Women's pay penalty and job quality

Initial findings from Next Steps at Age 32

Although the gap is closing gradually, women continue to earn significantly less than men. In the past, the gap was partly explained by women having lower educational qualifications. However women today are, on average, at least as well qualified as their male counterparts, which shifts the focus to other factors. Gender pay gaps are particularly stark among parents, with mothers less likely to be in paid work, more likely to work fewer hours, and more likely to receive lower hourly pay than fathers.

This briefing explores the extent to which gender pay gaps persist among 32-year-olds taking part in Next Steps, a nationally representative cohort study following the lives of around 16,000 people in England who were born in 1989-90. It looks at gender pay gaps between both men and women with and without children, and the extent to which these differences can be explained by the characteristics of employees themselves and the jobs they do. This includes cohort members' perceptions of 'job quality,' such as whether they think they have good prospects for career advancement, whether they think their job is secure, and whether they find their work stressful.

These findings are relevant for the current Government's 'make work pay' agenda, which highlights the importance of enabling access to good quality, flexible work opportunities. The results are also significant for their new growth and opportunities missions, by showing the entrenched nature of the gender pay gap, particularly for mothers, even among this recent, highly educated and economically active cohort.

ABOUT THE DATA

Next Steps Age 32 Sweep

Next Steps is following the lives of around 16,000 people in England born in 1989-90. The Age 32 Sweep took place between April 2022 and September 2023. More than 7,200 study members took part in a 60-minute survey, either online or with an interviewer. Data from this and previous sweeps of Next Steps are available to download from the UK Data Service.

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Key findings

- At age 32, women's median hourly pay was £14 per hour, around £2 less than men. The gap was even larger among parents, with mothers earning around £3 per hour less than fathers.
- Mothers were much more likely to report working part-time: 33% of mothers, compared to 7% of women without children and around 4% of all men at age 32. This is some, but not all, of the reason why mothers earn less, as part-time work is typically less well-paid per hour than full-time work.
- Differences in socio-demographic characteristics (such as ethnicity, socioeconomic circumstances, partnership status, household size, and education) and work experience – although related to pay – do little to explain gender and parenthood pay gaps.
- There were no significant gender or parenthood differences in job satisfaction, career prospects, and job security.
- However, women were more likely to report finding their work always or often stressful: 45% of mothers and 53% of women without children reported feeling this way, compared to 38% of fathers and 41% of men without children.
- Even when comparing individuals with the same characteristics, working in the same types of jobs, women without children earned 9% less and mothers 16% less, on average, than men without children. This suggests large gender and motherhood wage penalties still exist, and the factors driving these gaps are yet to be fully understood.

