

New JNCHES Equality Working Group Overview Report

January 2011

NEW JNCHES
New Joint Negotiating Committee
for Higher Education Staff

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The Educational
Institute of Scotland

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EDUCATION

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UNIVERSITIES & COLLEGES
EMPLOYERS ASSOCIATION

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University and College Union

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the UNION

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Foreword

I am delighted to introduce the New JNCHEs Equality Working Group overview report and its accompanying pieces of research. This report follows 10 months of joint work between employer and union representatives on important equalities issues facing the sector, including equal pay and the gender pay gap, and makes a series of practical recommendations for HEIs.

We are grateful to the UCEA research team for co-ordinating the survey on equal pay and the gender pay gap literature review. The equal pay survey analysed the extent to which equal pay reviews are conducted across the sector and, more importantly, the outcomes and actions prompted by the reviews. We would also like to thank the six HEIs who participated in the in-depth case studies and Ann Cummins of Humanus for carrying out the interviews and writing up the feedback; the willingness of the participants to share their experiences of conducting and acting upon equal pay reviews has been invaluable.

The third area of output of the Equality Working Group is an extensive literature review. The review covers the national picture on gender pay and also sets in context the view for the HE sector.

Finally, I would like encourage you to disseminate this report as widely as possible across each and every HEI. Additionally, the detailed research reports and literature review will be of significant interest to HR and equality practitioners as they continue in their efforts to promote gender equality.

Professor John Brooks, Employers' side chair

On behalf of the joint HE Trade Unions – Unite, Unison, UCU, EIS and GMB – I am pleased to introduce the following Final Report of the Equality Working Group, along with accompanying research: an updated survey of equal pay reviews across the HE sector, equal pay review case studies and a gender pay gap literature review.

We would like to express our sincere thanks to the research team at UCEA for administering and co-ordinating the research which underpins this Report, particularly in relation to the equal pay survey and the literature review. Specifically, it was very important that we obtained an up-to-date picture of how many institutions have implemented equal pay reviews across the sector as the basis for our further discussions and research. Overall, it confirmed that the sector has in place a strong foundation on which to develop progressive equalities policies; however the challenge, for both employers and unions, is to commit to the necessary steps which will deliver continued improvements and development of good practice going forward.

2010 saw important changes to equality legislation in the UK, with the Equality Act coming into force in April, and a special mention must also go to the Equality Challenge Unit, and Chief Executive, David Ruebain, for providing valuable insight and advice on the impact of the new legislation on institutions and on the wider equalities agenda within the HE sector.

We should not underestimate the importance of the research work, undertaken over the past ten months, which has informed this Final Report, and which we hope will provide helpful observations, ideas, and suggestions which could aid institutions in implementing effective equalities practice. We believe this Report, and its associated research and recommendations will assist institutions and local trade unions to work together on their strategic equalities agenda, and we strongly encourage you to circulate it as widely as possible across the sector and, in particular, to HR and equality practitioners.

Sandra Robinson, Trade Union side chair

1. The New JNCHEs Equality Working Group

As part of the 2009/10 Agreement, the New Joint Negotiating Committee for Higher Education Staff (New JNCHEs) agreed to establish Working Groups to review three areas:

- Pay framework and data research
- Equalities
- Sustainability Issues

The aim of the Equality Working Group was to act as a broad-based forum within which to comment, exchange views, establish common ground, and focus on strategic equality issues with a view to assisting HEIs and local unions, which may include recommending guidance and action plans on equality issues to New JNCHEs and the HE sector.

The Group was tasked with gathering information on the conduct of equal pay reviews to date in HEIs. This included undertaking a survey to establish the current position in HEIs. This survey was supported by case studies of the experiences of six institutions carrying out equal pay reviews and a literature review on the gender pay gap to identify systemic issues and evidence based responses.

The members of the Equality Working Group were:

Employers

Prof John Brooks	Vice-Chancellor (Manchester Metropolitan University), Chair
Paul Andrew	Equality and Diversity Manager (University of Sunderland), HEEON
Carol Burns	Secretary & Registrar (University of Brighton), AHUA
Angie Cousins	Head of Equality and Diversity (University of Surrey), HEEON
Naina Patel	Director of HR (Birkbeck, University of London), UHR
Emma Wilkins	Director of Human Resources (York St John University), GuildHE
Jocelyn Prudence	Chief Executive, UCEA

Unions

Denise Bertuchi	Unison
Eileen Thompson	Unison
Barbara Beckles	UCU
Liz Lawrence	UCU
Stephen Hunter	EIS
Greg McCara	EIS
Sandra Robinson	Unite
Jo Westerman	Unite
Alison Carlisle	GMB

Other Stakeholders

David Ruebain	Chief Executive, ECU
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Secretariat

Paula Shelley	Senior HR Adviser, UCEA
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UCEA Officers

Laurence Hopkins	Research and Projects Co-ordinator
Esmond Lindop	Research Consultant
Martin Pearson	Research Officer

2. Background to the research

There were two elements to the equal pay review research. The first element was a survey on implementation that was completed by 107 institutions with an equal number of pre-1992 and post-1992 institutions sending in responses in addition to seven HE Colleges.

The second element was the production of six case studies that investigated institutional experiences of implementation and action planning in greater detail. The case studies also provided more insight into survey responses and the questions that they sometimes raised. The survey was conducted by UCEA on behalf of the Equality Working Group and the case studies were undertaken by Humanus, an independent HR research consultancy. The Group agreed the questions and format of the survey and the focus and scope of the case studies as well as reviewing and providing comments on the draft analyses and reports.

In addition to the research on equal pay reviews a third piece of work consisted of an extensive literature review on the gender pay gap to highlight the key drivers of the gender pay gap and the most effective ways of reducing the gender pay gap. The literature review was conducted by Laurence Hopkins at UCEA and covered international, national and higher education research on the gender pay gap.

This overall Final Report provides an overview of the findings from the three research strands and offers a series of conclusions on conducting equal pay reviews and tackling the gender pay gap in higher education. The full reports that inform this overview are available online as an appendix to this report. Visit:

www.ucea.ac.uk/publications

www.unison.org.uk/education/higher/equal.asp

www.eis.org.uk/ula/

www.gmb.org.uk

www.ucu.org.uk/

www.unitetheunion.org

3. Equal Pay Review research

3.1 Equal Pay Reviews and the Framework Agreement

The *Framework Agreement for the Modernisation of HE Pay Structures* developed through JNCHES sets out unequivocal action on equal opportunities and pay, including:

- Action to ensure delivery of equal pay for work of equal value underpinning the framework implementation at local level;
- Arrangements for grading, progression between and within grades, working hours and attraction and retention supplements should be designed accordingly, and should, where appropriate, facilitate part-time and flexible working arrangements;
- Where HEIs establish arrangements for payment of bonuses, honoraria, responsibility allowances and other non-consolidated payments, they will operate these with due regard to equal pay and equal opportunities considerations;
- Institutions will be encouraged to monitor and review the impact of the new arrangements by undertaking periodic equal pay audits, in line with the guidance issued by JNCHES in March 2002 (revised in March 2007).

The JNCHES Pay Agreement 2006-09, agreed in June 2006, included a strong recommendation that HEIs undertake an equal pay review within 12 months of the introduction of their new, post-framework pay structures and periodically thereafter. It further recommended that such reviews should be undertaken in accordance with JNCHES guidance, and that they should be followed by any modifications to the design or application of the HE institution's pay structure which the review indicates are necessary.

The majority of HE institutions have now introduced new pay structures under the terms of the framework, and the remainder are expected to do so shortly. Conducting an equal pay review as part of the implementation of the national framework for pay arrangements is a starting point for HEI's work on meeting their pay responsibilities under the gender equality duty.

3.2 Scope and implementation

There has been a marked increase in the number of institutions undertaking equal pay reviews in the HE sector since 2007. Over four out of five (80.4%) respondents to the survey had undertaken at least one pay review since 2006 compared to less than three in ten (29.7%) in 2007. Almost half of the HEIs that had not yet completed a review at the time of the survey were in the process of completing a review; the remainder of HEIs surveyed reported that this was due to delays in implementing the Framework Agreement and associated job evaluation.

According to the case study research, the main driver for undertaking an equal pay review was the implementation of the National Framework Agreement with the aim of confirming whether or not job evaluation and new pay structures have achieved equal pay for equal value. Other motivations for implementation included legal and moral imperatives as well as a desire to improve the institutional evidence base. In undertaking the review, JNCHES Guidance on Equal Pay Reviews, first issued in 2002 and most recently updated in 2007, was used by the vast majority (85%) of institutions. Four out of five of these HEIs found the guidance either very useful or fairly useful in helping them undertake their review. This was also the case for the institutions that were involved in the case study research. They all reported that the JNCHES guidance was their main source of reference and was helpful in summarising the essentials of an equal pay review compared to other guidance such as that from the Equalities and Human Rights Commission which was described as 'cumbersome and complex by comparison'.

Most of the responding HEIs had included trade unions in some capacity, both in undertaking the review (65.1%) and analysing outcomes (81.4%). This was a significant increase from 2007 when only 24% of HEIs that had completed a review had included trade unions in any capacity. Equality and diversity (E&D) teams/officers¹ were also widely included in review processes and most likely to be involved in consulting the team before deciding to conduct a review (55.9%), deciding the data to be analysed (52.3%), discussing results (65.1%), exploring the factors behind gaps (47.7%), and developing a plan to address unjustified gaps (46.5%). In a small minority of cases E&D led the review process.

The case studies provided good examples and build on previous experience of successful partnership working between equality and diversity teams and trade unions. Four of the case study institutions took a partnership approach with trade unions which was seen to be beneficial in improving openness, trust, understanding and commitment to equal pay and the review process. The role of E&D teams/officers varied from leading the review (in one of the case studies) to critique and data support. E&D had the most impact in the case study institutions where the diversity partner either led the review or worked in close collaboration with HR colleagues.

The scope of equal pay reviews varied significantly in terms of employee type, benefits included and the protected characteristics analysed. 43.8% of institutions covered all directly employed staff. HEIs commonly excluded hourly paid and casual staff (47.7%), visiting and temporary staff (36.0%) and just over one in five excluded senior staff above the top of the national pay spine (22.1%). Clinical academics and other clinical staff were also commonly excluded by institutions with medical schools. The case study institutions said that the unique and identifiable nature of senior roles and the fact that their pay is determined by remuneration committees or equivalent meant that there was a case for excluding them from the review.

Almost three-quarters (73.6%) of institutions only looked at pay, excluding other benefits such as pensions and performance related pay. The main reasons given for exclusion by these HEIs were that the same benefits package applies to all staff (40.6%) and that it would have made the exercise overly complex (40.6%). Difficulty in valuing benefits was also noted as a reason for exclusion by three in ten of these HEIs (29.7%). The case study institutions also said that the harmonisation of benefits and pensions within grades meant that they were excluded from the review process.

Most institutions included other protected characteristics in their equal pay reviews, most commonly race (80.2%) and disability (87.2%). Age was covered by 59.3% of HEIs while sexual orientation and religion or belief were only covered by one in five institutions (19.7%). The main reasons for the exclusion of these latter groups given by survey respondents and case studies was insufficient data.

3.3 Review analyses

The process of data collation and analysis was explored in detail in the case study institutions. The extraction of data was generally seen as straightforward even in the two institutions that had to combine data from two discrete HR and payroll systems. The main problems with data centred on not being able to collect comprehensive non-gender data, particularly data on sexual orientation and religion or belief.

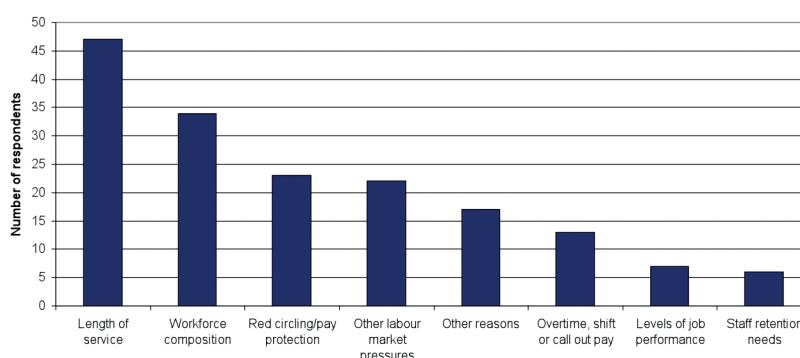
¹ 14% of respondents did not have a dedicated E&D team or officer, although this does not mean that the institution does not have E&D specialists with responsibility for E&D throughout the institution.

In accordance with the 'JNCHES Equal Pay Reviews Guidance for HEIs', three in five (59%) HEIs looked to analyse reasons for pay gaps both within and across grades with the remainder, bar one, analysing data across grades only. The case study institutions that analysed within grades only said that this was because the across grade gender pay gap was already known or that the institution wanted to tightly focus on the gaps that existed between work of equal value. Despite these claims, the Gender Equality Duty requires HEIs to examine the pay of men and women across the whole workforce.

Most of the responding institutions found significant² pay gaps relating to gender both within and across grades. Significant gaps were less common in other equality strands, although these were less likely to be looked at and were often discounted due to lack of data. For the case study institutions, the process of investigation usually involved looking at the raw data and in some cases retrieving individual employee records.

The majority of institutions responding to the survey established reasons for at least some of the gender pay gaps with 41% establishing reasons for all gender pay gaps. One third of institutions concluded that all gender pay gaps at their institution were 'objectively justified'³ and a further 45% concluded that 'most' were objectively justified. As Figure 1 shows, the most common justifications were length of service, workforce composition, red circling / pay protection, and other labour market pressures. Other reasons mentioned by individual institutions as lying behind pay gaps included differences in career patterns between academic and support staff, the impact of TUPE transfers and the differential effect of shift-working allowances for certain groups of staff.

Figure 1: Justifications for gender pay gaps where gaps were 'objectively justified'

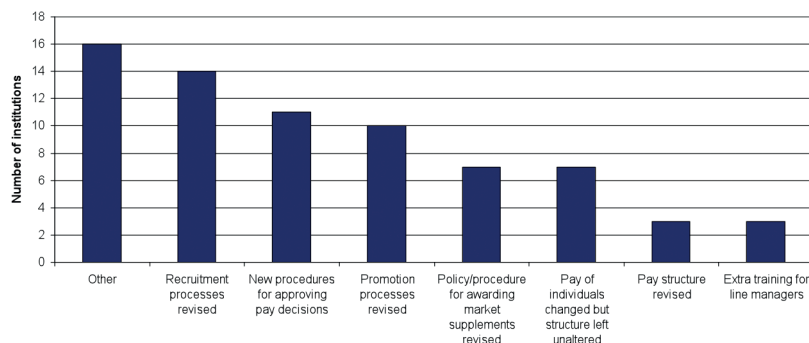


The most common steps to deal with pay gaps that were not objectively justified were a revision of recruitment processes, implementation of new procedures for approving pay decisions and a revision of promotion processes at the HEI – see Figure 2. The case study analysis found that the content and level of action planning depended on the scope of the review. Where the review had focused only on gender pay gaps within grades only a few if any actions emerged, since differences were usually found to be justified. One of the participating universities stated that the findings were a 'welcome anti-climax'.

² According to JNCHES guidance, 'significant' gaps are above 3% within grades and above 5% across grades.

³ Objective justification means that the difference in pay was not connected to the individual's gender.

Figure 2: Steps taken to deal with pay gaps which were not objectively justified



Note: 'Other' – Other strategies were used to address pay gaps which were not objectively justified, for example as part of the institution's broader equality and diversity agenda

Where the analyses went further than within-grade analyses, the broader issues raised were either addressed in the institution's action plan or were considered to be out of scope and addressed elsewhere as part of the institution's broader equality and diversity agenda. Several institutions included actions relating to their data analysis capability and in a couple of reviews this was the biggest area of action planning.

The most detailed action plan of the case study institutions included a traffic light system flagging up each action as red, orange or green. A green light might indicate that a pay gap was identified but there was no reason to explore the issues any further as it could be explained and justified; a red flag might involve changes to a personnel policy. Another institution divided their actions into three groups. The first were actions arising from the equal pay gap analysis i.e. equal pay for work of equal value. The second were actions relating to the broader equality and diversity agenda and the third group related to recommendations on how future reviews could be improved.

External benchmarking was conducted by some of the case study institutions although it was not highlighted as a priority. The most common external benchmarks used were the Equality Challenge Unit's statistical report, ONS data and HESA data. Case study institutions said that while benchmarking can be of interest, it does not necessarily help understand, prioritise or act on cases of pay anomalies or gaps. It was emphasised that practical measures to address gaps were more important than comparing headline statistics.

3.4 Reporting

Most institutions reported the findings of their review to a wide range of stakeholders, most commonly trade unions (76.7%) followed by the governing body or governors committee (64.0%), and the equality and diversity committee (64.0%). Results were also commonly communicated to staff, either directly or through the staff committee. Only 16 institutions said that they made their results publicly available on open access areas of the website, for example. Two thirds of institutions reported that the action points resulting from the review were reflected in their institution's strategic plans. The case studies reflected the survey findings with all six institutions producing a final report for internal committees and providing feedback of findings to staff and trade unions.

3.5 Effectiveness

Nearly 95% of respondents regarded their equal pay reviews as definitely or largely a successful exercise. Several respondents commented on the value of the review in establishing a baseline for future measurement. It also gave impetus to other equality initiatives and helped foster awareness of the importance of consistent, transparent practices. Some institutions saw the results of the review as important in demonstrating their pay systems to be fair and equitable.

For all case study institutions the main indicators of success were whether or not the equal pay review indicated systemic problems with the local pay structure introduced within the terms of the National Framework Agreement and whether or not the institution was meeting its legal and moral obligation to ensure equal pay for work of equal value. However, success was generally described as broader than this. Other benefits mentioned included:

- Positive employee surveys results.
- Demonstrating a genuine commitment to participation by virtue of the way the review was conducted.
- Keeping equal pay and equality on the institution's agenda by embedding the equal pay review process in the routine of the institution's working practices.
- Reduction in the institution-wide pay gap.
- Being able to respond to challenges about the pay-gap with evidence-based answers.
- A better understanding of equal pay issues generally by all parties.
- Supporting the institution's commitment to social justice and providing a platform to "go the extra mile" in demonstrating its commitment to equality.
- Dispelling myths about pay inequities within the institution through involving unions and managers in the detailed analysis.

The very positive evaluations to emerge from the 2010 survey contrast with a much more hesitant assessment in 2007. The survey then found only 62% of the relatively small number of HEIs that had conducted an equal pay review viewing it as a successful exercise, irrespective of outcomes, while 31% were unsure.

3.6 Institutional intentions for future equal pay reviews

The majority of respondents said that they would be undertaking another equal pay review within the next 12 months. All but 11 respondents stated that their recognised trade unions would be involved in undertaking the review in some capacity. As with reviews conducted to date, the most common form of involvement is expected to be consultation prior to commencing a review. Most respondents also intend to involve their equality and diversity teams in the review, where such teams exist. This highlights the predominant view that the benefits of conducting reviews openly outweigh the risks.

In terms of scope and coverage, over half of respondents intending to undertake a review in the next 12 months said that they would include all staff in employment (55.2%), a higher proportion than had included all staff to date. The most common groups that these institutions intended to exclude were casual and hourly paid staff (82.8%), visiting and temporary staff (62.0%), and senior staff above the top of the national pay spine (24.1%). In terms of analysis, 70.1% of institutions planning to undertake a review in the next 12 months intend to look at gaps within and across grades with 26.9% intending to analyse within grade

differences only. Similar to reviews to date, the most common protected characteristics that institutions intend to analyse in their next review in addition to gender are race (86.6% of institutions intending to carry out a review in the next 12 months), disability (77.6%) and age (62.7%).

3.7 Lessons and learning

The case studies provided some important lessons and learning for institutions undertaking reviews in the future:

- **Clarify scope early on in the process** – Scope can have important implications on the amount of resources needed and the data required.
- **Have good internal analytical and interpretative expertise** – Or access this through academics at the institution or an external provider.
- **Balance the time spent on analysis and time spent on action** – Institutions should avoid the tendency to focus more on statistical analysis and collection than on interpretation, understanding, communication and action.
- **Partnership working with the Unions and the benefits** – A partnership approach with trade unions will be beneficial in improving openness, trust, understanding and commitment to the equal pay review process.
- **Transparency of the equal pay review process and the reputation of the institution** – Transparency when undertaking an equal pay review will enhance the reputation of the institution and strengthen confidence in the review and its findings.

4. The gender pay gap

The gender pay gap is now the main indicator of the extent to which there is equal pay in the labour market and the workplace. It is the accepted measure of policy makers, economists and statisticians in the OECD, the European Commission, NGOs and governmental bodies in the UK. It is also now used by many organisations and institutions as a measure of the pay parity between men and women in their workforce.

4.1 Measuring the gender pay gap

The gender pay gap refers to the difference between men's pay and women's pay as a percentage of men's pay. If the gender pay gap is 15% then women, on average, earn 15% less than men. Gender pay gaps can be either positive or negative, with a negative gender pay gap indicating that women earn, on average, more than men.

While the overall definition of the gender pay gap is widely shared, its exact measurement⁴ varies. The Office for National Statistics (ONS) prefers to use the median (middle data point) hourly earnings excluding overtime to calculate the gap, while the Equalities and Human Rights Commission prefer to use the mean (average) hourly earnings. There are advantages and disadvantages to each approach but the ONS argues that the median is the more useful measure since it is not affected by small numbers of high earners which can have a significant and potentially distortive effect on the mean. Institutions should ensure that it is quite clear which measurement is being used.

Gender pay gaps can be used for a range of comparisons ranging from single economy-wide figures for full-time pay to enable international comparisons, to calculations based on occupational groups that are job evaluated as being comparable as part of an organisation's equal pay audit.

4.2 The gender pay gap in the UK

The gender pay gap in the UK in 2010, based on median hourly earnings excluding overtime for full-time workers, was 10.2%, while based on the mean it was 15.5%.⁵ The gender pay gap for part-time employees in 2010, based on median hourly earnings excluding overtime, was -4.0%, while based on the mean it was 11.7%. The gender pay gap for all employees (part-time and full-time) is 19.8% (median) or 19.3% (mean) depending on the measure used. The UK's gender pay gap for all employees is high by international standards and is one-third higher than the EU average. The OECD suggests that the UK's overall gap is mainly higher due to the higher prevalence of part-time work and women's participation in these jobs.

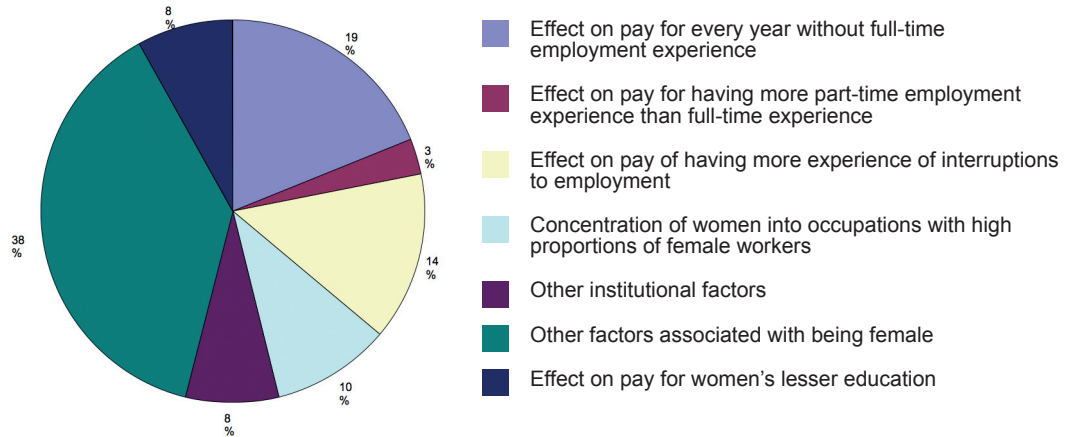
4.3 Understanding the gender pay gap across all employment in the UK

It has been popular to 'decompose' and quantify the influence of a range of observable characteristics, such as education and age, on the gender pay gap and the extent to which this explains the gap. This approach attempts to identify the core elements responsible for the difference between male and female wages. These analyses will provide a measure of the level of the gap that is 'explainable' with the unexplainable element often labelled as resulting from unobservable factors such as discrimination and structural aspects. For example, Figure 3 shows the results from a significant UK study which used such an approach.

