines legislation and policy relating to women's role in the economy and what might be done to improve it.

Chapter 5 outlines related research for further reading.

# Chapter 2:

## Quantitative research

### 2.1 Summary

#### *Women in London*

The number of women of working age in London is increasing.

Economic activity rates and employment rates are lower among London's women than among women in the rest of the UK.

Age makes a difference: economic participation is higher among young women, lower for women in their thirties and higher again for women in their forties.

Having dependent children greatly affects female employment rates. Women without dependent children are as likely to be employed as men, those with children much less likely. This is especially true in London and is a significant contributor to poverty in the capital.

Women with higher levels of qualification are more likely

to be in employment than those less qualified.

Women are less qualified than men overall, although younger women are increasingly outperforming their male counterparts in educational attainment.

Disabled women and black and minority ethnic women have lower employment rates.

London's relatively low incidence of women with dependent children in employment is estimated to reduce output by around £1.46 billion a year, nearly one per cent of the total.

#### *Women in work*

Although women's share of employment has risen both across Britain as a whole and in London, proportionately fewer women are employed in London than in the rest of the country.

Women form a majority of employees in the public

sector; elsewhere they are outnumbered by men.

Women are relatively underrepresented in London's growth industries.

There is particularly poor representation at senior occupational levels and in skilled trades.

Women are especially overrepresented in personal services in education, administrative roles in health and education, and elementary occupations in health.

Women are restricted to jobs where rewards are low: the most common female occupation pays £5.38 per hour, while the most common male occupation pays £17.30.

#### *The gender pay gap*

The gender pay gap is around 25 per cent for women working full-time in London, and around 20 per cent for full-time employed women resident in London.

Part of this gap is accounted for by different individual and job characteristics between men and women. Part is directly due to the unequal treatment of women.

Differences in the pay of the occupations that men and women work in account for around half of the gender pay gap in London.

Most of the gender pay gap can be associated with a combination of the different jobs women do compared to men and their different individual characteristics such as qualifications held.

The current state of research does not allow us to unpack the extent to which women are unfairly corralled into low paying occupations.

### *Women in business*

Women are under-represented on the Boards of UK businesses and fewer than five per cent of Executive Directors in the FTSE 250 are women

Women are much less likely to own businesses than men, although there is little distinctiveness about the business issues that they face once they set up in business.

## **2.2 Women in London**

It is no small task to describe women's experience in the labour market and to disentangle the factors which

influence that experience. These range from women's life experiences and training to the characteristics and opportunities of the businesses and organisations that they enter. This section presents an overview of the key characteristics of women who are *resident* in London that influence their participation in London's economy.

### *Growth in the number of working age women in London*

The resident female population of London is 3.7 million, of whom three million are over 16 years of age and 2.3 million are of working age (between 16-59 years). This means that 63 per cent of women in London are of working age, compared to 58 per cent in Britain as a whole.

But London has a much younger working age female population than the rest of Britain (Figure 1). Forty per cent of women in London are aged 20-42 compared to 32 per cent for Britain as whole. For women aged 42 to 59 the position is reversed, with 19 per cent of women in London falling within this age range as opposed to 22 per cent of women in Britain. London has a particularly high share of women in the 20-29 age range: some 17 per cent of London's women are in their twenties compared to 12 per cent for Britain.

The number of working age women in London is projected to rise (Figure 2). Much of this will result from the change to the state pension age for women, which will increase incrementally from 60 to 65 between 2010 and 2020. The number of women of working age in London is projected to outnumber men from 2012.

### *Economic activity of women in London*

The Labour Force Survey defines as economically active those who are in employment, unpaid family workers and/or those who are unemployed.

Economically inactive people are those who are seeking work but are unavailable to work and those who are not seeking work.<sup>1</sup> An individual's labour market status may be through voluntary preference or an involuntary choice.<sup>2</sup>

Figure 3 compares economic activity rates for women and men of working age resident in London and the rest of the UK (excluding London) in 2002. Comparing men and women in London shows that:

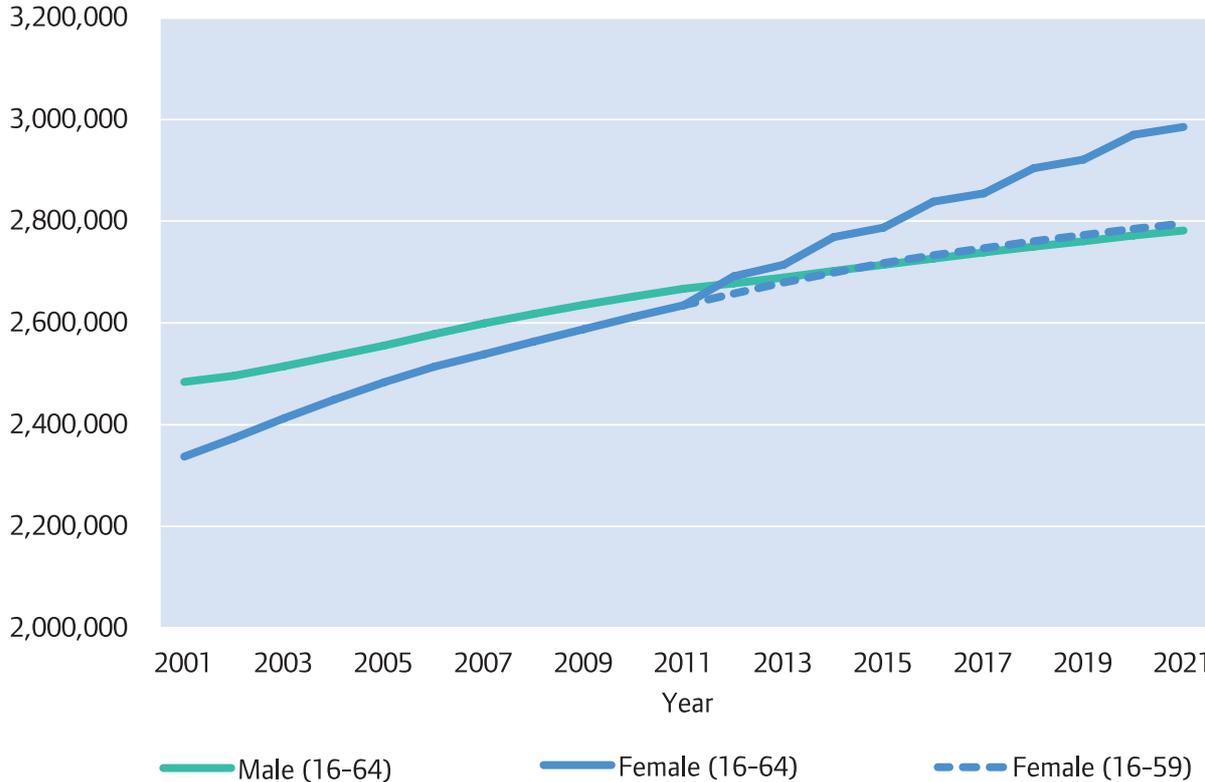
- women are less likely than men to be employees (57 per cent of women, 62 per cent of men)
- women are less likely than men to be self-employed (six per cent to 13 per cent)
- women are less likely to

Figure 1: Distribution of female population by age, 2002



Source: Office for National Statistics and GLA Data Management & Analysis Group

Figure 2: London's working age population by gender 2001 - 2021



Source: Data Management and Analysis Group, GLA

be registered as unemployed<sup>3</sup> (four per cent to six per cent)

- women are more likely than men to be economically inactive (31 per cent to 18 per cent)
- in particular, women in London are more likely than men in the capital to be classified as economically inactive because of not wanting to work (24 per cent to 13 per cent).

Comparison between London’s women and women in the rest of the UK shows that:

- London’s women are less likely than women in the

rest of the UK to be employees (57 per cent in London, 65 per cent in the rest of the UK)

- London’s women are more likely to be economically inactive (31 per cent to 27 per cent)
- women in London are more likely to be economically inactive and classified as not wanting paid work (24 per cent to 20 per cent)
- the proportions of self-employed women in London and in the rest of the UK are similar; also London’s women are as likely as women in the rest of the UK to be unemployed.

Many parts of London have relatively high rates of unemployment and inactivity for both men and women. In 2001, Hackney, Haringey, Newham and Tower Hamlets, uniquely among local authority districts in Great Britain, all had employment rates that were below 60 per cent. However low employment rates in London are not confined to a few pockets; high rates of worklessness characterise practically the whole of East and Central Inner London both north and south of the river.<sup>4</sup> Research from the Prime Minister’s Strategy Unit has examined whether differences between Inner

**Figure 3: Economic position of male and female working age residents**



Source: Labour Force Survey

London and other regions can be explained by the characteristics of their populations.<sup>5</sup> It identified the significant determinants of economic activity as:

- age
- family type (married/cohabiting or single, and with or without dependent children)
- number of children aged under four
- highest qualifications achieved
- ethnicity
- work limiting disability.

Three broad categories of economically inactive people were identified:

- inactivity owing to looking after family/home
- inactivity owing to long-term sickness/disability
- inactivity owing to 'other' reasons.

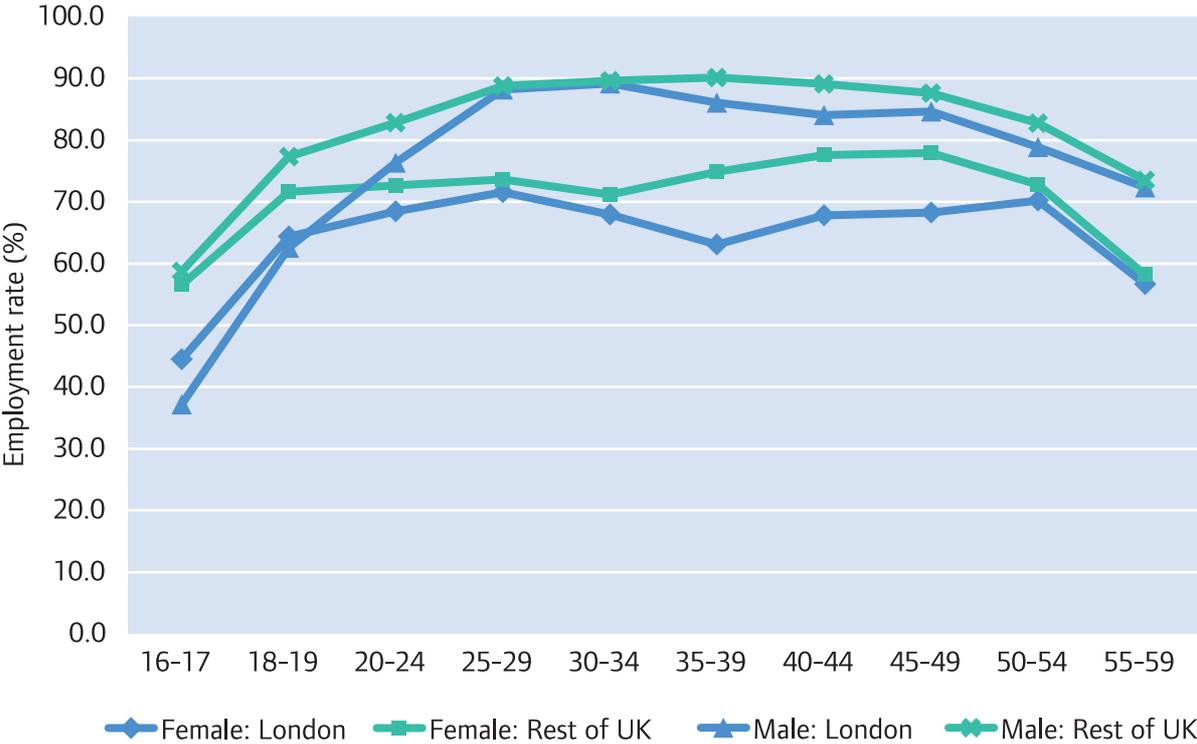
A substantial amount of the regional variation in unemployment rates can be explained by differences in age, family type etc. However, there are significant differences in the rate of economic inactivity owing to looking after family/home and/or being long-term sick or disabled between Inner London and other regions. This suggests that there are specific effects of being in Inner London that account

for these higher inactivity rates. Further work is required to determine what these local Inner London effects might be.

A further important finding from this study is that women in London who have children are more likely to be economically inactive than women who have children in other regions of the country.

*The life cycle of women and work: an 'n' curve for men but an 'm' curve for women*  
The employment rates of men and women, both in London and the rest of the UK, vary with age (see Figure 4).

Figure 4: Employment rate by age and gender, 2002 (excluding full-time students)



Source: GLA Economics from Labour Force Survey

It appears that over the male life cycle there is an 'n' curve, in which male employment rises to a peak and then diminishes. In the rest of the UK, this peak is in the 35-39 age range; in London, male employment rate reaches its peak earlier, in the 30-34 age range.

For women the pattern is crucially different: the female work life cycle follows a distinct 'm' curve. In London, this 'm' is more pronounced than it is for the rest of the UK, and the mid-life minimum is reached at a later age. In the rest of the UK, female employment falls to 71 per cent among the 30-34 age group before beginning to rise again. In London, the comparable figure falls to 63 per cent, in the 35-39 years range.

Overall, from the age of 20 years and older, employment rates for London women are lower than those of London men.

#### *Younger women*

Among younger women in London, employment rates are significantly lower than in the rest of the UK, as indeed they are for men. This can largely be explained by the higher proportion of students<sup>6</sup> in London within the age range of 16-24. Employment rates for women peak in London in the 25-29 group although

the rate of 72 per cent is slightly below that for the rest of the UK.

#### *Thirty-somethings*

Female employment rates in London begin to fall in the 30-34 age group and fall much more sharply for those aged 35-39. This contrasts with the pattern in the rest of the UK, which falls in the 30-34 age group but then recovers in the 35-39 group. It is in this age range of 35-39 years that the gap between women in London and the rest of the UK is widest (63 per cent in London, 75 per cent in UK).

This dip in the 'm' curve is key to understanding why women's performance in the labour market differs from that of men. The causes of this dip need to be explored – but the age range of 30-39 is clearly when women are most likely to face the demands of combining paid work with looking after children.

#### *Women returning to work*

In the 40-44 age range, employment rates for women in London increase sharply to 68 per cent. However, unlike in the rest of the UK, they remain below the rates of women in their twenties. By contrast, outside London the employment rate for women falls sharply in the 50-54 age range, whereas in London it rises to 70 per cent, close to the national average. In this

age range, the difference in employment rates between men and women in London also narrows markedly as the employment rate of men falls.

#### *Household*

GLA projections of population by family status suggest that women living in couples in London tend to have higher employment rates (68 per cent) than single women (58 per cent). Women living in a family with dependent children are much more likely to be employed (59.4 per cent) than other women (predominantly lone mothers) with dependent children (employment rate of just 37.2 per cent). The number of single female households in London is projected to rise from 0.5 million in 2001 to 0.65 million in 2021, as are the numbers of female lone parents, from 0.24 million in 2001 to 0.27 million in 2021.<sup>7</sup>

The high level of worklessness in London in part reflects a relatively high percentage of lone parent households. Fifty-two per cent of lone parent households in London are workless compared to eight per cent of households comprising couples with dependent children (although worklessness in London for households comprising couples with dependent children is also significantly higher than in the UK

generally<sup>8</sup>). Women head more than nine out of ten lone parent households.<sup>9</sup> These figures reflect the greater impact that an inadequate supply of affordable childcare has on a single parent household.<sup>10</sup>

*The challenge of raising children and working*

The age at which a woman has children, and the number of dependants she has, will impact upon her ability to enter and remain in the labour market.

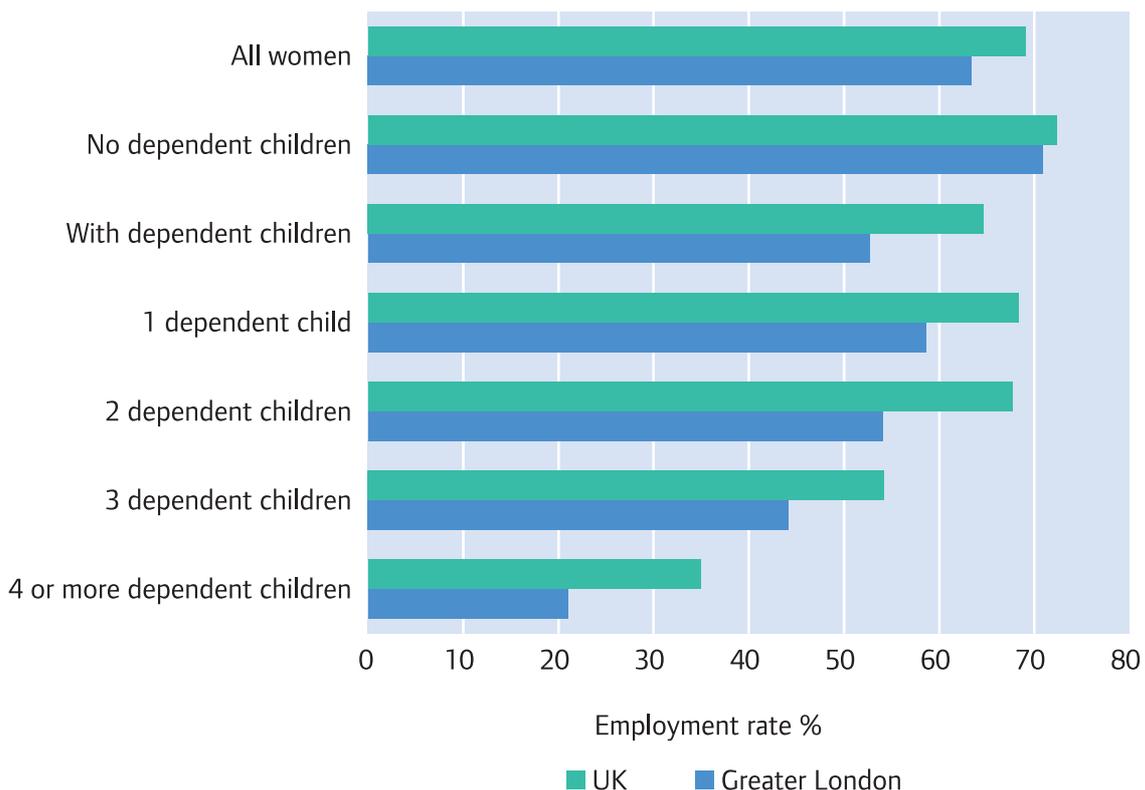
There is a national trend towards women having children later in life. In England and Wales the average age of mothers at childbirth has increased by

three years since 1971, from 26.2 years to 29.1 in 2000. Over the last decade the average age of women at the birth of their first child has risen by one and a half years, to reach 27.1 in 2000. Information on the average age at first birth over the last 30 years is only available for married women<sup>11</sup>. The average age of women giving birth for the first time inside marriage has increased by almost six years since 1971 from 24 to 29.6 in 2000.<sup>12</sup> Births outside marriage tend to take place at a younger age than those inside marriage: in 2000, women giving birth outside marriage were more than four years younger than their married counterparts.<sup>13</sup>

In 2001, 48 per cent of London's births were to women aged below 30, compared to the UK's rate of 58 per cent.<sup>14</sup> As shown in Figure 4, the employment rate for women drops in the peak age ranges for child birth.

The fertility rate for London women, the number of births the average woman has over her lifetime, was 1.62 children per woman in 2001 - almost identical to the UK rate of 1.63.<sup>15</sup> As the number of dependent children that a woman has increases, then the likelihood of being in employment decreases. Figure 5 shows that this effect is more pronounced within London than the UK generally.

**Figure 5: Employment rates for women by number of dependent children**



Source: Annual Labour Force Survey 2002/03

Figure 6 shows that within London the impact is particularly marked in Inner London, where only 43 per cent of women with dependent children are in employment.

It appears that women with childcare responsibilities have greater difficulty accessing employment opportunities in London than elsewhere in the UK. The three most important barriers that prevent them entering the labour market include:

- the cost and availability of childcare
- the lack of part-time or flexible employment

- opportunities that would allow them to combine work and childcare responsibilities
- the impact of both housing and childcare costs on the economic gain for those moving off benefits into employment.<sup>16</sup>

Figure 7 shows the difference in employment rates between men and women with and without dependent children.<sup>17</sup> Comparing London's women with London's men shows:

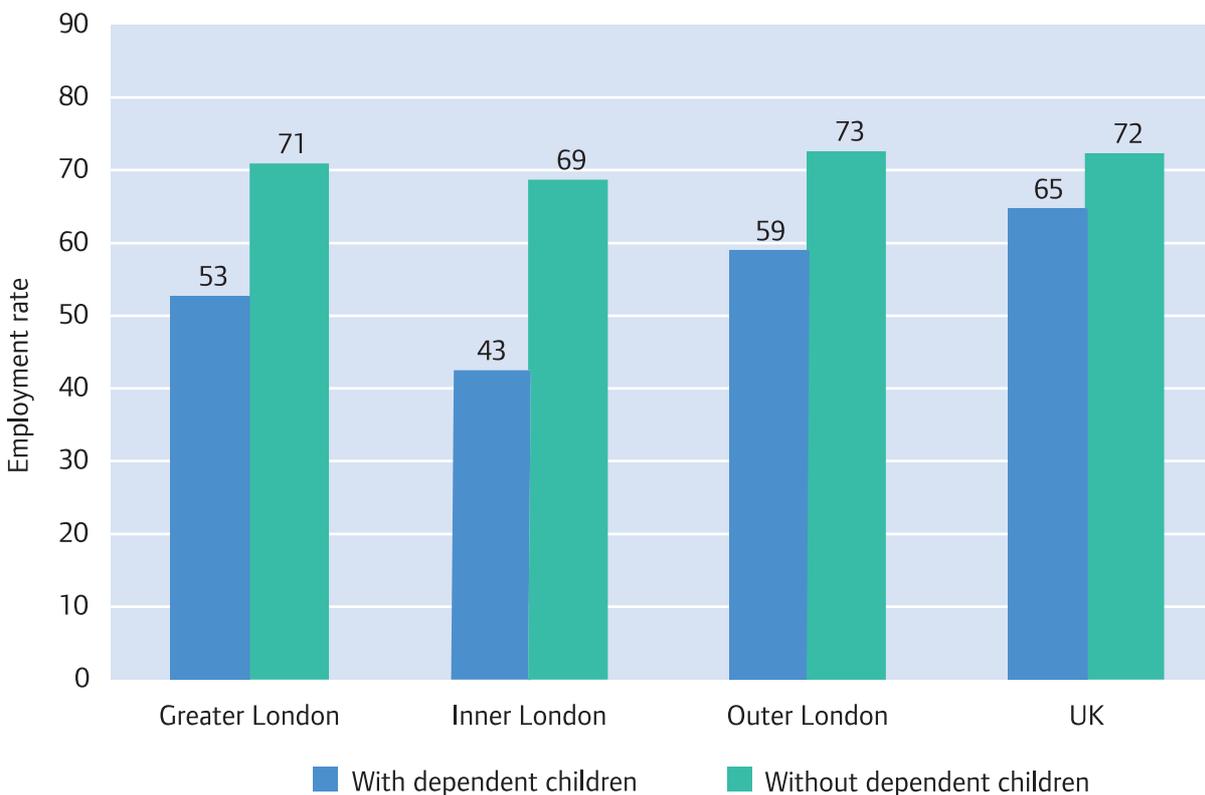
- women in London without dependent children are as likely to be employed as men without dependent children (71 per cent)

- women in London with dependent children are much less likely to be employed (53 per cent) than men with dependent children (85 per cent)
- women in London with dependent children under five years old are least likely to be employed (42 per cent) while men in London with dependent children under five are most likely to be employed (86 per cent).

Comparison between London's women and women in the UK as a whole shows:

- women without dependent children are as likely to be

**Figure 6: Employment rates for women in London with children**



Source: Labour Force Survey 2002/03

- employed in London (71 per cent) as the UK (72 per cent)
- women with dependent children are less likely to be employed in London (53 per cent) than the UK (65 per cent)
- the difference is most marked for women with dependent children under the age of five, with 42 per cent in employment in London compared with 52 per cent of women in the UK.

As the age of the youngest dependent child increases, the employment rate for women rises both in London and the UK. However the

employment rates for London's women with dependent children of all age groups are always below the UK level.

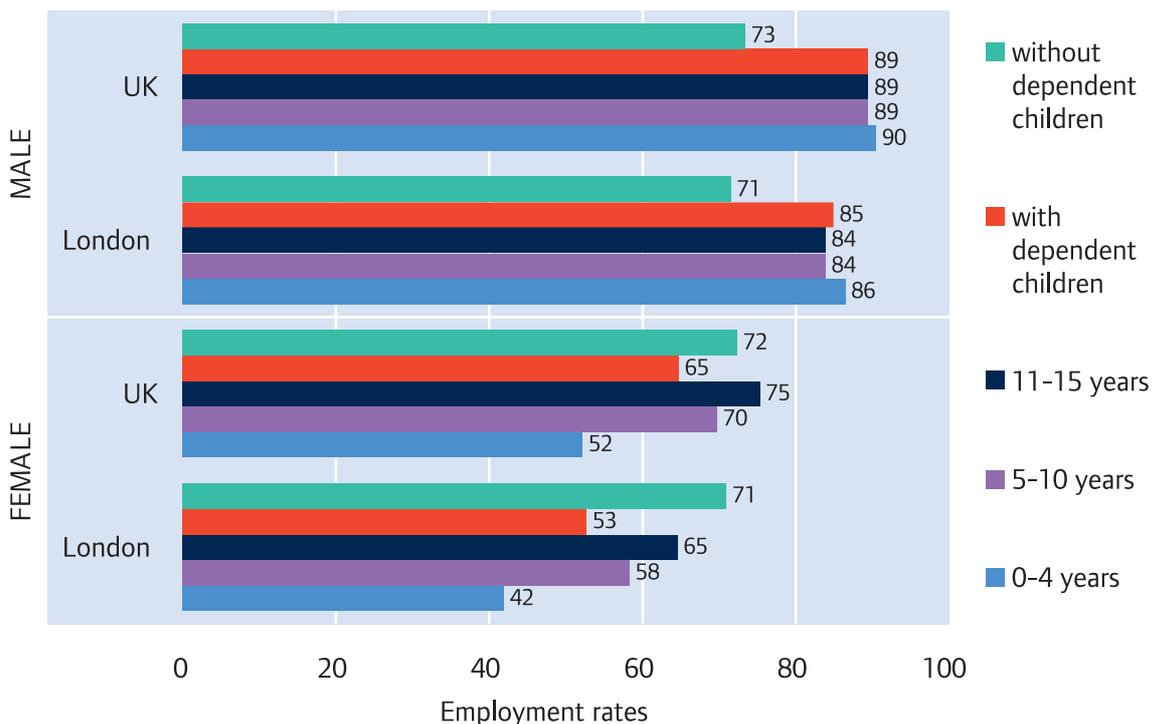
*Lone mothers in London*

If having dependent children reduces employment rates for women, then the likelihood of employment is even less among lone mothers in London. Lone mothers are less likely to be in employment than women with children who live as part of a couple. This is especially important for London as 7.6 per cent of households in London are lone parent households, compared with 6.5 per cent in England and Wales.<sup>18</sup>

Recent research has observed a widening gap between the employment rates of lone mothers in London and those of lone parents nationally. Data from the late 1980s shows the rate in London was close to the national average. Nationally, part-time working among lone mothers has increased, but this has not occurred in London.<sup>19</sup> Lone mothers in London have different characteristics from lone mothers elsewhere in the UK.

Lone mothers working in London are more likely to work in lower managerial, professional or intermediate<sup>20</sup> occupations.<sup>21</sup> They are less

**Figure 7: Employment rates of women and men, by age of dependent children, 2002/03**



Source: Labour Force Survey

likely to be in sales or elementary occupations. In London 60 per cent of working lone mothers are working 30+ hours compared with 44 per cent in the rest of the UK.<sup>22</sup> More are single (not previously married) than those living outside London. More than half the lone mothers living in Inner London are local authority tenants, well above the national average of around one third. Lone mothers in London are less likely than those living elsewhere to be receiving any maintenance, though those who do so receive more than average. Lone parents in London are also more likely to be full-time students.

These characteristics reduce the propensity for lone mothers in London to be in paid work.<sup>23</sup> The fact of living in London reduces lone mothers' chances of being in paid work by around ten percentage points.<sup>24</sup>

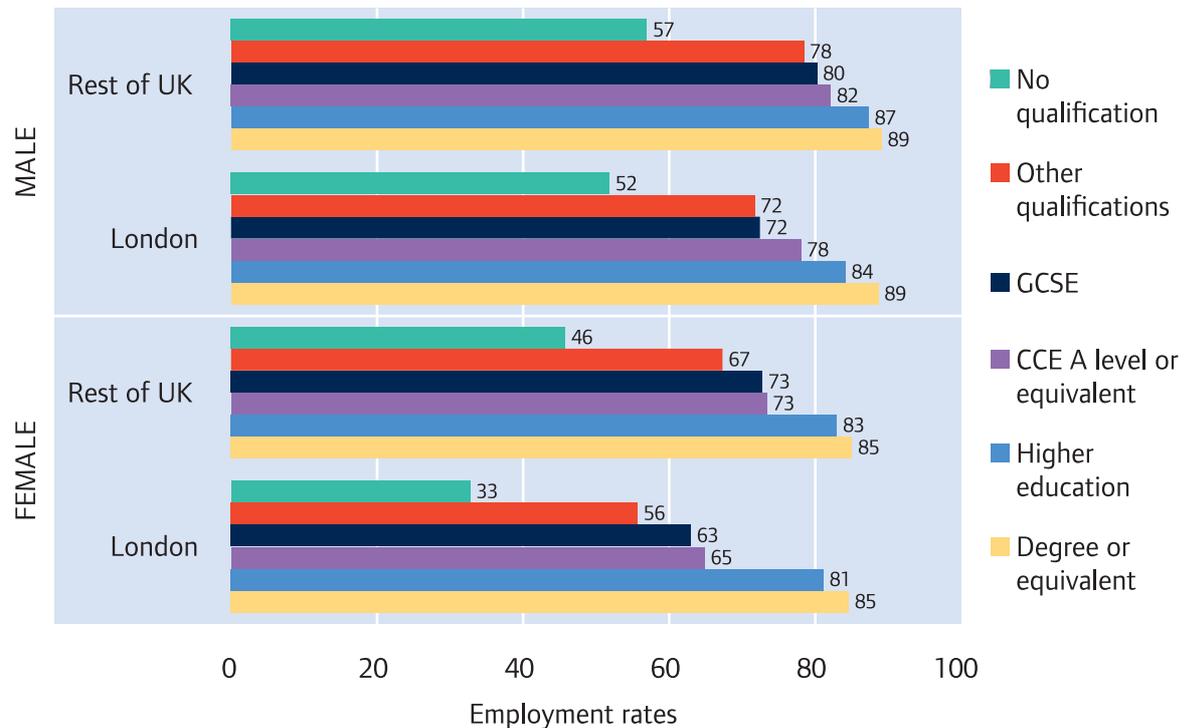
Lone parents face a number of barriers to entering work. For lone parents on income support, the lack of affordable, accessible childcare is the single most important barrier to entering work: 78 per cent say they would prefer to get a job or study if they had access to suitable child care.<sup>25</sup>

*Qualification levels of women*  
Employment rates rise with

the level of qualification. People with no qualifications are least likely to be employed while those with degrees or other higher education are most likely. Figure 8 shows the employment rates for men and women in London and the rest of the UK. Comparing London's women with London's men shows:

- among those with no qualifications in London, women are much less likely to be employed (33 per cent) than men (52 per cent)
- women with GCSE or equivalent qualifications in London are less likely to be

**Figure 8: Employment rates by qualification (working age population), 2002**



Source: Labour Force Survey

Note: Higher education comprises NVQ level courses, diploma in higher education; HNC/HND, BTEC higher; teaching; nursing; RSA higher diploma; other higher education below degree level.

employed (63 per cent) than comparable London men (72 per cent)

- women in London with degree level qualifications are also less likely to be employed (85 per cent) than men (89 per cent); the difference in employment rates between men and women narrows the higher the level of qualification, both in London and the rest of the country.

Comparison between London's women and women in the rest of the UK shows:

- women with no qualifications are less likely to be employed in London (33 per cent) than in the rest of the UK (46 per cent)
- women with GCSEs also have a lower employment rate in London (63 per cent) than in the rest of the UK (73 per cent)
- women with degree level qualifications have the same employment rate in London as the rest of the UK (85 per cent).

At levels of no or low qualifications, the employment rates for women in London are lower than those for other women in the UK. However, in London, employment rates rise more rapidly as qualification levels increase such that at higher

levels of qualifications, London's women match the UK average.

### *Secondary and further education*

Year on year, the percentage of five or more GCSE A\*-C grade passes has been increasing for both genders, but females consistently outperform males. In London, girls attending Outer London schools perform better (59 per cent with 5+ GCSE A\*-C) than the England average for girls (57 per cent) whereas girls attending Inner London schools perform worse (49 per cent).<sup>26</sup> The better performance of girls is clearer in A-level passes and further education results. Both genders improved results in recent years but the gap between males and females is widening. In 2000/01, 32 per cent of females in Outer London achieved three A-levels or equivalents compared to 24 per cent of males. For Inner London, 25 per cent of females reached this standard, compared with 18 per cent of males.<sup>27</sup>

### *Higher education*

In 2003, London Higher Education Institutions had more women than men completing Higher National Diplomas (60 per cent) and degrees (57 per cent). At the same time, women took 48 per cent of doctorate level qualifications. The biggest differential is in

teacher training where females hold 73 per cent of Post Graduate Certificate of Education places<sup>28</sup>.

In England as a whole, gender divisions in subject areas studied are clear (Table 1). Women are more likely to be studying medicine, veterinary science, education and languages but are less likely to be studying physical sciences, mathematical sciences, architecture, computer science and engineering. Research shows maths and science subjects translate into higher paid jobs in the future.<sup>29</sup>

Among London's new graduates in 2002/03, more males achieved a first class degree (12 per cent) than females (ten per cent). More females achieved an upper second-class passes at 48 per cent, with 44 per cent of males doing the same. Males and females equally achieve lower second-class passes at 34 per cent. More males achieved a third class/pass degree (ten per cent) than females (eight per cent).<sup>30</sup>

Table 2 shows that although women's educational achievements have progressed in recent years, they remain at an educational disadvantage compared to men. Twenty-three per cent of working age women have degrees compared to 27 per cent of working aged men. Moreover,

**Table 1: First year full-time undergraduates by course and gender for England**

Favoured courses for women			Least favoured courses for women		
Subject	Total	% Female	Subject	Total	% Female
Medicine (and related)	16,700	79	Humanities	9,400	52
Veterinary science	600	78	Business studies	33,500	51
Education	12,300	73	Physical sciences	11,200	39
Languages	15,000	72	Mathematical sciences	4,500	36
Biological sciences	17,900	63	Architecture, planning	5,000	28
Agriculture	2,100	63	Computer science	21,300	20
Law	11,500	62	Engineering	21,100	15

Source: Higher Education Statistical Agency 2001/02 student data

**Table 2: Qualification level by gender and age (%)**

Females in London						
Highest qualifications obtained	16-24	25-34	35-44	45-54	55 to age of retirement	All working ages
Degree	14	35	22	18	12	23
Higher education	3	7	7	9	8	7
GCE, GCSE and other qualifications	72	49	55	52	51	56
No qualification	12	9	15	21	29	15
Total	100	100	100	100	100	100
Males in London						
Highest qualifications obtained	16-24	25-34	35-44	45-54	55 to age of retirement	All working ages
Degree	13	39	28	25	19	27
Higher education	2	5	6	5	7	5
GCE, GCSE and other qualifications	72	48	54	55	49	55
No qualification	13	8	11	15	26	13
Total	100	100	100	100	100	100

Note: Higher education comprises NVQ level courses, diploma in higher education; HNC/HND, BTEC higher; teaching; nursing; RSA higher diploma; other higher education below degree level. Numbers have been rounded.

