

The Impact of Austerity on Women in the Labour Market in the UK With reference to Equality

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This paper argues that women in the UK have been disproportionately affected by recent austerity measures and cuts to public service budgets, and looks at the growing inequality in respect of gender.

The paper looks at the importance of women's work and looks at where women work (2) and the importance of equality recognition.

It considers the continuing and growing inequality in women's position in the labour market and in society as a whole despite 40 plus years of equality and anti discrimination legislation in the UK. It looks at women's greater reliance on public services and argues that taken as a whole the impact of austerity measures and cuts to the public sector budgets, resulting in unprecedented job losses has had a greater impact on women within the context of the austerity climate in the UK public sector.

Women and Work: Where Women Work

The UK has moved from an industrial manufacturing based employment economy to a mostly service sector employment and post war job creation has been in the service sector which includes both private and public sectors. The difference in scale of private sector organisations, ranging from small scale family employer to multinational organisations and with that, opportunities for employment, job security, career development and training and terms and conditions of employment is vast. Within the service sector there is a significant difference in employment from well paid highly skilled professional career jobs in the primary segment to low grade often part time vulnerable employment in the secondary segment, mainly done by women.

Women comprise almost half of the working population. Around 75% of all employees in the UK work in the private sector, and 45% of working women work in the private sector, compared to 22% of working women who work in the public sector. 29% of women are economically inactive ie not seeking outside paid employment. This is generally explained due to the greater number of women whose primary role is unpaid work in the domestic household caring for children and increasingly older dependents as well as home making responsibilities. Added to this three times as many women as men work in part time jobs, women make up 75% of part time workers and of all women in outside employment about 44% work part time. Again this is largely attributable to women's household caring responsibilities and the need to balance part time paid employment to contribute to the household income, the need to care for children and other dependents and the actual cost of childcare. Working households in the UK spend about one third of their household income on childcare. For many women, therefore as explained, part time work is not a choice. The Women and Work Commission (2006) found that the economy loses between £15-23bn each year through women working at below capacity and capability (Women and Work Commission 2006 Shaping a Fairer Future DTI). Research by BIS in 2012 found that almost 50% of women professionals who take up part time jobs often as a result of returning to work after childbirth take up part time employment in low skill jobs and often nearer to home (Working Families Response to BIS Inquiry into Women in the Workplace Nov 2012). More women than men work part time, and part time work, even in the public sector where lower graded jobs are generally higher paid than the private sector, is generally lower paid pro rata than full time work.

In terms of job opportunities women are described as being trapped between the sticky floor and glass ceiling. Despite seventy plus years of anti discriminatory legislation and equality policies women continue to work largely within gender segregated jobs characterized loosely as the 5 Cs namely: caring, cleaning,

catering, clerical and commercial/cash related jobs, which some argue these mirror the roles women perform in the private household. For example women make up 97% of secretaries and 91% of those working in care services and 85% of all primary and nursery teachers. Even where women and men are in the same profession/work sector, women are to be found predominately in the lowest grades, except in office management where women comprise over 60% but mainly in HR, personnel and training, and in health and social services where 73% of managers are women. In general women account for only 31% of managers. More women are in low paid work across the board than men and in 2010 28% of women workers were low paid. Women constitute 62% of those in low pay and often insecure work (Resolution Foundation 2013 Beyond the Bottom Line Challenges and Opportunities of a Living Wage). Almost 30% of working women, work fewer hours than they want to due to the lack of full time and permanent jobs, and the proliferation of low paid, casualised, insecure employment including zero hours contract, mostly in jobs in the private sector. (Fawcett Society and Questions in the House 2015) and the lack of well paid quality part time jobs. In general there is an increase in what has been termed underemployment ie working in part time and temporary positions because there are not enough full time or permanent jobs, however more women are affected by underemployment than men (TUC Underemployment Crisis 2013) Furthermore women continue to experience a gender pay gap and this is currently a full time gender pay gap of 14.9%.