⁴ The "mean" is where all the salary amounts in the range are totalled and then divided by the number of salary amounts in the range. The "median" is the middle salary in a list of salaries. To find the median, the salaries are listed in numerical order.

⁵ For complete literature and statistical references please refer to the full report available at www.ucea.ac.uk/publications.

Figure 3: Components of the gender pay gap across all employment in the UK



Source: Based on analysis of the British Household Panel Survey by Olsen and Walby, 2004. 'Other institutional factors' include the greater proportion of women working for smaller firms and the smaller proportion in a union or staff association. 'Other factors associated with being female' include direct discrimination and different preferences and motivations (some of which will be attributable to indirect discrimination or systematic disadvantage).

Other 'institutional' approaches identify the structural elements of the labour market and organisational characteristics which influence pay gaps between men and women. Research has found that much of the difference between gender pay gaps between countries is due to structural differences in labour markets such as union density and patterns of wage bargaining rather than differences in the characteristics of females in the workplace.

Research to date has uncovered a range of important issues that contribute or are related to the gender pay gap. A significant review of the gender pay gap by the UK Government Equalities Office concludes that the most important factor influencing the gender pay gap is the effects of interruptions to employment and the lack of 'good' part-time work.

Horizontal and vertical segregation of the labour market also feature prominently in most research. Horizontal segregation refers to the existence of, usually lower-paid, 'women's jobs', where women are disproportionately represented while vertical segregation refers to the low representation of women among higher paid senior positions.

5. The gender pay gap in higher education

According to ASHE data for 2010, the overall HE full-time gender pay gap is 17.3% based on median hourly earnings excluding overtime and 17.8% based on mean earnings – see Table 1. The part-time gender pay gap is 29.1% based on median hourly earnings excluding overtime up from 26.5% in 2009. The gender pay gap is relatively lower at the lower end of the wage distribution. For HE teaching professionals the gender pay gap is considerably lower at 6.1%, falling 2.2 percentage points from 2009. For part-time HE teaching professionals the gender pay gap is -3.7%, meaning that women are paid more per hour on average more than men in this group. A comparative analysis by Income Data Services, based on mean earnings in 2009, found that the gender pay gap between full-time higher education teaching professionals was higher than all other teaching professional groups.

Table 1: Gender pay gap in Higher Education, full-time employees, 2010

Based on median hourly earnings excluding overtime.

Group	Hourly pay		Gender pay gap		Change on year
	Male	Female	2010	2009	
Full-time employees					
HE Professionals – Median	24.81	23.29	6.1%	8.3%	-2.2%
HE Professionals – Mean	26.76	23.77	11.2%	12.4%	-1.2%
HE Sector – Median	19.50	16.13	17.3%	18.6%	-1.3%
HE Sector – Mean	21.17	17.40	17.8%	18.5%	-0.7%

Source: Annual Survey of Hours and Earnings, 2010.

The gender pay gap in HE is undoubtedly influenced by the structure of its workforce. There is significant vertical segregation, occupational segregation and part-time working differences between the sexes in HE. With respect to vertical segregation, Heads of Institution are disproportionately male as is the case with senior managers and professors. In 2008, only 14% of university vice-chancellors were female, compared to 31% of further education college principals, 34% of head teachers in secondary schools and 20% of local authority chief executives. Women comprise 43% of all academic staff in the UK but only 19% of those in professorial or head of department positions. Consequently, 23% of male academic staff earned more than £50,000 in 2008/09 compared to only 9% of female academic staff.

Females are disproportionately over represented in secretarial roles, administrative and customer service roles but under-represented in managerial, academic and technician roles and women are also more likely to be working part-time than men in most occupations. Almost half of the women (45.2%) working in the sector work part-time including 84% of female cleaners, catering assistants, security officers, porters and maintenance workers and 59% of female technicians. While the proportion of teaching-only staff working part-time is similar for both sexes, 26% of female teaching and research staff are part-time compared to just 14% of male staff.

5.1 Learning from the literature

The literature reveals that occupational segregation, glass ceilings, part-time working, labour market attachment and educational attainment all contribute to differences in wages between the sexes as do structural and institutional features of the labour market such as the wage structure and systems of pay setting. As research has shown, these factors have differing relative effects on the gender pay gap, with part-time working and time away from the labour market topping the list of key determinants. Gender discrimination, stereotyping and organisational cultures are also still believed to play a role in the differences between the pay of women and men and thus measures to tackle these sources of inequality are still necessary.

Research indicates that interventions can have a positive effect at the national, local and organisational level and therefore HEIs and sector bodies have an important role to play in addressing the gender pay gap in the sector. Indeed, institutions in the sector have made significant progress in modernising pay and progression systems and structures, which has decreased the gender pay gap.

The literature review sets out a range of policies that are recognised as having a demonstrable impact on the gender pay gap. The principle of many of these policies is to create an enabling work environment and the evidence suggests that this has rewards for both employer and employee alike. These policies include:

Flexible working and ‘family friendly’ practices: Flexible working practices have been shown to improve retention and recruitment of women as well as improving productivity and performance.

Transparency: Equal Pay Reviews play an important role in identifying and addressing the gender pay gap.

‘Good’ part-time work opportunities: The lack of part-time work opportunities for medium to high skilled individuals significantly affects the ability of women to combine caring duties and appropriately matched employment.

Training: Providing women with enhanced opportunities for training and development is a key recommendation of the Government Equalities Office report on addressing the gender pay gap.

Tackling discrimination and stereotyping: Discrimination continues to be a factor in the gender pay gap and active steps to address this in the workplace will need to continue.

Representation: Women tend to be under-represented in senior roles in the higher education sector in both academic and support roles.

Pay systems: The way in which pay is determined within organisations can have significant impacts on Gender Pay Gaps within the organisation.

Unions and collective bargaining: International comparative research has found that those countries and industries that have strong union density are more likely to have lower than average gender pay gaps.

6. Conclusions

The findings of the Equal Pay Review survey are promising. There has been a significant increase in the number of institutions that have undertaken an equal pay review in the last three years and these reviews have been far more likely than in the past to involve trade unions in the process. Equality and diversity teams, where present, have been widely involved and in some cases led the process. The positive examples of partnership working given by the case study institutions show that involvement of trade unions in the process can improve the transparency of the process and assist with analysis and recommendations.

Despite the progress since the last survey of the sector, there is still work to be done and processes to improve. There are a few institutions that have not undertaken an equal pay reviews due to delays in implementing the National Framework Agreement. Of those institutions that have undertaken a review, many have set a fairly constrained scope of analysis, omitting senior and casual staff for example and looking at pay gaps within grades but not across grades. Excluding certain employee groups without explanation would clearly raise concerns about openness and transparency. However, the reasons for excluding these groups became clear from the case studies, for example, difficulties with extracting reliable and accurate data, and there is an appetite in HEIs for extending the scope of reviews in the future.

Analysis appeared to be straightforward for the case study institutions, although some did benefit from either internal or external expertise. There was a preference for using the mean to calculate the gender pay gap, but it is worth institutions moving towards using the median as this is the preferred measure of the Office for National Statistics and can produce considerably different figures from the mean, which is more susceptible to distortion by outlying data. 'Objective justification' is also widely used for situations where it may not necessarily be appropriate.

Action planning is also an area that would benefit from further development. Action taken to deal with pay gaps that were not objectively justified frequently took the form of reviewing policies affecting those in post or reviewing recruitment and selection processes. Reflecting on the findings of the literature review, there needs to be an increased recognition that the design of jobs and conditions of employment may have more effect on the composition of the workforce and ultimately the gender pay gap.

Reporting of results for most HEIs is mainly limited to internal groupings and trade unions with only 16 HEIs making their results publicly available. While the obligation to publish organisational gender pay gaps has been removed from the Equality Act 2010, institutions should be encouraged to move towards publication of their gender pay gap supported by a clear contextual explanation.

The JNCHES equal pay review guidance has been widely used and is generally well received and the case study institutions were particularly complimentary about the clarity and simplicity of the guidance. UCEA will continue to monitor the implementation of the Framework Agreement and the conduct of Equal Pay Reviews in the sector. The Equality Working Group has achieved a great deal within the terms of its remit and the sector will benefit from the findings of its research to continue to make progress on pay equality issues for the sector.

7. Recommendations on the conduct of Equal Pay Reviews

Institutions are encouraged to give consideration to the following recommendations in relation to the conduct of Equal Pay Reviews:

1. Improve data collection for other protected characteristics focusing on those for which it is believed there may be pay inequity.
2. Make the outcome of equal pay reviews widely available through publication on the open access area of the institution's web site.
3. Provide the evidence base for the objective justification of pay gaps.
4. Implement a comprehensive action plan to address the issues identified within a defined timescale.
5. Involve trade unions at each stage of the equal pay review.
6. Involve those with appropriate level of expertise in equality and diversity.
7. Make full use of the JNCHES Guidance for Higher Education Institutions on Equal Pay Reviews (2007).
8. Institutions that have not already conducted an equal pay review are strongly encouraged to do so at the earliest opportunity.

Appendices to this Report

1. Results of the 2010 Survey of Equal Pay Reviews
2. Equal Pay Review Case Studies
3. The Gender Pay Gap: A Literature Review

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New JNCHES Equality Working Group

Results of the 2010 Survey of Equal Pay Reviews

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GMB
HIGHER
EDUCATION

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EMPLOYERS ASSOCIATION

UCU
University and College Union

UNISON
the public service union


unite
theUNION

New JNCHEs Equality Working Group

RESULTS OF THE 2010 SURVEY OF EQUAL PAY REVIEWS

Introduction

1. At the first meeting of the group in March 2010 it was agreed to develop a revised version of the 2007 questionnaire on equal pay reviews. The aim was to monitor progress on the conduct of equal pay reviews in the HE sector. Preliminary results from the survey were presented at the June meeting (paper E10 . 18). The purpose of this paper is to provide members with the full results of the survey and to invite their views on the issues that emerge.

Development of the survey

2. The equal pay questionnaire used for the 2007 survey was revised in the light of comments made at the March meeting. The redraft was circulated to those trade union members of the Working Group who had volunteered to participate in a drafting group. Comments were received and discussed and changes made to the questionnaire in the light of them. The revised version of the questionnaire was then circulated among members of the employer side of the Working Group. This was both to seek their comments and . as a pilot exercise . to test out whether all questions were clear and that HEIs held the necessary information to be able to answer. Feedback from this exercise was reported at the meeting in May and the questionnaire approved.
3. The survey was distributed electronically to all HEIs on 25 May 2010. As agreed at the March meeting, a letter was sent by John Brooks to VCs seeking their support and confirming that the purpose of the survey was data capture with a view to helping institutions make further progress with their equal pay review activities. It was emphasised that the results would be presented in aggregate form to ensure no institution would be identifiable.

Responses to the survey

4. By the closing date in early July 2010, useable responses had been received from 107 institutions. Participants were relatively evenly split between pre and post 92 institutions, as Table 1 shows.

Table 1: Participants by institution type

	Responses	%
Pre-1992 University	50	46.7
Post 1992 University	49	45.8
HE College	7	6.5
Unclassified	1	0.9
Total	107	100.0

5. There was a fairly even split across the income ranges of responding institutions, from those with an annual income of less than £24m to the largest HEIs with incomes above £300m. The income band into which the single largest number of the respondents fell was £75m to £115m, making up just over a fifth of participants (Table 2).

Table 2: Participants by range of institution's annual income

Income range	Responses	%
Up to £24m	12	11.2
£24m to £75m	13	12.1
£75m to £115m	22	20.6
£115m to £153m	13	12.1
£153m to £190m	11	10.2
£190m to £300m	16	15.0
Over £300m	14	13.1
Unclassified	6	5.6
Total	107	100.0

Recent equal pay reviews

6. Just over four fifths of institutions responding to the 2010 survey reported that they had undertaken at least one equal pay review since 2006. Table 3 sets out the findings.
7. The Table also compares the 2007 and 2010 results, showing how much has changed over the period. In 2007, just under 30% of the 98 institutions responding to the survey said they had undertaken an equal pay review within the last 12 months, leaving 70% not having undertaken one. The latest survey, asking whether an equal pay review had been undertaken since 2006, found over 80% of a larger group of respondent institutions reporting that they have conducted a review, leaving just under 20% who have yet to do so.

Table 3: Growth of equal pay reviews 2007 to 2010

	2007		2010	
	Responses	%	Responses	%
Undertaken equal pay review	29	29.6	86	80.4
Not yet undertaken one	69	70.4	21	19.6
Total	98	100.0	107	100.0

8. Institutions that had not yet conducted an equal pay review were asked for their reasons. The responses showed that nearly half were in fact in the process of conducting a review but had not fully completed the exercise. If these are added to the HEIs that have finalised an equal pay review, the proportion of institutions engaged currently or recently in equal pay review exercises rises to 88.8%.
9. Others institutions that had not yet conducted an equal pay review reported there had been delays in completing implementation of the National Framework Agreement, the necessary precursor to an equal pay review.

Trade union involvement in equal pay reviews

10. The survey explored the extent and nature of trade union involvement in equal pay review exercises. As Table 4 shows, most respondents reported their recognised trade unions were involved in the process in some capacity. This was most commonly through consultation before a decision to conduct a review was taken, but a considerable number of HEIs also involved their trade unions in deciding the data the review should analyse.
11. Among other methods of involvement reported were a partnership working group set up at one institution to oversee all aspects of the review, including the methodology, analysis and recommendations for action. Another reported joint training in how to conduct equal pay reviews. One institution, however, reported that its trade unions were invited to take part in the review but declined to do so.
12. The extent of trade union involvement in the equal pay review process in 2010 represents a major shift . in the 2007 survey, only 24% of those institutions that had undertaken a review had involved recognised trade unions in the process.

Table 4: Involvement of recognised trade unions in undertaking the review

	Responses*
Consulted before a decision to conduct the review was taken	56
Involved in deciding the data to be analysed	31
Involved in developing a plan to address unjustified gaps	22
Involved in other ways	13
Not involved	20

*Respondents could indicate more than one type of involvement

13. Most respondents also reported that recognised trade unions were involved in actions on the outcomes (Table 5). By far the most widespread form of involvement was discussion of the results, but many institutions also involved their trade union partners in exploring the factors that lay behind apparent pay gaps identified by the equal pay review.

Table 5: Involvement of recognised trade unions in actions on the outcomes

	Responses*
In discussing the results	70
In exploring the factors behind apparent pay gaps	39
In developing a plan to address unjustified gaps.	19
In other ways	6
Not involved	10

*Respondents could indicate more than one type of involvement

Involvement of equality/diversity teams

14. The questionnaire also explored the extent and nature of involvement of HEI equality and diversity teams in the equal pay review process. Not every institution has a team of this type, so the results produced lower numbers of HEIs reporting

their involvement than was the case with trade union involvement. Despite this, most respondents reported that their equality/diversity teams were involved in undertaking the review in some capacity, as Table 6 shows. The two most common forms of involvement were consulting the team before deciding to conduct the review and in determining the data to be analysed during the exercise. In a few instances, institutions reported that it was the equality/diversity team that led the review.

15. More respondents reported that their equality/diversity team were involved in actions on the outcomes of the review. As Table 7 shows, the teams were widely involved in discussing the results and many also played a part in exploring the factors behind apparent gaps shown up by the equal pay review process. One institution reported its equality team were leading discussions with the trade unions on the way forward, while another reported the team were undertaking further analysis, co-ordinating the results from the review with the results emerging from other equality and diversity policies.

Table 6: involvement of equality/diversity team in undertaking the review

	Responses*
Consulted before a decision to conduct the review was taken	48
Involved in deciding the data to be analysed	45
Involved in developing a plan to address unjustified gaps	40
Involved in other ways	19
Not involved	12
Don't have equality/diversity team	12

*Respondents could indicate more than one type of involvement

Table 7: Involvement of equality/diversity team in actions on the outcomes

	Responses*
In discussing the results	56
In exploring the factors behind apparent pay gaps	41
In developing a plan to address unjustified gaps.	29
In other ways	14
No	11
Don't have equality/diversity team	10

*Respondents could indicate more than one type of involvement

Coverage of the review

16. The survey explored the coverage of equal pay reviews, asking whether they had covered all staff employed directly by the institution, defined as those with a contract of employment with the HEI including fixed term contracts. As Table 8 shows, about two in five respondent institutions had covered all directly employed staff in their reviews, but a small majority had excluded some groups.

17. Table 9 shows that the two groups most commonly excluded from reviews were casual/hourly paid staff and visiting and temporary staff. Around one in five institutions excluded all senior staff above the top of the national pay spine. In

some cases the exclusions were limited to the Vice Chancellor and Principal or to the executive team of the HEI. One institution reported that professors and senior managers were excluded, with a separate equal pay audit applying to them. Among other groups mentioned by respondents as excluded from the review, the most common were clinical academics and other clinical staff.

18. Asked about the total proportion of directly employed staff excluded from the equal pay review, the majority of those institutions excluding any staff said they made up 10% or less of the workforce.

Table 8: Did the equal pay review cover all directly employed staff?

	Responses	%
Yes	39	43.8
No	50	56.2
Total	89	100.0

Table 9: Groups excluded from equal pay reviews

	Responses*
Casual/hourly paid staff	41
Visiting and temporary staff	31
Recent TUPE Transfers	6
All senior staff above the top of the national pay spine	19
Fixed term contract staff	2
Some senior staff	7
Other groups	15

*Respondents could indicate more than one group

19. As well as deciding the groups to cover, HEIs had to decide whether their reviews should cover benefits as well as pay. Just under three quarters of respondents did not include benefits in their review, as Table 10 shows. When asked about the reasons for this exclusion, the major explanations given were that the same benefits package applied to all staff and that the inclusion of benefits would have made the exercise over-complex (Table 11). Other reasons given by institutions included the fact that differences in benefits were very small in their cases. One commented it was keen to measure the gender pay gap before and after implementing the National Framework Agreement and that to include benefits would have obscured the direct comparison.

Table 10: Did the review endeavour to include benefits as well as pay?

	Responses	%
Yes	23	26.4
No	64	73.6
Total	87	100.0

Table 11: Reasons for excluding benefits

	Responses*
Too difficult to value	19
Same benefits package applies to all staff	26
Would have made the exercise over-complex	26
Other	17

*Respondents could indicate more than one

Analysis of pay gaps

20. Perhaps not surprisingly, all respondents reported that their reviews sought to identify and analyse the reasons for any pay gaps thrown up by the review process (Table 12). In most cases the reviews sought to do this both within and across grades, but 40% did so only within grades.

Table 12: Did the review seek to identify and analyse the reasons for any pay gaps?

	Responses	%
Within grades only	35	40.2
Across grades only	1	1.1
Both within and across grades	51	58.6
No	0	0
Total	87	100.0

21. Most respondents found significant pay gaps relating to gender. For these purposes 'significant' was defined as pay gaps of 5% or more, or repeated gaps of 3% or more affecting the same sub group. As Table 13 shows, gaps were most commonly identified within grades, but gaps were also identified across grades fairly frequently.

22. Pay gaps in other equality strands were less common, although areas such as sexual orientation and religion or belief were often not covered by reviews. Where the reviews covered race, disability and age, they identified pay gaps in a number of instances both within grades and between them.

23. It is difficult to compare the pay gap findings of the 2010 survey with those of the 2007 survey as such a relatively small number of institutions had carried out an equal pay review then. The survey also did not distinguish between gaps found within grades and those found between grades. Overall, however, in 2007 some 72% of HEIs which had carried out a review reported finding significant pay gaps by gender.

24. The latest survey found the majority of respondents reporting that they had established reasons for at least some of the pay gaps identified by the reviews. Two in five HEIs succeeded in establishing the reason behind the gap in every instance, as Table 14 shows, and a further 27.8% identified the reason for most of them. In all, just three institutions had not uncovered any reasons for the pay gaps found by their equal pay reviews.

Table 13: Did the review find any significant pay gaps?

	Yes within grades	Yes across grades	No	Not covered by review
Gender	50	32	18	0
Race	20	14	33	17
Disability	12	6	42	21
Sexual orientation	0	0	8	69
Age	11	11	22	35
Religion or belief	0	1	9	69
Other	6	1	6	33

Results relate to number of institutions. Respondents could indicate more than one.

Table 14: Did the review succeed in establishing the reasons for gaps?

	Responses	%
Yes, for all	32	40.5
Yes, for most	22	27.8
Yes, for some	8	10.1
No	3	3.8
Still under investigation	14	17.7
Total	79	100.0

25. After identifying the reasons for any pay gaps, nearly one in three HEIs concluded that all the gaps were objectively justified, and close to half decided that most of the gaps were objectively justified (Table 15). At the other end of the spectrum, just one institution concluded that none of its pay gaps were objectively justified. In contrast, in 2007 three institutions in a much smaller group of participants concluded that none of their pay gaps were objectively justified and only 21% reached the view that all their pay gaps were justified.

26. The type of factors leading to objectively justified pay gaps are shown in Table 16. The single most commonly cited justification was variation in length of service . often reflected in incremental progression . followed by workforce composition factors. Pay protection also played a part, as did pay adjustments for particular occupational groups made in response to market pressures. Other reasons mentioned by individual institutions as lying behind pay gaps included differences in career patterns between academic and support staff, the impact of TUPE transfers and the differential effect of shift-working allowances for certain groups of staff. Some institutions also pointed to gaps relative to clinical staff whose pay is determined outside the HEI's control.

Table 15: Where reasons were found, did you conclude the gaps were objectively justified?

	Responses	%
Yes, for all	22	31.0
Yes, for most	32	45.1
Yes, for some	8	11.3
No	1	1.4
N/a	8	11.3
Total	71	100.0

Table 16: Where you concluded the gaps were objectively justified, what were the justifications?

Red circling/pay protection	23
Overtime, shift or call out pay	13
Length of service	47
Levels of job performance	7
Staff retention needs	6
Other labour market pressures	22
Workforce composition	34
Other reasons	17

Results relate to number of institutions. Respondents could indicate more than one.

Action to tackle unjustified pay gaps

27. The most common steps taken to deal with any pay gaps which were not objectively justified were a revision of the recruitment process, implementation of new procedures for approving pay decisions, and revision of promotion processes. Table 17 sets out the detail.

28. A number of institutions commented that they were tightening up policies on starting salaries and HR managers were now attending more interview panels, being more vigilant about the pay decisions taken. One institution commented that it was actively seeking to encourage women to prepare for and apply for senior posts or posts in those areas with relatively low female representation.

Table 17: Steps taken to deal with pay gaps which were not objectively justified

Pay of individuals changed but structure left unaltered	7
Pay structure revised	3
Recruitment processes revised	14
Promotion processes revised	10
Policy/procedure for awarding market supplements revised	7
Extra training for line managers	3
New procedures for approving pay decisions	11
Other	16

Results relate to number of institutions

Use of JNCHES guidance on equal pay reviews

29. JNCHES guidance on the conduct of equal pay reviews was first issued in 2002. Following conclusion of the National Framework Agreement, the guidance was updated and reissued in March 2007.¹

30. The survey asked participants whether they had made use of the JNCHES guidance in undertaking their equal pay reviews. As Table 18 shows, the vast majority of respondents . over 85% . said they had used the 2007 guidance, with under 5% saying they had not. This result is in contrast with the results of the 2007 survey, when only 62% of HEIs that had undertaken an equal pay review said they had used the JNCHES guidance available at the time.

31. The great majority of respondents found the JNCHES guidance fairly or very useful, as Table 19 shows. No institution viewed the guidance as not useful.

