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Gendered Income Inequalities in the UK: A Comparison Across Ethnic Groups

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Gendered Income Inequalities in the UK: A Comparison across Ethnic Groups

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1. Introduction and aims

Individual income inequalities between men and women are substantial and persistent. However, apart from certain analyses in relation to specific groups such as older men and women, the analysis of gendered income inequalities focuses predominantly on labour income, rather than on individual incomes from all sources. Such gendered inequalities in earned income are widely reported and accepted as indicative of wider gendered social structures. That is, they are typically presented as evidence of social stratification and trends in pay gaps are typically understood as revealing the extent to which gendered discrimination in employment is increasing or decreasing. However, they are only partial representations of gendered income inequalities since they only cover those in paid employment (and often focus only on those in full-time employment). To the extent that women moving into the labour market move into worse or better paid jobs, apparent trends in earnings inequality will be subject to changes in participation. In addition women, out of the labour market are also potentially subject to income inequalities relative to men. Thus to capture women's relative disadvantage a measure of income gaps is potentially more illuminating.

A further issue is that pay gaps or even income gaps are typically estimated at the mean or median. They thus summarise a whole distribution of income in one value. Yet that does not acknowledge the diversity of experience among women, nor that gaps may be particularly acute for women in specific positions, and that pay disadvantage and pay discrimination are not equivalent. Not only may pay gaps themselves be sensitive to changes in the distribution of men's rather than women's earnings, the issues facing women on different parts of the income distribution may be very different. There is not necessarily common cause across women in either their income experience or in the potential solutions to it. Another form of heterogeneity among women is that they come from different ethnic groups, which have been extensively linked to differential labour market and income positions. However, there is also difference within groups that has been disguised by their treatment as meaningful entities. This within-group diversity can also shed light on our understanding of the experience and prospects of the group.

Finally, inequalities are of concern in their own right; but it is also important to see them in the context of overall welfare. The implications of large gender inequalities among the badly off and the well-off bring different issues of preferences and also potential solutions and interventions to bear. As was noted in early debates on 'family wages' (Rowntree 1918; Rathbone 1924) women may calculate a trade-off between their own and their husband's earnings power; however, such calculations if they entrench differential incomes clearly increase 'dependence' and exacerbate the income challenges faced by single women (whether with children or not) (Cadbury et al. 1907).

Our paper therefore makes three main contributions: it explores gendered inequalities from the perspective of income rather than pay; it acknowledges and explores distributional issues and inequalities at different income points and across different ethnic groups, thus taking account of heterogeneity among women; and it relates income inequalities faced by women to their levels of household income, thus making it possible to evaluate them in relation to overall welfare and differential policy implications that arise from that.

To do this we pool a series of annual cross sectional data sets with detailed information both on income and the ethnic group of family members, alongside other information: *The Family Resources Survey* and its derived data set *Households Below Average Income*. This uniquely enables us to explore both individual and household income across men and women of

different ethnic groups, with sufficient sample sizes for detailed analysis. We describe the data in the next section (Section 2). This is followed by a more detailed discussion of the background and key features of ethnic minorities in the UK in Section 3, which provides the context for the analysis of gendered income inequalities that makes up the main substance of the paper in Sections 4 and 5. Section 6 briefly concludes.

2. Data Description

In this paper, we use data from the Family Resources Survey (FRS) and its derived dataset, Households Below Average Income (HBAI). The FRS is an annual cross-sectional survey which collects detailed information on income sources for a nationally representative sample of private households in the UK. It also collects information on socio-demographic characteristics including age, sex, ethnic group, occupation, educational qualification and labour market characteristics such as employment status, hours worked, wages, occupation, etc. The target sample size each year is around 24,000. In order to obtain analytical sample sizes for analysis of ethnic minority women, we pool data from seven consecutive waves (2003-04 to 2009-10). Due to differences in the coding of ethnic group for Northern Ireland we restrict the analysis to that of Great Britain only. As we use data from HBAI, which excludes partnered individuals whose partners are temporarily absent from the household, our analysis also excludes these individuals. Table 1 shows the distribution of the sample used in our analysis by gender and ethnic group. This corresponds to national estimates of these subpopulations across Great Britain.

Table 1: Distribution of sample by gender and ethnic group

	Male	Female	All	Female to Male Ratio
White British	125,884 (88.9%)	141,017 88.5%	266,901 88.7%	1.12
Indian	2,550 (1.8%)	2,613 (1.6%)	5,163 (1.7%)	1.02
Pakistani	1,538 (1.1%)	1,610 (1.0%)	3,148 (1.0%)	1.05
Bangladeshi	440 (0.3%)	492 (0.3%)	932 (0.3%)	1.12
Chinese	417 (0.3%)	556 (0.3%)	973 (0.3%)	1.33
Caribbean	1,161 (0.8%)	1,541 (1.0%)	2,702 (0.9%)	1.33
African	1,207 (0.9%)	1,573 (1.0%)	2,780 (0.9%)	1.30
Mixed	983 (0.7%)	1,179 (0.7%)	2,162 (0.7%)	1.20
Other	7358 (5.2%)	8694 (5.5%)	16052 (5.3%)	1.18
All groups	141,538	159,275	300,813	1.13

All statistics reported in this paper are weighted using sample weights which account for sampling design and non-response. These weights are designed to scale up the sample to the UK population.

All nominal figures are deflated by the consumer price index for October of the respective year (with October 2007 as the base year) using consumer price indices supplied by the Office of National Statistics (2011).

We use weekly individual income net of taxes as a measure of individual income. The different sources of income are earnings, self-employment income, disability and other benefit income, retirement pension income plus other pension incomes, investment income, working tax credit received as benefit and other sources of income including transfers and gifts.

As a measure of household income we use net equivalised weekly household income available in the FRS datasets. This figure is computed by adding up income, net of taxes, of all individuals in the household and then dividing it by the OECD equivalence factor for that household composition (which has a value of 1 for a single person with no children). Note this does not exclude housing costs.

When computing household level statistics for different ethnic groups we assign the ethnic group of household head of household to the entire household.

We compute different inequality measures using *ineqdeco*, a Stata user-defined program (version 2.0.2 Stephen P. Jenkins, May 2008).

3. Background and context

There is widespread recognition of women's occupational disadvantage and of gendered inequalities in work and specifically pay. The economic disadvantage in earnings faced by women is much discussed and the pay gap is frequently regarded as totemic of levels of gender stratification in society and the discrimination faced by women (see e.g. Perfect 2011). For example, the Fawcett Society in the UK campaigns explicitly around raw pay gaps as a measure of women's economic disadvantage and of labour market inequality; and the Woman and Work Commission report of 2006 (updated in 2009) implied that pay gaps represented systematic devaluation of women in the labour market. The Commission also equated pay *gaps* with low pay – or low income, thus divorcing them from the distribution and suggesting that the average could be extrapolated across women. After all pay gaps are typically measured at the mean or median, and are most often reported for full-time wages only.

