



BRIEFING PAPER

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Women and the Economy

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2. Women's earnings
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Summary

This paper looks at women's participation in the UK labour market and in business.

Employment

15.3 million women in the UK aged 16 and over were in employment in October-December 2018. The female employment rate was 71.4%, which is the highest it has been since comparable records began in 1971. The male employment rate was 80.3%.

9.0 million women were working full-time and 6.3 million were working part-time. 41% of women in employment were working part-time compared to 13% of men.

The most common sectors of employment for women are health and social work (accounting for 21% of all jobs held by women at September 2018), wholesale and retail (14%) and education (12%). 79% of jobs in the health and social work sector and 70% of jobs in the education sector were held by women.

Pay

Median weekly pay for female full-time employees was £509 in April 2018, compared to £609 for male full-time employees. After adjusting for inflation, median pay for female full-time employees was similar to its 2008 level, while median pay for male full-time employees is around 7% lower.

At April 2018, the gender pay gap for median hourly pay excluding overtime was:

- 8.6% for full-time employees
- -4.4% for part-time employees (meaning women earned more than men)
- 17.9% for all employees.

The gender pay gap for all employees is larger than either the full-time or part-time pay gaps. This is because a much higher share of women than men are employed part-time and part-time workers tend to earn less per hour than those working full-time.

Running a business

19% of small and medium-sized enterprises (SMEs) in the UK with employees were led by women in 2017.

Men are more likely than women to be involved in "total early stage entrepreneurial activity", which includes owning or running a business less than 3.5 years old.

In June 2018, 29% of directors of FTSE100 companies were women. In the FTSE250 (the next largest 250 listed companies outside the FTSE100), 24% of directors were women.

Related Library briefings:

- [The gender pay gap](#)
- [Women in Public Life, the Professions and the Boardroom](#)
- [Labour market statistics: UK regions and countries](#)
- [Business statistics](#)
- [Women in Parliament and Government](#)
- [Women Members of Parliament: Background Paper](#)
- House of Lords Library briefing, [International Women's Day: Steps being taken to press for gender equality globally](#)

1. Trends in female employment¹

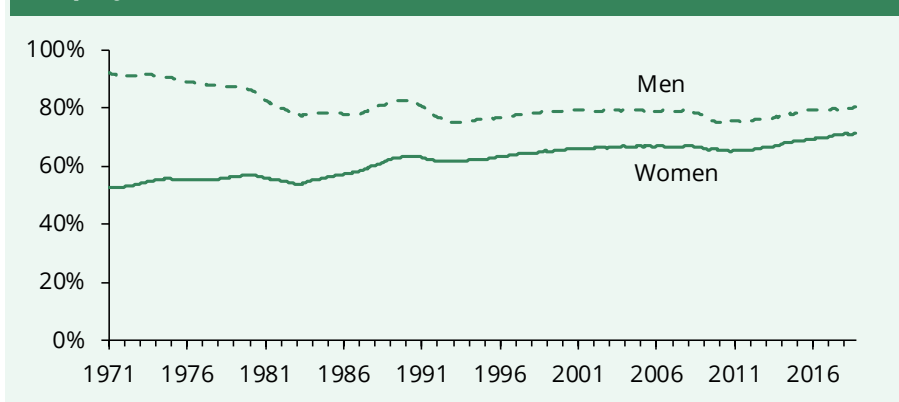
1.1 Women in work

15.30 million women in the UK aged 16 and over were in employment in October-December 2018. The number of women in work was 188,000 higher than the year before and 1.65 million higher than the decade before.

The female employment rate reached a record high of 71.4% in October-December 2018, although recent increases in the rate are partly due to changes in the State Pension Age for women.

The female employment rate is currently at a record high of 71.4%.

Employment rates for women and men, 1971-2018



The employment rate for men aged 16-64 was 80.3% in October-December 2018. The gap between the male and female employment rates was just under 9% points, which is close to the lowest it has ever been since comparable records began in 1971. The gap was 11.5% a decade ago.

1.2 Full-time and part-time work

9.05 million women were working full-time in October-December 2018, while 6.26 million were working part-time.

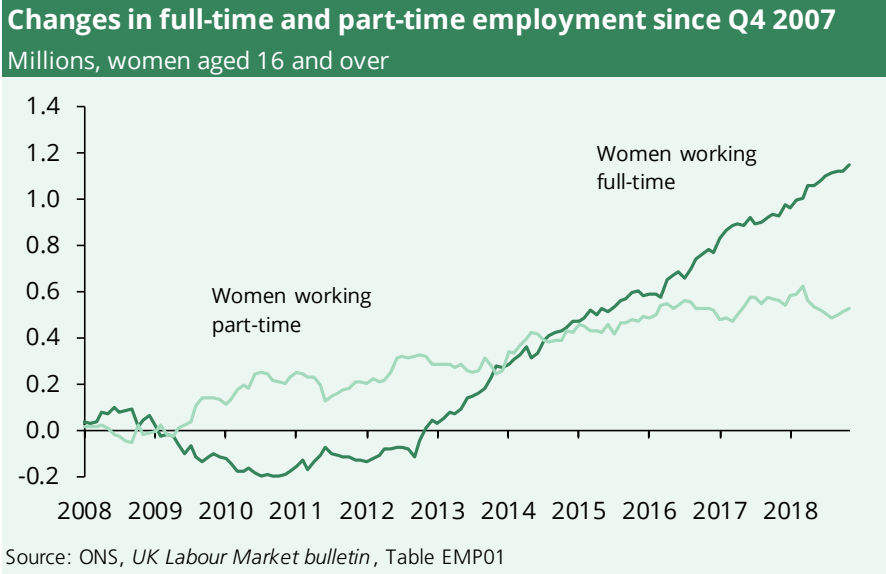
Over the past year, the number of women working full-time has increased by 226,000 while the number working part-time has decreased by 37,000.