Source: Labour Force Survey 2002/03

15 per cent of working age women have no qualifications compared to 13 per cent of working aged men.

Figure 9 shows women's employment rates in London by selected qualifications achieved by age band. Women with no qualifications struggle to get a job, particularly those in their twenties, who have very low employment rates of 23 per cent.

The pattern for men is different (Figure 10). Males with A-levels and higher qualifications have the typical 'n' shaped male employment curve, whereas women's rates have two dips, one occurring

in their early thirties and the second in their early forties.

Comparison between Figures 9 and 10 demonstrates that even for equally qualified people there is a gap between male and female employment rates. This gap is largest for women with no qualifications.

*Ethnicity*

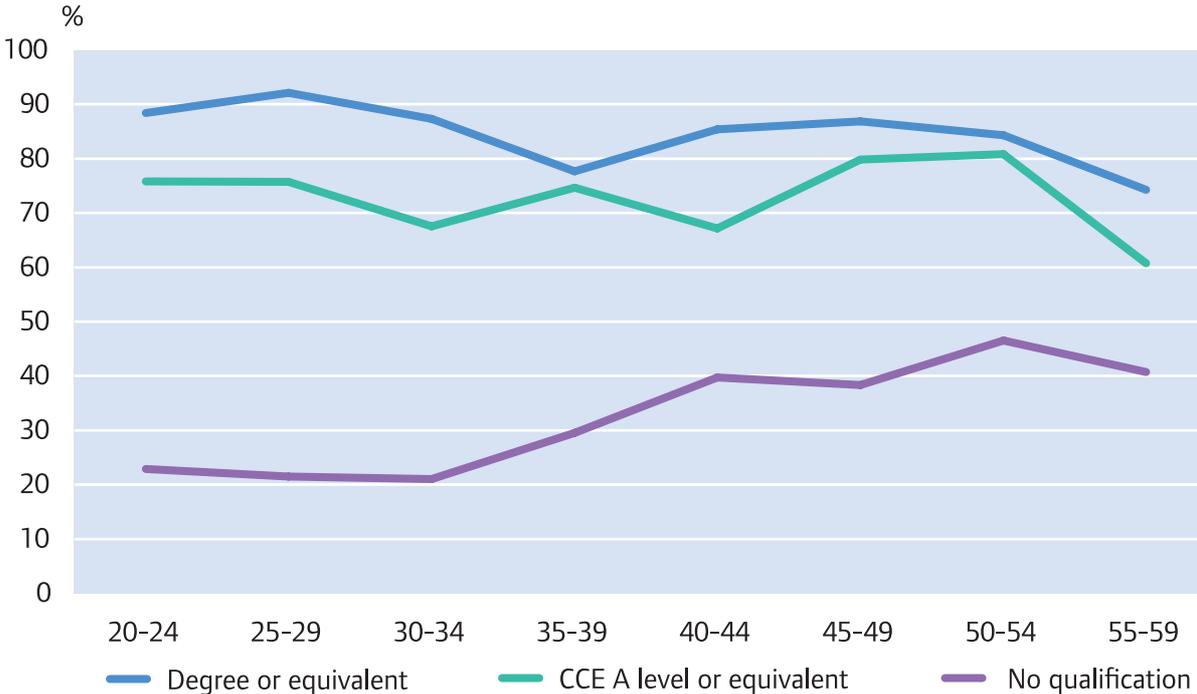
Female employment rates vary by ethnicity, potentially reflecting differences in age profile, educational level, the assumptions and expectations of employers, and cultural and religious beliefs.<sup>31</sup> Women in the White British group have the highest employment

rate of 70 per cent followed by Other White women (64 per cent), Indian women (63 per cent) and Black Caribbean women (62 per cent). The employment rate is lowest for Bangladeshi and Pakistani women. See Figure 11.

We have seen that the age at which a woman has children and the number of her dependants impact on her ability to enter and remain in the labour market. Both the peak age range for having children and the number of children that a woman has varies between ethnic groups.<sup>32</sup>

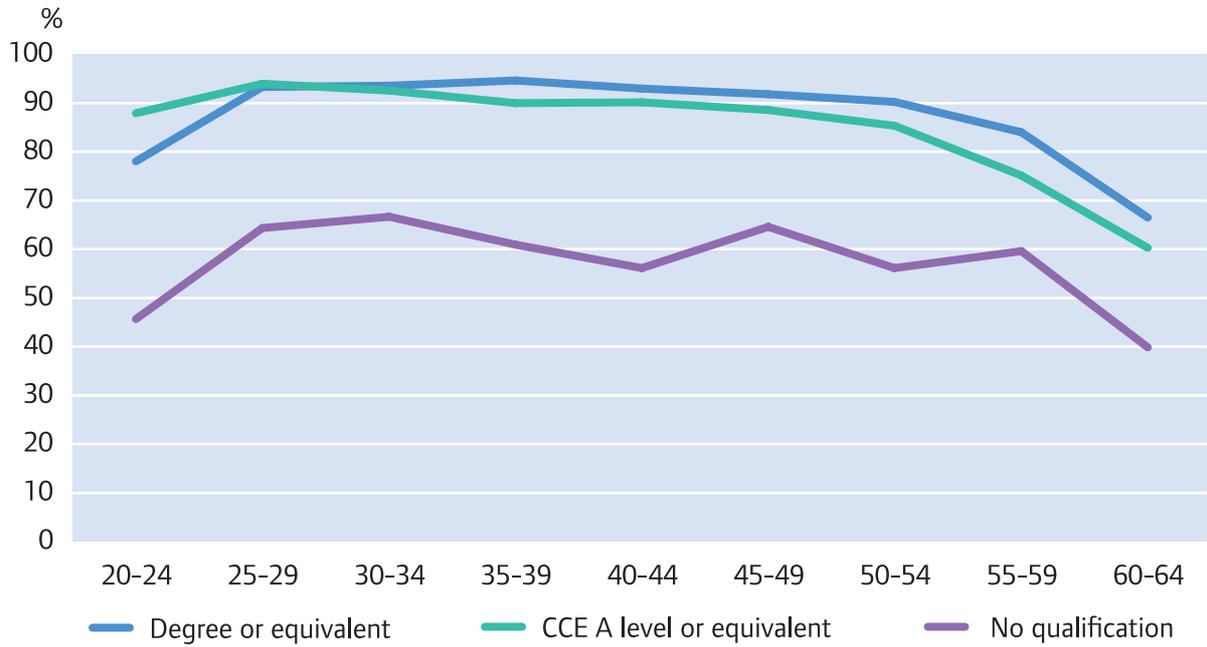
Different ethnic groups also show a different relationship

**Figure 9: Employment rates for women in London, by age and highest qualifications**



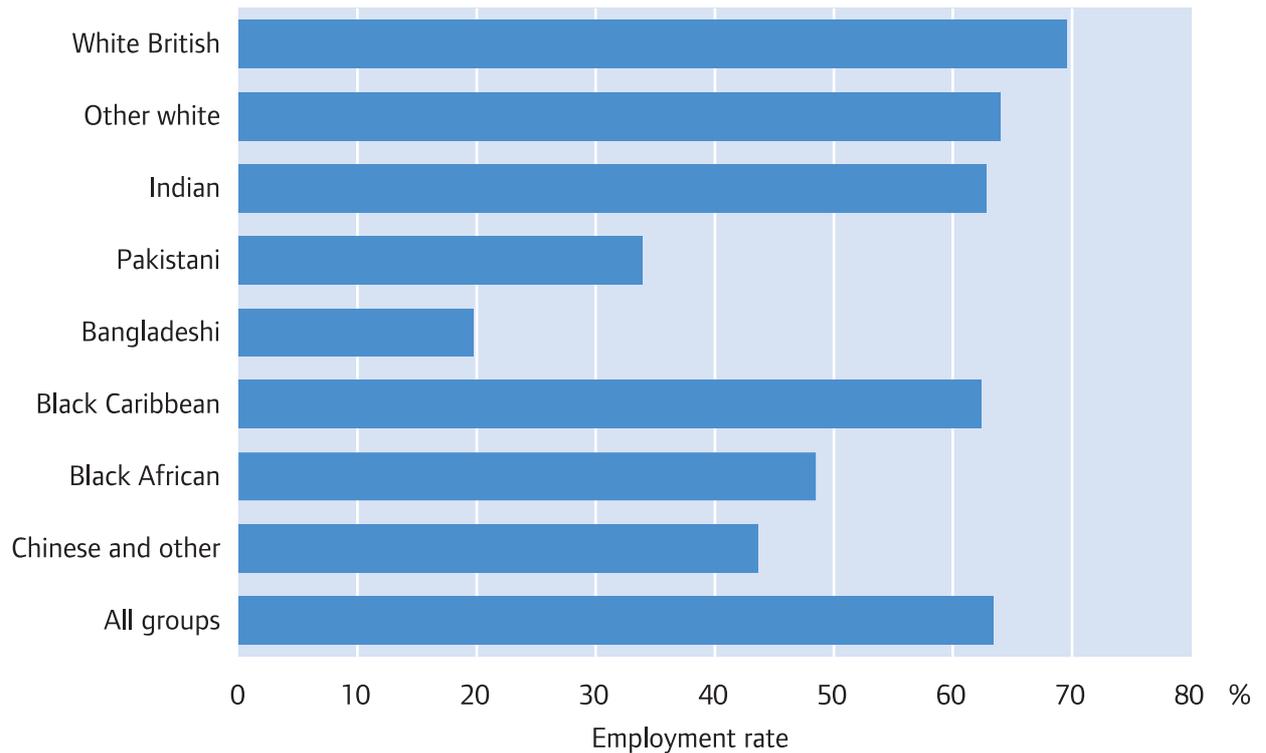
Source: Labour Force Survey 2002/03

**Figure 10: Employment rates for men in London, by age and highest qualifications**



Source: Labour Force Survey 2002/03

**Figure 11: Employment rates for women in London by ethnic group**



Source: Labour Force Survey

between employment rates and dependent children. White women with dependent children are more likely to participate in the labour market than women from black and minority ethnic groups<sup>33</sup> (58 per cent compared with 44 per cent).

One third of black and minority ethnic women workers are employed in the public sector compared with one in six of black and ethnic minority men, just above the levels for people of all ethnic origins. A relatively high proportion of black women workers (40 per cent) are employed in the public sector. This contrasts with the

position for women from Asian or other ethnic minority origins who are under-represented in the public sector (Figure 12).

*Disabled women*

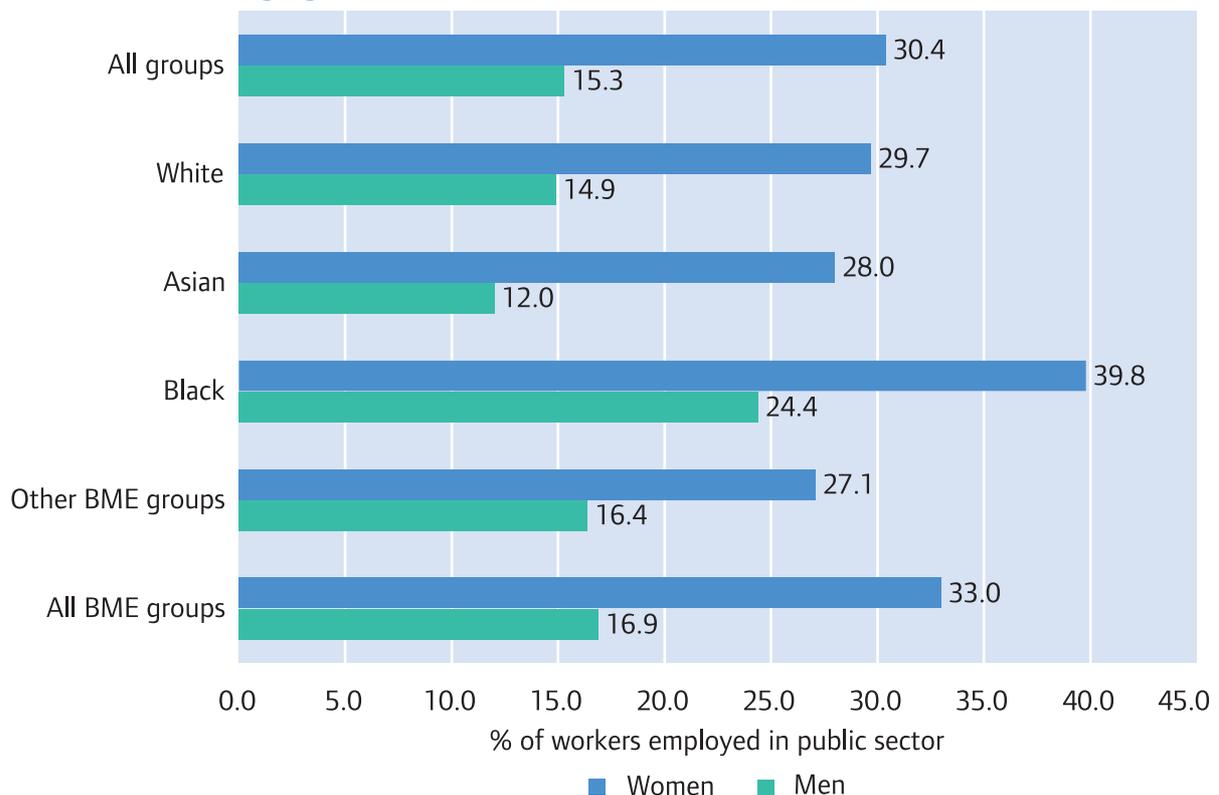
Another important characteristic that influences whether an individual is in employment is whether she is disabled.

The GLA has conducted a detailed study of disabled people in the labour market.<sup>34</sup> Around 17 per cent of working age women in London identify themselves as being disabled,<sup>35</sup> slightly higher than the figure for men. Disability rates increase

with age, rising from eight per cent of Londoners aged 16-24 to 38 per cent for those aged 55 to retirement age. People from black and minority ethnic groups are more likely to be disabled than people from white groups (20 per cent compared with 16 per cent).

Disabled people have lower economic activity rates than those who are not disabled. This may reflect differences in education, as disabled people are less likely to participate in education than non-disabled people. Employment rates for disabled women are lower than those for disabled men. Employment rates for

**Figure 12: Public sector employment by gender and ethnicity; Greater London working age residents, 2001/02**



Source: Greater London Authority, 2003, Public sector employment in London, DMAG briefing 2003/17 using Labour Force Survey data

London's disabled women were 41 per cent and drop to 27 per cent for work-limiting definitions of disability. For London men these figures are 46 per cent and 30 per cent. Disabled women in London are about five percentage points less likely to be in employment than disabled women in the rest of the UK. The difference in employment rates between non-disabled women in London and elsewhere in the UK is slightly higher, at about seven percentage points.

*The cost of lost output to the London economy of lower employment amongst women with dependent children*

London's lower employment rates among working-age women with dependent children represents a comparative cost to London's economy.

Tables 3 and 4 show the employment status and employment rates of working age women in London and the UK by full-time and part-time employment and

whether they have dependent children.

The full-time employment rates in London and the UK are similar, differing by only 0.3 per cent. However, the part-time employment rate in London is 11 per cent lower than across the UK. This equates to **134,000 women** in London.

We estimate the average annual output of a woman working part-time in London by taking total London

**Table 3: Employment status by child dependency in UK and London**

	UK			London		
	With dependent children	Without dependent children	Total	With dependent children	Without dependent children	Total
Full-time	2,194,000	4,781,000	6,975,000	283,000	717,000	999,000
Part-time	3,297,000	1,860,000	5,157,000	297,000	183,000	480,000
Not working	3,229,000	2,199,000	5,428,000	559,000	296,000	855,000
Total	8,720,000	8,840,000	17,560,000	1,139,000	1,197,000	2,335,000

Source: LFS 2002/03

**Table 4: Employment distribution of working age women with dependent children**

	UK	London	Difference
Full-time	25.2	24.8	-0.3
Part-time	37.8	26.1	-11.7
Not working	37.0	49.1	+12.1

Source: LFS 2002/03

output, divided by London employment and multiplying by the ratio of (part-time female)/(all employment) average earnings. This is calculated as  $£(162.5\text{billion}/4.52\text{million}) \times (8,025/26,500) = £10,900$ .

On the basis that the average annual output of a woman working part-time in London is equal to £10,900 then the potential additional output of a further 134,000 women working part-time is **£1.46 billion**. This illustrative figure represents the potential gain in output that could be obtained from increasing the percentage of women with children in London who work part-time up to the national average.

However, London's employment is heavily concentrated in its central business and retailing centre. Therefore jobs in London compared to elsewhere in the UK tend to involve greater travel times and travel costs. This, combined with higher housing costs and higher childcare costs, means that the financial returns from working part-time relative to welfare benefits are significantly lower in London than outside it<sup>36</sup>. Hence it is probable that increasing the employment of women with children in London would result in more full-time than part-time employment<sup>37</sup>. If so, the output gains to London

from an additional 134,000 working women would be greater than the £1.5 billion estimated above. Hence this figure represents a prudent and cautious estimate of the costs of lower employment amongst women with children in London.

### 2.3 Women in work

This section looks at women's experience once they are working and how this is structured. There are two main dimensions on which we can look at women's work - we can examine the industries in which women are employed and the kind of occupations that they pursue.

We start by comparing the experience of women as a whole in London and the rest of the country.

#### *Women's share of total employment*

Across Britain, the numbers of men and women employed are converging (see Figure 13). In 1982, there were 9.6 million women employees and 12.5 million men. By 2001, the numbers of women employees had grown by 2.9 million to 12.5 million employees. The number of men employees increased by 0.2 million to 12.7 million<sup>38</sup>.

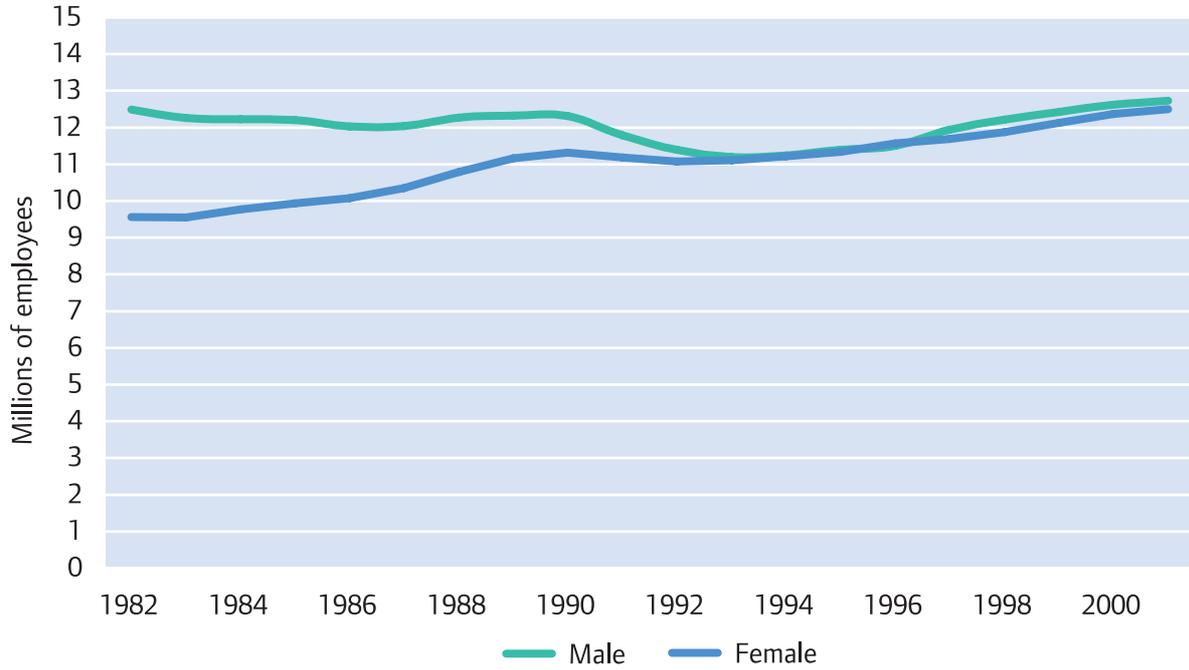
The gap between the numbers of men and women in employment is now only 0.2 million. Women fill over 49 per cent of employee

jobs in Britain. Indeed, for a brief period in the mid 1990s, women outnumbered men in employment. The long-run growth in jobs in Britain is almost entirely attributable to the growth of women in employment.

A similar pattern is apparent in London, with more women working than in previous decades (see Figure 14). In 1982 there were 1.56 million female employees, less than 42 per cent of total jobs. London lost jobs through much of the 1980s but this decline mostly affected men: the decline of manufacturing (a sector with 60-70 per cent male jobs) and the rise of business services and distribution (a sector with up to 50 per cent female jobs) have favoured an increasing share of female participation in the workforce. By 2002, London had 1.84 million female employees, representing 47 per cent of jobs. In both London and across Britain, the share of women in employment has risen by around six percentage points between 1982 and 2002.

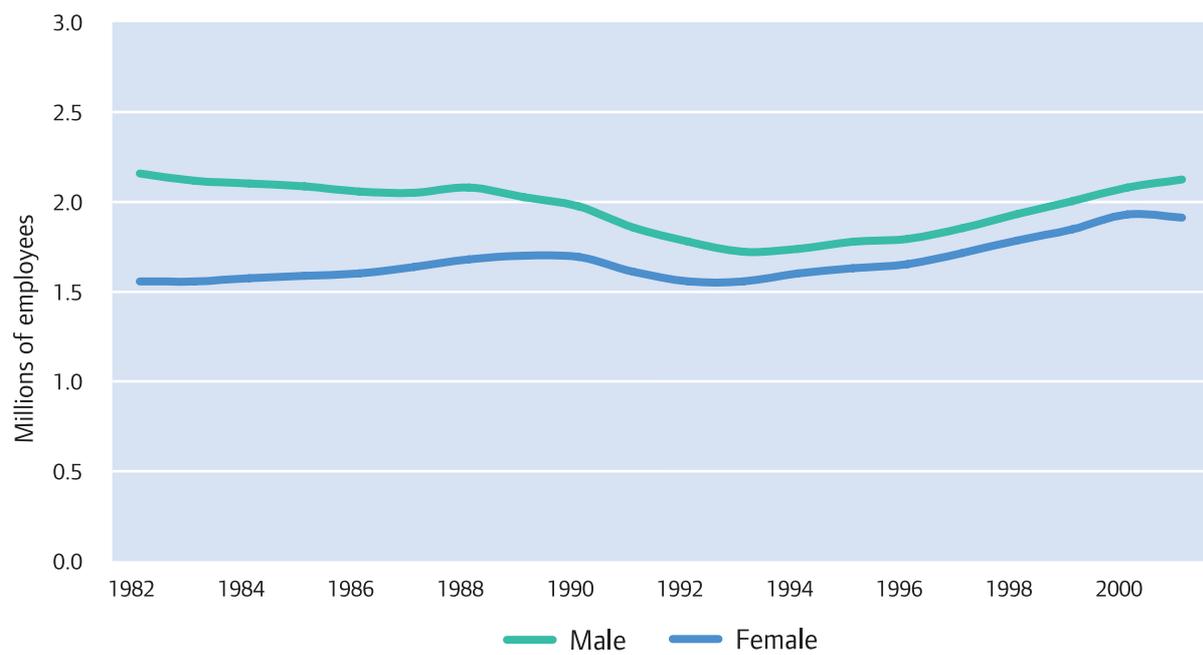
However, although 47 per cent of London's employee jobs are currently taken by women, this is below the British average of 49 per cent (see Figure 15). The difference is only two percentage points but London has a lower share of

**Figure 13: Long-term changes in employment in Britain**



Source: Experian Business Strategies

**Figure 14: Long-term changes in employment in London**



Source: Experian Business Strategies

employment of women than any other region including the neighbouring regions of South East and Eastern. Even when London is compared with other major urban centres in England, London's share of women in employment is relatively low. It is similar to Birmingham's 47 per cent (West Midlands MBC) but below the 49 per cent recorded by the city-regions of Manchester (Greater Manchester) or Newcastle (Tyne and Wear).

*Women's employment by industry*

Public administration, education and health together form the largest

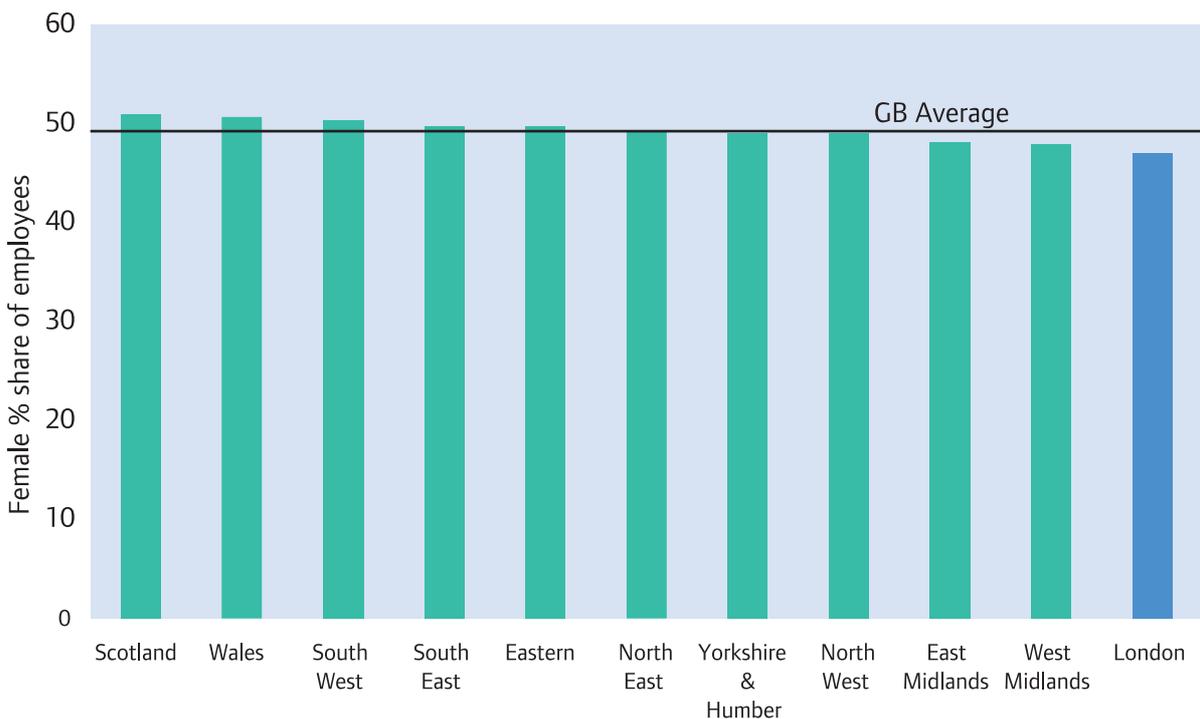
employers of women, with twice as many women working in this sector as men. Across all other sectors, men outnumber women with business services as the largest employer of men (see Figure 16).

A more detailed breakdown is provided in Figure 17, which illustrates how important women are to health and social services, as well as to education. Seventy-eight per cent of workers in health and 68 per cent in education are women. In other sectors, they are much less well represented, with 15 per cent of employee jobs in construction, 28 per cent

in transport and 34 per cent in manufacturing.

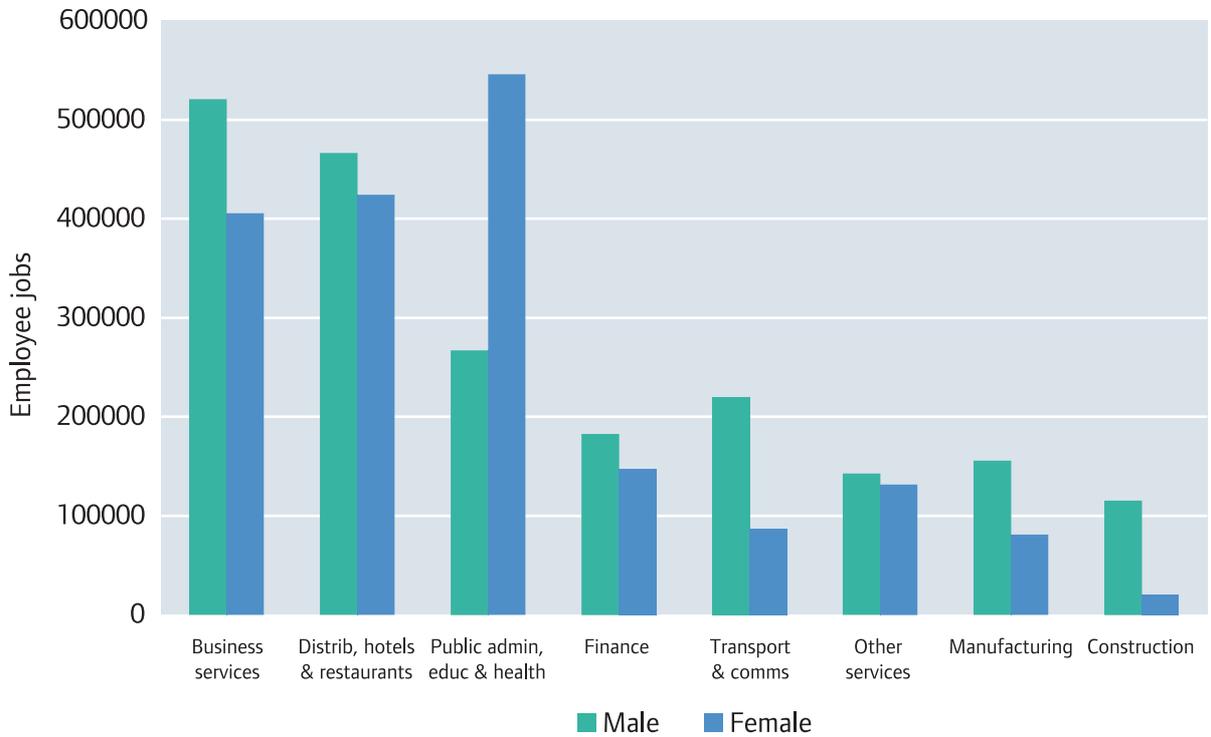
A very detailed breakdown gives figures for the female share in some quite small industries. For example, the sub-sector with the highest female share of employment in London is veterinary activities, but this comprises only 2000 women employees. High shares of female employment are also found in many parts of retail, canteens and catering, travel agencies, trade unions and public administration. The sub-sectors with the lowest proportion of women in employment in London are in activities relating to site

**Figure 15: Women's share of employment by region of Britain**



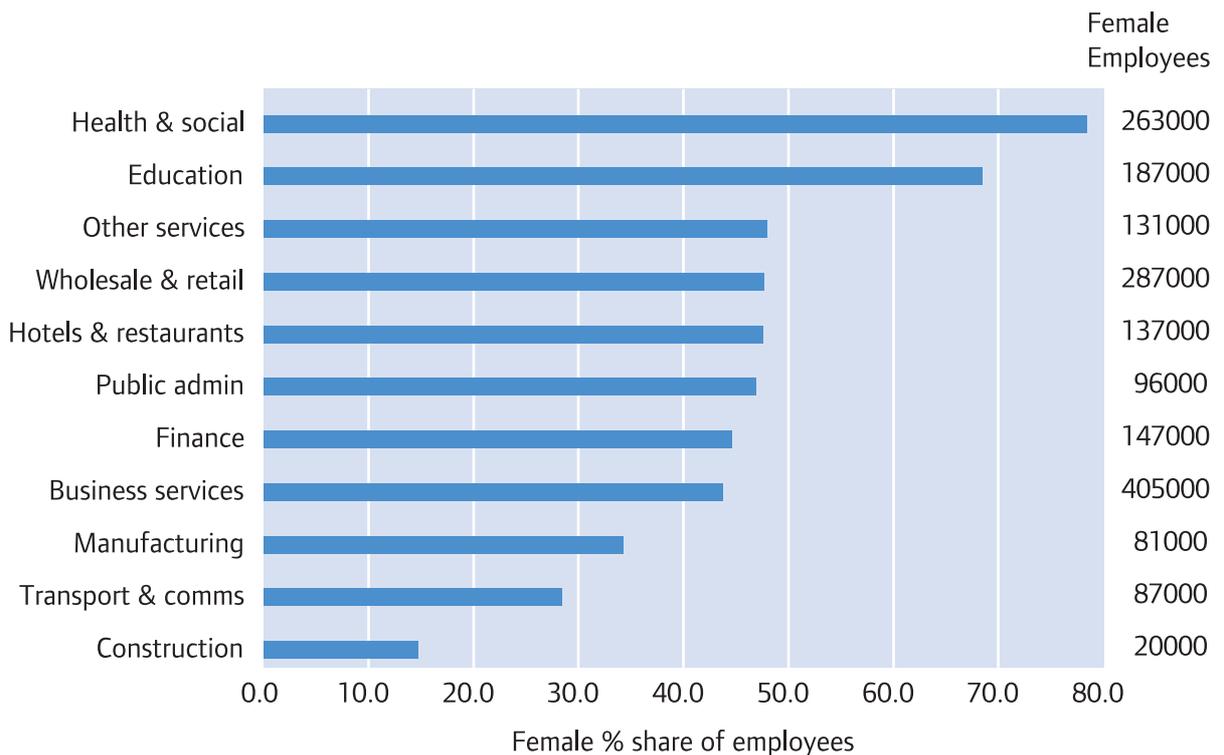
Source: ONS, Annual Business Inquiry

**Figure 16: Employees in London, 2002**



Source: ONS, Annual Business Inquiry

**Figure 17: Women’s share of employment by sector in London, 2002**



Source: ONS, Annual Business Inquiry

preparation and building construction, installation and completion. Women are also poorly represented in activities relating to transport and the manufacture, repair and sale of motor vehicles, railways and other land transport. See Figures 18 and 19.

The representation of women in employment is largely a sector issue rather than one of location. Women's share of employment in London boroughs is at its highest in Lewisham (53 per cent) which is the borough most dependent upon jobs in public services, and at its lowest in Barking and

Dagenham (42 per cent), where a high share of jobs are (or were when the latest detailed data were published) in the manufacture of motor vehicles. See Figure 20.