The importance of women's work and where women work:

Women's participation in outside paid employment matters to women themselves and to the economy as a whole. Women access to paid employment matters to women's sense of independence, to their personal development and for many women it is their opportunity to progress personally and professionally. For many women participation in outside paid employment is vital to the family and household income and for the family survival. Without the woman's contribution to the household budget many families would be either in debt or living in poverty notably because of falls in income from male wages over recent years and increased unemployment amongst males. For lone parent families, 92% of whom are women, many are likely to live below the poverty line. (ONS Social Trends 2008)..

The Public Sector: A Diverse employer:

Despite years of reform and the effect of privatization, and more recently the ongoing effects of budgetary constraints, the UK public sector continues to be a large source of employment for women, part time workers and often seen as a convenient local employer, and more BME employees and disabled workers work in the public sector than the private sector. Around 4.5m women ie about 22% of all working women work in the public sector and women comprise 65% of public sector employees (ONS Labour Market Statistics 2013). There is therefore a high concentration of women workers in the public sector with highest concentration of women workers in local government, education and health. 75% of local government workers are women (1 in 8 of all jobs done by women are in local government) 77% of NHS workers are women and 80% of adult social care workers are women. There is also a high representation of higher educated women in the public sector in general and high concentration of women graduates in nursing and teaching.

The public sector is also a large user of atypical workers and agency staff. Public sector organisations in general employ more part time workers, encourage job flexibility and job shares and are more open to innovative working patterns to support the diverse home and work life styles of its employees. The public sector was traditionally seen as a model employer with a pluralist approach to employee relations and negotiated terms and conditions of employment, and at the forefront in promoting equal opportunity policies. In general women earn more in public sector jobs than in comparable jobs in the private sector (outside the top 20% earners)

Some of the challenges:

For more than 40 years there has been much development in respect of anti discrimination legislation, the promotion of individual rights largely based on women with dependent children model, the promotion of EO policies equality measures and diversity programmes and public sector organisations have been at the forefront in embracing these initiatives. However despite the legislation and the policies inequality in society and in employment is still an issue. Whilst the percentage of women managers has increased in the public sector which might give rise to some optimism, a more detailed examination shows that this is mainly in lower and middle management in health and social services and the majority of women in managerial positions are amongst the lowest paid managers. Those occupying the positions of real power and decision making do not reflect our diverse society in the public sector. In the economy as a whole although the number of women in managerial roles has trebled in the last fifteen years women are under-represented in real areas of decision making and at senior director level men occupy over ten times as many positions as women (Fredman) Yet equality of opportunity and promotion of diversity should ensure the distribution of women and BME employees in positions of management and authority and should reflect their proportion of the workforce overall, the community which they serve and society overall.

The Context of the Austerity Climate in the UK:

And the effect on the UK Public Sector:

The UK has suffered two recent economic crisis's, that of 2008-9 and that of 2010-11 and arguably we are still experiencing the effects of this second austerity crisis, and have not seen the full impact of job losses in the public sector. The crisis in the UK was evident at an early stage with the banking collapse, and even redundancy realities in the private sector However in the UK there has been a significant impact between the origins of the crisis in the financial and banking sector and the disproportionate impact of the burden on the public sector which resulted in pay bill reductions large scale job losses and redundancies and pay freezes, worsening working conditions, longer working hours and tighter performance management measures for those who stayed in their jobs. The last Government, ie the Coalition Governments' response to the country's fiscal deficit was to institute a dramatic reduction in public expenditure and as such to change the public sector dramatically from that which existed before the pre credit crunch.

The Tory led Coalition Government in office since May 2010 (until the 2015 General Election when a Conservative Government was returned) pursued an aggressive policy of fiscal consolidation. The Coalition Government agreement stated that "deficit reduction and continuing to ensure economic recovery is the most urgent facing Britain (Cabinet Office 2010). Their early emergency budget of June 2010 set out the Government's intention that all areas of departmental Government spending excluding health and international development would be subject to an average of 19% budget cuts and a two year pay freeze for public sector workers earning over £21,000. (HM Treasury 2010b). This pay freeze affected around 28% of total public sector workforce. The Government anticipated this would save £3.3bn by 2015 (HM Treasury 2010 a 2010b)

