



Women and Equalities Committee

Oral evidence: [Gender Pay Gap](#), HC 584

Tuesday 15 December 2015

Ordered by the House of Commons to be published on 15 December 2015.

Written evidence from witnesses:

- [Dr Alison Parken](#)
- [Professor Jill Rubery](#)
- [Sheila Wild](#)
- [Professor the Baroness Wolf of Dulwich](#)

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Members present: Maria Miller Chair); Ruth Cadbury, Maria Caulfield, Angela Crawley, Mims Davies, Mrs Flick Drummond, Jess Phillips.

Questions [1-58]

Witnesses: **Chris Giles**, Economics Editor, The Financial Times, **Dr Alison Parken**, Women Adding Value to the Economy (WAVE), Cardiff University, **Professor Jill Rubery**, Manchester University, **Sheila Wild**, Founder, Equal Pay Portal, and **Professor the Baroness Wolf of Dulwich**, King's College, London, gave evidence.

Q1 Chair: Good morning. May I thank you on behalf of the whole Committee for taking the time to be with us this morning to give evidence? This is our second inquiry, into the gender pay gap and how it affects women, particularly over the age of 40. We are very grateful, because we know that all of you have extremely busy schedules, and we are very pleased to have such an incredibly knowledgeable panel in front of us today. You will know how the inquiry sessions work—we ask you questions—but before we get into my colleagues asking you about different areas, will you just say your name and your position, perhaps starting with Baroness Wolf?

Baroness Wolf: I am Alison Wolf and I am a professor of public sector management at King's College London, which is the relevant bit to today, and a Cross-Bench peer.

Dr Parken: I am Dr Alison Parken from Cardiff University. I have recently been running an employment pay analysis research programme with employers.

Professor Rubery: I am Jill Rubery. I am professor of comparative employment systems at Manchester University. For many years, I co-ordinated the gender employment expert group for the European Union.

Chris Giles: I am Chris Giles. I am the economics editor of the *Financial Times*.

Sheila Wild: I am Sheila Wild. I currently run Equal Pay Portal, which is an information website on equal pay. Prior to that, I spent over 30 years leading on equal pay projects, such as the equal pay audit toolkit.

Chair: Thank you all for being here. We are in the room with the worst acoustics, so could I ask you all to bear that in mind when making your contributions, so that we make sure we get all the good advice you are giving?

Q2 Maria Caulfield: As this is our first evidence session, I thought it would be good to be clear what we are talking about. My first question is to Chris: could you explain how the gender pay gap is currently measured?

Chris Giles: Currently, the official measure is from a survey called the annual hours—the ASHE survey, I have forgotten what the acronym stands for. It is a very simple average and there are different ways that you can measure it. The idea is this: if you came from Mars and were plonked into the UK labour market, you would know that if you were a woman and working full-time, you would be paid 9.2% less on average, in the middle of the earnings distribution, than if you were the equivalent man. There is no regard taken of the type of job you do, your background, your education or qualifications. It is a simple average, normally measured at the median. You can measure it for different things. You can take the mean, which takes more account of the upper end of the distribution—of richer pay. There, if you took the mean, the gap would not be 9.2%, but nearly 14%—13.9%. If you include part-time work as well as full-time work, at the hourly rate, the gap would be about 19%. So depending on the question you ask, you will get a different answer.

Q3 Maria Caulfield: But whatever the question you ask, there is a gap.

Chris Giles: There is a gap, on average, for whatever question you ask.

Q4 Maria Caulfield: Sheila, will you explain to us how the gender pay gap differs from the measures of equal pay?

Sheila Wild: A measure of equal pay is a measure of the work that you are doing and the pay that you get for it. When you measure equal pay in the workplace, you are looking at job demands, and that is written into the legislation. There is a phrase in there, “equal pay for equal work”. Equal work means that you are doing the same or a similar job to a man, or work that has been rated as equivalent under a job evaluation scheme, or work that is of equal value—equal value is followed by the phrase, equivalent in terms of “the demands” that it places on the worker. The workplace measure of equal pay is actually completely different

from the official measure of the gender pay gap and people do get very confused about the two.

Chair: Thank you. It is really helpful to get that on to the record straightaway. Ruth, did you want to come in here?

Q5 Ruth Cadbury: We were trying to explore how the statistics on the gender pay gap vary by age, sector, part time versus full time, and possibly region. What are the key positions at the moment? We can move on to trends in a bit.

Dr Parken: Is that question for me, as I was asked to think about this?

Ruth Cadbury: I guess so.

Dr Parken: There is a difference in the pay gap between the public and private sectors. The public sector pay gap is about 19%; private sector is about 26%. There is a vast difference between the employment make-up, skills and qualifications of workers between those two sectors. A much higher proportion of workers in the public sector have degrees. Around three quarters of all women who work in professions work in the public sector, so you can see how gender divided it is.

Regionally there are differences. You tend to have a higher pay gaps where there is a higher skills mix. The south-east, for instance, has a pay gap of around 22%. Wales, sadly, where we have a much lower GVA and do not have quite the high number of male high earners, we have a pay gap of 14%. That can change regionally as men's pay increases faster than women's or, as is happening at present, declines. Men's declining wages can reduce the gender pay gap.

Q6 Jess Phillips: I am interested in exploring some of the ideas about occupational segregation, and the role that choice plays in the gender pay gap, that women choose those positions or choose to stay at home with their children. I will keep my opinion to myself; it is not in line with that. Would Alison and Sheila—or anyone—say how women choose their occupations and career paths?

Baroness Wolf: I am happy to start with that because these are international trends and I have written about them in "The XX Factor". Let me start by talking about trends because there has been a huge increase in part-time working over the whole developed world, for good or bad. If you are a Dutch feminist, you think it is appalling; if you are a large number of my neighbours, you think it is great. Of course, it has a huge impact on the pay gap, because part-time work, looking at the median, is consistently paid less well than full-time work for a variety of reasons.

Whether or not you call it choice, there is no question that a large number of women opt into part-time work and they do not describe themselves as working fewer hours than they currently wish to; on the contrary. I actually think Holland is very interesting in that respect, because it is the place that has shown the most dramatic rise in part-time work and

has the highest rate for both men and women. It is an enormous rate for women who say they are extremely happy with it.

Of course, the major reason that women opt into part-time work is because they want to—or feel forced to—have time for their children and families. That comes back to the concerns of the Committee. There is a growing gap between the career and pay trajectories of professional women and other women. Among professional women, one of the major reasons why later in life they are registering lower pay than male contemporaries with comparable education will be if they have interrupted careers. That is clearly shown if you look at people in their 20s with comparable jobs, education and hours; there is no gender pay gap.

Many, many women will indeed feel that this is preferable. They actually want to have time for their children, particularly if they are not in what one might think of as careers. They want time for their children and the rest of their families. The real question is, during the period of their life when they want to work full time, what are the challenges for them coming back having made that choice, which, I would say, they will go on making if they are able to.

Q7 Jess Phillips: I am interested in the idea of choice, because choice is not something—I suppose with the whole idea of nudging somebody—that we can change. Yet, we are here, essentially, to look at the gender pay gap in order to change something and the choices women make are difficult to change. What would you, or anyone, suggest we do to change this—I'm going to go with choice?

Professor Rubery: Could I come in here and say something about why the choice to go part time in the UK may have higher penalties than in other countries? It particularly applies, I think, for the Netherlands, where you will find that women work in all occupations part time. Although the new, or relatively new, right to request flexible working is extending that in the UK, it is primarily in the public sector. There is very little evidence that the private sector has really allowed women to work in higher-level jobs part time. I think we have to look not at the issue of choice but at the penalties that are attached to that choice. We also have a tendency in the UK to organise part-time jobs in low-paid sectors and low-paying firms. Certainly, raising the minimum wage will have significant benefits, but we have had a history of much greater occupational downgrading after maternity than in other countries. We are only just beginning to overcome that.

It is really important that we also address the whole issue of age discrimination and flexible careers to enable people to switch back into full-time work. It is an important part of the problem that women get diverted, though this choice, into a long-term track that involves very low wages—whether they are taking the option of a typical part-time job, a service job that is particularly dominated by part-time work, and are paid the minimum wage or whether they are on a more professional route and still end up with a huge pay penalty. We have to think about how we do not write women's chances off at age 35 or 40 and enable them to get back on to professional tracks.

Dr Parken: We have to be a bit careful about the question of choice. I do not think choice is, if you like, unfettered. If you think about the jobs that women tend to do—in administration, personal services, leisure, retail—on average, more than 40% are offered on a

part-time basis. So already your choice to work on a full-time basis is constrained when you enter the labour market. As much as 70% in retail is offered on a part-time basis—the choice is shaped. At the bottom end of the labour market in particular it is very easy to get stuck in those part-time jobs. There is an association between full-time working and commitment; full-time working absolutely correlates to progression. In those very low-paid jobs that women do at the bottom end of the labour market—often multiple jobs in order to earn enough to live, so they are building their hours—there is very little training or upskilling. They are in flat structures and can be stuck there over their lifetime.

Q8 Chair: Sheila, did you want to add something?

Sheila Wild: Yes. We need also to look at the age cohorts within that group of older women. I know the Committee is looking at women over 40. For the oldest women in that group, their apparent choices were much more severely constrained than those available to younger women nowadays. We tend to think that all was sorted when the Sex Discrimination Act 1975 came into play but, in fact, it was not until 1995 that we gave full employment protection to part-time workers. For women in the 55-plus age group, there is a very high probability that the only option open to them was part-time work. There wasn't anything else available to them back then. It was part-time work on very much less favourable terms than we are beginning to see develop now. We have these groups of women who are trailing disadvantage with them and it is a structural disadvantage. Yes, there will have been some element of choice overlaid or embedded within that, but we have to recognise that their choices were much more severely constrained than is the case for younger women now.

Q9 Mrs Drummond: Something I picked up that you said, Baroness Wolf, was that there are a number of reasons why people in part-time work are paid less. Can you expand on that a little bit?

Baroness Wolf: Basically, the things that give you more pay are, among other things, simply how many hours you have clocked, so you acquire experience. Many of the people who are in part-time work have had interrupted careers before that, and so they are trailing with them a job history that is interrupted and hasn't actually got them there.

The other thing is something that a couple of other people have alluded to, because this is not about equal pay for equal work; it is about the jobs in which you get promotion. I think it is still true in very many jobs, and with some reason I would say, that the jobs that have supervisory responsibilities tend to be full-time or less flexible. Again, that means that what you are clocking when you compare part-time work with full-time work is a different mix.

So it is a combination of things that are personal to you because your part-time history probably goes with a lot of other things—less time in work, making choices that are related to family, labour market interruptions—and it is also related to the structure of the labour market. I think that while there are things that we can and should do to make it easier or more appealing or more required of companies and employers to make jobs available on a part-time basis, there is a limit to which you can do that.