While extensive analysis of pay gaps has shown the complexity of the factors that contribute to differences in average pay between men and women, including interruptions to participation due to mothering responsibilities (England 2005; Olsen et al. 2010), participation in part-time paid work (Manning and Petrongolo 2008) and occupational segregation (England 2005), common to most research on women's economic disadvantage is a willingness to accept labour market disadvantage as an adequate measure of gendered economic inequality, and to focus on the mean or midpoint (median) of the distribution.

On the other hand, those focusing on interrogating income inequalities between men and women, typically focus on the distribution of incomes within couples specifically, and the role of sharing or intra-household negotiation (e.g. Vogler and Pahl 1994). Though valuable in aiding our understanding of negotiations between those with different earning power, and enhancing our understanding of issues of autonomy and economic control, it leaves aggregate

inequalities encompassing single men and women and their relative positions within societies unexplored.

A focus on women's average labour income relative to men's or on household level distributions of income, may miss much of the complexity of how inequalities themselves affect different groups of men and women in different ways. The importance of intersections of gendered and ethnic inequalities are increasingly acknowledged. For example, Browne and Misra write that

Most sociologists...who study economic inequality readily acknowledge that any analysis of women that ignores race will be incomplete.... (Browne and Misra 2003: 487)

However, often for practical reasons to do with sample sizes, and lack of data which can take good account of varying work histories across ethnic groups as well as between men and women, economic inequalities at the intersection of gender and ethnicity have not received extensive attention (for partial UK exceptions see Platt 2006, Longhi and Platt 2008). Perfect (2011) highlighted the need for greater attention to pay gaps by ethnicity.

Examination of ethnic heterogeneity is both informative in itself and can shed light on the ways in which economic inequalities are influenced by issues of labour market selectivity and the different consequences of gendering of family responsibilities in households with different earnings (and income generation) potential across household members. For example Platt (2006) speculated that observed pay gaps across ethnic groups were driven by different average forms of household composition: where women could afford to be in low-paid / part-time work; where only full-time work was economically viable, and where (low) paid-employment was not, at the household level, necessarily an economically rational choice, and therefore paid work was rare, but well-remunerated for those women who undertook it.

Such ethnic differentiations thus draw valuable attention to potential differences in the implications of pay gaps, to their limitations as measures of overall economic well-being, and to the heterogeneity experienced by different 'groups' of women, where such groupings correspond to clear differences in average experience.

The UK's ethnic groups as measured by existing categorisations, provide a set of subpopulations where differences in average experience across a range of demographic and labour market experiences are relatively well defined (Platt 2007, 2011). Examination of variation across ethnic groups draws attention to three clear ways in which a focus on mean pay gaps is insufficient to capture gendered economic inequalities: labour market participation; relative household income position; and heterogeneity in the form of dispersion of incomes (income inequalities among women and within groups). Ethnic differentiation thus provides a way in to exploring broader understandings of gendered inequalities, based on individual and household income and recognising diversity of experience across groups.

First, a focus on labour income fails to consider all those who are not participating in the labour market. As the proportion of women not in paid employment (particularly full-time paid employment) varies by ethnic group, the proportion of women left out of this analysis of gender disadvantage is dramatically higher for some ethnic groups, such as Bangladeshi and Pakistani (see Figure 1).

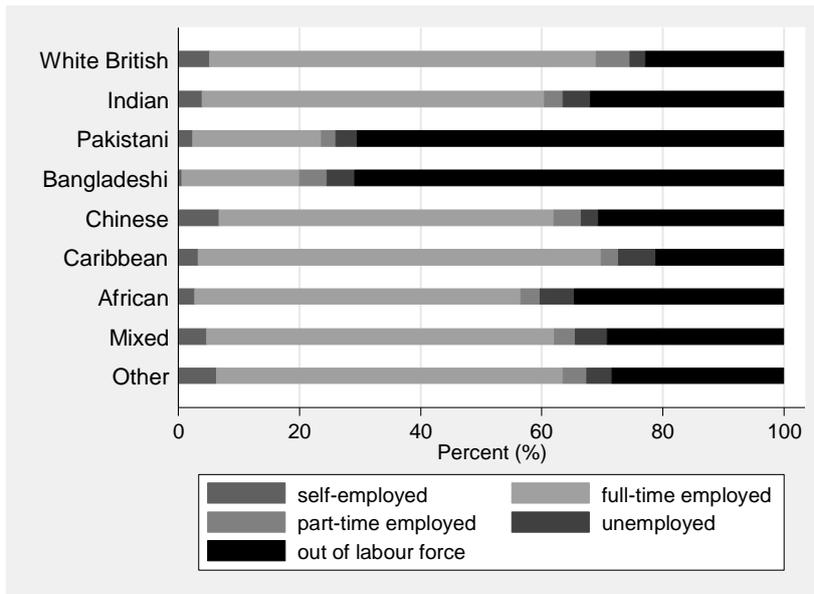


Figure 1: Employment status of working age women across different ethnic groups

This problem becomes even more acute when we consider women with children. In this case we have focused on the immediate, nuclear family and have identified women living with children less than 16 year old, whether in married or cohabiting couples (including same sex) or on their own.

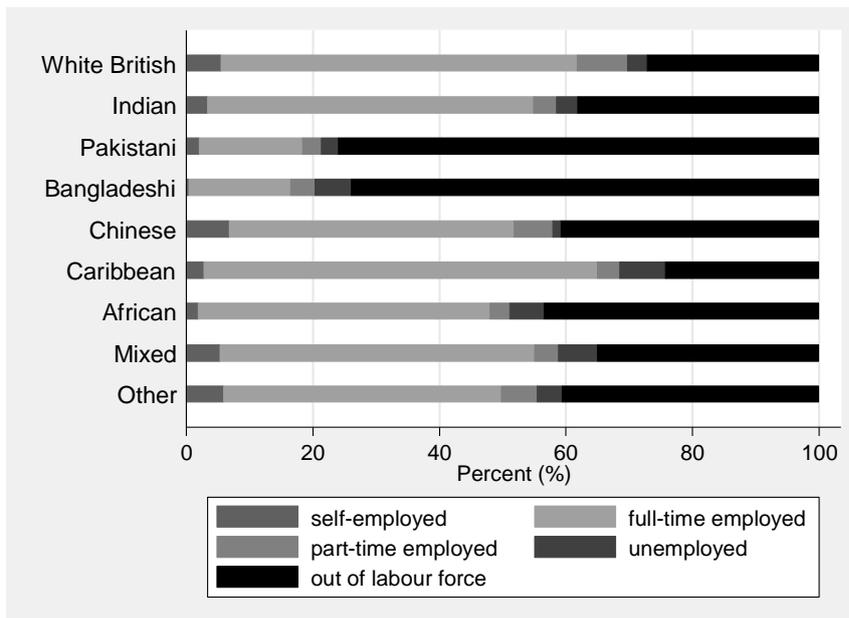


Figure 2: Employment status of working age women living with at least one child younger than 16 years of age across different ethnic groups

Working age men, on the other hand, are mostly engaged in the labour market and so pay gaps compare relatively unselected men (despite some differences across groups) with differentially selected groups of women (see Figure 3). Thus measurement of within group pay inequalities and pay inequalities relative to all men or White British men, is necessarily shaped by the different proportions actually in (full-time) work.

