

Employment and Pay Challenges:
How Fair is Wales?
EHRC Seminar Series

Internal report from the discussions held at Cardiff University
with Welsh Government staff and academics on 24th February
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‘Economic imbalances and social inequality risk reversing the gains of globalization, warns the World Economic Forum in its report Global Risks 2012’.

World Economic Forum <http://www.weforum.org/issues/global-risks>
(viewed 28th February 2012).

‘Social mobility is higher in societies with smaller income differences between rich and poor.

London School of Economics researchers and the OECD demonstrated separately that social mobility in Britain is worse than in comparable rich market democracies

The widely respected Institute for Fiscal Studies (IFS) commented in a comprehensive review of the academic literature: “[it is] likely to be very hard to increase social mobility without tackling inequality.”

The Equality Trust Research Digest: Social Mobility. Issue 4, 2012
<http://www.equalitytrust.org.uk/node/653> (viewed 28th February 2012)

Introduction

The EHRC Wales is interested in facilitating discussion of policy approaches to employment and pay based upon the findings from the two reports 'An Anatomy of Inequality in Wales' (Davies. et.al. 2011) and 'How Fair is Wales (Bevan Foundation, 2011). The first of these provided an integrated socio-economic study of education, employment, earnings, income, and wealth differentials within the Welsh population and informed discussion in the latter.

The 'Anatomy of Inequality for Wales' report 'mirrored' the analysis of undertaken for the UK as a whole by National Equality Panel (Hills et.al. 2010). It connected the distribution of economic outcomes to social difference on the grounds of gender, disability, age and ethnicity to consider inequality:

..... [*both*] *between* and *within* equality groups. ... to show when intersections of economic resources and dimensions of social difference combine to produce specific forms of advantage and disadvantage in economic outcome. Together these reviews represent a turn, or perhaps return, to investigating the material consequences of difference (Parken, Joll, and Wass in Davies et.al. 2011: p155).

People from social housing, people with Bangladeshi or Pakistani heritage, and people with disabilities were found to have poorest outcomes in education, leading to poor outcomes in employment and pay. Older people with lower education and skills were seen to be at considerable disadvantage in the labour market. Within all the *groups* at most disadvantage economic outcomes were worse for women in comparison to men (Davies et.al 2011).

Within the context of recession, reduction in public sector spending and welfare reform, academics and policy makers came together for ‘thinking space’ at a seminar hosted by Cardiff University School of Social Sciences, to further consider the data and policy implications of the two reports. Inputs from academics were followed by discussion regarding routes for policy consideration and further research.

Presentation slides have been made available. This brief report summarises the discussion and considers emerging issues.

Research Presentations

Professor John Hills, Centre for Analysis of Social Exclusion (CASE) , London School of Economics and Chair of the National Equality Panel (NEP), reviewed the policy challenges set out by ‘An Anatomy of Inequality in the UK’ (Hills et.al 2010). These can be summarised as the need to address:

- How early identifiable disparities in educational outcomes for disadvantaged groups widen over the lifetime
- The increasingly deleterious position of young people in the labour market
- The increasing use of poorly paid low-hours part time work in occupations were women predominate
- How gender inequalities ‘trump’ the operation of markets to militate the positive effects that should be associated with ‘credentialism’ in regard to women’s career progression
- The increasingly deleterious employment position of people with disabilities in comparison to 10 and 20 years ago

- Households in the lower deciles of income who are losing a higher proportion of income than those in middle and higher deciles following reductions in social transfers and increases in tax.
- The growth rate of disparity between the most and least wealthy households; rate of difference in household wealth in the 1970s was 3:1 but is now 4:1
- Anticipate the 'congealing affects' of stagnated social mobility of the increasing inequalities between and within groups.

Professor Phil Brown, from the ESRC Centre on Skills, Knowledge and Organisational Performance (SKOPE), Cardiff University, discussed findings from continuing research on the future of labour markets within globalisation. He reflected on the accepted idea within Human Capital theory that an increase in higher value work within emerging 'knowledge economies' associated with increased education and skill levels, would, by default, create more and better jobs and as a consequence solve social inequalities.

His main observations were that emerging global economics such as India and China are producing tens of millions of graduates per year so that 'knowledge work' is no longer the preserve of western developed countries. Higher levels of education and skills are no longer sufficient in themselves, as global employers are looking for intense sustainable creative performance from their highly qualified employees, and that all countries are trying to 'house' industries that can attract and retain 'clusters' not only of industries but of these highly sought 'talents'. Wales' has a low wage, low skilled weak demand economy. How will it compete?