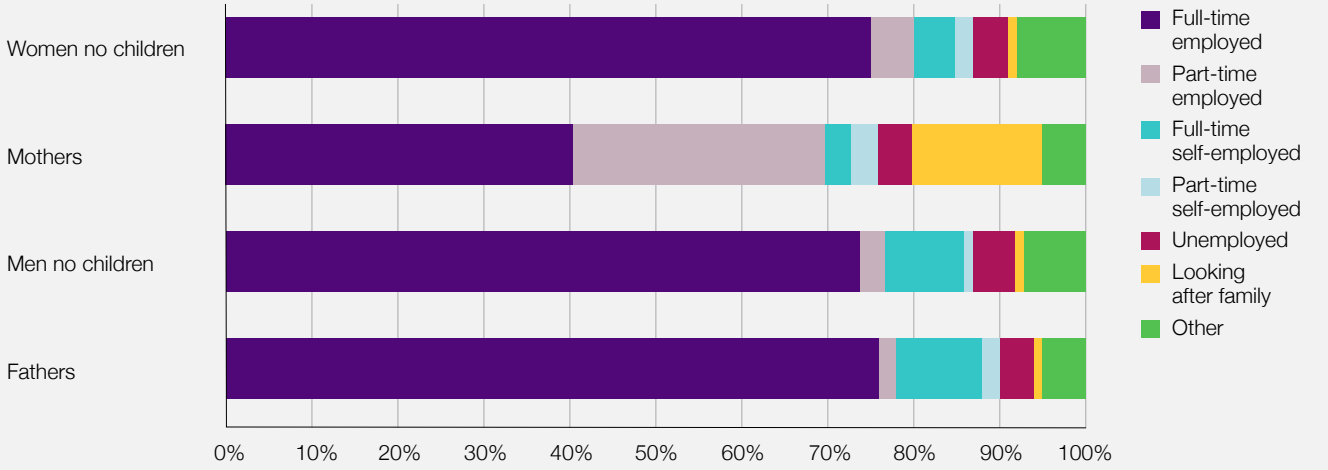
Results

By age 32, 47% of men and 61% of women in the Next Steps cohort had become parents (to either biological children, whether living in the home or not, and/or step, adopted or foster children living in the home). In this briefing, we compare the labour market participation and earnings of four groups: women with and without children, and men with and without children. We start by discussing differences in labour market participation and employment status, before looking at factors associated with the wage gaps between the four groups. We use cohort members' reports of their gross weekly pay divided by weekly hours worked. Our analyses are weighted, meaning we used reliable statistical methods to ensure the results are representative of the general population of 32-year-olds in the UK.

Labour market participation

Labour market participation in this cohort was high for all four groups, including mothers. As shown in Figure 1, around three quarters of 32-year-old mothers were in paid work (including those on maternity leave), compared to 90% of fathers and around 86% of men and women without children. Mothers were, however, significantly more likely to work part-time than other groups, and also more likely to be looking after family.

FIGURE 1: GENDER AND PARENTHOOD DIFFERENCES IN ECONOMIC ACTIVITY



Note: Figure 1 is based on weighted responses from 6,854 cohort members who provided information about their economic activity at the time of the survey.

Mothers in full-time work were, on average, more socio-economically advantaged than mothers in part-time work, who were, in turn, more advantaged than mothers who were looking after family. For example, 41% of mothers in full-time work had a degree and 65% owned or were buying their own home (outright or with a mortgage). Among mothers in part-time work, 25% had a degree and 50% owned their own home. Among mothers who looked after their family as their main activity, 16% had a degree and only around 24% owned or were buying their own home. Similarly, 44% of mothers employed full-time worked in professional or managerial occupations, compared to only 22% of mothers who worked part-time.

Differences in pay

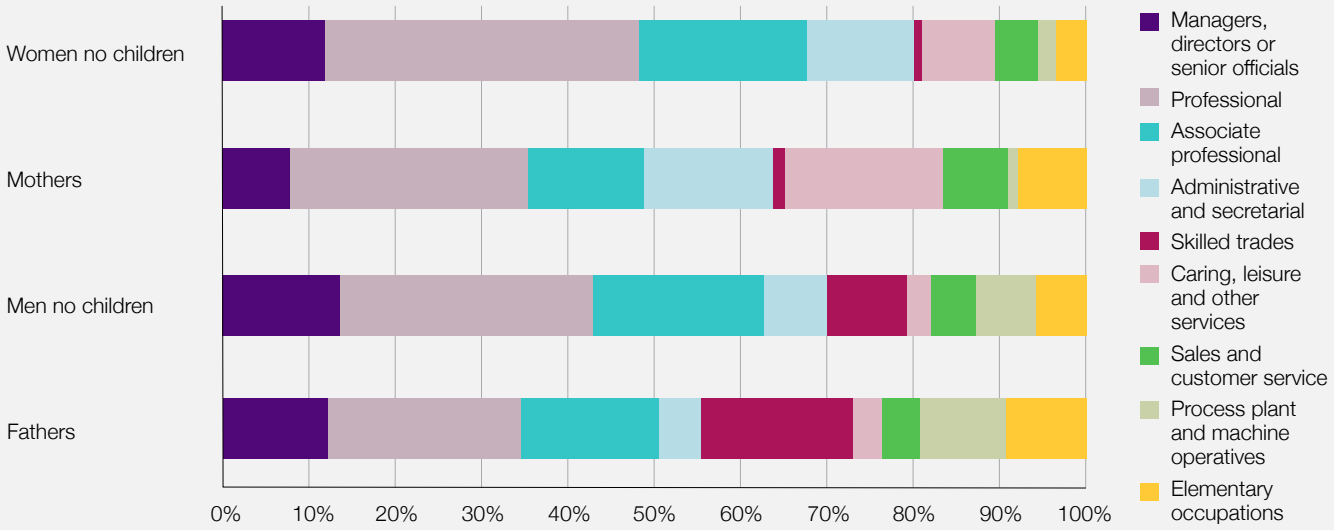
Among 32-year-olds in employment, the unadjusted median hourly pay was £16.35 per hour for men and £14.27 for women. Gender differences were particularly stark among parents. The median hourly pay of mothers was only £12.50 per hour, while fathers earned £15.56. Some – but not all – of this gap is driven by more mothers working part-time, as part-time work is typically less-well paid per hour than full-time work. There was also a much smaller gender pay gap among those without children who primarily work full-time, with women earning £16.35 and men £16.89 per hour.