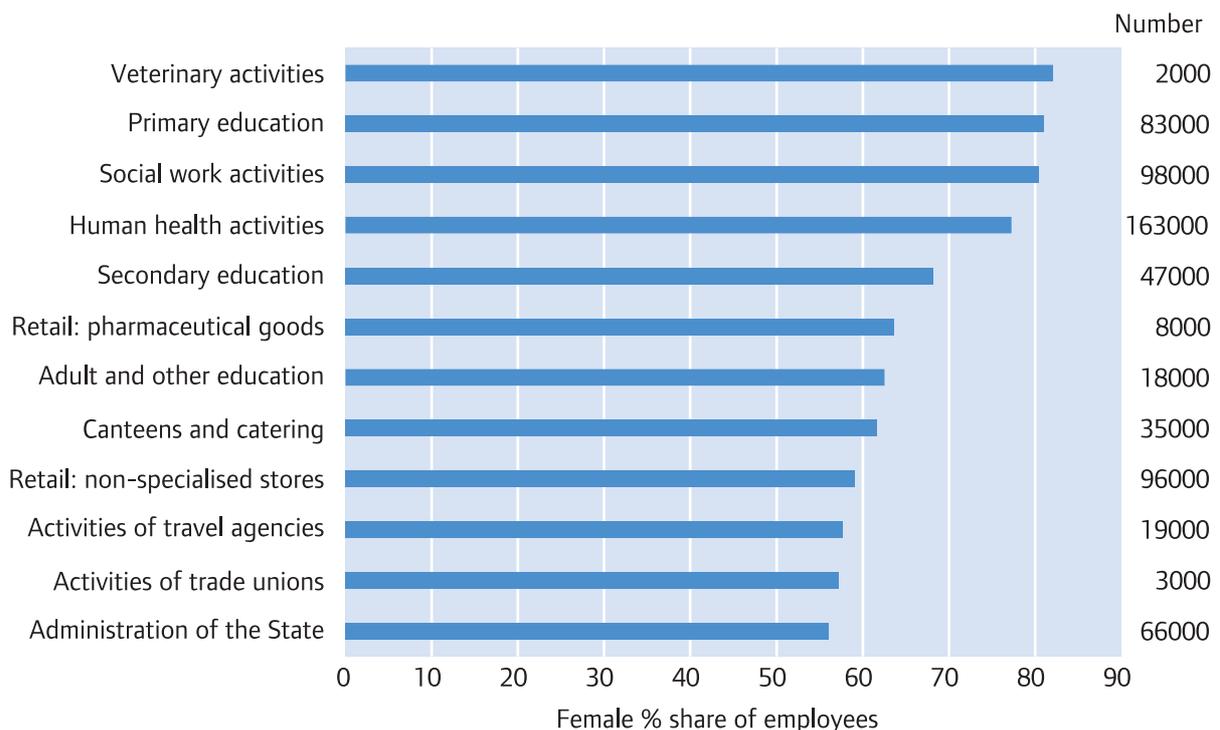
The pattern of employment by gender is changing: women are taking an increasing share of jobs in most of London's sectors. Between 1982 and 2002, the proportion of women employees changed as follows:

- in public services, it increased from 63 per cent to 67 per cent
- in business services it grew from 37 per cent to 45 per cent

- in transport it increased from 22 per cent to 30 per cent
- in manufacturing it increased from 29 per cent to 34 per cent
- however, finance saw a decline from 51 per cent to 47 per cent.

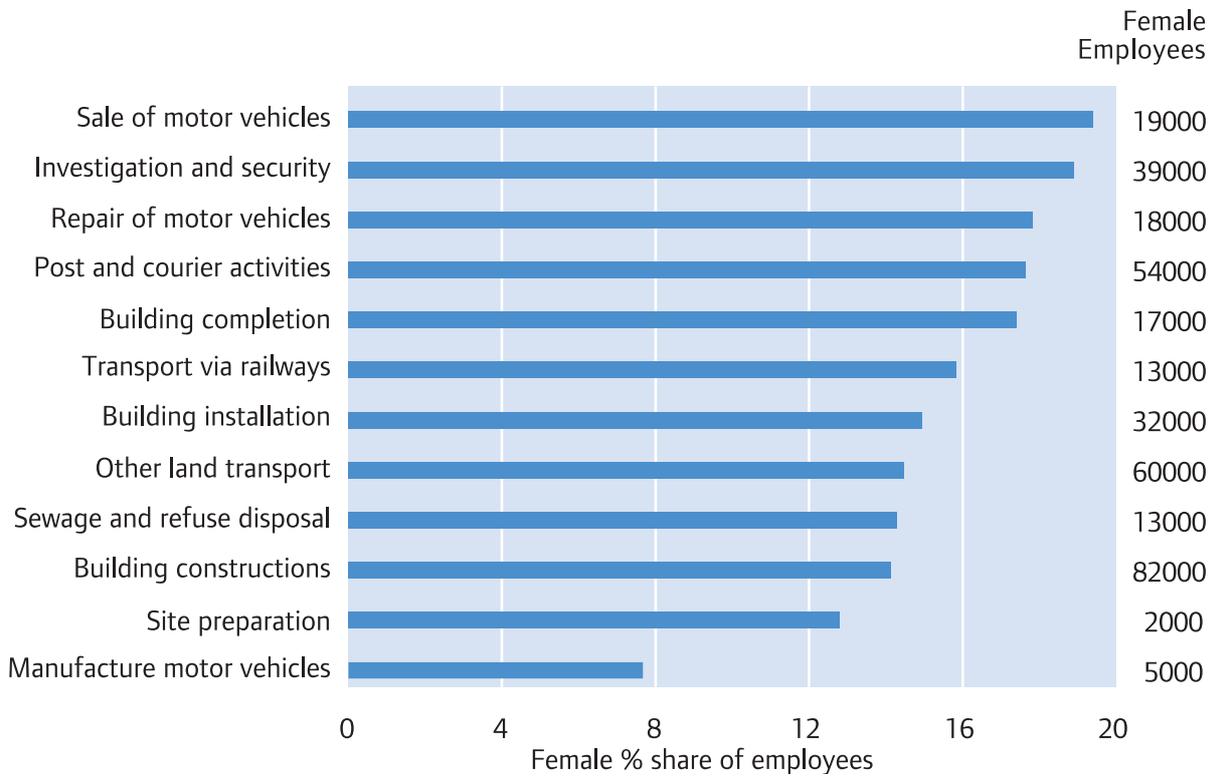
*Industry breakdown in London compared to Britain*  
 Compared with Britain as a whole, London has a lower proportion of jobs in public services. For example, health and social services account for under nine per cent of jobs in London but nearly 11 per cent nationwide. Similarly, education accounts for seven per cent of

**Figure 18: Highest female share of employment by sub-sector in London, 2002**



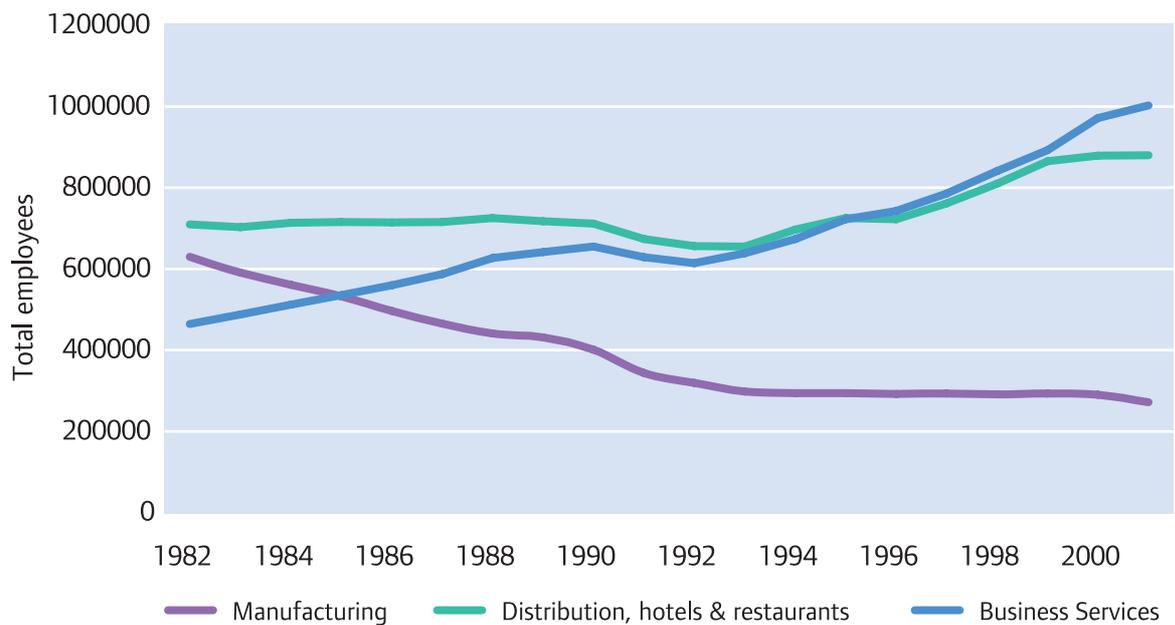
Source: ONS, Annual Business Inquiry

**Figure 19: Lowest female share of employment by sub-sector in London, 2002**



Source: ONS, Annual Business Inquiry

**Figure 20: London's rise of service sectors with jobs for women**



Source: Experian Business Strategies

London's employees but almost nine per cent nationally. Partially offsetting this, London has a lower proportion of jobs in traditionally male concentrated sectors - manufacturing is six per cent of London's employee jobs but over 13 per cent nationally. London's economic strength lies in the business and finance sectors which have 45 per cent of their workforce made up of female employees. See Figure 21.

Some sectors are less likely to employ women in London than nationally (see Figure 22). Women are

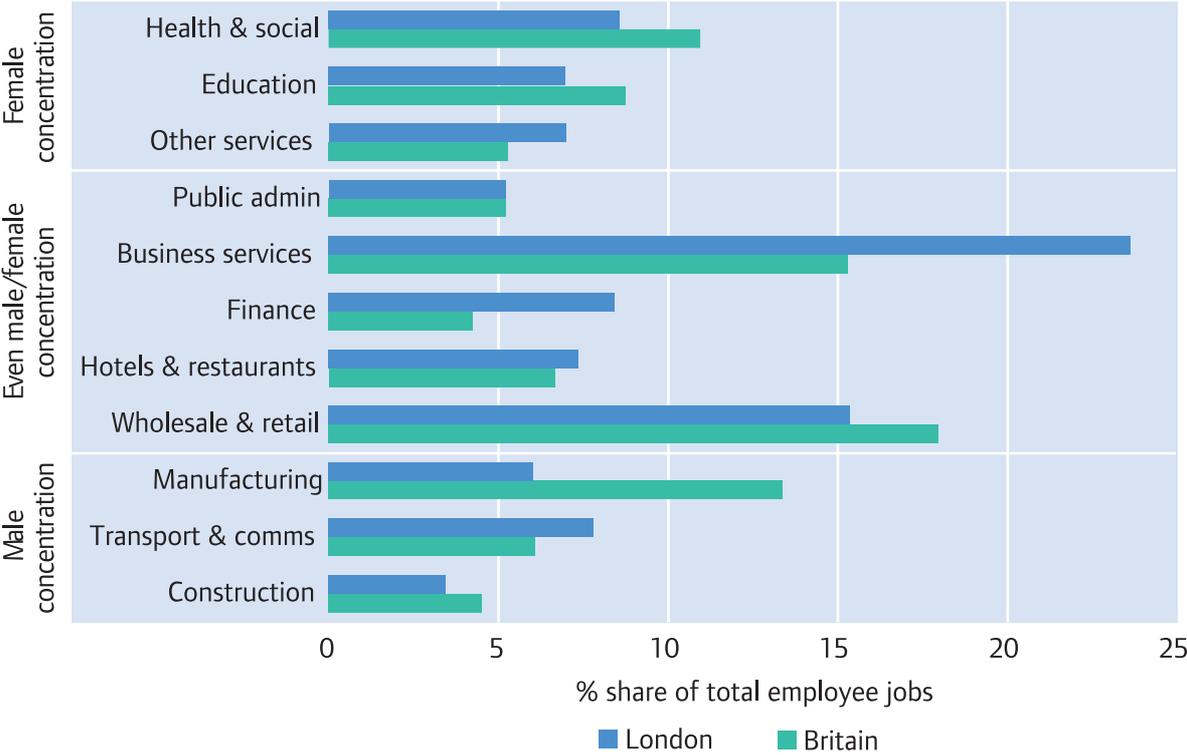
comparatively under-represented in London's leisure economy. Nationally, women hold 58 per cent of jobs in bars but this falls to 47 per cent in London. Nationally, women hold 54 per cent of jobs in restaurants but this falls to 43 per cent in London. A similar pattern emerges in sectors within tourism such as hotels and travel agencies, in retail, banking and also cleaning. This is partially offset in that women have a much higher share of jobs in London's manufacturing than national manufacturing, but manufacturing employment in London is concentrated

in management and administration.

Even in those sub-sectors where London has a high proportion of female employment, this figure tends to be slightly lower than it is nationally. For example:

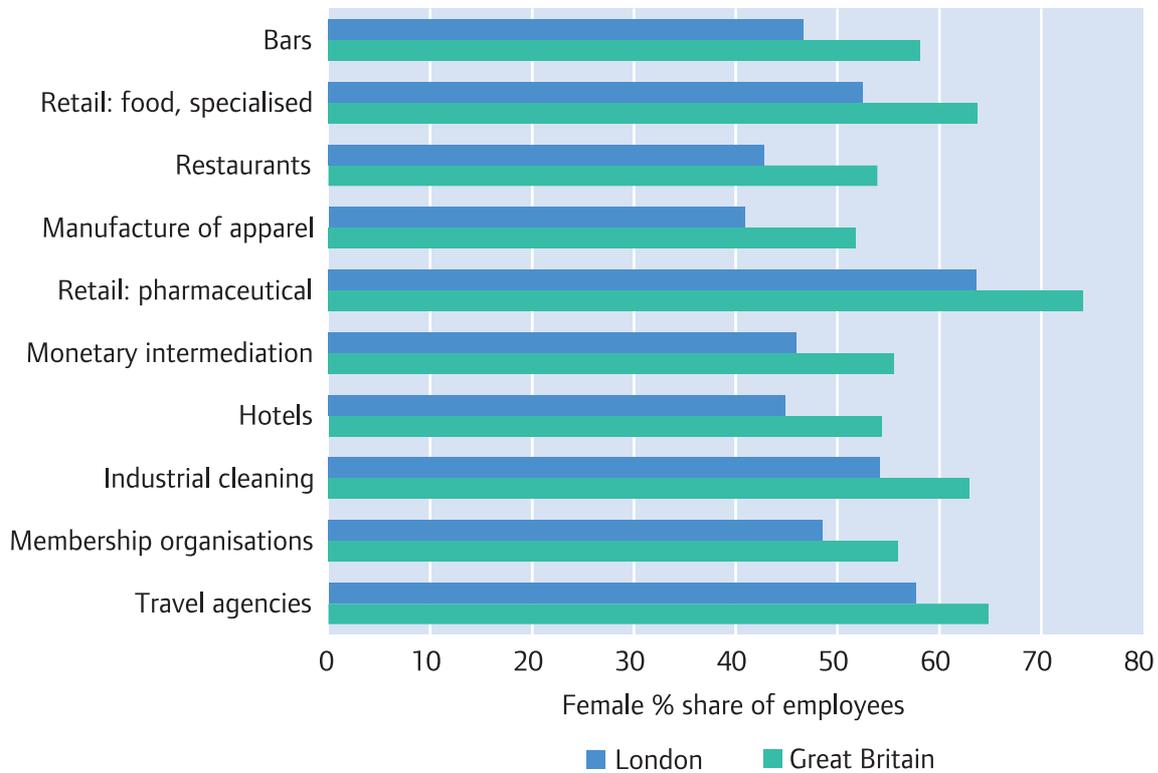
- primary education has 81 per cent female employees in London but 84 per cent in Britain
- social work activities are 80 per cent female in London but 85 per cent in Britain
- human health is 77 per cent female in London compared to 81 per cent for Britain.

Figure 21: Share of employees by sub-sector for London and Britain



Source: ONS, Annual Business Inquiry

**Figure 22: Key sub-sectors where women are under-represented in London compared to Great Britain**



Source: ONS, Annual Business Inquiry

### *Emerging trends in London's Core Sectors 1995 - 2002*

London's economy is highly concentrated in business and financial services. These are sectors in which women represent fewer than 47 per cent of employees. In commercial business services such as real estate and consultancy, finance, professional services, and even in temporary jobs through recruitment agencies, the overall expansion in employment has benefited men more than women. Despite the growth of supporting business services such as security and cleaning, the number of women employed in them has decreased.

The role of London's public services in health and education is crucial in supporting the growth of London's economy and population. These are sectors that disproportionately employ women, with primary education, healthcare and social work jobs all over 75 per cent female. The highest expansion of jobs for women in public services is in secondary and higher education and human health activities, each with growth of over 40 per cent between 1995 and 2002.

London's 'creative industries' are a growth area but this growth is unevenly split between men and women.

For example, areas such as advertising, videos and music have had a more rapid expansion in employment of men. In creative sectors such as architecture and computer games and software, the growth rate for women's jobs is high but this is working from a low base of women employees.

The growth of leisure sectors in London in recent years has largely favoured men. The expansion of jobs in restaurant, bars, entertainments and gambling has generated jobs for women at a slower rate than for men. The growth of jobs in sports and visitor attractions is more favourable to women. See Table 5.

Table 5: Change in employee jobs in London by core sectors

Sectors	London Employee Jobs (000s) 2002	Per cent share of jobs for women 2002	Per cent total employee growth 1995-2002*	Per cent female employee growth 1995-2002	Per cent of total female employee jobs
<b>BUSINESS SERVICES</b>					
Commercial (inc real estate, consultancy etc)	335	42	38	31	5.8
Finance	330	45	5	3	7.7
Professional (inc legal, accounting etc)	216	46	16	3	5.2
Recruitment	152	46	39	13	3.3
Support (inc security, cleaning etc)	223	43	11	-10	5.7
<b>PUBLIC SERVICES</b>					
Primary education	102	<u>81</u>	37	33	3.4
Secondary education	69	<u>68</u>	40	<u>46</u>	1.7
Higher education	73	<u>53</u>	44	<u>50</u>	1.4
Hospital activities	152	<u>76</u>	27	25	5.0
Medical practice	23	<u>80</u>	15	6	1.0
Other human health	27	<u>81</u>	20	<u>43</u>	0.8
Social work	123	<u>80</u>	7	<u>11</u>	4.8
<b>CREATIVE<sup>a</sup></b>					
Advertising	33	46	25	19	0.7
Architecture	60	35	2	<u>7</u>	1.1
Computer games, software	61	37	66	<u>110</u>	0.6
Music, visual, performing	48	49	20	20	1.1
Radio and television	40	47	30	<u>40</u>	0.7
Video, music and photography	29	44	22	17	0.6
<b>LEISURE<sup>b</sup></b>					
Dining (restaurants)	128	43	36	24	2.4
Drinking (bars)	54	47	27	7	1.3
Entertaining (theatres, cinemas)	41	49	14	10	1.0
Gambling	18	<u>54</u>	18	13	0.5
Sporting (spectator and participation)	27	48	17	<u>25</u>	0.6
Visiting (attractions and other recreation)	19	<u>52</u>	49	<u>86</u>	0.3

Notes: Underlined sectors indicate a clear female advantage in share of employment with over 50 per cent of jobs or a share of female employment growth of a faster rate than male employment growth.

\*1995 to 2002 represents the longest available time series from the ONS Annual Business Inquiry

a For further information about this sector see Creativity: London's Core Business by GLA Economics

b For further information about this sector see Spending Time: London's Leisure Economy by GLA Economics

Source: GLA Economics from ONS Annual Business Inquiry

### *Future prospects for women's employment in London*

Projections for the change of total employment in London, by sector, are set out in the London Plan.<sup>39</sup> These show that between 2001 and 2016, London can expect high job growth in business services, hotels and restaurants and other services but some decline in sectors such as manufacturing and construction. See Figure 23

Figure 24 provides an estimated breakdown of these employment projections by gender. There are two estimates generated for 2016:

- the numbers of women employed in each sector assuming the share of women remains as it is in 2001: this is 2016 A
- the number of women employed in each sector assuming the share of women employed in each sectors continues to follow the average annual change since 1982: this is 2016 B.

Under projection 2016 A, women's share of total employment falls from 47 per cent to 46.5 per cent (this is because women are under-represented in the growing sectors of business services [44 per cent] and financial services [45 per cent]). Under projection 2016 B, women's share of London's jobs rises from 47 per cent to over 49

per cent, since they are increasing their share of jobs in business services. Women could represent more than 50 per cent of jobs in this sector by 2016. Similarly, women could increase their share of jobs in retail, other services, health and education.

However, similar trends will be taking place in other regions - it is not certain that this means that London will catch up with other regions.

### *Women's occupations*

Women still largely work in 'women's jobs'. London women are concentrated in administration and secretarial occupations (23.4 per cent), just as they are in the rest of the UK (22.8 per cent). This contrasts with the upper end of the occupational spectrum where 12 per cent of women in London work in managerial and senior occupations, compared to nearly ten per cent in the UK. For men, 21 per cent work at senior levels in London, and 18 per cent in the UK as a whole (see Table 6 and Table 7).

While there is under-representation of women in senior managerial roles, this is less obvious in professional occupations. Professional and associated professional jobs are more available in London than outside, with a third of employment in these two categories for both men and women. Outside London, the

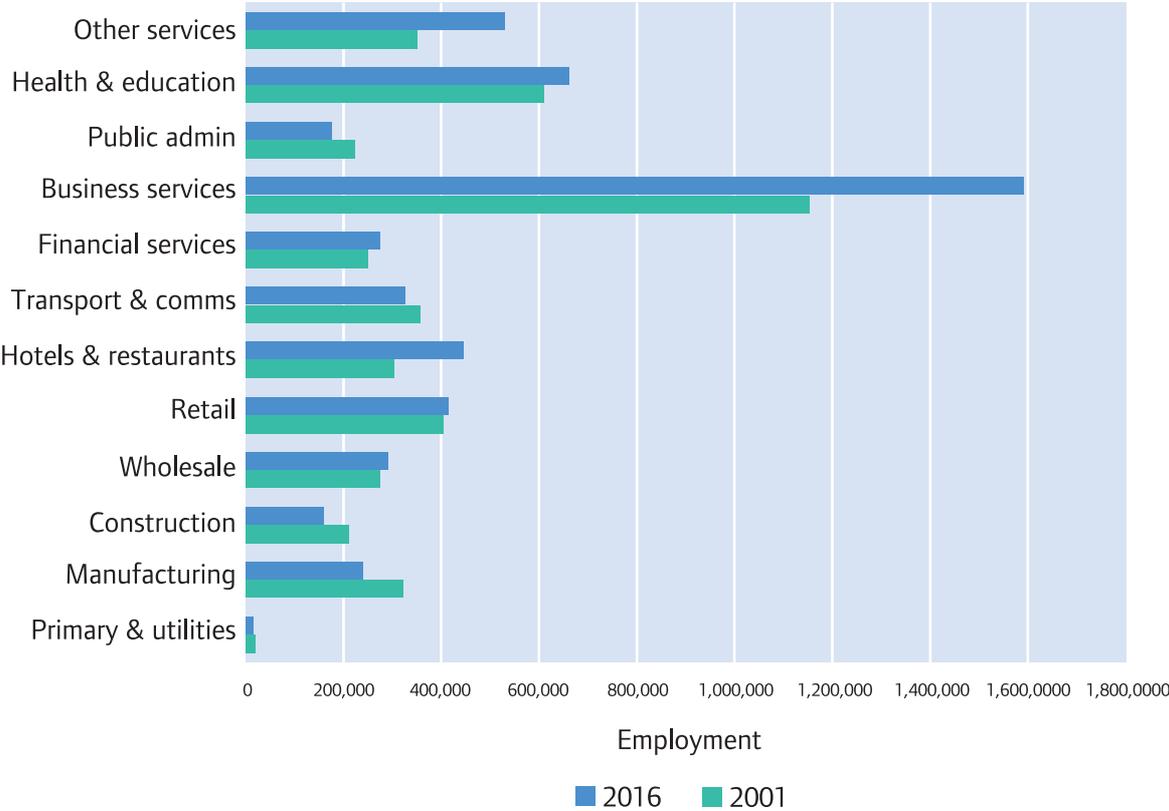
proportion is nearer a quarter - with more of a gap between men and women. However, in both cases, women are more likely to be in associate roles than men.

Generally, women are more concentrated in part-time work than men. Almost a third of London women in employment work part-time compared with less than one in ten men. But tellingly, fewer women in London work part-time than women outside the capital (comparing Table 2.2a and Table 2.2b).

Research for the UK has linked the decision of women to work part-time with having and raising children.<sup>40</sup> Childcare costs and travel time to work play an important role when women make this decision. Since childcare costs are higher in London, and travel time to work is longer than outside the capital, this is one of the possible explanations of the lower proportion of women in London who work part-time. By contrast, research has shown that men who voluntarily work part-time choose to do so because they could afford not to work full-time.<sup>41</sup>

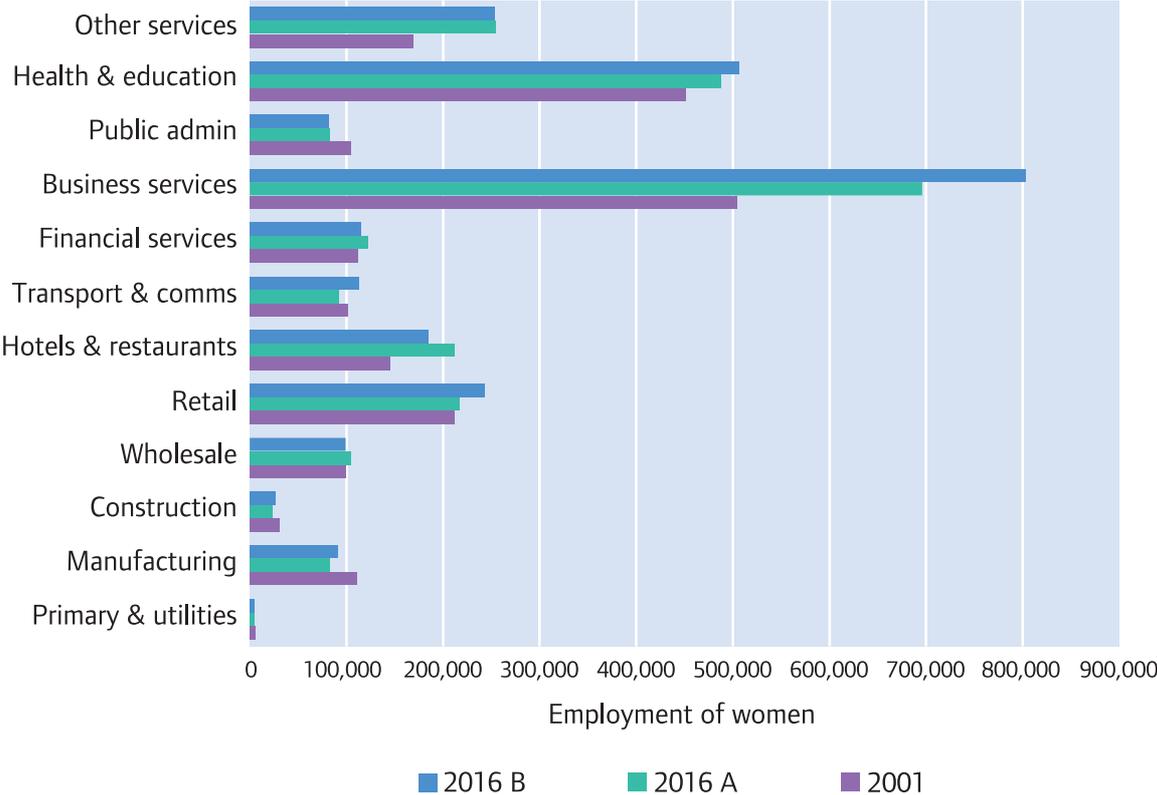
Moreover, among all women in London working part-time, a low proportion work in managerial and senior occupations (4.7 per cent).

Figure 23: Employment projections for London from 2001 to 2016



Source: GLA Economics, Planning for London's Growth

Figure 24: Estimates of women in employment projections for London from 2001 to 2016



Source: GLA Economics

By contrast, women in the capital are more represented in those occupations that offer more flexible hours or are easier to interrupt for a short period such as sales and customer service (18.7 per cent) and elementary occupations (16.6 per cent).

#### *Getting into the detail*

A review of the information so far shows that women are concentrated in particular sectors such as public

services, and are also concentrated within particular occupations such as administrative and associate professional jobs. In this section the analysis is extended to look at occupational structure and industrial structure together, in order to pin this picture down a bit further.

This requires a method for bringing together the two kinds of data to identify those combinations which

are either particularly prevalent or particularly rare. To do this we identify what we have called occupational quotients.

This uses 12 industries and nine occupations, so a person may be in any of 108 categories. Calculations are based on industry and occupation data from the 2001 Census.

The quotients are calculated as follows:

$$\text{Occupational quotient} = \left( \frac{\text{Number of women working in industry and occupation}}{\frac{\text{Total number of people working in industry and occupation}}{\% \text{ of total people working who are women}}} \right)$$

**Table 6: Full and part-time employment (per cent) by occupation and gender, London 2002/03**

Occupation	London - Female				London - Male			
	Full-time	Part-time	Total	(A)	Full-time	Part-time	Total	(A)
Managers and senior officials	16.0	4.7	12.3	12.4	22.5	6.8	21.0	3.2
Professional occupations	15.5	8.8	13.3	21.4	16.8	10.6	16.2	6.3
Associated professional and technical	21.9	13.7	19.2	23.1	17.9	10.2	17.2	5.7
Administrative and secretarial	24.0	22.1	23.4	30.7	6.8	7.5	6.9	10.6
Skilled trades occupations	1.4	2.0	1.6	40.2	13.5	6.7	12.8	5.1
Personal service occupations	9.8	12.6	10.7	38.2	***	***	***	12.3
Sales and customer service	5.5	18.7	9.8	61.8	3.4	20.4	5.0	39.5
Process, plant and machine operatives	***	***	***	***	7.8	7.8	7.8	9.7
Elementary occupations	4.5	16.6	8.4	63.8	9.3	27.2	11.0	23.9
All occupations	100	100	100	32.4	100	100	100	9.67

Notes: \*\*\* these figures are suppressed as they are not statistically reliable

(A) represents % who work part-time by occupational group

Source: GLA Economics calculations based on LFS data

They show the representation of men relative to women in a particular industry/occupation category. If males and females are equally represented in a particular industry/occupation then the occupational quotient is equal to one. If women are under represented the occupational quotient is less than one and if women are over represented then the occupational quotient is greater than one.<sup>42</sup>

Table 8 shows the occupational quotients for London. It enables us to quantify the extent to which women are over-represented

in the categories that we have already looked at. For example, women are over-represented in health and social work by 68 per cent and in education by 55 per cent. They are under-represented in construction by 76 per cent and agriculture, hunting, forestry and fishing by 49 per cent<sup>43</sup>.

Looking at occupations, we can now see that women are under represented in managerial and senior occupations by 25 per cent, skilled trades by 79 per cent and process, plant and machine operatives by 73 per cent. They are over represented in administrative

and secretarial roles by 62 per cent and in sales and customer services by 40 per cent.

For management and senior occupations, and for professional occupations, women are under-represented in all sectors except education, health and social work. Even within these sectors, at the senior position, there is lower representation of women than would be expected from the representation of women in the sector as a whole. In other words, even within sectors with a concentration of women employees, there are fewer women at the top levels.

**Table 7: Full and part-time employment by occupation and gender, rest of the UK 2002/03**

Occupation	Rest of the UK - Female				Rest of the UK -Male			
	Full-time	Part-time	Total	(A)	Full-time	Part-time	Total	(A)
Managers and senior officials	14.3	3.7	9.6	16.7	18.8	4.9	17.7	2.4
Professional occupations	13.1	6.1	10.0	26.8	12.7	8.7	12.4	6.0
Associated professional and technical	16.4	9.8	13.5	31.9	13.0	8.4	12.6	5.7
Administrative and secretarial	24.4	20.7	22.8	39.9	4.6	5.4	4.7	9.7
Skilled trades occupations	2.2	1.8	2.0	38.7	21.9	8.7	20.8	3.6
Personal service occupations	12.3	16.0	13.9	50.5	1.8	5.1	2.1	21.1
Sales and customer service	7.3	19.0	12.4	66.9	3.1	18.6	4.4	35.7
Process, plant and machine operatives	4.1	1.8	3.1	25.8	14.0	8.1	13.5	5.1
Elementary occupations	5.9	21.1	12.6	73.5	10.0	32.2	11.9	22.9
All occupations	100	100	100	43.9	100	100	100	8.5

Note: (A) represents % who work part-time by occupational group

Source: GLA Economics calculations based on LFS data

**Table 8: Occupational quotients for London**

Industry <sup>a</sup> - Occupation <sup>c</sup>	Managers & senior occupations	Professional occupations	Associate professional & technical occupations	Administrative & secretarial	Skilled trades	Personal Services	Sales and customer services	Process, plant and machine operatives	Elementary occupations	Total
AB Agriculture, Hunting, Forestry, and Fishing	0.64	0.61	0.56	1.73	0.27	1.64	<u>1.13</u>	0.14	0.45	0.51
CDE Mining and Quarrying, Manufacturing, Electricity, Gas and Water Supply	0.61	0.53	0.95	1.66	0.25	1.62	1.30	0.55	0.59	0.75
F Construction	0.25	0.16	0.43	1.82	0.03	<u>0.92</u>	<u>1.05</u>	0.04	0.15	0.24
G Wholesale and Retail trade, Repairs	0.74	0.75	0.96	1.62	0.20	1.68	1.42	0.30	0.78	1.01
H Hotels & Restaurants	0.83	0.79	1.20	1.57	0.55	1.40	1.34	0.41	1.22	1.01
I Transport Storage and Communication	0.60	0.47	0.65	1.25	0.09	1.31	1.32	0.10	0.33	0.63
J Financial Intermediation	0.61	0.59	0.71	1.52	0.31	1.59	1.41	0.41	0.58	0.92
K Real Estate, Renting and Business Activities	0.80	0.60	<u>1.00</u>	1.74	0.26	1.33	1.25	0.34	0.76	0.96
L Public Administration and Defence, Social Security	0.80	<u>0.99</u>	0.70	1.41	0.42	1.46	1.42	0.33	0.85	1.01
M Education	1.12	1.44	1.25	1.92	<u>1.04</u>	1.96	1.57	0.35	1.94	1.55
N Health & Social Work	1.47	1.19	1.79	1.95	0.94	1.93	1.69	0.79	1.39	1.68
O, P, Q - Other <sup>b</sup>	0.90	0.91	0.94	1.65	0.38	1.59	1.43	0.31	0.89	1.08
<b>TOTAL</b>	<b>0.75</b>	<b>0.90</b>	<b>1.02</b>	<b>1.62</b>	<b>0.21</b>	<b>1.72</b>	<b>1.40</b>	<b>0.27</b>	<b>0.85</b>	

Notes: *a* The industry categorisation is based on the 'UK Standard Industrial Classification of Economic Activities 1992' (SIC92)

*b* 'Other' industry includes other community, social and personal service activities, private households with employed persons and extra-territorial organisations and bodies which include activities of international bodies.

*c* The occupation variable is based on the Standard Occupation Classification (SOC 2000)

*n.b.* For underlined figures, the null hypothesis that there is no correlation between sex and being in that specific SIC/SOC cell cannot be rejected at the 99 per cent confidence level.

Source: Based on standard Standard Census 2001 table ST132 Sex and Industry by occupation (workplace population)

### *Most common jobs for men and women*

The highest **over-representation** of women is in personal services in education, administrative roles in health and education and elementary occupations in health - all these have nearly twice as many women as you would expect if men and women were equally represented.

Does this matter? At one level, we might conclude that an even representation would be more equitable, but another consideration is whether these are 'good' jobs - well paid and responsible. And as well as considering relative representation, we also need to look at the total number - which jobs women are most likely to do as well as those in which they are over-represented. Here we use LFS data for industries and occupations to look at average earnings for some of these detailed categories, as census data does not include information on wages.

The largest **absolute** numbers of female workers are employed in the wholesale and retail trade industry working in sales and customer service occupations. This category includes sales assistants working in shops and call centre agents. These are relatively low paid jobs with a median hourly wage of £5.38.

Of the ten most common jobs for females in London, three of them are particularly dominated by women. Two of these are in the health and social work industry as associate professional and technical occupations (such as nurses) and personal services occupations (such as home carers). (See Table 9.) The other is within the real estate, renting and business activities industry as administrative and secretarial occupations.