Dr Alison Parken, Cardiff University Associate and freelance researcher, discussed the Welsh 'Equal Pay Duty', which will require public authorities to collect and analyse the distribution of employee jobs by gender for grade, occupation, employment contract and pay. This will include examining why permanent part time jobs are disproportionately offered in gender typical 'women's occupations' in the public service. She presented data on the disparity in the distribution of full time jobs between men and women in the Welsh Public Sector, and the consequences for women's income of part time contracts.

She discussed qualitative research which had found that many part time women regularly exceeded their contracted hours but did not receive overtime pay, had no caring responsibilities and would have liked full time jobs but found that these contracts were not made available in their jobs.

The availability of employer data on occupations, contracts and pay is more meaningful than aggregate labour force data for addressing pay inequalities and it is hoped that by collecting this data under the requirements of Wales' *Equal Pay Duty*, issues of job quality and work organisation in public services can be addressed.

Overview of discussions.

The presentations and discussions provided welcome 'thinking space' and there was enthusiasm for further discussion events.

The data provides huge policy challenges, which can seem overwhelming. There is a need to better understand the intersections of social marginalisation with the reproduction of economic inequality within

the lifecycle and over generations. Policy options need to be based on an understanding of how ethnicity, disability, gender and age increase the likelihood of experiencing poverty (or no/low employment and earnings) and how these social dimensions affect routes out of poverty (marginal employability low pay).

The Welsh Labour market is over-identified with low pay, and if the recommendations of the Low Pay Commission on minimum wage rates in October 2012 call for an increase, this may be highly beneficial for women and their families as they are much more likely to work at or below minimum wage rates than men (ONS: 2008). An assessment of the contention that such increases affect competition or result in job losses is needed.

It was noted that higher level graduates were absorbed into the Welsh labour market pre-recession but a gender analysis shows uneven distribution by gender and occupational class:

The number of 'top jobs' in Wales grew significantly between 2001 and 2006 (Statistics Wales, 2007), with women gaining an almost equal share of the 23,000 new 'Manager and Senior Official' positions and the majority of the 13,000 'Professional' and 25,000 'Associate Professional and Technical' jobs (Statistics Wales, 2007, p. 4). However, women took over two thirds of the newly created 15,000 jobs in 'personal services' (Statistics Wales, 2007). the Statistics Wales review of job quality notes that there has been 'a shift away from machine based jobs, [and a] shift towards working with people' (Statistics Wales, 2007, p. 3). (From Parken and Rees 2011, p123).

A post- recession analysis of new jobs by occupation, class and gender is required needed.

The discussions considered quality of life for lower earners, wellbeing and societal cohesion – wealth gaps are lower in Wales than the UK overall (90 times household wealth between the top and bottom deciles as opposed to 100 times for UK as a whole). Nevertheless the scale of inequality in Wales is large and growing.

The discussion considered policy responses at several levels: how to attract higher earners ('the talent'), lock products and services into global value chains, and specialise in areas that capitalise on current or attainable skills; and to focus on ameliorating the position of the most economically marginalised by increasing participation in any kind of work.

Another response could be increasing job quality, and the numbers of people in the middle of the occupational structure – in skilled professions and jobs. Should the UK and Wales seek to return to being the 'workshop of the world' as knowledge work is done elsewhere? A highly technically skilled manufacturing workforce would be one approach to take. However, such jobs will be quickly occupied by those currently advantaged socially and economically; policy levers would need to ensure new jobs (such as those in the green economy) do not become 'typed', so that women, disabled, older people and those from marginalised ethnic groups were also skilled and could 'see themselves' in such jobs.

The debates resulted in the raising of a number of outstanding research questions, better understanding of which may lead to the development of focused policy responses to employment and pay challenges:

- Is there a Cardiff effect (in the data - like the London effect);

- What is relationship between inequalities and wellbeing (following Pickett and Wilkinson)?;
- Has devolution made a difference to inequalities?
- Who is paying for the crisis in Wales?
- If women only benefit from career progression if they are highly educated and in the public sector in the UK, what is the pattern in Wales?
- What is the dividend of high numbers of self employed among Pakistani and Bangladeshi - in context of recession?
- Can labour markets compensate for inequalities?
- Do we have digital Taylorism coming to Wales?
- Is youth unemployment one of the worst forms of inequalities we face in Wales?

Conclusions

Based upon the discussions and the evaluation forms the following conclusions can be drawn. There was a large degree of consensus and very little disagreement on the data itself. Discussion tended to revolve around the implications of the data and whether or not particular problems could be identified. Concerns were raised around the need to identify the drivers of inequality, to achieve clarity on what is a cause and what is a symptom. By discussing the implications of data we can identify whether a policy intervention is required and if so what. Current policy approaches could be scrutinised in light of the research.

Future discussions could focus upon specific challenges - perhaps selected from the Welsh Government's equality objectives.

References

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