

The part-time pay penalty

Women working part-time in the UK have hourly earnings that are on average 26% less than women working full-time. **Alan Manning** and **Barbara Petrongolo** investigate what's behind this part-time pay penalty.

The majority of British women will work part-time at some point in their lifetime, and around 45% of female workers in the UK are part-time. Consequently, the types of jobs and the levels of pay and conditions that are available on a part-time basis are of crucial importance in influencing the economic opportunities for women.

But although the overall pay gap between men and women in the UK has fallen in the last 30 years, there is an important difference in the fortunes of full- and part-time women over this period. While the earnings of full-time women have been rising relative to men's, this is not true of the earnings of part-time women. Indeed, the part-time pay penalty has widened since 1975 (when it was 10%) though most of the deterioration seems to have occurred prior to the mid-1990s.

Figure 1 shows the gap in average hourly earnings between full- and part-time women using data from the New Earnings Survey/Annual Survey of Hours and Earnings (NES/ASHE) for the period 1975-2005 and the Labour Force Survey (LFS) for 1993-2005.

The estimates differ but both suggest a very large part-time pay penalty: the NES/ASHE indicates that in 2005, average hourly earnings among part-time women were 29% below those of full-time women; for the LFS, the gap is somewhat lower though still substantial at 26%.

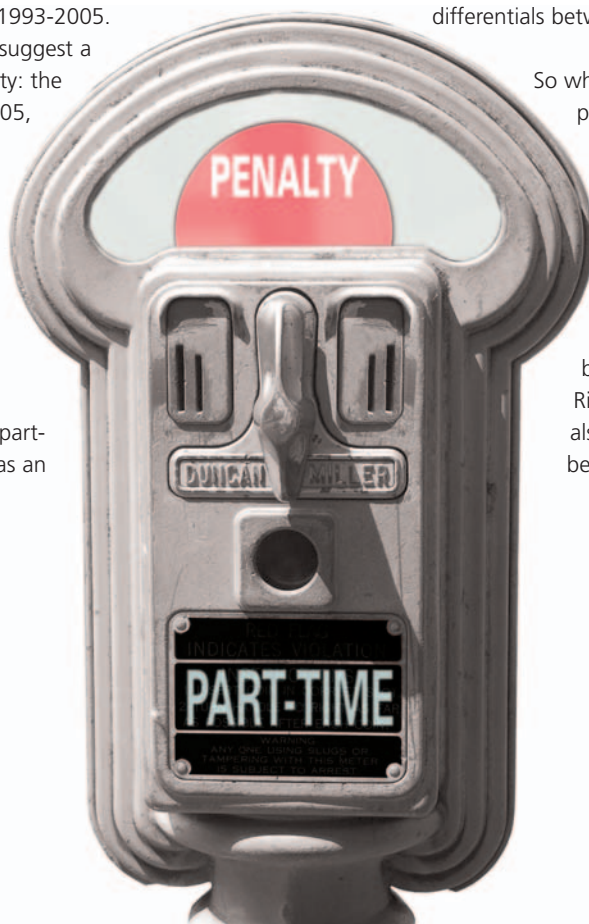
Of course, this average pay differential between full- and part-time women cannot be used as an

estimate of the pay penalty that would be suffered by a given woman moving from full-time work to part-time work. Women working part-time and women working full-time are very different in their characteristics and do very different jobs.

Compared with women who work full-time, part-time women are more likely to have low levels of education, to be in a couple, to have dependent children that are both young and numerous, to work in small establishments in distribution, hotels and restaurants and to be in low-level occupations. Almost 25% of part-time women are shop assistants, care assistants or cleaners. 15% of full-time women are managers but only 4.4% of part-time women.

Taking account of differences in employers, the part-time penalty for identical women doing the same job is estimated to be about 10% without taking account of differences in the occupations of full- and part-time women and 3% taking account of these differences. Hence, it is the difference in the occupations of full- and part-time women that explains most of the pay differentials between them.