Women are more likely than men to be working part-time. 41% of women in employment were working part-time in 2018, although this is down from 44-45% during the 1990s as female full-time employment has grown more quickly than part-time employment. The proportion of men working part-time climbed from around 7% in 1992 to 13% in 2010 and has remained at a similar level since.

In the years immediately following the economic downturn in 2008, female full-time employment levels decreased but there was some increase in part-time employment levels. There has been strong growth in full-time employment since the end of 2012:

1.2 million more women are working full-time than before the economic downturn in 2008, with levels increasing strongly over the past five years.

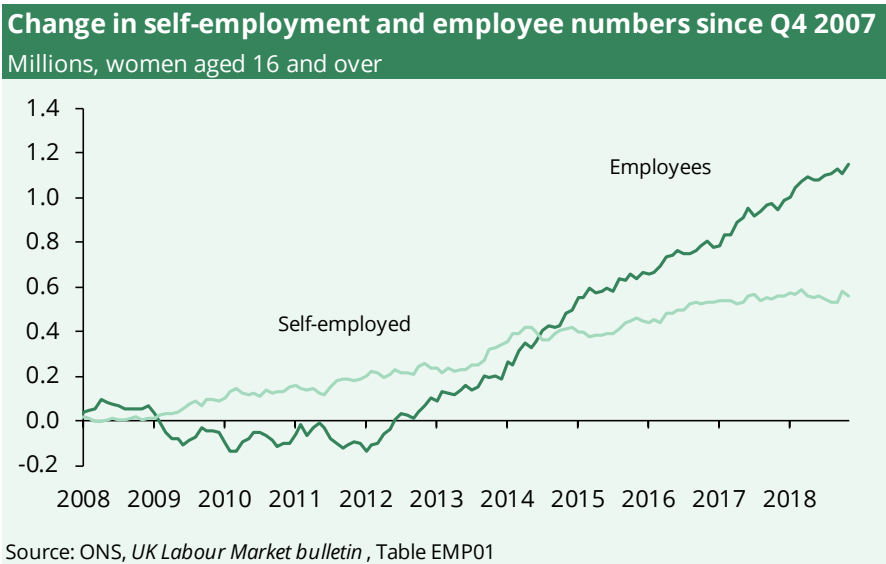
¹ Data in this section are from ONS [UK Labour Market](#) bulletin unless otherwise stated



1.3 Employment by type

13.62 million women were working as employees and 1.61 million were self-employed at October-December 2018. The number of women working as employees is 206,000 higher than a year ago while a similar level of women are working as self-employed.

There was a small fall in the number of women working as employees immediately following the 2008 economic downturn, but there was an increase in self-employment. Employee numbers have grown much more strongly since 2012.



Of those in employment, women are more likely than men to work as employees and less likely to be self-employed. 89% of women in employment are working as employees, compared to 81% of men. Around 11% of women are self-employed compared to 19% of men, although the share of all self-employed workers who are women has increased over the past decade. Women comprised 33% of all self-employed workers at the end of 2018, up from 27% in 2007.

1.4 Industry

The most common sectors of employment for women in the UK are health and social work (accounting for 21% of all jobs held by women at September 2018), the wholesale and retail trade (14%) and education (12%).²

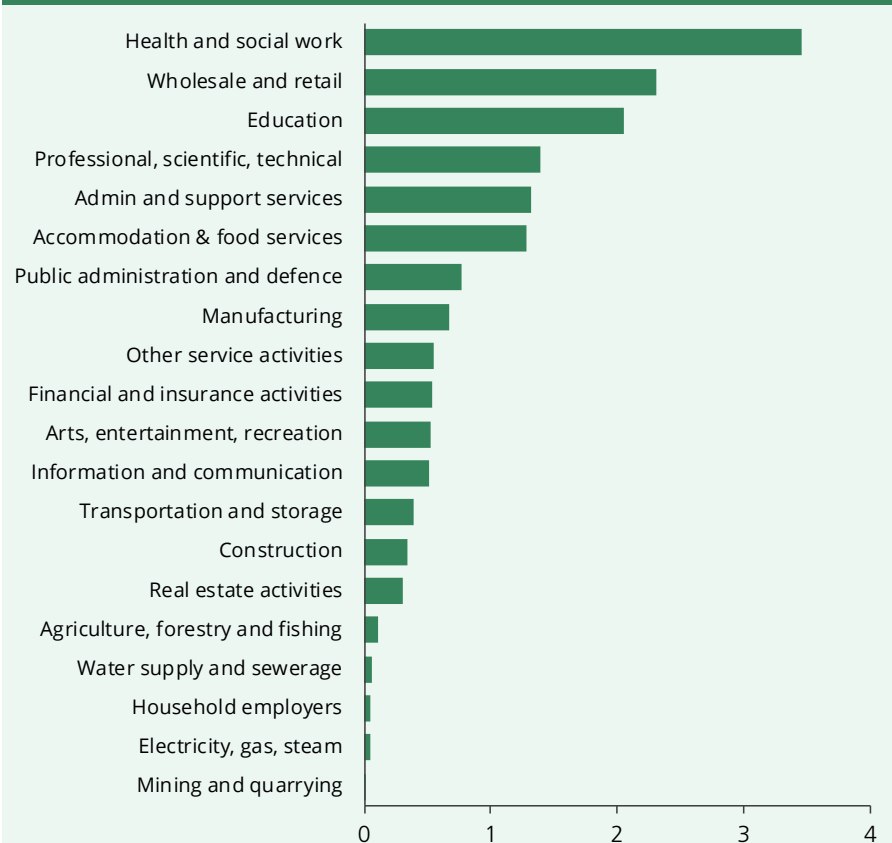
For men, the most common sectors of employment also included the wholesale and retail trade (14% of all jobs held by men), followed by manufacturing and construction (both 11%).