In the remainder of the briefing, we examine the extent to which the types of jobs people were doing, or other factors like personal characteristics, might be driving differences in men and women's pay.

Differences in type of work

Figure 2 shows the occupations in which men and women, with and without children, were employed. Parents were slightly less likely to work in higher status occupations than men and women without children, but the gender differences among these higher status occupations were not large. There were larger gender differences in occupations associated with lower status jobs. For example, women in general were more likely to work in administrative and secretarial occupations than men, and mothers in particular were more likely to work in caring, leisure and other services. At the same time, men, especially fathers, were more likely than women to work in skilled trades occupations and as process, plant and machine operatives.

FIGURE 2: GENDER AND PARENTHOOD GAPS IN OCCUPATIONS



Note: Figure 2 uses Standard Occupational Classification (SOC) categories, a common way of classifying occupations in the UK. The analysis uses weighted information from 5,324 cohort members who were employed at the time of the survey and where it was possible to categorise their jobs according to SOC.

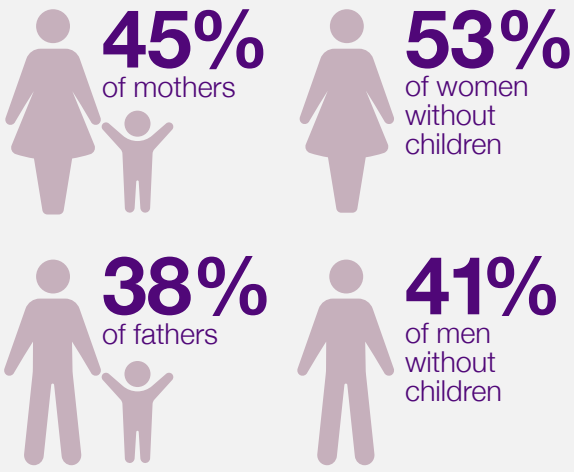
Mothers (and fathers) were slightly more likely than their counterparts without children to do shift work (21% for mothers and 24% for fathers v 19% and 20% respectively for women and men without children). Mothers were more likely to be employed on zero hours contracts than all other groups (7% v less than 3% of all other groups), especially when they worked part-time (4% of mothers working full-time v 10% of mothers working part-time).

Differences in job quality and work stress

Despite the differences in pay, most men and women felt they were working in good quality jobs. For example, over 80% of workers in all groups were satisfied or very satisfied with their jobs, over 90% felt they were unlikely to lose their jobs in the next 12 months, over 90% felt they were doing useful work, and over 65% agreed their employers motivated them to give their best performance.

