

Why has the gap between male and female wages narrowed significantly?

In the past, there has always been a large 'wage gap' between males and females for social and governmental reasons however over time this gap has narrowed dramatically due to social preference, educational expanses and implementation of new laws calling for equal rights.

The standard of education of women has increased drastically. Women now outperform men at educational levels with an example being that 27% of women receive an A*-C grade at GCSE to men's 18%, this can account for a drop in the gender pay gap as those retiring and leaving the working population are being replaced by a more qualified population which are more desirable to employ, therefore with a rise in the educated population of women above that of males, there is more likely to be a rise in those women being employed by larger companies and earning wages above or on par with that of males in the future. However a gender gap in education still remains with men still likely to be more highly qualified than women which may be accounted for with less women 16%, receiving degrees, than males 18%. However for reasons previously outlined it is likely that if trends continue, women in the future will close the gap further to due the increasing standard of their current education and increasing marginal revenue productivity.

More women are also working for social reasons. For example, the opportunity cost of working compared to benefits may increase the incentive to work. Women may find that if they are in full-time employment they may be earning more compared to what they would be earning if they were on unemployment benefits. The same can be said in relation to children, as the opportunity cost of working may be greater than what they would be earning from child support. This may be accounted for by the increasing cost of a child, which creates a need for a larger income in a family, encouraging more women to work as well as men. Single maternal parents may also have to work longer hours in order to support their children.

On the other hand, many women could be seen to be putting off children or having no children at all in order to pursue a career. This is because the age at which women are most likely to progress up the career ladder is the same at which women are most likely to be economically inactive with children. This can be seen with a rise in the age of women having their first child, which is up from 27.3 in 1996 to 29.7 in 2006. The lifetime earnings of women are also affected by the putting off of children. Trends can be seen in recent data. Women with two children are less likely to earn as much as women with no children, but the women with no children are extremely close to the earnings of men. For example, in low skilled jobs the average lifetime earnings for a childless woman is 534000 compared to 731000 with men. The high skilled sector is also greatly affected, with the gap narrowed further with 11900000 for childless women compared to men's average lifetime earnings of 1333000.

The percentages of women in different jobs in the economy can also show some key trends, which can help explain the narrowing wage gap. In a lot of the higher paid jobs the position of women are becoming more and more evident, an example being 47% of all lawyers and solicitors are women. The executive company positions which were male dominated jobs, are now ones in which the concentration of women is increasing. For example in 1974, the concentration of women was just 1.8%, however this has risen 29.3% to 31.1% in 2004.

The causes of these high increases can be put down to the strengthening rights of women in the economy. An organisation that ensures this is the 'Equal Opportunities Commission'. It certifies that not only men and women are treated equally but also different races are given the same opportunities in the economy. It can be assumed that this organisations power have increased greatly since 1974 and therefore so has their influence on wage rates. The government have also intervened in other ways to ensure equal rights in the work place, one example being the 'Equal Pay Act' of 1970. The Equal Pay Act 1970 is an Act of the United Kingdom Parliament which prohibits any less favorable treatment between men and women in terms of pay and conditions of employment. It came into force on 29 December 1975. First of all, it ensured that the work done by the claimant is the same, or broadly the same, as the other employee. Secondly, that the work done by the claimant is of equal value to that of the other employee and lastly, that the work done by the claimant is rated the same as that of the other employee. Therefore this will narrow the wage gap, as those who were discriminated previously are now paid the same as men. The national minimum wage was introduced in 1998. National minimum wage means that many women who worked previously in lower skilled jobs such as cleaners now have to be paid a minimum, which is the same for the whole country. This wage may be more than what they were earning before hand and therefore a number of women will have their pay increased to the same minimum as men. A clear affect of this can be seen in the ratio of women's hourly pay to males from 1998 to 2005. Women wages are now much more equal to men in comparison to what they were in 1998. For example, in 1998, before the national minimum wage, the ratio was 80%, which has now risen to 87% by 2005.

Union density also has had some effect on the wage gap. The increased union density of women has lead to a better ability to negotiate wages. Their union density is now above men, with women in 2005 now having 30% compared to men's 29%. Although it is only 1% difference it still may account slightly for the narrowing of the wage gap.

Although the wage gap is narrowing, there still remains a gap between the wage of men and women. It may be that women have a lower geographical mobility in comparison to that of men, meaning that they are less willing to supply their labour to jobs which are situated further away. This may be because they have to look after children or cook for their family and are therefore unlikely to travel to far away from their home, unlike men who may supply their labour all over the country in order to receive a better wage. Many women may look at the opportunity cost of working in

comparison to their unemployment benefits, and may not see the gap as a large enough to want to supply themselves. However, it can be said that the wage gap has narrowed significantly in past three decades, due to changing social preference, government intervention and improved education for women.