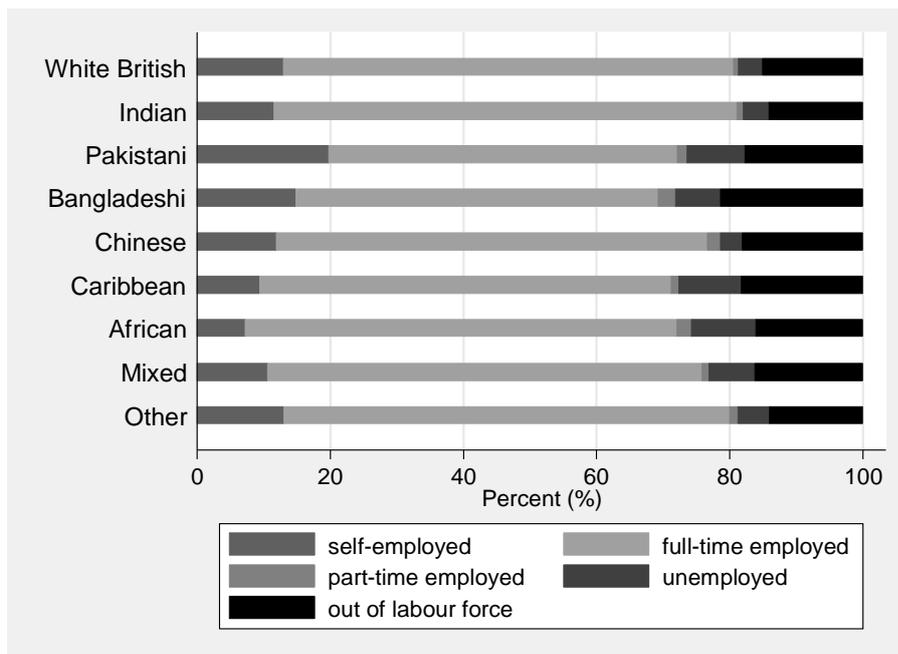


Figure 3: Employment status of working age men across different ethnic groups

Properly to explore gendered income inequalities and take account of (ethnic) heterogeneity among women in inequalities therefore requires that we consider available (individual) income and the inequalities in the distribution of income across all women, whether working or not, rather than restricting to those in full-time employment.

Second, gendered economic inequalities can be treated as significant whoever they affect. However, while it is pertinent to map and understand inequalities regardless of other dimensions of experience, we would argue that the *meaning* or interpretation of them differs with context. There is substantial evidence illustrating the much greater risks of poverty of some ethnic groups than others (Platt 2007); moreover (and related to this issue) the ways in which the same level of individual income translates into economic welfare depends on the demands made on it, e.g. by dependents. Family structure and demographic profile vary dramatically across ethnic groups (see Figures 4 and 5). Thus, it is relevant to consider how gendered inequalities intersect with household context and overall economic welfare. Low income inequality arguably has a very different meaning at a high level of economic welfare than at a low level.

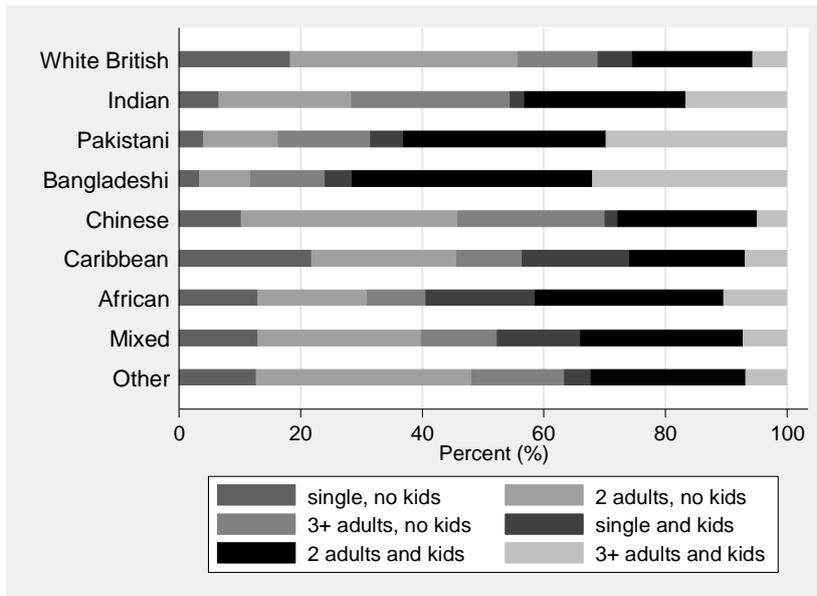


Figure 4: Household composition of women across different ethnic groups

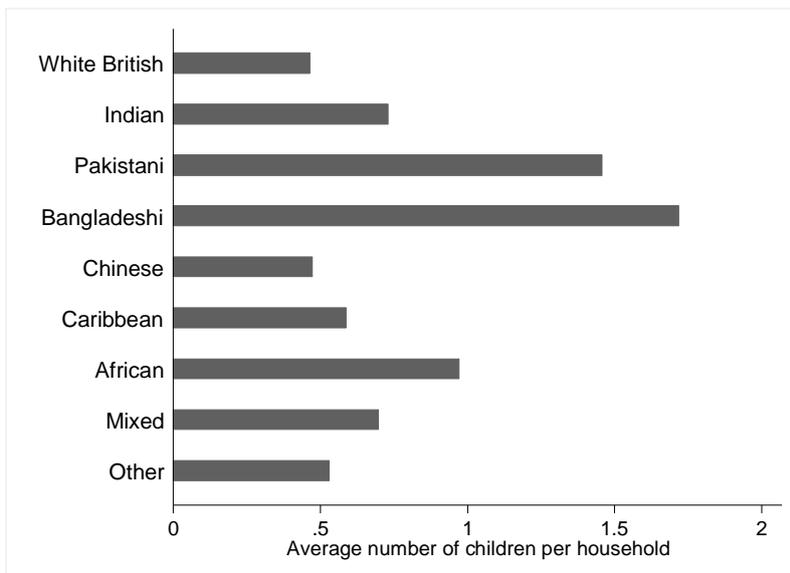


Figure 5: Average number of children per household across different ethnic groups

It may be little consolation for poor women that they face relatively little gendered income inequality, while there may also be little connection between the impact of gendered inequalities faced by low income women and high-earning women who are nevertheless surrounded by - or partnered with - even higher earning men. Not only whether but also who (in terms of earning capacity) women are partnered with will impact on their overall household level income. Thus looking at individual income gaps without reference to household income gives an incomplete picture of economic hardships faced by women. Since men's incomes also vary substantially at the mean across ethnic groups, patterns of ethnic heterogamy and homogamy, as well as family structure shape patterns of household income.