79% of jobs in the health and social work sector and 70% of jobs in education are held by women. Sectors where only a small proportion of jobs are held by women include construction (14%), transportation and storage (23%) and manufacturing (25%).

Women account for over three quarters of all jobs in the health and social work sector.

Employment of women by industry, September 2018

Millions of jobs held by women



Source: ONS *Workforce jobs* series via Nomis

1.5 Employment by occupation

22% of women worked in high-skilled professional occupations in 2018, compared to around 19% of men. Around half of women in professional occupations in 2018 were employed as nurses, teachers or other educational professionals. However, a higher share of men than

² These figures are a count of jobs rather than people, since one person may hold multiple jobs. Source: ONS *Workforce jobs* series, via Nomis.

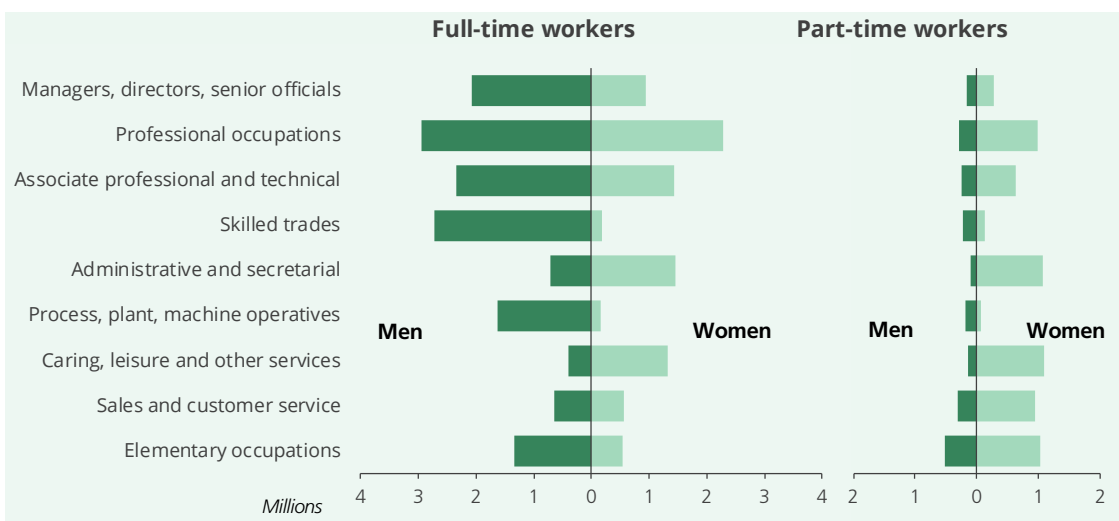
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women were working as managers, directors or senior officials, with 13% of men in these roles compared to 8% of women.

Men were also more likely than women to be working in skilled trades; as process, plant or machine operatives; and in associate professional & technical occupations. Women were more likely than men to be working in administrative & secretarial occupations; caring, leisure & other service occupations; and in sales & customer-service occupations.



Across these occupation groups, women are more likely to work part-time than men. For both men and women, the share of workers who are part-time is highest in the lowest-paid occupations:



1.6 Unemployment and economic inactivity

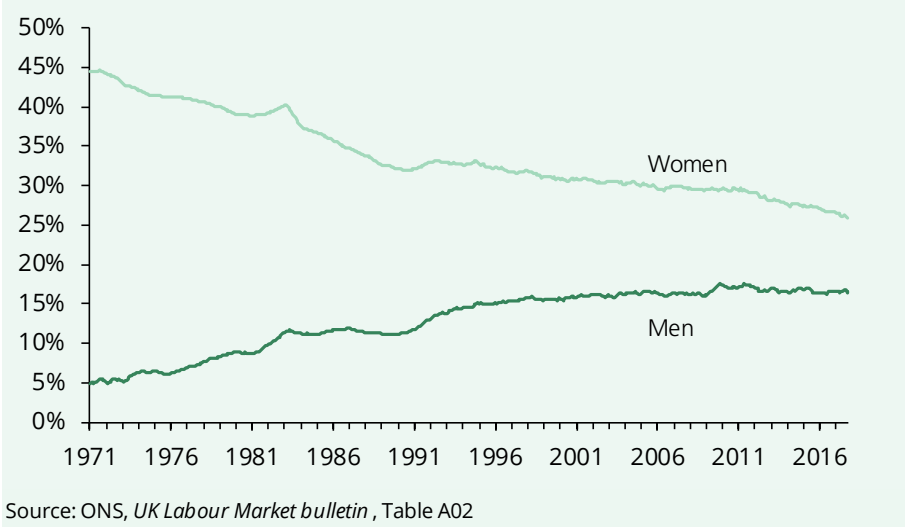
People who are not in work can either be unemployed (meaning they are looking for and available for work) or economically inactive (meaning they are not looking for or available for work).