Table 18: Did you make use of the 2007 JNCHES guidance?

	Responses	%
Yes	75	86.2
No	4	4.6
Don't know	8	9.2
Total	87	100.0

¹ JNCHES, Equal Pay Reviews: Guidance for Higher Education Institutions, March 2007

Table 19: Usefulness of the JNCHES guidance

	Responses	%
Very useful	24	28.6
Fairly useful	43	51.2
Not very useful	5	6.0
Not useful	0	0
Unsure	8	9.5
Did not use JNCHES guidance	4	4.8
Total	84	100.0

Reporting the results

32. The single most commonly identified groups to whom the results of equal pay reviews were communicated were the recognised trade unions. As table 20 shows, they ranked well ahead of the governing body or the equality/diversity committee, the next most widely identified groupings. Some institutions made the results of their equal pay reviews publicly available, sometimes making them available on their websites.

Table 20: To whom were the results of the equal pay review reported?

Publicly available	16
All staff	20
Trade unions	66
Governing body or governors committee	55
Senate or academic board	9
Staff consultative bodies	24
Studentsunion	3
Equality & diversity committee	55
Other bodies	24

Results relate to number of institutions. Respondents could indicate more than one.

Overall evaluation

33. An equal pay review forms part of a wider process, measuring the effectiveness of an organisation's equality and diversity policies, identifying areas for further action, and demonstrating an organisation's continuing commitment to those objectives. The survey therefore asked respondents whether they regarded their reviews as a successful exercise, irrespective of the specific findings to emerge from it. As the results in Table 21 indicate, recent equal pay review exercises were given a highly positive rating. Nearly 95% of respondents regarded their equal pay reviews as definitely or largely a successful exercise.

34. Several respondents commented on the value of the review in establishing a baseline for future measurement. It also gave impetus to other equality initiatives and helped foster awareness of the importance of consistent, transparent practices. Some institutions saw the results of the review as important in demonstrating their pay systems to be fair and equitable.

35. The very positive evaluations to emerge from the 2010 survey contrast with a much more hesitant assessment in 2007. The survey then found only 62% of the relatively small number of HEIs that had conducted an equal pay review viewing it as a successful exercise, irrespective of outcomes, while 31% were unsure.

Table 21: Do you regard your equal pay review as a successful exercise, irrespective of the specific findings?

	Responses	%
Yes definitely	42	49.4
Yes largely	38	44.7
Unsure	4	4.7
Probably not	0	0
No	1	1.2
Total	85	100.0

Equal pay reviews in prospect

36. As well as looking at practice to date, the survey asked participants about their plans for the future. The results point to continuing activity on a major scale. As Table 22 shows, two thirds of respondents stated that they would be undertaking an equal pay review within the next 12 months . this includes HEIs who have not previously undertaken one.

Table 22: Does your HEI plan to undertake an equal pay review within the next 12 months?

	Responses	%
Yes	67	67.6
Possibly	15	15.2
No	17	17.2
Total	99	100.0

Involvement in the review

37. All but 11 respondents stated that their recognised trade unions would be involved in undertaking the review in some capacity (Table 23). As with reviews conducted to date, the most common form of involvement is expected to be consultation before a decision to undertake a review.

38. Respondents also intend to involve their equality and diversity teams in the review, where such teams exist. As Table 24 shows, all but eight respondents stated that their equality/diversity team would be involved in undertaking the review in some capacity. The most frequently mentioned forms of involvement are consultation before taking a decision to conduct the review, involvement in deciding the data to be analysed, and in development of a plan to address any unjustified gaps identified by the exercise.

Table 23: Trade union involvement in undertaking the review

	Responses*
Consulted before a decision to conduct the review was taken	46
Involved in deciding the data to be analysed	30
Involved in developing a plan to address unjustified gaps	34
Involved in other ways	25
Not involved	11

*Respondents could indicate more than one.

Table 24: Involvement of equality/diversity team in undertaking the review

	Responses*
Consulted before a decision to conduct the review was taken	50
Involved in deciding the data to be analysed	47
Involved in developing a plan to address unjustified gaps	49
Involved in other ways	15
Not involved	8
Don't have equality/diversity team	15

*Respondents could indicate more than one

Coverage of the next review

39. Asked about whether the next equal pay review will cover all staff holding a contract of employment with the HEI, two in five respondents said that it would (Table 25). A further one in four had yet to take a decision on the matter, but just under a third have decided to exclude certain groups.

40. As Table 26 shows, the most common groups to be excluded from forthcoming reviews to a large extent replicate the order of those excluded from recent reviews (see Table 10). The list is headed by casual/hourly paid staff, followed by visiting and temporary staff. Less commonly, some institutions also intend to exclude some senior staff or all those above the top of the national pay spine. Among other groups, clinical staff were the most commonly mentioned category that respondents plan to exclude.

41. In contrast to practice in recent equal pay reviews . which found institutions excluding benefits from the exercise by a margin of three to one . the balance between those intending to include benefits and those planning to exclude them in their forthcoming review is more even. As Table 27 shows, nearly half of those institutions that have taken a decision on coverage plan to include benefits as well as pay. On a cautionary note, a third of respondents said a decision had yet to be taken.

Table 25: Will the equal pay review cover all directly employed staff ?

	Responses	%
Yes	37	41.6
No	29	32.6
Not yet decided	23	25.8
Total	89	100.0

Table 26: Groups being excluded from next review

Casual/hourly paid staff	24
Visiting and temporary staff	18
Recent TUPE Transfers	3
All senior staff above the top of the national pay spine	7
Some senior staff	6
Other groups	12

Results relate to number of institutions. Respondents could indicate more than one.

Table 27: Will the review include benefits as well as pay?

	Responses	%
Yes	26	29.5
No	32	36.4
Not yet decided	30	34.1
Total	88	100.0

Focus of the forthcoming review

42. Over half of respondent institutions will be looking to identify and analyse the reasons for any pay gaps both within grades and across them (Table 28). This is broadly in line with the proportion taking this approach in the most recent equal pay review (see Table 13), while the 20.2% of institutions intending to explore the reasons for pay gaps only within grades is much reduced. Overall, around one in four HEIs has yet to decide on its approach to identifying and analysing the reasons for any pay gaps.

43. As Table 29 shows, a large proportion of institutions plan to include race, disability and age as well as gender in their forthcoming equal pay reviews. It looks as though age in particular . as one of the more recent strands of equality . is likely to be analysed more widely than has been the case to date. Again, the results on plans must be viewed with caution, as many institutions have yet to decide on the equality areas they will cover.

Table 28: Will the review seek to identify the reasons for any pay gaps?

	Responses	%
Within grades only	18	20.2
Across grades only	2	2.2
Both within and across grades	47	52.8
No	0	0
Not yet decided	22	24.7
Total	89	100.0

Table 29: Categories the review will cover

	Responses
Gender	67
Race	58
Disability	52
Sexual orientation	6
Age	42
Religion or belief	4
Other	8
Not yet decided	24

Results relate to number of institutions. Respondents could indicate more than one.

Using JNCHES guidance

44. Most respondents stated that they intend to make use of the 2007 JNCHES guidance on the conduct of equal pay reviews (Table 30). As we have seen, this has been widely used . and found helpful . in recent equal pay reviews.

Table 30: Do you intend to make use of the 2007 JNCHES guidance?

	Responses	%
Yes	67	
No	7	
Not yet decided	15	
Total	99	

Equal pay reviews feeding strategic planning

45. The survey asked respondents whether the action points arising from their equal pay reviews were reflected in their institutions' HR strategic plan. Two thirds of respondents said this was the case, showing the importance of equal pay reviews as a spur to wider initiatives (Table 31).

Table 31: Are the actions arising from your equal pay review reflected in your HR strategic plan?

	Responses	%
Yes	63	67.0
No	20	21.2
Don't know	11	11.7
Total	94	100.0

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New JNCHES Equality Working Group

Equal Pay Review Case Studies

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UNISON
the public service union

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New JNCHES Equality Working Group Equal Pay Review Case Studies

Overview

Introduction

This case study report describes how six higher education institutions (HEIs) have implemented equal pay reviews in their institution.

The case studies respond to a request by the New JNCHES Equalities Working Group to follow up on a survey of equal pay reviews in the HE sector, conducted earlier in 2010. This survey provided interesting trend information and the case studies supplement this by providing more insight into a number of questions raised by the survey responses.

The six institutions that feature in this report vary by geography, size and type of institution. Three are pre-92 and three are post-92 institutions.

Each HEI was visited in October 2010. They were invited to involve members of staff, including union representatives in the discussion who were closely involved in the equal pay review process. In all but one case the meetings were held with representatives from HR or the Equality and Diversity Partner. In the other case a discussion was held with HR, trade union representatives and members of the university's equality forum.

Each case study covers the following information:

- The reasons participants gave for conducting their equal pay review(s)
- Who was involved in the equal pay review process
- Scope of the review
- Data collection and analysis issues
- Interpreting the findings and action planning
- What the institution has learned from the review process and the extent to which the reviews were considered a success.

The rest of this section provides an overview of the findings. This is followed by the individual case studies.

The rationale for conducting an equal pay review

The case study institutions' main driver for conducting equal pay reviews was the implementation of the National Framework Agreement with the aim of confirming whether job evaluation and new pay structures have achieved equal pay for work of equal value. In most cases the equal pay review was a jointly agreed follow-on action from partnership working on framework agreement implementation. A number of institutions committed at the same time to conduct equal pay reviews at regular intervals.

One institution reported that the main trigger for the review was ensuring legal compliance. Others emphasised, to varying degrees, their moral commitment to equal pay.

In one case another driver was sensitivity about adverse publicity that the university had received about the institution-wide gender pay gap. HR wanted evidence that the university

was paying equally for jobs of equal worth, despite a wide gender pay gap for academic staff.

The first review reported by any of the case study institutions took place in 2003. The university concerned undertook a review before framework agreement implementation. It has since conducted two more equal pay reviews and reports that regular reviews ensure that equality remains on the agenda at the university. Other HEIs reported that implementing a new pay structure supported by analytical job evaluation provided the foundation needed to conduct a thorough review. Only one other case study participant has conducted more than one review and the remaining HEIs have either completed, or are still in the process of completing their first review.

Involvement in the review process

In five institutions HR took the lead in coordinating the review. In the sixth institution the review was led by the university's diversity partner.

One institution preceded their equal pay review with a one day joint training event for senior management, HR and unions. This was found to be extremely helpful in helping all parties to understand the scope of an equal pay review and to get broad commitment to the review and a better understanding of what falls within the scope of an equal pay review.

The level of trade union involvement varied across the six HEIs. In each case the unions were involved in discussing the scope of the review and in reviewing the outcomes.

Discussions on scoping the review varied in detail, ranging from HR informing the unions about planned coverage and asking for feedback, through to joint working group discussions over several months.

In two cases the unions were involved in the data analysis process. In one of these a union representative nominated an academic colleague to do the statistical analyses, and in another case the joint working group analysed line-by-line spreadsheets of employee data to look for potential pay discrepancies.

Four HEIs stated that they took a partnership approach to the equal pay review process. This was considered to be beneficial in a number of ways; in demonstrating that the institution is being open, helping to clarify the purpose of an equal pay review, in building trust in the data analysis, in understanding the significance of the outcomes and in demonstrating commitment to equal pay.

Where the unions were less involved this did not, in HR's view, diminish the perceived effectiveness of the review process or reduce the amount of detail covered in the review. Indeed at the university that has now conducted three comprehensive equal pay reviews the unions have not been deeply involved in the process. HR does not believe that this is an issue because the university demonstrates its commitment to equal pay through its regular cycle of equal pay reviews, and putting significant effort into communicating the review outcomes and action plans, sharing the same information equally with the unions and University committees. One institution has a low union density and the unions were offered the opportunity to get more involved in the review process both at the scoping stage and in reviewing outcomes, but did not take up this offer.

The involvement of the institution's equality and diversity professionals ranged from leading the review to critiquing the review outcomes and providing additional analytical support, although not all of the participants had a dedicated equality and diversity advisor. The

equality and diversity input had most impact where the diversity partner either led the review or where the equality and diversity team worked closely in collaboration with their HR colleagues, rather than where they were not involved in the full process and saw their role as challenging the analysis by their HR colleagues.

All six case study institutions produce a final equal pay review report for their internal committees, which, depending on their structure included a combination of the equality and diversity committee, HR committee, senior executive committee, Board and Court, or equivalent. All institutions provided feedback on review findings to staff, although this ranged from posting a detailed report on the HEI's website to summary communication by intranet or newsletter. The type of communication did not appear to correlate with whether or not the review was run as a joint participative exercise. In two cases, analyses of senior staff were shared only with the relevant management committees, although one institution is planning to communicate this information in their latest review.

Despite differences of approach all the case study participants stressed the desirability of being open in helping to build understanding and give credibility to the outcomes.

Review scope

The case study institutions all emphasised the need to clarify the scope of an equal pay review early on in the process. JNCHES, EHRC and ECU guidance state that the scope of an equal pay review is to compare pay for jobs of equal worth. This contrasts with a broader equality review, which places more emphasis on the institution-wide pay gap and the range of causes that could lead to this. One participant also mentioned their need to address an expectation that equal pay reviews can deal with a wider range of pay issues, including external pay equity.

Four case study institutions included an institution-wide pay gap analysis, either for gender alone or for disability and race. Two did not on the basis that the information was either known already or because the focus was on equal pay for work of equal value and therefore only within-grade analyses were within scope.

All but one institution excluded one or more groups of staff. The most common exclusions were senior staff or casual staff.

Five institutions excluded the most senior executive role or roles. The reasons given included the unique and identifiable nature of the role(s) and the fact that their pay is determined by the remuneration committee or equivalent, so falls outside of the remit of the review. The institution that included the most senior executive role included this salary in the institution-wide pay gap analyses, but not in the within-grade analysis, due to the role's unique level of responsibility.

Four out of the six institutions excluded casual staff. None excluded staff on fractional contracts. One institution excluded hourly paid staff who work less than 189 hours a year. Staff who work longer than this are on fractional contracts and were included in the review. In another two workers who are not on a university employment contract were excluded. Both institutions stated that they had no problem in principle to including this group in a review because the individuals concerned are aligned to the respective university's pay structure, although it would give them logistical problems in capturing relevant data as the review is a snapshot at a specific date, so may exclude some individuals who work at other times of the year, also some of the relevant data is not held centrally. Two other institutions excluded hourly paid staff, but in both cases emphasised that this applied to a very small number of staff.

The three pre-92 case-study institutions all employ clinical academics. One university excluded this group because their remuneration is not within the control of the university and believed that their inclusion would distort the analysis. Although this was recognised as a potential problem by the other two institutions they included clinical academics, not least because in one case this group comprises a large proportion of the academic workforce.

Five institutions included disability and race in their review, but in each case stated that it was difficult to draw definitive conclusions from the analysis, due to a combination of small samples and under-reporting by employees.

Only one institution sought to analyse sexual orientation and religion, but had to give up on the analysis because only around 20% of employees had reported this information. Other institutions did not include these groups due to lack of data. Either the data was not collected, or it was incomplete.

Three institutions have conducted age analyses. However one of these later excluded age from a follow-up review because the results had been inconclusive and the analysis was not considered to be a priority compared with other areas of investigation.

Scope also varied with respect to the elements of remuneration that were included. Overtime was excluded in three institutions because only a small number of staff were eligible and payments were monitored against strict criteria. Promotions, starting salaries, market supplements and contribution payments were excluded for the same reason in some cases. However a couple of institutions specifically analysed starting salaries to investigate whether any bias could be detected.

In most case study institutions benefits were harmonised within grade, so were excluded from the review. Pensions were generally excluded on the basis that institutions have little influence over sector-level arrangements. One institution mentioned that it would be feasible to undertake analyses on levels of pension take-up between different groups, but that this was a broader issue which fell outside of the equal pay review agenda, as did differences in benefits across grades.

Two institutions reported that their holiday entitlement varied within grade. In one case this had not been identified through the equal pay review but was being addressed as a separate exercise. In the other case a full review of benefits eligibility formed part of the equal pay review and within-grade differences had been highlighted for both overtime and holiday entitlement. The equal pay review action plan includes a commitment to look into both of these.

The smallest case study institution emphasised that small institutions need to be particularly careful about scoping out the review as resources are limited. It can be more effective to start small with a clear rationale than to be over ambitious. Other institutions mentioned that future reviews were likely to change in scope in order to investigate more fully areas that had not been uncovered in earlier reviews. However, regular reviews are valuable in spotting trends, so some core analyses need to be repeated each time.

Data collection and analysis

The case study institutions had different experiences with the data collection and analysis process. In all but one case there was no problem in extracting data from the HRIS system. In the remaining case two separate data sets from HR and payroll needed to be brought together, pending the introduction of a new HRIS system. This required considerable effort in

reconciling data and led the institution to put a health warning on their report to the effect that some of the findings were likely to be subject to data error. This institution is bringing in a new HRIS system.

Although other institutions did not have a problem in extracting the data, it was not always in a format that was helpful for generating analyses. Again, in one case it is hoped this will be addressed by the introduction of a new HRIS system.

All but one Institution used Excel for analysing the data. The other used Microsoft Access. One institution out-sourced their data analysis to an external provider. In one case the analysis was conducted by an academic member of staff nominated by the unions. In another case the management committee volunteered a statistician to conduct additional multiple regression analyses using a statistical package to look for correlation that might explain the pay gaps.

In all cases pay gap identification relied on the JNCHES guidance, which recommends investigating pay differences where there is a 5% gap and 3% if there is a pattern of gaps. In two cases the institutions limited their investigation to 5% differences only. Others used both figures with more emphasis on gaps of 5% or more. One institution looked equally at all gaps of 3% or more. Another stated that smaller gaps were also investigated where the analysis revealed an unusual result such as a gap that had increased since the last review.

In investigating whether the gaps could be justified institutions looked at either the raw data that went into the analysis or retrieved individual employee files where the gap could not be explained by the data alone.

All participants used the mean to calculate the average. However one institution also used the median for its institution-wide pay gap analysis to give additional statistics that could be compared with national HE sector and ONS statistics.

The main data interpretation problem was the quality of self-reported data for the protected categories of disability, race, religion and sexual orientation. Only one institution tried to analyse the latter but had to give up due to significant levels of under-reporting. All of the institutions which analysed disability and race stated that reliance on self-reporting of sensitive personal data gave rise to reports that have limited statistical validity, either due to small or unreliable samples.

A couple of institutions conducted analyses by occupational groupings (academic, support etc). They found that these had limited value because the categorisations were inaccurate or misleading. Similarly analyses by job title were problematic but in some cases raised valid issues about the use of the same job title across several grades.

Several participants conducted specific pay gap analyses on their fixed-term or part time employees. This was to check whether any equal pay issues could be identified for this group which were not apparent from the all employee analysis.

As well as highlighting the need for accurate data the equal pay review process made the case study institutions aware of the need for good internal analytical and interpretive expertise. This includes statistical skills within HR, but more importantly the ability to make sense of the results. The one institution that outsourced the analyses felt strongly that this was justified because it added credibility and expertise that was not available in-house at the time. It could then focus internally on those areas that needed deeper investigation. Those institutions that conducted the analysis internally felt that it is more time and cost-effective to use internal expertise than to rely on external providers who may need a lot of support to

create the correct reports. Also they felt that they learned more by doing the analyses in-house.

One institution noted that there is a need to strike a realistic balance between the time spent on data analysis and action. Time can be wasted on detailed statistical analysis when priority should be put on resolving the main emerging issues.

Action planning and remedies

The content and level of action planning detail depended on the scope of the review. Where the review focused on gender pay gaps within grade only a few, if any actions typically emerged, even where detailed analysis was undertaken in search of potential pay anomalies. To this extent one of the participating universities stated that the findings were a welcome anti-climax.

The main within-grade pay gaps and their remedies, where given, were as following:

1. Outstanding pay protection arrangement, either as a result of pay framework implementation or as a result of subsequent reorganisations: no action required as these were time-limited.
2. Clinical excellence awards: no action.
3. Small samples, which meant that one or two newly appointed staff appointed at the bottom of the grade could reduce the mean compared with a larger comparison group with a wider length of service profile; no action, except where sample size related to self-reporting, which institutions planned to improve upon.
4. Higher proportions of men receiving allowances or overtime: further exploratory work is being done to understand why this is the case.
5. Fixed term staff having a shorter service profile than permanent staff: no action.
6. Local differences in allocation of salary at recruitment (identified through examination of line-by-line data . not as the result of a pay gap): this has led to a tightening up of the university's recruitment guidance.

A couple of the reviews did not identify any pay gaps. In one of these cases some grading issues were identified, but these were considered to be outside of the scope of the equal pay review and were addressed separately. In another case the only action identified by the university was the development of an equal pay policy.

Where the analyses went further than within-grade analyses the broader issues raised were either addressed in the Institution's action plan or were considered to be out of scope and addressed elsewhere as part of the Institution's broader equality and diversity agenda.

The most detailed action plan included a traffic light system flagging up each action as red, orange or green. All pay gaps were noted. A green light might indicate that the pay gap was identified but there was no reason to explore the issues any further as it could be explained and justified; a red flag might involve changes to a personnel policy.

Another institution divided their actions into three groups. The first were actions arising from the equal pay gap analysis i.e. equal pay for work of equal value. The second were actions relating to the broader equality and diversity agenda and the third group related to recommendations on how future reviews could be improved.

Several institutions included actions relating to their data analysis capability and in a couple of reviews this was the biggest area of action planning.

Some remedies focused on the need for regular monitoring or amendments to personnel policies that involve management making pay decisions. A couple of institutions emphasised that if policies are properly monitored on a regular basis through regular institutional monitoring processes this will always be better than waiting for a retrospective equal pay review to identify problems.

The use of guidance and external benchmarking

All the case study institutions used the JNCHES guidance as a main source of guidance. As might be expected, the guidance was considered to be most relevant by institutions conducting their first review.

The guidance was found to be particularly helpful in summarising the essentials of an equal pay review, and was found to be simpler than the EHRC guidance. A couple of institutions commented that the EHRC guidance was found to be cumbersome and complex in comparison.

Only a couple of institutions suggested enhancements to the existing JNCHES guidance. One HEI would welcome guidance on how to interpret the institution-wide pay gap. Another suggested that the guidance could include some simple examples of data analysis tables, to help those institutions that are not statistically minded.

No institution advocated the need for an additional analytical tool to support the review process. Difficulties with data were generally due to issues with data access from existing HRIS and payroll systems and in resolving data discrepancies before the analyses could take place.

Two institutions specifically stated that they did not want more comprehensive or prescriptive guidance. In one case the institution is fairly small and is concerned about having unduly burdensome requirements placed on it. The other already conducts comprehensive and regular equal pay review and wants the flexibility to evolve and adapt its reviews to meet its own priorities. Another institution mentioned that as the guidance is now more straightforward and shorter than the EHRC guidance more detailed guidance would defeat the object.

External benchmarking has been used by some of the case-study institutions. This has included HE pay gap data drawn from HESA and the ECU statistical report and the Office of National Statistics for whole economy data. However external benchmarking was not highlighted as a priority by most institutions. One institution that had already sought out data from comparable HEIs had reached the conclusion that benchmark data did not help them to understand, prioritise and act on the causes of pay anomalies or gaps identified in their own institution. Practical measures to remedy inequalities were more important than comparing headline statistics. Also, the differences in approach and coverage used by the case study institutions suggest that it would be challenging to ensure direct like-for-like comparison.

Success criteria and looking forward

For all case-study institutions the main indicators of success were:

1. The equal pay review did not indicate systemic problems with the pay structure introduced in response to the National Framework Agreement.
2. The institution was meeting its legal and moral obligation to ensure equal pay for work of equal value.