We can see in Figure 6, simplified patterns of partnership across the ethnic groups; while the consequence of these various intersecting demographic and income generation patterns is shown in Figure 7, which reveals the way adjusted household income differs markedly across ethnic groups in our sample. A clearer picture of economic hardships faced by some groups is

depicted in Figure 8 which shows the relative poverty rate (proportion with household incomes below the relative poverty line which is 60% of the median household income) by ethnic groups.

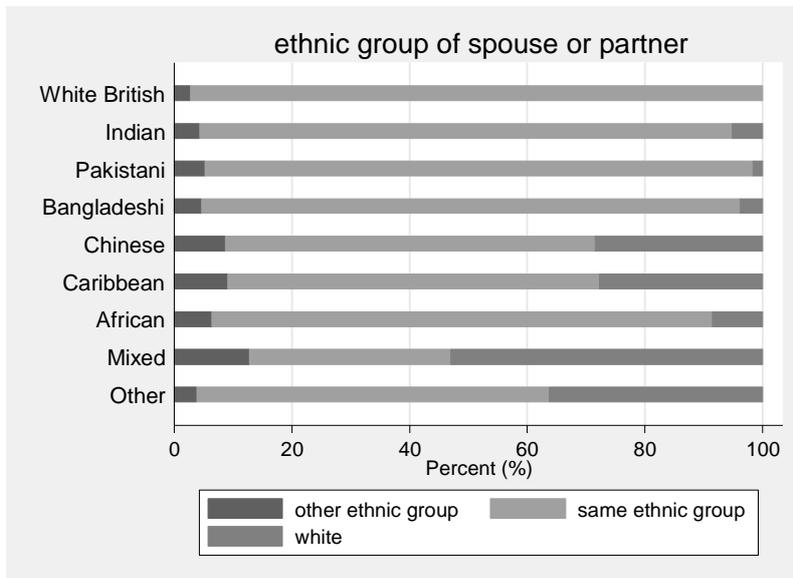


Figure 6: Ethnic group of the partner or spouse of women in different ethnic groups

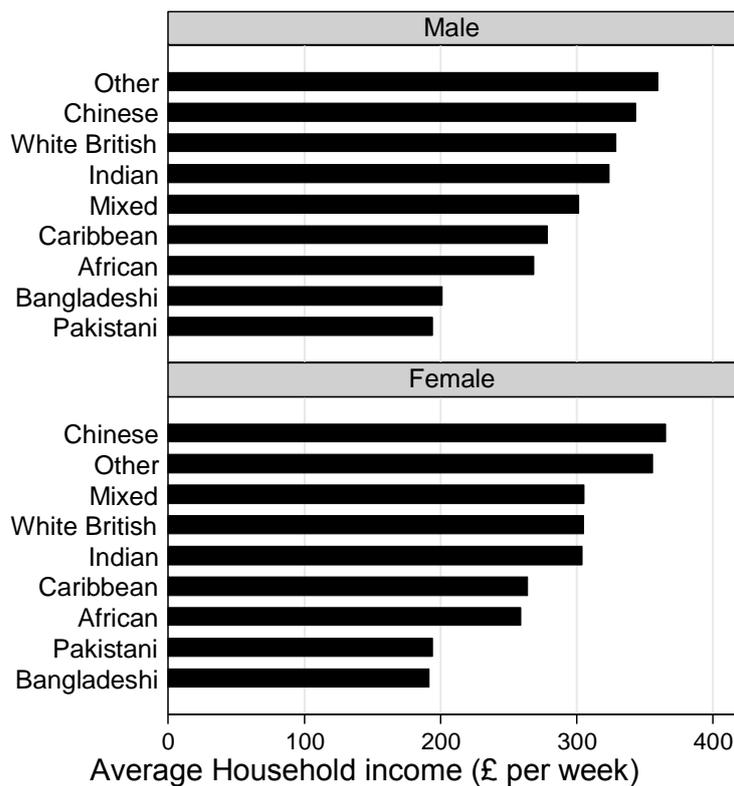


Figure 7: Adjusted household income of men and women by ethnic group

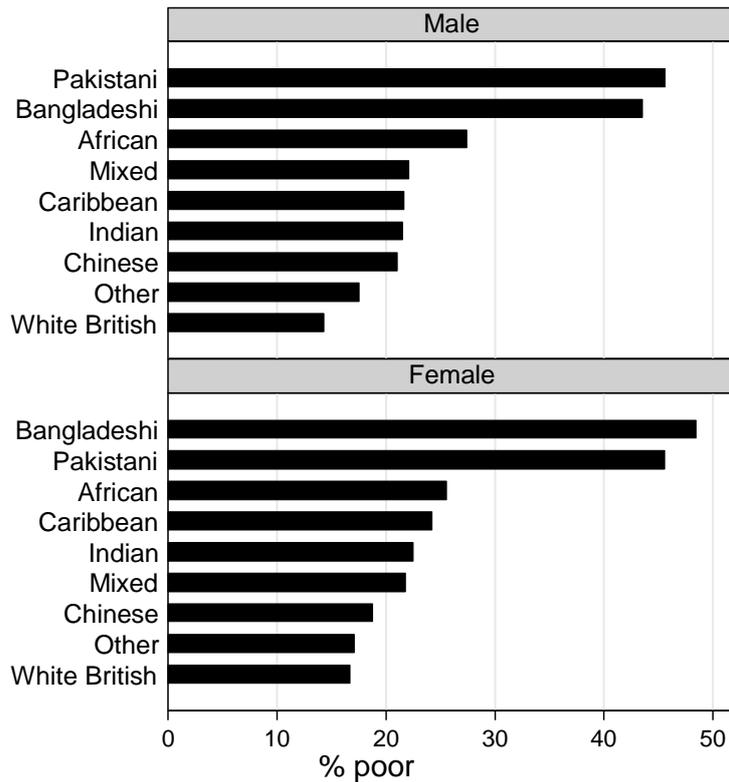


Figure 8: Proportion poor among men and women of different ethnic group

Note: An individual is identified as poor if she/he lives in a household with household income below the relative poverty line (which is 60% of the median household income).

Inequalities at both high and lower levels of household income are worthy of attention, but they may have different impacts on wellbeing as well as different policy implications. We would argue that women’s individual incomes and lower gender income gaps are an indication of relative financial control or autonomy while household income is a better indicator of their economic security and material wellbeing.

We thus present a way to map the different forms of experience by both individual income and household income. Our interpretation of these results may differ therefore according to whether gender or ethnic inequalities are a dominant concern, and thus may imply that a more sensitive, and intersectional (Phoenix and Pattynama 2006), approach to gender inequalities is necessary if we are to properly allow for the heterogeneity and group differences in women’s experience.