Looking at the median wage of the ten most common jobs for females from Table 9, the median wage is £9.91 per hour, slightly more than the median wage for all London women of £9.42 per hour. Women earn less per hour than men for most of the categories. The largest differential in this group occurs in personal service occupations in the health sector, where the median female wage is £6.58 compared to a median male wage of £8.52 - a difference of 23 per cent. Jobs typical of this cell include dental nurses, care assistants and childminder

Table 10 shows the pay ratios for the ten most over-represented jobs for women identified in the last section. In these occupations, women generally earn much less than the average female hourly pay of £9.42. In jobs where

women are over-represented the wages are lower than the median wage for both men and women for all jobs. However, male wages are still 11 per cent higher than those for females.

Table 11 shows the ten most common occupations of men in London. If we compare the most common jobs for men and women in London, the first thing that is apparent is the large wage difference between the most common female job at £5.38 (working in sales and customer services in the wholesale and retail sector) and the most common male job at £17.30 (working in professional occupations in real estate, renting and business activities).

Managers and senior occupations appear three times in the male top ten and only once in the female top ten.

The most common male jobs tend to be in areas with a heavy concentration of male workers except for those working in sales and customer service in the wholesale and retail trade which has a female staff concentration. Two of the ten most common jobs are in very male dominated areas. These are skilled trade occupations in construction (jobs in this area include plumbers, roofers, bricklayers and carpenters) and process,

**Table 9: Ten most common jobs for females in London, 2002**

SIC <sup>a</sup>		SOC <sup>b</sup>		Female		Male		Gender pay ratio (%)
				Number <sup>c</sup>	Median hourly wage <sup>d</sup>	Number <sup>c</sup>	Median hourly wage <sup>d</sup>	
g	wholesale and retail trade	7	sales and customer service	115,200	5.38	62,500	5.50	97.8
m	education	2	professional occupations	87,400	14.43	46,700	15.32	94.2
n	health and social work	3	associate professional and technical occupations	79,100	11.52	17,700	11.33	101.7
k	real estate, renting and business administration	4	administrative and secretarial occupations	78,000	10.10	15,500	10.40	97.1
n	health and social work	6	personal service occupations	67,100	6.58	9,300	8.52	77.2
k	real estate, renting and business activities	3	associate professional and technical occupations	62,000	13.66	65,700	13.20	103.5
l	public administration and defence	4	administrative and secretarial occupations	51,900	9.23	24,100	9.81	94.1
o	other community, social and personal service activities	3	associate professional and technical occupations	45,300	11.90	59,300	12.77	93.2
j	financial intermediation	4	administrative and secretarial occupations	41,900	10.23	20,800	10.54	97.1
k	real estate, renting and business activities	1	managers and senior officials	41,100	16.49	87,900	19.23	85.8
Ten most common jobs for females					9.91		12.09	82
All jobs					9.42		11.40	82.6

Notes: *a* Using the SIC classification  
*b* Using the SOC classification  
*c* Numbers rounded to nearest one hundred  
*d* Based on those persons reporting their wage in the survey

Source: Annual Labour Force Survey 2002

plant and machine operatives working in transport, storage and communication (jobs in this area include heavy goods vehicle drivers and bus drivers).

Women working in jobs that are most common for men tend to earn higher wages than the median wage for all women. However, the gender wage ratio is lower, at 73.5 per cent compared to all jobs at 82.6 per cent. The median male wage is above the median female wage in all cases except for those working in associate professional and technical occupations in the real estate, renting and business activities sector.

In summary, if we look at median hourly pay for women, based on Tables 9, 10 and 11, we find:

- women who have one of *the most common jobs for women* earn 82 per cent of male earnings
- women who have a job where *women are most over-represented* earn 89 per cent of male earnings
- women who have one of *the most common jobs for men* earn 73.5 per cent of their male colleagues' earnings.

The distribution of women's jobs is skewed towards the kinds of jobs in which earnings as a whole are low.

Median earnings for women in the categories most common for men are £1.56 higher per hour than the categories in which women are over-represented and 19p higher than the categories which are most common for women. It would appear that the jobs women do is a more significant factor than the wage differentials between jobs.

Women seem to be restricted to jobs for which rewards are low. More research is needed to determine the balance of factors behind this. Low wages might reflect the fact that these jobs are lower in productivity, but might equally reflect supply factors. Women's inability to access a wider range of employment might increase competition for such jobs as are available to them, and push down the rewards. Discrimination can act on any of these features - by restricting access, or by failing to reward performance for example.

## 2.4 The gender pay gap in Great Britain and London

### Introduction

We have already seen that women and men have different labour market experiences. In this section, we investigate the extent to which gender differences in pay are associated with such factors as qualification, occupation and

so on, and how much cannot be so explained.

Of course, attributing a difference in pay to a difference in qualification levels, for example, may simply mean it reflects discrimination further back in the education system. Our purpose here however is to describe an accounting framework. We use two different modelling approaches to test the robustness of our approach: the two approaches show similar results. Finally, we look at the extent to which differences in factors such as the occupations that men and women work in help account for the gender pay gap.

### Background

Figure 25 shows the ratio of average female hourly pay to average male hourly pay for full-time employees in Great Britain and London from 1974 to 2003. It shows that the gender pay gap has narrowed since the 1970s in both London and Great Britain more generally. However, it is now significantly greater in London than in Great Britain as a whole. In addition, while the national trend since the early 1990s has been for this gap to narrow further, this has not happened in London.

This disparity appears to be driven by differences in the growth of men's pay. Female

full-time employees' hourly pay grew at very similar rates in London and in Great Britain between 1994 and 2003, at around 53.8 and 53.4 per cent respectively. However male full-time

employees' hourly pay rose by 56 per cent in London compared to the national figure of 48.4 per cent.

It is clear that the pattern of commuting into London

exacerbates the size of this differential. Figure 26 shows the differential for residents and for workers in the different regions. For resident London women, the differential is around the

**Table 10: Ten most over-represented jobs by women, in London in 2002/03**

Standard Industrial classification (SIC), sections	Standard Occupation Classification (SOC)	Female employees	Female median hourly pay £	Male median hourly pay £	Gender pay ratio (%)
M Education	Personal service occupations	40,723	6.58	6.77	97.19
N Health and social work	Administrative and secretarial	38,697	7.86	9.61	81.79
M Education	Elementary occupations	15,798	5.76	7.21	79.89
N Health and social work	Personal service occupations	67,088	6.58	8.52	77.23
M Education	Administrative and secretarial	20,034	7.91	9.50	83.26
F Construction	Administrative and secretarial	12,505	8.57	9.72	88.17
N Health and social work	Associate professional and technical	79,097	11.52	11.33	101.68
K Real estate, renting and business activities	Administrative and secretarial	78,032	10.10	10.40	97.12
Agriculture, hunting	Administrative and secretarial	***	***	***	***
Health and social work	Sales and customer service occupations	***	***	***	***
Ten most over-represented jobs by women			8.54	9.60	89.0
All jobs			9.42	11.40	82.6

Note: \*\*\*threshold below statistical reliability levels

Source: GLA Economics own calculations based on LFS data.

Great Britain average (81 per cent against 82 per cent). Commuters are particularly dominated by highly paid men and this raises the differential for all women workers correspondingly.

A similar picture is seen in the other main source of earnings data in the UK. The Labour Force Survey (LFS) is available from 1993 onwards and gives a similar earnings gap for London residents as the NES.

Like the NES, Figure 27 shows that from the mid-1990s onwards the gender pay gap has been shrinking in both London and Great Britain. The difference is that, unlike the NES, the gender pay gap in

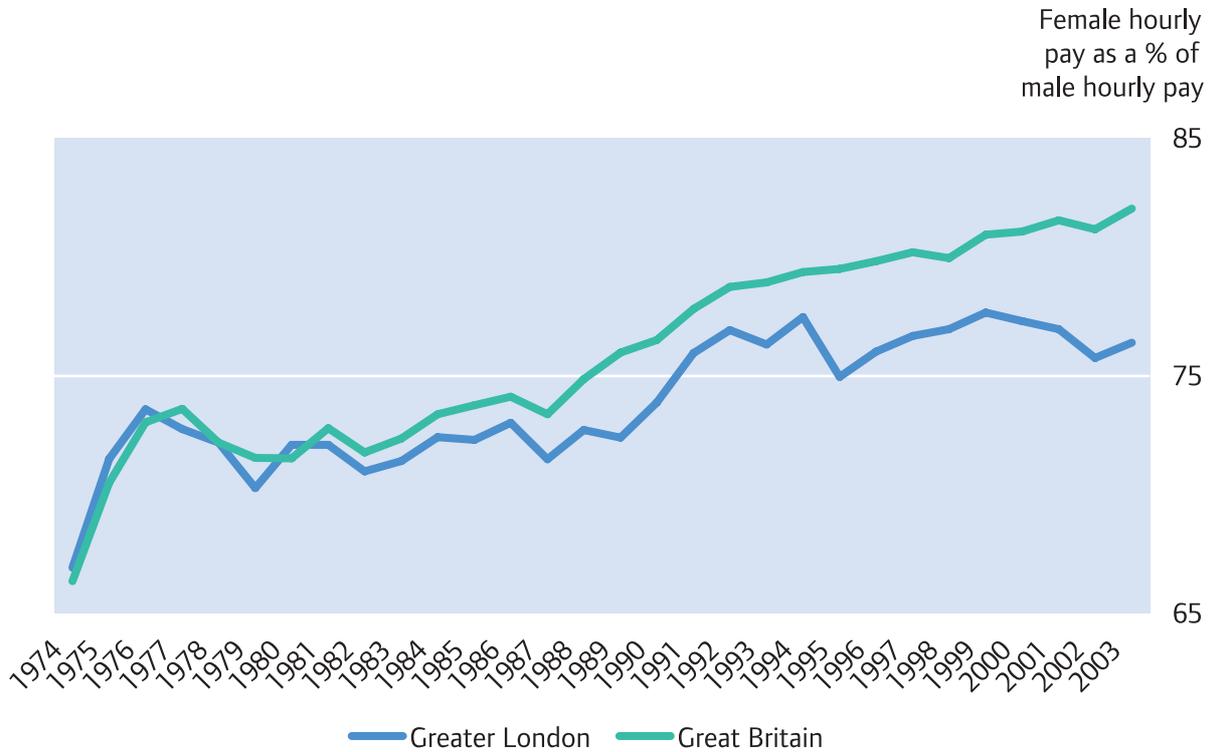
**Table 11: Ten most common jobs for men in London, 2002**

SIC <sup>a</sup>		SOC <sup>b</sup>		Female		Male		Gender pay ratio (%)
				Number <sup>c</sup>	Median hourly wage <sup>d</sup>	Number <sup>c</sup>	Median hourly wage <sup>d</sup>	
k	real estate, renting and business activities	2	professional occupations	38,500	16.00	116,000	17.30	92.5
f	construction	5	skilled trades occupations	***	***	98,000	9.62	
k	real estate, renting and business activities	1	managers and senior	41,000	16.49	88,000	19.23	85.8
g	wholesale and retail trade	1	managers and senior	29,200	9.71	69,100	11.29	86.0
i	transport, storage and communication	8	process, plant and machine operatives	***	***	66,000	8.11	
k	real estate, renting and business activities	3	associate professional and technical occupations	62,000	13.66	65,700	13.20	103.5
g	wholesale and retail trade	7	sales and customer service	115,200	5.38	62,500	5.50	97.8
o	other community, social and personal service activities	3	associate professional and technical occupations	45,300	11.90	59,300	12.77	93.2
j	financial intermediation	1	managers and senior	20,800	17.77	51,000	24.05	73.9
j	financial intermediation	3	associate professional and technical occupations	18,000	14.00	49,000	19.22	72.8
Ten most common jobs for males					10.10		13.74	73.5
All jobs					9.42		11.40	82.6

Notes: *a* Using the SIC classification. *b* Using the SOC classification. *c* Numbers rounded to nearest one hundred  
*d* Based on those persons reporting their wage in the survey. \*\*\* figures suppressed as below statistical reliability thresholds

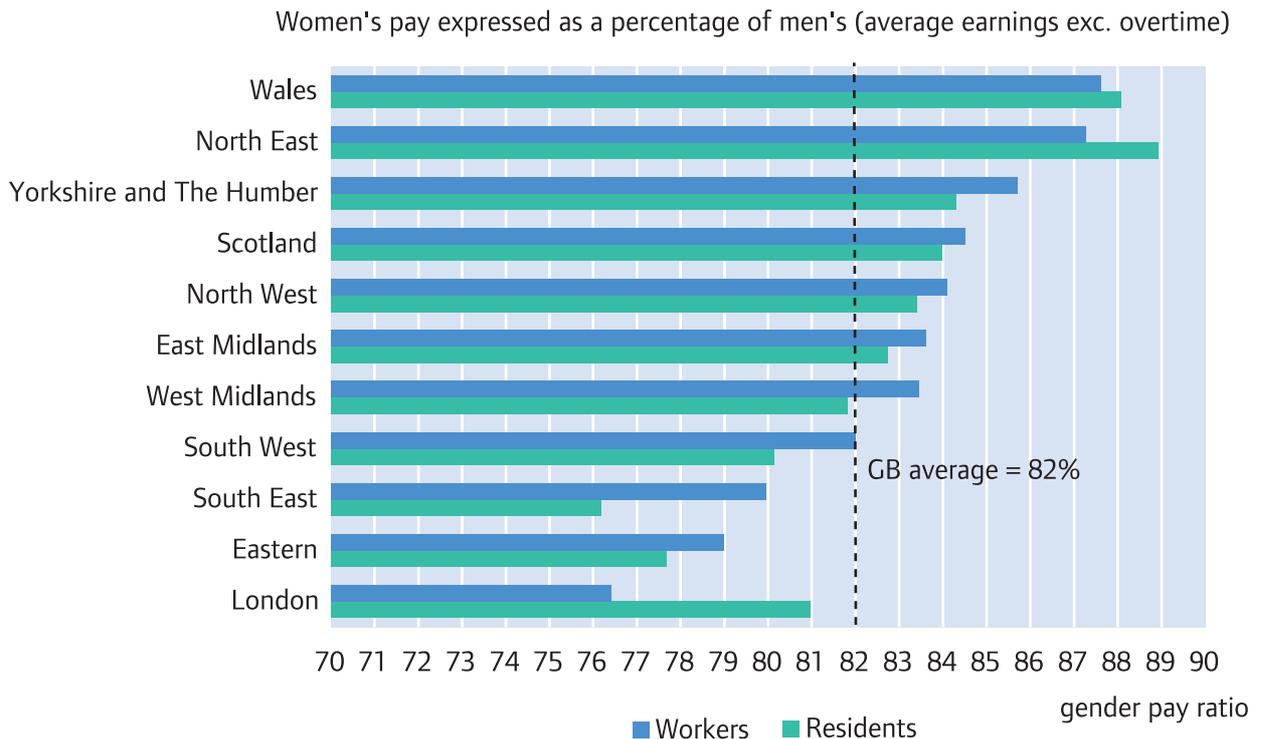
Source: Annual Labour Force Survey 2002

**Figure 25: Gender pay ratio in Great Britain and London using NES data**  
 Female earnings as a percentage of male earnings, full-time workers



Source: *New Earnings Survey, ONS*  
 Note: *Hourly pay relates to gross average hourly earnings, excluding overtime.*

**Figure 26: The gender pay ratio by region, full-time employees, 2003**



Source: *New Earnings Survey 2003*

London is shown to be slightly less than that in Great Britain as a whole in 2003 rather than slightly more.

It is probable that at an aggregate level the NES estimates are the more accurate, since they are based on employer records of actual pay rather than employee reporting. However, the LFS, in interviewing employees, is able to collect much additional information that is not accessible to an employer based survey. Since the resident based differential is similar in the two surveys, the LFS material should continue to

provide a good basis for further analysis. The differences are explained in more detail in Appendix 1.

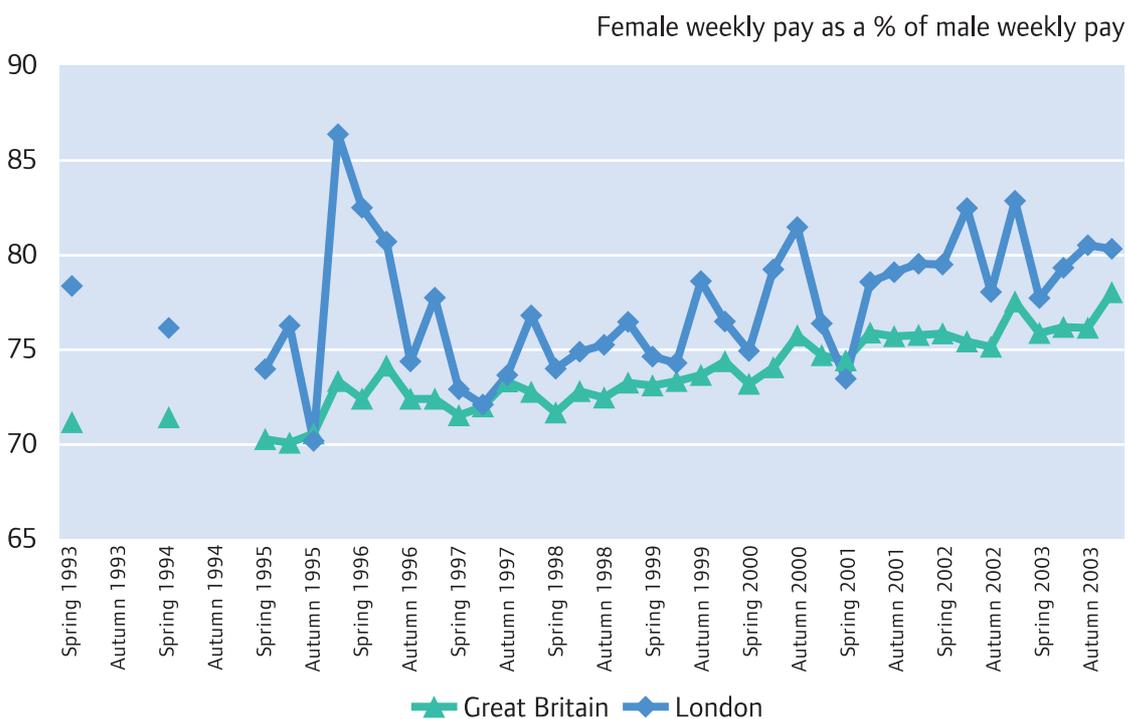
Figure 28 provides some initial pointers to the key issues. The distribution of wages is divided up into the male wage deciles - that is bands of pay that each contain ten percent of male employees. It is clear that women workers are not equally distributed across these deciles and in particular there are far fewer women workers in the top four deciles of male pay. This suggests a glass ceiling effect with fewer women reaching top level jobs.

*Distribution of wages by occupation*

Table 12 presents the hourly wage for females and males in 2002/03 for those in the bottom ten per cent of the distribution (the tenth percentile), workers at the median (the fiftieth percentile) and those in the top ten per cent of the distribution (the ninetieth percentile) by occupation.

Comparison between the wages of those in the top (ninetieth percentile) and the bottom (tenth percentile) of the distribution reveals two main features. First, women generally earn less than men irrespective of whether we

**Figure 27: Gender pay ratio in Great Britain and London using LFS data**



Source: Labour Force Survey

look at those who are relatively low or high paid within an occupation, although there are some exceptions to this rule. Second, wage inequalities between men and women are usually higher for top earners within an occupation than for those with the lowest earnings. Again this may reflect a glass ceiling for women workers.

*Accounting for the gender pay gap*

In attempting to understand the factors behind the gender pay gap, analysts have sought to find out how far it can be associated with the different characteristics of

men and women, (which may themselves partly reflect indirect discrimination), and how far it is due to direct inequality of treatment. Once differences in characteristics have been allowed for, the residual component of the gender pay gap is often equated with gender discrimination<sup>44</sup>. However this may either under- or over-estimate the true extent to which the gender pay gap reflects discrimination.

It may be that men and women have different characteristics in part because of discrimination. For example, suppose women know that they will

tend to be taken less seriously in certain relatively well-paid traditionally male-orientated occupations because of discriminatory attitudes amongst employers and/or their co-workers. Examples of such occupations could be as diverse as skilled trades - plumbers, electricians etc - on the one hand and investment banking on the other. It would then be rational for women to avoid such occupations. In these circumstances the predominance of women in less well-paid occupations would at least in part reflect discrimination. In this case the residual gender pay gap

**Figure 28: Hourly pay of full-time males and females in London divided by male wage deciles**



Source: GLA Economics own calculations based on Annual Labour Force Survey 2002/03

would underestimate the role that discrimination plays in determining differences between men and women's pay.

On the other hand if data is not available for all relevant characteristics then the residual gender pay gap will incorporate their influence

too. For example, if the data we were using contained no information on the levels of qualifications that individuals have, the residual

**Table 12: Distribution of wages by gender and occupation in Greater London in 2002/03 (£ per hour pay)**

	Females, 2002/03			Males, 2002/03			(A)	(B)
	10th percentile	50th percentile	90th percentile	10th percentile	50th percentile	90th percentile		
Corporate managers	8.6	15.2	28.3	8.9	17.5	36.9	97.1	76.7
Other managers proprietors	6.1	10.6	19.1	6.4	11.0	24.1	95.8	79.5
Science technology professionals	7.3	13.8	28.1	10.0	15.6	25.3	72.8	110.8
Health professionals	8.6	16.7	33.7	11.1	21.3	32.1	77.1	105.0
Teaching research professionals	8.4	14.4	21.9	8.8	14.5	23.7	95.8	92.1
Other professionals	9.4	16.3	28.7	9.5	18.8	35.0	98.9	82.0
Science technology associate professionals	6.3	10.0	15.8	7.7	12.0	19.4	81.8	81.6
Health social welfare associate professionals	7.5	11.5	16.4	6.9	11.0	17.0	108.9	96.2
Protective services	9.0	11.7	19.0	6.8	12.4	17.2	131.6	110.5
Culture media sports occupations	7.5	12.8	22.0	7.1	13.5	22.4	105.0	97.9
Business public service associate professionals	8.2	12.4	21.9	8.5	14.6	30.2	95.8	72.3
Administrative occupations	5.8	8.8	13.4	6.2	9.6	15.3	93.4	87.5
Secretarial occupations	6.0	9.6	14.8	6.8	9.5	12.8	87.8	115.7
Skilled trade occupations	4.8	7.1	11.2	4.8	9.6	14.9	99.0	75.3
Caring personal service occupations	4.1	6.5	10.2	5.2	8.0	11.7	78.5	87.1
Leisure & other personal service occupations	4.9	7.7	12.5	4.8	7.8	15.4	101.9	81.3
Sales occupations	3.8	5.4	8.5	3.7	5.6	10.3	100.5	82.8
Customer service occupations	4.6	6.5	10.4	5.6	8.2	11.6	82.4	89.7
Process plant machine occupations	4.4	6.7	10.0	4.3	7.8	13.3	102.3	74.8
Transport mobile machine drivers	1.8	8.7	12.5	5.2	7.6	11.1	34.4	112.8
Elementary trades plant storage	3.9	5.4	10.4	4.0	6.6	10.2	97.5	101.7
Elementary admin service	3.6	5.5	8.4	4.0	6.0	9.7	90.0	86.7

Source: GLA Economics own calculations based on LFS 2002-03

gender pay gap would overestimate the role that discrimination plays.

In practice, since both types of factors are likely to have some effect, it is not possible to ascribe the residual pay gap to the impact of discrimination with any precision.

### Education

Education tends to raise individuals' productiveness at work, and hence their wages. For example, recent research has shown that an extra year of education raises women's wages by around nine per cent<sup>45</sup>. Although men in general tend to have higher

qualification levels than women, we have seen that this gap is narrowing, and so its influence on pay differences should be reducing.

In London the gender pay gap also appears to vary with the level of qualifications held (Figure 29). The wages of women and men are less unequal for workers with either lower levels of qualifications or no qualifications compared to better qualified individuals.

### Work experience

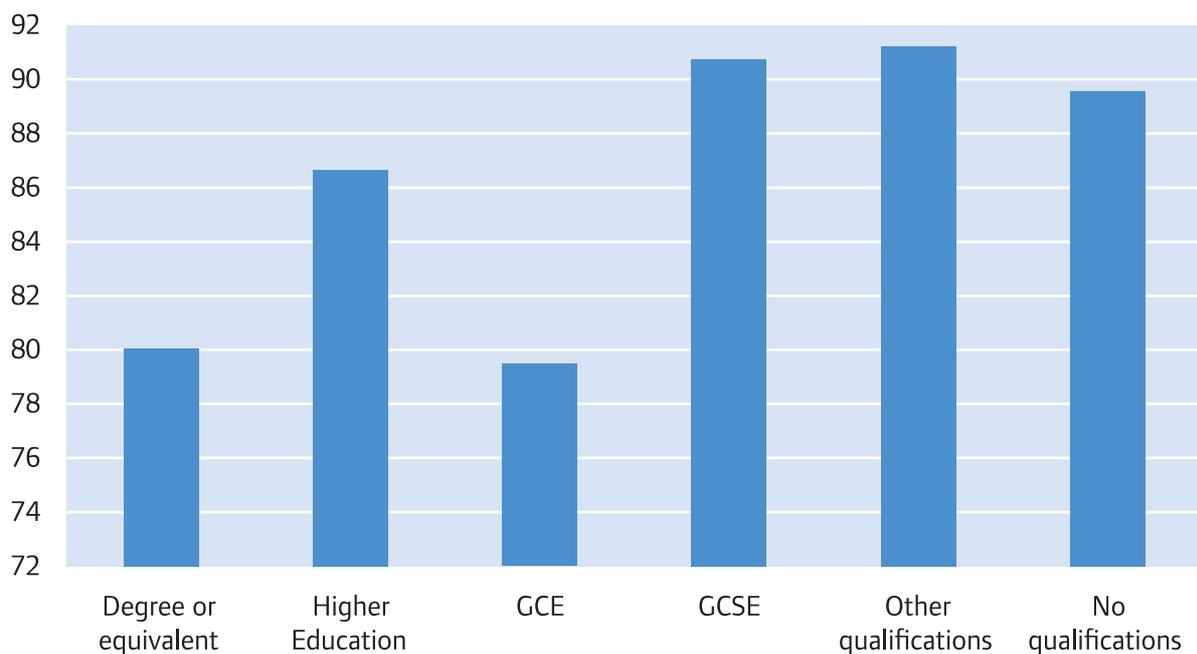
Individuals become more productive not only through acquiring qualifications but by

learning on the job. Hence people with more work experience might tend to have higher levels of pay.

Historically, women in both London and Britain have had lower employment rates than men and so lower levels of work experience. Research for the DTI<sup>46</sup> has found that differences in the length of men and women's full-time work experience was the most significant determinant in explaining the gender pay gap in the UK as a whole. As direct data on individuals' extent of labour market experience is usually unobtainable age is commonly used as a proxy, although it is not a perfect match: individuals of the same

**Figure 29: Gender pay ratio at median in London by qualifications**

Female hourly pay as % of male hourly pay



age can have different degrees of work experience for numerous reasons. For example, an individual may have less work experience than someone of the same age because they delayed their entry into the labour market to undertake additional years of education, or because they have taken time out of the labour market to assume caring responsibilities.

*Motherhood*

Women's careers can be interrupted as a result of having children. Women continue to take more responsibility than men for childcare, and lone mothers have the additional burden of sole childcare responsibility. In London, the ability of women with children to combine work and family responsibilities is not helped by the cost and availability of childcare.<sup>47</sup> This absence from the labour market also reduces their levels of work

experience. This effect may be especially important in London, where women with children have lower employment rates<sup>48</sup>.

However having children may affect women's earnings in other ways too. Mothers may switch from full-time to part-time employment.<sup>49</sup> A higher proportion of women with children in London work part-time (50 per cent) compared to women without children (24 per cent), and their hourly pay tends to be lower than those working full-time. Finally the attitudes of employers may discriminate against women with children, for example because they believe them to be less reliable or less committed to their jobs than men or women without children. If so, women with children will experience greater difficulties obtaining jobs with high degrees of responsibility or not be fairly

considered for promotion, and their pay levels would reflect this discrimination.

*Part-time employment*

Women are more likely than men to work part-time in order to combine paid work with other responsibilities such as caring for children or older relatives. Table 13 presents hourly wage rates for females and males in 2002/03 for those in the bottom ten per cent of the distribution (tenth percentile), at the median (fiftieth percentile) and in the top ten per cent of the distribution (ninetieth percentile) by full-time/part-time status. At all three points, part-time workers of both genders are paid less than full-time workers.

Among full-time workers, the gender pay gap is higher the further up the wage distribution we go. At the

**Table 13: Hourly pay and gender pay gap for males and females, London**

Full-time/ Part-time status	Females, 2002/03				Males, 2002/03				(A) %	(B) %	(C) %
	10th percentile	50th percentile	90th percentile	90/10	10th percentile	50th percentile	90th percentile	90/10			
Full-time	5.9	10.6	19.8	3.4	5.9	11.9	25.9	4.4	99.8	89.076	76.4
Part-time	4.1	6.9	15.6	3.8	3.5	5.7	15.7	4.5	117.4	120.84	99.4

Source: GLA Economics based on LFS data

bottom end of the wage distribution the wages of men and women working full-time are virtually identical. For part-time employees women appear to be better paid than men except at the top end of the wage distribution. However only a small proportion of men in employment work part-time.

*Industry*

Wages vary between different industries in the UK owing to sectoral differences in profitability and productivity.<sup>50</sup> London’s economic structure is different from the rest of the UK and hence the distribution of male and

female workers across different industries will influence the gender pay gap.<sup>51</sup> Women in London are earning less than their male counterparts in all industries with the exception of the Energy and Water sector, where median female wages are 45 per cent higher than their male counterparts. However fewer than one percent of employed Londoners, whether men or women, work in this sector. The gender pay gap is highest in London in financial and business services and in public administration, education and health (Figure 30) where just under 60 per cent of

London women in paid employment are working.

*Firm size*

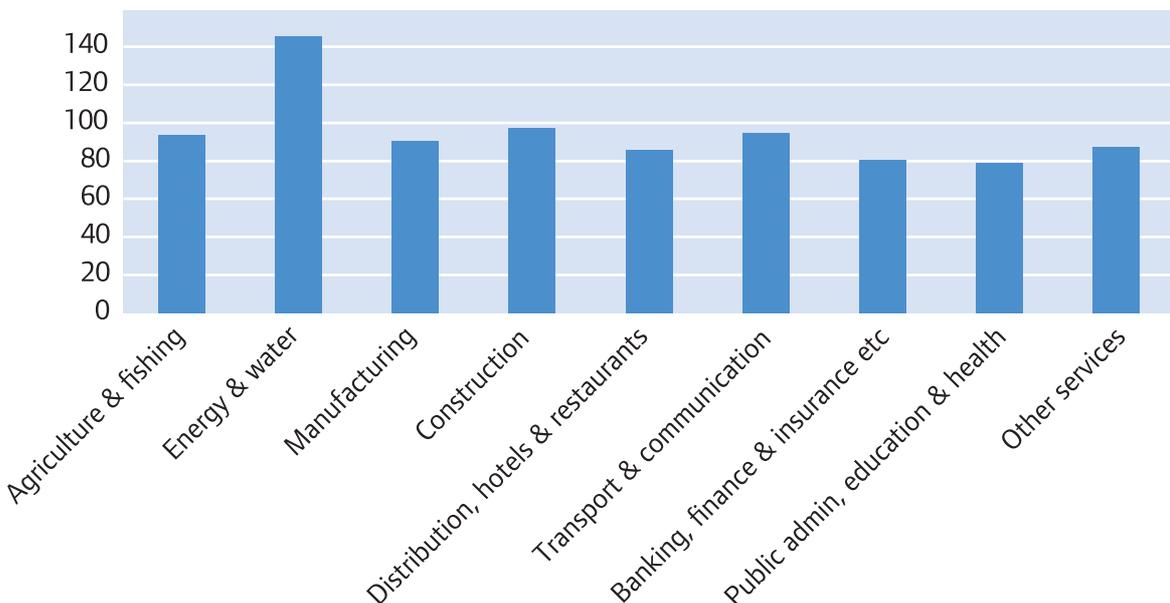
Women are more likely to work in smaller firms and organisations. In London 69 per cent of women work in workplaces with under 250 employees compared to 67 per cent of men. Since wages tend to be higher in larger organisations (see Figure 31) this will increase the gender pay gap. Research has found that working in a small firm (fewer than 25 employees) reduces women’s wages.<sup>52</sup>

*Private versus public sector*

Women represent approximately 60 per cent of

**Figure 30: Gender pay ratio by industry in London**

Female hourly pay as % of male hourly pay



Source: GLA Economics own calculations based on Annual Labour Force Survey 2002/03

London's public sector workforce; almost 30 per cent of women workers are employed in the public sector, compared with just 15 per cent of men. Women working in the public sector often report positive practical reasons for staying there, such as conditions of employment. For example, public sector employees are more likely to work flexi-time than those in the private sector (20 per cent compared with seven per cent in 2001-2002).<sup>53</sup> The earnings differences between the private and public sectors combined with the high proportion of women working in the public sector will

increase the overall gender pay gap.

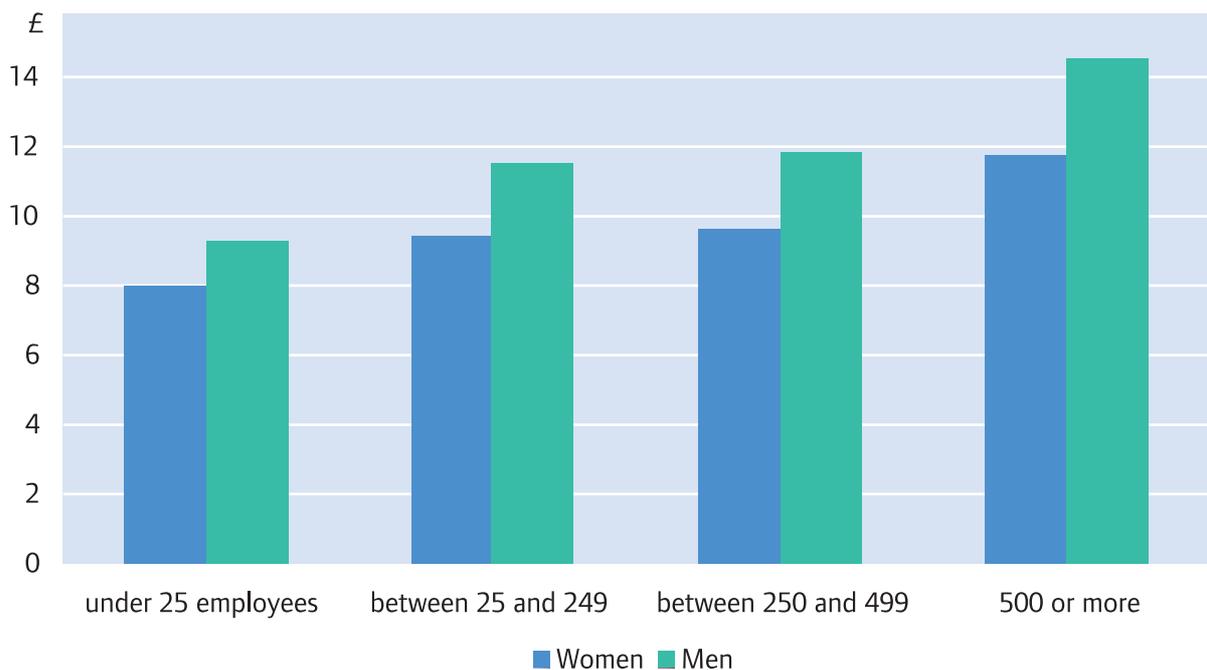
The gender pay ratio (calculated for the median worker) was very similar in the private and public sectors in London at 82 per cent and 82.5 per cent respectively in 2002/03. However, a breakdown by occupational group suggests that if anything women may be more equitably treated with regard to pay in the private than the public sector. Wage differentials between women and men are either higher or about the same in the public sector compared with the private sector for the same occupation (Figure 32).