However, success was generally described as broader than this. Other benefits mentioned included:

- Positive employee surveys results.
- Demonstrating a genuine commitment to participation through how the review was conducted.
- Keeping equal pay and equality on the university's agenda by embedding the equal pay review process in the university's normal way of working.
- Reduction in the university-wide pay gap.
- The ability to give evidence-based answers when the university is challenged about the Institution-wide pay gap.
- A better understanding of equal pay issues generally by all parties.
- Supporting the institution's commitment to social justice and providing a platform to go the extra mile in demonstrating its commitment to equality.
- Dispelling myths about pay inequities within the university through involving unions and managers in the detailed analysis.

All but two of the case study institutions have a formal commitment to conduct reviews every two or three years. This commitment was considered to be important in keeping equal pay on the agenda and to ensure a rolling programme of review, action planning and execution and monitoring. The two remaining institutions will conduct further reviews but are unsure about the timing depending on other organisational priorities.

Where future reviews are planned it is anticipated that these will be broader in scope or will investigate specific issues in more detail. The case study institutions emphasised that over time equal pay reviews will undoubtedly evolve in content and style as the quality of data and reporting capability improves and account is taken of the findings from earlier reviews.

University A

Introduction

University A is a pre-92 university. The university has just completed its third equal pay review. HR has led all three reviews, so information for this case study was provided by representatives of the HR function.

The university first committed to conducting an equal pay review as part of the National Framework Agreement (NFA) implementation. The first review took place in 2003, before the university implemented its new pay structure. This was so that the university could assess the benefits of NFA implementation. The university then committed to conducting an equal pay review every three years so that it could track progress. The second review took place in 2006, a year after the new pay structure was introduced and the most recent review is based on July 2009 data.

After the first review report templates were available, data could be extracted more easily and instead of being a big deal the review process has become embedded in the university. This means that equal pay remains on the agenda

The university is committed to continuing with triennial EPRs because regular monitoring has enabled it to track progress against its equalities agenda. The review process has become embedded at the university and actions are kept on the agenda through the rolling programme of monitoring and action planning. Tangible benefits include the narrowing of the university's gender pay gap over the last seven years and positive employee response to questions about pay and benefits in the university's employee survey. HR believes that the university's focus on equality has contributed to this positive outcome.

Involvement in the review process

For each review the process has been led by HR. Although the focus of the first two reviews was on pay design the equality and diversity team are now co-located and have the same manager as the HR business development team that leads the review. Being part of the same team ensures regular dialogue throughout the review process and outcomes, and the equalities and diversity team has specific accountability for some projects that arise from the action planning which extend beyond pay design issues.

The unions are involved in reviewing the EPR outcomes and action plan but do not get involved in planning or conducting the review. HR believe that this process has worked well for the university as the EPRs are very detailed and all of the results and action plans are shared equally with the Executive Board, HR committee and unions. HR puts a lot of time and effort into explaining clearly what the statistics mean and believes that this is essential as the interpretation of some of the statistics can be quite challenging.

Although HR has led the agenda in terms of review content and process the Unions provide constructive review and comment on the results through a process of discussion rather than formal consultation. The review process has been supported by the unions, who have broadly accepted the action plans from each review as proposed by HR. Although HR recognises the potential benefits of involving unions at the inception of each review, HR believes that the approach taken so far has worked well for the university. The commitment to conducting reviews every three years, their thoroughness and commitment to take action has done a lot to establish credibility in the process, amongst senior management, staff and the trade unions.

A summary of each review is published on the university's website. This is available to all members of staff and the public.

Review Scope

The reviews cover all regular employees on a university employment contract. It excludes workers who are not on a university employment contract but who have some employment rights, such as casual teaching staff, post-graduate demonstrators and invigilators. In principle HR is not opposed to including this group: their pay is already aligned to the university's pay structure. However there are practical issues in including these workers. EPRs are a snapshot of the university at a specific date, so do not capture workers who are not employed at this date. Also records are not kept centrally so the data needed to include this group of workers is not available.

HR decides on the priority areas to include in each review, informed by the results of prior reviews. This means that there are some changes in what is reviewed from one EPR to the next. For example age and overtime were analysed in the 2006 review but not in the 2009 review as the 2006 review did not reveal any specific areas of concern or priority action. The 2009 reviewed focused on gender, ethnicity, and disability. To date religion and sexual orientation data has not been held by the university. HR will look into whether to include these groups in the future, but is concerned that employees may not provide full or accurate information. How an employee designates themselves over time could also change, which would impact on trend analyses.

Each EPR has analysed pay data for all levels of staff, but the 2009 review is the first to publish information on professorial and other senior staff, as the university has only recently introduced a transparent professorial pay structure. PVC allowances are excluded from these analyses as they apply to a small group of professorial senior staff. So is the Vice Chancellor's salary as this is a unique and identifiable role.

Clinical academic staff are included in the review even though their pay is not under the direct control of the university. HR recognises that the inclusion of clinical academics impacts adversely on the university-wide gender pay gap as they are clustered in the higher grades and there are more men than women in this group. In future HR may consider running a separate analysis excluding this group to see how much this impacts on the university-wide gender gap.

The review covers both within-grade analyses and across-grade analyses, recognising that the former addresses equal pay for work of equal value and the latter relates to broader equality issues.

An analysis of benefits is included except where the same benefit applies on equal terms to all staff. The 2006 and 2009 review also included an exceptional contribution and promotions analysis by gender, ethnicity and disability.

Data Collection and analysis

The data for the Equal Pay Review is an extract of data as at 1 July on the relevant year. It is now extracted from SAP, a business management software introduced by the university in 2007. The SAP tool means that it is straightforward to pull off the right data and as SAP includes self-service data entry it is considered to be reasonably up-to-date. The data are then analysed using the Microsoft tool, Access. At the start of the exercise HR extracts all of the data that might possibly be needed in order to create a static data set. This is because retrospective adjustments can be made to the SAP database and if HR needed to extract

further data at a later date the data set could have changed. Manual adjustments to the SAP data are only needed in respect of unusual pay arrangements.

As the university now generates reports used in previous EPRs it is also quite straightforward to produce these reports. The university creates pay gap reports by gender, disability and ethnicity. This is done university-wide and then by faculty, grade and occupational grouping. Comparisons are made with the previous review and significant pay gaps identified.

For staff covered by the university's grading scheme the distribution of men and women is analysed by incremental point within grade. Additional reports also analyse staff in the exceptional pay range by gender, ethnicity and disability, and the same for recommended and approved exceptional contribution awards and promotions.

Additional reports analyse staff by gender, ethnicity and disability on fixed-term contracts, part-time working, annual leave, pension scheme, and working hours. However as annual leave, working hours and pension scheme are grade-related the results mirror the overall distribution of staff in the university. HR recognises that there could be a case to do more benefits analyses, for example on the take up rate of pension, but consider that this is a broader issue that goes beyond the scope of the equal pay review.

The only data analysis issue raised by HR relates to the use of occupational groupings. This is considered to be a fairly crude measure as the allocation of staff to the groupings (e.g. academic, manager, technical) can be subject to question, particularly for staff in professional and support services. Although these reports are well-received in HR's view analysis by grade provides the most meaningful analysis of responsibility level. In contrast the occupational groupings reflect the way that the university used to report on staff matters before grading was introduced. In future the university may agree changes to these categories with the unions.

Interpreting the EPR results

In HR's view interpreting the results is more challenging than analysing the data. All calculations of pay gaps are based on mean salaries. The university uses the EHRC and JNCHES guideline figures of 3% (pattern of pay differences) and 5% (one-off difference) to identify pay gaps. However it can be difficult to understand the significance of specific results particularly where gaps are skewed by small sample sizes. All pay gaps of 3% or more are reviewed, with pay gaps of 5% or more being flagged up as more critical for investigation. However, pay gaps that are less than 3% are also investigated where the results are unexpected or look unusual, for example if a pay gap has increased since the last review.

HR develops the action plan and shares this with the University Board, HR Committee and unions.

The full equal pay review report lists all significant pay gaps. Traffic light indicators are then used to order issues in priority from low (green) to high (red). Actions are set against each pay gap. This can range from ~~A~~None for example where the data sample is small and no meaningful conclusion can be drawn to ~~H~~High which may involve policy design or career progression initiatives targeting specific groups.

One of the challenges identified by HR is knowing when to stop analysing and when to focus on action, particularly when there is no clear explanation of the results. Ultimately a judgement call has to be made about which results are more important and what kind of action is required. There is the risk that resources could be used to delve further into data

analysis instead of focusing on the action plan needed to remedy the most significant pay gaps.

The published review and action plan is supported by a more detailed HR action plan. The detailed plan lists areas for concern, likely cause, general actions, practical steps, accountability for and timing of action. This plan is reviewed and updated regularly as part of HR's normal operational monitoring.

Workforce composition impacts on the university-wide gender pay gap analysis in so far as there are more men than women in the senior grades. Also the inclusion of clinical academics impacts on the university's gender pay gap although their pay is not under the direct control of the university.

The use of guidance and external benchmarking

The university used the 2003 JNCHES guidance to guide the first review. This set the parameters for future reviews and HR has reviewed the 2007 guidance mainly to check whether any changes need to be taken into account since it was originally issued. Reference has also been made, as needed to the EHRC guidance.

Although the university has included national pay gap statistics in the latest review and has sought benchmark information on pay gaps from similar institutions this is not considered to be of as much value as concentrating on the university's own results. The causes of gaps and their remedies are specific to the university and HR's focus is on policy development work that will reduce the pay gaps rather than on headline figures that do not always throw light why the gaps exist in the first place. In developing solutions to specific issues arising from the review, however, the university draws on external good practice from within or outside the sector.

HR is strongly of the view that more prescriptive JNCHES guidance on what should be covered in an EPR or what types analyses are needed would not be helpful, as each HEI works within a different context and what may work for one HEI may not be appropriate for another.

Lessons learned

Lessons learned include:

- There is considerable benefit to be gained from conducting equal pay reviews on a regular basis. A key strength of the approach taken by the university is how equal pay reviews and their follow-up have been embedded into the university's normal business, rather than being treated as a one-off initiative.
- Focus on practical measures to remedy inequalities rather than worry unduly about comparing headline statistics externally. These do not help in understanding the university's own issues and priorities.
- As well as having access to good quality data through SAP, the university has benefited from having a good internal mix of skills to conduct the review. This includes the statistical skills within HR, but more importantly the ability to make sense of the results. HR has not closely analysed the amount of resource involved in the review process and the length of time taken has reduced with each review, but the initial data collection and running of the reports is now believed to involve around three weeks to a month of a member of staff on a full-time equivalent basis.

- Strike a balance between the time spent on data analysis and action. Time can be wasted on detailed statistical analysis when priority should be put on resolving the main emerging issues.
- The full equality agenda will not be addressed in a single review. Each review needs to evolve in content and style including changes in the way that data is analysed. The next review will be no exception. However as one of the main benefits of the review is to review trends the most important analyses need to be undertaken in each review. Indeed HR thinks it could do more to highlight progress from one review to the next.
- It is important to put a lot of time and effort in communicating the results carefully. It can be difficult for people to understand the pay gap analysis and to draw meaning from it.

University B

Introduction

University B is a pre-92 university. The university has recently completed its second equal pay review. Information for this case study was provided by the Director of HR.

The university conducted its first equal pay review in 2006 after implementing the National Framework Agreement. The framework agreement working group, comprising of management and trade union representatives, agreed that an equal pay review would help to understand the impact of the new pay structure. The working group also agreed that equal pay reviews should be repeated every three years as this interval would give enough time to interpret the review findings, plan and take action and monitor progress. The second review was conducted in late 2009. For reasons unrelated to the equal pay review the findings have yet to be formally released, although the unions have had informal sight of the findings.

Involvement in the review process

The first equal pay review was initiated by the Framework Agreement Working Group, a joint group of management and trade union representatives. This group worked in partnership through the development of the university's pay structure and mutually agreed to conduct an equal pay review in order to assess whether the university had met the framework agreement objective of addressing equal pay for work of equal value, or whether attention needed to be paid to any aspect of the new pay system.

The unions have been involved in the review process to the extent that they have wanted to be involved, from planning through to reviewing the results. Involvement has been through a sub-group of the Framework Agreement Working Group, which had concluded its original remit. In the HR director's view both reviews have been conducted in a spirit of genuine partnership.

The university's equality and diversity advisor was not part of the working group, but has supported both reviews in providing critical analysis of the findings and in reviewing individuals' records in order to understand the reasons for any pay discrepancies.

Detailed analysis was conducted by a senior member of the HR team.

The final report of the first equal pay review was shared with the trade unions, management and equality and diversity committee and a summary was provided for the University's Court. A summary of the review was posted on the university's website, available to all members of staff and the public. The same communications channels will be used for the second review which is due to go through the relevant committees this autumn.

Review Scope

The reviews have covered all but around 5% of employees. The exclusions were:

- The Principal and pro-vice chancellors as this is a small group of identifiable staff.
- Clinical academics as their pay is not within the control of the university.
- TUPE'd staff as their terms and conditions of employment are ring-fenced.

- Casual staff, although the numbers have reduced substantially between the two reviews because the university has moved all staff working more than 189 hours a year on to fractional contracts. The employment of casual staff is however monitored as part of the university's normal quarterly management information statistics, including analyses by gender, disability, and race.

In 2006 the main focus of the equal pay review was to investigate the impact of the new pay structure. The 2009 review was extended to cover disability and race.

Neither review has covered other employment terms and conditions. Pension arrangements are beyond the scope of the university to control and there is no differentiation within grade for other benefits. Overtime is also excluded as this is monitored regularly and applies only to limited groups of staff.

Both reviews have included an analysis of the university-wide gender pay gap.

Data Collection and analysis

No data collection issues were identified by the HR director except for the difficulty in obtaining good data where there is reliance on self-reporting by staff. The university is making in-roads into obtaining better data, but it is anticipated that the lack of reliable data will continue to be a problem for institutional analyses by race, disability, religion and sexual orientation, whether as part of the equal pay review or other forms of monitoring.

All pay gap calculations were based on mean salaries. The university analysed all gaps of 5% or more. However there was some debate with the unions about whether the 5% threshold is appropriate or whether it should be lower.

The HR director acknowledged that data collection and analysis is dependent on having access to good analytical skills within HR. The success of the review depended on being knowledgeable about how data is structured and how to access the right information to investigate the causes of any pay discrepancies that emerged from the initial gender pay gap analysis.

Interpreting the EPR results

A small number of pay gaps were been identified in the two equal pay reviews. In each case these could be explained. For example, in the 2006 review one occupational group had time limited red-circling arrangements arising from implementation of the framework agreement. By 2009 the gap had disappeared.

For roles paid above the university's grade structure analyses were conducted for the university as a whole and then by main academic area. No significant pay gaps were found.

In 2009, the university included analyses by disability and race. However as the samples for the protected groups were very small these results have not been distributed as investigations are still continuing on whether the analysis is meaningful or valid.

Exceptional contribution awards were reviewed. No pay gap issues were identified. The university also pays a small number of market supplements, mainly for specialist academic roles where staff are drawn from outside the sector and where HEI salaries do not match the external market. These payments are subject to regular monitoring and were not included in the equal pay review. Neither were promotions and starting salaries as these are monitored

yearly by gender, disability and race and are part of the university's normal management information monitoring.

Workforce composition impacts on the university-wide gender pay gap analysis in so far as there are more men than women in the senior grades. This means that men's average (mean) pay is higher. The HR director is unsure about the significance of the gap as it is caused by demographic factors that are beyond the university's control and there are only so many things that the university can influence through its equality and diversity agenda.

The use of guidance and external benchmarking

The university used the 2003 JNCHES guidance to guide the first review. HR reviewed the revised 2007 guidance before the second review to check whether there were any significant changes.

The guidance is considered to be adequate; however the HR director would welcome a steer on how to interpret the institution-wide gender pay gap. Although this falls outside of the scope of an equal pay review focusing on work of equal value it would be helpful to be offered some insights on how to interpret this figure.

Lessons learned

Lessons learned include:

- A three year gap between equal pay reviews is a reasonable length of time to enable the university to interpret the review findings, plan and take action and monitor results.
- It is better to make use of in-house analytical skills as this ensures that the data sources are fully understood and makes it more straightforward to conduct follow-up analyses exploring the reasons for any gap.
- Analyses that rely on self-reporting of sensitive personal data may have limited validity.
- It is more effective to build regular monitoring into policies that impact directly on pay (such as promotions, overtime, market supplements) than to wait for a triennial equal pay review.

The first reviews have been reassuring to management and unions alike in confirming that the pay structure has met the objective of ensuring equal pay for work of equal value at the university. However the HR director anticipates that future reviews will involve more in-depth analysis to look for issues that have not surfaced through the first two reviews.

University C

Introduction

University C is a small post-92 university college. The institution was an early implementer of the National Pay Framework. The HR director joined later and found that there were a number of HR issues, including residual grading issues that needed to take precedence over an equal pay review. The equal pay review was initiated after communications from UCEA in 2008 prompting institutions that had not already completed an equal pay review to do so. The review was completed in 2009.

The HR director provided the information for this case study as the union representative who was most closely engaged in the review process has left the institution.

Involvement in the review process

A partnership approach to conducting the equal pay review was a natural progression from joint involvement in job evaluation and implementation of the single pay spine. In any case the institution's style is to work collaboratively. In 2008 the institution took up the opportunity to attend equal pay training organised by UCEA. This was attended by HR, senior managers including the vice principal and the unions. After the training HR agreed the scope of the review with the trade unions. UCU nominated an academic member of staff from the social sciences subject area to provide analytical support. This offer was well-received by HR because it gave extra credibility to the analysis and provided extra resource to support the review.

The equal pay review fell within the overall responsibility of the general HR team as the institution is not big enough to have an equality or diversity officer. Broader equality and diversity issues are addressed by the institution's equality and diversity committee and actions fall mainly within the remit of the HR department.

The senior management team was interested in the review outcomes from an equal pay risk management perspective, but was otherwise not involved in the review process. The institution's governors were briefed on the review results and requested some additional analyses. These were provided subsequently, but not as part of the equal pay review.

The review findings were formally fed back through the JNCC and the management team. Line managers were asked to pass on findings to staff through a cascade process and information was posted on the intranet.

Review Scope

At an early stage the scope of an equal pay review needed to be confirmed with the unions as one union was initially more interested in external pay comparisons rather than internal comparisons. It was jointly agreed that the review would focus on whether the institution was meeting its obligations in terms of equal pay for work of equal value as defined by equal pay law. For this reason analyses by ethnicity, disability or other protected categories did not form part of the review. Neither did an analysis of the institution-wide gender pay gap as this was already known and had already been the subject of internal discussion.

It was jointly agreed that the review should cover all substantive staff on the single pay spine, including fractional and fixed term employees. A small number of casual and other atypical staff such as tutors and those paid on hourly rates were excluded as was the female dominated senior management team.

Overtime was not included in the analysis as very few staff are eligible and only at specific times in the year. There are clear eligibility and payment criteria and payments are monitored separately.

Promotions were also excluded as the numbers were low (in single figures), and implementation of the promotions policy is monitored separately.

Benefits were excluded because, with the exception of pension, all benefits are harmonised from top to bottom across the institution. There are differences in sick leave administration arrangements, but the basic entitlement is equivalent.

Data collection and analysis

All of the data for the review came from the HR information system as a snapshot on a specific date. It was straightforward to pull this information from the system. It was collated anonymously before being passed on to the UCU nominated analyst.

The analyst looked for gender pay gaps of 5% or more as specified in the EHRC and JNCHES guidance. The analysis showed no significant variance by grade. As the unions had been closely involved in the job evaluation process and in the development of the new pay structure neither the unions nor HR expected that the equal pay review would throw up any significant pay discrepancies. So this outcome was not a surprise.

An analysis of contribution points showed that these were distributed fairly by gender. This was based on a small sample as few awards had been made at the time.

Interpreting the EPR results and action planning

No actions were identified in relation to the grade by grade analysis. The findings were summarised in a short report, encouraged by the data analyst who was of the view that there was no need to publish the detailed statistics by grade because the review revealed no significant pay gaps.

The report did note that further work was needed to understand the relativities between some jobs that were occupied predominantly by men or women. However the HR director emphasised that this related to grading issues that had already been identified in relation to early job evaluation outcomes. Ongoing actions included looking at job titles, the hierarchy of jobs within job families and making sure that new posts were graded correctly during a period of rapid institutional growth.

With respect to planning for future equal pay reviews no decision has been taken yet on whether they will take a broader focus and when the next review will take place.

The use of guidance and external benchmarking

The institution used the JNCHES guidance to guide the equal pay review. The HR director also drew on prior experience of conducting detailed equal pay reviews in other public sector organisations.

The HR director believes that no further or improved JNCHES guidance is necessary. Indeed a more prescriptive approach or the requirement for additional analyses could be particularly challenging for small institutions.

Lessons learned

Lessons learned include the following:

- Managers and unions need to be educated about the potential scope and coverage of equal pay reviews at an early stage, otherwise expectations can be raised that the review will deal with a broad range of pay issues, such as external pay competitiveness.

- A small institution needs to be particularly careful about scoping out the review as resources are limited. It can be more effective to start small with a clear rationale than to seek to cover a lot of issues within a single review process.
- The use of a social scientist nominated by one of the unions to analyse the data was particularly helpful as it gave credibility to the process and validated the conclusion that there were no significant pay gaps.
- It is essential to have buy-in to the review process and it is important to engage the interest of the senior management team.
- It can take as long for a small, highly collaborative institution to conduct a review and follow-through with action as a larger institution, as there are more opportunities to get involved in collaborative problem. solving and decision-making.

University D

Introduction

University D is a pre-92 university. The university completed its first equal pay review in 2008. The review was led by HR, and information for this case study was provided by the HR director and reward manager who undertook the detailed analyses.

The equal pay review followed on from implementation of the National Framework Agreement. The university had committed to conduct an equal pay review, but no specific timescale was agreed or commitment on frequency. Another driver was that the university had been highlighted in the media as having a wide university-wide gender pay gap amongst academic staff, so HR wanted the reassurance that this was not due to the pay system and that the university was meeting its obligations with respect to equal pay for work of equal value.

Involvement in the review process

All stages of the review were led by HR including the original scoping of the review. The review was led by the university's reward manager who has a strong expertise in data analysis. This expertise was complemented by the HR director's institutional knowledge, and a good understanding of how the university had arrived at its pay arrangements.

The proposed terms of reference and scope were shared with the unions, staff consultative forum and equality and diversity forum. The results were shared with the same groups and with the university's HR committee. The unions and staff forum were given the opportunity for input to the scoping and take part in more detailed review of the review results after the initial meeting where they were presented. But this offer was not taken up. The university's unions had been pragmatic in their partnership working with the university on the National Framework Agreement and this was also reflected in their response to the equal pay review approach and the findings that emerged.

Staff were informed of the review outcomes through the internal newsletter.

Review Scope

The purpose of the review was to test whether the new pay structure was meeting the university's legal requirement to ensure equal pay for work of equal value as defined by the Equal Pay Act. This meant that the review focused mainly on gender pay gaps within the grade structure. However in line with the JNCHES guidance disability and ethnicity analyses were included. Also included were analyses of academic roles above the graded structure and a university-wide gender gap analysis.

The review covered all employees within these groups including part-timers and those on fixed-term contracts. Separate analyses were conducted by working pattern as HR wanted to test whether there any specific issues emerged, particularly in relation to fixed term contracts. The only work pattern that was excluded from the review related to a very small number of hourly paid academic who deliver one-off sessions. As these academics are only used on an occasional basis they are employed on a contract for services and are not employees.

As the university employs a large number of clinical academic staff and this group impacts on the university-wide pay gap, academics were also reviewed by level (lecturer through to professor) to see if there was an adverse impact on pay gaps within grades. The pay gap analysis for this group was based on hourly pay rates rather than annual rates because it includes staff on different contractual hours.

Although the university took a look at senior administrative staff they were not included in the full report.

The review did not cover benefits. This is because the university harmonised terms and conditions as part of framework agreement implementation. There are some differences in terms and conditions across the grades but not within grades.