617,000 women aged 16 and over were **unemployed** at October-December 2018, compared to 746,000 men. The unemployment rate for women was 3.9%, slightly less than the unemployment rate of 4.1% for men.

5.33 million women aged 16-64 were **economically inactive** in October-December 2018, 25.7% of women in this age group. This compared to 3.31 million men aged 16-64 who were inactive (16.6%). There were large falls in the female inactivity rate over the 1970s and 1980s before a more gradual decline over the 1990s and 2000s. The rate has been falling more quickly again since 2010 in part due to increases in the State Pension age for women.

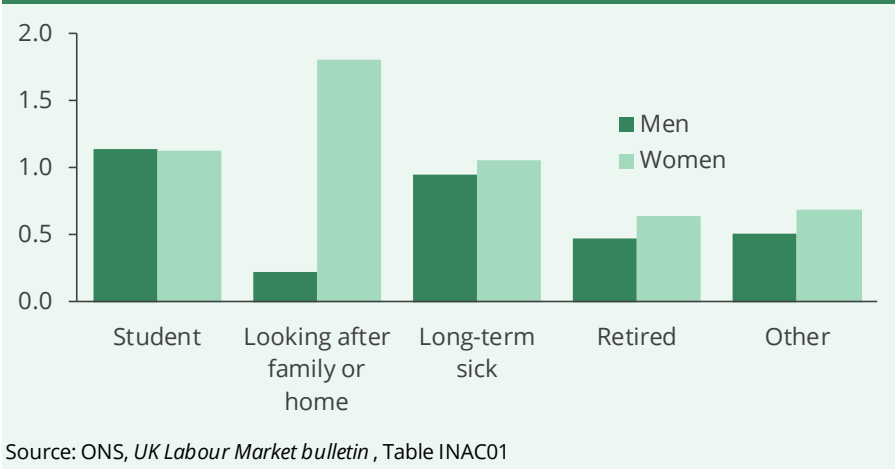
26% of women aged 16-64 were economically inactive in 2018, compared to 45% at the start of the 1970s.

Inactivity rates for women and men: UK, 1971-2018
People aged 16-64



1.81 million women were economically inactive because they were looking after family or home:

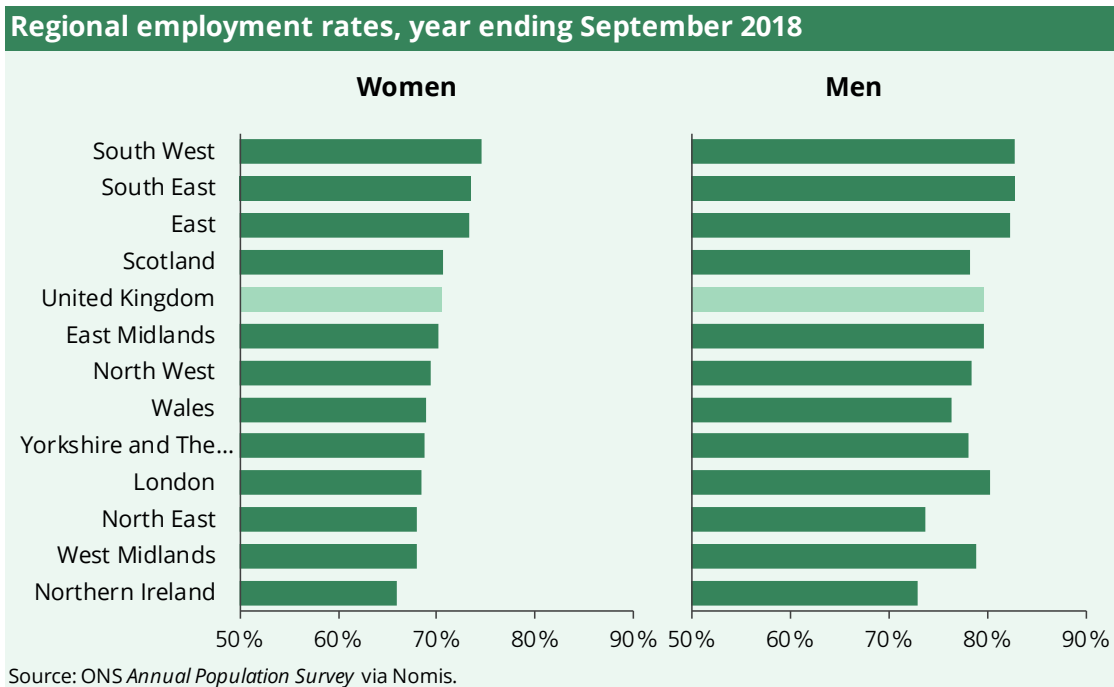
Main reason why people are economically inactive
Millions; People aged 16-64; October-December 2018



1.7 Regional differences

The female employment rate was highest in the South West and South East of England (75%) in the year ending September 2018, and lowest in Northern Ireland (66%).

