1.20 Wage Differentials Between Occupations and the Gender Pay Gap: 30-minute Pack

AQA 7136 · Calculators not allowed · about 30 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Write full sentences for questions worth 6 marks or more. Time guidance: 30 minutes for the whole pack.

1 Explain, with reference to labour market mechanisms and examples, why a high incidence of part-time work among women can contribute to the gender pay gap in the UK.

(Total for Question 1 is 6 marks)

2 Explain how barriers to training and certification in an occupation can create wage differentials between jobs in the UK labour market.

(Total for Question 2 is 3 marks)

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3 Discuss whether wage differentials between occupations are always evidence of labour market failure in the UK.

(Total for Question 3 is 15 marks)

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Mark scheme · 1.20 Wage Differentials Between Occupations and the Gender Pay Gap: 30-minute Pack

Question 1

identifies that part-time jobs often pay lower hourly rates and offer fewer promotion opportunities	**M1**
explains that employers may pay lower hourly wages for part-time roles due to lower productivity per hour, less training, or weaker bargaining power	**A1**
identifies that part-time work results in fewer continuous career progression opportunities, affecting accumulated human capital	**M1**
explains that career breaks and fragmented hours reduce experience accumulation and limit promotion, lowering lifetime earnings	**A1**
identifies institutional factors, e.g. inflexible employer practices and child-care costs pushing women into part-time work	**M1**
links these factors to the persistence of the pay gap, with an evaluative note that policy interventions or employer practices could mitigate the effect	**A1**

Answer: Part-time jobs often pay lower hourly rates, offer fewer promotions and less training; because women make up a large share of part-time workers (often due to childcare responsibilities), they accumulate less experience and progress more slowly, sustaining a gender pay gap. Institutional factors such as limited flexible full-time roles and childcare costs reinforce this pattern, though targeted policy or employer change can reduce the effect.

Question 2

identifies barrier to entry: long or costly training and certification requirements reduce the effective supply of qualified workers	**M1**
explains that a reduced supply for a given demand raises equilibrium wages in that occupation	**A1**
example: professions like chartered accountants or pilots require expensive training and exams, supporting higher pay relative to unregulated occupations	**B1**

Answer: Lengthy or costly training and certification reduce the supply of qualified workers in an occupation, causing higher equilibrium wages; for example pilots and chartered accountants earn more partly because of expensive, time-consuming qualification routes.

Question 3

Level 1 Basic discussion: identifies that wage differentials exist and offers limited explanation. Few or no developed economics arguments, limited application or examples, and little judgement. **1-5**

Level 2 Reasoned discussion: offers several explanations for wage differentials, including market mechanisms (human capital, compensating differentials, supply and demand) and possible failures (discrimination, monopsony). Uses relevant theory and examples and begins to evaluate the extent to which differentials indicate failure. **6-10**

Level 3 Comprehensive evaluation: carefully analyses multiple causes of wage differentials, distinguishes between market-equilibrium explanations and genuine market failures, considers magnitude, distributional impacts and efficiency implications, and reaches a clear, supported judgement. Considers policy implications and limitations of evidence. **11-15**

Indicative content:

- Market-equilibrium explanations that are NOT failure: human capital differences, compensating differentials for risk and unsocial hours, barriers to entry that reflect productivity-enhancing training, and supply-demand differences across occupations
- Examples of non-failure: higher pay for surgeons due to long training and higher productivity; higher pay for hazardous jobs as compensating differential
- Possible market failures: labour market discrimination (taste-based or statistical) against groups such as women or ethnic minorities; monopsony power from dominant employers leading to suppression of wages; information asymmetries that prevent workers from finding better-paid jobs
- Explain how discrimination and monopsony reduce allocative efficiency and fairness, and why they are evidence of market failure
- Evaluation: consider that differential alone is not proof of failure, need to test whether pay differences reflect productivity or preferences versus unjustified inequality; consider empirical indicators such as unexplained residual pay gaps after controlling for human capital and occupation
- Discuss magnitude and distribution: small differentials from compensating factors may be acceptable, large unexplained gaps warrant intervention; consider policy responses such as anti-discrimination enforcement, minimum wage, collective bargaining support, or training subsidies
- Consider measurement issues and dynamic factors: career breaks, part-time work and occupational segregation cause statistical gaps that may partly reflect choice but also social constraints; comment on trade-offs of policy
- Supported judgement: a reasoned conclusion that some wage differentials are normal market outcomes and not failures, while others, especially large unexplained gaps linked to discrimination or monopsony, are evidence of market failure and justify policy action

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