*Ethnicity*

The median wages of women from ethnic minority groups, especially those of Asian origin, are lower than those of white women: see Figure 33

There is a long history of (mainly US) empirical research which has found that at best only part of the differences in employment and earnings between minority ethnic groups can be attributed to independent characteristics, such as differences in qualifications or age structure.<sup>54</sup> More recent studies of the UK have similarly found large unexplained ethnic disparities in labour market outcomes.<sup>55</sup>

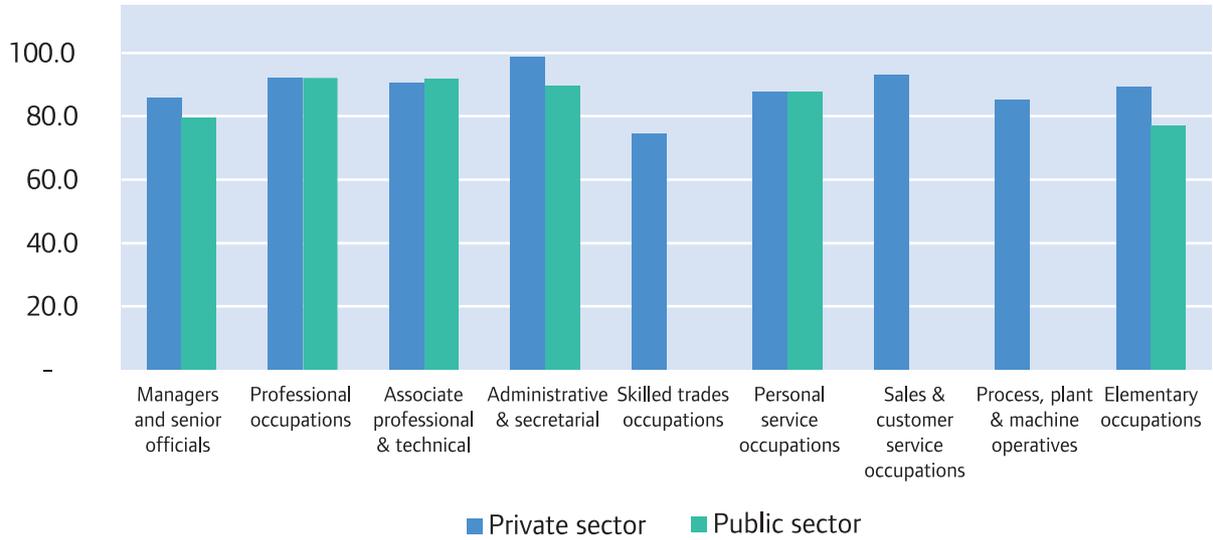
**Figure 31: Median hourly pay for women and men by workplace size in Greater London**



Source: GLA Economics calculations based on LFS data

**Figure 32: Wage differentials in the public and private sectors**

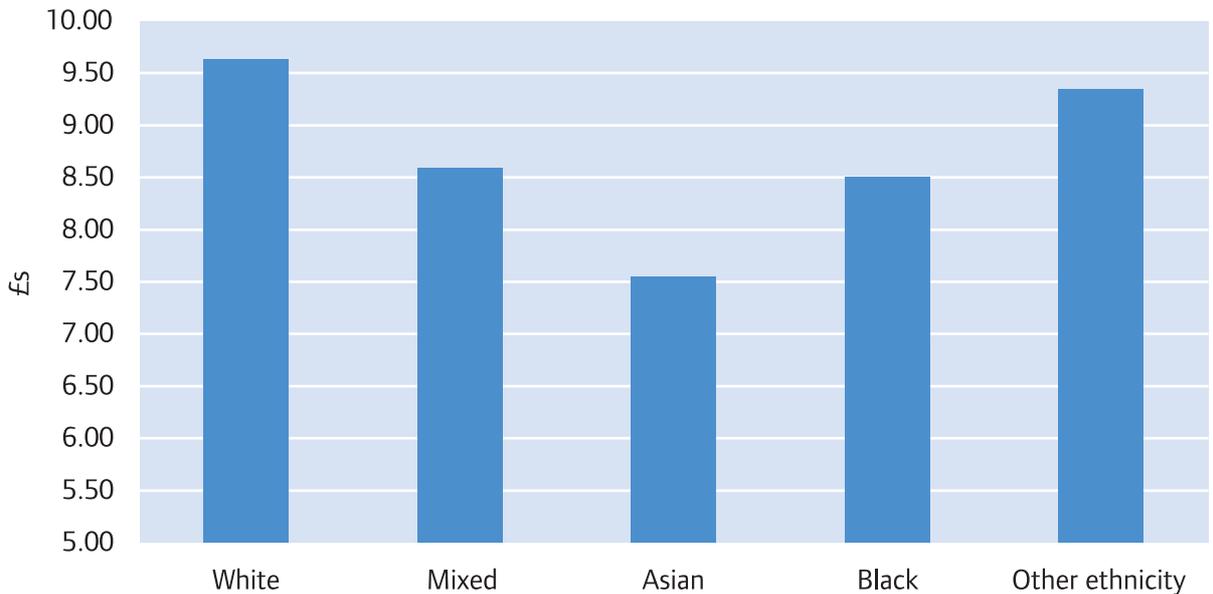
Female hourly pay as % of male hourly pay



Note: Some occupation bars are missing from Figure 32 for the public sector as they are not statistically robust.

Source: GLA Economics own calculations based on LFS data.

**Figure 33: Median hourly earnings by ethnicity for women in London in 2001/02**



Source: GLA Economics calculations based on LFS data

If these disparities cannot be accounted for by any other characteristic then it suggests that racial discrimination plays a role in causing them.

### *Region*

Wages vary across regions. In particular, for most occupations average earnings in London are 15 to 25 per cent higher than in the rest of Britain<sup>56</sup>. Hence we include the region that an individual resides in within our detailed analysis of the gender pay gap.

### *Occupation and occupational segregation*

Analysts have identified occupational segregation as a potential significant source of discrimination against women. This occurs when men and women are employed in different types of occupations (horizontal segregation) or hold different positions within the same occupation (vertical segregation).<sup>57</sup> For example, occupations which are traditionally perceived as 'masculine' or 'feminine' lead to horizontal segregation<sup>58</sup> and female-dominated occupations are generally lower-paid than male-dominated ones. Vertical segregation is exemplified by the 'glass-ceiling', where women encounter barriers hindering their promotion to middle and top managerial positions.

Women's choices of occupation also reflect their personal preferences. Therefore, the different distribution of men and women across occupations is not all the result of discrimination.<sup>59</sup> As yet analysts have not devised a method that allows them to estimate the proportion of occupational segregation that can be attributed on the one hand to discrimination and on the other to individual preference.

### *Significance of these factors*

There is a large body of existing literature which has sought to account for the gender pay gap. In general, these studies have concluded that after controlling for differing quantifiable characteristics there remain unexplained differences between men and women's pay. However, these studies ascribe different weight to direct discrimination as a cause of the pay gap.<sup>60</sup> This is perhaps not surprising, since different studies rely on different data sources, and include different sets of factors.

One interesting recent study estimated that direct discrimination by employers declined between the 1980s and the 1990s in the UK and that this narrowed the gender pay gap. Despite this, the estimated impact of direct discrimination remained

significant: during the 1980s women's pay would have been around 20 per cent higher if they had been rewarded in the labour market on the same basis as men while in the 1990s the equivalent figure was ten per cent.<sup>61</sup>

A Department of Trade and Industry (DTI) study of women's position in the UK labour market found that the main factors behind the gender pay gap, in order of relative importance, were: direct discrimination; full-time employment experience; interruptions to women's careers owing to them caring for their families; occupational segregation; and education.<sup>62</sup> Direct discrimination was found to account for around six percentage points of the 20 per cent difference in wages between men and women.

While there have been many studies of the gender pay gap in the UK we are aware of no empirical studies focusing on London. So we have analysed the gender pay gap in London, the UK as a whole, and the rest of the UK excluding London for the years 2001/02 and 2002/03. Our model includes a range of individual, job and combined characteristics to account for the wages of men and women, as set out in Table 14. For a more detailed explanation of the methodology, see forthcoming

GLA Economics Working Paper, or Oaxaca and Ransom.

The results for the UK and for London and the rest of the UK outside London in 2002/03 are shown in Tables 15 to 17. In all cases, differences in individual and job characteristics account for most of the gender pay gap. The impact of directly unequal treatment appears to be slightly lower in London than outside, reducing London women's wages by around four per cent compared to six per cent outside London. It accounts for 27 per cent of the London

gender pay gap compared to 28 per cent in the rest of the UK. Analysis of the figures for 2001/02 produces very similar results, adding to the robustness of our findings.

It is important to note, though, as explained above, that these figures may either over- or under-estimate the impact of discrimination on the gender pay gap. In particular, as one of the characteristics included in our model is ethnicity, these estimates are likely to pick up the impact of racial, as opposed to gender, discrimination on wages; our

detailed results suggest that in London in 2002/03 being of black ethnic origin reduced an individual's earnings by around six per cent after controlling for other factors.

#### *Relative significance of different factors*

Using a different methodology allows us to estimate the contribution of specific factors to the gender pay gap.<sup>64</sup> The results of this analysis are set out in Table 18.

Column 1 shows the size of the total gender pay gap. Column 2 shows the gender pay ratio that remains after

**Table 14: Variables included in the analysis of the Gender Pay Gap**

Individual characteristics	Job characteristics	Combined characteristics
Age	Working in the Public or Private Sectors	The combined impact of having dependent children and working part-time.
Number of children in the household	Working part-time or full-time	
Highest qualification	Industry of job	
Ethnicity	Occupation	
Region of residence	Firm / Organisation size	

**Table 15: Breakdown of the average (mean) gender pay gap in the UK in 2002/03**

Components of gender pay gap	Percentage point	% of pay gap
1 Differences in individual, job and combined characteristics between men and women as set out in Table 14	15.5	72.0
2 Unequal treatment given differences above and/or unexplained factors	6.0	28.0
Total mean gender pay gap (1) + (2)	21.5	100

Source: GLA Economics own calculations

controlling for differences between men and women in terms of their age and the qualifications they hold. Column 3 shows the gender pay ratio that remains after controlling for the different

occupations that men and women work in. Column 4 shows the gender pay ratio that remains after controlling for differences between men and women in terms of the individual and job

characteristics as set out in Table 14 apart from occupation or region. Column 5 shows the gender pay ratio that remains after controlling for all the factors set out in Table 14.

**Table 16: Breakdown of the average (mean) gender pay gap in London in 2002/03**

Components of gender pay gap		Percentage point	% of pay gap
1	Differences in individual, job and combined characteristics between men and women as set out in Table 14	11.9	73.1
2	Unequal treatment given differences above and/or unexplained factors	4.4	26.9
Total mean gender pay gap (1) + (2)		16.3	100

Source: GLA Economics own calculations

**Table 17: Breakdown of the average (mean) gender pay gap outside London in 2002/03**

Components of gender pay gap		Percentage point	% of pay gap
1	Differences in individual, job and combined characteristics between men and women as set out in Table 14	15.9	71.9
2	Unequal treatment given differences above and/or unexplained factors	6.2	28.1
Total mean gender pay gap (1) + (2)		22.2	100

Source: GLA Economics own calculations

**Table 18: Gender pay gap (%)**

Year	Controls				
	None (1)	Age & qualifications (2)	Occupation (3)	Individual and job characteristics (4)	All (5)
2002/03 in UK	21.5	19.9	12.8	13.2	11.1
2002/03 in London	16.2	14.8	8.0	8.8	6.7
2002/03 in the rest of the UK	22.0	20.5	13.1	13.6	11.6

Note: figures in column (1) are slightly different from the comparable figures in Tables 15-17, owing to the different methodology used

Source: GLA Economics own calculations based on LFS data

Age and qualifications alone explain less than a tenth of the gender pay gap both in London and the rest of the UK. After controlling for differences in the occupations worked in by men and women the average gender pay gap in London is reduced by a half (but by only two fifths outside London). Similarly, controlling for the individual characteristics and job characteristics (apart from occupation and region) set out in Table 14 reduces the average gender pay gap by around a half in London, but by only around two-fifths outside London. Average female wages were 11 per cent lower than male wages after controlling for all the factors set out in Table 14 in the rest of the UK outside London, while in London average female wages were seven per cent lower after controlling for all these factors. This gives us an alternative estimate of the impact of unequal treatment on women's wages: allowing for the different jobs that men and women are employed in and their different individual characteristics, direct unequal treatment of women reduces the wages of full-time employed women resident in London by four to seven per cent.

### *Conclusion*

Most of the gender pay gap appears to be explained by

differences in individual and job characteristics, such as differences in qualifications held, age and occupation worked in; we estimate that of the raw 16 per cent difference between men and women's pay in London in 2002/03, such characteristics account for between nine and 12 percentage points. The remainder of the gap - between four and seven percentage points - appears to be the result of directly unequal treatment of women.

However, accounting for the sources of difference is not the same as an explanation of discrimination. Discrimination itself may well cause at least part of the differences between men and women's individual and job characteristics, such as the different occupations that men and women work in.

In terms of individual factors we find that differences in the occupations worked in by men and women explain about half the average gender pay gap in London (but only two fifths outside London). Age and qualifications together explain less than a tenth of the gender pay gap, both in London and the rest of the UK. Gender divisions between occupations are therefore an important factor in the gender pay gap in London.

## **2.5 Women in business**

We have seen in previous sections that women have limited opportunities compared to men, have relatively low chances of achieving senior positions, and are relatively lowly paid.

This section explores the opportunities that women have to reach senior levels in business. We have looked at two areas - the extent to which women reach board level, and the extent to which women own businesses.

### *Women on the board*

In the UK, only 8.6 per cent of FTSE 100 company board members are women, and of these, only three per cent are in executive roles. There has been almost no change in the last decade at senior level.<sup>65</sup>

There is a growing acknowledgement of the strategic importance of encouraging more women into senior management and leadership roles. The Higgs Review recommended increased diversity of selection pools to enhance corporate governance and bring new ways of thinking, creativity and decision-making to reflect today's society in a rapidly globalising world. It showed a strong link between good corporate governance and gender diversity in the boardroom.<sup>66</sup>

The number of women on boards increased by 20 per

cent between 2002 and 2003, but progress is being made mostly in companies who already have female directors. Female directors are more likely to have titles (such as Baroness, Dame, Professor, Doctor) than their male counterparts, with one third of female directors holding titles compared to one in five male directors.<sup>67</sup>

Table 19 highlights how few women participate at board level. Of the FTSE 100 listed companies nearly a third still have no female board members at all and only one company has a female Chief Executive Officer. For the FTSE 350, the situation is

worse still with 58.7 per cent of companies having no women directors.

#### *The London situation*

For companies based in London, there is a similar under-representation of women at board level (Table 20).

#### *Remuneration differences*

Table 21 shows that female directors earn considerably less than their male counterparts, particularly when average total remuneration is considered. This may be partially explained by companies with female directors being of a different size or in different

industries compared to those with male directors.

Nonetheless, it is clear that male directors have a higher level of remuneration than female directors.

#### *Concept of the 'glass cliff'*

A recent study examining directors' appointments to the FTSE 100 during 2003 shows that females are more likely to be appointed to the board in circumstances of general financial downturn and downturn in company performance.<sup>68</sup> Such appointments may reflect a corporate strategy to boost shareholder confidence by signalling that fundamental changes will occur with the

**Table 19: Female directors in FTSE companies**

	FTSE 100 <sup>a</sup> - 2003	FTSE 100 - 2002	FTSE 350 <sup>b</sup> - 2002
Female executive directors	17	15	38
Female non-executive directors	84	69	144
Female Chief Executive Officers	1	1	3
Women chairmen	1	1	2
Companies with women directors	68	61	143 (41.3%)
Companies with 1 woman director	46	44	111 (32.1%)
Companies with 2 women directors	13	11	24 (6.9%)
Companies with 3 women directors	7	6	7 (2%)
Companies with 4 women directors	2	0	1 (0.29%)
Companies with no women directors	32	39	203 (58.7%)

Notes: *a* FTSE 100 figures from *The 2003 Female FTSE Index* produced by the Cranfield Centre for Developing Women Business Leaders

*b* FTSE 350 figures from Manifest Information Ltd. 4 companies are excluded from the survey: Burberry Group, Investec, Wood Group and RT Group.

appointment of female directors.<sup>69</sup> Women appear to be placed on a top of a 'glass cliff' in the sense that their appointments are made in problematic organizational circumstances and are therefore more precarious.

Research has shown that directors who leave the

boards of companies that have performed poorly are less likely to be offered future directorships. If females are being appointed to more precarious director positions than their male counterparts, they are more likely to fail and may be singled out for blame while the circumstances of their

appointment are overlooked. For example, a recent article in *The Times* newspaper 'Women on the Board: Help or Hindrance?' observed that more women are securing positions on company boards and then suggested that they are having a negative impact on company performance.<sup>70</sup> The article

**Table 20: Female directors in London based companies May 2004**

	Fledgling	FTSE 100	FTSE 250	Small cap
Total number of companies	96	60	115	159
Number of executive directors	148	272	362	321
Number of female executive directors	15	13	14	24
% female executive directors	10.14	4.78	3.87	7.48
Number of non-executive directors	363	443	595	684
Number of female non-executive directors	15	55	44	43
% female non-executive directors	4.13	12.42	7.39	6.29
Total number of directors	511	715	957	1005
Total number of female directors	30	68	58	67
% female directors	5.87	9.51	6.06	6.67

Source: *Manifest Information Services Ltd.*

**Table 21: Remuneration of directors by gender<sup>a</sup>**

	Male £	Female £	% of male salary
Average executive directors' base salary <sup>b</sup>	274,778	211,462	76.95
Average Chief Executive Officer salary <sup>c</sup>	397,832	275,517	69.25
Average non-executive directors' fees <sup>d</sup>	41,747	29,258	70.08
Average total directors' remuneration <sup>e</sup>	233,047	103,753	44.52

Notes: *a Based on latest financial year for company at 29 October 2002*

*b This average reflects all executive positions from Chief Executive Officer to Director*

*c This comparison is subject to a very small female sample size as there are only three female Chief Executives*

*d This average reflects all non-executive positions from non-executive Chairman to non-executive director*

*e This figure includes all cash salary, cash and deferred bonuses, fees, consultancy fees, relocation expenses,*

Source: *Manifest Information Services Ltd*

paid no attention to the performance of the companies before they engaged female directors. The research referred to above shows that there was no significant difference between annual performance in 2003 between those companies that appointed a woman director and those that appointed a male director.<sup>71</sup>

*Women-owned business*

Females are under-represented in business ownership in all sectors of the London economy. Majority

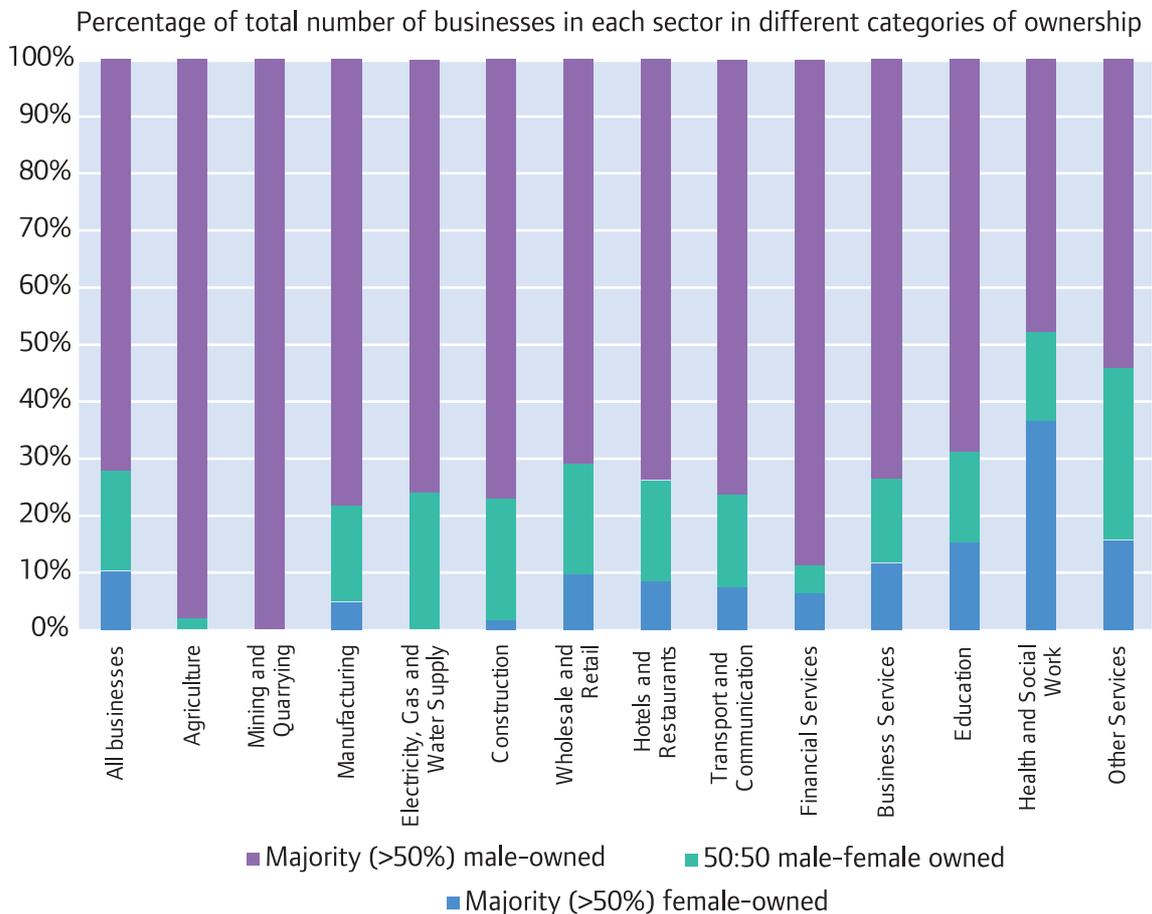
female-owned businesses account for only 10.3 per cent of those businesses for which the gender of the owners could be identified, whereas majority male-owned businesses account for 72.1 per cent; the remaining 17.6 per cent are 50:50 male-female owned.

Female-owned businesses are particularly uncommon in the traditionally male-dominated construction and manufacturing sectors, but also in the financial services, transport and communications, and hotels and restaurants sectors.

Although female-owned businesses are less uncommon in other sectors, ownership is still relatively low in comparison to women's participation in these sectors.

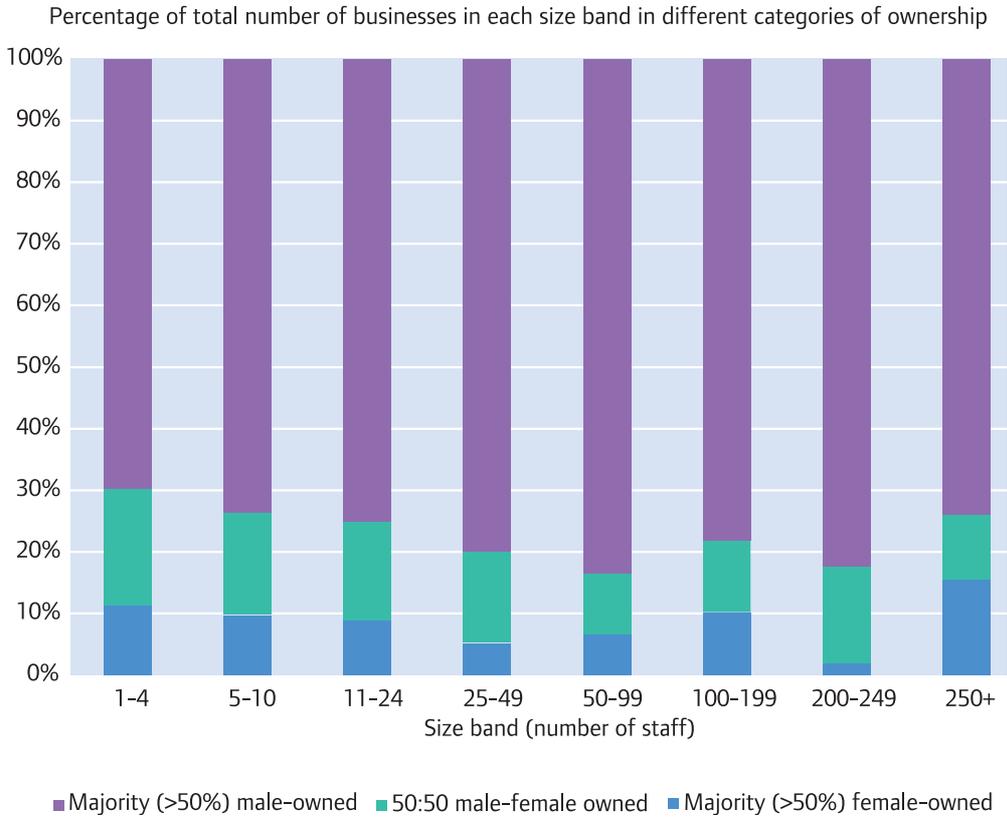
Female-owned businesses generally tend to be smaller than male-owned businesses (with average staff numbers of 7.9, compared with 9.0). Associated with this, female-owned businesses report that a smaller proportion of their customers and suppliers are in the rest of the UK outside London and the South East than other businesses.

**Figure 34: Sector distribution of businesses by gender of owner**



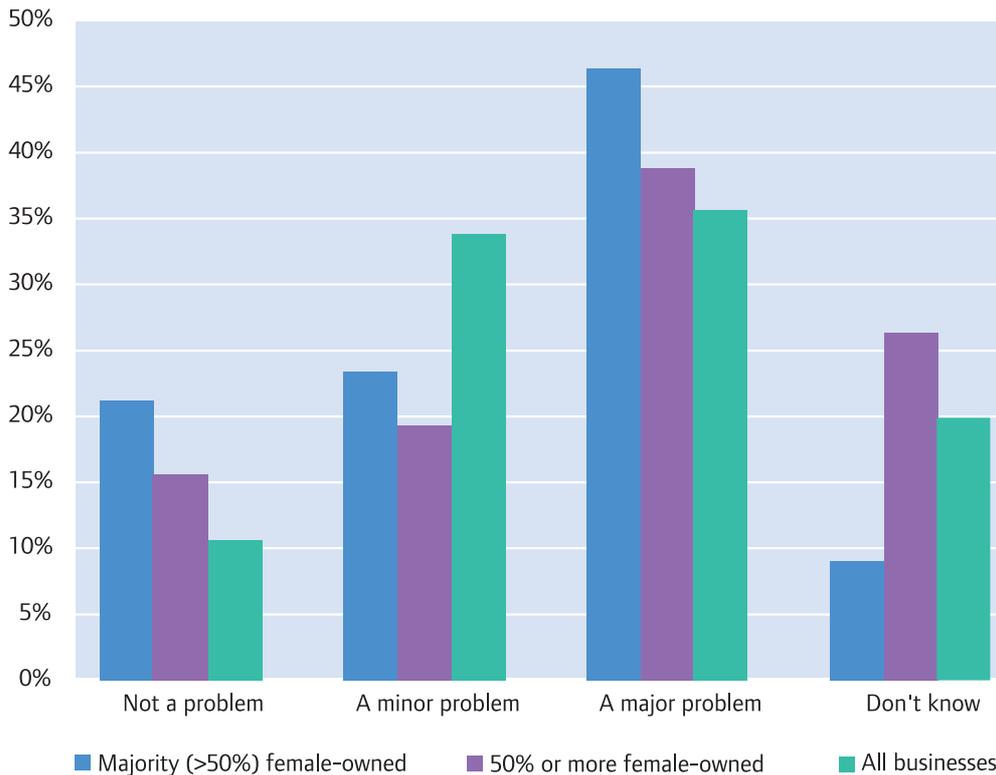
Source: LDA/BL4L London Business Survey 2003

**Figure 35: Size distribution of businesses by gender of owners**



Source: LDA/BL4L London Business Survey 2003

**Figure 36: Extent to which accessing external finance represents a problem for the business**



Source: LDA/BL4L London Business Survey 2003

However, these distinctions are not particularly marked and in general terms, we can say that the experience of businesses does not, in most respects depend on gender. Women-owned businesses face the same risks in their markets and are as likely to be innovators as others. There may be some differences in the way that they respond to risks.

It is often thought that women have problems raising funds, but in general women-owned businesses

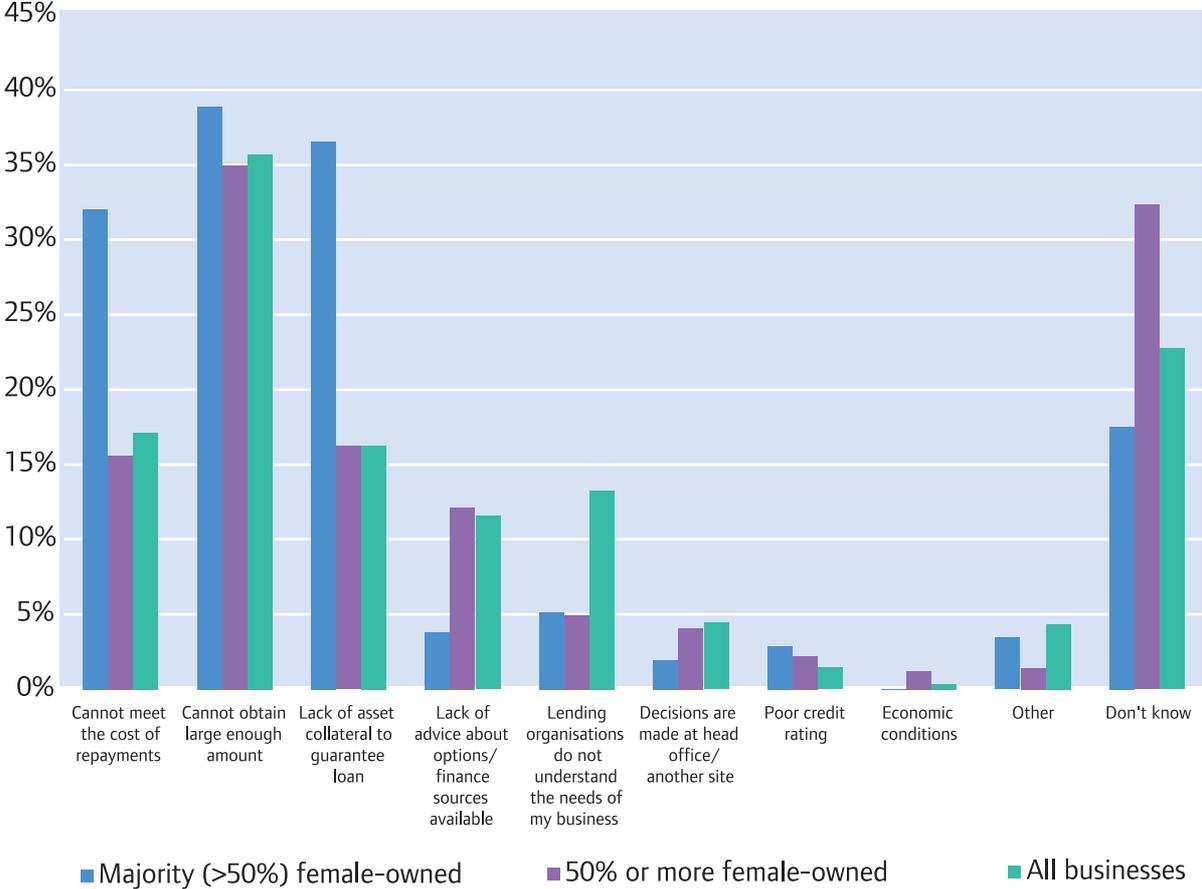
are less likely to say that external finance is a problem. This may be because they generally do not go into businesses that require much finance - and if they do they are distinctly more likely to say that finance is a major problem. In particular, they have problems with providing collateral and meeting repayments. Alternatively, it may be that women are more likely to seek informal sources of finance combined with seeking to avoid the risk of high start up costs.

However, women do report particular problems with providing collateral and meeting repayments.

Women-owned businesses tend to report fewer constraints than other businesses. Only in worries about the size of premises and proximity to suppliers and competitors are their concerns similar to business as a whole.

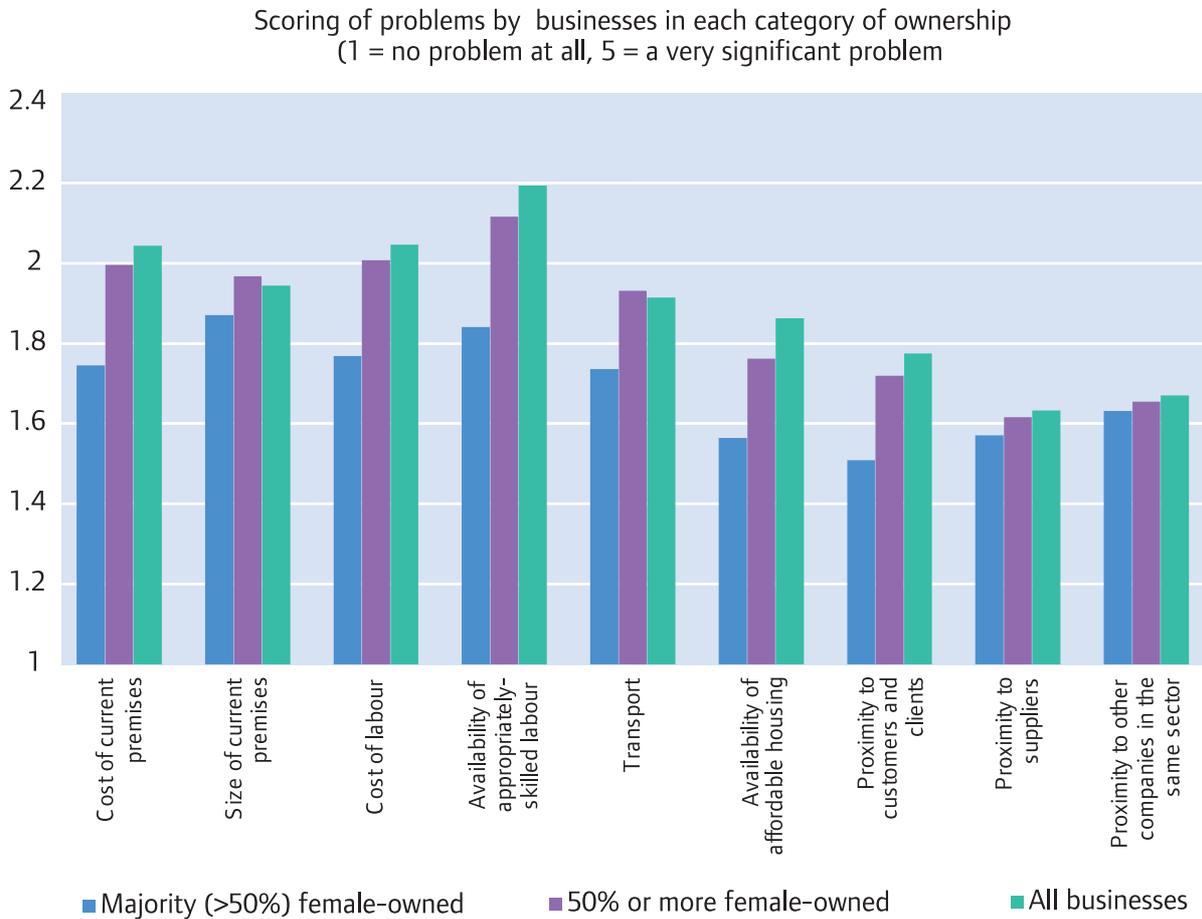
At least some women-owned businesses, therefore, face constraints, particularly in

Figure 37: Factors contributing to problems in accessing external finance in the past 12 months



Source: LDA/BL4L London Business Survey 2003

**Figure 38: Extent to which specified factors represent a problem to the successful running of the business**



Source: LDA/BL4L London Business Survey 2003

raising finance. As long as women are under-represented at senior levels, even in industries in which they make up the majority of employment, and as long as they are still relatively unrepresented on the boards of major companies, it will be more difficult to be taken seriously when raising funds and pursuing investment opportunities.