A lower proportion of women than men aged 16-64 are in employment across all countries and regions of the UK. The gap between the male and female employment rate ranges from 6% points in the North East to 12% points in London.



Further information on male and female employment and earnings by region can be found in the Library's briefing paper, [Labour market statistics: UK regions and countries](#).

1.8 International comparisons

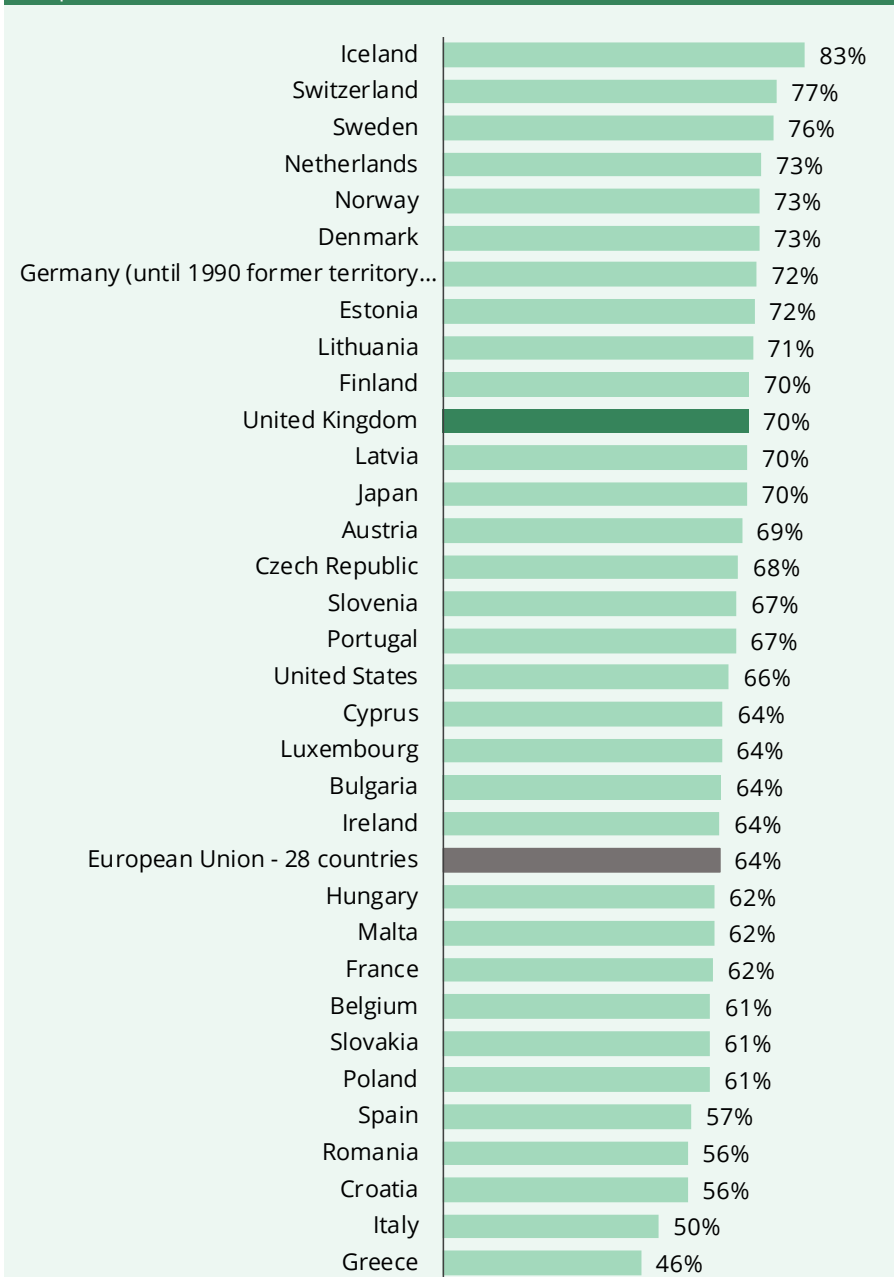
The UK had the eighth highest female employment rate (70.1%) out of 28 EU countries in July-September 2018.

The female employment rate across the whole of the EU was 63.5%. The UK also had a higher rate than the United States (65.7%) and Japan (69.8%).

Sweden had the highest female employment rate of any country in the EU at 75.8%, although in Iceland the rate climbed to 83.0%.

Female employment rates, Q3 2018

European Union and selected countries



Note: rate is % of women aged 15-64 in employment; seasonally adjusted.