Many of the jobs where it is easy to go part-time and to break it up have, under current situations, already done it. At the other end of the spectrum, one of the things that is interesting is that there is a lot more senior part-time work in the public sector. That's partly because of public sector attitudes, but it's also because of the jobs that are in the public sector. It is much easier to make medicine or teaching something that you can do part-time than it is being a trader, a truck driver or a supervisor who is responsible for a whole floor of a nursing home or a hospital, or indeed a department head in a university.

There are things we can do and I would absolutely like to agree with Jill that the Netherlands offers some very interesting examples of that, but to a degree it is also structural, which is why the coming back full time element seems to me to be critical. The more we can do to make it easier and better for people not to be completely shifted aside for the whole of their careers because for a period they are doing other things would seem to me to be fantastic.

Q10 Angela Crawley: Notwithstanding the element of choice and that many people will choose to remain at home for childcare and caring responsibilities in general, is it not the case that if there was a greater emphasis on shared parenting, or perhaps if women's pay was equal to men's, then there wouldn't be that sense of a false choice, rather than this emphasis on the "It's a choice" factor? Perhaps I can direct that question at Dr Parken, because I think you came on to that subject earlier.

Dr Parken: I think there are different things going on at different levels of the labour market. What we are saying is that women's work at the bottom end of the labour market is very much more organised on a part-time basis than men's. Some recent work for the Women Adding Value to the Economy programme in Wales showed that 75% of the work that women do—in elementary jobs, for instance, at the bottom end of the labour market—is offered on a part-time basis. For men, 73% of the work that they do in those occupational categories is offered on a full-time basis. So there is something about the way that work is organised that restricts choice. We know from our case studies that a large percentage of women work a number of part-time jobs or part-time and casual jobs—multiple jobs—to build hours to build earnings.

At the other end of the labour market, by their late 30s about 30% of women in professional jobs are working part-time. Now, they may want to come back and they may want to progress. Better shared parenting would help that, because they would not perhaps be out of the labour market for so long, but the real issue is that some of these very high-hours jobs, in the public sector as well as in the private sector, have a full-time over-the-lifetime-norm working arrangement, which is very much more the male pattern of working. So, in professional occupations you are supposed to be at certain places by career age stages, and if women do not follow that male pattern then they are disadvantaged.

There needs to be some way of recognising that women who may have had some time out of the labour market, or who have chosen to go part time for whatever reason in the higher grade of jobs, still want to progress. We need to take away the normative value of staying there full time all the time. If there was more shared parenting and that became more

of the norm so that more men had time out, perhaps some of those career levers to progression would shift as well.

Q11 Ruth Cadbury: I have two questions, both around full time equals progression, part time equals not progression. At the bottom end of the labour market, given the way it is structured, I wonder sometimes whether it is worth the hassle. Sorry to bring in personal examples, but my son has worked part time in retail since he was 17—he is 23 now. Zero-hours contracts and flexible hours suited him fine, but several times he was asked to be a supervisor. He looked at it and said, “Actually, it’s not worth the hassle. There is not much more pay and lots more responsibility, pressure and stress”. I cannot remember what the hours were. There are millions of people working in retail and hundreds of thousands of people would be in that position. Is there something about that particular sector, and similar sectors, where they could fairly easily do what parts of the public sector have done to make supervisory grades attractive, doable and work in a flexible way? My question is whether part of the problem is about upper-end senior management—the presenteeism; the long working hours culture—and does this country have a particular cultural problem with that?

Professor Rubery: I think you have got the key issue in respect of full time and shared parenting. Unless we have a situation in which people are not expected to work whenever and wherever, without any reference to their domestic responsibilities, you cannot have shared parenting without both parents suffering penalties. It may be slightly out of date now, but some work we did on the retail sector in the past suggests that supervisors were required to take supervisory responsibility for the 24-hour opening. I do not necessarily agree that you cannot have shared supervisory responsibilities. That is an easy way for companies to say that they cannot have effective part-time work. They just say, “We are going to have 24-hour cover by supervisors”. I think there are ways in which this can be divided up. We need to find more innovative ways of not requiring people to work whenever and wherever, without reference to their responsibilities. We cannot have shared parenting if employers do not pay attention to people’s outside responsibilities.

Baroness Wolf: A couple of things—first, I stress that it is not just about shared parenting, it is also about care for family members. We tend to overdo saying that it is all about under-5s and after-school care. An awful lot of the problem is not about that—it is about other parts of life. I want to pick up on something you said, because of the business of not being able to get people to take supervisory jobs. I think it was the Resolution Foundation which did some really interesting work on this, and it is a widespread problem. The real puzzle is why we have these compressed pay scales. We have got them to some degree in the public sector, because people have fixed amounts of money that local councils give them. In retail, though, it is a real puzzle. My hunch is that it will change, just as sharing jobs will change when you have to, if you have to. A little bit of me is moderately optimistic, because things have changed. If we look at people over 50, they still visibly bear the scars from the period when there was overt discrimination in the workplace. That does not happen any more.

One of the reasons that in the public sector people have worked out ways of doing part-time careers is because a very high proportion of doctors coming from medical school now are female. If you cannot work out a part-time thing, you cannot staff your hospital wards. Part of me is quite optimistic, but there almost certainly are real tax and pay barriers that are standing in the way. I do not think it is just vicious stupidity on the part of employers.

If there was some way of figuring out how the current structures actually push you into compressed pay scales when it does not seem sensible, or feeling that there is a real barrier, that would be interesting. I suspect that there are real financial barriers there that we have not identified.

Chris Giles: One of the things we also need to take account of in looking at the prevalence of part-time work in retail and other low-paid sectors is the benefit system. It is the in-work tax credit system, which dates back to family credit in the late 1980s, which gives a great advantage to working 16 hours a week. This is one of the reasons both why employees want to work 16 hours a week, and why employers then offer jobs at exactly that level of working, because that maximises people's return on both family tax credits and on in-work credits more recently. This is changing with the move to universal credit, but there will still be a sort of sweet spot in the benefits system which will be for a part-time position. For lone parents and the first earner in a family that is definitely an attractive place to work if they are low paid.

Sheila Wild: One of the things which I would like to see is more dialogue between the public and private sectors. I can remember a time when it was deemed absolutely impossible to work part time if you were a teacher, because pupils required teachers to be there all the time and they would suffer from mental health issues if they did not have consistency in teaching. There was a whole array of myths. Generally speaking, the public sector gets there first, but we have this big divide. We feel that the way the public sector does things cannot possibly be applicable to the way the private sector does things, and vice versa. I am a great believer in somehow getting both sectors together, so that they can start to learn how to do it from each other. Baroness Wolf mentioned the NHS, which is the biggest employer of women in Europe and has some fantastically good employment practices. Take some private sector managers in there and let them learn from what has been happening in the NHS.

Q12 Chair: Before I bring in Angela, I shall ask Baroness Wolf whether we can seriously say that it is absolutely possible to have part-time doctors, but it is absolutely impossible to have part-time traders. How can that be the case?

Baroness Wolf: No, I am not saying that. I am saying that as an employee you make decisions on the basis of what you are facing, what you can get and where, and how much you will lose by it. The reality is of course that you can have part-time traders, but it is not as easy to deal with as it is with medicine. This really is the case. I am talking as someone who has had a very part-time background for large chunks of my life. There are jobs where there are major downsides to not being there when most other people are, and there are jobs where there are minor downsides. One of the interesting things about a lot of jobs is that they seem to divide up quite easily.

One of the fascinating things that you see when you look at the histories—and I am talking here about professional women again—and you look at the penalty for being female, is that there is no question but that it differs not only by public or private sector but by occupation. For example, lawyers are in pretty good shape, just as doctors are, whereas women with MBAs have one of the highest female penalties in the whole professional world, because of the type of job that they go into. I am not saying that it is possible in one and not possible in the other, just that as an employer you make a decision about hiring people and

you make a decision about whether to structure a job in terms of a quite conscious weighing-up of costs and benefits. Sometimes you hit an absolute block, as I said, for example with getting supervisors in care homes when you are on a fixed contract with the local authority. Often it is a balance and, going back to Chris's point about benefits, that is why often quite small things may actually shift that balance—or big things, I suppose.

Q13 Angela Crawley: We have heard a lot about medicine and law and, while those careers are obviously significant, people who enter them are already on a higher pay bracket than the vast majority of people in the public sector. My question on the significance of the part-time pay penalty is directed to both Chris and Dr Parken. Would you suggest that this contributes to the gender pay gap, in terms of the results of choices women make or the structural issues around women's employment?

Chris Giles: Well, I think that it is huge, as we have already heard. The pay gap between part time and full time for women is about 30%. At the moment, it is not that it happens when a professional women moves to being part time, because they will generally get the same pro rata'd hours, but they will not get promotion and progression thereafter, as we have heard, so the gap widens.

We should look at some of the good things that are happening. It is not all doom and gloom. The cohort element of this is really important. Talking about full-time workers, there is no gender pay gap for people in their 20s. There is no longer a gender pay gap for people in their 30s, who are getting into childbearing age and have responsibilities for young children. That disappeared in the last two or three years. It disappeared for people in their 20s about 12 or 13 years ago.

We are seeing a movement of women coming through the labour market whose experiences are very different from women before that. For people in their 40s, the number has halved since 1997. The improvement hasn't been as great, but it is still an improvement. There has been no improvement whatsoever for people in their 50s, where we would expect to see some improvement going through.

However, it is very clear that the move to part time or an interrupted career is very severe for life-time pay and also for retirement pay, so it is a very big decision. When people talk about choice, we know that humans don't make great choices when they are faced with very long-term decisions. They do not necessarily take things into account. It is exactly the same in pension provision—people under-save. Women and men—the household—will often take the short-term expedient thing, which will be to go part time or take a career break, not realising the extreme damage it does to the family and household income.

Q14 Angela Crawley: Is it possible that women in their 20s and 30s are not presenting any difference in gender pay gap at this stage because they are having children later? Perhaps we still have to assess that.

Chris Giles: Of course there's some of that, but if you think the prime age of fertility is between 25 and 30 in this country—not necessarily for professional women, where it is going to be later—we are seeing no gender pay gap for women in their 30s, at the median, not

at the mean. At the top end, there is still a gender pay gap, but in the middle there isn't for full-time workers. That suggests that some of it is going to be explained by later fertility, but not all of it.

Dr Parken: At the other end of the labour market—because you asked about women's work at both ends of the labour market—it is very clear that the issue for women at the bottom end of the labour market is an issue of low pay. It is not just lower hours, it is very much lower pay than the full-time hourly average.

I looked at some data recently. The ASHE data, as far as I can tell, show a 36% pay gap between the average hourly earnings of part-time women and men working full time. The proportion of women who work on a part-time basis has changed little since the 1970s; it is about 43%. About 46% of women work in low and low to middle-skilled jobs compared with about 24% of men. Women are getting firsts and 2.1s at a higher rate than men, but they are much more likely than men to work in jobs and sectors below their qualification level.