## 2.6 Further research

This report describes the outcomes of women's choices; it does not attempt

to explain the complex reasons why these patterns occur in the first instance. We hope that the research can be used to help define some of the key questions which need to be examined in order to provide the information necessary to inform policy decisions, and ultimately improve the situation for women in London's economy.

Although many issues have been investigated at a UK level, much less research exists for London, and we have shown that London

has distinctive features for women's labour market experience.

One big issue is the identification of sources of change. We know that women are improving their educational attainment, but it is much less clear how this is changing their access to higher quality employment. A cohort study would enable better analysis of whether pay gaps are different for younger age groups now than before. Identifying changes in the pattern of

how women respond to having children is also a key task.

Our research has shown that women are concentrated in specific jobs and industries. Where women are over-represented, pay tends to be lower. We need to better understand the supply and demand issues associated with different jobs, and what motivates or constrains women to work in particular areas. Research from the Equal Opportunities Commission has highlighted that male and female

graduates are motivated by different aspects of work and this is not always related to pay scales.

One way to approach this would be to do a historical analysis of a specific industry that has become more female-dominated, to determine what happens to the pay scales of that industry overall. A good example of this would be the legal profession or medicine. This analysis could also try and evaluate what the tipping point is for women to enter a particular

profession - when senior women become role models rather than being seen as the exception.

A further area that could be explored is the reasons behind fewer women setting up their own business - is this due to women being more risk averse or is it that they are systematically discouraged from exploring this option? Business Link for London have conducted a survey assessing their own clients access to their services which we could further develop.



# Chapter 3:

## Qualitative research

### 3.1 Introduction

This chapter is based on qualitative research conducted by OPM (Office for Public Management). In broad terms, the research sought to identify the concerns of women when considering particular forms of employment, examine their experiences while in employment and identify both good and bad employment practices. In particular the study considered:

- women's ability or inability to take up and maintain employment
- the impact of caring and family issues on employment experiences and employment outcomes
- issues around pay
- women's experiences of workplace discrimination in terms of type of employment, earnings, and progression
- women's experiences of the glass ceiling
- the factors influencing women's choice of self

employment as well as particular issues relating to women as business owners.

While the focus of the research was particularly on women as full-time workers, the GLA was also interested in exploring the experiences of women in part-time work and women not currently in employment but seeking work.

Eight focus groups were held with women living and working in various locations in Inner, Outer and Central London. The women who participated in the focus groups were drawn from a range of socio-economic groups and employment sectors. In total, 74 women participated in the focus groups. In addition to the focus groups, 14 individual in-depth interviews were carried out with women from the following three groups: women in senior grades in employment, self-employed women and representatives from organisations of women in work. Further

methodological issues are discussed in the appendices.

### *Summary of main findings*

#### *Ability to take up and maintain employment*

- The key stated constraint on employment for women with children is the lack of affordable childcare, which is seen to limit career choices and location of employment in terms of proximity to home.
- Senior women employees in the private sector also see childcare as a crucial factor impacting on their ability to work full-time or part-time.
- Lack of availability of part-time work structured around the needs of women was perceived as a major constraint.
- Higher earners in senior roles working part-time to meet their childcare responsibilities often have to compress a full-time working week into three days.
- Women across all groups cite independence and

social interaction as a key factor in their decision to work outside the home. However, in the lower paid groups, economic independence is also a key consideration.

- Certain traditionally male sectors, such as investment banking, IT and construction, are seen as not catering for women's needs, or excluding women as a result of a male-driven culture.
- Skill obsolescence for women in fast-moving sectors was cited as a contributor to problems both of confidence and ability to re-enter the workforce after a career break.
- Women believed there were too few training opportunities for women in work and those seeking to re-enter the workforce after a career break.

#### *Self-employed women*

- The perception of a 'glass ceiling' in business, as well as a perception of greater opportunities in the world of entrepreneurship, were influencing women's decisions to become self-employed.
- Women also become self-employed in order to establish a better work-life balance, but the reality is that their work-life balance is often worse.
- A number of barriers block access to venture

capital for all women, but were reported as particularly pronounced in the case of Asian women, owing to cultural and racial stereotypes.

#### *Impact of caring and family issues on employment, work experience and outcomes*

- The attitudes of employers to flexible working vary enormously, with some employers demonstrating more of a push towards it.
- The fixed hours culture in City-based institutions is bad for women; a formal system of work organisation prevails and there are few, if any, opportunities for flexible working.
- There is a high level of discrimination against part-time workers, who encounter major difficulties in getting time off on workdays to attend clinics or other hospital appointments.
- Women who are higher earners in senior positions are reluctant to make use of opportunities for flexible working, even when their company has a policy on flexible working, because of a culture of 'presenteeism' and feared impact on opportunities for career advancement.
- The low use of childcare, particularly in the lower-paid groups, is a result of its high cost, particularly

after the arrival of a second child.

- Employers tended to regard women as less committed after they have had children and talk openly about their reluctance to employ them.

#### *Pay levels and pay inequality and discrimination*

- Bullying and harassment of staff was noted as an issue of concern, coupled with women's reluctance to assert their rights in the workplace.
- Participants felt that many employers paid lip service to equality policies and could easily circumvent them.
- Disabled women reported fear of coming off benefits and entering work, because of the difficulties of getting back onto benefits if employment encounters problems.
- Assumptions governing work and work-based practices may impose heterosexist norms on lesbian workers.
- An entrenched culture of racism was reported to exist in the NHS, despite a progressive stance on flexible working.
- Participants spoke of particularly encountering racism when seeking to enter what were perceived as white-dominated industry sectors.

*Experience of the 'glass ceiling'*

- Senior women tend to be concentrated in employment areas that are traditionally associated with women, such as the NHS, administration, the fashion business, promotions, personnel, and retail banking.
- Senior women reported pressures to become like men in order to be taken seriously in the workplace.
- Career trajectories are based on a linear progression that reflect traditionally male work patterns.
- It was believed that the composition of company boards showed that ethnicity makes a difference at senior grades.

*Lifetime outcomes*

- Lower-paid women workers expressed concerns about their long-term financial security.
- The higher earners had considered long-term financial security and had savings, investments, company share options, pensions and a high level of home ownership.
- Contract staff bore the risks arising from a lack of pension provision, holiday pay and sickness pay.
- Younger participants in the study did not make provision for a pension because they did not think it would be financially worthwhile, given their

decision to have children in the short term. In addition, participants who had had a career break and had not paid their full national insurance contributions were concerned about their state pension.

**3.2 Ability to take up and maintain employment***The impact of childcare on career choices and aspirations*

Childcare was the principal factor cited by participants with dependent children in all focus groups as influencing the choice and location of employment. The women tended to see childcare as their main responsibility, and were of the view that their husbands and partners also expected this. As a result, it was women who either took time out of the labour market to look after children, or assumed responsibility for organising childcare via childminders and out-of-school clubs. The salience of childcare as an issue was also highlighted in an organisational interview with the London Chamber of Commerce; a recent survey conducted by the Chamber among members of its Women in Business Group revealed that 75 per cent of women said that combining home and work commitments had become more difficult over the last ten years.

So, rather than having the choice to follow their ideal career aspirations, as was the case with men, women saw their employment choices as being shaped by family responsibilities, and the need to choose career options that were closer to home. For example, a participant in one of the lower-paid groups explained that she was currently employed in her son's school as a dinner lady because it fitted with her childcare arrangements, but that she would have liked to work full-time in an office environment. However, because of the high costs of childcare and the unpredictable working hours of her husband, which meant that she had to assume all of the responsibility for childcare, office work was not a realistic option until her son grew up. For this reason, her desires, as she said, had to go on the 'back burner', and her current position in the labour market represents an unhappy but workable compromise.

*The availability of flexible working arrangements*

For women with children, both proximity to home and the availability of flexible full-time or part-time work were seen as important by women in all of the focus groups, to ensure that they could guarantee to be there for their children at short notice if needed. It is

therefore a degree of predictability as well as flexibility in working arrangements that is important to women, although the partners of women who were more highly paid did seem to share more of the childcare responsibility. This suggests that if women want to commute into London, support is needed from a partner; or childcare, as well as being affordable, must be reliable and fit in with the needs of women. However, the participants in the study who were currently working part-time, as well as those who were currently working full-time but had prior experience of part-time working when their children were very young, made it clear that the choice to work part-time was determined by the high cost of childcare, not the availability of full-time work, which in their view was in plentiful supply. Indeed, a significant proportion of the women participating in the study, and across all salary bands, including women occupying senior roles, explained that in their experience suitable part-time work was actually harder to obtain than full-time work. This was because part-time hours needed to be precise in terms of fitting in around childcare responsibilities and that it was 'hard to get the exact hours and enough of them'.

Participants felt the organisation of part-time and full-time work did not sufficiently take account of the needs of family life. For example, participants in many of the groups explained that the part-time work currently available often required unsocial hours and weekend work. In the case of higher income earners in professional groups, part-time working essentially meant full-time working compressed into a three-day week. While this was to some extent manageable for women who had a partner at home who was prepared to share the childcare burden, considerable concern was expressed that this was in direct conflict with the rhythms of family life. Senior women and the self-employed who did not have children often said this was a conscious choice, resulting from what they saw as the impossibility of balancing the demands of a full-time career and family life.

The experience of a woman entrepreneur, cited during an interview with the London Chamber of Commerce, provides an indication of the level of demand for working arrangements offering personal flexibility. The entrepreneur established a small company manufacturing baby food,<sup>72</sup> offering opportunities for flexible working organised

around the needs of women. The company was inundated with applications. Perrons (2004), who specifically focuses on gender and labour market issues, has concluded on the basis of extensive and intensive empirical work with employers and employees that much of the flexibility in the labour market is organised around the needs of employers and does not take account of the needs of employees. The evidence from the focus groups and in-depth interviews in this study lends further support to this view.

### *Good practice in flexible employment*

During all of the interviews with organisations of women, it was pointed out that if a business case did exist for changes to a particular working practice, the necessary changes would certainly follow. For example, in an interview with Opportunity Now, a not-for-profit membership network of 370 employees seeking to promote the recruitment, development and promotion of women in the workplace, the electricity company Seeboard was cited as an example of good practice. Seeboard has restructured its business to accommodate women after finding that the imposition of fixed shift patterns resulted in a significant loss of women employees.

The Director of Opportunity Now explained that Seeboard had undertaken a survey of its women employees, and had collected data on the working arrangements women wanted. This informed an initial reorganisation of its shift patterns. Seeboard's recruitment then focused on the hours that were not covered, an approach that the company found increased its retention level significantly.

The NHS and local government were also cited by participants in many of the focus groups as examples of employers offering flexibility for women seeking to work on a full-time or part-time basis. The retail banks were also referred to as a good example of an industry sector that was trying to combine business drivers and organisational imperatives with flexible working arrangements for its women employees. However, the following comment by an Operations Manager in a leading bank shows that women can be reluctant to take advantage of flexible working and career breaks:

*'My own boss was back to work six weeks after the birth of her child. I've taken maternity leave but I'm back. I wouldn't have taken career break had it been offered to me. It's just too long and you get out of the habit.'*

### *The importance of economic independence*

A large proportion of the women from the lower- and middle-income groups had well-paid, full-time careers before marriage or cohabitation and children, but had been forced to make sacrifices once the decision to have children had been made. Even when women had recourse to childminders (unless the service was provided by a close family member, which was seen as a more dependable relationship), they felt they still needed to work close to home since, if anything happened to the childminder, they had to be readily available. There was some concern in the lower income groups that the Government's childcare tax credit scheme did not recognise childcare undertaken by family members, and that this prevented a number of women from going back to work as quickly as they would have liked.

A number of women in the groups, particularly the low paid and middle-income earners, felt that it was important for them to be there whilst their children were growing up. This was based on fears about leaving their children with childminders, as well as a general feeling that childcare was the responsibility of women in what they saw as

a 'man's world'. Among some of the higher earners even when women stated that they shared the childcare responsibility equally with their partners, it was noticeable that in nearly all cases it was the women who re-organised their working hours to accommodate the child (although the partner of one woman who earned significantly less than she did undertook all of the childcare responsibilities). However, the majority of participants in all of the groups were of the view that it was important for them to work since it represented a form of social interaction, raised their self esteem, and provided an affirmation of their independence:

*'I'm not just Paul's wife and Danny's Mum when I'm at work.'*

*'It makes you get up in the morning, put a bit of make-up on and get out the door. It gives you a purpose.'*

*'I feel younger when I'm at work - I work with a younger crowd and they take me out to places like Tiger, Tiger where I wouldn't normally go.'*

The importance of independence was emphasised equally by women from all racial and ethnic groups and by part-

time and full-time workers. The following comment, made by a Punjabi participant in one of the low-paid groups, represented sentiments that were expressed by women of all ethnicities and all levels of income:

*'It's very hard for women actually because at the end of the day you are not free to spend any money, I was bringing up my children and you have to ask every time you want something, you have to ask your family or your husband and that's not a very nice thing to have to ask for money all the time. Once women are employed somewhere outside they've got their freedom, they are allowed to spend their own money'.*

### *Occupational gender segregation, barriers to industry sectors and skill shortages*

The majority of women in the study were in occupations that were low paid and traditionally occupied by women, and included cleaners, carers of children and adults, classroom assistants, receptionists and clerical workers. While the career aspirations of women were strongly influenced by their family responsibilities, a significant number of women participating in the study in the lower income bands stated that they would like to

pursue other career choices, but, as in the example of the dinner lady cited above, were concerned about flexibility in terms of fitting in with their childcare responsibilities and arrangements. The current position of women in the labour market should not automatically be seen the sole indication of women's ambitions or aspirations. However, the ideal career choices given by participants were often in those fields that were associated with women's labour, such as nursing or midwifery. Women believed that jobs traditionally associated with men did not take women employees' basic needs into account, and this constituted a significant barrier. As a participant in one of the low paid groups explained:

*'One of my brothers is a welder and fabricator and a while ago he said to me "I was so embarrassed at work" and I said "why is that?" He said to me "well we've got a lady". They've not had a lady before but now there's a lady welder and he said "there's no toilets for her, she has to use the men's toilet," and he said, "you know when she needs to go to the toilet because she goes bright red in the face. So, everyone can't go to the toilet or go near the toilet because she's in it". He said, "I feel so embarrassed*

*for her". So I think that's an issue as well on building sites and places like that'.*

The organisational interviews with Aurora, Opportunity Now and the Dynamic Asian Women's Network (DAWN) revealed that a number of barriers within particular industry sectors, such as the oil, technology and investment banking sectors, actually exclude women. Taking investment banking as an example, all of the organisational interviewees explained that this is a male-driven culture in which women are expected to conform to standards that have been established by men. It was considered that the working culture did not appreciate difference and diversity, and that racist and sexist attitudes are firmly entrenched. A comment from one of the interviewees made this clear:

*'Investment banking is pretty clear really. The whole culture is not very conducive in terms of you being able to be yourself. There is a lot of conformity, there's a lot of pressure, there's a lot of expectation on how you behave. Having to deal with abuse is just a norm, and sexual abuse, or there could be racial abuse too if you just happen to be the only black woman on the trading floor. And then*

*there is so much conformity that you can't express yourself. My colleague who is a co-founder used to work at a leading investment bank as a venture capitalist and the moment she knew she was pregnant, she didn't want to continue, she just resigned. She said, "The whole culture, I didn't want to fight it. I just don't have the energy and the stamina to do that". The more senior you get in organisations like that, women just become like men. You are expected to get more of your testosterone out there especially in the investment-banking sector. You need to play the game otherwise it is going to have an impact on your career progression.'*

The pervasive male culture in certain sectors such as city and advertising companies was also mentioned by the groups of higher earning women, with examples being given of excluding social activities such as taking clients out to strip clubs.

An African-Caribbean participant in a focus group explained that she was currently employed on two part-time contracts as an ICT trainer, working with unemployed people on two government funded programmes. She pointed out

that her ideal job would actually be working with IT hardware. However, she found the entry practices restrictive:

*'I remember when I was trying to get a job as a technician initially when I started in IT and this was back in the early 1990s, I was always coming across the barriers, "well this is a man's job". They won't say it to your face but what they say is, "Oh, I've got boys who are doing this stuff and they complain about carrying the stuff and everything" and obviously I don't get the job so I have to go into training first as a way of getting into IT and since then, it's been hard to get out of it because they say, "you're a trainer, you can't be a technician"...I have found that the prejudice has steered me towards a path I would not normally take because I wanted to be a technician, I didn't want to be a trainer'.*

The EOC recently conducted a study<sup>73</sup> into the impact of gender segregation within the Modern Apprenticeship Programme, the concentration of women in particular low-paying employment sectors such as childcare, and the absence of women from construction, engineering, plumbing and ICT-related fields, and highlighted how occupational

gender segregation contributes to the gender pay gap. The study also found a significant correlation between sector-specific skill shortages and the under-representation of women in those sectors. Widening the recruitment pool may be a solution to the gender pay gap but, according to the research carried out by the EOC, as well as this study, many employers in these sectors have yet to recognise the link between the under-representation of women, occupational segregation and skills shortages.

#### *Qualifications, skills and confidence*

Some of the women participating in the study also cited their qualifications and skill levels as a constraint on their labour market choices, particularly once they had left employment to have children and their skills came to be seen as outmoded. Some participants saw this as reinforcing divisions between women and men in the home. Indeed, some participants stated that, because they earned less than their partners, they felt less important and tended to take on more of the responsibilities in the home, almost as a means of compensation. As the Director and Co-Founder of the DAWN pointed out, skill obsolescence is particularly relevant in fast-moving

sectors and industries of the new information economy, where skill flexibility is fast becoming the norm. A participant who now works in the House of Commons for an MP, described the changes in her previous job in the health service after a short leave of absence:

*'I took seven months off for maternity leave and so much had changed in seven months. I mean, the whole of the health service had been re-organised in seven months. I didn't understand anything and that was seven months later. In my sector, I could never take a career break and attempt to go back at the level I am at now.'*

Women returning to the labour market having had children who do not have flexible working arrangements or affordable childcare find themselves in a 'Catch-22' situation. They are unable to engage in learning activities to upgrade their skills at the same time as working. A commitment to learning and upgrading or acquiring new skills was not a feature of the higher and lower earning groups. Moreover, within the lower-paid groups also, women who had either worked part-time or had not worked since leaving school and bringing up their families explained that they found it difficult to

get work in the absence of formal qualifications. This was exacerbated by a lack of confidence either to engage in job search, or to seek further training. As a consequence, the only avenues they saw as open to them were bar work, cleaning or remaining on benefits. The benefits option was in no way related to a culture of dependency, but to a fear of falling into debt and the impact of this on their families, because of the low pay and what they perceived as the precarious nature of many jobs open to them.

A lack of training opportunities for women who are working but seeking to upgrade their skills was also cited as a contributory factor inhibiting the effective participation of women in the labour market. Indeed, a participant who herself was working full-time explained that this was an issue that she would like to press training providers on:

*'It all seems to be focused on mothers who are not working at the moment. They don't seem to focus on people like myself. I mean, I'm working but I would like to change, have a career change. So I'd like to do evening courses or whatever. They don't seem to go for those, it's all for people*

*who want to go back to work after they've had their families and things'.*

The London Chamber of Commerce has set up a women's group that carries out training sessions for generic skills such as negotiating and influencing that are aimed specifically at women. Those attending report that they find the women only make-up of the group much more supportive and less intimidating than a mixed group.

Inextricably linked with the issue of training was a lack of confidence, which sapped the potential of women at all levels, including the senior women and the relatively high earners interviewed as part of this research. One participant explained that her lack of confidence held her back:

*'If I went back to a career now after taking a long break, I wouldn't have the confidence'.*

### 3.3 Self-employed women

This study found that the issue of confidence was an important factor for women who were employed at various levels in organisations, and also for businesswomen. The owner of a small business, for example, explained differences in approach and confidence levels between men and women in relation to

meetings with international clients in this way:

*'A man thinks his French is OK if he can navigate a menu and women only think their French is OK if they have a degree in it - lack of confidence - that's why I train because I will then have the skills and confidence to move ahead. For most women there is a lack of confidence and that is the way it is for most women, their confidence is far more hard earned and this is often reflected in them wanting to be the best that they can in what they do.'*

The organisational interviews with Aurora, DAWN and Opportunity Now, and the one to one interviews with self-employed women, revealed that women are attracted to self employment because of a perception of greater opportunities to realise their full potential in the world of entrepreneurship, rather than as employees in the corporate world where a 'glass ceiling' (or 'cement ceiling', the term used during interview by the Director of Opportunity Now) prevents women from climbing the career ladder.

The business owners in this study tended to be concentrated in beauty therapy, interior design, and the health and social care

sectors. Women often decided to leave the labour market for reasons of flexibility and because of the need for increased work-life balance. The Director of Aurora pointed out, however, that while being self-employed did offer some flexibility, in the main there was less work-life balance rather than more. Indeed, the self-employed women in this study routinely worked six or seven days a week, and 14 hours or more a day.

Women encountered other barriers in the world of entrepreneurship, in terms of restricted access to venture capital to grow their businesses, forcing those who wanted to expand to stay as micro-businesses. According to DAWN, however, women also tend to be more risk-averse and cautious than men, and while these barriers were common to all business women, they were particularly pronounced in the case of Asian women entrepreneurs who faced additional barriers of racial stereotype and expectation when seeking access to venture capital:

*'You don't find women going for large amounts of funding. It's always been small and organic growth and just making it work. I think they are daunted. I think they are daunted because the whole venture*

*capital world is very particular about the way business plans are presented, what is required. Even though you get a lot of support to put something together, they feel very daunted by that. There might also be an element of not being taken very seriously and especially if Asian women are going to venture capitalists that are Asian men run there is discrimination straight away, because I think it is just Asian men don't think women are capable of doing so much more from a cultural point of view; so that's part of the challenges we are facing at DAWN, to actually challenge these stereotypes in society and within the community as well.'*

### 3.4 Impact of caring and family issues on employment, work experience and outcomes

The attitudes of employers to flexible working vary enormously. In the public sector, particularly in the NHS and local government, and in retail banking in the private sector, there appears to be more of a push towards forms of flexible working that fit in with the needs of women with caring responsibilities. In other sectors, for example, investment banking and City-

based institutions, a more formal system of work organisation prevails, where a long hours culture is the norm.

*'The bosses always stay late - it's a typical man thing. They don't have to go home and prepare a meal, in fact they probably don't want to go home early in case they had to (prepare the meal).'*

Participants in the lower-paid groups, and particularly among part-time workers, reported that a fixed hours culture meant they were unable to get time off for hospital appointments, or visits to the antenatal clinic. Participants in the lower salary bands who were working part-time explained that employers expected appointments to be arranged on non-work days, and that this was not always possible, given that a hospital clinic, for example, might be held on a specific day each week. The following comment made by a midwife demonstrates that this problem is quite widespread:

*'You would be surprised as well in my job, the amount of women that I see in clinics that say they can't come to clinics because their employers won't give them the time off and ask can we write letters that say that they've got to come and it's really bad'.*

The interviews with senior women show that even where formal flexibility does exist, in the form of workplace policies and procedures, they are reluctant to make use of them for fear that they will be perceived as less committed, because of a culture of 'presenteeism' in the workplace and the adverse consequences of being less visible on their future career and promotion prospects. For example, one of the higher paid participants, who occupied a senior role as an Operations Manager for a large retail bank, explained that while her company agreed that she could work on a part-time basis, there was an unwritten assumption that she should not look for promotion until she was back at work full-time:

*'They are prepared to let me work part-time and that's OK but there is this unwritten assumptions that I should not look for a promotion until I am back full-time'*

A senior woman in a trade union explained that her organisation was very good in relation to flexible working; but the more senior someone was, the greater was the expectation that women do not take advantage of this because of long hours demands, a need for overnight stays, and attendance at breakfast

meetings. Any departure from the long hours culture by senior women would be seen as a weakness and would certainly have an impact on their credibility in the organisation. Indeed, according to the DTI, the average number of working hours for women increased by 3.5 hours a week between 1998 and 2003 (DTI Work-Life Balance Campaign, [www.dti.gov/work-lifebalance](http://www.dti.gov/work-lifebalance)). The Directors of Opportunity Now, Aurora, and DAWN take the view that for flexible working and work-life balance to be effective, it must be mainstreamed within the workplace, rather than as an adjunct to the dominant working culture that is currently built around the lifestyles of men.

The participants in all the focus groups and individual interviews who had children tended to take a break from working to care for their children when they were very young, and then resume work on a part-time basis when the children were of school age. Little use was made of childcare, because of its high cost. While it was financially worthwhile for some women, particularly higher earners, to work and pay the cost of a childminder, after the arrival of further children the costs often cancelled out any advantage and actually acted as a disincentive to work,

particularly if there was no career ladder in sight. A woman in one of the middle income groups put it this way:

*'I was thinking of going back to work when my youngest one started nursery, he was my fourth one and it was impossible to try and find a job that would pay childcare for four children plus your rent. There's no way I'm going to work to pay someone to look after my kids and I'm not going to have anything out of it.'*

Taking a career break to look after children also impacts negatively on women's career and promotion prospects. For this reason, some women delayed having children, some speculated on whether it might be better to have children in their early twenties which would, in career terms, give them a 'clear run', while some women at a senior level made a conscious decision not to have children. A number of participants in the study stated that employers tended to relate to them differently once they had children, or seemed to regard them as less committed and, for this reason, were reluctant to employ them. Participants gave examples of employers openly discriminating against them. A number spoke about being asked if they have children in

a job interview and, if they didn't, being asked how long they had been married. One woman said:

*'I once phoned for a job and I was asked if my children were unwell, who would look after the children and I said well, I'm not a one parent family my partner would look after them. That's the only thing I find when you are looking. I mean I've got a three year old and a seven year old'.*

Where employers did permit flexibility during the working day, participants in all of the groups and some of the senior women interviewed said that they did not make use of it unless they were 'absolutely desperate'.

### 3.5 Discrimination

#### *Bullying of employees by senior managers*

In all of the focus groups (with the exception of the Inner London focus group comprising women who were low paid and seeking work), bullying and harassment of staff was raised as an issue of concern. A significant number of participants in the other groups had directly experienced bullying and harassment at work or had witnessed the systematic bullying and harassment of a colleague. It was also explained that there was no

gender distinction in the perpetrators of bullying. A participant who worked for a private insurance company on a full-time basis detailed her experience of being on maternity leave:

*'I was aware that I was entitled to 12 weeks maternity leave, but my manager kept ringing me at home saying "When are you coming back? When are you coming back?" In the end I felt pressurised into coming back to work because I was worried about my job and went back after eight weeks.'*

Another participant in one of the middle income groups explained that numerous informal complaints had been made to personnel and senior management about a manager who bullied and intimidated staff, but that nothing was done about it. A significant number of women were very fearful about the repercussions for them were they to make formal complaints:

*'People have mortgages to pay and can't afford to stand up to her.'*

One participant stated that she could think of a number of issues that she wanted to take up with her employer but that the only way to deal with workplace grievances was to leave, and then only if they

were so serious that one could not continue working there in any event. As she explained:

*'If you could remove yourself from it and still argue the case then I guess possibly but you are up against great forces aren't you? I mean say for instance I wanted to take something up at work, I would be going against somebody that has been there 20 plus years and I've been there three but you still have to continue working with these people. I think I'd have to feel, or be accused of something terrible to continue and fight something. But I think they are very clever. I think I would probably leave rather than go through that.'*

There were also concerns in these groups that bullying would increase as managers and employees came under increased pressure to meet targets and efficiency measures, especially in the public sector.

### *Disabled women*

Participants across all groups in the study, including the senior women and organisations of women, said they believed that while employers may have equality policies often they merely paid lip service to these. Participants' experience was that there was widespread discrimination against

disabled people and that disabled people did not occupy positions of power in mainstream organisations. While the number of disabled people participating in the study who revealed that they had a disability was low (see Table 23 in Appendix 2, Methodology), those who did talked about the distress caused by the attitudes of their employers. One participant who had formerly worked in the public sector at a college of higher learning was currently working part-time as a carer. She had been treated for cancer and described her experience in this way:

*'I'm part-time because I've been ill. I just can't get a full-time job at the moment. As soon as you mention the word cancer, no one wants to employ you.'*

She went on to describe her experiences with her previous employer at the point of her initial diagnosis:

*'I worked for 13 years at a college in Inner London and um, it was a drama college, I worked there for 13 years. I loved my job and I had a lot of time off sick but I also worked a lot whilst I was sick and didn't realise why I was so ill. As soon as I found out I had cancer, they just tried to get rid of me as soon as possible. So,*

*basically, then my doctor said I could return to work but only on a part-time basis after I'd had all the cancer treatment and everything, and my employer said "well, it's a full-time job. If you can't do it full-time, you're not doing it at all".'*

Women living on disability allowances explained that, while they would have liked to work, they were worried about getting a job and then not being able to cope, so they did not want to 'sign off benefits' and 'risk not being able to get back on' or be faced with major hurdles 'getting back on'. A participant who was currently on Disability Living Allowance and Invalidity Benefit explained her fears in the following way:

*'I would love to go back to work but I've got to find something that I am sure I can do because if I come off Invalidity Benefit and find I can't cope, I can't just decide to sign myself back on again. I'm going to have to go through a whole rigmarole.'*

### *Sexual orientation*

Two women from the focus groups acknowledged being lesbian. While they chose not to share their direct experiences with the group, one lesbian participant did reveal that her partner, who

worked for a London borough, had experienced sexual harassment, and did not feel that she could be 'out' in that environment. As she explained:

*'My partner works as a road sweeper and she gets a lot of hassle. A lot of them don't know that she's a lesbian. I mean a lot of them have known her for years and when new blokes come in she'll chat to them and everything and the other blokes will say "Oh, you fancy your chances don't you". I mean her boss at the moment is really good, he cuts it down but she's had bosses where she's come home in tears... I've got friends who are coppers, women and men who won't say that they are gay because of the hassle they get.'*

The fact that only two participants in the entire study acknowledged being gay, and they were not prepared to speak candidly in an open forum, does offer support to an emerging body of knowledge in this area. For example, a qualitative and quantitative study conducted by Ryan-Flood<sup>74</sup> in Brighton and Hove, where lesbian women and gay men constitute the largest grouping in the UK, found that 75 per cent of respondents did not feel able to disclose their sexuality or

talk about their life in the workplace, fearing that colleagues would be unsupportive of their sexuality, although more than 90 per cent would have liked to. Participants in the focus groups and individual interviews did cite incidences of lesbian and gay colleagues being bullied and harassed out of jobs and failing to get promotion. It is not surprising, therefore, to find that lesbian women have real fears about being 'out' and choose to remain 'closeted'. This could go some way towards explaining the low number of participants in the study who acknowledged being lesbian.

#### *Race discrimination*

Participants in some of the middle income and lower income groups cited a number of personal experiences of race discrimination. One woman spoke about an organisation she had worked for previously, in which derogatory and racist remarks about an Irish employee had resulted in the employer being taken to an Employment Tribunal. In a number of the groups, racism in the NHS was described as 'rife', despite the health service's quite progressive policies on flexible working. For example, a white participant in one of the groups blew the whistle on racism in the NHS:

*'I've witnessed lots of bullying and racism in the NHS and I've actually blown the whistle on one boss but I knew I had to resign once I'd done that, because I knew she would make my life hell, but I thought enough is enough, I don't like what you are doing so I reported her to the head of the department and he said "what do you want me to do about it?" and I said "I'm telling you, I've got evidence. She's racist and I don't like it and I can't work in that environment".'*

Black and ethnic minority participants in general appeared to be reluctant to talk about their personal experiences in an open forum, possibly because they constituted a minority. In the groups of people who were lower paid and seeking work, which had more participants from BME backgrounds (in keeping with the disproportionate representation of BME women in low paid employment, and the high number of BME residents in Inner London) the discussion tended to be more candid. As an example, an African-Caribbean participant in one of the lower paid groups, who had a first and second degree, described having to deal with the racist attitudes of staff who were employed to provide job search support

and how she had become disenchanted with the search for paid work:

*'They automatically assume that I'm going to need training and then they would speak to me really really slowly as if I couldn't understand what they were saying. So I just got fed up with the whole thing and decided to work voluntary so that I could have more control, and get more experience until I get what I want.'*

Another black participant commented on the difficulties that black people can have even getting an interview for a job:

*'It they look on the application and they see an African name they don't even consider you. A lot of people have changed from what they were trained to do and take something less because they can't get a job.'*

Another participant who was degree-educated explained that anti-Muslim sentiments, as well as stereotyped views about Muslim women, who, like her, dressed in the hijab, had impeded her job search. Opportunity Now conducted a survey of 1,100 women, six per cent of whom were from BME groups, entitled *Sticky Floors and Cement Ceilings*. It concluded that BME women

were often better educated than their white peers but that their entry into the workforce was through clerical grades rather than through the graduate route. The report of the Strategy Unit into BME labour market participation and research conducted by Platt<sup>75</sup> also demonstrates that educational performance among ethnic minority women which is comparable with that of white women does not translate equally in terms of employment, earnings, or career progression. This is referred to as the 'ethnic penalty'<sup>76</sup>. The Director and Co-Founder of DAWN pointed out that there were industries that were impenetrable for BME women, but that this might change as the subscriber base of particular companies also changed:

*'There are white industries like the newspaper industry, like the magazine industry... but the business case is not clear in those kind of companies because they haven't even looked at it because they are still selling and there's no issue but what is happening in terms of competition. They don't see the need to change because the subscriber base is still pretty good but I think it will hit them at some stage and it depends on whether they want to look at the business case earlier or later.'*

### *Exercising employment rights*

The level of awareness about employment rights varied across all of the focus groups and individual interviews. Those in the higher income brackets were more aware of the recourse they would have both through internal employee procedures and legislation. The directors of Aurora and of Opportunity Now confirmed that women in the corporate world who were working at a senior level had an awareness of their employment rights, but that women working in small and medium enterprises had very little awareness. A consistent theme across all of the focus groups and the individual interviews with senior women was a general reluctance to challenge employers because of fears about being labelled 'a trouble maker' and the feared potential consequences. A notable exception was a senior woman who, along with a group of other women, had taken her previous employer to an Employment Tribunal over an equal pay issue - the case was settled out of court. Even on grounds of ill health, participants were reluctant to assert their rights because of fears about their future employment prospects. A participant who developed RSI after warning her employers about the strain, and who ended up having to take a considerable

length of time off sick, pointed out:

*'I could have sued but I didn't want it on my record and I was worried that if I wanted to change jobs they would tell my new employer.'*

Discussion with participants across the groups, the organisational interviews with Opportunity Now and Aurora and the individual interviews with senior women revealed that equality policies were seen as easy to circumvent. An African-Caribbean participant who had had some experience of asserting her rights in the workplace pointed out:

*'Very few people are going to turn round and say, "yes I was being discriminatory" or "yes I discriminated against this lady because she is partially sighted. I don't want her in here because I think she's a danger". They are not going to admit it! So they are going to come up with a plausible reason as to why they behaved in the way they did. They'll come up with something else like you know, your work wasn't up to scratch or you know, "we feel she will be a danger to herself" but they cover their backs with great excuses and they just make your life so miserable that in the end you think I can't handle this, I'll leave'.*

Despite these concerns, some participants had raised issues with their employers, although, other than the case cited previously, there were no instances of participants pursuing them further than the workplace. For example, a woman in one of the groups explained that she had raised an issue of pay inequality when her male counterpart was earning £4,000 more than she was, but doing an identical job. The response from her employers, which she felt bound to accept, was that her male colleague was able to handle more difficult situations. Women felt that pay inequality was a legacy from the past and that, despite legislation, there was still a widely held perception that men were the main breadwinners and therefore needed to earn more than women. Furthermore, it was argued that a lack of transparency in the workplace about wage scales meant that pay inequality between men, women, disabled employees and black and white employees was possibly more widespread than appeared to be the case.