Source: Eurostat, table lfsi_emp_q

2. Women's earnings

2.1 Trends in average pay

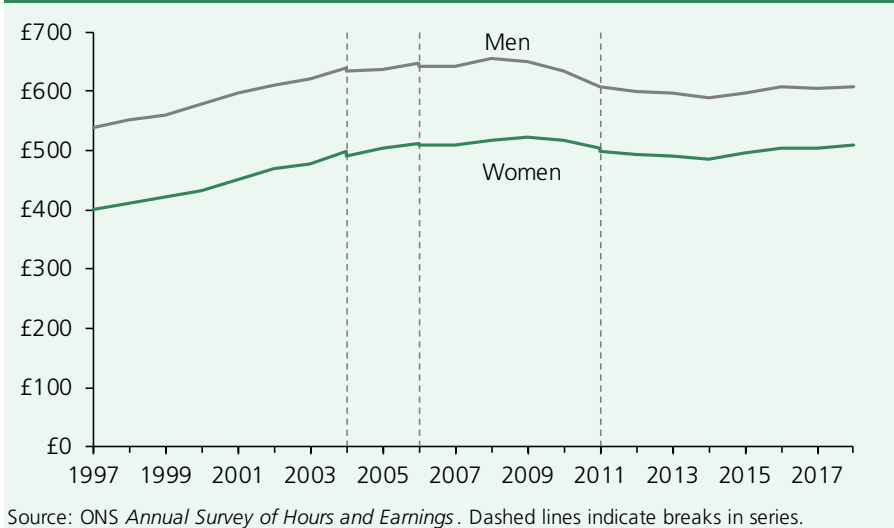
Median weekly earnings for female employees working full-time were £509 in April 2018, compared to £609 for male full-time employees.³

After adjusting for inflation, average earnings decreased for both men and women following the economic downturn in 2008, although in the immediate aftermath average pay for men fell more sharply. In 2018, median pay for female full-time employees was similar to its 2008 level, while median pay for men was around 7% lower. (The median is the point at which half of people earn more and half earn less.)

Median weekly pay for female full-time employees in 2018 was similar to its pre-recession level, after adjusting for inflation.

Real median weekly earnings for full-time employees, 1997-2018

April 2018 prices (adjusted for CPI inflation)



2.2 The gender pay gap

Part of the difference between men and women's weekly earnings can be attributed to hours worked. Therefore the gender pay gap, which measures the difference between male and female earnings, is more commonly measured with reference to hourly pay.

At April 2018, the gender pay gap in median hourly pay (excluding overtime) for men and women was:

- 8.6% for full-time employees
- -4.4% for part-time employees (meaning women tended to be paid more than men)
- 17.9% for all employees.

The gender pay gap for all employees is larger than either the full-time or part-time pay gaps. This is because a much higher share of women than men are employed part-time and part-time workers tend to earn less per hour than those working full-time.

³ Data in this section are taken from the ONS Annual Survey of Hours and Earnings

Broadly speaking there has been a downwards trend in the full-time pay gap since 1997 and the overall pay gap has also decreased over the period. The part-time pay gap has widened since the early 2000s.

The gender pay gap for full-time employees has decreased from 17% in 1997 to 9% in 2018.

Gender pay gap in the UK: 1997-2018
Based on median hourly pay (excluding overtime) for male and female employees

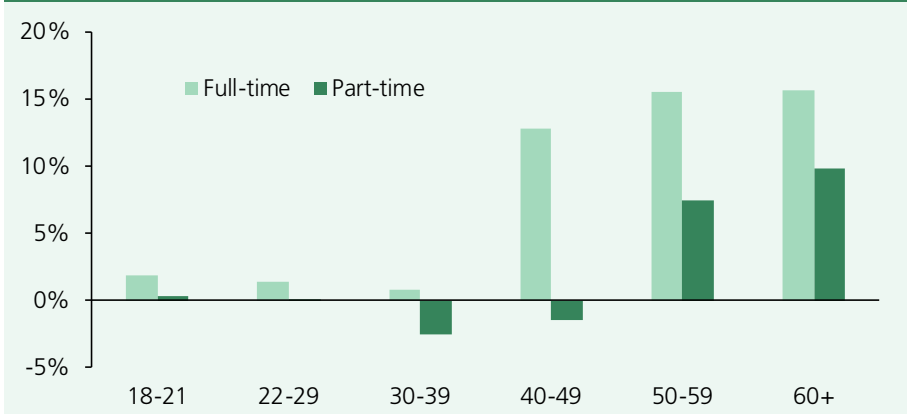


Source: ONS Annual Survey of Hours and Earnings. Dashed lines indicate breaks in series.

2.3 The gender pay gap varies with age

The gender pay gap is small or negative for employees in their 20s or 30s, but widens considerably for older age groups:

Gender pay gap by age group, April 2018



Source: ONS Annual Survey of Hours and Earnings

One reason for these age differences is that factors affecting women’s employment and earnings opportunities become more evident when women are in their 30s and 40s. For example, time spent out of the labour market to care for children or elderly relatives could affect future earnings when a person returns to work. Similarly, the need to balance work with family commitments and the availability of flexible working practices may restrict individuals’ employment options.

Another explanation is generational differences: the group of younger workers may have some different characteristics to older workers, for example they have higher levels of educational attainment on average and are more likely to work in certain industries or occupations.

The gender pay gap is discussed in greater depth in the [Library's briefing paper](#).

2.4 Low pay

Female employees are more likely than men to be working in jobs paying the National Minimum Wage.

The Low Pay Commission estimates that 8% of female employees aged 25 and over were paid at the relevant **minimum wage** rate (the 'National Living Wage') in April 2017, compared to just under 5% of male employees aged 25 and over.⁴ The 'National Living Wage' was set at £7.83 an hour from April 2018.

Around 28% of female employees had hourly pay below the **voluntary Living Wage** rate (as set by the Living Wage Foundation) at April 2018, compared to 18% of male employees. At April 2018, the Living Wage was £10.20 for people working in London and £8.75 for those working outside of London.⁵

The Resolution Foundation produce an annual report on low pay, and one of the areas they focused on for their 2018 report was the opportunities available to low-paid women.