We can't get away from women's jobs—cleaning, caring, catering—being undervalued. Caring work particularly needs to be looked at. What could be more valuable than looking after people with dignity and fairness and allowing the rest of us to go to work, essentially? They are flatter structures, which we talked about earlier, and again very few routes to progression. The bottom end of the labour market is a sludge. It is a bit of a part-time, low-skilled, low-paid, low-valued sort of trap.

The other thing to say is that we should not think of part-time work as the only form of flexibility. Sometimes it is not flexible, for instance, if you think about the women in local government who have often got three or four jobs with the same employer. They might do school-crossing patrol in the morning, lunch-time assistant, a bit of teaching assistant in the afternoon and something else. They are working 12 or 14 hours a day, but they only get paid for the slots of hours that they do. Those sorts of jobs don't really help people progress, and they are an issue of low pay.

Q15 Angela Crawley: Can I perhaps ask Jill and Baroness Wolf how the gender pay gap can be explained by maternity and the time that women take out of the labour market? I appreciate the point made by Baroness Wolf earlier about caring responsibilities as well. You may want to include that in your answer.

Professor Rubery: With respect to maternity, I have recently done a review of evidence on the motherhood pay gap for the ILO. One of the things that struck us was the number of studies that revealed that women are allocated less productive jobs when they return to work on a part-time basis. There is very little evidence that employers actually assess people's productivity. There is a presumption that people are less productive and a tendency to assume that some of the tasks cannot be done on a part-time basis.

It is clearly the case that maternity leave and return on a part-time basis has long-term effects. I would not want to suggest that it has no productivity effects—that would be wrong. The point is that people just assume and continue with that stereotype; that is what is important about enabling people to be assessed for their productivity, rather than it being assumed that because you are part-time, you are not interested in progression, in moving up

the ladder. The whole issue of maternity is important, but I also think that we tend to carry on saying that women's problems are to do with maternity, even when they are in their 50s. It is partly a problem of not being able to get back on track; somehow, if you haven't made it by the time you are in your 30s, that is it, yet we want people to work until their late 60s. Even if women did take a complete career break, coming back at 40 they still have a lot to offer. This is not really allowed in the current labour market organisation.

Baroness Wolf: I will try to cover a couple of other points. One thing which is very clear in the case of maternity, as in so many other things, is the increasing difference between the way highly-educated professionals work and the way other women in the labour market work. This is actually quite recent. What has happened is that the breaks which the top 15% to 20% of highly-educated graduate women take have become ever shorter. These are international patterns; this is not just this country's problem. We do long working, like America, but this is international. You therefore get much less of a real rupture in your life if you are relatively well paid to begin with and highly qualified and educated. Of course, there are still problems, but they are much less clear. What we are getting, as Alison referred to, is almost two labour markets.

Interestingly, inequality among women is increasing faster than inequality among men. What we are getting at the bottom is very low-paid caring jobs. It is almost an inherent dilemma in our labour markets. Yes, it would be very wonderful to pay people in caring occupations much more, but these are often public sector, highly subsidised, very large parts of the labour market, and if we are going to pay them more, we are going to have to find that money, not through somehow something wonderful happening in the private sector, but, bluntly, through a large amount of money being found in the public sector to pay people better in those jobs, which are, everywhere in the world, overwhelmingly female jobs. Again, this is a combination of things, but part of it is that we do not, anywhere in the world, seem to want many men in these jobs and since we can get women at low wages, we go on getting women at low wages.

Q16 Mims Davies: I am interested—perhaps this is something Baroness Wolf could comment on—in the way we fool women into part-time work and making that choice, by saying there is good flexibility when it comes to childcare and nurseries, but it is at school age that things become very difficult. I certainly found this, when I was in that area and also a carer—so there are sandwich generation people. Is there an opportunity to look at school hours and terms and be quite bold if we really want to change how women work and how their careers progress?

Baroness Wolf: The trouble is that my flexibility is somebody else's rigidity. If I want highly flexible school hours and highly flexible after-school care, somebody has to be there to provide it, and they have to be there reliably to provide it, so they cannot then have a flexible working life. I do think this point about lack of flexibility is fundamental, and again, it affects older people with family care responsibilities as well as people with small children. I do not have an answer to this. One problem is that the moment you get subsidies or anything which the public sector is putting money into, you also, for very good reasons, have accountability requirements and all sorts of regulations associated with it. Is this a good place for the money to go, are people using it appropriately? I absolutely agree.

I did some work recently with one of the outer London boroughs, looking at the problems faced particularly by low-income women, often with immigrant backgrounds, who were trying to get back into the workforce in their 40s. Their real problem was that there was nothing available that fitted their need to move around easily if their housing changed. Many of them were in private housing and had moved house many times. They would get a child into a school that had clear, publicly funded after-school programmes, and then everyone would move and they could not take the subsidy—the supposed help—with them.

Again, this is a fundamental problem that requires a great deal of thinking. If one could make subsidies and help for care more portable and less tied down by massive regulations and institutional rigidities, it would help lower-income people with major care responsibilities more than anything else—for example, if you could pay the grandparents sometimes.

Q17 Mims Davies: There seems to be an opportunity if you are more highly paid and highly skilled to get flexible childcare for your children and pick up where you left off, whereas if you are at a lower level or working several flexible part-time jobs, those opportunities are not there. Having said that, is it not good for women in general to be able to have different gear changes and opportunities in their careers that allow them to maximise their opportunities as carers, mothers and so on? I am interested in whether six weeks of holiday continuing is sustainable, because we want everyone to be able to work flexibly and add value to UK plc.

Chris Giles: You are absolutely right that one of the biggest hazard points for women's careers is your first child getting to school age, rather than necessarily nursery age—having your firstborn and then the firstborn hitting reception age at primary school.

Another trend we should recognise is that it is not just about employment. Self-employment is by far the fastest-growing part of the UK labour market, and that can—not always, but it can—be very flexible. Most people in self-employment report that they are happy with it, even though incomes are often quite low.

Q18 Jess Phillips: I want to pick up this whole idea about school-age children and paternity and maternity leave, and try to talk about men. My husband is the full-time carer of my children and always has been. He has just sent me some photos of their nativity. I want to try to get some practical ideas about how we pull the levers so that these are choices that men make.

I know society perceives that those choices should be a woman's, because we chose to have a womb, but the fact of the matter is that we need to encourage more men and use levers to do that. What are those levers? I know that in Sweden, or somewhere in Scandinavia, they pay people more to take longer paternity leave and force one partner to take six months and the other to take the other six months. That, to me, seems the only perceivable thing that will stop the big gap in the market.

Dr Parken: Can I say something that is not evidence-based? In my own experience of working in advertising agencies in the late 1980s, the directors all took time off when they

had children. Because they made it the norm, the men in the other parts of the structure felt obliged to do so. That was pre enhanced maternity pay, and certainly pre paternity pay, so the culture was that part of masculinity was being involved with the children, enjoying that and bringing those skills back to work. The other thing is that we have to value care. If we are going to ask men to do it, we have to give it a higher status.

Q19 Chair: What about the levers we can pull?

Dr Parken: Finland has recognised that caring is a very valuable, highly skilled job and has had differential increases for women in those occupations over the past 20 years to bring it up the occupational structure. That is part of what we need to do.

Baroness Wolf: To go back to your original question, basically, it will be more attractive to men when it is easier to come back after a break. We will have got some of the problems we have now sorted when it is easier to come back from a break. In a sense, all of these issues are across the board. What makes it unattractive to many men is exactly the issues we are discussing here—if you take a break, you can see that you are not going to find it very easy to get back in.

I do want to say that men are spending more time with children. Again, that goes back to these generational changes. If you look at the most recent very detailed data on how people spend time, first, parents across all social groups are spending more and more time with their children, but there have been huge increases in the amount of time that men who are in the same family as their children spend with children. There are changes in attitude.

On the care thing, the reality is that you have to decide if that is where you want to put your money. To some degree, unfortunately, status follows pay. If people are paid more, it will be more attractive. The Scandinavians have the most gender-specific labour markets in the world, I have to say.

Professor Rubery: Carrying on on the value we attach to care, I do think that the UK nevertheless stands out as paying the least amount to home care workers of all countries. It is not just the Scandinavian issue. Also, Scandinavian countries are becoming more diverse; there has been quite an increase in women entering the private sector. I do think it is a matter of social choice. It matters also with respect to the public sector. We are now facing women looking at long-term caps and freezes of their wages. Nearly two thirds of women with higher education work in the public sector, so we can anticipate a decrease in these beneficial trends that were identified.

There was something else I wanted to pick up on. One reason the gender pay gap is narrowing is because we have had a depression of men's pay. That is not the kind of progress we want to make. I just want to endorse that we do need employers' attitudes towards men to change as much as towards women. Men suffer probably more than women from taking career breaks at the moment. That is a key problem and is a co-problem for couples.

Chair: Brilliant. That is a very good note on which to move on to our next line of questioning.

Q20 Mims Davies: This is one for Baroness Wolf. To what extent do you believe that direct discrimination against women contributes to the gender pay gap?

Baroness Wolf: I actually don't think that is any longer a major issue. Obviously there are high-profile cases that make it into newspapers. In a sense, they make it into newspapers and are high-profile because they have such shock value. If you look at women who are now in their 50s, it seems clear that what has happened to them is very likely to have had in part a real discrimination element. There have been points in their career where you can say, allowing for everything else, that you are still left with this chunk that you can't explain except by gender. The most obvious explanation is straight discrimination.

You really don't find that among younger cohorts. We have, of course, had a number of huge class action suits where equal pay for equal work cases have been won and women's pay has been increased and backdated for large numbers of people. My sense is that direct discrimination because you are a female is less and less common. Having said that, there is of course the thinking, "They say they are available full time, but are they really? Are they actually going to put in the hours and be reliable?" The younger the cohort, the less that seems to show up, so I think it is not huge any more.

Chair: I feel Jill and Sheila itching to come in.

Professor Rubery: I am less optimistic than Baroness Wolf. One of the major problems for women's pay is the rate at which they are hired into an organisation. If you look at differences in starting salaries between men and women, research has shown men to be much more active negotiators over pay. There is also a tendency for them to boost what they say they are worth, and for them to seek other jobs in order to get retention payments. Whether you call that direct discrimination or not, there is a tendency within organisations to pay women less for doing the same jobs, in relation to starting salaries and retention.

Sheila Wild: I will follow on from that, but I think the question needs reframing slightly. It is not, "Are women discriminated against?" but "Are men favoured?" And men are favoured in ways that Jill has just described. There is an expectation that men will negotiate—that men will ask for more; and while that expectation is being fulfilled the women don't know the goalposts have been moved.