### 3.6 The 'glass ceiling'

The discussion within the group of women in central London earning £40k or more, and the interviews with senior women, were consistent with the findings of other labour market

studies specifically concerned with the experiences of senior women in employment (for example, Wajcman 1998<sup>77</sup>; EOC, 2001<sup>78</sup>). In common with those studies, higher salary earners in this study tended to be concentrated in employment areas that are traditionally associated with women, such as the NHS, administration, the fashion business, promotions, personnel and retail banking. However, there were two examples of women in other areas not traditionally styled as women's work - an operations manager for a leading retail bank, and a designer for a printing company. The London Chamber of Commerce, citing the survey of its Women in Business Group referred to earlier, pointed out that 81 per cent of women thought that the 'glass ceiling' impeded their progression. This is seen to be a particular issue in areas perceived to be traditionally 'male-only cultures' such as law firms and city (not retail) banks. Amongst women participants there seemed to be an acceptance that this was the case.

The Director and Co-Founder of DAWN explained that popular stereotypes of women, and particularly Asian women, as being passive, submissive and home centred, had also impacted

on their ability to progress in organisations:

*'We felt that Asian women had so much potential out there, that they were not doing as much as they could really do and the three of us who started the organisation faced similar issues. I mean I come from management consulting, from a very corporate background, but you know, I faced different issues around various conflicts and various, I don't know how to define it, sort of going into depth, it was more around our potential was capped somewhere along the way in terms of how we could be up there. Some of it was partly to do with self awareness, some of it was to do with cultural issues and some of it was to do with what's out there in organisations.'*

There was general agreement that senior women are often required to become like men in order to be taken seriously in the workplace, whether in terms of behaviour or in terms of being continually available.

Another prominent theme among senior women was the impact on their careers of taking time out of the labour market to have children. Some of the more highly paid women also noted the loss of expertise to the labour market as many women chose

not to go back to their original careers because of the difficulties of combining work and childcare:

*'There is a brain drain from the City of bright girls who leave to have babies and can't come back - it's a bit of an impossible situation. I have lots of friends in that situation. Yes they are being mothers but their children are at school in the morning and they are just stagnating.'*

This was coupled with a concern that the home was seen as the responsibility of women and, in cases where women made use of childcare, or their husband or partner shared childcare, the organisation of it was still seen as the responsibility of women and was undertaken primarily by them. While senior women felt constrained by the need to fit their childcare responsibilities around work, the higher salary levels they command afforded them more options. Others felt that to work at a senior level if you had children you needed a very supportive partner. One woman who worked at a senior level in the NHS said that this was only possible because her husband collected the children from school and cooked the evening meal so that she could attend evening appointments and work late.

Participants felt that race and ethnicity should not make a difference to career prospects, particularly in companies that had equal opportunities policies, but that nevertheless black and minority ethnic people, including black and minority ethnic women, were not visible at board level. As one participant who worked for a leading bank pointed out:

*'I don't think ethnicity, colour, should make a difference in my organisation. We do have a very overt positive discrimination policy. Well, maybe not positive discrimination but equal opportunities policy and I have not experienced any or known of other people experiencing difficulties in the circle that I work in. But, then again, you look at who is on the board of say my division, and they are all men, actually no, there is one woman, that's my boss, and you look on the board of the bank and I don't believe there are any Black or Asian women, just one token woman.'*

### 3.7 Lifetime outcomes

#### *Long-term financial security and pension provision*

Concerns about lifetime outcomes came principally from the focus group participants in the lower income brackets. The

participants in these groups explained that they had given a great deal of consideration to long-term financial planning but were not financially secure enough to do anything about it. Moreover, many of the women in the focus groups were concerned that taking time out of the workforce meant that they did not receive sufficient national insurance contributions to qualify for a state pension. One participant said that she was 'disgusted' that this was the case. A 32 year old woman, who had recently received a letter telling her that she needed to make an additional payment to make up for the time she had had out of the workforce whilst bringing up her two children, said that she was not going to bother because she wasn't expecting there to be a state pension when she retired. Indeed, many of the younger women participating in the study were not expecting to receive a state pension because of what they saw as the current pensions crisis.

Among the higher earners, financial planning was something to which participants had given a great deal of consideration and in a climate of rising house prices in London, property represented future financial security for many women, alongside as savings,

investments, company share options, pensions and their homes. One participant who worked for an MP pointed out:

*'We've managed to accrue some savings and a fund for our small daughter. We also have an emergency fund which we absolutely will not touch so that if something drastic were to happen like we were both to lose our jobs, we could still put food on the table and pay the bills.'*

A senior woman pointed out that while she now had a generous final salary pension, for years, as a woman returning to the labour market on a relatively low income, she had not been in a position to afford a pension. A feature of all the focus groups (with the exception of participants in the very low paid groups, who had no pension provision) was the high proportion of participants who, in the absence of an occupational pension, had made their own private arrangements or had no arrangements at all. Only a minority of participants were part of a contributory or final salary pension scheme and these were concentrated predominantly among the more highly-paid women. Lower-paid participants with final salary pensions were principally working in the public sector.

Those participants who had made private pension arrangements were very concerned that their money would be worth nothing at the end and were disturbed by 'the horror stories in the papers about pensions', including stakeholder pensions. This sentiment was shared in a number of the other focus groups. For these reasons, in addition to private or company pensions, those who were able to had purchased additional properties in inexpensive areas of the country via buy-to-let mortgages, or had other investments which they saw as safer. Others who were unable to engage in forward financial planning - principally the low paid and middle income participants - expressed real fears about becoming elderly and even about dying which could cause debt for those left behind. One woman expressed her fears about the financial burden that would be placed on her family if she were to die:

*'It is scary. I'm worried that if anything happened to me, how are my family going to manage and the stress really that you are putting on them if anything did happen to you.'*

Another participant who was currently aged 27 was a buyer and pointed out that her company did not make

provision for women under the age of 30.

Two of the participants on contract work in the lower paid groups explained that, unlike core staff, they had no pension provision and many of the costs and risks that had traditionally been borne by employers such as sick pay and holiday pay had been passed to them. As one of the participants explained:

*'I work for the college and their policy is now that when a full-time member of staff or an annually paid member of staff leaves, they don't automatically put the job up. What they have started to do is to take on what they call hourly-paid staff. So, I work on what they call a fixed-term*

*contract which means it goes from term to term and by doing that I don't get holiday pay, I don't get sick pay or anything like that so the biggest problem I have is over the summer because like college is like finishing on Friday. I go back in September. I don't get another full wage packet till the end of October. That's flexible working for you, and that is their way around having to pay holiday pay and things like that.'*

Similarly, the ICT trainer referred to previously, who was employed on two part-time contracts by two separate government funded initiatives, pointed out that her contracts were short-term and did not include associated benefits in relation

to sick pay and holiday pay or pension provision.

Skyers<sup>79</sup> Rubery et al<sup>80</sup> and Wills<sup>81 82</sup> found evidence to support this experience in their labour market studies. Indeed, there was evidence of a blurring of the lines between traditional employer and employee responsibilities, particularly among people on short-term or temporary contracts, in terms of holiday pay, sickness benefits and parental leave for example, a phenomenon referred to in labour market terms as the 'commodification' of work. Labour and the costs traditionally associated with it are thus increasingly being treated as variable costs and passed onto the employee to give more flexibility to employers.

# Chapter 4:

## Legislation and policy

### 4.1 Introduction: current situation in London

Women are crucial to every part of London's economy. As the preceding chapters of this report have shown, while they continue to make breakthroughs into areas where they previously had no representation, women still face considerable barriers in participating fully and equally in the economic life of the capital. Some particular issues of concern to this chapter are as follows:

- Women in London face a gender pay gap which is wider than in the rest of the UK, according to the New Earnings Survey. Women working full-time in London earned, on average, 75 per cent of men's earnings in London in 2003<sup>33</sup>. In the finance sector, which is the most prominent in London, the gender pay gap is even wider than this average.
- London contains the headquarters of many

government departments, many of the largest companies - 60 of the FTSE100 being London-based - and is the national base of many other organisations.

Consequently the capital provides many of the best opportunities for advancement. It is therefore a specific concern that there is significant under-representation of women in the top echelons of businesses and services.

- Women with children are much less likely to work in London than in the rest of the UK. London loses many of the women workers it needs to sustain its key businesses and services when they do not return to work after having children, or move out of the capital. The costs of childcare are much higher in London than elsewhere in the UK. Higher housing costs mean that less disposable income is available for women in London to pay for childcare or other support. The long

hours culture is particularly prevalent in London and can be a major deterrent to the involvement or advancement of women in certain occupations.

It is crucial that measures are undertaken to tackle the barriers preventing women participating fully in London's economic life, as well as any covert or overt discrimination. This is necessary for both economic and social reasons. The loss to the economy of the lower proportion of women working part-time is estimated to be £1.46 billion. London has the highest rate of child poverty of all regions in Britain, after housing costs, a fact directly related both to London's high costs and to lower rates of employment of women with children. We need better to understand the sources of different labour market experiences and how these interact.

Over a quarter of women of working age in London are from black and minority

ethnic groups and this proportion will increase over the next decade. Black and minority ethnic women disproportionately fill lower-paid jobs. The twin effects of racism and sexism need to be attacked in order to reverse a major loss of talent from London's economy. Disability and age discrimination add further dimensions to the barriers encountered.

To retain its position as a world-class city London needs to prove it is a world leader in providing equality of opportunity and making the fullest use of the talents of all its people.

The Government announced in July 2004 that it is setting up a Women and Work Commission to look at: how men's and women's education and skills affect which jobs they can get; promotion and career progression - the 'glass ceiling'; women's experiences in the job market before and after having children; and the different experiences of women working full-time and part-time.<sup>84</sup> The Commission is to be chaired by Baroness Margaret Prosser and is due to report by Autumn 2005 and make recommendations on what the Government can do to reduce the pay gap and give women fair opportunities at work. The focus of the Commission mirrors many of the issues raised in the body of this report, but it will be

important to ensure that it also studies the particular situation facing women in London.

## 4.2 The impact of legislation and policy

### *Introduction*

Legislation is, of course, enacted at the national level, and can have differing impacts on different areas. For instance, the national minimum wage and in-work benefits have arguably had much less effect in London than elsewhere, because they do not take account of higher costs. Other legislation, such as flexible working arrangements, may have more impact in London because of the longer hours worked and the lower proportion of women currently working part-time.

The laws relating to women in employment are many and complex and it is not intended to give an exhaustive account of all that apply. The report of the Independent Review of the Enforcement of UK Anti-Discrimination Legislation, headed by Bob Hepple, QC, and published in 2000 gives an overview of all the relevant equalities legislation up to that date.<sup>85</sup> This Review (referred to as the Hepple Report in the rest of this chapter) found that at that time there were 30 Acts, 38 statutory instruments,

11 codes of practice and 12 EC directives directly relevant to discrimination.

The most relevant pieces of direct legislation for this report are the Sex Discrimination Act (1975) and the Equal Pay Act (1970), together with the Race Relations Act (1976) and Disability Discrimination Act (1995), but there are others which have a less obvious impact. These will be considered in terms of their impact on the key areas for women in London: pay, equal opportunities to employment, family-friendly work for women with children and the interaction of dual or multiple forms of discrimination. From this it is clear that women *and* London's economy could benefit from the sort of shift towards a comprehensive framework of positive duties that has been increasingly the focus of public discussion.

### *Pay*

Pay and related terms and conditions affect women's and their families' income not only during their working lives but in retirement too. Today's low paid workers are tomorrow's poor pensioners and in both cases the majority are women. Low pay needs to be tackled as well as the gender pay gap.

The sharpest reduction in the gender pay gap was between 1974 and 1976, immediately

following the implementation of the Equal Pay Act (1970)<sup>86</sup>, which effectively abolished the practice of legally offering men and women different rates of pay for like work or work of equal value. A slower narrowing in the gap continued after the 1970s and in Great Britain as a whole there has been a further reduction since the early 1990s. This trend was not mirrored for London's workers however. When the Equal Pay Act was introduced, the gap between men's and women's pay was 31 per cent in Great Britain, narrowing to 18 per cent in 2003, according to the New Earnings Survey. London started off with a very similar gap to Great Britain in the 1970s and early 1980s, but now has a wider pay gap.

The major problem with the Equal Pay Act and the Sex Discrimination Act is that they react to a systemic problem in an individual way. Individual claims, even if successful, do not necessarily lead on to a thorough review of pay across an organisation, or across a wider sector of the economy.

The Equal Pay Act (1970) and amendments apply to pay and other contractual matters where a woman and a man are doing: like work; work which has been rated as equivalent; and work which is of equal value.

As Chapter 2 has demonstrated, there are many factors which contribute to the gender pay gap. One of the main ones is the high degree of occupational segregation between men and women, with jobs that have an over-representation of women, such as caring jobs, tending to be low paid. Pay schemes can also exacerbate unequal pay, for instance:

- Women's career breaks to have children mean that they lose out in pay increases related to length of service. This was found to be one of the main sources of pay inequality in the civil service, which recent measures have started to address.
- Broad banded pay systems with a lack of structured progression means pay gaps persist over time.
- Lack of equal access to bonus payments is a source of unequal pay. For instance in local government, refuse collectors could receive bonus payments, but not home care staff. There have been a number of high profile cases recently in the city concerning unequal access to bonus payments.
- Discriminatory job evaluation schemes may, for instance, value physical effort but not emotional demands, such as those

required in nursing and caring jobs.

In the majority of Employment Tribunal cases, the factors put forward by employers to explain unequal pay are ones which are apparently neutral as between men and women, but which actually have considerable discriminatory impact on women, such as long service, or flexibility over hours. In such cases the applicant cannot win where the employer establishes that it was objectively justifiable to reward on the basis of the factor, notwithstanding its differential impact on men and women.

The Equal Pay Act requires that applicants have a direct flesh and blood comparator whose job is recognised as being no more valuable than the individual woman's. Such comparators can be difficult, if not impossible, to find, and this represents a major limitation on the scope and impact of the legislation. Under the Sex Discrimination Act, it is at least possible to have a hypothetical comparator.

EU law is also relevant. Article 141 (ex 119) of the Treaty of Rome provides that men and women should receive equal pay for equal work. Any individual can rely on article 141 in equal pay cases, which can supplement

and extend the provisions of the UK's own equal pay legislation. For example, a claim is possible under article 141 in respect of a comparator employed by a different and non-associated company where the differences in pay can be attributed to a single source.

However, a recent case vividly demonstrated the limitations of this individual comparator system when it did not support the extension of pay comparison to privatised services. In *Lawrence v Regent Office Care* (2002) the decision blocked claims by contracted out women workers by reference to comparators whose jobs had been rated as equivalent to theirs but who had been retained in the public sector, because, as the employers were separate and distinct from each other, there was no single source to which pay differentials could be attributed. Together with the impossibility of introducing a hypothetical comparator, and the difficulties litigants have seeking redress through the employment tribunals (see below), individual equal pay claims are often an inadequate way of enforcing the equal pay legislation.

The Equal Pay Taskforce, an independent body set up by the Equal Opportunities Commission to investigate the continuing gender pay gap,

strongly recommended that the Equal Pay Act should be amended to place a legal requirement on employers to carry out regular audits of their pay systems to check they are not having a discriminatory impact.<sup>87</sup> The Government is considering this, at least for public bodies.

### *National Minimum Wage Act 1998*

Across the UK as a whole, the introduction of the national minimum wage has had more of an impact on women than on men, because of the greater numbers of women among the low paid. This has been especially the case for women working part-time. In the five years since it came into force, an estimated million employees have benefited and over 70 per cent of these are women.<sup>88</sup> The Low Pay Commission reported that in the year to April 1999, the gap in the average hourly pay of women relative to men narrowed by one percentage point, the biggest improvement for almost a decade.

The value of the minimum wage has been increased faster than the rise in average earnings. The current rate is £4.85. However it is likely to have had less impact in London, because fewer employees were on pay lower than the minimum wage prior to its introduction. In 1998, only 6.7 per cent of women

in London were earning less than £3.60 per hour, compared with more than twice that proportion in Great Britain as a whole.<sup>89</sup>

The cost of living in London is higher than elsewhere in Great Britain. The interaction of benefits and high costs was shown in a study by the Centre for Social and Economic Inclusion in 2003, which found that a lone mother with two children and high childcare costs needs to earn at least £7.76 an hour in London to be better off in work than on benefits.<sup>90</sup> Outside London she would be better off even on the minimum wage (then £4.50 per hour). Many of the jobs which are available to women, especially more local ones, have wage levels well below the rate needed to achieve this. As Chapter 2 has shown, the most common jobs for women in London have a low median hourly wage of £5.38.

To have a meaningful impact in combating low pay, a minimum wage would need to be set at a higher level in London.

### *Why equal opportunities to employment and career progression matter*

It is over 30 years since Britain's sex equality laws were passed, but most jobs are still strongly divided by gender, being done mainly by

women or mainly by men. In London, women comprise at least 70 per cent of workers involved in teaching, nursing, administrative and secretarial work and in caring personal services. Just over a third of Londoners employed as managers and senior officials are women - a proportion which has barely changed since 1991.

At the same time as training and labour markets are characterised by occupational segregation, industry is experiencing major skills shortages. Many of those occupations which have the lowest numbers of women are also those which are experiencing severe skills shortages, such as skilled trades in the construction industry. Only three out of a hundred workers in London employed as plumbers, carpenters and joiners are women. Challenging gender segregation of work and positively opening opportunities for women in male-dominated employment sectors and careers can clearly only be beneficial to the UK and London economy.

The Sex Discrimination Act 1975 (and amendments) make it unlawful to discriminate on the grounds of sex. Specifically, sex discrimination is not allowed in employment, education, advertising or when providing housing, goods, services or

facilities. It is unlawful to discriminate because someone is married, in employment or advertisements for jobs. It is also now unlawful to discriminate in the employment field on the grounds of gender reassignment.

As with other forms of discrimination, redress relies on individual action through Employment Tribunals, but very few cases make it that far because of the difficulties and costs involved in pursuing a case. Of those that do pursue a case as far as an Employment Tribunal, by far the highest numbers of awards are for unfair dismissal, many of which are pregnancy related. In 2002, the latest year for which figures are available, 116 awards were for dismissals due to pregnancy, comprising 43 per cent of all awards in sex discrimination cases.<sup>91</sup> The number of applicants given awards because of dismissals due to pregnancy increased by 57 per cent over the previous year.

The Maternity and Parental Leave Regulations (1999) contain the detail of the rights to maternity and parental leave covered in the Employment Rights Act (1996) (ERA). They also prescribe the circumstances in which a dismissal will be automatically unfair for the

purposes of the ERA if the dismissal is for a reason related to pregnancy, childbirth, maternity leave, parental leave, or time off for dependants.

The numbers of women being sacked because of pregnancy suggests that the law is being flouted, with an average of three women per day registering claims of pregnancy-related unfair dismissal. Many more seek advice about unfair dismissal but do not bring a case, so the number of registered claims is likely only to be a small proportion of all occurrences. In September 2003, the Equal Opportunities Commission launched an investigation into the problems encountered by new and expectant mothers and their employers in managing pregnancy at work and in February 2004 produced the first report under this review.<sup>92</sup> This research found that most dismissals occur prior to women going on maternity leave and sometimes within hours of informing their employer of the pregnancy. They are also more likely to happen to women with shorter lengths of service.

Unfair dismissal claims must be registered within three months of the act of discrimination taking place, so women are likely to be in

the late stages of pregnancy or have recently given birth when trying to take a case to an Employment Tribunal. Applicants are unlikely to be encouraged to go to a Tribunal by the amounts of compensation on offer. Awards in discrimination cases are unlimited in theory, and may be determined by the Tribunal after consideration of all the circumstances, but in 2002 the median level of compensation in these cases was £4,799, compared with a median of £7,441 for other dismissal cases. It is not known, however, how much is offered in settlements to keep the case out of court.

### *Childcare and family friendly employment practices*

Chapter 2 showed that women in London with dependent children are much less likely to be employed than in the UK as a whole. Among the main contributory factors are the cost and availability of childcare. The Government unveiled its national childcare strategy in May 1999, linking tax credits to a package of measures aimed at delivering many more new childcare places. The strategy and a range of subsequent initiatives and investment have undoubtedly led to an expansion in the number of nursery places, but a Government interdepartmental review of childcare published in

November 2002 concluded that: 'Despite the significant role that the National Childcare Strategy has played in creating new places, the childcare sector has not been delivering childcare that is available and accessible for all parents.'<sup>93</sup> The measures announced in the Chancellor's Pre-Budget Report on 2 December will be studied for their implications for London.

The particular difficulties faced by parents in London and the high rates of child poverty led the Mayor to publish the London Childcare Strategy in November 2003. The strategy aims to: increase the availability of quality childcare in London; make quality childcare more affordable for parents; encourage employers to adopt more family friendly policies to support parents in their childcare responsibilities; and make the case for Government to reform the tax and benefits systems. The strategy highlights the costs faced by parents in London, with nursery fees around 25 per cent higher than the Great Britain average. The high costs faced by parents in London have been acknowledged by the Chancellor in his 2004 Pre-Budget report, with a commitment to specific funding to work with the GLA to pilot methods of making childcare affordable for lower income parents.<sup>94</sup>

A long working hours culture is prevalent in London, coupled often with long journeys. Londoners work an average of 12 hours overtime a week, more than people in any other part of the country. Average commuting time for those who work in London and the South East is the longest at four hours 50 minutes per week.<sup>95</sup>

Part-time working is a way women can try to combine work with family responsibilities, and compensate for the cost of formal childcare, but as Chapter 2 shows, women in London are less likely to work part-time than women elsewhere in Britain, while full-time employment rates are similar. In 2002/03, only 26 per cent of women with dependent children in London worked part-time, compared to nearly 38 per cent in the UK as a whole.

Parents, both women and men, may feel they are risking their careers if they want to work more flexible hours to fit with family responsibilities and women in particular may be faced with a choice between a post where long hours are expected, often further up the career ladder, or one which is lower graded and paid but which fits in better with family responsibilities. In a study for the Chartered Institute of Marketing, two

thirds of professional and managerial marketing staff, both men and women, said they would like to work more flexibly, including some time working from home, job-sharing or working outside normal office hours.<sup>96</sup>

However 81 per cent of respondents believed that opting for flexible working would damage their career prospects. These findings are borne out by qualitative research detailed in the previous chapter. This demonstrates that in spite of legislation, it is the prevailing working culture that can exclude those with children or generate feelings of guilt towards home life and work.

The Working Time Regulations (1998) enact the European Union directive and contains provisions regulating working time:

- A limit of an average of 48 hours work per week, with exceptions.
- A right to four weeks paid annual leave and to be paid for accrued but untaken leave on termination of employment.

Evidence from a DTI survey in 2002 suggested that the working time directive has not succeeded in reducing the proportions of people working long hours.<sup>97</sup> Sixteen per cent of people surveyed worked over 60 hours a week compared to 12 per cent of

all UK workers in 2000 and the number of women working over 60 hours has more than doubled from six per cent in 2000 to approximately 13 per cent in 2002.

However, changes to allow the right to request flexible working have had greater take-up than expected and a mainly positive response from employers. From April 2003, Section 47 of the Employment Act (2002), supplemented by the Flexible Working Regulations (2002), introduced a new right for employees to request flexible working. Employers are required to give such requests proper consideration, but they are not bound to grant them.

The first survey on the take-up of flexible working requests by the DTI suggests that the regulations are having an impact.<sup>98</sup> London employees were the most likely to be aware of their rights (56 per cent of all employees) and to make a request (16 per cent). In Great Britain as a whole, women were more likely to request flexible working arrangements than men and 41 per cent of women making such a request wished to work part-time. The most common reason given by women was to meet childcare needs. Over a third (37 per cent) of women employees

with children under six had made a request.

The large majority of requests were either fully or partly accepted (77 and nine per cent respectively). Eleven per cent of requests received since April 2003 had been declined, compared with nearly twice that proportion in the previous two years.

A survey of employers' experience of the new regulations found that almost three quarters had received requests for flexible working since April 2003.<sup>99</sup> Crucially, two-thirds of employers believed that the new law had had little negative impact on their business, despite earlier fears.

#### *Equality for all women - how combined discrimination limits women's economic contribution*

Women face discrimination not only because of their gender, but also because of their race, disability, sexuality, belief, age or family status. As well as the Sex Discrimination Act, there are currently different legislative prohibitions on employment discrimination on the grounds of disability, race, sexuality and belief, but not yet on age (which, however, under EU law has to be covered by legislation by 2006). Yet women continue to experience dual or multiple discrimination. Black and minority ethnic women and

disabled women also face more hurdles in achieving progress in their careers and feature more within the low paid and those excluded from employment. The difficulties faced by women because of their sexuality or faith have largely remained hidden, although the enactment in December 2003 of the two sets of Employment Equality Regulations relating to religion or belief and to sexual orientation may help to uncover more evidence on these.

Currently, women facing dual or multiple discrimination have to decide whether to take action under the Sex Discrimination Act or one of the other legislative provisions, or under a combination of provisions.

Black and minority ethnic women form a quarter of London's women workers, but face lack of progression, vertical job segregation and customer racism, which is especially likely to affect women working in isolation, such as in personal services jobs.<sup>100</sup> Fewer than eight per cent of black and minority ethnic women employees were managers or senior officials in London in 2001/02, compared with 12 per cent of white women and nearly 23 per cent of white men.

Disabled women are much less likely to be employed

than non-disabled women - under 41 per cent in London in 2002/03, compared with 68 per cent of non-disabled women.<sup>101</sup>

The Race Relations (Amendment) Act (2000) amends the Race Relations Act (1976) (which prohibits discrimination on racial grounds in the areas of employment, education, and the provision of goods, facilities and services and premises) by creating a positive duty on public authorities to eliminate unlawful discrimination and promote equality of opportunity. An independent review by the Commission for Racial Equality of the first year of implementation showed 'varying levels of compliance, but also found public authorities strongly value the ways in which the duty has improved policy making and service delivery design. The positive race duty has begun to alter the landscape of how the public sector responds to issues of race discrimination.'<sup>102</sup>

The Disability Discrimination Act (1995) deals with discrimination against disabled people in the areas of employment, the provision of goods, facilities and services and premises, education and public transport. Unlike the other discrimination legislation, this Act allows for positive action,

making it a duty for employers to make reasonable adjustments in certain circumstances to reduce or eliminate a disabled person's substantial disadvantage in the workplace.<sup>103</sup> The Disability Discrimination Act (1995) (Amendment) Regulations (2003) extended these provisions to small employers from October 2004.

From 1 December 2003, the Employment Equality (Sexual Orientation) Regulations (2003) prohibit discrimination on the grounds of sexual orientation in the employment field. A judicial review of these regulations was decided in the High Court on 19 March 2004. Unions had challenged the regulations on the grounds that for example, any school, charity, private company or organisation run by any sort of religious group can still technically sack gay staff under a special opt-out designed to allow such religious organisations to preserve their 'ethos'. The challenge was not upheld.

The existing legislation still does not prohibit discrimination in the provision of goods and services on the grounds of religion and sexual orientation, which is a considerable limitation. This needs to be remedied.

### 4.3 Limits of existing legislation

Existing legislation appears to have been ineffective in combating the continuing pay gap, the under-representation of women in senior positions, the persistent gender segregation in occupations and the continued dismissal of pregnant women. There is a strong body of opinion that this reality demands a shift in the framework of the law to create positive duties to promote equality, shifting the onus *from* individual action to seek individual redress to collective duties on employers to demonstrate they are creating equal opportunities.

#### *Individual action*

Individual action cannot achieve the results which might be possible through a framework of positive duties. Currently, while the main remedy for individuals experiencing discrimination is through applications to Employment Tribunals, only a small percentage of employees seek redress. A few claims have resulted in judgements which have affected large numbers of women but most cases only affect the individual concerned. Apart from a few record settlements, the amount of compensation is unlikely to be such that the employer accepts the need for wider changes.

Applicants receive no legal aid for applications to Employment Tribunals. In some circumstances they may get a conditional fee arrangement, where a lawyer acts on the basis that costs will only be met if the applicant wins. Some people have legal backing from their union or they can apply to the appropriate equality commission for assistance, but demand far out-strips resources. There are concerns that these resources will be even further stretched under the planned new merged equality commission.

The exact outcomes of many individual actions are not known because the majority of unfair dismissal claims are settled or withdrawn before they reach a tribunal. Data from the Employment Tribunal Service show that of the 39,882 unfair dismissal claims registered during 2002/03, 46 per cent of claims were settled out of court and 27 per cent were withdrawn. Of the 7,912 sex discrimination claims registered during the same period, 27 per cent were settled and 48 per cent were withdrawn.

Another indicator of the potential for a shift in the framework of law is the fact that the number of sex discrimination cases went up in 2002, reversing a previous downward trend. The number

of race and disability cases continued to increase. In sex discrimination cases, the median award decreased in 2002 to £5,000, from £5,125 in 2001. There was a record payout of nearly £1.4 million (*Bower v Schroder Securities Ltd*), but this is not typical.

For employers, defending an Employment Tribunal case can also be time consuming and costly, whether or not they have to pay any compensation. In a survey by the Equal Opportunities Review, defending a claim at an employment tribunal cost 20 per cent of respondents between £20,000 and £30,000 and 18 per cent said it cost more than £30,000.<sup>104</sup> More than 40 per cent of survey respondents had spent up to a week or more dealing with a tribunal claim.

Discrimination complaints have a negative impact on staff morale, productivity and employers' ability to manage. Eight out of ten employers said that the impact on their reputation of a discrimination claim was a major concern.<sup>105</sup> The present legislation allows only a fragmented and inconsistent approach to different forms of inequality of opportunity. It encourages an adversarial approach rather than promoting equality and diversity.

Employers as well as employees could gain much

from a shift to create positive duties provided they were clearly designed and practical.

#### 4.4 Non-legislative voluntary strategies and policies

Some people hold that companies will address equal opportunities more willingly through their corporate responsibility strategy and because it makes sound business sense. Brand value and corporate reputation are becoming so important now that there are specific business measures representing ethically managed stock, such as the FTSE4Good Index.<sup>106</sup> Diversity strategies form part of the agenda for companies to build up their ethical reputation. Action can include equal opportunities policies, recruitment campaigns aimed at certain target groups, and training and mentoring schemes. The limitations are obvious however: better employers will undertake voluntary measures while the less scrupulous are likely to simply fail to do so. Additionally, voluntary steps will always be subject to the fortunes of a changing business ethos or economic climate.

One way of measuring what needs to be done to tackle inequality is through voluntary pay audits.

#### *Pay audits*

Employers can carry out their own pay audits to see if there is any evidence of gender, race or disability discrimination. In the finance sector, for instance, where the pay gap is the widest of all sectors, some banks and other financial institutions have carried out audits and then taken action to try to remedy the anomalies. For instance, Nationwide Building Society extended its equal opportunities policy to enable more women to take up senior positions, through targeted training and development and general awareness training for managers on the possible causes of gender bias.<sup>107</sup> Legal and General now includes an equal pay 'health check' in its annual pay review process and other awareness raising measures have started to reduce the pay gap in the company.

According to a survey by the Chartered Institute of Personnel and Development, more employers carried out an equal pay audit in 2003, than in the preceding five years, 'thanks to high profile campaigns and the threat of government intervention'. The survey of 572 organisations with 1.5 million employees, found that a quarter carried out a gender or pay audit in 2003 and 45 per cent intended to carry out a pay audit in 2004.

However, a survey by Income Data Services for the Equal Opportunities Commission at the end of 2003 found that nearly a half of employers had no plans for a pay audit.<sup>108</sup> This proportion was even higher in some sectors - 67 per cent of manufacturing employers and 63 per cent of private service sector employers said they had no plans to do an equal pay review. This is a vivid illustration of the limits of voluntary action. While an equal pay review may not necessarily lead to any action or improvement, it at least allows some transparency over pay.

The Equal Pay Act was amended to include a statutory equal pay questionnaire from 6 April 2003. The questionnaire enables staff who feel they have an equal pay case to ask their employer about the pay of colleagues doing equal work and more detailed questions about how the pay system operates and what impact it has on men and women. Employers are not obliged to respond to the questionnaire, but failure to do so may lead to inferences being drawn by an Employment Tribunal.

The CBI supported equal pay questionnaires, hoping they would 'help resolve equal pay disputes in the workplace, rather than the courts' but

adding that 'firms need reassurance that this is to tackle genuine pay concerns, not a blank cheque for employees to find out what colleagues earn.'<sup>109</sup>

A high profile case in the City drew attention to the significance of pay transparency. In *Barton v Investec Henderson Crosthwaite Securities* (2003) media analyst Louise Barton discovered her male counterpart was paid a £600,000 bonus, while she received half that amount for the same work. The Employment Tribunal said that it was 'a vital component of the City bonus culture that bonuses are discretionary, scheme rules are unwritten and individuals' bonuses are not revealed'. However, this view was discredited by the Employment Appeals Tribunal, which stated that, 'No tribunal should be seen to condone a city bonus culture involving secrecy and/or a lack of transparency because of the potentially large amounts involved, as a reason for avoiding equal pay obligations.'

#### *Initiatives to increase recruitment and promotion of women*

A study for the Women and Equality Unit and the Equal Opportunities Commission analysed the approaches used by a selection of employers to address the barriers that

impede the progress of women in the workplace.<sup>110</sup> The Women and Equality Unit has also published a good practice guide featuring the initiatives of some of these employers.<sup>111</sup> The actions described were concerned with addressing problems in recruitment and selection, training, development and progression, pay inequalities, childcare and flexible working.

Efforts to increase recruitment of women in areas in which they are under-represented included actions to change schoolchildren's views of jobs in manufacturing and technology; job experience and internships to allow women to experience different jobs and training; and development for managers and other selection board members. Measures to help women advance in the workplace centred on mentoring, as well as providing career advice, women-only development programmes, arranging job-shadowing and establishing women's networks.

In research by Demos and others, women's networks have been found to be growing in Britain and helping to provide opportunities for career progression for professional women. Demos showed that women still see the 'Old Boy Network' as a significant

barrier to career advancement, tending to be excluded from informal male networks combined with the unequal division of childcare and housework in the home, which ensure that women have less time to participate in 'out of hours' networking activities at work.<sup>112</sup> The survey found that more than 40 per cent of professional women are or have been members of networks, which they believed helped to challenge the invisible structures that hold women back at work.

Many employers recognise the clear business case for taking steps to advance women and increasing the diversity of the workforce, since, by taking advantage of the full range of skills available, this is also likely to improve the quality of their service and increase their ability to meet their customers' needs. The recruitment and retention of women is a key strategy in ensuring that their organisation had the skills they required both in the present and in the future. Again the problem arises with those employers who fail to see the advantages in tackling discrimination.