The Comprehensive Spending Review which followed in the autumn 2010, aimed to reduce the deficit with 75% of this deficit reduction coming from public spending cuts The CSR set out the detail for further cuts and required Government departments to secure 33% efficiency savings, with Local Government to reduce spending by 27% between 2010-11 and 2014-15. In general the 2010 spending review focused on quantitative reductions in wages and pensions and additional workforce reforms because in the Government's view "the overall value of public sector reward package including pension provision has been generous in recent years" (Treasury 2010 a)

The extent of the loss in jobs in the UK public sector is unprecedented in severity. To begin with they were

mostly on a voluntary basis and with the use of early retirement schemes but increasingly compulsory redundancies, traditionally a rarity in the public sector have been imposed. The Government created Office for Budgetary Reform (OBR) predicted in June 2010 (OBR 2010) that public sector employment would decline by 490,000 jobs by 2015. But since then this forecast has been increased and reviewed several times, expressing that 13% of general public sector employment would be lost, by 2017, that is in excess of 730 000 jobs, with Local Government and the Civil Service losing around 14% of jobs. More recently the OBR (Dec2012) estimated that a total of 929,000 jobs will be lost in the public sector by 2018 as a result of the cuts to public spending. The ONS figures show that since 2010 employment in the public sector has been cut by 3.17% and OBR projections estimate that around 75% of job losses are yet to come. Those areas which will see the greatest loss of jobs are public administration and the NHS both with large concentrations of women employees.

The process of implementing austerity measures in the UK has been mainly by way of job losses mostly in the civil service and local government as well as pay freezes and the reviewing incremental pay progression for remaining staff and general cuts in resources, resulting in substantial reorganisation and restructuring, job losses and inevitable cutting back in public services.

Greater inequality:

The impact of the CSR and cuts to public sector on women:

Arguably both men and women were hit by the 2008-2009 recession in terms of job losses, but women were harder hit by the 2010 recession and women's unemployment has continued to rise. Research by the Fawcett Society (2011, 2013) and others show that in the UK progress on women's economic advancement has stalled since the 2010-2011 recession hit. Findings by the Fawcett Society (2013) highlight the detriment effect of the austerity measures on women's equality showing that women will be disproportionately affected by job losses in the public sector.

It is argued that the effects of the 2011 recession and austerity measures in the public sector are putting women in an even more disadvantaged and inequitable position as women are shouldering most of the impact job losses pay freezes as well as loss of other services and child care, which women rely on. Women more likely to be in low paid work and to have dependents living with them and are less likely to have savings more likely to face poverty

As discussed, public sector organisations in general employ more part time workers, encourage job flexibility and job shares and are more open to innovative working patterns to support the diverse home and work life styles of its employees, and to introduce more work life balance for its majority women workers. The move to less secure and less homogeneous working styles,, which includes such things as term time working short term contracts even zero hours contracts balance, may, ironically actually result in women being more at risk as the effects of the CSR hit. Traditionally the public sector was once seen as a model employer but the effect of the job losses is being felt more keenly by those who once benefitted from it as a model employer namely women, part time workers, BME and the disabled staff.

It has been widely recognised from research done by CIPD, Fawcett Society and the TUC, that women are suffering a double disadvantage and are affected disproportionately as a result of the loss of jobs and services. The Fawcett Society argues that there has been a threefold effect on women namely:

Women are being hit hardest by cuts to public sector jobs, wages and pension

Women are being hit hardest as the services and benefits they use more are cut

Women are being left filling the gaps as state services are withdrawn (Fawcett Society 2012 The Impact of Austerity on Women)

1) Loss in Jobs:

Evidence by Unison (TUC 2012) shows that cuts in Local Administration funding has resulted in freezes in incremental progression and that women are not reaching the top of their grade. Even more worryingly the full impact of the loss of public sector jobs has still to come. The number of women out of work is expected to rise further as local councils and other public sector employers cut jobs over the next few years OBR predictions suggest further job losses are still expected including Local Government workers, public administration, and health teachers and lower graded council workers and school meals workers largely jobs done by women. Figures from ONS (2013) show that two of the largest public sector employers, and two of the largest employers of women namely Public Administration and the NHS have seen dramatic loss of jobs since 2010, 131,000 and 43,000 respectively.