I will give you an example. I was talking to a colleague of mine. We are working on a joint project. She is a university professor. She is not here today. We were talking about what I was likely to say today, and we said, "Oh, you know, it's discrimination." She had a story of how she has a younger colleague who she knows is getting paid more than her because he came in expecting to be getting paid more than her; but because he came in after her, she has only found out by accident that the goalposts have been moved.

So one of the levers that we can use is much more openness about the way in which pay is determined. If women knew that the goalposts were being moved—the goalposts that frame individual negotiations—I think they would be in there renegotiating their pay.

Q21 Chair: Can I just pull you on to older women, though—particularly to do with pay discrimination, but also age discrimination?

Sheila Wild: Yes. Older women will have a different set of barriers, because they will have entered the labour market and grown into the labour market in a world where pay was determined on very set patterns. Jill is one of the experts on this. Pay used to be much more centrally determined in both the private and the public sector than it is now—much more likely to be collectively bargained. You knew what the rules were; you knew where the goalposts were. You knew—it is highly likely—that there was somebody there to look after it for you, either a manager or a trade union representative.

Now pay is much more likely to be individually determined. If people cannot interfere with the basic pay, they can influence it at the fringes, and older women will not be used to that. They will not be expecting it. They will still have expectations of fairness—of certain things happening that in fact are not happening.

Q22 Chair: So they are disproportionately hit by that.

Sheila Wild: They are disproportionately hit by it.

Dr Parken: Your question was whether there is still overt discrimination, and I think the answer is that we don't know. That's why we need to look inside workplaces. That's why things like job evaluation and gender pay in the public sector show, in our case studies, for example, low or no hourly pay gaps between people in the same jobs, but they still have gender pay gaps. But we don't have the data for the private sector, and we certainly will be able to disaggregate by age once people start reporting. So you can do it at the labour market level, but we need to look inside what is going on in the workplaces to know the answer to that question.

Q23 Chair: How would you gather the data?

Dr Parken: Employers do have quite a lot of the data. They need to put it together in a way that does not just show discrimination, though—because the law is perverse in the sense that once you do a job evaluation audit you may show discrimination and open yourself to legal cases. It is much better, I think, in terms of what the GEO is doing, to ask employers to look at their gender pay gaps. Then you can look at the gender distribution of people across the organisation in different jobs and grades, in permanent and casual work, and in full and part-time working.

If you see a proportion of women at the bottom on very low-paid part-time contracts, and men over-represented at the top, you know you have got a gender pay gap, so you can do something about that without worrying about necessarily falling into an immediate legal risk.

Baroness Wolf: I am rather in favour of just publishing everybody's pay. I don't actually like this gender comparison thing. I think it is going to invite all sorts of problems and difficulties for interpreting something. Most organisations are not so big that you can run statistical tests and see whether these are really gender-related.

It does seem to me that transparency on pay, which will be resisted incredibly hard, by the way, has a lot going for it, because then you can actually see it in a fine-grained way, whereas, as I said, I actually think that just publishing a gender pay gap for an organisation is kind of gesture politics.

The question was, is discrimination a major issue? I do want to reiterate that I don't think direct discrimination is the big issue. I think some of the other things that people have talked about are far more important. All I can say is that in the areas where there is really detailed analysis, it just doesn't show up. In the academic profession there has been a huge amount of analysis of promotions and average pay by different groups and different subjects. When you allow for all these things that are gender-related but are not overt discrimination, they pretty much account for it. It just seems to me that it's not the big problem right now. There are other major structural problems that seem to be much more important.

Q24 Mims Davies: That's very interesting. I am wondering whether Sheila was alluding to a confidence issue for women over 40, considering the battles that they have gone through to get to that point.

On younger women—perhaps Chris or Alison could answer this—do you anticipate that younger women coming through to the age of 40 will start to face some of the same issues, which they have never actually had before, that women over 40 experience?

Chris Giles: Certainly if they have taken significant breaks in their career or have worked part time or come back into a part-time career, perhaps in a lower-paid sector, we will not see the move through the cohorts that we have been seeing at the younger ages. It will peter out, and we won't see a move towards a much lower gender pay gap overall.

Q25 Mims Davies: Do you not think, Chris, listening to what Sheila said, that perhaps these women coming in will have more confidence to negotiate better despite perhaps working part time?

Chris Giles: I would hope so, but I think there is more structurally in part-time workers having less experience, so you are in that sense less productive, which will mean lower pay. There is then the question whether it is the right amount of lower pay, and as Jill says, there is a lot of evidence that it is the wrong amount and that the penalty is too great. I do not think that it will get all the way towards a zero gender pay gap, which we might like to see, so we are baking in some of the problems that we had before. It is not as great as it was for people who started in the labour market in the 1970s, but we are not yet solving that problem.

Mims Davies: There's some nodding and some shaking going on.

Q26 Chair: Before we move on, I just want to press Chris on something. You say “baking in some of the problems”. Do you want to go a little deeper on that? If we are looking to eliminate the gender pay gap, how is Government policy baking in some of the problems for women who are currently under 40?

Chris Giles: I wasn't suggesting that it was Government policy; I was suggesting that the choices and the structures of the labour market and the experience of women, particularly after child bearing, will bake in some of the problems that they will then experience later in life if they go back part time or take significant career breaks.

Q27 Chair: So flexible working and naturally gravitating to part-time working, which is predominantly low-paid, and the lack of male take-up of parental leave, are things that are going to be baking in the problems for the next generation.

Chris Giles: Yes, I would agree. Those are the biggest reasons why you see people over 40 still having very large gender pay gaps. It is because of the experience that they have had in the labour market. When you get into much older groups, I would agree with Professor Wolf that you had a period when people had overt discrimination from the time that they started in the labour market, but more recently the evidence suggests that it is more to do with the experience that people have through the labour market. Particularly for men, a full unbroken full-time career record is extremely valuable, but that goes for anyone. If you don't have that, it causes problems later in life.

Chair: Really helpful. Go ahead, Sheila.

Sheila Wild: I think we need to be very clear about what we mean when we are talking about part-time work. Speaking as a manager, I would find it very difficult to accept that someone who reduced their hours from 37 to 30, which would make them count as a part-time worker, was actually diminishing their productivity and value to the employer. I would also question it all the way down the continuum, but one thing that it would be helpful for us to do is to stop looking at part-time workers as a lump. There are variations in part-time work. That affects older workers as well.

Q28 Chair: I know that you have to leave, Baroness Wolf, but before we lose you we have to ask what your recommendation to the Committee would be. What is the one thing that you would do, if you could do anything?

Baroness Wolf: Can I give you two?

Chair: Go for it, yeah.

Baroness Wolf: The first would be to look really carefully at the benefit and tax structure for people over 40, because I am really intrigued by the differences between countries in terms of the penalties of part-time work and the degree to which people feel happy staying with it.

The second thing has not come up so far today, but it is absolutely critical. There has been a consistent move in the sector I work on, which is higher education, towards pushing funding and support away from part-time students—this is about not just fully fledged degrees, but also further education—and away from older students and towards young, full-time students. It is not a single cause, but it compounds the problem. If people are coming back in, they are finding it harder than they did 20 years ago to get meaningful, supported

reaccreditation, requalification and retraining. And women, because they have had the interruptions, are the most penalised.

Chair: That is incredibly helpful. Thank you very much. Thank you for squeezing us in.

Baroness Wolf: I am so sorry—

Chair: No, that is not a problem at all. I am really grateful for your time today. We took that slightly out of order, so we will now go back to our main area of questioning.

Q29 Ruth Cadbury: I want to pick up on pay audits. Are they useful? If so, can we make them universal?

Baroness Wolf: As the inventor of them, I think that yes they are useful. Can I stress that that they are diagnostic? They have acquired a bad reputation. I deeply regret the use of them as a sanction against employers who have been found guilty on equal pay, because it sends out the wrong message.

They are embedded in an employer's usual management of their pay system. They take you through a measured process. Yes, they are difficult to do the first time you do them, but any big human resource exercise is difficult to do the first time you do it. Almost every organisation I have worked with who has done one has repeated the exercise because they found it so useful, not just in terms of the gender pay gap but in terms of their overall management of the pay system.

Q30 Ruth Cadbury: The reason I ask is that I picked up on something you said earlier: it should not be specific about gender. As you said, it should become more diagnostic, rather than being used as a punishment tool.

Dr Parken: The Welsh Government has an equal pay duty as one of its specific equality duties, which requires public sector employers to publish annually the proportion of men and women, ethnic minority populations and people with disabilities in employment, and to create an action plan on gender pay gaps. It requires employers not just to publish a number: "This is my gender pay gap". We are talking about public sector employers who have already done the job evaluation stuff, so again hopefully there is no direct discrimination between men and women in the same jobs and grades. They do not just publish a number; they publish where men and women work in the organisation, the occupations and departments they work in, and their working patterns, whether permanent or casual. All of those things are in the mix.

What we recently found is that men are a minority of employees in many respects, but they are the absolute majority of those people who have full-time, permanent contracts and at the top end of organisations. What we have found is that employers are happy to engage with that. It gives them an analytical diagnostic: a picture of their workforce and information that they did not expect to get about who works where and under what conditions. They have begun to peel back how this has happened over time and build change into workforce

development for the long term, to prevent the gender pay gap from reproducing generation after generation unless we do something about these working patterns and job structures.

Professor Rubery: I have mixed feelings about the focus on gender pay audits.

Ruth Cadbury: My question was about pay audits. I did not use the word gender.

Professor Rubery: Yes, pay audits, simply because I think it sometimes suggests that everything is internal to the organisation, whereas you can have gender pay equality in a cleaning firm but it does not really do the women much good. Likewise, in the public sector there may be greater equality, but nevertheless the jobs that predominantly women do in those sectors may be increasingly undervalued. So I have some doubts, but I still think that the main benefit is the increase in transparency.

I think the fact that it focuses on providing information about how pay is structured is important. In Sweden, for example, when people accept a job and are negotiating their pay, they are giving information not necessarily about individuals, but about the distribution of pay in that occupation. That is an increasingly important piece of information that people need to have in order to know they are not being discriminated against.

Q31 Chair: May I move us on to a final question? I want to try to tease out from this complex matrix of issues which of the causes of the gender pay gap you feel, individually, we should be focusing on to bring about the sort of change we want, which is to eliminate that gender pay gap, out of all the things we have been talking about, whether flexible working, support for caring, occupational segregation or direct discrimination. Perhaps we could go along the panel and each of you could say which cause you think we should be focusing on. I will then give you a minute to think about one or two policy recommendations that you would make to us, in terms of specific practical things we should be doing to eliminate the gender pay gap. Alison, can we start with you?

Dr Parken: Would you indulge me for a second by allowing me to go back slightly? I was asked to think about gender pay gaps within ethnic minority groups, and it did not come out in the earlier conversations. There are vast differences between how well and how not so well black and minority ethnic groups are doing in the labour market and in terms of pay. For instance, young Chinese and Indian people are very highly qualified on average and often earn more on average than the reference white group, whereas members of the Bangladeshi and Pakistani group—particularly where there is a Muslim ethno-religious overlap—are doing less well in education and employment and have among the lowest pay gaps.

