1.20 Wage Differentials Between Occupations and the Gender Pay Gap

Total Marks

AQA 7136 · Calculators not allowed · about 65 minutes · Write-in edition

Name: _____ Date: ____ / ____ / _____

Answer all questions. Write full sentences for questions worth 6 marks or more. Time guidance: 65 minutes for the whole pack.

1 Define 'employer monopsony power' in the UK labour market and give one way this could affect wages in a specific occupation.

(Total for Question 1 is 3 marks)

2 Explain how non-monetary job attributes can lead to wage differentials between occupations, using a named example in the UK.

(Total for Question 2 is 3 marks)

3 Using the same data table from Question 6, calculate the percentage difference in average weekly pay between men and women in engineering technicians, as a percentage of men's pay. Show your working and state the result to one decimal place.

(Total for Question 3 is 4 marks)

4 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 4 is 6 marks)

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

(Total for Question 5 is 3 marks)

6 Data table: Average weekly pay (£) for selected occupations and by gender in a fictional UK region, 2025

Occupation	Average weekly pay - Men	Average weekly pay - Women
Engineering technicians	820	640
Primary school teachers	620	590
Retail sales assistants	420	380
Nurses	540	520
Construction trades	760	120
Hospitality staff	430	390

Using the table above for this UK region, identify which occupation shows the largest gender pay DIFFERENTIAL in absolute terms. Explain two labour-market reasons, using theory and evidence from the table, that could account for this largest differential. (Answer in full sentences.)

(Total for Question 6 is 9 marks)

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

(Total for Question 7 is 15 marks)

Mark scheme · 1.20 Wage Differentials Between Occupations and the Gender Pay Gap

Question 1

definition: employer monopsony power is when a single or a small number of employers have substantial hiring power in a labour market, so they can set wages below competitive levels — **M1**

explains effect: monopsonist hires fewer workers at a lower wage than in a competitive market — **A1**

example: in a single-factory town, the dominant employer may offer lower wages for manufacturing assembly workers because workers have few alternative local employers — **B1**

Answer: Employer monopsony power exists when few employers dominate hiring and can set wages lower than in a competitive market; this results in lower employment and lower wages, for example a single large mine or factory in a town may pay assembly workers less because alternative jobs are scarce.

Question 2

identifies non-monetary attributes such as flexible hours, workplace safety, prestige, or fringe benefits — **M1**

explains that occupations offering desirable non-monetary benefits may pay lower wages because total compensation is higher, while unattractive jobs must offer higher wages to attract labour — **A1**

example: flexible part-time roles in retail or caregiving may pay less than fixed, full-time manufacturing jobs which pay a wage premium for less flexibility or risk — **B1**

Answer: Jobs with desirable non-monetary attributes (flexible hours, safety, prestige) can pay lower wages because total compensation is higher; unattractive jobs must offer wage premiums, for example hazardous construction work pays more than flexible retail roles.

Question 3

% difference = (820 - 640) / 820 x 100 — **M1**

= 21.95%, showing method — **A1**

final answer = 22.0% (to one decimal place) — **A1**

states unit and direction, e.g. women earn 22.0% less than men in engineering technicians (cao) — **B1**

Answer: Percentage difference = (820-640)/820*100 = 21.9512% -> 22.0%. Women earn 22.0% less than men on average in engineering technicians.

Question 4

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 5

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 6

Level 1 Basic identification of the largest absolute pay gap and limited reasoning. Statements may be descriptive with minimal economic explanation and little use of the data. **1-3**

Level 2 Clear identification of the largest absolute pay gap and plausible application of two labour-market explanations, with reference to the table. Explanations use appropriate economic concepts such as skill differences, occupational segregation, or employer power. **4-6**

Level 3 Accurate identification of the largest absolute pay gap and well-developed analysis using at least two distinct labour-market explanations. Responses integrate evidence from the table (specific pay numbers) and consider alternative or additional factors such as union influence, training barriers, or discrimination, with evaluation of their likely importance. **7-9**

Indicative content:

- Largest absolute pay differential: Construction trades (Men £760, Women £120), absolute gap £640
- Reason 1: occupational segregation, with very few women employed in construction trades in this region reducing female average pay in that occupation and reflecting gendered job composition
- Reason 2: differences in human capital and experience specific to the occupation, e.g. training and on-the-job experience for construction trades typically accumulate in full-time continuous careers, which women taking career breaks may lack
- Reason 3: employer or monopsonistic power in construction and use of subcontracted labour may suppress pay for the small number of women or for part-time/atypical contracts
- Reason 4: health and safety and physical job demands as compensating differentials may bid up wages for male-dominated roles, while part-time or lower-responsibility roles occupied by women earn much less
- Use of data: refer to the exact figures and compare absolute gaps across occupations, e.g. engineering technicians gap £180, retail gap £40, showing construction is exceptional
- Evaluation: discuss plausibility, e.g. whether the huge gap is mostly due to low female employment in the occupation (statistical effect) versus active pay discrimination; consider reporting or sampling issues in the regional table

Question 7

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