The review did not include age analyses as HR had to prioritise its effort and age was not considered as high a priority at the time as disability and ethnicity. Sexual orientation and religion were not covered for the same reason, but also because the university did not hold records on these categories and does not plan to do so. Age may be included in the next review.

The review included an analysis of starting salaries and allocation of contribution points as it was recognised that these could impact on pay gaps within grades.

Data collection and analysis

Data for the review came from the HR information system. Extracting the data was straightforward. So the availability of data did not affect the scope of the review. However quite a lot of data manipulation was required because the HR system was not able to run the reports required for the equal pay review. Also the total salary for a member of staff was sometimes split across several elements, and held on separate records within the HRIS system. These needed to be combined to generate the total remuneration for a member of staff. Overtime was not included in this review because few members of staff are overtime eligible.

HR used Excel to clean and manipulate the data in order to create the right reports. Excel was found to be perfectly adequate for the task. However, the HR director emphasised that this process was possible because the HR manager leading the review had the necessary Excel expertise and an understanding of statistics. There had been a discussion about whether an external provider should be used to analyse the data but, having spoken to other HEIs that had taken this approach HR decided that the amount of time needed to support the external providers to generate the analyses would not be cost or time effective.

All calculations of pay gaps were based on mean salaries. In line with the JNHES and EOC (now EHRC) guidance HR examined pay gaps of 3% and above, but placed most focus on gaps of 5% or more.

When the HR committee reviewed the results the support of a statistician was offered to conduct further analyses. The statistician undertook multiple regression analyses using SPSS to see if any there was any significant correlation between factors that might explain the pay gaps. None could be found.

Interpreting the EPR results and action planning

A few gender pay gaps were identified. In each case these were found to be caused by factors that could be explained. These included outstanding pay protection arrangements (which led to a pay gap in favour of women at specific grades), the inclusion of clinical excellence awards amongst the male dominated clinical academic staff (which are outside the direct control of the university) or length of service distribution within grade. For example a few pay gaps in the ethnicity and disability reports by grade were investigated and the gaps were found to be the result of the distorting effect of small samples. This was because the sample of staff in the protected category (gender, disability or ethnicity) were short serving members of staff and were therefore on lower incremental points than the larger sample of non-protected group where many staff had already reached the maximum of the grade based on length of service. It was noted that a pay gap can arise even where grades do not have a large number of incremental points as a gap of more than 5% can be created by an average length of service difference of two years. The disability and ethnicity reports also suffered from incomplete data due to under-reporting by job-holders. However the university wants to improve on this in the future.

The analysis for fixed term staff also showed some pay gaps. This again was caused by the length of service profile . with fixed term employees having a shorter length of service than permanent employees, therefore being on lower increments than the main body of staff, many of whom were on the maximum of the grade. Also, in some cases fixed term starting salaries were outside of the control of the university and capped by the funding body.

The university-wide pay gap analysis confirmed what was already known, that the high number of male clinical academics employed by the university impacts on the university-wide gender pay gap. These tend to have relatively long service in the higher grades and are paid a salary according to level of seniority, plus allowances (including clinical excellence awards) that are determined by reference to the NHS and outside the direct control of the university. The equal pay review did not identify any specific actions in respect of the university-wide gender pay gap as the issue is addressed by the university as part of a wider equality and diversity agenda.

The HR director commented that when the Framework Agreement was being introduced consideration was given to bringing clinical academics on to the university's pay structure. However the need to recruit and retain staff that come predominantly from the NHS meant that there was a clear labour market justification for retaining separate pay levels.

An analysis of starting salaries did not reveal any equal pay issues even though staff with more experience can join above the grade minimum.

HR flagged up that although the pay gap in favour of permanent versus fixed-term employees could be explained by their shorter length of service the employment and funding of fixed term researchers was a broader issue for the sector which went beyond the remit of the equal pay review.

The findings from the review were shared with the university's equality and diversity forum, HR committee, unions and staff consultative forum. Only the two university committees saw the outcomes of the professorial review.

The only direct action from the equal pay review was the creation of an equal pay policy statement.

Other areas of potential pay discrimination are regularly monitored separately, including the award of contribution points and promotions policy. This meant that no specific actions were needed in these areas.

The use of guidance and external benchmarking

The university used the JNCHES guidance to guide the equal pay review. The HR manager who conducted the review had also attended a UCEA equal pay seminar before starting the review. This was found to be particularly helpful in clarifying the potential scope of the review.

The JNCHES guidance was used in conjunction with the EHRC guidance. The JNCHES guidance was found to be more helpful because it provided the essential detail and was not too cumbersome to use. The one suggested enhancement to the JNCHES guidance would be to add some example blank reports. This would provide further guidance to those HR departments that do not have good analytical or statistical know-how.

Lessons learned

Lessons learned included:

- At the outset clarify the scope of the review. Distinguish between whether the review is focusing on pay gaps for jobs of equal worth, (as defined in the JNCHES and EHRC guidance) or a broader equality review, in which case more focus would be placed on looking at the institution-wide pay gap and the wide range of causes that could lead to this.
- Set expectations with others at the beginning of the review process about what the review will and will not cover.
- There is a need for good internal analytical and interpretive expertise. This institution found that it is more time and cost-effective to use internal expertise than to rely on external providers who may need a lot of support to create the correct reports. Also the institution learned more by doing the analyses in-house.
- If the application of pay policies (such as contribution awards, promotions reviews, harmonisation of terms and conditions) are monitored regularly an equal pay review need not be onerous, because analyses of factors that could give rise to pay anomalies are addressed through other means.

University E

Introduction

University E is a post-92 university. The university started its first equal pay review in 2009. The final report is due to be presented to the university's equality and diversity committee and the Principal's Executive Group by the university's diversity partner, who provided all of the information for this case study.

The equal pay review followed on from the introduction of the university's new pay structure in response to the National Framework Agreement and was motivated both by moral and legal considerations. In future, reviews will take place every two years.

Involvement in the review process

The equal pay review was conducted throughout with participation from the university's recognised unions. This included agreeing how the project would be conducted, scoping out the review, analysing detailed data and writing up the findings. A project team was established involving HR, management and union representatives. HR supported the process by providing the relevant data and the project was lead by the Depute Director of Human Resources

As the review process included a full analysis of staff data on a role-by-role basis project team members were allocated to look in detail at the data for one or more specific grades. Three project team members analysed each grade. It was their responsibility to examine anonymous data for all job-holders, to investigate potential anomalies and to report back their findings to the whole group. As this approach involved team members looking at confidential data a commitment was given by the unions that the data would be reviewed on a strictly confidential basis, would not be shared beyond the project team and if a potential equal pay risk was identified it would not be used as the basis of an equal pay claim. For its part the university was committed to address any pay anomalies.

In the view of the diversity partner the full involvement of the unions at every stage was considered to be extremely valuable. It made for a more thorough examination of the information and a better understanding by all parties of equalities legislation and pay equity issues. It also helped to dispel some assumptions that had been made about pay equity at the university.

The final report has been compiled by the university's diversity partner and is a composite of the group's findings and recommendations. Once agreed by the project group including the trade unions, it will be submitted to the university's equality and diversity committee and Principal's Executive Group. A condensed version of the report will be published for staff

Review Scope

The review focused on confirming that the university was meeting its requirement in respect of equal pay for work of equal value as defined by the Equal Pay Act. For this reason it was agreed that the review would not focus on the university-wide pay gap as this is caused by a wide range of broader equality issues, which the university was already familiar with. However it was agreed that the review scope would seek to cover ethnicity, disability, age, sexual orientation and religious belief as well as gender.

Most elements of cash remuneration were analysed and the review covered all employees except for staff whose salary is determined by the remuneration committee which includes the Principal & Vice-Chancellor; Vice-Principals, University Secretary; Director of Finance and Director of HR. As the university's pay structure otherwise covers all levels of employee it was straightforward to conduct equal worth analyses for all other staff. Some groups were looked at separately as the project team had particular concerns about whether they were treated fairly under the pay system. These included part timers, those on fixed term contracts and researchers.

As well as a grade-by grade review it was also agreed to conduct like work analyses using job titles as there were some concerns about the use of the same job titles across different grades.

The review did not cover benefits. It was agreed that there would be no value in doing so as the university had largely harmonised its terms and conditions within grades, except for holiday entitlement and the standard working week which is being looked at separately.

Data collection and analysis

All of the data for the review came from the HR information system. HR undertook the initial pay gap analysis within grade and by job title and flagged up pay gaps of 5% or more. However it was assumed that these headline statistics would not reveal all of the university's potential equal pay risks as the aggregate statistics might hide individual instances of pay discrimination. For this reason anonymous data on all job holders was reviewed to investigate whether any pay discrepancies could be identified, which had not been objectively justified in line with the university's policy

At the initial analysis phase it was agreed to focus the analysis on the equality strands on gender where there was robust data available. Reports were therefore generated for disability and ethnicity, but the small data samples cast some doubt on the validity of the statistics therefore, it was agreed to complete a further data collection exercise on the other equality prior to completing a second equal pay analysis.

Interpreting the EPR results and action planning

Some pay gaps were identified in the initial pay gap analysis. In each case these were found to be caused by factors that could be identified and justified. The detailed line-by-line analysis gave rise to just one recommendation that the pay for one female member of staff should be reviewed.

With respect to pay equity issues one area of concern that emerged from the review was that there were pockets of local inconsistency in how starting salaries were set. One recommendation was that the university should tighten up its approach to determining starting salaries.

Another issue that was identified was the inconsistent use of job titles, particularly where the same title was used across more than one grade. One of the review's recommendations is to look further into the use of job titles.

To the extent that the review did not find significant pay disparities the diversity partner reported that review results were reassuring. The university did not expect to find many pay disparities and few were found.

The use of guidance and external benchmarking

The university used the JNCHES guidance to guide the equal pay review. Also HR liaised with colleagues in the sector on their experiences before starting the review.

The JNCHES guidance was used in conjunction with the EHRC guidance. However the EHRC guidance was found to be rather unwieldy and to make the review process look more complex than it needed to be. The university did not suggest any ways in which the JNCHES guidance could be improved.

Lessons learned

The review process revealed the need for good data and for a good analysis tool. It is hoped that the new self-service HR system will lead to an improvement in reporting on the protected characteristics that rely on self-disclosure. The request to update data will be accompanied by an explanation of why these categories are needed, based on previous experience at the university which has shown how an explanation on why the information is important improves the self-disclosure rate.

The combination of an inclusive approach and the job by job analysis meant that the detailed analysis took about twelve months and was resource intensive, but this approach made the review more credible. The approach helped to dispel some internal misunderstandings about the equal pay review process and some assumptions that had been made about internal pay equity. Also taking the review down to the job-holder level enabled the project team to look for potential issues that could not have been identified by looking at the headline pay gap statistics alone.

Further lessons learned include:

- Be open: sharing data and analysing it in partnership gives both management and the unions trust in the outcomes.
- Be prepared to investigate matters which may result in changes to processes or procedures
- The biggest potential for introducing pay discrepancies is where management has discretion over how pay is determined. A robust policy, management education and monitoring of decisions reduce the impact of this.

The diversity partner believes that the approach taken was successful, not just because it did not reveal many issues, but because of the approach taken. It was not treated as a tick-box exercise and it was gratifying that the university's senior management was prepared to address any issues raised. It is anticipated that future reviews will use the same approach. However it is envisaged that the review process should be less labour intensive as the review will make use of the enhanced reporting capabilities of the new HR information system.

University F

Introduction

University F is a post-92 university. It is in the process of completing its first equal pay review. The university has taken a collaborative approach to the review so information for this case study was gathered through joint meetings with HR, union representatives and members of the university's equality forum as well as through additional discussions with members of the HR team.

The university concluded its negotiations on the national framework agreement in 2007 and backdated implementation to 2006. The concept of equal pay is strongly supported at the university and this was reflected throughout the discussions and negotiations on the framework agreement. Indeed it strongly impacted on the university's framework agreement, influencing the number of increments per grade, the move of associate lecturers to fractional contracts, the harmonisation of working hours and a decision not to use contribution points.

Before entering into framework agreement negotiations there had been joint discussions about whether to conduct an equal pay review but it was decided that job evaluation and grading outcomes were needed in order to conduct a comprehensive review. The university's framework agreement commits it to conduct equal pay reviews every two years however all parties agree that the first review took longer to get under way than was intended.

The university's mission includes a commitment to social justice. All parties were keen to stress that equal pay reviews are seen as a way, not just of quality assuring job evaluation outcomes but to help the university go beyond legal compliance and to go the extra mile in demonstrating its commitment to equality.

Involvement in the review process

The scope of the equal pay review was agreed jointly between HR and representatives of the unions as a natural follow-on from participative working on the framework agreement. The university's new equality forum made up of management, staff and union representatives then became a joint guardian of the review. The equality forum reports to the university's management board.

One of the early decisions in the scoping process was that the university should use external help, both in analysing the raw data and in interpreting the results. It was felt that external involvement and scrutiny would add credibility and expertise to the process.

The university is committed to being open about the review findings. The unions and equality have seen all of the initial reports on the understanding that some of them will need to be edited for confidentiality. With this exception the detailed results will be shared with staff and the university plans to make its findings publicly available when the final report has been through the university's committees. In order to ensure that the report is easily understandable HR plans to ask the Plain English Campaign to review the report before publication. This has already been done successfully with the university's Equality Scheme. The final report will be published on the university's web site.

Review Scope

The review scope was agreed over three to four months in a series of meetings between HR and the unions, including one of UCU's regional officers. The scoping started with a set of guiding principles. These principles included agreement to use external support to analyse and interpret the data, to make use of JNCHES guidance as the main source of guidance, and to work with data that was already held by the university.

The review covers all employees throughout the grade structure and up to, and including the Vice Chancellor. It includes those on fixed term contracts and all associate lecturers who are now on fractional contracts. Senior staff that fall outside of the graded pay structure have not been subject to formal job evaluation but their roles were divided into two groups to reflect different levels of responsibility. Academic heads were analysed separately.

The scoping group acknowledged that the first review would be a learning exercise. The aim was to provide a good base line which would also serve to highlight where the analyses could be improved.

The review included disability, race and age analyses but the university did not hold reliable data on religion and sexual orientation, so these were excluded.

As well as looking at all allowances paid to staff, including overtime, the review included an analysis of recent starting salaries.

A comparison of benefits was undertaken as part of the review. This was done by looking at eligibility for different terms and conditions rather than a quantitative analysis.

Data collection and analysis

The collation of employee data proved to be the most challenging aspect of the review. The University held information on two separate systems; an HR and payroll system. This meant that the support of the ICT department was needed to create a single data set.

This process took two to three months and required considerable effort in reconciling data. Issues encountered included how to deal with members of staff who held more than one part time contract. (This was resolved by treating each one as a separate role).

Report requirements were driven in broad terms by the scoping exercise, and then by the availability of suitable data. The external data analyst then used judgement to create reports that aimed to meet these requirements. All reports were created using Excel, which enabled the university to refine these and to conduct further analyses on the same data base if necessary. The reports produced by the external data provider were very detailed. Reports were produced on base pay and total cash analyses by gender, disability, race and age within and across grades. It also included gender analyses by job title and occupational grouping. Another report analysed all allowance payments by gender.

All initial pay gap analyses were based on average (mean) salaries. However, in collating the final report additional analyses were carried out using median data to look at the institution-wide and faculty-wide pay gaps. The median enable additional external benchmark comparisons to be made. It was also a way of checking whether especially high or low salaries were distorting the mean.

The university is due to implement a new HR system. It is anticipated that this will both ease data collection and analysis, and will enable the university to capture a broader range of data in order to address a broader equality and diversity agenda.

Interpreting the EPR results

As the reports created by the external data provider were comprehensive it was relatively straightforward to identify the main issues that need to be examined further. Every pay gap of 3% or more was investigated.

The independent reviewer was able to provide an explanation for most of the pay gaps by looking at the spreadsheet of the raw data. The report which separated out all of the university's allowance payments by gender was particularly helpful in providing a starting point for identifying the possible causes of pay gaps, of which more were found in total cash analyses than in base pay reports. However in some cases the independent reviewer highlighted areas where further analysis needs to be done internally to confirm whether the pay differences that have occurred are justifiable. This requires institutional knowledge and access to information about individual employees.

More pay gaps were identified where reports were based on small samples. This is because it sometimes took only a couple of employees to be paid at the top or bottom of the grade to distort the mean salary and create a pay gap. However it was generally straightforward to identify this as the cause. As none of the university's grades has more than six increments these differences were not considered to be significant.

Although the university has yet to complete its action plan a number of issues have emerged that will need to be investigated further. More detailed data analysis will form part of the action plan. Examples of issues that have emerged include:

- The inconsistent use of job titles.
- Differing levels of allowance and overtime payments by gender.
- Differences in benefits entitlement within grade which may impact on the total value of the remuneration package.

The next step is for the equality forum to review the final report and to finalise the action plan before the report goes forward to the university's committees. This action plan will distinguish between three types of recommendations: those that address equal pay for work of equal value issues, those that relate to broader equality issues and those that relate to improving the university's future equal pay reviews.

The use of guidance and external benchmarking

One of the guiding principles agreed in scoping out the equal pay review was that the JNCHES equal pay review guidance should be the main source of guidance for the review. This guidance proved sufficient and there are no suggestions for improvement. However this may be because the data analysis and review was undertaken by an external data provider and analyst who are experienced in conducting equal pay reviews.

Reference was made to the ECU's statistical report for external benchmarking and the Office of National Statistics website. It was noted that care was needed in looking at external benchmarks to ensure that like-for-like comparisons are made as headline statistics are not always clear about whether the mean or median is being cited as the average. Also, when the final report was being drafted in October 2010 the ECU's report for the equal pay review year (2008/9) was not yet available although ONS data was.

Lessons learned

The review process is not yet complete. However some early learning from the exercise have been:

- It was right to draw on external support to undertake the statistical analysis and to analyse the outcomes. This gave the university access to a level of expertise that it did not have internally.
- The difficulty of extracting data from two separate information systems gave the biggest challenge to the review. It was therefore important not to stretch the capability of the university, and to be realistic about what could be achieved.
- The quality of the analysis is only as good as the data that goes into it. This is particularly an issue where the analysis is based on small samples.
- As expected when the review was scoped out, the review has identified how the analyses can be improved for the next review.

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The Gender Pay Gap - A Literature Review

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1 Executive Summary

As part of the New JNCHES Equality Working Group's (EWG) work on gender equality, UCEA co-ordinated research on the systemic issues in relation to the gender pay gap (GPG) with a view to producing updated guidance on ways to tackle this issue. It was decided by the EWG that a review of relevant literature on the subject would be undertaken to inform this work which accompanies additional research by the EWG on Equal Pay Reviews in HEIs.

Key findings of the literature review

1. **The gender pay gap refers to the difference between men's pay and women's pay as a percentage of men's pay.** If the gender pay gap is 15% then women, on average, earn 15% less than men. Gender pay gaps can be either positive or negative, with a negative gender pay gap indicating that women earn, on average, more than men. Gender pay gaps are an important element in analysing and monitoring progress on equal pay both nationally and within organisations.
2. **While the overall definition of the gender pay gap is widely shared, its exact measurement varies.** The Office for National Statistics uses the median (middle data point) hourly earnings excluding overtime to calculate the gap, while the Equalities and Human Rights Commission, along with, *inter alia*, the OECD, prefer to use the mean (central tendency) hourly earnings. There are advantages and disadvantages to each approach.
3. **Gender pay gaps can be used for a range of comparisons.** These range from single economy-wide figures for full-time pay to enable international comparisons, to calculations based on occupational groups that are job evaluated as being comparable as part of an organisation's equal pay audit.
4. **The current gender pay gap in the UK, based on median hourly earnings excluding overtime for full-time workers, is 12.2%, while based on the mean it is 16.4%.** The gender pay gap for part-time employees, based on median hourly earnings excluding overtime, is -2.0%, while based on the mean it is 13.2%. The gender pay gap for all employees (part-time and full-time) is 22.0% (median) or 20.2% (mean) depending on the measure used.
5. **The UK's gender pay gap is high by international standards.** The Trades Union Congress (TUC) note that the overall gender pay gap in the UK is one-third higher than the EU average and the OECD equality database shows that it is also above the OECD average. The OECD suggests that the UK's overall gap is mainly higher due to the higher prevalence of part-time work and women's participation in these jobs.
6. **Early approaches to explaining the gender pay gap used a 'human capital' model.** This theory contends that because females anticipate less time in the labour market, they invest less time and money into education and training and therefore do not reap comparable rewards to males in the labour market. As a consequence employers anticipate this tendency which has a compounding effect.

7. **Following on from the human capital approach, it has been popular to ‘decompose’ and quantify the influence of a range of observable characteristics, such as education and age, on the gender pay gap and the extent to which this explains the gap.** This approach attempts to identify the core elements responsible for the difference between male and female wages. These analyses will provide a measure of the level of the gap that is ‘explainable’ with the unexplainable element often labelled as resulting from unobservable factors such as discrimination.
8. **Other ‘institutional’ approaches identify the structural elements of the labour market and organisational characteristics which influence pay gaps between men and women.** Research has found that much of the difference between gender pay gaps between countries is due to structural differences in labour markets such as union density and patterns of wage bargaining rather than differences in the characteristics of females in the workplace. This suggests that improvements in the gender pay gap in recent periods may be due to structural changes in the labour market more so than changes in organisational behaviour or the increased educational attainment of females.
9. **Despite some practical and academic challenges in analysing the gender pay gap, research to date has uncovered a range of important issues that contribute or are related to the gender pay gap.** A significant review of the gender pay gap by the UK Government Equalities Office concludes that the most important factor influencing the gender pay gap is the effects of interruptions to employment and the lack of ‘good’ part-time work. These findings are supported by numerous studies.
10. **Horizontal and vertical segregation of the labour market feature prominently in most research.** Horizontal segregation refers to the existence of, usually lower-paid, ‘women’s jobs’, where women are disproportionately represented while vertical segregation refers to the low representation of women among higher paid senior positions within a given occupation.
11. **Despite significant equal pay initiatives in local government and the health sector, there has been little progress in recent years in closing the gender pay gap in the public sector,** which currently stands at 14.6% (based on mean full-time hourly earnings) up from 13.9% in 2008. While the gap is significantly lower than the full-time private sector gender pay gap (21.6%), the private sector gap has fallen five percentage points since 1997.
12. **Part of the lack of progress in the gender pay gap in the public sector is explained by the lack of representation of females in senior management roles in the sector.** Women represent 53% of all employees in the civil service, but occupy only 33% of senior management roles.
13. **According to ONS ASHE data for 2009, the overall HE full-time gender pay gap is 18.6% based on median hourly earnings excluding overtime and 18.5% based on average earnings.** The part-time gender pay gap is 26.5% based on the median and 22.5% based on the mean. The gender pay gap is relatively lower at the lower end of the wage distribution

14. **At 12.7%, the gender pay gap between full-time HE teaching professionals is higher than all other teaching professional groups.** However, the gap in higher education has reduced significantly from 2008, when it was 16.3%, while the pay gap between men and women in primary and nursery education and further education has increased.
15. **There is significant occupational segregation in the HE sector.** Women are also more likely to be working part-time than men in most occupations. For example, 84% of female cleaners, catering assistants, security officers, porters and maintenance workers and 59% of female technicians work part-time. Women are also under-represented in senior positions; only 19% of full-time professors and just 14.4% of university vice-chancellors are female.
16. **The evidence suggests that real differences can be made by institutions and organisations in addressing the gender pay gap.** Flexible working practices, transparency in pay, 'good' part-time work opportunities, training and career development, equality proofed pay systems and the National Minimum Wage are all positively associated with reducing the gender pay gap.