Data is an issue, and when you start to break down ethnic minority groups, you often lose the gender dimension. If you then want to do it by gender, age and ethnicity, that becomes increasingly problematic, so one thing we have to do is get better at this data and get a better understanding.

Q32 Chair: Is that because the data set sizes are such that it is difficult to analyse?

Dr Parken: It is to do with the sample sizes and every time you try to break it down by an additional parameter, but you can certainly see that there are some differences between ethnic minority groups. We need to think about those people not in a lump and then disaggregate by gender, age and so on. Some are doing very well, and some not so well.

The second question was on solutions. My experience with the recent project in Wales is that employers will engage with an analysis of gender employment and pay disparities, and when they really see that pay does affect the fact that men and women are employed in different jobs with different grades and working patterns, they start to question how they can intervene, and they have been doing some fantastic work. For instance, one employer has got rid of the label “part time”; you are who you are, with no reference to your part-time status, which can be demeaning. Other employers are investigating how line managers influence promotions—the networking and that kind of thing. Others are looking very closely at why women at the bottom end of the structure are often reluctant to take extra hours or move up a grade because of the effect of universal credit.

Some employers are surveying women who we have previously thought of as a lump of part-time women at the bottom end of organisations and asking them, “Do you want pay and progression?” They are often very surprised when those women say, “Yes, we do.” The employers recognise them as a valuable asset. They know the organisation and can be flexible in various jobs within it. Employers can be engaged, so my plea is this: we have to work with employers in a “no blame” way. They suck in, if you like, the gendering of society and economy into their workforces, but they can reproduce and reinforce those gender stereotypes and disadvantages, so we need to work with them to show them how they can ameliorate. That would be my biggest plea.

Q33 Chair: So, Jill, what are the key causes and key solutions?

Professor Rubery: My general approach to gender pay issues is to recognise that the overall structure of the labour market has a major influence. I would identify the floor to the labour market, the minimum wage, the wages we pay in the public sector, because in all countries women tend to be dominant in the public sector, and the attitudes towards long hours and working wherever and whenever; all of those factors have major influences on the penalties that women face through the choices they make to work part time or more flexibly.

I recognise that these issues are not necessarily seen as the central purview of the Women and Equalities Committee, but it is worth recognising that the rise in the minimum wage and the living wage issue are extremely important for women. The value that we attach to jobs in the public sector is vitally important. Many women who trained to be nurses or teachers cannot automatically take that training and transfer it into the private sector, even if they want to, because the public sector is the dominant employer for those qualifications. That is very important and, likewise, there are the long hours.

If I was then to think about what I call more gender-specific policies, I would promote the notion of transparency of pay, probably for all workers. It is more important that we know what the range of pay is by jobs and that we address proportionality of pay—in jobs that might be slightly more valued and might be dominated by men, whether or not the pay is disproportionate.

Finally, I also think that opportunities to work more flexibly and not to be written off at very young ages—in their 30s and 40s—are very important for men and for women. We need the right to return to full-time working, not just a right to request to work part time. My own university, for whatever reason, has a two-year career break when you can be away full time, but if you opt to work part time you do not have the right to return full time. That makes no sense. We need this right to return—or at least to have priority for the first full-time vacancy that arises. I think that is really important. It is also important that women should be able to request to work flexibly as soon as they are employed; otherwise, those women who have left the labour market, for whatever reason, will have to work 26 weeks full time before they have the right to request flexible working, which confines them to very low-paid, part-time jobs.

Chris Giles: Briefly, the main cause of the gender pay gap, particularly among older women, is some form of motherhood penalties—people come back either in different jobs or in a part-time role that ultimately, through their following careers, gives them a penalty over a very long period.

Two policies that could help: one is exactly what Jill just said about the right to return flexibly—that we must make it easier to come back in some sort of full-time role in a more flexible way, so that people do not suffer the penalties. A second thing that I think would be very cheap and maybe very effective is to try to tease out the issue of whether people are making false choices, which are not actually good for them, but they do not realise it at the point of having children or the kids reaching school age. I would task the behavioural insights unit or the nudge unit with coming up with some clever ways of making sure that people knew exactly what the consequences of their career decisions are when they are thinking about that choice between taking long career gaps—to give them the information in a much more clever way than just giving them a piece of paper saying, “This is the damage you’re doing,” because people won’t read it. We are learning through things like pensions, which we forced people out of contributing to, rather than forcing them to opt in. That makes a really big difference to the amount that people save for pensions. I think some clever thinking in that sphere might make people take different choices, then we will see different outcomes later.

Sheila Wild: Looking at the 45-plus age groups, I see the main causes as structural. Most of the advances of the past 50 years have been attempts to address the motherhood penalty. Certainly for the 55-plus age cohorts, there was no redress for that motherhood penalty, and I think that there is a big public policy decision to be made here: do we leave those women alone—those 55-plus cohorts—and say, “That’s the way it is; it’s going to get better”? Or do we say, “No, we’re now expecting those women to work to 67 and possibly beyond,” so is it worth having a special initiative for them to do some of the things that have been mentioned, particularly by Alison, and asking these women what their expectations are? Some of them will be quite content with where they are. Others, as Alison’s work has shown—yes, they would like a career path if somebody offered it to them, even at this very late stage. That is a big decision.

My second one, not surprisingly, is equal pay audits as a means of introducing more transparency, not just around the outcomes of a pay system, but about who determines what happens within that pay system. Transparency of outcome is one issue. Transparency of decision making is another, and we need both of them.

Chair: An incredibly helpful session. Has anybody got any last issues you want to raise?

Q34 Mims Davies: I want to pick up on the point from Sheila regarding the 55-plusers who have got the pension issues as well. Very often, they seem to have health issues, which perhaps mean that they want career choices, or they need to make career choices, because financially they are in a difficult position and also they may have health issues or care issues. Is that something that you have come across as well, Sheila?

Sheila Wild: Yes, it is a very mixed group. I am one of them. I am only just beginning to get health issues. I am now self-employed. I do not see an end to what I am doing. My caring days are over; I have been through that and come out the other side. This is another thing: you do come out the other side with caring at some point. It is a bit like having children. You do come out the other side. I think that that is a policy issue that we have not yet addressed.

Q35 Mims Davies: Personally, I still have the children, but I have cared for both of my parents and I am through the other side. When you make those decisions about giving up your career to do that, you do not always look five years hence, and your decisions might be quite different if you did.

Sheila Wild: So, we need a much finer-grained understanding of what is going on in the older age groups, and we will need different initiatives for different groups within the big mass of people.

Ruth Cadbury: On the point about coming out the other side, remember that parents of disabled children do not come out the other side. We have not mentioned that. Their needs are ongoing.

Chair: Panel, thank you so much for your time. That was incredibly helpful. I would particularly like to thank you for taking the time to be with us this morning and being so frank and forthcoming with your advice, thoughts and insights.

Examination of Witnesses

Witnesses: **Neil Carberry**, Director for Employment and Skills, CBI, **Ann Francke**, Chief Executive, Chartered Management Institute, and **Monika Queisser**, Senior Counsellor and Head of Social Policy, Organisation for Economic Cooperation and Development, gave evidence.

Q36 Chair: Thank you for being with us this morning. It is incredibly helpful to have your input into this, our second inquiry as a newly formed Select Committee, looking particularly at the gender pay gap and how it affects women over the age of 40. You know the form, I think, which is that Committee members ask a number of questions, and colleagues will join us throughout the session. To start, please give us your names and the organisation you represent.

Neil Carberry: I am Neil Carberry. I am the director for employment and skills at the CBI, and on its behalf, may I say how pleased we are that the Committee has been established?

Ann Francke: I am Ann Francke. I am the chief executive of the Chartered Management Institute.

Monika Queisser: I am Monika Queisser. I am head of social policy at the OECD and I am in charge of the OECD-wide gender initiative.

Chair: Thank you for being here. We have a number of questions to get more of a feeling of your understanding of the issue.

Q37 Jess Phillips: Perhaps it is just me, but the evidence is not very clear about the relationship between the gender pay gap and the economic gain to the nation. If the pay gap is narrowed, what effect will that have on the economy? Although I feel that it would have an effect, can you provide me with clear evidence that that would be good for the economy?

Ann Francke: I can kick off. McKinsey has just released a study—I highly recommend their excellent work to the Committee—that showed that gender equality across the globe would add \$27 trillion to the economy. That is a remarkable statistic and is much bigger than the combined contributions of China and US. Closer to home, your own Women's Business Council's report, which was published two years—I am sure that the Committee is familiar with it—says that gender equality would add £35 billion to the UK economy by 2030. On a macroeconomic level, ample data exist to support that finding, but on a microeconomic level, looking at the performance of companies, I stress that that is absolutely the case. To cite McKinsey again, the biggest correlation they found in their global study of gender diversity was in the UK, where for every 10% increase in senior management diversity, firms added 3.5% to their bottom line.

Jess Phillips: How much, sorry? 3.5%?

Ann Francke: To the EBIT—the profit, the bottom line.

Neil Carberry: May I build on that? That would be the evidence on which we would rest our case. Of course, closing the gender pay gap is just the right thing to do, but it has commercial upsides. The macroeconomic data are pretty clear, and Ann has shared that with you, but organisational behaviour studies also show that diverse groups make better decisions. By definition, you would expect the kind of effects that McKinsey has identified to be happening in organisations that are more diverse. From a labour market point of view, the fact that we have a gender pay gap is, by definition, a sign of an inefficiency, and therefore resolving it is commercially important to our members.

Chair: Monika, may I press you on this?

Monika Queisser: At the OECD, we have also done some macroeconomic studies, particularly because that was requested by the G20, to look at the macroeconomic benefit. However, on a macroeconomic level, it is very difficult to go very deep into details. It was not possible with our models to look at the gender pay gap and consider the macroeconomic impact on economic growth, but we did look at labour force participation of women, which shows that that can provide a very strong boost for economic growth across the world, but particularly in those countries where ageing has already progressed quite rapidly. For countries such as Germany, Japan and China, the macroeconomic impact of closing or even reducing the gap between the labour force participation of men and women is massive. It is so big and convincing that the leaders of the G20 for the first time adopted a target in their final declaration at Brisbane to close the gender gap in labour force participation by 25% by 2025. That is a political goal, and broader than what you are trying to achieve, but it is a very important political signal of the economic benefits of greater gender equality in the labour markets.

Q38 Chair: Within that, what progress has been made to achieve it?