Thirdly, while there are distinct differences in women’s average experience according to ethnic group, there is also great variation both in women’s individual and household incomes, even within groups. Moreover, we know that the extent of such dispersion in income varies by ethnic group, with more compressed incomes among some ethnic groups (such as Caribbean) and more dispersed incomes among others (such as Chinese) even bringing into contention whether they might be considered to represent a ‘group’ at all (Hills et al. 2010; Nandi and Platt 2011). Thus, paying attention to ethnicity also draws our attention to variation in the potential for inequalities between the sexes to account for group level inequalities and vice versa.

Therefore, this paper between men and women intersect with inequalities among different groups of men and women, specifically different ethnic groups. We provide an analysis of ethnic differences in income inequalities in the UK, we relate these to measures of household income defining different degrees of overall economic wellbeing and we look at inequalities across the distribution among groups of women.

4. Income Gaps

Following on from the approach to estimating gender pay gaps, we calculate income gaps for women. We start by illustrating for the different ethnic groups, the different scale and pattern of gaps obtained by comparing average individual income gaps across men and women with pay gaps for the different ethnic groups. We compare these gaps for women both vis-à-vis men in the same ethnic group as well as against the majority group of White British men (see Table 2). Since incomes are measured weekly we also compute weekly pay gaps. A recent report by the Equalities and Human Rights Commission on gender pay gaps finds the gender weekly pay gap for full-time employed men and women in Great Britain was 21.5 per cent in 2010 (Perfect 2011). These figures are derived from the Annual Survey of Hours and Earnings (ASHE). Defining full-time on the basis of 35 hours or more per week, our estimate of the full-time gender (weekly) pay gap in the FRS is a comparable 22.2 per cent. These weekly pay gaps are higher than those reported on an hourly basis. This is because women, even if full-time work, tend to work fewer hours than men. Thus their take-home pay is lower than we might expect from a comparison of hourly earnings.

Table 2: Gender (mean weekly) wage and income gaps¹ across different ethnic groups³

	Women's full-time weekly pay gaps ²		Women's weekly individual income gaps	
	Same ethnic group	White British	Same ethnic group	White British
All	22.2%	22.1%	35.4%	36.0%
White British	22.9%	22.9%	35.9%	35.9%
Indian	24.9%	19.7%	39.5%	43.0%
Pakistani	10.4%	25.8%	42.6%	61.9%
Bangladeshi	-4.9%	17.6%	36.6%	58.9%
Chinese	16.6%	3.0%	22.3%	24.2%
Caribbean	9.4%	17.2%	-0.3%	24.4%
African	8.7%	18.4%	11.8%	30.1%
Mixed	17.3%	19.5%	18.6%	30.8%
Other	20.9%	16.6%	35.9%	33.1%

Note:

¹Weekly pay gap is computed as $100 - (\text{Mean weekly pay of women in specific ethnic group} / \text{Mean weekly pay of comparison group}) \times 100$. Income gaps are calculated in the same way.

²Full-time employed consists of those whose employment status is full-time employed and who work 35 hours or more per week

³Top 1% of weekly wages of full-time and part-time employees are top-coded by their 99th percentile.

Since, as we have seen, a substantial proportion of women do not participate in the labour market, those who do are a selected sample. Women in ethnic groups with very low female employment rates, such as Bangladeshi and Pakistani groups, are more highly selected and thus it is perhaps not surprising that mean weekly pay for full-time employed Bangladeshi women is higher than that of full-time employed (and low paid on average) Bangladeshi men (see Table 2). Nevertheless, they still face a substantial pay gap relative to majority group men. However, when we turn to look at income gaps, which include those women not in the labour market, the gaps increase substantially. With the exception of Caribbean women, the gaps are higher for comparisons with men from the same ethnic group as well as with majority White British men. Chinese and Caribbean women experience the least disadvantage vis-à-vis White British men and Pakistani and Bangladeshi women the most. Compared to

men of the same ethnic group, African and Caribbean women are the least disadvantaged and Pakistani and Bangladeshi women the most.

The lack of an individual income gap for Caribbean women reflects first that men in full-time employment are relatively more selected than for other groups, through relatively high unemployment rates and second that Caribbean women in employment are relatively less selected give high rates of full-time participation. Thus including non-employed women does not suppress Caribbean women’s incomes as much as for other women, and including non-employed men in the reference category suppresses their average more than for other groups. An additional factor is likely to be the fact that Caribbean women have the highest rates of lone-parenthood, and thus those mothers not in the labour market are more likely to be the sole recipients of child-related benefits that might otherwise be attributed in whole or in part to the partner.

We can see this more clearly in Figure 9, which shows the individual incomes of men and women by ethnic group, ranked from the highest to the lowest.

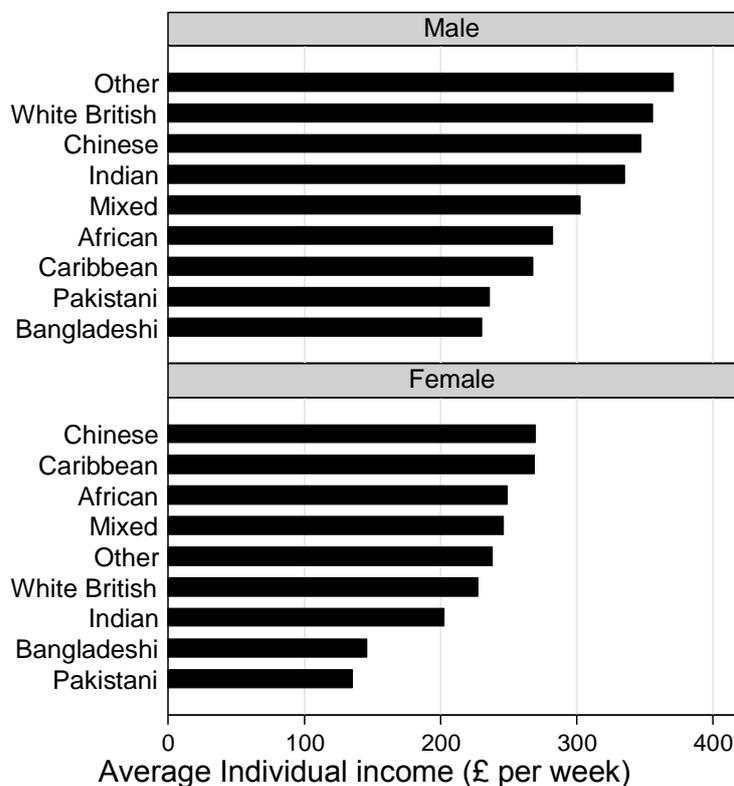


Figure 9: Individual income of men and women by ethnic group

The economic wellbeing of men is strongly related to their own earnings but the wellbeing of women is not necessarily so. However, note this is less true of retired men in middle income households (see Table 3). While women of some ethnic groups have comparatively low average or median individual incomes, this does not necessarily imply that their household incomes are low. In order to understand the implications of these income gaps better, we first explore the distribution of women according to whether they are in the lower, middle or

higher end of household incomes and the extent to which this corresponds to their individual income position.