2 Introduction

There has been continued progress in gender equality in paid employment over the past 35 years since the implementation of the Equal Pay Act. The gender pay gap (GPG), which measures the percentage gap between the pay of women and men as a proportion of men's pay, currently stands at 16% based on average full-time hourly earnings, down from 37% three decades ago and 21% in 1997. However, according to the Equality and Human Rights Commission's (EHRC) triennial review of evidence, progress is now "grinding to a halt".¹

Despite the fall in the pay gap over the last 25 years, the UK's pay gap by international standards is still high and other indicators of the progression of women in the labour market, particularly into positions of power, are poor. For example, it will take 200 years (or 40 elections) to achieve an equal number of women in Parliament at current progress² and only 12.2% of FTSE 100 Directors were female in 2009³. Far from being a separate issue, the lack of women in senior management positions is a key contributor to the size of the GPG.

In HE, heads of institutions are disproportionately male as are senior managers and professors. In 2008, only 14% of university vice-chancellors were female, compared to 31% of further education college principals, 34% of head teachers in secondary schools and 20% of local authority chief executives.⁴ Women comprise 43% of all academic staff in the UK but only 19% of those in professor or head of department positions.⁵ Consequently, 23% of male academic staff earned more than £50,000 in 2008/09 compared to only 9% of female academic staff.⁶

Achieving pay equality (equal pay for work of equal value) is not just a moral nicety but a legal and economic imperative. Studies have also shown that addressing the gender pay gap in the UK would provide significant gains in economic productivity as a result of improved skill utilisation. The Women and Work Commission estimated that closing the gender pay gap would result in a £23 billion increase in GDP⁷ while the TUC estimates that the under-utilisation of women's skills, partly due to the lack of suitable part-time work opportunities, costs the economy £11bn per year.⁸

¹ 'Gender pay gap progress 'grinding to a halt'', BBC News Online, 11.10.2010. <http://www.bbc.co.uk/news/uk-11511714>. The full EHRC report *How Fair is Britain* (2010), can be found at: <http://www.equalityhumanrights.com/key-projects/triennial-review/full-report-and-evidence-downloads/>

² EHRC, 2010.

³ 'FTSE firms 'failing women bosses'', *BBC News*, 19.11.2009. <http://news.bbc.co.uk/1/hi/business/8366765.stm>.

⁴ Ibid.

⁵ Equality Challenge Unit (2010), *Equality in higher education: statistical report*, ECU.

⁶ Ibid.

⁷ Women and Work Commission (2009), *Shaping a Fairer Future: A review of the recommendations of the Women and Work Commission three years on*, Government Equalities Office.

⁸ Trade Unions Congress (2008), *Closing the Gender Pay Gap: An update report for TUC Women's Conference 2008*.

Promisingly, government and organisational policies can make a difference. Employees have access to some form of flexible working practice in nine-out-of ten organisations⁹, over half of employers offer parental leave that goes beyond the statutory minimum¹⁰ and the introduction of National Minimum Wage in 1999 reduced the GPG for the bottom decile of the earnings distribution from 11.6% in 1998 to 7.1% in 2008¹¹. However, research highlights that there are still numerous barriers to women entering and sustaining paid employment opportunities at a level commensurate with their skills and ability.

This report provides a detailed overview of literature on the GPG in order to provide the HE sector with an accessible assessment of the evidence base and how it relates to HE. It begins with an overview of equal pay law in European and the UK and concludes with a series of key issues, opportunities and challenges for the HE sector. The main body of the report addresses the definition and measurement of the GPG, what existing research suggests is responsible for the difference between the pay of men and women, and what the GPG actually is in the UK, the public sector and higher education. It concludes with a summary of policies and measures proposed by the literature to address the GPG.

3 Equal pay

As the GPG is the primary mechanism for monitoring progress towards equal pay, it is important to understand the concept of equal pay and related legislative instruments. The Equal Pay Act 1970, as amended, and the Sex Discrimination Act 1975 are the foundation of UK legislation covering equal pay and are the mechanisms whereby Article 141 of the Treaty of Rome, which has primacy in all European Union (EU) Member States, has been transposed into UK statute. This section provides a short background to these measures and related developments.

3.1 Early equal pay cases in the UK

Although equal pay has a relatively short legislative history, both in the UK and internationally, the concept that women should receive equal pay for work of value equal to the work of the opposite sex has much earlier origins. In one notable example, the 'match girls' of Bryant and May demanded equal pay for equal value for work in 1888, instigating an early example of strike action by female labour in the UK. Female workers at the Bryant and May factory had responded to the firing of other female workers that had refused to continue working under terms of employment that dictated lower pay than their male counterparts. While this industrial action was successful, and led to the Trades Unions Congress (TUC) passing a resolution in favour of the principle of equal pay for women, legislation in the UK that would prevent such discriminatory practices would not emerge until almost a century later.

⁹ Family Friendly Working Hours Taskforce (2010), *Flexible Working: working for families, working for business*, CIPD. http://www.cipd.co.uk/subjects/hrpract/flexibleworkingpractices/flexible_working_families_busine ss.htm

¹⁰ CIPD (2005), *Flexible Working: Impact and Implementation – An Employer Survey*. <http://www.cipd.co.uk/NR/rdonlyres/257CE4EE-356B-43F5-8927-5C86203D7AA1/0/flexworksurv0205.pdf>

¹¹ Department for Business Innovation and Skills (2009), 'The National Minimum Wage Regulations 2009 – Final Impact Assessment', BIS. <http://www.berr.gov.uk/files/file51722.pdf>

The first piece of gender specific legislation related to employment was the Sex Disqualification (Removal) Act, which entered into force in 1919 and made it illegal for women to be denied access to a range of professions and vocations on the basis of their sex or marriage. Although this legislation was welcomed by equal rights proponents, its practical effects were minimal.¹² It was not until the Post-War period, following a significant increase in the paid female labour force¹³, that significant measures of redress were discussed, legislated and implemented.

3.2 International action on equal pay

While UK legislation was slow to respond to these pressures, there was a growing international consensus in the 1950s that issues pertaining to the equality of the sexes in employment needed to be addressed. In 1951, the International Labour Organisation (ILO), the United Nations body that sets internationally recognised labour standards, passed Convention 100 on Equal Remuneration, which states:

“Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.”¹⁴

Similarly, the Treaty of Rome, which established the legal framework of the European Economic Community in 1957, contained a short paragraph which set out the principle of equal pay for equal value.¹⁵ The Article enshrined the concept of equal pay in Community law and laid the foundation for equality legislation and policy in Europe that was to follow. The definition of equal pay for equal value was clarified in the European Economic Community equal pay Directive 75/117/EEC, which prohibits all discrimination on the grounds of sex in relation to pay.¹⁶ This Directive along with seven other Directives were incorporated into a single Directive in 2006 (2006/54/EC) to bring more clarity to Community law in the field of equal treatment between women and men.¹⁷ Under the provisions of this Directive, it is illegal to discriminate against women in the labour market and pay women lower wages than men when doing the same work or work that is of an equal value within any country in the European Union.

The EU has continued to take action and implement policies and legislation to tackle both gender discrimination and the GPG. Between 1999 and 2005, reducing the GPG was part of the European Employment Strategy (EES) with Member States being asked to formulate targets to achieve a ‘substantial’ reduction in both the public and the private sector through a multi-faceted approach. The 2002 Employment Guidelines noted that

¹² Townsend-Smith (1986), *Sex Discrimination in Employment*, London: Sweet & Maxwell.

¹³ For example, in 1921 only 8.7% of married women were in employment; by 1951 this had increased to 21.7%. Townsend-Smith, 1986.

¹⁴ <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C100>

¹⁵ While this is often viewed as an example of the progressive nature of the European community, some argue that Article 141 (previously 119) was included largely as a concession to the French who already had equal pay legislation and feared that they would be at a comparative disadvantage. Townsend-Smith, 1986.

¹⁶ In addition to the 1975 Directive, there are several pieces of EU legislation promoting gender equality and tackling gender discrimination that have primacy in UK law including Directive 2000/43/EC, which makes it illegal to discriminate on the basis of sex, ethnic origin, age, religion or disability in employment and Directive 2000/78/EC, which makes it illegal to discriminate in services, including education, on these bases, with the exception of religion.

¹⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:204:0023:0036:en:PDF>

strategies could include reviewing job classification and pay systems, improving data and monitoring and improving awareness raising and transparency.¹⁸ Since 2005, the EES has focused on the integration of employment policies with micro and macro-economic strategies, the GPG has shifted from a target with a specific timeframe to inclusion in two general guidelines.¹⁹

In 2006, the EU launched the *Roadmap for equality between women and men 2006-2010* which sets out priorities for EU action in the field of gender equality including eliminating the GPG.²⁰ This was followed in 2007 by the Communication 'Tackling the pay gap between women and men', which looked at the causes of the GPG and recommended a series of actions including: ensuring better application of existing legislation; promoting equal pay among employers; and supporting the exchange of good practice across the EU and its social partners.²¹

3.3 The UK Equal Pay Act

Despite the progress in Europe and internationally, the UK took its time in developing and implementing equal pay legislation that met international and European employment standards. While the Conservative Government implemented a policy of equal pay for 'like work' in the non-industrial Civil Service in 1955, it took the UK 19 years to ratify the ILO Convention and therefore be legally bound by its provisions (the US is still yet to ratify²²).

The Labour Government finally entrenched equal pay into law in 1970. This followed significant organised action by female sewing machinists at the Ford factory in Dagenham in 1968 and the National Joint Action Campaign Committee for Women's Equal Rights in 1969. The Labour party had included a Charter of Rights for all employees in its 1964 manifesto that included the right to equal pay for equal work. After six years, this took the form of the Equal Pay Act, which prohibits discrimination in relation to contractual terms – including terms relating to matters other than pay. 'Pay' in the Act is defined as contractual benefits received by an employee, even indirectly, from the employer in respect of their employment.

While the Equal Pay Act entered the statute book in 1970, it was decided that, given the widespread existence of separate pay scales for men and women in companies in the UK at the time, the Act would not come into force until 1975.²³ During this five year transition period the GPG decreased significantly. The Sex Discrimination Act was also enacted in 1975 and made it unlawful to discriminate on gender grounds in a range of circumstances including employee dismissal, terms of employment and access to promotion and training. It is broader in scope than the Equal Pay Act, applying to the supply of goods and services, education and vocational training as well as employment.

¹⁸ <http://www.eurofound.europa.eu/eiro/2002/01/study/tn0201101s.htm>

¹⁹ Janneke Plantenga and Chantal Remery (2006), The gender pay gap. Origins and policy responses. A comparative review of thirty European countries, Equality Unit, European Commission.

²⁰ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, 'A Roadmap for equality between women and men 2006-2010', COM(2006) 92 final.

²¹ Ibid.

²² The other ILO member countries that have yet to ratify are Bahrain, Bermuda, French Polynesia, Guadeloupe, Martinique, Qatar and West Bank & Gaza Strip.

²³ Income Data Services (2008), *Equal Pay*, IDS.

The Equal Pay Act was also passed in anticipation of Britain's entry into the European Economic Community, which would mean that Article 141 would need to be transposed into statute law. However, in its original formulation, the Act did not give the right to equal pay for equal value, but the right to equal pay where work was broadly similar or rated as equivalent by a job evaluation system. At the time the TUC had argued that this did not meet the requirements of Article 141 and its effects would be limited due to occupational segregation. The then Secretary of State for Employment and Productivity, Barbara Castle responded that the Treaty Article was "far from satisfactory" and "too abstract a concept to embody in legislation".²⁴ In 1975, EC Directive 75/117 sought to define the principle of equal pay in Article 119 as "for the same work or for work to which equal value is attributed". This eventually forced an amendment to the Equal Pay Act in 1983²⁵ following infringement proceedings by the European Court of Justice, which ruled in 1982 that the legislation had to be changed.

Equal pay legislation in the UK has had a significant impact on employment practices in the UK, the modernisation of pay frameworks across the public sector being a prime example. The duty on public employers to ensure equal pay for work of equal value, which came into force in April 2007, was in-part the catalyst for widespread reforms of pay and conditions in areas such as local government and the NHS. These sectors embarked on massive modernisation programmes which included streamlining pay negotiation mechanisms, wholesale job evaluations and harmonising workforce conditions.

3.4 The Equality Act 2010

The vast majority of the provisions of the Equality Act 2010 were enacted in October 2010. The Act streamlines existing equality legislation across the six main equality strands (age, disability, faith, gender, race and sexuality – referred to in the legislation as "protected characteristics") to improve consistency in the application of the law while maintaining the framework already in place. With regard to equal pay, the new Act allows direct pay discrimination claims to be made even if no-one in the organisation is doing equal work and the Act makes it illegal for employers to restrict employees from having discussions about differences in pay related to protected characteristics.

A number of provisions in the Act, many of which introduced new employer obligations, are still under review by the current government. One of the most important omissions, and the most relevant to this paper, is the duty on large employers to publish their GPG, which is likely to be replaced with a provision based on voluntary adherence. However, the draft public sector Equality Duty, which will apply to higher and further education bodies, requires public bodies with more than 150 employees to annually publish data on the equality of their workforces including the GPG.²⁶ The consultation on this document ends in November and is expected to come into force in April 2011.

²⁴ Aileen McColgan, 'Equal Pay and the Law': <http://bit.ly/dgs2t9>

²⁵ Equal Pay (Amendment) Regulations 1983 SI 1983.1794 extended the bases for claiming equal pay to include cases where the claimant and their comparator are employed on work of equal value.

²⁶ Government Equalities Office (2010), *Equality Act 2010: The public sector Equality Duty – Promoting equality through transparency – A consultation*, GEO. <http://bit.ly/9elwRO>

4 The gender pay gap

The women's rights movement has provoked remarkable changes in the civic and political rights of women across the world in the past 150 years. As these rights were enshrined in most countries, the focus shifted towards economic rights and the ability of women to forge economic independence free from discrimination. The previous section set out the legislative changes that enacted the right of women to pay equal to that of men for work of equal value. With the legislation in place, the measurement of the extent to which this has been reached has increased in importance.

The GPG is now the main indicator of the extent to which there is equal pay in the labour market and the workplace. It is the accepted measure of policy makers, economists and statisticians in the OECD, the European Commission, NGOs and governmental bodies in the UK. It is also now used by many organisations and institutions as a measure of the pay parity between men and women in their workforce.

Analysis of the GPG and its drivers has demonstrated the effects of national pay bargaining on equal pay, isolated the effects of discrimination in the workplace, emphasised the effects of occupational segregation, and provided a valuable benchmark measure for countries and organisations to track their progress towards fairer outcomes in the labour market.

Despite its acceptance as a measure in tackling labour market inefficiencies and discrimination, the utility of the GPG has occasionally been questioned.²⁷ Take for example this statement from the forward of a publication on the GPG in the UK by the Institute for Economic Affairs:

"There may be legitimate reasons why employers wish to pay men and women differently. Discrimination for the sake of it is, however, highly unlikely. If women are paid less than men, why not make some men redundant and only employ women, thus increasing profits? One would expect this process to lead to a reduction in the pay gap – indeed the process could go on until the gap was eliminated. If there really is a pay gap between men and women caused by discrimination then shareholders will pay a heavy price."²⁸

Contrast the statement above with the conclusions of a Trades Union Congress report published in the same year and based on the same data:

"...great strides have been made by women both in the labour market and in society. However, the persistence of a significant gender gap points not only to women's continuing experience of discrimination within the workplace, but to other trends that have a serious impact on women's lives, such as occupational segregation, a disproportionate share of caring responsibilities, lack of well-paid, high quality part time work and the undervaluation of work done by women."²⁹

²⁷ For example, J. Shackleton (2008), *Should We Mind the Gap? Gender Pay Differentials and Public Policy*, The Institute for Economic Affairs.

²⁸ Booth in Shackleton, 2008.

²⁹ TUC, 2008.

At its heart, this appears to be a disagreement about the normative judgement implied by the GPG; put simply, the view that equality will only be reached when there is no gap and hence any gap is an indictment upon the inequality of the labour market and its constituent institutions and employers. In practice, employees and employers alike recognise that the measure is useful for highlighting and addressing equal pay issues, but requires interpretation.

The vast majority of employees are in favour of the indicator, while the use of the measure by companies is mixed. According to the Fawcett Society, 89% of women and 81% of men support the requirement on employers to check whether or not females and males in their organisation are paid equally and that gaps are uncovered.³⁰ However, according to a survey of non-public sector organisations by the EHRC, only 43% had conducted an analysis of their GPG with just 19% communicating this outside of the HR team.³¹ The motivating factors for those organisations who had conducted gap analyses were largely 'push' factors, including legislation, employee complaints, and equal pay cases. The EHRC conclude:

"The low priority afforded to pay transparency within the human resources and corporate cultures of many organisations represents a major barrier. When equal pay is not recognized as a business priority it is perhaps not surprising that a significant proportion of employers remain unclear about what the gender pay gap is, and what measuring or publishing it involves."

As this report attempts to highlight, the GPG is a useful measure, but it must be interpreted with reference to the economic, institutional and cultural context for it to have any meaning. For example, as an extreme case, Bahrain has a negative GPG (women on average earn more than men), yet few economists would conclude that the Bahraini labour market is more favourable to women than other countries. Rather, this exception is explained by the relatively few women who enter paid employment in the country and those that do are well educated and from upper socio-economic backgrounds.³² Similarly, the ITUC highlight a study on Brazilian trade liberalisation, which found that opening up markets to free trade decreased the gender wage gap, but only as a result of depressing overall wages, with men being affected worse than women.³³

4.1 Measuring the gender pay gap

The GPG is a measurement of the percentage difference between male and female hourly earnings as a proportion of male hourly earnings. Separate GPGs are usually calculated for full-time and part-time employment with the full-time measure usually used as the headline figure in international comparisons. A positive measure indicates the extent to which females earn, on average, less per hour than their male counterparts. Occasionally annual or monthly salaries are used, but use of these can be misleading for reasons set out below.

It is common to use hourly rates excluding overtime since females are less likely to work overtime due to family commitments and therefore its inclusion would overestimate the

³⁰ Rowena Lewis and Sharon Smee (2009), *Closing the Gap*, Fawcett Society.

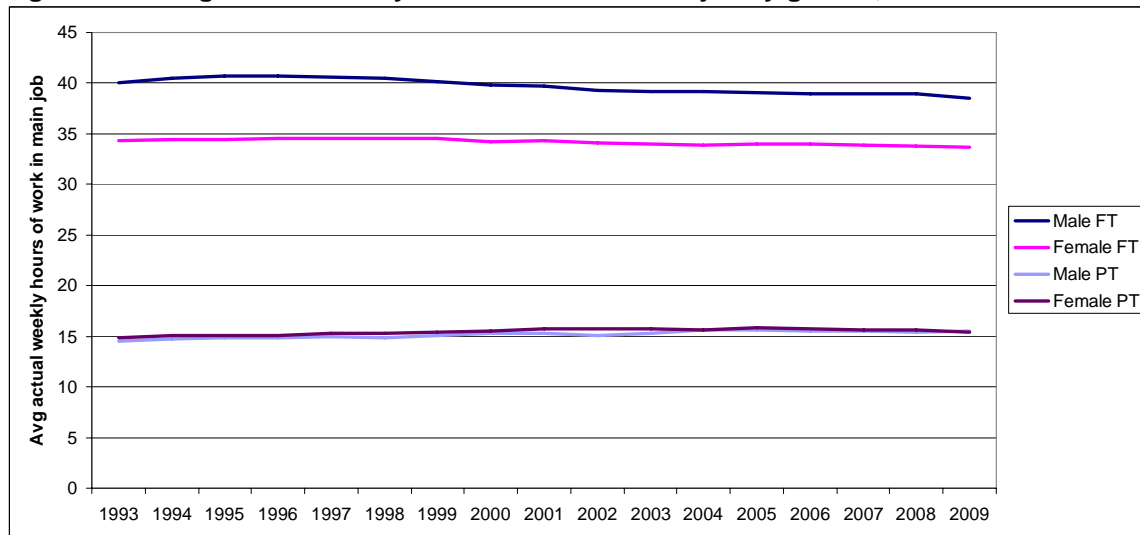
³¹ Lorna Adams, Katie Gore and Jan Shury (2009), *Gender pay gap reporting survey 2009*, EHRC. The same survey also found that 49% of organisations gave no information at all to staff about pay and only 35% made staff aware of what pay band they are in.

³² International Trade Union Confederation (2008), *The Global Gender Pay Gap*, ITUC.

³³ Ibid.

gap.³⁴ As Figure 1 shows, the average actual weekly hours of work in a main job for males has stayed around five hours longer than females for the past sixteen years. The average working week has decreased slightly for both groups with the average week for males falling from 40.1 hours in 1993 to 38.5 hours in 2009. For females the average week has fallen from 34.3 hours to 33.7 hours. Males and females work similar average weekly hours in part-time employment (15.5 hours and 15.4 hours respectively) and have barely changed over the period.

Figure 1: Average actual weekly hours of work in main job by gender, 1993 - 2009



Source: Labour Force Survey.

Many institutions and economists prefer to use the median (middle point) rather than the mean (central tendency) of the data since this can again distort the measurement due to the irregular distribution of pay data and the distortive effects of a relatively small number of high earners in the labour market – this is discussed in more detail in section 5. As Figure 2 on page 14 illustrates, the two measures provide noticeably different numbers. However, often both the mean and the median will be given in GPG analyses and some organisations, such as the EHRC, prefer to use the mean as the key measure since concentration of male earners at the top of the wage distribution relative to women is an important issue.

A range of datasets include measures of pay and as such there are often multiple measures for a given country, however there will usually be an official earnings survey conducted that is used to inform cross country comparisons such as those produced by the OECD. In the UK, the most commonly used data set for earnings is the Office for National Statistics' Annual Survey of Hours and Earnings (ASHE), which is produced annually and uses payroll data covering one per cent of total employment. ASHE data is deemed to be more accurate than other earnings data such as that produced by the Labour Force Survey (LFS) since it records actual pay rather than reported pay. However, the LFS and the British Household Panel Survey are often used in regression analyses³⁵ since they record a greater number of individual characteristics.³⁶

³⁴ Debra Leaker, 'The gender pay gap in the UK', *Economic & Labour Market Review*, Vol. 2, No. 4, April 2008.

³⁵ A technique used for modelling and analysing the relationship between a dependent variable (e.g. pay) and one or more independent variables (e.g. education, age, gender).

³⁶ Leaker, 2008.

At the organisational level, GPG measurements are central to equal pay reviews, which assess the extent to which equal pay is provided to men and women in an organisation, the explanation of any significant pay gaps and the development of an action plan to address gaps where there is no satisfactory explanation.³⁷ When equal pay audits/reviews are undertaken, there are a number of GPGs that may be calculated as outlined in Box 1.

Box 1

Single Figure: The most straightforward measure is a 'Single Figure' which gives the overall gap between male and female pay for all employees, both part-time and full-time. Although this is comprehensible, it does little to identify where pay gaps might be occurring within an organisation or compare 'like for like'.

Pay grade and type of work: This provides a measure of within grade and within occupation pay gaps. The Fawcett Society notes that this measure is useful for tackling pay discrimination for like work, particularly with regard to bonuses, starting salaries and performance related pay. It also helps identify gender segregation within occupations but does not provide any detail on the pay gaps between work of equal value.

Full pay audits: A full pay audit allows an organisation to compare the pay of men and women doing work of equal value within an organisation. A full pay audit is comprehensive and not merely a statistical analysis. It requires job evaluation to be undertaken using an accepted method, such as Hay, the identification of gaps and the production of an action plan to tackle the gaps that are identified.

Source: Lewis and Smee, 2009.