However, there were significant gender differences in reported work stress. Women were more likely to report finding work stressful than men: 45% of mothers and 53% of women without children said they were often or always stressed at work, compared to 38% of fathers and 41% of men without children. This suggests that gender differences in work stress are not just driven by mothers juggling work and childcare.

ALWAYS OR OFTEN FIND WORK STRESSFUL



Comparing similar people in similar jobs

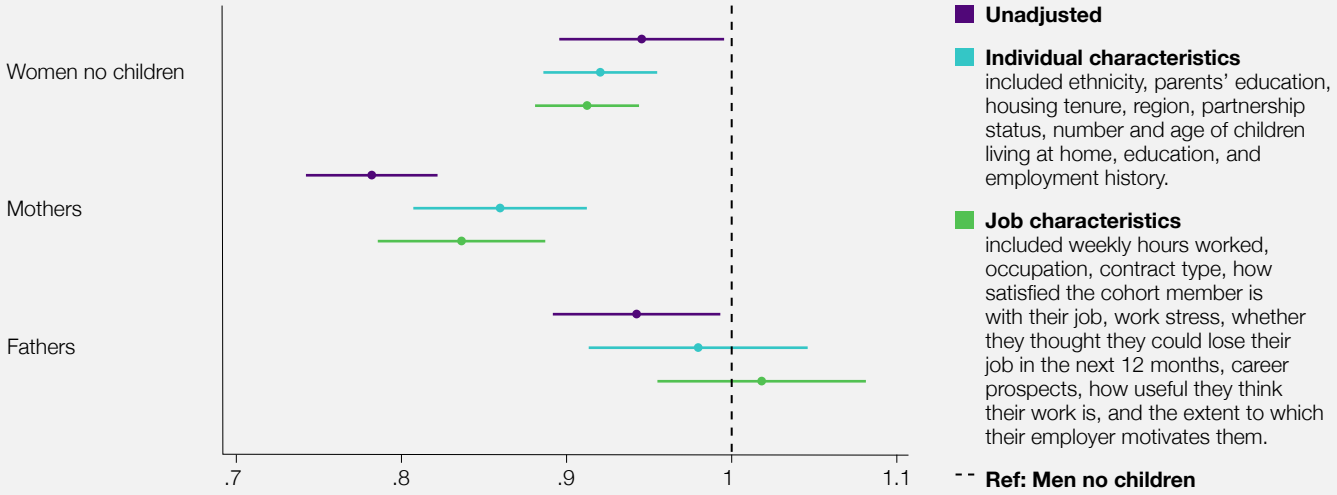
Comparing similar individuals working in similar jobs does little to explain gender and parenthood pay gaps.

Figure 3 shows how the earnings of mothers, fathers and women without children differ from those of men without children (represented by the dotted line). The purple points show the differences in pay between groups, before any other factors that might affect pay are taken into account. While all groups earn less than men without children, the gap is especially large for mothers who earned 22% less, on average, than men without children.

The blue points show how much of the pay gap remains when comparing people with similar individual characteristics, such as comparable family backgrounds, and the same level and type of education. Once these factors were taken into account, there was no significant difference in pay between men with and without children. However, significant gender pay gaps remained.

The green points show that even when both individual and job characteristics are taken into account, women without children still earn, on average, 9% less and mothers 16% less than men who do not have children. The findings remained largely the same even when excluding those working part-time (not shown). These findings suggest that while individual and job characteristics are significantly related to pay, they do not explain why women – especially mothers – are paid less.

FIGURE 3: ADJUSTED GENDER AND PARENTHOOD HOURLY PAY RATIOS



Note: Figure 3 uses weighted information from 4,548 cohort members who were employed at the time of the survey and who provided complete information about their hourly pay. The dotted line in the figure represents the pay of men without children (the reference group). Each dot represents the ratio of other groups' pay compared to men without children. The 'whiskers' represent the confidence intervals. If whiskers overlap the dotted line, the pay of that group is not significantly different from that of men without children. If the dot and whiskers fall to the left of the dotted line, that group earns less than men without children. Each point on the horizontal axis to the left of the dotted line indicates a 10% pay penalty. For example, a ratio of 0.78 for mothers is equal to a 22% pay penalty.