Monika Queisser: A lot of countries have been making a lot of progress—obviously countries for whom this has been on the agenda for many years, notably Scandinavian countries—with full support for working parents, much more sharing of paid and unpaid work, and much more fluid part-time and full-time. Full-time is not the same in every country, and that is a very important point. Looking at the part-time debate we had in the previous panel, full-time is not the same thing in all countries. So in some countries where there is a lot of part-time, often men in full-time routinely work 44, 45 hours. In Scandinavian countries you see much more compressed working-hours behaviour than in many of the more polarised countries. So Scandinavian countries have been on the file for many more years and offer a lot of interesting policy examples and lessons.

Q39 Jess Phillips: I recognise the big, broad-brush issues, but with your members at the CBI do you draw on evidence for the potential gain of increasing women's participation in the workforce? Are there strategies around that that you have seen that have worked? If so, why are they not being more widely adopted? If the bottom line is the driver, one wonders why everyone is not just getting on board.

Neil Carberry: Sometimes in the board room you pull levers and they do not appear to be attached to very much. There has been a real upswell of concern about the need to make

progress on this at senior levels in the business community. Of course the Davies review and the board room agenda were part of that, but that is a small part of what businesses need to address in this space.

The big challenge is to address some fundamental cultural factors within businesses. It is about how line managers view things like flexibility, who flexibility is available to and what the capacity for job redesign is—as Monika was saying—to enable workers to find a solution that works for them and for the business. We are doing some work on this at the CBI at the moment, and I think the most important thing that we are getting back from members is the need to move away from viewing things like flexibility as an employee benefit, rather than as something we do to organise how we are as an organisation to make profit and to engage in retaining talent.

This is a country in which the labour force might be getting smaller over the next few decades. Talent retention, in the face of skills shortages that are already going on, is commercially important to our members. We are seeing a lot of that starting to happen, whether it is increased commitment to growing apprenticeship schemes at the entry level or looking at things like returnerships for parents who have perhaps taken some time out of the labour market. I was talking to Vodafone recently about what it is doing down at Newbury with its returnerships. There are all sorts of programmes just starting to kick off, but pushing them through out from the corporate centre into how line managers react is the really critical challenge.

Ann Francke: I want to echo that, because a lot of the issues are cultural, as Neil says, and one of the biggest areas is like what we call a glass pyramid. You have women at the bottom, but by the time you get to the middle, they have gone from 40% or 50% to 20% and then single digits at the top. That pattern, by the way, has not changed in 10 years, so the notion often put forward that says, “Oh, it’s fine, because we’ve solved the gender pay gap at the lower levels so it will go away,” is actually flawed.

At CMI we have measured gender pay at junior, middle and senior levels for 40 years and I can tell you that in 2005 the pay gap for senior women was less than it is today. That may be a very surprising thing to hear. The reasons for that are cultural. There are far too few women in senior positions. We talk a lot—I heard this in the last session—about the motherhood penalty, but we need to look more broadly than that. Again, if you look into the organisational studies, the cultural issues affect non-mothers as well as mothers. It is about the culture of success; it is about how we define who is successful; it is about the long-hours presenteeism, rather than designing work around the modern lifestyle. Companies that embrace more progressive policies absolutely benefit economically. They get higher engagement scores and higher productivity. It has to shift away from, as Neil said, a benefit for the employee to a benefit for the organisation. The organisations that embrace it, whether it is Unilever or Timpson, see concrete material gains in their productivity and results.

Q40 Chair: I want to bring Monika in, but before I do, Ann, you said that the motherhood penalty affects non-mothers. Where is the best evidence base to look for that?

Ann Francke: Bain did a very good study recently that examined the attitude of women at the beginning of their career, the middle of their career and towards the top. It

found that women, whether they have children or not, are far less ambitious in the middle and latter parts of their careers because they don't like the definition of success. One of the verbatims was, "If I have to go to another conference where I hear a man saying how they smashed the targets, stayed up all night looking at the Excel spreadsheets and nailed the deal on the golf course, that is not aspirational to me. I don't aspire to that." That is one of the quotes from the study. That is the study I would recommend, because it shows that it is endemic to women, not just mothers.

Q41 Chair: I saw lots of nodding from Monika. Would you like to elaborate on that?

Monika Queisser: For us, this is very interesting because we work with Governments, and we look at policy and at what policy makers are doing and can do. For us, it is very interesting to hear that perspective from business, because the cultural factors within business echo the cultural factors within societies. Some very conservative OECD countries still believe that a woman can maximum work part time and that she should do everything she can, even if it means forsaking her original profession, to be there most of the time for the children.

We have done something very interesting. The availability of seamless childcare, which is something that Scandinavian countries have, and parental leave policies, which are the other most popular lever at the moment for policy makers around the world, is very much related to the gender pay gap. We found that the gender pay gap is smaller in countries that provide better public childcare and in countries that have better parental leave arrangements.

The most recent trend has been to have non-transferrable leave for fathers. That is good in many different ways. It is obviously good for families, because it is good for the engagement of fathers with children, and it is also good for women, because it enables them to work more. In Finland, for example, an employer's hiring a man carries the same risk, in terms of people missing time out of work, as hiring a woman. If we had a situation like that in more countries, the risk would become the same.

Earlier, people were saying that we have to think about the long term. Far more women are now graduating from university in all OECD countries. What is that going to mean for men in the longer term? When we talk to policy makers in Scandinavian countries, they always say to us, "It's not about gender anymore. Please do not talk about women." Yes, it's about gender, but it's also about men. That means that men will have to accommodate to a new role as well, which involves much more care giving, quite simply because women in many cases will have the higher salary.

Households act in very, very rational ways. They are very economical, because you calculate whom it pays more to reduce hours. The tax system plays a role in some countries, but, surprisingly, most countries now have quite neutral tax systems. Intra-household negotiation plays a big role, just as intra-business negotiation plays a big role.

Q42 Mims Davies: I am interested in presenteeism—a fantastic word that I have just learned—and how it affects the UK, our working practices, the gender issues it raises and how other countries might not have the attitude of, "I do more hours; I am there first and

last.” That might mean that people are taking that shared parental leave because they don’t feel that just by showing up they are doing a good job and being there for the longest hours. Who wants to pick up on that? How is the UK doing compared with other countries in scaling back that feeling of presenteeism?

Ann Francke: Probably the worst place in the UK for that culture is the City, and if you look at the City it has the fewest females in its leadership. It also has one of the biggest gender pay gaps, because it is bonus-driven. At senior levels in the City men are taking home far bigger bonuses than women are. In rankings, the UK is obviously behind the Scandinavian countries; it is also behind the US in terms of promoting a long-hours culture.

However, there is research in the UK from EY showing that if everybody worked flexibly, £11.5 billion—I think that is the number—would be added to the economy. Attitudes to flexible working here are changing. If you look at the companies that are doing well in employee ratings as the best places to work or that have higher engagement scores, you will inevitably find that they have flexible working.

I brought along this little booklet, which I am happy to leave with you. John Timpson wrote it about how flexible working is great for him, not his employees. Culturally we are starting to see that shift. It is extremely high on the wishlist of millennials—it is No. 1 on the wishlist of the millennial generation, and it is as important to men as it is to women, which is great. Anything that the Government can do to encourage that is a very good thing.

Q43 Chair: May I just ask a supplementary to Ann before we move on? Is it not true to say that the problem here is that full time means all the time, and part time means only some time? *[Interruption.]* Yes, I think Jess and I have similar experiences of part-time working. Is that not really the issue; that you are basically not going to be at the end of the phone all the time? Why is that such an issue for business, when it is not for the NHS? We have doctors and GPs working part time very successfully.

Ann Francke: I think it is anything we can do. A reporting transparency culture has a role to play in this; one that emphasises outcomes over face-time is most welcome, as is encouraging new business models, moving away from hourly billing, for example, which is real anathema to gender equality.

Anything we can do to focus measurements on outcomes rather than face-time will be a big step in the right direction. Again, that will yield better results because part-time workers can actually contribute more. If you have a great person, that person is going to be great whether they are working part time or full time. If you have a dud, they are going to be even more of a dud. That is an even bigger drain if they are there all the time.

Neil Carberry: I was just reflecting, while Ann was saying that, on a conversation I had with a senior partner of a City firm years ago. They said, “The problem with all this is that if my client phones up and wants someone in Lagos on Monday morning, that person has to go to Lagos on Monday morning.” I said, “Oh, really? What, they want is somebody from your firm? Surely they don’t want one particular individual from your firm, because that is saying that that individual is the service you supply, rather than the outcome of the excellent

service that your firm supplies.” We are on the cusp of a couple of big changes that will help with this.

We are on the cusp of a couple of big changes that will help with this. While technology has the capacity to have people on all the time, whether they are full or part time, it forces you to be much clearer about your expectations of people and when they are on and when they are off. Many of us have had times where we have said to our employers, “I’m not doing anything in that box.”

The other thing is that I think it is not a women’s issue. City firms have started saying to me in the last couple of years, “We don’t know how to deal with millennials in the same way as we have before. The model is: we get them in, we pay them quite a lot of money, they work hard, they get mortgaged up and they stay.” That is not where young men and women are now. That is not their expectation of the labour market. Those two things force you towards what Ann was talking about: a much clearer definition of what people’s input is, and then the real challenge, coming back to what I said earlier, is getting managers to manage on outcomes.

If you are in the office, that is not production. Production is the outcomes that we have asked you to deliver, and that is a clearly and strongly held view among the chief executives in our membership.

Chair: I am keen to move on to the next area of questioning, because I am not chairing this as well as I chaired the last session. I apologise.

Q44 Maria Caulfield: First, I disagree that the public sector is not similar in that sense. If you talk to any GP who is part time, you find they are full time really; they just get paid part-time hours. It is the same for teachers. We have heard in this and the previous session about the benefits of closing the gender pay gap and that the gap really does exist, however you measure it, and that the organisations in the public or private sector that do manage to do it perform better, so what can we do with those organisations that, even with that strong argument, are not moving towards closing their own gender pay gap?

Ann Francke: Transparency. I applaud the Government initiative to require firms with over 250 employees to report on gender pay. Please do it by level of manager or quartile; if you publish a single number, it is misleading. Also, it needs to be tracked over time, because you will see 6% for the younger generation of managers and 35% for the older women, but that 6% could become 35% over time, unless you track it over time. That is a huge driver. I would encourage you to have companies report on the levels of management by gender as well. Transparency is one of the most effective policies the Government can adopt to drive change. Again, looking to the McKinsey study I cited, the firms that made the most progress between 2012 and 2015 were those that set targets and measured against them. So that is the single biggest thing you can do.

Neil Carberry: To build on that, the CBI had doubts about section 78 of the 2010 Act. As you have heard from me already, we back action and feel that businesses should be doing more, but we were a bit worried that it would become a highly process-driven, tick-box

exercise and not the kind of thing that drives real action within companies. We are working with Ann and others in the GEO to try to make sure that the outcome is a good one.

There are two things the Government can do: test the actions that companies say they are doing in response to the data, not just the data; and help people understand the difference between equal pay and the gender pay gap. There are instances of illegal equal pay and that is a contributor to this, but there is the law and there is enforcement around that. These are much deeper cultural factors.