4.2 The gender pay gap in the UK

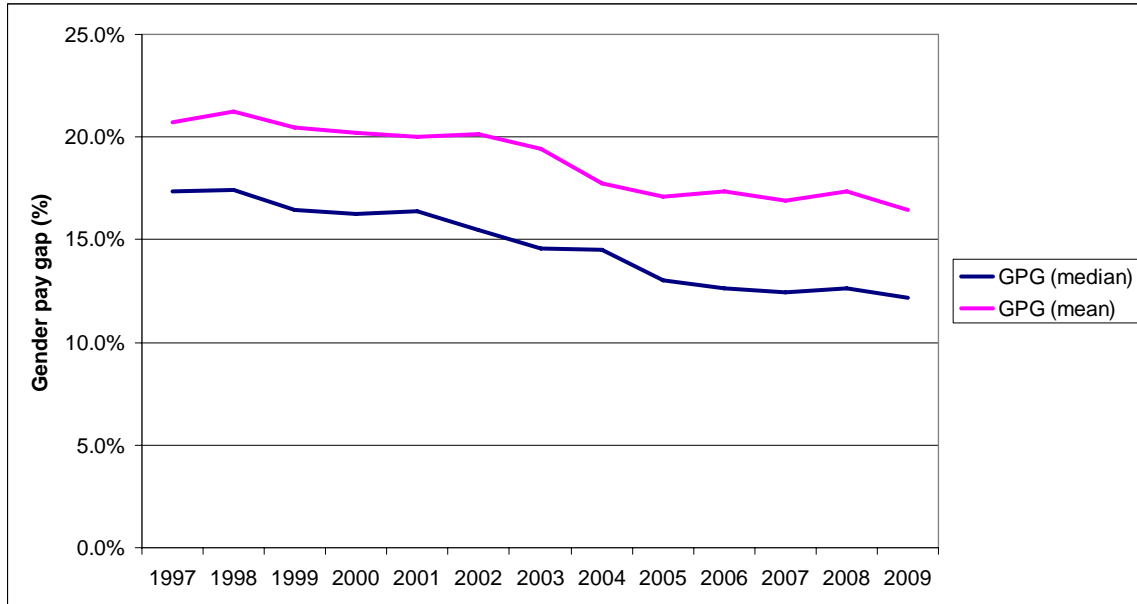
Over the past thirty years there has been a considerable decrease in the GPG in full-time employment in the UK. Each generation of women has done better relative to men than the previous generation, but the pace of improvement has slowed – possibly since most overt discriminatory employment practices have now been eliminated and women's labour market participation has levelled off – see section 5.1.³⁸ As Figure 2 shows, the GPG in full-time employment has fallen markedly since 1997 with the median falling from 17% to 12% over the period and the mean falling from 20% to 16%. The steep drop in the GPG between 2002 and 2005 is potentially a result of the introduction of the minimum wage in 1999, which disproportionately improved the wages of female employees at the lower end of the wage distribution.³⁹

³⁷ Sue Hastings (2010), *Promoting equality in pay – A practical resource for conducting equal pay reviews in higher education*, ECU.

³⁸ Alan Manning, 'The gender pay gap', *Centrepiece*, Summer 2006

³⁹ According to an analysis by the Department of Business, Innovation and Skills, the gender pay gap at the bottom decile (lowest ten per cent of earners) declined from 11.6% in 1998 to 7.1% in 2008. <http://www.berr.gov.uk/files/file51722.pdf>

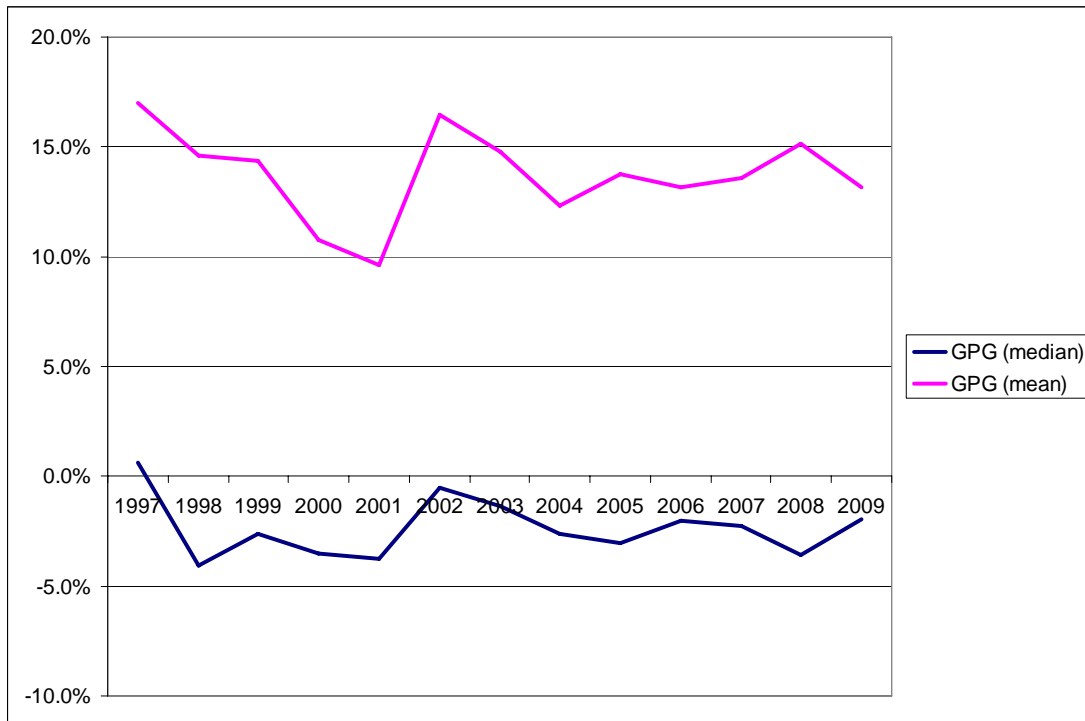
Figure 2: Gender pay gap in full-time employment in the UK, 1997 – 2009
Based on median hourly earnings excluding overtime



Source: ONS Annual Survey of Hours and Earnings.

The trends in the part-time GPG are less obvious and differ markedly depending on which measure is used. On the median measure favoured by many, including the ONS, the part-time GPG has remained negative since 1998 with only small variations between 0% and -5% – see Figure 3. However, the mean measure, used by the EHRC, shows a GPG fluctuating between 10 to 17% over the last twelve years.

Figure 3: Gender pay gap in part-time employment in the UK, 1997 - 2009



Source: Annual Survey of Hourly Earnings.

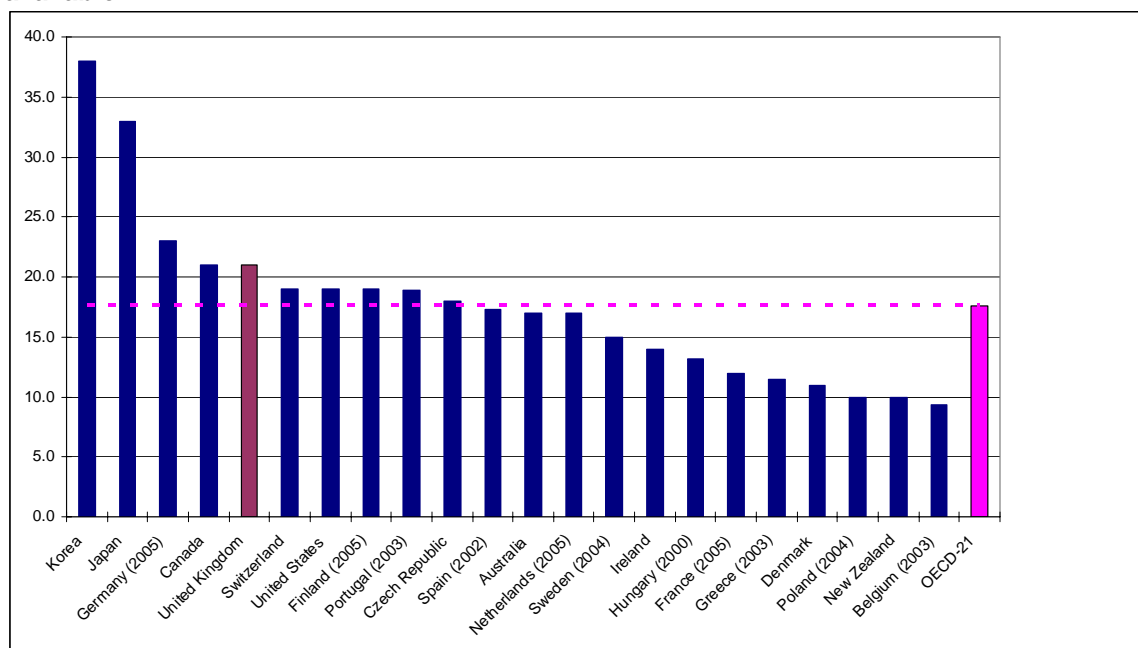
4.2.1 International comparisons

The existing evidence suggests that the UK has a higher GPG than most comparable countries. However, compared to many developed nations including Germany, France and Sweden, the UK has made significant progress in closing the GPG in the past thirty years.

The TUC highlights that the GPG in the UK is one-third higher than the EU average and suggests that this is partly due to the high proportion of females in part-time employment.⁴⁰ Its report for the 2008 TUC Women's Conference notes that, at 77.6% (2006), the UK is just below the EU-15 average (78.1%) in terms of the female share of part-time employment, but above both the OECD (72.1%) and G7 average (72.7%). The UK also has a greater number of women working in part-time work as a proportion of the total female workforce (38.8%) compared to both the OECD average (26.4%) and the EU-15 average (31.7%). Only Switzerland and the Netherlands had a higher proportion of female workers in part-time employment in 2006.

As Figure 4 illustrates, the GPG between the median earnings of full-time employees in OECD countries in 2006 varied considerably, from 38.0% in Korea and 33% in Japan to 10.0% in New Zealand and 9.3% in Belgium. According to this set of OECD data, the UK has a GPG of 21.0% compared to the OECD-21 average of 17.6%. While this may reflect poorly on the UK, it is worthwhile comparing recent trends rather than a single point in time. Figure 5 shows that the UK has made significant progress in reducing the GPG by over 14 percentage points on the OECD measure in 26 years. While it has followed a similar trend to the United States, which implemented its equal pay act twelve years earlier, it has overtaken Germany and caught up with Finland while progress in some of the countries that are below the OECD average, such as Sweden, has stagnated or, in the case of Australia and France, reversed.

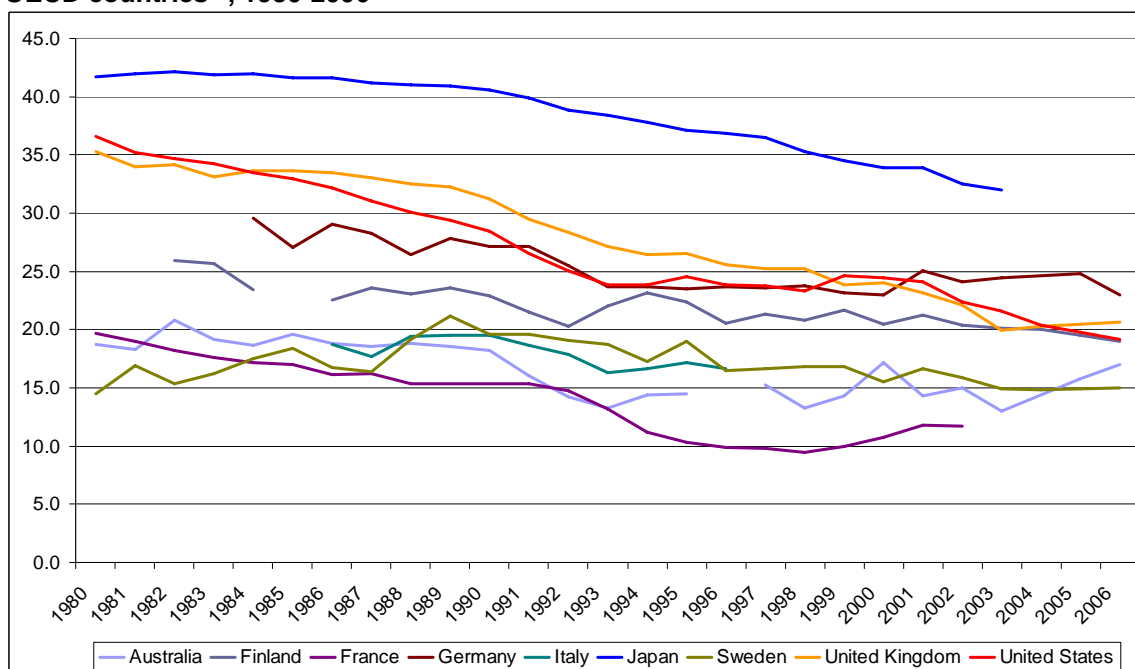
Figure 4: Gender pay gap in median earnings of full-time employees, 2006 or latest year available



Source: OECD Earnings database.

⁴⁰ TUC, 2008.

Figure 5: Trends in gender pay gap in median earnings of full-time employees in selected OECD countries⁴¹, 1980-2006



Source: OECD Earnings database.

It is difficult to provide a comprehensive overview of the different policies related to improving pay parity between men and women in other countries; however there is considerable variation, even in the European Union. In a study for the European Commission Equality Unit on the policy responses of thirty European countries to the GPG, Plantenga and Remery⁴² found that policies tend to focus on three areas:

- Measures to improve the implementation of equal pay legislation, including additional legislation and increasing wage transparency.
- Equal opportunities policies that aim to increase the continuity of women's employment e.g. affordable childcare and improved leave arrangements.
- Addressing wage inequality, particularly improve the remuneration of low-paid, and predominantly female, jobs and undertaking job evaluations.

Sweden's policies on improving equal pay are cited by the Fawcett Society as particularly progressive. Its publication 'Closing the Gap' explains how legislation passed in 1991, which mandated all organisations with 25 or more employees to carry out three yearly pay equality action plans, led to pay adjustments in 11% of employers and a pay gap of just 3% for women working in male dominated professions.⁴³

⁴¹ Selection based on the existence of a largely uninterrupted long run time series for the country. The full data is available from the OECD: <http://www.oecd.org/dataoecd/1/35/43199347.xls>

⁴² Plantenga and Chantal Remery, 2006.

⁴³ Lewis and Smee, 2009.

5 Factors influencing the gender pay gap

The literature identifies a number of personal, institutional and structural influences that affect the GPG. The level of labour market participation among females, the relative split between part-time and full-time working, and the occupational profile of females compared with males are regularly highlighted as having a significant influence, either positive or negative, on the GPG. Research also suggests that there are a range of non-gender related factors that have significant bearing on the GPG which are related to generic changes in the labour market itself. It is also apparent from the literature that a significant proportion of the GPG cannot be explained by reference to observable variables such as level of education and number of dependents. The gap that is unexplained, or at least a portion of it, is often referred to as evidence of a labour market where employers discriminate in favour of male workers.

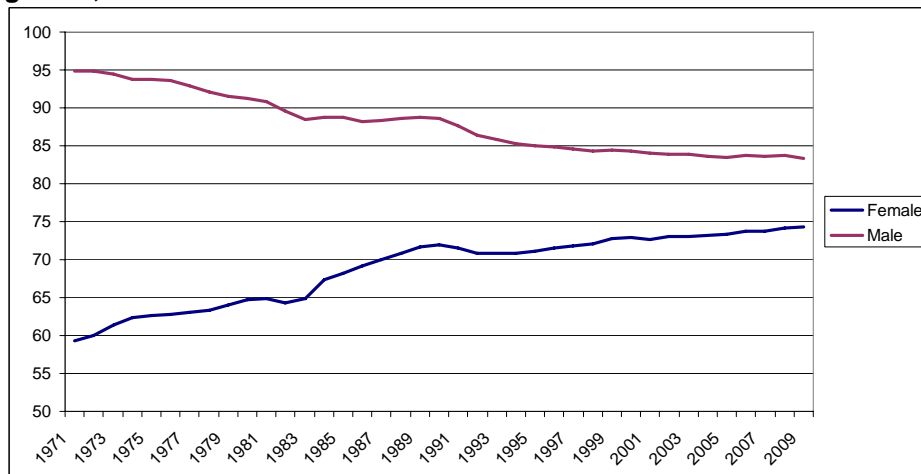
This section outlines the key factors that are addressed by the literature as having an influence, either positive or negative, on the GPG:

- Female participation in the labour market
- Human capital
- Occupational segregation
- Part-time work and caring responsibilities
- Valuation of women's work
- Discrimination
- Structural and institutional factors

5.1 Female participation in the labour market

The labour market has been transformed by a significant increase in the number of women either taking up employment opportunities or looking for work, commonly referred to by statisticians as 'economically active'. As Figure 6 shows, the proportion of females classified as economically active has increased from less than 60% to almost 75% in four decades (although the trend has slowed since the early 1990s), while the rate for their male counterparts has fallen from 95% to just under 85%.

Figure 6: Percentage of working age population classified as 'economically active' by gender, 1971 - 2010

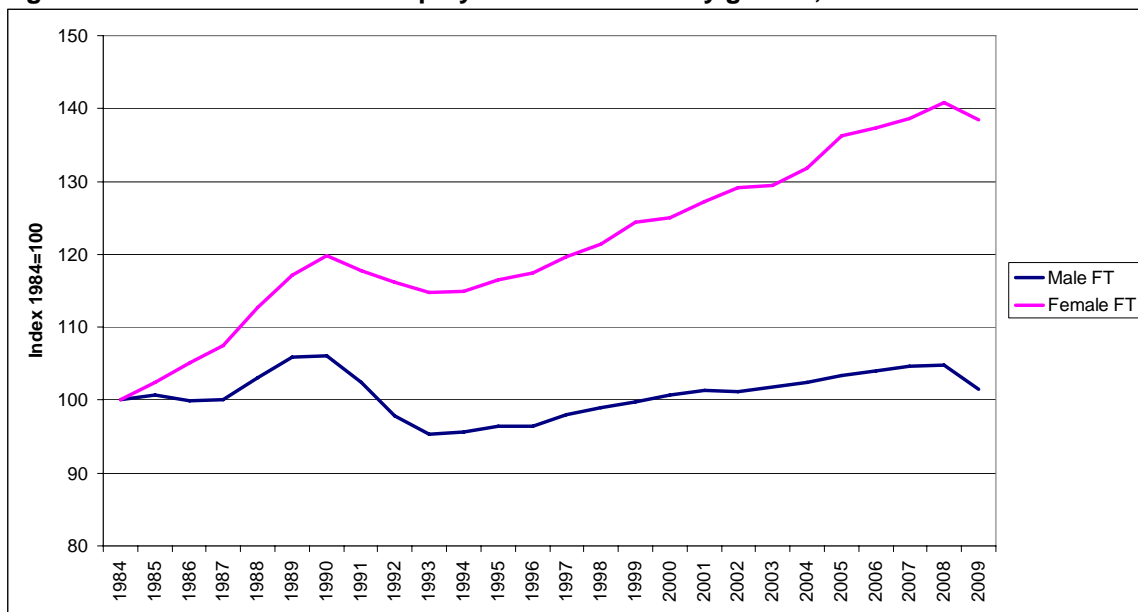


Source: Labour Force Survey

This rise in labour market participation has resulted in a significant and mostly sustained increase in the number of females in full-time and part-time employment. The increase in the number of females in full-time employment since 1984 compared to the same figure for males, as shown in Figure 7 is striking. While the number of males in full-time employment is almost the same now as it was in 1984, the number of females in full-time employment has increased by almost 40%. The effects of the last recession (1990-91) on employment are clear and affected male workers disproportionately, partly due to the tendency for males to be in manufacturing jobs.⁴⁴ The graph also shows the effects of the recent recession on employment, halting fifteen consecutive years of growth in the number of females in full-time employment.

While three quarters of those in part-time employment are female, there has been a considerable increase in the number of male part-time workers. Although the number of females in part time work has increased by 32%, as illustrated in Figure 8, the number of males in part-time employment has increased by a staggering 194%. Only 13% of the labour force in part-time employment was male in 1984 compared to 24% in 2009. Perhaps more significantly, males account for 47% of the 2.6m net increase in part-time employment since 1984.

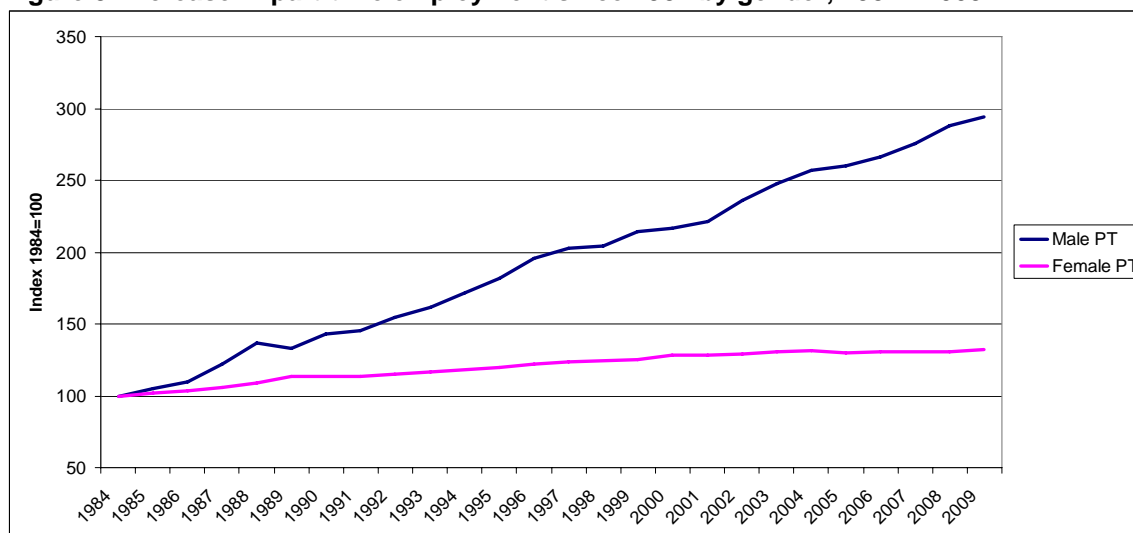
Figure 7: Increase in full-time employment since 1984 by gender, 1984 - 2009



Source: Labour Force Survey.

⁴⁴ For more on the effects of previous recessions on the labour market see Brinkley (2009), *Recession and Recovery*, The Work Foundation.

Figure 8: Increase in part-time employment since 1984 by gender, 1984 - 2009



Source: Labour Force Survey.

The increase in female participation alongside their movement and acceptance into senior management roles is thought to have helped the fall in the GPG from the 1970s to the early 1990s. While the proportion of women who are economically active is increasing more slowly than in previous decades, the number of women entering full-time employment has increased by 25% since the mid-1990s and the number of men entering part-time employment has increased 200%. While Figure 6 suggests that the gender split in the workforce is reaching some sort of equilibrium, Figure 7 and Figure 8 show that there are still important shifts occurring, both of which have a significant impact on the GPG.

5.2 “Human capital”

An early theory that sought to explain the gap between male and female earnings in the labour market was ‘human capital theory’ which posited that the proclivity of individuals to invest in training and the acquisition of skills depends on the anticipated returns they will receive as a consequence of investment. Since females will get less return on these skills than their male counterparts because they have more breaks from employment, they are less likely to invest in education.⁴⁵ Furthermore, businesses are less likely to hire females since they will anticipate getting less return on training investments made.⁴⁶ As female participation in the labour market increases, women are therefore more likely to invest in their own human capital and their relative wages will increase. While academic applications of the theory continue, it provides a very narrow explanation of gender differences in pay.

It is also worth noting that while educational attainment levels among women in the UK have risen, the link between increased education and the GPG is complex. The GPG is actually higher among employees with post-compulsory education, perhaps reflecting a higher degree of vertical segregation (see section 5.3) within graduate occupations. For example, the pay gap between male and females with degree or equivalent

⁴⁵ Gary Becker (1971), *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*, 2nd ed., National Bureau of Economic Research.

⁴⁶ Francine Blau and Lawrence Kahn, (2000), ‘Gender differences in pay’, National Bureau of Economic Research.