Considerations for policymaking

Sizeable gender and parenthood pay gaps still exist among those in their early 30s, despite women of the generation overtaking men in educational attainment, and lower-paid workers (who are disproportionately women) benefiting from the National Minimum Wage. While more mothers in this age group are now in work, their wages are still significantly lower than those of men, and women without children.

It is hard to pin down to what extent the lower pay of mothers is driven by personal choices, gendered social norms, or systemic barriers to both parents working full-time (for example the cost or availability of high-quality childcare).

Previous evidence has suggested that providing more free or subsidised childcare can support more mothers to work, or to work more hours, which may enhance equality in pay and promotion in future. However, it is unclear whether the policy coming into effect in England in September 2025 will be sufficient to reap such benefits, by offering 30 hours of funded childcare from the age of 9 months. Offering better incentives for fathers to take parental leave may also contribute to reducing gender and parenthood pay gaps.

Mothers are also much more likely than other groups to work part-time. Previous studies have shown that while full-time work experience is associated with higher pay in future, the same is not true of part-time work experience.

Ensuring access to good quality part-time work opportunities, with potential for wage progression and career advancement, may therefore be an important contributor to reducing the motherhood pay penalty. These prospects should be explored as part of the Government's new 'make work pay' agenda.

However, a motherhood pay penalty was only part of the problem. Significant gender differences in pay among full-time workers existed even for those who did not have children, and there was also no evidence to suggest that women were gaining non-monetary benefits from their lower-paid roles. There were no significant gender differences in most measures of job quality, and in fact women were more likely than men to find work stressful.

It is possible that more detailed information on work tasks, values, attitudes or preferences may help to better understand the reasons why gender pay gaps exist. It is also possible that other explanations play a role, such as discrimination in hiring, firing, wage setting or promotion.

It is imperative that policymakers do as much as they can to create equal opportunity structures for men and women, including mothers and fathers, to ensure people are able to make the best decisions about work for themselves and their families, and to help achieve the goals of the current Government's new growth and opportunities missions.

Opportunities for future research

The self-reported job quality measures used here are the first of their kind to be included in Next Steps, providing researchers with the opportunity to explore the determinants and consequences of different job choices in a more holistic way.

Future research could explore how work experiences vary across groups, for example by ethnicity or socioeconomic background, the early life predictors of the types of jobs people do, the role of partner's work status and earnings in driving individual labour market and care choices, and what the implications of these experiences are for later outcomes.

About Next Steps

Next Steps, previously known as the Longitudinal Study of Young People in England, follows the lives of around 16,000 people in England born in 1989-90. The study has followed cohort members since secondary school, collecting information about cohort members' education and employment, economic circumstances, family life, physical and emotional health and wellbeing, social participation and attitudes. Next Steps began in 2004 when cohort members were aged 13/14, and was originally managed by the UK Department for Education. Since 2015, the study has been managed by the UCL Centre for Longitudinal Studies and funded by the Economic and Social Research Council.

How to cite this briefing paper

Wielgoszewska, B., Bryson, A., Crawford, C. and Joshi, H. (2024) *Women's pay and job quality: initial findings from Next Steps at age 32*. London: UCL Centre for Longitudinal Studies.

Acknowledgements

The Economic and Social Research Council funds the UCL Centre for Longitudinal Studies (CLS) Resource Centre (ES/W013142/1), which provides core support for the Next Steps study. These initial findings, and the future research these data will enable, would not be possible without the invaluable contributions of the Next Steps cohort members over many years. We are very grateful for their ongoing commitment to the study. This research was also supported by the Economic and Social Research Council under grant ES/S012583/1.

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Published in December 2024