

# Women are right to be angry at the pay gap <sup>[1]</sup>

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## AVAILABILITY

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## EXCERPTS

This week, the BBC has been thrust into the awkward position of reporting on itself. The story is hardly flattering to the public service broadcaster. Payroll details, which the BBC was forced to disclose as part of its new Royal Charter agreement, showed that only a third of its highest-paid staff are women, that the seven highest earners are all men, and that the highest-paid man makes about four times as much as the best-paid woman.

For a public corporation that often investigates inequity in business and government, these are ugly headlines. The BBC still performs better than average but that is not saying much. The Institute for Fiscal Studies reckons the average pay gap between men and women in the UK is 18 per cent.

PwC UK, for example, pays its female workers 14 per cent less than their male counterparts, according to company disclosures. The gap at Schroders, the asset manager, is 33 per cent. The US does not do much better. By one analysis, the gap at the White House has tripled since President Trump came to office, with female staffers earning just 63 cents for every male dollar. The differential at national level is 17 per cent.

Every time this inequality is exposed, companies point out that it is driven largely by disproportionate representation of men in senior positions, though reasons vary enormously from sector to sector. The question remains: why are women under-represented in senior roles and how to change this?

The difference kicks in at the age when family responsibilities begin. In the UK, the Resolution Foundation found that the pay gap between men and women in their twenties is about 5 per cent. This rises to 9 per cent by the time a woman turns 30. In the US, the differential widens by 55 per cent between the childbearing ages of 25 and 45, and pay for unmarried women without children is much closer to their male counterparts.

Much of the divergence in earnings can be traced to this critical period. Two policies in particular - paternity leave for fathers and more support for childcare - could go some way towards achieving change. Given the strains on public finances, significant extra funding for childcare is unlikely. More could be done, however, to ensure that employers play their part.

It should be in their interests to do so. Stagnant productivity is one of the most pressing problems facing developed economies. Retaining qualified female workers and making investments in childcare will surely help.

Persuading men to take paternity leave is not always easy. The government introduced shared parental leave in 2015, but uptake has been dismal with less than 2 per cent of eligible fathers applying in the first six months. The cultural and financial obstacles are considerable.

When Sweden introduced a similar policy, men were reluctant to take it up - those who did were belittled as "velvet dads". But the government created an incentive to drive uptake: men now have three months of parental leave reserved for them and it is a use-it-or-lose-it proposition. They cannot pass it to their partner.

Women also are prone to working part-time because childcare is so expensive. The UK has the dubious distinction of having the most costly childcare in the world. This forces parents to make more time for their children. In Sweden, childcare provisions are more robust, allowing mothers to get back to work. This is an expensive yet essential investment if pay parity is a real priority. There are no easy fixes. If the BBC's disclosures spark a public debate about the pay gap, the embarrassment of the stars will have served a purpose.

-reprinted from Financial Times

**Region:** Europe <sup>[3]</sup>

**Tags:** gender <sup>[4]</sup>  
wages <sup>[5]</sup>  
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