#### *The limits of voluntary action*

All these types of action are useful, but alone they are limited in impact, as evidenced by the pay gap and

continued occupational segregation. As they are voluntary, they are subject to change in management outlook and objectives. They may also be insufficiently backed up by action: a CBI survey showed that 83 per cent of companies had an equal opportunities policy but only 40 per cent undertook regular monitoring and only 30 per cent trained line managers on implementing the policy.<sup>113</sup> In a survey quoted in the Equal Opportunities Review, only seven per cent of top companies report on disability as part of their corporate social responsibility strategy.<sup>114</sup>

A study by the Work Foundation found that even where seemingly progressive 'positive actions' have been put in place, such as family-friendly policies and targeted training for minority groups, researchers have found that organisational structures either remain unaffected, or have adapted and incorporated policies with few changes to the distribution or influence of women within organisational hierarchies.<sup>115</sup>

The evidence on the impact of legislation shows that it has improved the entitlement for employees beyond what was voluntarily offered by most employers. For instance, since the new provisions on maternity leave were introduced in April 2003, an

Equal Opportunities Review survey found that women's entitlement had improved in eight out of ten companies.<sup>116</sup>

Interviews with employers for the Hepple report indicated that the voluntary code (on age discrimination) would be ineffective and none of them had taken measures to combat age discrimination although they conceded that it was widespread. On the other hand they praised the codes on disability because of their practical recommendations and because they were backed by the force of law.

#### 4.5 Policy proposals and remedies

##### *Existing legislation and voluntary measures are failing to eradicate discrimination*

As current law, having been developed in a piecemeal way to deal with particular problems, continues to allow for the evident problems of inequality and discrimination described in this report, the case for positive action to promote equality of outcome demands serious consideration.<sup>117</sup>

One forthcoming measure which points in the right direction is the Amended Equal Treatment Directive, which aims to consolidate the existing EU gender equality legislation. This must be

implemented by September 2005.<sup>118</sup> The new directive (article 8) provides that 'member states may maintain or adopt measures within the meaning of article 141 (4) of the Treaty with a view to ensuring full equality in practice between men and women.'

A new article, 1a, provides that 'member states shall actively take into account the objective of equality between men and women when formulating and implementing laws, regulations, administrative provisions, policies and activities' in relation to employment. This may open the possibility of challenges to failures on the part of Government to take positive steps to eliminate sex inequality in the workplace. One such area for challenge might be the reluctance on the part of the UK radically to tackle the long hours culture.

According to the Hepple report, 'The harmonisation of legislation and institutions is an essential first step to a concerted and integrated approach. This has to be inclusive, based on common principles and concepts and framed against the background of the principle of equal treatment in EU law and of human rights embodied in the Human Rights Act. In particular the traditional notions of direct and

indirect discrimination have to be supplemented by the application of principles of substantive equity and the grounds of unlawful discrimination widened.'

*How a framework of positive duties on equality would help women and London's economy*

This proposal builds on the requirement, introduced in the Race Relations Amendment Act (2000), to create a positive duty to promote race equality - in that case specifically on public sector bodies - making the promotion of equality of opportunity an integral part of the way public functions are carried out. The proposal for a wider positive duty would extend this approach, supplementing existing limited anti-discrimination law with a comprehensive set of proactive duties.

These duties would be based upon a statutory requirement to eliminate unlawful discrimination and promote equality of treatment. Employers would be required to promote equality and diversity in their recruitment and employment practices and in other aspects of their work, in a manner which involves both employees and employers. The Disability Discrimination Act (1995) provides a partial model in this respect. Such a shift would involve a radical

reform of existing law, to create a proactive approach based on positive obligations and rights, with an emphasis on achieving results backed by enforcement mechanisms and the measurement of outcomes.

It could have implications for the public sector, private sector and voluntary sectors, with these being different in each case in recognition of the differences between these sectors.

In May 2004, the Government proposed a positive duty for public sector bodies to take the needs of men and women equally into account. This was proposed in the *White Paper* on the new commission on equality and human rights and reflected in legislative proposals of the Queen's Speech, in November 2004.<sup>119</sup> If these duties are introduced to complement the race duty, this would leave the private and voluntary sectors outside the scope of this framework and with a different and more limited set of legal requirements. For London, 70 per cent of women in employment work in the private sector, and there seems little justification for leaving them outside the framework of any such positive advance in equality law.

On the contrary, the facts of the gender pay gap, the glass

ceiling and other realities of inequality in the labour market indicate that two broad shifts are called for:

- standardisation and levelling up of equality legislation across the different strands
- the introduction of cross-strand equality duties across sectors, including both public and private sectors.

The precise nature of positive duties in the public and private sector might vary. While discussion on positive duties for the public sector is more developed than for the private sector, there is a body of international practice, contract compliance and public procurement experience and policy research upon which to develop proposals for the latter.<sup>120</sup>

*The experience of other countries*

Evidence from elsewhere suggests a positive duty on employers to increase the diversity of their workforce, backed by a clear framework of rights, is likely to produce greater results in reducing inequality than anti-discrimination legislation premised on individualised action or voluntary routes. This framework would create an easily understandable requirement which could be integrated with other business planning.

Of particular importance is the experience of Northern Ireland. The Fair Employment Act (1976) was unsuccessful in removing entrenched discriminatory practices. The new Fair Employment Act in 1989 shifted the emphasis away from the elimination of unlawful discrimination on grounds of religion or political opinion to the reduction of structural inequality in the labour market, whether caused by discrimination or not. Positive duties on employers were introduced to monitor and review the composition of the workforce and to take affirmative action, under a supervision and enforcement agency, the Fair Employment Commission.

According to the Hepple report, 'The evidence indicates that in its first 10 years this legislation had a significant impact in reducing inequalities in the workplace.' The Good Friday agreement in 1998 further made it a positive duty for public authorities to promote equality of opportunity on religion, race, age, gender, marital status, sexual orientation, disability, and on whether or not people have dependents.<sup>121</sup>

The USA and Canada provide other examples. In Ontario, Canada, employers with more than ten employees are required to examine their pay structures for evidence of pay disparities between groups of

women and men doing work of equal value. If a discrepancy is found they must draw up equity plans or make appropriate adjustments.<sup>122</sup>

Contract compliance, introduced in the USA in 1961 by President Kennedy, required contractors of the Federal Government to increase the representation of ethnic minorities in their workforces as a condition of contract. This has since been extended to cover gender and religion, with other schemes on disability. All federal contractors are required to have affirmative action programmes, which include efforts to reduce under-representation, with goals and timetables to achieve them.<sup>123</sup> Contract compliance requirements apply to about 300,000 contractors, employing some 40 per cent of the working population. If these kinds of contract compliance powers existed in Great Britain, the discrepancy in pay and conditions between staff working in privatised services and those directly employed by the public sector would not be possible.

Interviews carried out with employers in the USA for the Hepple report found that it was the affirmative action requirements which were the most significant influence on their organisations. 'We have studied the American practice

to discover the secret of its success... It derives from the compulsion on contractors to initiate positive action with a view to achieving fair participation and from the power of an expert independent body, the Office of Federal Contract Compliance Programs, to enforce this obligation on the basis of the economic power of withdrawal of contracts.'

### *The case for a single equality act*

There is a strong lobby for these steps to create positive duties to be enshrined in a new single equality act which would integrate, rationalise and build on the current separate strands of equality legislation, making them into a consistent framework of law. At present there are significant anomalies between the different legislative provisions on discrimination which under current Government proposals may continue when the new single equalities body, the Commission for Equality and Human Rights (CEHR), comes into being, which is not currently expected before the end of 2006. There are substantial concerns that not only will the anomalies be more obvious within a single equality commission, but that they will create a confusing and competing patchwork of duties. Furthermore there is understandable concern that

groups facing discrimination will be obliged to compete for reduced resources within a single commission.

Advocates of a Single Equality Act point out that the creation of a new commission underlines the opportunity to cohere and improve current law, and that this opportunity should be seized if the commission is to fulfil the hopes invested in it. For example, the Parliamentary Joint Committee on Human Rights recommended that arrangements for the forthcoming CEHR 'should be regarded as transitional until Parliament enacts a single, comprehensive equality Act. It recommends that the enactment of such legislation should be given a high priority.'<sup>124</sup>

#### *Government proposals*

The Government has chosen so far not to precede the establishment of a new single equalities body with the introduction of a new and more coherent framework of law, despite the recommendations of the Parliamentary Joint Committee on Human Rights, the Disability Rights Commission, the Commission for Racial Equality, Hepple, other experts and a range of voluntary sector organisations.

The Queen's Speech (23 November 2004) set out the

Government's intention to proceed to legislation for the establishment of a single CEHR.<sup>125</sup> The White Paper, published in May 2004, proposed that 'the CEHR will have a responsibility to keep the working of discrimination legislation and the Human Rights Act under Review. It will need to consider the effectiveness and adequacy of these statutes and if necessary, make recommendations or proposals to the relevant Secretary of State for changes.' This effectively means the creation of a single equality commission alongside a number of laws with unequal and varied powers, significantly weaker on some issues than others.

The Commissioners of the CRE criticised this course.<sup>126</sup> Among their concerns was the lack of any proposal for a single equality act. The EOC commented that 'In the longer term we need consistent laws that make it easier for individuals and organisations to understand their rights and responsibilities and for the Commission to be truly effective.'<sup>127</sup>

The Disability Rights Commission called for equality legislation to be harmonised. In its detailed response to the Queen's Speech, DRC chair Bert Massie said, 'The need for

single equalities legislation is very important. Without it, it would be easier for the CEHR to fail than to succeed.'<sup>128</sup>

#### **4.6 Remedies - where do we go from here?**

This report has highlighted some of the specific inequalities that affect women working in London, and this chapter has suggested some changes that may help to tackle these issues. Further research will be aimed at identifying what additional measures need to be taken to ensure women can make a full contribution to London's economy. Primarily, this report is intended to inform and promote debate about how best to tackle the inequalities faced by women in employment, as well as identifying other evidence. While the Mayor has established policies in some areas, he is seeking the widest possible dialogue to develop further policies and measures to tackle these issues.

There are two broad areas of potential action and influence:

- *Legislation and enforcement*

Do we need changes to the current laws and enforcement mechanisms and if so, in what way? The precise content of legislation on the CEHR is likely to become known

after the publication of this report. The Mayor has outlined his approach to the current discussion at this point in time. Parliamentary discussion will provide a further opportunity to look at the ways in which equality legislation as well as enforcement mechanisms would be improved to address the sorts of inequalities outlined here. The Mayor looks forward to contributing to this discussion.

- *Specific policy issues*  
Here we outline some specific issues, action where it has been taken and other areas we consider it important to explore.

### *Legislation and enforcement*

#### *Single Equality Act*

A strong case has been made by commentators for a review of equality legislation to level up and cohere the existing strands of separate laws and regulations into a Single Equality Act to provide a consistent framework. The need for this is strengthened by the Government's proposals to set up the CEHR, to replace the existing separate commissions on race, disability and gender. The Mayor has expressed his concern that the CEHR will oblige communities facing discrimination to compete for reduced resources and will operate within a varied and

confusing patchwork of legal rights. In his response to the White Paper in July 2004, the Mayor stated that 'the single Equalities commission can only be effective if supported by a single equalities act. A single equalities act is needed to harmonise legislation and provide the legislative framework to replace the existing fragmented and inconsistent pieces of anti-discrimination legislation. For a single commission to be fair and deal equitably with each equality strand, there must be a strengthening of the existing legislation so that it covers service provision, facilities, housing and education as well as employment and vocational training for all equality areas.'

#### *Positive duties*

A strong case has also been made for a Positive Duty on gender for the public sector, building on similar duties within the Disability Discrimination Act and amendments to the Race Relations Act. Positive duties would create a responsibility to delivery equality, shifting the balance to positive action to promote equality and away from solely individual redress for discrimination. The Mayor supports such duties in principle and will engage in the discussion about the detail of any such proposals if and when they are forthcoming. However, as only 30 per cent of women and 15 per cent of

men in London work in the public sector, it is clear that there is a strong case to look at what positive duties for equality could apply to the private sector.

#### *Enforcement mechanisms*

The effectiveness of legislative measures is connected to the resilience of monitoring and enforcement mechanisms. In this respect, the GLA has already outlined its concerns that the impact of the proposed single equality body (merging existing equality commissions) may be a weakening in enforcement. Further information and a timetable for the CEHR will become more clear in proposals expected from government in the near future and the GLA will further consider their relevance to addressing the problems outlined in this report.

### *Specific issues*

#### *Pay audits*

A strong case has been made by the EOC and others for more transparency on pay to assist in tackling gender pay inequality. The GLA acknowledges this case and has carried out its own pay audit. It has sought to find solutions to the anomalies revealed. The Mayor wants to hear opinions about the use and effectiveness of pay audits and will make this part of the discussion with stakeholders.

*Gender division of occupations*

We are interested in engaging with all relevant stakeholders to discuss how to tackle the vertical and horizontal division of sectors and occupations by gender, which make such a clear contribution to unequal pay. This engagement may range from dialogue with the education sector over gender stereotyping in schools and with employers about the difficulties they face in recruiting women. Many voluntary, professional and training organisations have already tried to tackle these issues and will be able to offer suggestions and examples of good practice.

*Childcare*

The impact of childcare difficulties on women's employment in London was identified as an early priority for the Mayor, resulting in the publication of the London Childcare Strategy in November 2003, after extensive consultation. Implementation of the Strategy is largely being undertaken by the London Development Agency (LDA), in recognition of the importance of affordable and accessible quality childcare to the capital's economy. The Mayor has continued to make the case to Government about the specific issues facing parents in London, including

the limitations of the tax credit system. The issues facing London have been recognised in the 2004 Pre-Budget Review and the Government's 10 Year Childcare Strategy, with a commitment of £5 million to an affordability programme which the Government estimated will benefit 10,000 households. The LDA has committed over £3 million to gap-fund neighbourhood nurseries in the most disadvantaged areas of London and has co-hosted a conference with employers to promote support for childcare. The views of parents, employers and other stakeholders are sought on what further measures might be necessary.

*Flexible working*

The Mayor is committed to achieving a significant expansion of family friendly employment practices in London (proposal ten in the London Childcare Strategy). Development of this commitment is important if raising women's employment rates is to be achieved. This will be part of the discussion we have with businesses in London. We will review the availability of flexible working and other family friendly practices in London and their effectiveness in retaining workers.

*Part-time working*

We need to understand more about the reasons behind the

lower rates of part-time working in London, specifically by mothers with dependent children. Contributory factors include the high cost of childcare, travel to work time and costs and the interaction of benefits, housing and childcare costs with part-time wages. This will be the subject of further research and proposals by the GLA, but we are also seeking information from stakeholders. Are opportunities for part-time working more limited in London? Or are other factors preventing women with children taking up part-time work? What examples of good practice can other employers learn from?

*Women in business*

Part of this work is about expanding the dialogue with women in business and the business sector generally with the aim of addressing women's under-representation on company boards and in running businesses. We want to hear about, learn from and promote good practice that other businesses can draw on; look at particular sectors important to London's economy where there is under representation, and support dialogue and networking on how to improve the position of women in London's business sector.

*Low pay*

The Mayor is committed to finding ways of tackling low pay in London. He is setting up a Living Wage Unit to analyse what level of

pay is the acceptable minimum, with a view to applying this to all GLA group contracts and promoting it more generally with employers in London.

The Mayor will seek dialogue with stakeholders on what other measures could be taken to combat low pay in London and its impact on women.

# Chapter 5:

## Further reading

### 5.1 Related work at the GLA

Since the start of the GLA, the particular issues faced by women in London's economy have been the subject of analysis. In the annual capitalwoman conference, issues relating to women's employment have been discussed, and every year the conference brochure has included a summary of the key facts relating to London's women and the economy, as well as other aspects of women's lives. The GLA Data Management and Analysis Group carried out a detailed study of Labour Force Survey data to describe the characteristics of women in relation to the labour market in London, in comparison with the rest of the UK. This was published in March 2003. The current report updates much of this analysis, using the 2002/03 Labour Force Survey.

The high levels of poverty in the capital were highlighted in *London Divided: Income*

*inequality and poverty in the capital*, published in November 2002. Early on, we recognised that women with children were facing particular difficulties in London's labour market and that this was contributing to the high levels of child poverty in London, higher than any other region. Concern about these issues led to the commitment to a childcare strategy for London. The Mayor launched the final childcare strategy in November 2003 and proposals on tackling poverty in London were published in April 2003. More recently these issues were included in the Mayor's submission on the Government's 2004 Spending Review.

Other GLA reports contain more detailed information on ethnicity in relation to the labour market. These include two sets of key facts produced for GLA conferences on public services and black and ethnic minority people in 2002 and

2003. The *Workless Households* report of October 2003 drew attention to the significant differences in the proportions of children in each ethnic group living in households with no-one in paid employment.

This report concentrates on London as a region, but it is recognised that there are large differences between areas in the capital, at all geographical levels. Many of the reports produced by the GLA include such sub-regional analysis, for instance the *Workless Households* report has information at Inner and Outer and borough levels and maps at ward and output area levels.

### 5.2 List of related GLA reports

These reports can be downloaded from the GLA's website [www.london.gov.uk](http://www.london.gov.uk) under Mayor's Publications.

Another planet? - disabled and deaf Londoners and

- discrimination: the interim results of the Disability Capital 2003 Survey, December 2003
- Black people pushing back the boundaries: Key facts on public services and black and minority ethnic people in London, June 2002
- Black people pushing back the boundaries II: Key facts on public services and black and minority ethnic people in London, June 2003
- Capitalwoman 2003: the third annual conference for women in London conference report, September 2003
- The Case for London: London's loss is no-one's gain, The Mayor of London's Submission to Spending Review 2004, Mayor of London Publication.
- The contribution of Asian businesses to London's economy, December 2001
- Creativity: London's core business, October 2002
- Disabled people and the labour market. An analysis of labour Force Survey data for London 2001-2002, DMAG Briefing 2003/1, January 2003
- First London Older People's Assembly: Older People in London - Facts and Figures, November 2002
- The GLA's London workforce employment series, September 2003
- London Divided: Income inequality and poverty in the capital, November 2002
- Lone parents in London: Quantitative analysis of differences in paid work, In house report 136, GLA Economics and Department for Work and Pensions, January 2004
- Low incomes among older people in London: interim findings from GLA research on pensioner poverty: London Older People's Assembly on 13th October 2003, October 2003
- Missed Opportunities - A skills audit of refugee women in London from the teaching, nursing and medical professions, December 2002
- Older people's London: the second London Older People's Assembly report October 2003
- Play it right: Asian creative industries in London, February 2003
- Public sector employment in London: an analysis of Labour Force Survey data, DMAG Briefing 2003/17, June 2003
- Report on the Mayor's Procurement and Fair Employment Seminar, September 2003
- Rewarding work: an analysis of the New Earnings Survey for 1999, 2000
- Spending time: London's leisure economy, November 2003
- Spreading success: how London is changing, January 2003
- Tackling poverty in London: consultation paper, April 2003
- Unemployment in London: an analysis of the 2001 Census data. DMAG Briefing 2003/26, November 2003
- Workless households with dependent children in London, DMAG Briefing 2003/21, October 2003
- Women and the Labour Market: An analysis of Labour Force Survey data for 2001-2002, DMAG Briefing 2003/12, March 2003

# Appendix 1:

## Comparison of NES and LFS

There are several UK surveys that provide earnings information. The most widely used are the New Earnings Survey (NES) - a business survey - and the Labour Force Survey (LFS) - a household survey. Differences exist between the two surveys, in terms of

- purpose
- perceived accuracy
- achievable sample size
- range of variables collected.<sup>129</sup>

Therefore there are relative advantages and disadvantages of using one or the other survey. First, we summarise the main features of the NES and the LFS datasets and then explain the main reasons why the datasets report different figures for earnings. We then discuss in more detail the strengths and limitations of these two surveys.

### Description of the data sources for earnings<sup>130</sup>

#### *Survey type and coverage*

The NES is based on a one per cent random sample of employees in Great Britain who are members of the Pay-As-You-Earn tax scheme. Employees are selected by reference to the last two digits of their National Insurance numbers. The employers are contacted and required to provide information on selected employees. Larger employers also provide information on other employees with the relevant National Insurance numbers. This means that while the coverage of full-time employees is virtually complete, the coverage of part-time workers is less comprehensive.

The LFS is a household survey in the UK. The sample for Great Britain is drawn from the postcode address file and the sample for Northern Ireland from the ratings and valuation list. The

survey covers people living in private households and in NHS accommodation and students in halls of residence. The LFS interviews households face to face at their first inclusion in the survey, and then by telephone, where possible, for four quarterly intervals thereafter. However, if any household member is unavailable for interview, information can be provided by a related adult member of the same household (proxy response).<sup>131</sup> Proxy responses account for just under a third of all responses in the LFS.

#### *Sample size and frequency*

The NES currently has a sample of around 245,000 employees with approximately 160,000 suitable for analysis. Since 1975 it has been based on a one per cent panel of employees, where individuals are selected year after year.

The LFS interviews 60,000 households in the UK on a quarterly basis. Each

household selected remains in the survey for five quarters with information on earnings requested in the first and fifth quarters, thus enabling year on year comparisons. Information on earnings is available quarterly since 1992.

### *Purpose*

The main purpose of the NES is to produce information on the level, composition and distribution of earnings of full-time employees.

The LFS aims to provide information on a wide range of features of the labour market so that it can be used to develop and evaluate labour market policies.

### *Individual and job characteristics*

The NES gathers information on employees' earnings for all industries, in businesses of all sizes. The NES has data for full-time/part-time status, industry, occupation, region, age and whether an individual is covered by a specific collective agreement or not. No information on qualifications held or ethnicity of employees is collected.

The LFS is the only source of detailed information about individual and job characteristics, (such as occupation in main job, work patterns, industry in main job, public/private sector, full-time/part-time, region, qualifications, ethnicity).<sup>132</sup>

### *Hours worked*

The NES survey reports normal basic hours worked of employees as the number of guaranteed hours worked at the basic rate of pay over the reference pay period. This is regardless of whether or not the hours actually were worked, for instance because of sickness or holidays. Employers are also asked to provide information on any extra hours worked over the reference pay period if they were paid at the basic rate.<sup>133</sup> The NES also requests information on paid overtime hours worked.

The LFS measures hours worked in two ways; usual basis hours worked each week and actual basic hours worked during the reference week. Actual hours can be lower than usual hours if the employee had time off (sickness or holidays), but they may be higher if employees work variable hours.<sup>134</sup>

### *Main differences between NES and LFS*

We depict in the figures below the distributions of hourly pay of full-time employees by gender in London, using the NES and the LFS respectively. The distributions tell us the proportion of men and women in full-time employment in different hourly pay bands. For instance, Figure 39 shows that about two per cent of

London male full-time employees earn between £4-5 per hour, based on NES data.

### *Comparing NES and LFS data for earnings in London*

There are several differences when comparing both distributions for men's and women's earnings in the NES and the LFS. First, the NES shows a lower proportion of male full-time employees at the lower end of earnings than the LFS. Second, the NES records a much higher proportion of male full-time employees earning more than £50 per hour (four per cent compared to less than one per cent in the LFS). Equally, the distributions of hourly pay among women also show differences between the NES and the LFS. One reason for the differences is that the NES relates to people working in London while the LFS covers people resident in London in employment. The next section looks at reasons why these differences occur.

### *Identified reasons for differences in earnings estimates*

Wilkinson<sup>135</sup> provides a detailed discussion of the reasons for the differences between NES and LFS earnings estimates. The main differences are:

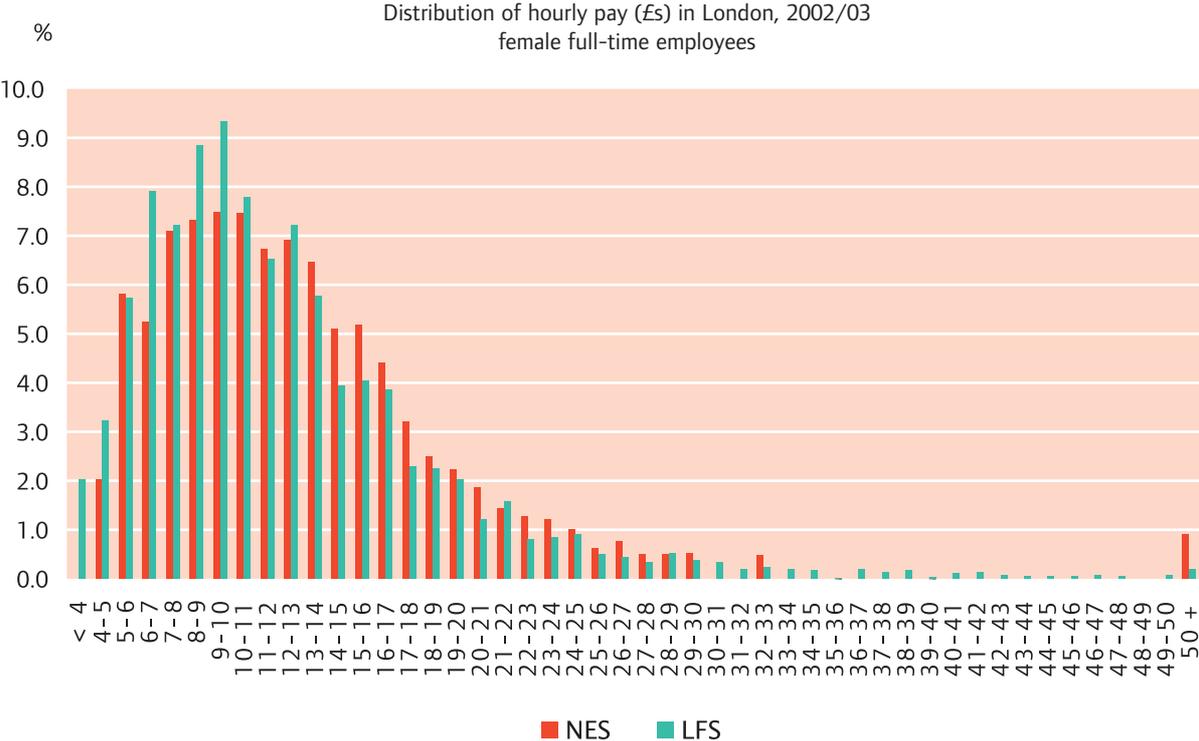
- The LFS consistently shows lower average earnings in comparison to the NES data. This is

Figure 39: Men in London (full-time employees), using NES and LFS data



Source: Office for National Statistics

Figure 40: Women in London (full-time employees), using NES and LFS data



Source: Office for National Statistics

because NES has only partial information on employees with earnings below the PAYE tax threshold. Additionally, the LFS allows proxy responses from a member of a household other than the individual to whom the information collected pertains. This can lead to mis-reporting of earnings information which in turn could produce underestimated figures. This is consistent with the pattern observed in Figures 39 and 40 in which a higher proportion of employees lie at the lower end of the distribution in the LFS than in the NES for both men and women.

- There are differences reported in weekly hours between both surveys. The LFS reports what individuals perceived were their basic usual hours, whereas the NES records employees' contracted hours. The estimates show that the differences between LFS and NES were greater for men than for women, although it is unclear whether this is a reflection on the number of men and women in occupation groups that tend to have larger differences between the two surveys, or a gender effect.<sup>136</sup>
- LFS focuses on individuals in employment, and information is also requested for respondents'

second job (where applicable). NES is a survey of jobs and is designed to collect information on all jobs. It does not distinguish between jobs that are held as either an individual's main job or their second/third etc. job.

- There are also differences in terms of the method of collection and survey time period between the LFS and NES which may also result in differences in estimates.

#### *Sources of sampling error in surveys*

Household surveys are generally subject to sources of error. The difference between the estimate derived from data collected and the true value for the population is the total error in a survey estimate.

The total survey error consists of the sampling error plus non-sampling error. The former error arises from drawing a probability sample rather than complete enumeration (whole population). This is inevitable, but it can be reduced by selecting the appropriate sample size to represent more accurately the true population. The non-sampling error occurs as a result of adopting wrong procedures in the system of collecting and processing data. This type of error includes coverage, non-

response, data processing, estimation and analysis. The LFS attempts to compensate for coverage and non-response errors by weighting the survey results to make them representative of the population as a whole.

Non-sampling error can be of two main types: systematic and variable (random).<sup>137</sup>

#### *Systematic non-sampling error*

This type of error, or bias, may occur if part of the population is excluded from the sampling frame (non-coverage). Also if respondents self-select their participation, then those who are most interested will respond and they are unlikely to be completely representative of the population as a whole.

Bias can also arise from non-response. Non-response occurs when individuals refuse to participate in the interview, or they cannot be contacted. Equally it can result from recording information incorrectly.

#### *Random non-sampling error*

Errors in data may be random, for example if some respondents tend to slightly overestimate their hours of work while others underestimate them in this case the errors over a large sample will tend to balance out.

*LFS earnings data subject to systematic and random errors*

Around 30 per cent of information collected in the LFS is through proxy responses. This type of proxy response can be classified as reporting or systematic error. Information on earnings and hours worked by proxy, other household members provides poorer quality than information collected directly from personal respondents. Wilkinson (1998) found that when information on hours worked was supplied by a spouse or partner, the figures were overstated by between two per cent and five per cent. However, when

information was supplied by another adult member of the household, both weekly earnings and hours worked were understated, which resulted in hourly earnings being understated by between six per cent and 12 per cent. Potential reporting error can also arise when information is supplied directly by personal respondents. This could happen when information on gross pay and usual hours worked are reported giving rounded or approximated answers. Personal respondents who work irregular hours could find it difficult to respond to the

question of proving information on usual hours worked.<sup>138</sup>

*Summary of the strengths and limitations of the NES and the LFS*

In summary, differences between the earnings estimates from the NES and the LFS are to be expected, partly because these surveys have different bases. Inevitably there are relative advantages and disadvantages of using the NES and the LFS datasets. Therefore selection of either dataset depends more on the type of analysis required, balancing out the degree of

**Table 22: Strengths and limitations of NES and LFS datasets**

New Earnings Survey (NES)	
Strengths	Limitations
1 Based on employer's payroll records, this ensures a high response rate and a high degree accuracy of the earnings data.	1 Limited information on individual and jobs characteristics, for example no information is available on qualifications held, or ethnicity.
2 Large sample of employees, which allows for more detailed disaggregated earnings information.	2 The sample is based on pay as you earn (PAYE) records of individual employees. So, it does not sample employees below the PAYE threshold, although some larger employers tend to supply information on such employees. NES over-estimates average earnings figures across the board. It is a poor measure of pay at the bottom end of the earnings distribution. <sup>139</sup>
3 Quality of the information collected about the industrial activity of the company the employee works in.	

**Table 22: Strengths and limitations of NES and LFS datasets**

Labour Force Survey (LFS)	
Strengths	Limitations
1 Largest regular household survey conducted within the UK.	1 Earnings data is likely to be imperfect owing to proxy responses, on behalf of another person living in the household.
2 Coverage of the whole earnings distribution. <sup>140</sup> Valuable source of data for the low paid.	2 Data on earnings are collected from only two-fifths of the respondents each quarter. This makes LFS sample size too small to generate accurate breakdowns for small areas. <sup>141</sup>
3 Wide range of variables related to individual and job characteristics (e.g. occupation, qualifications, type of job, industry and ethnicity).	3 Coverage is almost complete, however employees in certain communal establishments (local authority homes or residential homes) are excluded.
4 Integrated estimates of the numbers in employment, unemployment and economic inactivity.	

Source: 'The new presentation of labour market statistics: guidance for users about sources', *Labour Market trends*, May 1998.

accuracy versus availability of detailed information. On the one hand, NES has a larger sample size and a higher degree of accuracy of earnings estimates than the LFS. Also the NES response rate was around 84 per cent in 2002 compared to approximately 75 to 80 per cent in the LFS in recent quarters.<sup>142</sup> On the other hand, unlike the NES, which under-samples low paid individuals, the LFS covers the whole earnings distribution and it is currently a better source for measuring part-time employees earnings.

When explaining wage differentials between women and men, it is important to capture those individuals that lie at the low end of the earnings distribution. Many women are lower earners, and also a higher proportion work part-time in comparison with men. The PAYE threshold was £91 per week in April 2004, so it is likely that NES will under-represent part-time low earners who generally are women, as low paid, adult, full-time employees will earn more than £91 a week.<sup>143</sup> In addition, for the approach taken in Chapter 2, it is

important to account for a wide range of individual and job characteristics. The greatest strength of the LFS is the wealth of information it provides on these characteristics. Therefore, this makes it highly suited to analysis of the gender pay gap and allows us to estimate what part of the gender pay gap is a result of differing characteristics between men and women and what part is caused by direct unequal treatment. Within Chapter 2, we use broad industry categories and a more detailed occupational breakdown,

given past findings that occupation plays a key role in wage differentials. However, it should be noted that within any industry/occupation category not every activity/job will be identical. Hence there will be some compositional differences between men and women within these categories. The greater the degree of disaggregation, the less this problem will exist.

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## Appendix 2: Methodology for qualitative research

A series of eight focus groups were held with women living and working in various locations in Inner London (IL), Outer London (OL), and Central London (CL). The focus group participants were recruited according to a detailed specification provided by the GLA and comprised women in the following salary bands:

- Group 1 - earning up to £15,000 (OL)
- Group 2 - earning £15 - £25k (IL)
- Group 3 - earning £15 - £25k (OL)
- Group 4 - earning £25 - £40k (IL)
- Group 5 - earning £25 - £40k (OL)
- Group 6 - earning £40k+ (CL)
- Group 7 - low paid and seeking work (IL)
- Group 8 - low paid and seeking work (OL)

A total of 74 people took part in the focus groups. A breakdown of participants in each of the focus groups on the basis of earnings, employment status, sexual orientation, disability, and whether or not they had children under age 16 living at home is set out in Table 23.

The contacts for the individual in-depth interviews were provided by the GLA. A breakdown of the interviews with senior women and self-employed women who took part in the individual interviews is provided in Table 24.

During the focus groups and individual interviews, the facilitator followed a customised semi-structured topic guide to ensure that the discussion focused on the specific areas the GLA wanted to explore. The GLA's

specification stated that the research should not be restricted to a pre-determined agenda and the topic guides were fluid, allowing unplanned issues to be raised and discussed by participants.

The interviews with organisations representing women were informed by themes in the composite research framework and themes arising from the focus group discussions and the individual interviews with senior and self-employed women.

**Table 23: Breakdown of Focus Group Participants**

Focus Group	Seeking	P/T	F/T	BME	Lesbian	Disability	Children under 16	Total Participants
Group 1 up to £15k OL	-	4	5	1	1	0	2	9
Group 2 £15 -£25k, IL	-	3	6	2	1	1	5	9
Group 3 £15-£25k, OL	-	4	5	1	0	0	7	9
Group 4 £25 - £40k, IL	-	3	7	3	0	0	1	10
Group 5 £25 - £40k, OL	-	2	8	2	0	1	6	10
Group 6 above £40k+, CL	-	3	5	2	0	1	4	8
Group 7 low paid and seeking work, OL	7	4	0	4	0	2	5	10
Group 8 low paid and seeking work, IL	3	3	5	3	0	1	1	9

**Table 24: Individual Interview Participants**

Interviews	Part-time	Full-time	Sexuality	Disability	Children dependents	Total
Senior Women	0	6	0	1	1	7
Self Employed Women	0	3	0	0	1	3
Organisations of Women	0	3	0	0	1	4
<b>Grand Totals</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>14</b>

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## Abbreviations

ABI	Annual Business Inquiry	DMAG	Data Management Analysis Group	ICT	Information and Communications Technology
BME	Black and minority ethnic	DTI	Department of Trade and Industry	IL	Inner London
CBI	Confederation of British Industry	EC	European Commission	LDA	London Development Agency
CEHR	Commission for Equality and Human Rights	EOC	Equal Opportunities Commission	LFS	Labour Force Survey
CL	Central London	ERA	Employment Rights Act	NEW	New Earnings Survey
CRE	Commission for Racial Equality	EU	European Union	OL	Outer London
DAWN	Dynamic Asian Women's Network	GLA	Greater London Authority	OPM	Office for Public Management

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### Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

### Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਖਤਾ ਕਰੋ:

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دینے گئے پتے پر رابطہ کریں

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مرسله العنوان أدناه

### Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