Table 3: Comparing patterns of individual and household income of all men with that of retired men

	All men			Retired men		
	Low household income	Medium household income	High household income	Low household income	Medium household income	High household income
Among those with						
Low individual income	64.1%	30.8%	5.1%	79.5%	19.3%	1.3%
Medium individual income	23.7%	64.7%	11.6%	34.8%	62.8%	2.4%
High individual income	1.8%	40.2%	58.0%	0.4%	44.3%	55.4%

As in our earlier discussion, if we conceive of individual income as a measure of autonomy and household income as a measure of welfare, then the optimum position might be where women have medium or high levels of autonomy combined with medium or high levels of welfare. Autonomy on a low income may just translate into additional stress; while lack of control over individual income, even if accompanied by a high current level of income may translate into dependence. How all women and those from different ethnic groups are distributed across the household incomes according to their individual income is illustrated in Tables 4 and 5. First, Table 4 gives the cell proportions.

Table 4: Individual and household income position of women across different ethnic groups, cell percentages

	Household Income – Individual Income								
	Low-Low	Low-Medium	Low-High	Medium-Low	Medium-Medium	Medium-High	High-Low	High-Medium	High-High
White British	13.8	11.7	0.4	15.0	31.2	4.8	3.3	9.3	10.5
Indian	21.3	8.3	0.4	18.2	23.1	4.5	5.2	7.9	11.2
Pakistani	43.6	17.9	1.1	16.3	12.3	2.9	2.1	1.3	2.6
Bangladeshi	40.2	20.9	0.8	15.9	14.1	2.8	0.6	1.7	3.1
Chinese	17.6	7.0	0.3	13.5	23.9	4.5	5.1	8.6	19.6
Caribbean	15.3	17.6	0.9	7.7	28.4	12.8	1.8	4.8	10.6
African	18.2	16.7	2.3	10.4	25.1	10.7	1.3	4.7	10.8
Mixed	14.7	15.1	1.1	12.2	26.5	7.8	3.2	7.4	12.1
Other	15.8	8.4	0.4	14.8	25.0	4.9	5.4	10.1	15.2

We find that Bangladeshi and Pakistani women are most likely to have low individual as well as household incomes. This indicates that on average non-working women are partnering with relatively low earning men, and thus achieving neither economic welfare nor autonomy. On the other end of the spectrum are Chinese women, one fifth of whom have high individual as well as high household incomes. These women will be earning highly in their own right but also are likely to be partnered with well-paid men. White British and Indian women are more likely to have low or medium individual income but high household incomes. They translate therefore more into the ‘dependency’ model, while Caribbean and African women, on the other hand, are more likely to have high individual income but medium household incomes, more on the autonomy model.

Table 5 gives a clearer picture of the relationship between individual and household incomes, but looking at the shares within each individual income group who are in each household income group. We see that, 70 per cent of Bangladeshi and Pakistani women with low individual incomes are also likely to have low household income compared to less than 50 per cent for White British, Indian, Mixed and Other groups. Women with low individual incomes in these latter groups are also most likely to have high household income – around 10 to 14 per cent. On the other hand, even among that small proportion of Pakistani and Bangladeshi women with high individual incomes, nearly 10 per cent have low household income nevertheless, whereas by contrast, 77 per cent of Chinese women with high individual incomes have a high household income and almost none live in low income households.

Table 5: Distribution of household income for women with low, medium or high individual income across different ethnic groups

	Among women with low individual income, proportion of women whose household income is			Among women with medium individual income, proportion of women whose household income is			Among women with high individual income, proportion of women whose household income is		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
White British	44.2	46.4	9.5	24.3	59.7	16.0	3.1	33.5	63.5
Indian	49.4	39.9	10.7	23.4	58.5	18.1	2.7	30.6	66.8
Pakistani	70.8	26.7	3.5	58.9	37.8	3.6	19.3	46.2	34.5
Bangladeshi	75.4	23.5	1.1	60.7	35.6	3.7	17.2	41.4	41.4
Chinese	52.3	35.0	12.7	21.7	59.9	18.4	1.6	21.7	76.7
Caribbean	63.4	30.4	6.2	36.9	54.9	8.3	4.3	55.7	40.1
African	63.2	32.7	4.1	41.7	50.6	7.7	12.9	48.9	38.2
Mixed	50.2	39.6	10.3	33.7	52.4	13.9	5.5	40.8	53.8
Other	45.4	40.9	13.7	22.4	57.5	20.0	2.7	26.9	70.4

Having illustrated the different patterns of individual and household income and which are dominant for the different ethnic groups, it is then instructive to ascertain what are the gendered inequalities faced at the different levels of household income, and how they map on to these patterns of Prevalence. Table 6 shows that, across the board, income gaps are the smallest in the worst off households and largest in the best off households. This might be seen not only as expected by theories of the ‘glass ceiling’ (though contra this see Bihagen and Ohls 2006), but also to some degree reassuring in that low income tallies with lower inequalities and thus is to a certain extent a consequence of the similarity of income generation opportunities within couples or between single men and women. However, when we look across ethnic groups, we find that for Pakistani and Bangladeshi women who are heavily concentrated in the low household income group, their income gaps are substantial and similar to those in the high household income group. We also see how Caribbean women’s relative advantage in terms of individual income gaps is heavily concentrated among those in low income households and to a lesser extent middle income households. It is therefore important to consider these distributional issues when moving towards normative evaluations of income gaps and their relative size.

Table 6: Individual income gender gaps across by ethnic groups for low, middle and high income households

	Low Income households		Medium Income households		High Income households	
	Men and women of same ethnic group	Women of specific ethnic group and White British men	Men and women of same ethnic group	Women of specific ethnic group and White British men	Men and women of same ethnic group	Women of specific ethnic group and White British men
ALL	7.4%	7.5%	29.4%	29.7%	40.2%	40.1%
White British	5.5%	5.5%	29.7%	29.7%	40.7%	40.7%
Indian	30.9%	31.2%	35.0%	37.7%	41.2%	42.3%
Pakistani	35.6%	28.5%	46.0%	45.6%	47.0%	40.9%
Bangladeshi	30.9%	21.3%	38.0%	44.6%	30.2%	27.8%
Chinese	17.9%	32.9%	26.0%	31.3%	27.0%	24.6%
Caribbean	-17.8%	-8.0%	-8.3%	4.8%	7.1%	27.3%
African	-10.5%	-6.6%	10.9%	14.2%	22.5%	28.7%
Mixed	-27.9%	-5.3%	17.5%	22.2%	27.2%	35.6%
Other	22.3%	23.9%	30.0%	32.5%	41.4%	37.9%

This table clearly shows that ignoring differences among women and concentrating on group mean or median values, gives an incomplete picture of the economic disadvantage faced by women. In the next section we take this issue of distribution one stage further by explicitly exploring income inequalities among and across women.