Other recent survey by public sector trade unions shows the effect of the loss of services, jobs and benefits on women. They also highlight the regional impact on local economies particularly where the public sector is the major source of employment, and where women are the dominant household earner. A survey by the GMB union shows that women council workers are nearly three times more likely to lose their jobs than their male colleagues. The Chartered Institute of Personnel Development predicted that 80% of lost public sector jobs as a result of the current CSR will be women's jobs. Many of these jobs are in the lower paid low grade insecure jobs this will have a significant further effect on the level of women's unemployment in the UK. The immediate effect of dealing with changes to staffing whether hours, pay or numbers needed resulting in actual redundancy realities, and the day to day handling of staff anxiety is felt by HR staff and managers, the majority of whom ironically are women. Staff facing redundancy are often in a state of shock, particularly where they have been employed for some time in that job as is more common in the public sector, and staff facing redundancy need to be treated sensitively and with care during one of the most stressful workplace experiences (ACAS). Redundancy is acknowledged to be one of the most traumatic events an employee may experience (CIPD)

A recent survey by XpertHR showed that for the overwhelming majority of HR managers responding to the survey, their daily work is revolving around having to deliver cuts on wage bills and manage redundancy programmes they reported the future outlook continued to be only bleaker with more redundancies to come. (**IRS Employment Review 2012**) The effect of this type of work and furthermore the extent is being keenly felt and causing stress amongst women HR managers, not generally used to ongoing major redundancy situations. This is compounded by the fact that they are now being forced to cut jobs and services them and other women most need.

2) Cuts to services and benefits:

Cutting back public and welfare services will hurt women disproportionately. Women access services such as the NHS, and social services more frequently and more intensively than men because of pregnancy, longer life expectancy and lower earnings. Women still do the bulk of caring for children and elderly parents and dependents and are more likely to rely on welfare services and benefits. As a result women will be most affected by reductions in childcare and social care. The 2010 CSR announced £34b of cuts to funding for public services by 2013 This has had a disproportionate effect on women who use public services more.

Information from the House of Commons Library shows that women will be further affected as benefits are cut. On average benefits comprise of 20% of women's income. House of Commons information shows that of the £ 26 benefit savings* 85% taken from women in form of: cuts to tax credit, the reduction in housing benefits, three year freeze on child benefit and an increase in the hours having to be worked from 16 years to 24 years in order to receive Working Tax Credit (source House of Commons Library and Chancellor Exchequer Statement December 2014)

3) *Women taking on unpaid caring roles:*

As Teresa May acknowledges fewer women than men are economically active in the labour market. This is due mainly to the family and caring responsibilities which fall mainly on women inside the home. For many women, as explained, part time work is not a choice. But an increasing number of women have to return to the private household to undertake unpaid caring roles for children and dependents and to increasingly privately carry out services that were previously provided by the state and welfare system but which have been lost as a result of the cuts. This caring work that women do is unpaid yet arguably not only benefits the individual family household but also the economy, but goes unrecognized. Women's contribution to the wider economy and skill mix is essential. As Theresa May Home Secretary said "if the skills and qualifications of women who are currently out of work were fully utilized the UK could deliver economic benefits of £15-21 bn per year (speech by Theresa May Home Secretary on Women and the Economy 4th Nov 2011 Home Office)

www.homeoffice.gov.uk/media-centre/speeches/home-sec-equality-speech

Other Implications:

However not only has the impact of austerity measures resulted in severe job losses for women but austerity "undermine women's rights, perpetuates existing gender inequalities and create new ones" (European Women's Lobby 2012 p4). The wider impact of the austerity measures in UK public sector, high level redundancies, and high childcare costs, cuts to services affecting women, increased work intensity and pay freezes for those remaining in work, but has also meant the loss of training budgets and the reprioritizations of training and workplace support for external courses. This is especially affecting for women given the high proportion of women who work in the public sector, and who rely on public services. It also has consequences for HIM opportunities. The effect of shouldering most of the impact of job losses and pay freezes as well as loss of services and child care has a disproportionate effect on women's opportunity for post graduate study. Their ability to study, the time and access to funding for courses and other resources, and the opportunity to progress and access less vulnerable employment are seriously affected. .