They reported that “women are less likely to progress out of low pay, are more likely to switch into other low-paying jobs when they do move and are more concentrated in a handful of large firms than low-paid men”, and that women typically earn less than men even within many low-paying occupations.⁶

Previous research by the Resolution Foundation, conducted for the Social Mobility Commission, looked at the extent to which individuals in low-paid jobs are able to move into higher-paid work or remain 'stuck' in low pay (where low pay is defined as having earnings below two thirds of median hourly pay).⁷

Low-paid women were more likely than men to be 'stuck', although the risk of remaining stuck in low pay is lower than it was in the 1980s. A press release from the Social Mobility Commission summarises the findings:

The analysis finds that just 1 in 6 low-paid workers (17%) [both men and women] managed to permanently escape from low pay in the last decade. Meanwhile, a quarter of low-paid workers remained permanently stuck in low pay and nearly half (48%) fluctuated in and out of low pay over the course of the last 10 years.

The report finds that women are more likely to be low paid than men and are also far more likely to get stuck in low pay. It is particularly difficult for women in their early twenties to escape low pay, with the lack of good-quality, flexible work to fit alongside childcare responsibilities as the most likely barrier.

However, there has been some long-term progress for women. Excluding those who exit the data over the following decade, the proportion of women getting stuck has fallen from 48% in 1981

Women are more likely than men to remain in low-paid work over the long term.

⁴ Low Pay Commission, [2018 Report](#), Figure 2.9

⁵ ONS *Annual Survey of Hours and Earnings*, [ad hoc release 009211](#), 25 October 2018

⁶ Conor D'Arcy, [Low Pay Britain 2018](#), May 2018

⁷ Conor D'Arcy and David Finch, [The Great Escape? Low pay and progression in the UK's labour market](#), October 2017

to 91 to 30% in 2006 to 2016. In contrast, the risk of long-term low pay has increased for men over the same period (from 20% to 25%). This is likely due to the increasing number of men working in low-paid, part-time work.⁸

⁸ Social Mobility Commission press release, [Low pay and progression in the labour market](#), October 2017

3. Women leading businesses

Various sources are used in this section to analyse female involvement in business.

3.1 Female-led SMEs

In 2017, 19% of SME employers were led by women. This is one percentage point lower than in 2016 and two percentage points lower than in 2015.⁹

The proportion of SMEs with no employees that were owned or led by women was higher – 21% in 2017. In 2016 and 2015, this figure was 22%.¹⁰

Examining only SMEs with employees, women-led SMEs are under-represented in the information and communication sector (11% of businesses led by women), and the manufacturing sector (12% of SMEs were women led). In the education sector women-led businesses made up 50% of the total. In the health services sector, women made up 52% of the total.¹¹

It is estimated that in the UK, women-led SMEs contribute about £85 billion to economic output (16% of the UK SME approximate GVA total).¹²

3.2 Female start-ups

Estimates by the [Global Entrepreneurship Monitoring Consortium](#) show the proportion of women involved in “total early stage entrepreneurial activity” or TEA. TEA includes the owning or running of any business that is less than 3 and a half years old.

In 2017/18, the TEA rate in the UK (the proportion of working aged people involved in TEA) for men was 11.5%, and was 5.3% for women.¹³

This means that the TEA gap (the difference between the male and female TEA rates) was 6.2% points in the UK.

The chart on the following page shows the TEA gap in the countries covered by the Global Entrepreneurship Monitoring Consortium study. There is a negative TEA gap in Vietnam, Ecuador and Brazil (a higher proportion of women are involved in start-ups than the proportion of men).

Of the selected countries, the TEA gap is highest in Egypt – 11.3% points.

The proportion of men involved in start-ups was 6.2% points higher than the proportion of women involved in start-ups in the UK