We have talked about things inside business. The other thing is that there are bits of this that Government control, such as careers advice, which is not very good for anyone. It is particularly not very good for young women. We did a study a couple of years ago of 2,000 young people and what came back very clearly was that young women and young men got different careers advice. Young women got much more down an academic route; young men got a range more towards the vocational side. If you want to know why the largest gender pay gap is in skilled trades, it is because there is no impetus towards addressing that and opening up some of those routes in for young women in the school system.

Q45 Chair: We are focusing here on older women. A lot of them will be coming back into your organisations and businesses after having career breaks. What support and advice are they getting at that stage about re-skilling and retraining to ensure that they can play a full and active part until 67 or whatever it will be?

Neil Carberry: There was some good news in the autumn statement in terms of some further investment in adult skills. I think it is important to support smaller businesses in particular with how they can enable retraining for their workforce, whether people have been in the workforce throughout and need to jump between technology cycles or whether they are coming back. There is also the question of flexibility, because we are moving rapidly towards the four-generation workforce and, coming back to something Monika said earlier, the social expectations on older women are as much about the generation above them as their own children. Addressing that, ensuring that it is more of a shared challenge and that there is a superstructure around things like elder care for male and female workers, are really important challenges for the Government.

Monika Queisser: If you want to address it from a public policy perspective, it is important to separate the different groups that you are trying to target, because we are talking about very different things. When talking about top managers, for example, we often focus on what I call the glam-chicks—people who are on a track and hit the glass ceiling and that is where we know the gender pay gap is the largest. But we are also talking about many other people for whom the gender pay gap is perhaps simpler to address because they are part of trade union negotiations or because the minimum wage plays a big role, as was mentioned by the previous panel, or because other work conditions and childcare and overall elder care arrangements play a role. I think you have to segment it and look at which part of the problem you are trying to solve, because different segments of the problem will require different policy solutions.

Lots of women who are coming back now have very high skills. In your target group, women in their 40s, there are many well educated women, so upskilling and obviously re-

skilling are part of the issue, but so is building their negotiation power. In some ageing societies, where we already see people starting to get worried about not having enough skilled labour due to an aging population, you can see that women's negotiation power for more flexibility, for shorter working hours and for the responsibility that comes with higher earnings is already working. Take the chemicals industry in Germany, for example: there are not a lot of women there, but the women who are there are now being pampered by employers. There is much more flexibility, because if women say, "Okay, I will just stop or only work very few hours. If you don't give me this flexibility and this responsibility, with everything that comes with it, I will leave." One needs to bolster that and boost that type of confidence in negotiations.

Ann Francke: Building on the policy point, the other thing is that the Government have set an ambitious target for apprenticeships, some of which could helpfully be directed toward this group of older women who want to return into work, as a way of helping them to take that step. Also, somebody told me that to hit the 3 million target every single school leaver has to do an apprenticeship, which is probably, with the best will in the world, a little unrealistic, but it is a great ambition. Include some of this group in that target.

Q46 Chair: What is standing in the way of that happening right now? The money is there and the scheme is there, so what is stopping that happening?

Ann Francke: This is the question that Jess asked earlier and it something that probably perplexes all of us—certainly me. Evidence doesn't always change behaviour: we have compelling evidence, the stuff is there and people could make use of it, but they don't. It is about being quite relentless and saying, "Actually, there isn't one thing that we have to do; there are many." It's about rewarding people who do change their behaviour and making exemplars of them—giving them knighthoods or whatever it is. The triangular relationship between the Business Secretary, Women on Boards and the employers themselves was very effective; the Davies report was very effective. Initiatives like that that constantly highlight the need to change behaviour—those are all things that can be done. The media has played a big role, and a positive one, because it keeps it in the spotlight. There is no single thing, though.

Neil Carberry: I have a specific answer on the question of apprenticeships. Our concern about where the apprenticeship programme is now is that although 3 million is a valid target if you do 3 million at a quality that really helps people's career, whether they are early-career, mid-career or late-career, if you look at the 2.4 million starts in the previous Parliament, the vast majority of them were at relatively low skill levels. Now, that was great provision, helping people to integrate into the labour market, but it was not the level 3, 4 or 5, HND or HNC-equivalent provision that is really valuable to our members in addressing skill shortages. That is also the stuff that women over 40, for instance, would need to be able to jump between those technology cycles and build their earnings. One of the roles for the new institute for apprenticeships should be to be really rigorous and independent about making sure that those frameworks are available. Government, business and business representatives should then really start to engage with those programmes, because although, for instance, level 4 apprenticeships went up significantly in percentage terms over the previous Parliament, the numbers are still very, very small compared with lower-skill qualifications.

Monika Queisser: I also think that you have to work a little bit more on the demand side, by which I mean with women themselves, because it is not clear to many of them how much they will have to do from their side. Entering into a new apprenticeship is a lot of work, particularly if you have stopped working and still have children at home.

One thing that I find is not mentioned enough in the public discourse is that divorce has become one of the biggest social risks. It is not only about pensions that are out there somewhere later; divorce is a real risk that can put people into poverty overnight. Many countries have been tightening child support legislation and expect women to go back to work almost full time much sooner than before, but the women don't have the capacities or the labour market to be able to comply. That needs to be highlighted more.

Chair: And the importance of independence for that.

Monika Queisser: Exactly.

Q47 Angela Crawley: Just to come back to the point about modern apprenticeships, perhaps we need to look at how we brand them. I think Ann made the point that we present them as an opportunity for young people; perhaps we should rebrand them and present them in a different way for women who are returning to work. What are your views on that?

Ann Francke: Really, what you are talking about with apprenticeships is upskilling your workers. The UK has a productivity problem, and the OECD has identified management and leadership as one of the biggest creators of that problem. Managers and leaders have been highlighted as a key element of improving the gender pay situation. If, for example, you upskill workers at every level in management and leadership, you are going to have a triple effect: you are going to help the gender pay gap, help older workers to return to work, and improve productivity. That is one of the biggest single things you can do. There will be other skills—engineering and so on—where there are huge skill gaps, where again there can be apprenticeships that are relevant to every age group. So yes, perhaps rebranding them would be a good thing.

Neil Carberry: It is important to say that the challenge is different in different jurisdictions. In England, the challenge is growing those level 3, 4 and 5 apprenticeships. In Scotland, for example, MAs do more at that higher skill level already, but they are probably not as broad in terms of sectoral coverage as they need to be to make the difference. There is a live debate in each of the four jurisdictions about how you evolve the system to make it work effectively for this group and other groups in the labour market.

Q48 Ruth Cadbury: I wondered whether we could pick up a couple of things from the earlier panel, given that two of you are engaged in the employer side. The session has focused quite a lot on the top end of the labour market, but we were talking earlier about the lower end of the labour market. Particularly, we have glossed over the progression into supervisory roles, the lack of progression at the bottom end of the market. I wondered whether either of you had any responses on that point.

Neil Carberry: I have probably mentioned the national minimum wage here, so I should declare an interest, which is that I am a member of the Low Pay Commission, but any comments I make about NMW will be with my CBI hat on.

A substantive change has clearly been taking place in our labour market over the last 30 or 40 years. It is often called the hourglass effect, but when you look at the data, it is not that the middle of the labour market has disappeared; it is just that it looks different and it is slightly higher skilled. The challenge increasingly is how you help people to enter the labour market on the national minimum wage, and we know that one of the benefits of raising the national minimum wage is always its disproportionate benefit to women. How do you help them progress, either through companies or, and we have to be clear that there are lots of organisations where there is a broad base to the pyramid, between companies?

There are two things that we can do. First, as we did at our annual conference in 2014, we can really encourage and shout from the rooftops when companies are doing strong and positive progression work, which we know helps you hold on to people. Again, managers really matter: we did a number of focus groups with people who progressed through organisations in care or in retail—some of these high employment number, high flexibility businesses—and we found that it was always about having the right line manager to encourage and push on.

Secondly, what can we do to make sure that the public employment services are genuinely helping people to think about how they develop their career? One of the challenges for Jobcentre Plus, which is more than anything a benefits payment agency, is how it can recover when working in partnership with some of the private sector providers more of a labour exchange role, helping people to think about career development.

Ann Francke: Your question was about encouraging more women to go for managerial, supervisory roles—

Q49 Ruth Cadbury: To go from the basic up to the supervisory, but even there, there seem to be barriers.

Ann Francke: Absolutely, there are barriers. We look at managers and leaders at every level and we can see the staff, that 60% of junior managers are female, but 40% of middle managers are female. You can already see that glass pyramid effect.

What can be done? Better line management, clearly, because one of the biggest causes of lack of diversity is that line managers are not trained—we call them the accidental manager. Four out of five managers in the UK when promoted get promoted on the basis of functional skills—they are a great salesperson or accountant, so they are told to run the department, but are given no training. Tackling that issue is very important.

In terms of supporting the women, on encouraging women to put themselves forward, we know that women are less likely to put themselves forward than men are. If women meet nine out of 10 criteria, they will obsess over the one that they do not meet; men meet six out of 10 and say, “Of course I’m the best person.” Another thing is what Neil said about going back into the schools and providing career services for women—and education in general.

We have to tell women, “You have got to work at this, because if you don’t, you will face that pyramid. There are many other suggestions that can help improve things, such as trumpeting role models, because women see an absence of role models in their organisation. Then the last thing is making sure that men see and appreciate this and are agents of change. A lot of the research shows that, again, from managerial populations, women are two, three or four times more likely to say, “This is an issue for me.” Men don’t see gender as an issue.

Q50 Angela Crawley: We have covered part of this in terms of flexibility and reducing the gender pay gap, but what is the evidence that by encouraging flexible working, productivity will increase? What are the barriers to increasing flexibility and can they be overcome?

Monika Queisser: Those are really good, important questions, but we do not have the evidence yet. We were interested in that, and we started to look across the OECD, but there is surprisingly little evidence so far about the details of how people work part time or full time and how that affects productivity, apart from the fact that if people want more flexibility, they will be happier workers, and we know that happier workers will be more productive. Unfortunately, we have yet to measure this on an overall macro basis, so I have to say bear with us—we are working hard on this and hope to have a little more evidence. Overall, the flexibility-job satisfaction link is an obvious one.

Ann Francke: Yes.

Q51 Chair: May I press you on that? If you have the G20 Brisbane agreement, are there not metrics that you will be measuring if you are proposing to close the gender pay gap by 25%?

Monika Queisser: The G20 target is primarily about the labour force participation of women and how many hours they are working. That feeds into an overall macro-growth model that does not single out productivity; it is a fairly basic input-output model.

Q52 Chair: Could it do that?

Monika Queisser: You could probably arrive at a more sophisticated model for the G7 countries, but the G20 countries include China, India and South Africa, so that would be much harder to do, due to data. Again, you would still be far away from considering the gender pay gap because we are driving down to gender specifics, such as who makes how much money, because you have the overall wage sum in that model.