5. Patterns of inequality in income

Income gaps discussed in the last section give a partial picture of income inequalities experienced by women. To the extent that the within group inequalities are low, mean income gaps are quite useful as measures of gender inequality. But this may not be the case. In this section we take a look at the actual measures of inequality among and between men and women, and their variation across levels of income, to enhance our understanding and interpretation of patterns of income and income inequalities.

We continue to use income gaps as replicating the emphasis on pay gaps in the earnings literature and use mean log deviation as a measure of inequality. There are two points to be made here. First, that the extent of income inequality both among women and, more particularly, between men and women has a different interpretation at different levels of overall income or 'welfare', as defined in household income terms. First, looking at inequalities among women both overall and by income banding: greater inequalities by ethnic group can be interpreted as suggesting that the 'group' is potentially less meaningfully defined, in that the life experiences of those at top bottom may be so different as to render such grouping irrelevant. Secondly, in the context of a high income inequality society, such as the UK, the fact of lower inequalities for some groups is not necessarily a positive: it may suggest highly compressed, and therefore attenuated incomes and therefore that the prospects for the group are more limited than for the population as a whole. So what might be considered a 'positive' if experienced at a population level, may be considered a negative when affecting only some groups (cf. Platt 2005).

Differential individual income inequalities between men and women at different household income levels indicate different approaches to addressing such inequalities. At the lower income end, high inequalities are likely to be driven by non-employment (i.e. often zero or low incomes among women), while at the higher end, they highlight the problems of ‘glass ceilings’ and the complex issues surrounding how to evaluate success in attaining a high-earning position, while not achieving on the level of male counterparts (Hagan 1990). Although at the higher end, the inequalities may also be driven, albeit to a lesser extent, by zero incomes of not employed women in partnership with high income men. For this high income group, we might hypothesise that they will face lower within-sex inequalities, because they are likely to be in work and doing relatively well, but without the extreme incomes that cause men to have such highly polarised incomes; but that the between-sex contribution will be relatively high, indicating that they are not attaining to the range of incomes that characterise male high and very high earners.

Tables 7 and 8, below, illustrate the patterns relative to these hypotheses, using the measure of mean log deviation, as our preferred measure of inequality.

Ethnic group	Women				Men			
	Household income				Household income			
	All	High	Middle	Low	All	High	Middle	Low
All	0.43	0.36	0.30	0.47	0.44	0.27	0.21	0.54
White British	0.39	0.33	0.27	0.39	0.41	0.27	0.20	0.49
Indian	0.83	0.61	0.66	0.87	0.61	0.29	0.31	0.84
Pakistani	0.99	0.95	0.82	0.96	0.68	0.18	0.35	0.71
Bangladeshi	0.78	0.25	0.74	0.72	0.60	0.46	0.35	0.62
Chinese	0.84	0.58	0.48	1.06	0.66	0.16	0.38	0.89
Caribbean	0.39	0.36	0.26	0.37	0.53	0.31	0.30	0.66
African	0.67	0.29	0.47	0.88	0.69	0.39	0.33	0.89
Mixed	0.55	0.42	0.40	0.65	0.68	0.35	0.31	0.95
Other	0.74	0.53	0.53	0.92	0.58	0.30	0.29	0.77

Table 7 shows how income inequality does vary quite substantially across ethnic groups. It also shows how women’s incomes are most compressed in the middle household income category and most dispersed in the lowest household income category. This is because those with low household incomes will include a higher proportion of women with zero income but also women who are sole earners with reasonable incomes at the individual level, but supporting others (particularly lone mothers) and whose household resources are therefore low. Inequality among those in the high household income group are higher than middle incomes but lower than those who have low incomes, suggesting that there is potentially some compression of incomes for those in this relatively favourable position. Although households with high incomes are also likely to have high income men partnered with low income women, at least for some groups, which also contributes to higher inequality than those in middle income households. Figure 10 illustrates these differences in individual income inequality for women in low, middle and high income households.

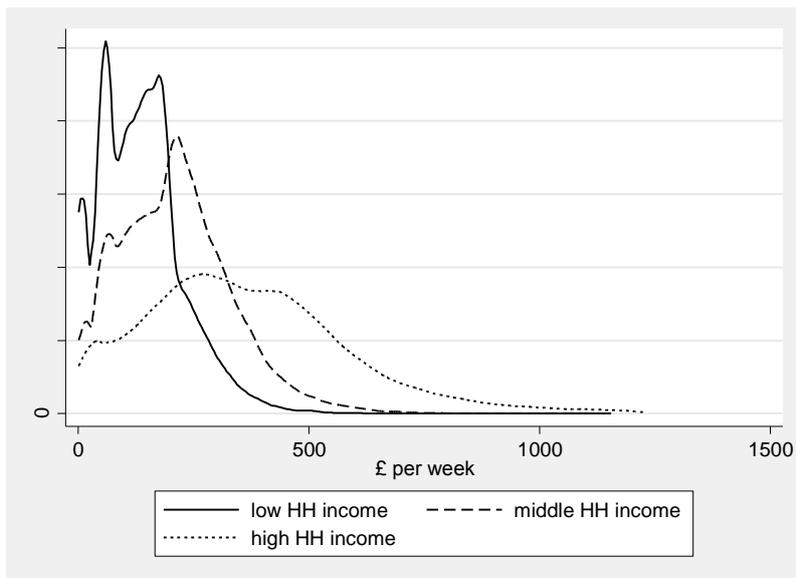


Figure 10: Distribution of women's individual income for those in low, middle and high income households

Note: The kernel densities shown above exclude incomes above the 99th percentile

Interestingly, inequalities are lower among those in high compared to middle income families for Bangladeshi and Black African families, indicating highly compressed individual incomes among those who are relatively well off in this group, and thus, potentially some sort of restriction on very high earnings. Overall, incomes of Pakistani and Bangladeshi women are one of the most dispersed but also with the lowest means. This reflects the huge proportion of women with zero incomes within these groups and tallies with the high individual income gender gaps for low income Bangladeshi and Pakistani households.

Contrary to our expectations, individual income inequality among men in high income households is lower than that among women in such households, except for Bangladeshi and Black African families (with the lowest inequality among women, though also small numbers in this position). This is again possibly driven by the low or zero incomes of women who are in partnerships with high income men in these households, and very high income earning women (single or in partnerships with high income men). Figure 11 shows the distribution of individual income for men in low, middle and high income households. It is clear from this and Figure 10 that incomes of men in high income households are less skewed than women in these households, where a much higher proportion of women have low incomes.