⁹ BEIS, [Small business survey \(employers\)](#), 2018, p50

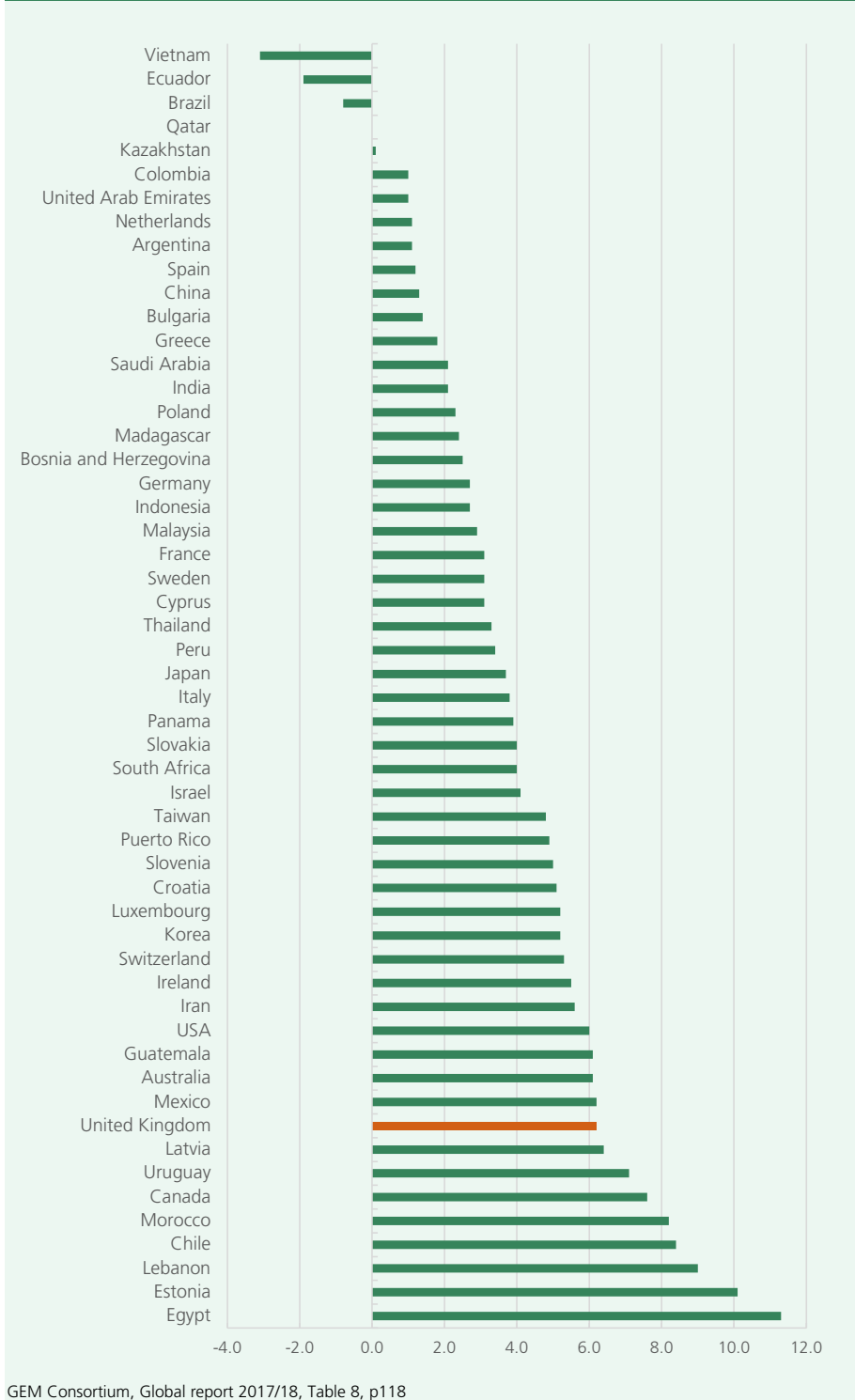
¹⁰ BEIS, [Small business survey \(no employees\)](#), 2018, p27

¹¹ BEIS, [Small business survey \(employers\)](#), 2018, p50

¹² BIS, [Contribution of women-led and MEG-led businesses to the UK non-financial economy](#), 2015, p3.

¹³ Global Entrepreneurship Monitoring Consortium, [Global Report 2017/18](#), 2018, Table 8, p118

TEA Gender Gap, percentage points, selected countries, 2017/8
Gender gap is the difference between the male and female TEA rates



GEM Consortium, Global report 2017/18, Table 8, p118

3.3 Women on boards

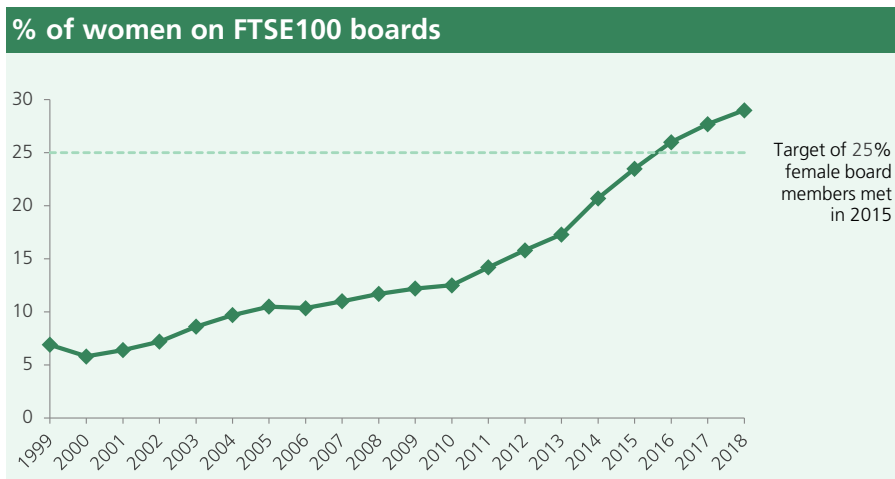
A government backed target that FTSE100 boards should have a minimum of 25% female representation by 2015 was set in the 2011 report by Lord Davies of Abersoch, [Women on boards](#).¹⁴

In October 2015, it was [announced](#) that this target had been met, and that 26% of FTSE100 board members were female.

In June 2018, 29% of FTSE100 directorships were occupied by women, and 24% FTSE250 directorships were held by women.¹⁵

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE250, there are now 10 all male boards, down from 152 in 2011.¹⁶

The following chart shows how the proportion of women on FTSE100 boards has increased steadily since the late 1990s with more significant increases in recent years.



¹⁴ Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, p 4

¹⁵ Cranfield University, [Female FTSE Index](#), 2018, p7

¹⁶ *Ibid*

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