Ann Francke: I think the book I have with me is great and I will give it to you if you are interested in flexible working, because it talks about the barriers and the stupid stigma that if you work flexibly, you are not as valuable—it is presenteeism. It recommends that you don’t make flexibility an iron-clad policy, because flexible working means different things to different individuals, so don’t make it “flexible working looks like this, and only this.” It is about a conversation with your employee about what works best for them. This book is claiming that flexible firms do get boosts in profits. The EY study I mentioned also

shows that flexible firms get boosts in productivity and that the flexibility benefits men as well as women. I think that there is evidence of its benefits, and the biggest barrier is that those flexible workers are stigmatised because of this notion of presenteeism.

Neil Carberry: We know that employee health matters and that it has an impact on productivity. People get stressed when there are clashes between different areas of their work life so, by definition, it is logical step that flexibility reduces stressors in employee health, and makes workplaces more productive. There is work to do to draw those lines, but we have members who have done work that shows that that is the case. One member, for instance, has found that investment in employee health, de-stressing and flexibility leads to lower physical accident rates in the workplace. If you have a physical accident, that shuts the whole place down for at least a couple of hours. There is plenty of anecdotal evidence that employee health matters.

Ann Francke: We will soon release a study on the quality of working life. The last study showed absolutely that there is a clear correlation between stress in the workplace and whether the company is declining or growing. The bottom line is that if people are stressed, the firm is much more likely to be declining than growing. We will update that study shortly, and make sure that the Committee receives it. It will probably show a similar relationship.

Monika Queisser: And for your subject, looking at women over 40, there has also been a lot of work done on the situation of older workers and how productive they are. There is a myth about people being less productive, but excellent studies have been done that show how much experience on the job compensates for less reactivity in age, so that, with very simple workplace adaptations, there is no net loss in productivity whatever.

Q53 Mims Davies: We heard a bit from Monika earlier about how other countries are dealing with the gender pay gap. Looking at UK plc as a whole, are there some really great things that other countries are doing that would fit best with us? We hear a lot about Scandinavia, and we are clearly not Scandinavia. What can we bring to make a difference?

Monika Queisser: Like I said before, there are the two levers that countries have. You don't have to be Scandinavian for this, because even very conservative countries such as Germany have instituted parental leave for fathers with non-transferrable months. Before the reform, about 3% of fathers took leave days. With that extended leave, now about a third of fathers take leave. That has happened in a very short time. It is a hugely successful way of getting a better balance of paid and unpaid work.

The Germans want to go further. It is not legislated yet, but there is a plan. They would like to talk about family working time, which gives the possibility, when you have young children, for women to increase their hours and for men to decrease theirs. You take the family as a unit, rather than the individuals. You look at the partners, and support that with public policy. It is still only at the planning stage, but we are looking into it, together with a country, to see what the possible impact would be. Our preliminary estimates show that you would not lose any working hours, but you would distribute the work differently between the partners. That is very novel.

Childcare is hugely important, not only for partnered couples with children, but, in particular, for women who are sole parents, for whom this issue is no longer regarded as a choice. It is no choice; these women have to work when they are single mothers. It is not possible for them to keep their children out of poverty if they are only on benefits. That is in the vast majority of OECD countries. Those are the two levers that every country should be acting on and making better.

Earlier the panel mentioned out-of-school hours. It is important to focus not only on small children. Often, the trouble starts, as you pointed out, only when children start going to school, and the hours become unpredictable and vary from day to day. Much more has to be done there, and I think the UK could do much better on that.

Q54 Chair: Anything else to add on that?

Neil Carberry: I was going to say two things. First, on the position of other OECD countries, I always look at the labour market participation rate for women and the form of that participation, as well as the gender pay gap, because I think that tells you a lot more about where labour markets are. Italy has one of the lower gender pay gaps, but one reason why is that it has a very traditional labour market model and only about 50% of women work.

When you look across the piece, it is pretty clear that finding a way to navigate towards genuine flexibility in the workplace is important. The UK has done some good stuff in comparison with others. It is one of the few areas in which I often represent British employers in the European social dialogue. It is the most comfortable area for us, in comparison with our sister federations across Europe, because we are ahead of the game—whether on shared parental leave or a commitment to flexible working. Yes, absolutely, we haven't driven that through our organisations in the way we need to, but the business community is very open-minded about having a discussion about what policies will work in the UK.

Coming back to the core question, I think the Agile Future Forum's work on this is really helpful. How do you build a system that works for business and employees? We need to think about employees, because that is how you solve the issues that women over 40, working mums and single mums have in the labour market. One of the issues when you are designing policies for families is that you risk designing policies that work against single mums. If we deal with solving the problems of flexibility of the whole labour market, you will disproportionately benefit some of the groups that the Committee cares most about.

Chair: Could we move on to our last area of questioning? Ruth, I think you are going to lead that.

Q55 Ruth Cadbury: Which measures do you think are likely to be successful in getting UK employers to address the gender pay gap? To what extent is it Government's role in legislation, and to what extent is it changing and improving cultural norms?

Neil Carberry: The first and foremost thing is to get companies into a position where they are owning the problem. If they are in the group of businesses that will be reporting

under section 78, they are looking at the numbers, but the numbers are not for comparison with that lot down the road; it is, “These are our numbers; now how are we going to change them?” That is about engagement with management—we have talked a lot about managers in this session—and the offer on flexibility. It is about, for instance, what to do with occupational parental benefits? One issue that a lot of our members are wrestling with in the lee of the introduction of shared parental leave is how to equalise occupational maternity leave so that you are giving more support to fathers who want to choose to take time, which again unlocks some of the benefits that Monika was talking about.

Then there is a second string of issues, which is what we can do as businesses collectively and individually with Government to work with FE colleges and providers on retraining for women over 40 and issues like careers. There has been a real sea change in the business community about doing that.

Ann Francke: I think about the biggest drivers. If I look at the US, it is in some respects better than the UK in dealing with these issues. They have not used legislation, but done something that you could use policy to do here. The big drivers of change have been around transparency championed from the top. This is about the CEO saying, “Yes, I am going to close my gender pay gap and, yes, I am going to close my talent pipeline gap. I am going to set an aspirational target and have 40% of women in managerial positions by 2020, and I am going to track and report on that target.”

It is that cultural change, led from the top, and the setting of a target and constant reporting on it. And it is the social affirmation, so making a big deal out of that, making that CEO feel proud and reaping the rewards. You do have examples here. Paul Polman has done that at Unilever. Look at Glassdoor and LinkedIn: Unilever now gets the best talent. Everybody wants to work at Unilever instead of the City, even though it is not paying as much. It can work here.

What you are doing in terms of requiring transparency is a huge enabler, because you are going to ask companies to report on this. Again, I think you have to do it by band and have a “stick to it” attitude and track it over time. You could publish league tables and make it easy to access and compare. I believe comparability is key, because you do want that as a driver of change. Comparing with peers and sectors is a driver of change.

If you really wanted to solve the issue of women in leadership positions, which will drive cultural change—that is why it is also disproportionately important—you could champion or require integrated reporting, where they have to report on things like employee engagement and the gender of their various work populations by level. Those are the things that I think you could do.

Monika Queisser: There is a hot potato that nobody has mentioned: the quota issue. Some of our member countries are going down that route. I am just putting that out there. I know that in some countries that is not acceptable, but you see it at European Commission level. The first attempt was unsuccessful, but they keep pushing for this. Even very conservative countries are going in that direction. Although they are trying to make it softer, it is a kind of quota, but it goes more in the direction that Ann was describing.

Two more things can be done. The Netherlands has been mentioned. Part-time workers have the same social benefits and protection coverage as other workers. That is a really important part, because in many countries we still have the exclusion of part-time workers from many of the occupational benefits—most importantly pensions, and also full healthcare plans and any family benefits that companies may offer.

Business routinely says to us, when we ask what they want from Government, “Lead by example,” and that is not happening, unfortunately. We are looking at the public sector and it is not all that better than the private sector.

Q56 Ruth Cadbury: All the public sector or Government?

Monika Queisser: The public sector in general. If you look at judges and other high-level occupations, you have gender pay gaps and not enough women at the top. There are plenty of lower level women, but they do not make it up in the same way. It is difficult for Governments to ask something of the private sector if they are performing so badly themselves.

Q57 Chair: Can I ask one final question to make sure I am clear? We have touched on it a little bit, but I did not get an overwhelming feeling from any of you that you felt the problems affecting women over 40 were simply going to disappear because the next generation will have got it better. Am I interpreting you correctly?

Neil Carberry indicated assent.

Ann Francke indicated assent.

Monika Queisser: Again, the leadership issue will never disappear. We need to do more in companies—all those things that you said—and we need to hold people accountable for not promoting women. You may need quotas to a certain extent. In some countries, that is a reason. Even the Commissioner, who was really convinced, said, “I do not like quotas, but I like what they do.” Maybe some countries have found there is no way around that. That problem will not go away by itself.

Are the qualification issue and the flexible part-time, full-time work problem going to be smaller? I believe they are. Already women in their 40s are so much better educated. With the younger women coming up now and with much more convergence among the millennials, for example, about their aspirations in the combination of personal and work life, we will see some of this gap disappearing. If you look at even those very advanced countries in Scandinavia, there is not a single country—not even Sweden or Iceland—that has no gender wage gap.

Q58 Chair: That is important. Ann, I have read your views on this—you have made them quite well known—but do you want to add anything?

Ann Francke: Well, it is in the written submission. In 2005, there was a 16% gap for 45 to 49-year-olds and 26% for 50 to 54-year-olds. If we take the average, what was it? I don't know; 20%? Today the gap between 46 and 60-year-old women versus men is 35%, so it has gotten bigger. The notion that this will resolve itself over time is flawed.

Neil Carberry: I slightly disagree with Ann, which is always a dangerous thing to do. I think it will get better because there are some big megatrends around technology and flexibility, and the way millennials are, that will help, but it will not happen quickly enough. It is the old Keynes thing: "In the long run we are all dead". If we close the gender pay gap in 50 years' time, that is not quickly enough, so we need policies around it. As you might expect, we are deeply resistant to quotas, not least because that is not something that enjoys, in our experience, widespread support among female employees in our member companies. What they are looking for is a fair deal and decent management. We should focus on the outcome of delivering that, rather than the output measure of quotas. You are right, Monika: quotas move the numbers, but I don't know whether they move the numbers in a sustainable way. The Norwegian example—

Jess Phillips: You need to sustain the quota—arguably.

Chair: And on that note— I am sure that that will be one question that we will debate as a Committee.

I am sorry that we have overrun, but it was a very interesting conversation. I cannot thank you enough for the submissions that you have already given us, but also the evidence you have given today. Thank you for your time. I know you are all extremely busy and it has been really interesting to have you here.