So while the aggregate part-time pay penalty has risen over time, almost all of this rise can be explained by the rising contribution of occupational segregation. Women working part-time have failed to match the occupational upgrades made by women who work full-time. Rising UK wage inequality has also acted to widen the pay gap between women working part-



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time and women working full-time as it has widened the pay gap between high-level and low-level occupations.

At the same time, there does seem to be a problem in the fact that women who want to move from full-time work to part-time work are often forced to change employer and/or occupation. On average, women moving from full-time work to part-time work make a downward occupational move, evidence that many women working part-time are not making full use of their skills and experience. There is also evidence of under-utilisation of the skills of women working part-time among women with nursing and teaching qualifications.

Downward occupational mobility is less marked for women who change their hours without changing their employer. But more research is needed on why employers do not make certain jobs available on a part-time basis and whether some combination of inertia, lack of imagination and prejudice is also involved.

Women working part-time in other European Union countries face similar problems to those in the UK. But the UK has the highest part-time pay penalty and one of the worst problems in enabling women to move between full- and part-time work without occupational demotions.

At the same time, part-time work in the UK carries a higher self-reported job satisfaction premium (or a lower job satisfaction penalty) than in most other countries. And part-time women in the UK do not actually report high levels of under-utilisation of their skills.

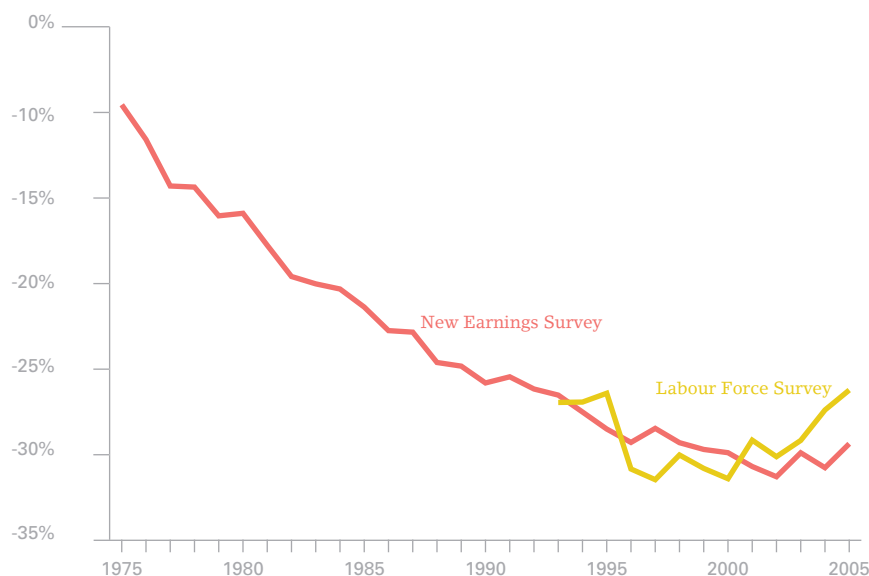
Differences in the occupations of full- and part-time women explain most of the pay differentials between them

Policy initiatives in recent years like the national minimum wage (1999), the part-time workers regulations (2000) and the right to request flexible working (2003) appear to have had little impact on the part-time pay penalty as yet although it is too early to make a definitive assessment of the full impact of some of these regulations.

The most likely explanation of this is that, with the exception of the right to request flexible working, none of these policies are targeted at the routes by which part-time women end up in low-level occupations. And the right to request flexible working is quite weak in that it allows employers many legitimate reasons for refusing requests.

But it seems likely that more moves in this direction – strengthening women’s rights to move between full- and part-time work without losing their current job and breaking down barriers to the availability of high-level jobs on a part-time basis – that will be the most effective way to reduce the part-time pay penalty.

Figure 1:
The part-time pay penalty
 (Percentages by which average hourly earnings of part-time women workers are below those of full-time women workers)



This article summarises ‘The Part-time Pay Penalty’ by Alan Manning and Barbara Petrongolo, published by the Women and Equality Unit of the Department of Trade and Industry (http://www.womenandequalityunit.gov.uk/research/part_time_paypenalty.pdf) and also available as CEP Discussion Paper No. 679 (<http://cep.lse.ac.uk/pubs/download/dp0679.pdf>)

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