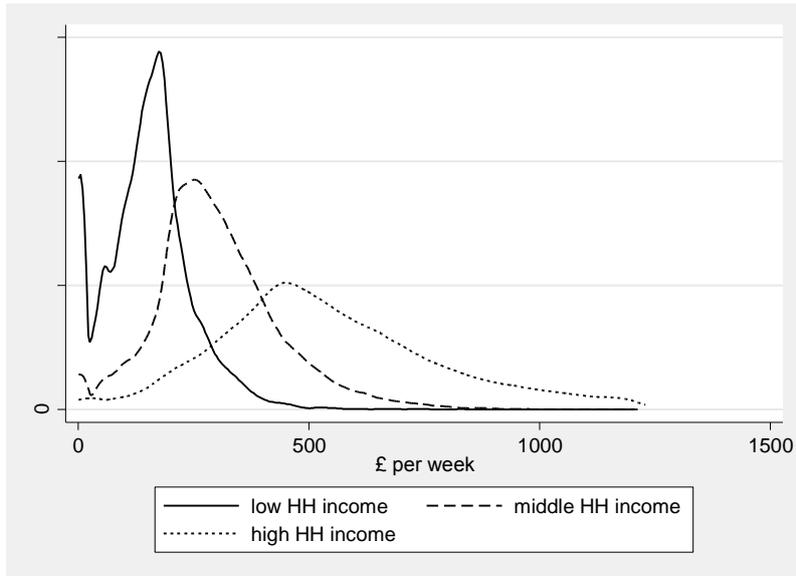


Figure 11: Distribution of men’s individual income for those in low, middle and high income households

Note: The kernel densities shown above exclude incomes above the 99th percentile

Now that we have shown the need to be cautious about interpreting gender income gaps, especially for some groups, we move on to ask how much of the overall income inequalities within each ethnic-household income group can be explained by the inequalities between men and women. That is, if incomes of men and women were set to their group mean, how much inequality would there be; or, conversely, how much would equalising the incomes of men and women address overall inequality. Specifically, we want to see whether gender inequality contributes a higher share of overall inequality among the high income households. We could interpret such a finding as reflecting a combination of negative assortative matching on income and glass ceiling effects for women. Table 8 identifies the share of overall inequality that is ‘explained’ by between sex differences. Given the dispersion in incomes, this is only a small proportion in any case, but it does vary across income and ethnic groups.

Table 8: Between-sex inequalities: % of overall income inequalities accounted for by between-sex component

Ethnic group	All households	High income households	Middle income households	Low income households
All groups	5.2	9.3	5.5	0.3
White British	5.9	10.0	6.1	0.3
Indian	4.2	7.2	4.5	1.9
Pakistani	4.3	8.2	7.3	2.7
Bangladeshi	3.6	4.1	4.9	2.6
Chinese	1.0	2.9	2.4	0.5
Caribbean	0	0.2	0.3	0.6
African	0.3	2.3	0.4	0.1
Mixed	0.9	3.1	1.3	0.9
Other	3.6	7.8	3.6	0.9

We do find higher between sex inequalities in higher income households, except for Chinese and Black Caribbean groups. Gender inequalities contribute little to overall inequality in low income households. Income inequalities within this group are barely influenced, far less

driven by, gendered inequalities. Equalising the position of low income women with the distribution of incomes of low income men, will do little to improve their economic welfare on average. At the other end of the spectrum, for women in higher income households, while they experience a better standard of living there are substantial remaining inequalities in their position relative to men who are economically well-off. This is consistent with the higher individual income gender gaps we found among high income households. For better off women, addressing gendered income inequalities may be best tackled by reductions in income inequalities overall and the suppression of very high earnings. This is unlikely to reduce their welfare, and may actually increase their relative autonomy within couple households as well as between individual men and women.

5. Conclusions

Individual income reflects employment opportunities (affected both by child-rearing responsibilities and expected pay), pay if employed and economic assistance from the state. In this paper, we have highlighted the need to look at this overall income gender gap rather than concentrate only on gender pay gaps, if we are more fully to understand gendered economic inequalities, and how they differ across population subgroups. We have also shown that women in different ethnic groups and income classes have very different experiences, and that these varying inequalities have rather different policy implications, according to where they occur.

Specifically, we have shown that gender gaps for individual income are much higher than gender pay gaps; and that this is true for all ethnic groups except for Black Caribbeans, who have the lowest individual income gender gaps. Part of the difference between pay and individual income gaps is driven by zero or very low incomes of non-employed women. Thus pay gaps underestimate the relative income position of women relative to men and additionally, it is potentially misleading about the relative income inequalities faced by different groups of women. For example, not only is the proportion not employed higher among women, but it is extremely high among Pakistani and Bangladeshi groups. This means that, for these groups in particular, gender pay gaps compare almost all men with a very select sample of women (women for whom employment opportunities were such that it was optimal to be employed rather than stay at home).

We also suggested that gendered economic inequalities should be considered both in relation to their severity or extent but also in relation to whether they occurred in situations of relatively high or relatively low welfare. The implication of high or low economic inequalities is likely to be different at higher and lower incomes. We found that income gender gaps were lowest among low income households and highest among high income households. This may reflect some form of glass ceiling effects for relatively well-off women. But it should also be considered as indicative of negative assortative matching on income, that may possibly arise as a reflection of some women with highly paid partners 'choosing' to forego full-time or more highly paid work while they can nevertheless enjoy a high standard of living. The implications of such 'choices' are very different from those that result from well-paid professional women who nevertheless face a glass ceiling in employment. The finding is also reflected in between sex inequalities being highest among high income households, but not for all ethnic groups (exceptions are Chinese and Black Caribbean).

The fact that the within-sex inequalities within the high income group are substantial but not as high as among low-income women, indicates that there are far fewer women at this level of household income with zero or very low incomes, but nevertheless there is great diversity in the levels of overall economic independence.

Using an 'ethnic group' lens to explore gendered economic inequalities highlighted pertinent aspects of the experiences of groups as well as more general issues about exploring and subsuming the experience of subpopulations in aggregate statistics. For example, in relation to the later point, among the Chinese group of women we found that they had highly dispersed incomes, reflected in high within-group inequalities. However, at each income level they had low between-sex inequalities, indicating that economically the experience of their individual incomes mapped onto that of men at each level. This suggests that conceiving of this group as a single 'group' may be misleading and that in fact it is a relatively segmented population. In terms of reflecting adequately the economic experience of particular women the position of Black Caribbean women was quite telling. This group experiences the least disadvantage compared to Caribbean men, particularly within low income households where they experience an advantage. In fact, they have the second highest mean individual incomes compared to women in other ethnic groups. However, this income advantage is not translated into higher economic well-being. With the highest proportion of single mothers, and on average lower incomes among their partners, there are high proportions of this group living in low income households. Thus looking at the differential experience of groups also reveals how addressing gendered income inequalities is only part of addressing economic disadvantage of women relating to their structural position as carers of children, and the rewards that women do manage to achieve in the labour market may not give them the family level returns that might be implied by a focus on their pay.

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