The legal situation is by no means favorable to the scale and speed of proposed reductions. The law as set out creates a number of potential hurdles and potential for challenge, compounded by the Coalition Government's changes to employment law and practice. Right from the outset of their election the Coalition government stated their intention to review the then current Employment Law legislation under their Red Tape Challenge. The ensuing review of employment law rights ran from 2010 to 2015. The reforms included changes to unfair dismissal protections, reduction in redundancy consultation period, changes to equality rights and changes to Employment Tribunal procedures including the introduction of fees to "register" a claim. The Government argued that the reforms were necessary to promote economic growth and reduce unnecessary bureaucratic burdens placed on employers and are set against the backdrop of the global economic crisis of 2008 and 2010 and the requirement to promote economic growth; one of the government's main objectives.

The Government increased the qualifying period for protection for general unfair dismissal claims to employment tribunals from one year to two years as from 6th April 2012. This is likely to have a disproportionate effect on women, not so much in permanent employment, but particularly women in vulnerable and precarious employment and part time workers. Women comprise the majority of part time workers, as discussed and in general part time workers are significantly less likely to have two years service.

Furthermore the Government introduced a fee to lodge a claim with the Employment Tribunal and a further fee to proceed. These measures have been seen as highly controversial and have been argued as a barrier to access to justice. With the imposition of fees to lodge a claim the new reforms take away the affordable right

to challenge the employer, resulting in an unsettling balance of bargaining power between the employee and the employer. Furthermore the imposition of the fee creates a potential discriminatory effect in respect of employment rights and access to tribunals. The introduction of fees for ET claims is likely to prevent women experiencing workplace discrimination and pregnancy related unfavorable treatment, discrimination in general and claims for unfair dismissal which may be argued have disproportionately affected women as a result of the impact of where the job losses have taken effect as a result of public sector expenditure cuts. In a time of austerity and with the decline of the public sector and trade union membership, it may be argued that the Coalition Government's reforms on employment law is taking the UK back towards in terms of employment rights, access to justice and the promotion of non discriminatory workplace practices.

Some is concluding Thoughts:

The effect of austerity and public spending cuts impacts disproportionately on equality and public sector organisations are an important source to examine issues of equality and diversity. Of, of utmost importance therefore is to question the Government's commitment to support for equality and diversity given the nature and effect of Government policy decisions impact of government policy.

Even before the recession women in the UK were in a position of economic social and personal inequality, despite 40 plus years of equality and anti discrimination legislation. But this has been made worse with the effect of the austerity measures. The cumulative effect of fiscal measures taken to reduce public spending has a disproportionate effect on women. Research shows that women are bearing the brunt of the cuts to public spending which affect the supply of jobs the availability of social services and welfare support and the provision of public services which has resulted in a disproportionate effect and a tipping point for women's equality. The decision to reduce the deficit primarily through cuts to public spending has hit women harder as thousands of jobs in the public sector mainly done by women have been lost and welfare services cut. Along with the lack of properly paid and quality part time and flexible employment and the lack of affordable quality childcare present a major barrier for women's participation in the labour market.

The implications actual and expected of the funding cuts and Government policies for public sector employment are considerable. Many if not most public sector organisations are placed in a situation where redundancies are virtually inevitable. It is clear that ex public sector employees are not finding alternative employment in the private or third sector. One of the Coalition Government's arguments was that the jobs lost in the public sector would be covered by new job creation and employment opportunities in the private sector. Unfortunately this has not happened and particularly in respect of women's employment. One of the reasons is that there is a lack of flexible employment in the private sector and quality part time employment in general but in particular when women coming out of the public sector culture are looking for and needing this type of employment. Furthermore there is a lack of "similar" comparable work for women in the private sector and women continue to be trapped within the 5 c job segregation and within low paid work. Women continue to be under represented in SET (science, engineering and technology) sectors of employment and in construction. "The likelihood that women will enter into lower quality lower paid work if they can and do move from the public to private sector is exacerbated by the fact that women in the private sector are concentrated even lower in the pay scale than women in the public sector" (Fawcett Society The Changing Labour Market 2013 p26)

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