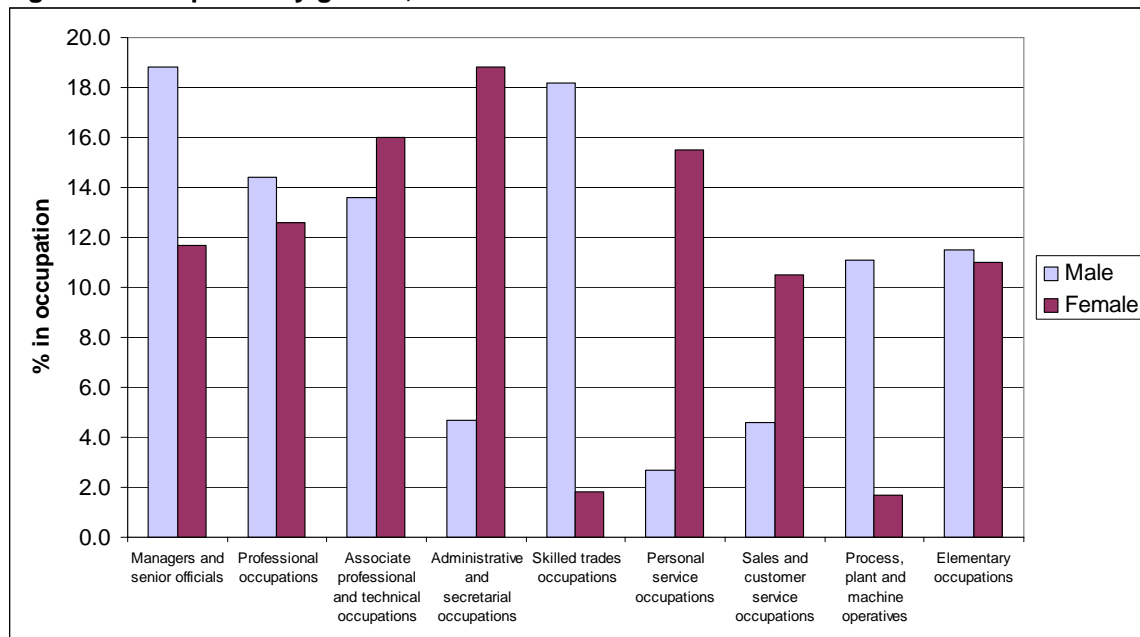
qualifications is 18.6% while the pay gap between males and females with GCSE grades A-C or equivalent is 12.7%.

5.3 Occupational segregation

One of the most commonly cited explanations for the GPG is the occupational segregation of the sexes, whereby women tend to be in lower paid occupations in men. Segregation is commonly referred to as either 'vertical', where males occupy higher paid and skilled positions within the same occupation, or 'horizontal', where females are employed in different and predominantly low-paid occupations from males. The 'female occupations' are often referred to as the 'five c's': cleaning, catering, caring, cashiering and clerical work. Economists suggest that wages tend to be depressed in 'female' occupations because the greater prevalence of part-time opportunities and labour market discrimination can result in an over-supply of female labour for these jobs.⁴⁷

Horizontal segregation in the UK is significant and its importance to the GPG has been well established. An ITUC report that looked at GPGs across the world found that occupational segregation in the UK is more pronounced than most of its European comparators as a result of the high proportion of women in part-time work.⁴⁸ According to the Kingsmill Report on Women's Employment and Pay, 60% of females in the UK occupied ten out of a total of 77 recognised occupations.⁴⁹ The International Labour Organisation lists 110 major occupation groups in their classification of occupations (ISCO). In OECD countries for which information is available, half of all women work in eleven or fewer of these occupations.⁵⁰

Figure 9: Occupation by gender, 2009



Source: Annual Population Survey, Jan – Dec 2009.

⁴⁷ Blau and Kahn, 2000.

⁴⁸ ITUC, 2008.

⁴⁹ Income Data Services, 'Understanding Reward: Gender segregation', *IDS Pay Report 931*, June 2005.

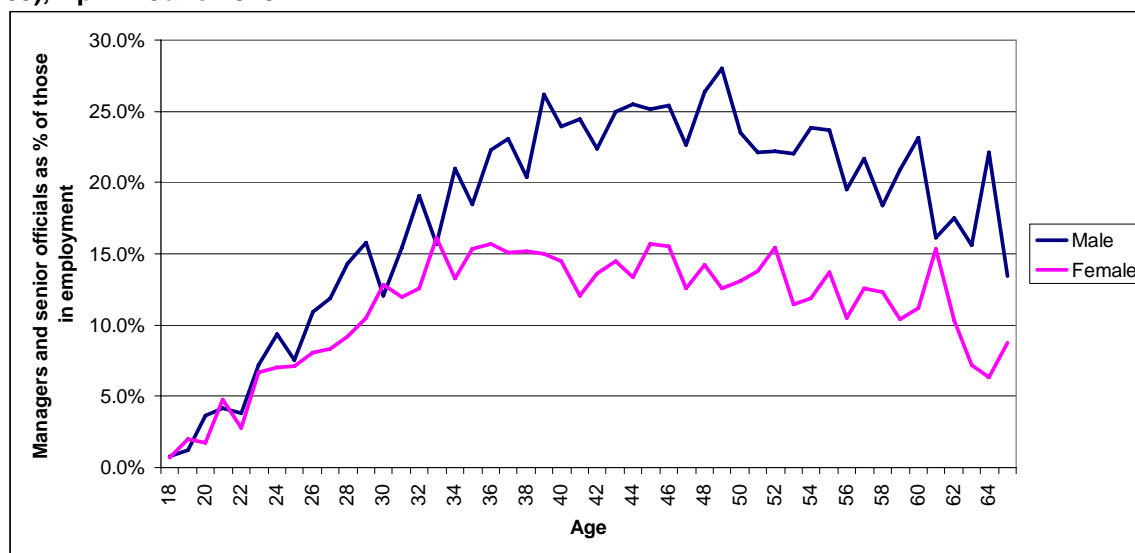
⁵⁰ OECD Fact Sheet – Women and Men in OECD Countries.

Gender stereotyping, poor career guidance, occupational location of part-time work opportunities and societal norms are identified as contributing to the replication of horizontal segregation. However, Occupational segregation increases significantly between 27 and 35, suggesting that the distribution of females across the occupations is not necessarily dictated by pre-labour market choices about education and careers.

Vertical segregation, or the lack of women in senior board and executive level roles, is a perennial issue across all sectors of the workforce and has proved to be a stubbornly difficult area for improvement. Only one-third of managers in companies in the EU and just 12.2% of FTSE 100 directors are female.⁵¹ Manning and Petrongolo suggest that the 'glass ceiling' may be a critical factor contributing to the rapid increase in the GPG in later working life. Figure 10 shows how the percentage of females in employment in managerial occupations roughly keeps pace up until 34 years of age, at which point the proportion of males who are managers continues to rapidly increase, while the proportion of females who are managers increases at a slower rate until levelling off between ages 35 to 50. The same analysis of those employed in professional occupations in the working life cycle shows a different picture with the proportion of males and females in these jobs being roughly equivalent throughout the life cycle – see Figure 11.

The relatively low representation of women in management positions may explain why the gender pay gap rises steadily with age and peaks for women in their 40s. As Figure 12 shows the GPG for age groups 18-21 and 22-29 is less than five percent, while women between the ages of 40 and 59 earn, on average, more than 20% less than men of the same age. Vertical segregation is also related to caring responsibilities, as explored further in 5.5, and reflects both the impact of years out of the labour market as well as the lack of suitable and flexible management positions for women with childcare responsibilities.

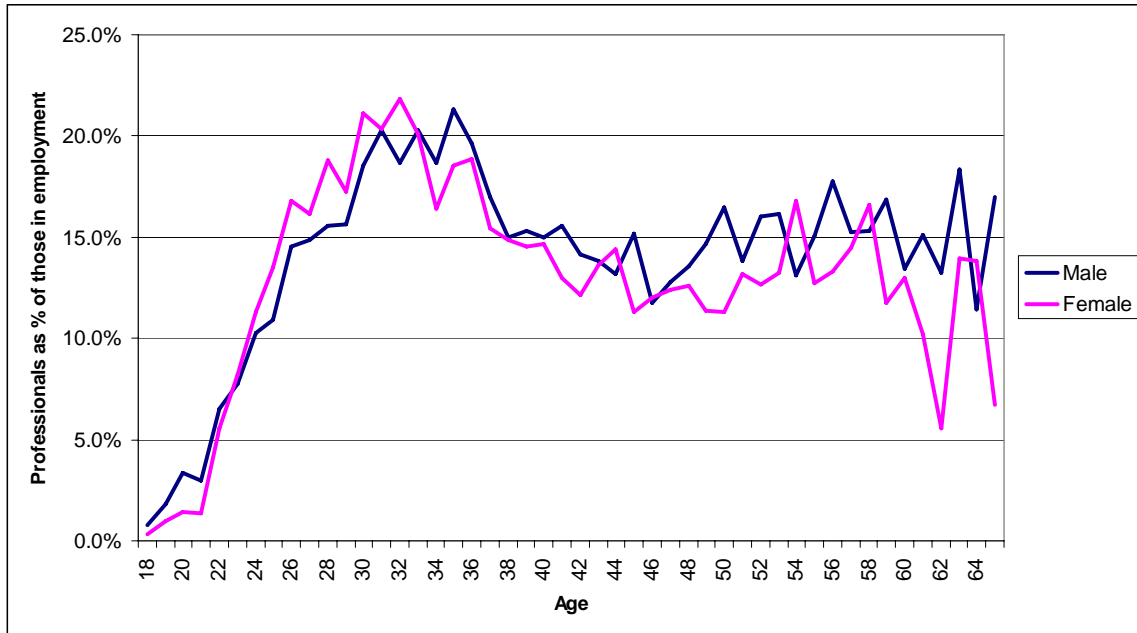
Figure 10: Percentage of female and male managers in the working life cycle (aged 18 – 65), April – June 2010



Source: Labour Force Survey, April-June 2010, updated from Manning, 2006.

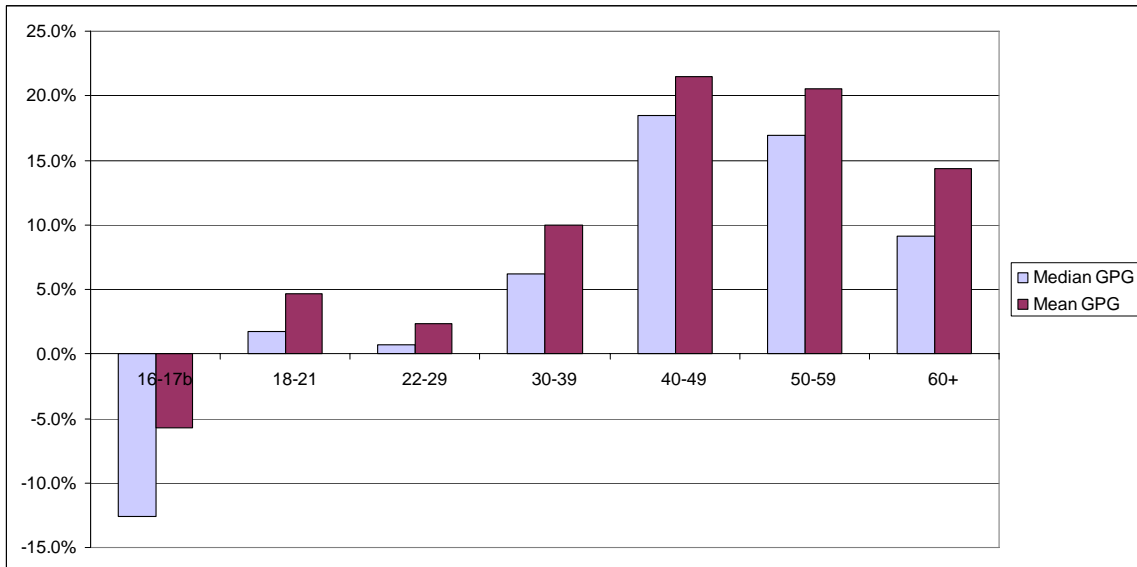
⁵¹ European Foundation for the Improvement of Living and Working Conditions (2006), 'The Gender Pay Gap: Background Paper'.

Figure 11: Percentage of female and male professionals in the working life cycle (aged 18 – 65), April – June 2010



Source: Labour Force Survey, April-June 2010.

Figure 12: Gender pay gap of full-time employees by age group, 2009



Source: ASHE, 2009.

Personality differences are popularly cited as a reason for women failing to progress in organisations; the typical arguments outlined by Pfeffer in a blog for the Harvard Business Review:

“The evidence shows that women are less power-oriented than men. Women have more negative attitudes toward holding power, they are less likely to pursue power-based influence strategies, they are more bothered by and disfavor hierarchical relationships, they are less motivated to dominate others, and they are less likely to take actions to attain power. Moreover, in situations such as

salary negotiations, studies show that women often believe that they deserve less than similarly qualified men and are, as a consequence, likely to demand less and to press their salary demands with less vigor.⁵²

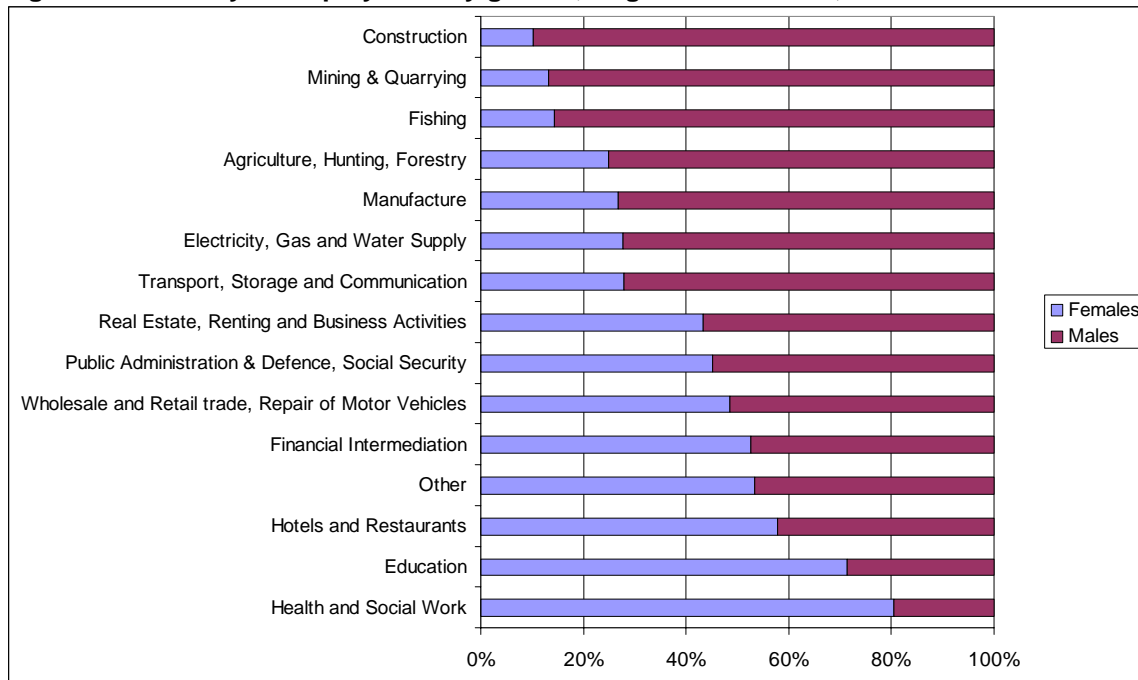
Despite individual studies suggesting these gender differences, Manning notes that the evidence suggests that this has little explanatory power with regard to the GPG.⁵³ This was also the conclusion of research on female progression in the German labour market which found that only 8.6% of the inequality of career chances between men and women could be explained by differences in personality.⁵⁴

The ‘sticky floor’, which refers to the inability of women to progress from low-paid positions, is also often mentioned in the literature with regard to vertical segregation and is largely linked to the lack of progression opportunities in part-time jobs.

5.4 Sectoral segregation

As with occupations, there are significant differences between the sectors that men and women tend to work in. As Figure 13 shows, women are considerably more likely to be in health and social work and education sectors than men, who are more likely to be in manufacturing, construction and transport, storage and communications. Similar proportions of both the sexes are in real estate and business activities and the wholesale and retail trade. Because health and social work and education tend to be delivered by the public sector, women are significantly more likely to work for a public sector employer. According to the EHRC, 40% of women work in the public sector compared to only 15% of men.

Figure 13: Industry of employment by gender, England and Wales, 2001



Source: Census, 2001.

⁵² http://blogs.hbr.org/cs/2010/08/women_and_the_uneasy_embrace_o.html

⁵³ Alan Manning, ‘The gender pay gap’, *Centrepiece*, Summer 2006.

⁵⁴ Simon Fietze, Elke Holst, Verena Tobsch (2010), *Germany’s Next Top Manager: Does Personality Explain the Gender Career Gap?*, Discussion Paper No. 5110.

5.4.1 Gender pay gap in the public sector

Despite significant equal pay initiatives in local government and the health sector, there has been little progress in recent years in closing the full-time GPG in the public sector, which currently stands at 14.6% up from 13.9% in 2008 (based on average hourly earnings excluding overtime).⁵⁵ While the gap is significantly lower than the full-time private sector GPG (21.6%), the private sector gap has fallen five percentage points since 1997. Income Data Services suggest that the forthcoming pay freezes in the public sector will increase the GPG in the whole-economy since a restriction on public sector pay disproportionately affects women who comprise three-quarters of NHS and local authority roles and over 70% of school teachers.⁵⁶

Part of the lack of progress in the GPG in the public sector is explained by the lack of representation of females in senior management roles in the sector. Women represent 53% of all employees in the civil service, but occupy only 33% of senior management roles. Income Data Services point out that only 6.2% of women employed in the NHS are in medical or dental staff grades, or employed as GPs, compared to 28.5% of men.⁵⁷

However, there is significant variation within the public sector both in terms of the current GPG and recent progress. There are even examples where there is a negative GPG, indicating a pay gap in favour of women, although this accounts for only a small number of occupations. For example, the GPG for 'Healthcare practice managers' was 19.4% in 2009 and has increased 0.9 percentage points since 2004. By contrast, the GPG for social workers is -3.1% and has decreased 1.4% since 2004. A significant decrease has been seen in the GPG for Paramedics, decreasing from 18.8% in 2004 to -1.7% in 2009, while two of the largest occupational increases were for senior officers in fire, ambulance and related professions (+12.3 percentage points between 2004 and 2009) and public service administrative professionals (+8.2).

5.5 Part-time work and caring responsibilities

The proportion of females in part-time work and the quality of the part-time work available in the UK are closely associated with its relatively high GPG by international standards. Around one in five jobs in the UK is part-time, but four-in-ten females work in part-time employment – these proportions have remained constant since the early 1990s.⁵⁸

While opportunities for part-time work in the UK have increased in aggregate, there are concerns about the quality of these jobs, particularly pay, career progression, training and other conditions of employment. For example, based on median earnings, part-time employees earn around 40% less than full-time employees.⁵⁹ In a study on the trends in female labour force participation, the OECD notes that part-time work is characterised by:

“Poor wages and benefits, asocial or excessively flexible hours, low job tenure, absence of training, or few prospects of promotion.”⁶⁰

⁵⁵ IDS (2010), based on ASHE 2009.

⁵⁶ IDS (2010), *Pay in the public services 2010*.

⁵⁷ Ibid.

⁵⁸ Diana Kasparova, Nick Wyatt, Thomas Mills, Sam Roberts (2010), 'Pay: Who were the winners and losers of the New Labour era?', Provocation Paper No. 8, The Good Work Commission.

⁵⁹ Office for National Statistics, 'Low pay estimates', April 2008.

<http://www.statistics.gov.uk/pdfdir/lpay1108.pdf>

⁶⁰ OECD Economics Department (2004), 'Female Labour Force Participation: Past trends and main determinants in OECD countries', OECD. <http://www.oecd.org/dataoecd/25/5/31743836.pdf>

In shifting to part-time work, women are also likely to downgrade their occupational status due to the lack of suitable part-time opportunities that fit their skill set. Research has found that a third of female corporate managers move to a lower skill occupation after having a child with two-thirds of these moving into clerical work.⁶¹ The Gender and Employment in Local Labour Markets project found that 2.8 million women, 54% of all women working part-time, were working in part-time jobs which demanded lower qualifications, responsibility and skills than jobs for which they were previously employed.⁶²

The common explanation for the noticeable increase in the GPG as women get older (see Figure 12 on page 22), particularly between age 35 and 45, is that interruptions to employment because of caring responsibilities are more likely. While there is credence to this explanation, it does not explain this increase in its entirety and does not explain why females who stay in the labour market still have 12% wage gap on average.

Motherhood has a demonstrable influence on the likelihood that a women will work part-time, with full-time work falling from 90% to just 40% on the birth of a first child.⁶³ Many studies also have found a strong negative relationship between the number of dependents and female earnings, while no relationship exists for males. However, the EHRC notes that educational attainment has an important impact on this relationship. In its publication *How Fair is Britain* (2010), it notes that women with degrees have only a 4% loss in lifetime earnings as a result of motherhood compared to a 25% loss for those with mid-level qualifications and a 58% loss for those with no qualifications.⁶⁴

Caring responsibilities have an effect on the types of jobs that women can do as well as, importantly, the distance that women can travel to work. As the TUC notes, women are disproportionately responsible for the care of children, the elderly and disabled relatives and, due to the lack of support for individuals who wish to combine their caring duties with full-time employment, there are few alternatives to part-time work for these women.⁶⁵ The Work Foundation emphasise that, largely due to caring responsibilities, women's commuting time is constrained, further reducing job options.⁶⁶

Research by Manning and Swaffield found that half of the GPG is due to differences in labour market attachment and receipt of training, with the main cause being the breaks that women take from employment when they have children.⁶⁷ Manning notes:

“The problem is not that women are choosing one career – such as hairdressing – rather than another – such as plumbing. It is that they are continuing to choose family over career at some point in their life.”⁶⁸

⁶¹ TUC, 2008.

⁶² Sue Yeandle, 'Local Labour Markets and the Gender Pay Gap', paper to the European Sociological Association Interim Conference, Lisbon, 6 -8 September 2006.

⁶³ Diana Perrons (2009), 'Women and Gender Equity in Employment – Patterns, progress and challenges', IES Working Paper WP23.

⁶⁴ EHRC, 2010.

⁶⁵ TUC, 2008.

⁶⁶ Kasparova et al, 2010.

⁶⁷ Alan Manning and Joanna Swaffield (2005), 'The Gender Gap in Early Career Wage Growth', CEP Discussion Paper No. 700. <http://cep.lse.ac.uk/pubs/download/dp0700.pdf>.

⁶⁸ Ibid.

However, caring responsibilities cannot explain the GPG that exists prior to taking on responsibilities for elderly or children. A study by the Equal Opportunities Commission (EOC) in 2002 based on a survey conducted in 1998, found that, three years after graduating, female graduates were earning less than males with degrees in the same subject and also earned less than males in the same industry and same occupation.⁶⁹

5.6 Valuation of women's work

The economic value placed on work disproportionately done by women is also seen to be a key contributor to the gap between male and female earnings. The review undertaken by the Women and Work Commission in the UK found that the definition of low skill jobs is based on stereotypical views rather than the actual skills required of the job. The view that 'women's work' is under-valued is widely recognised in the literature. For example, Chicha notes that:

"Influence of prejudices and stereotypes on job evaluation methods serves to reinforce and maintain gender pay disparities...traditional job evaluation methods overlooking or undervaluing important aspects of female jobs."⁷⁰

Similarly, Perrons concludes:

"In many ways the organisation of the workplace and the domestic division of labour retain the imprint of a male breadwinner society which presents a challenge to gender equity within employment and in society more generally."⁷¹

A study by Grimshaw and Rubery for the EOC in 2007 looked into the valuation of women's work with respect to men's.⁷² They identify two main components of under-valuation – first, women are, on average, paid less than men for the same performance in the same jobs; second, the main jobs that women do tend to attract lower wages than the jobs men tend to do. The authors of the study outline five 'Vs' involved in creating differences between women and men's pay – see Box 2.

Box 2

The five Vs that create the gender pay gap (Grimshaw and Rubery, 2007)

Visibility – Women's skills are not recognised by pay and grading bands and as a result there is little room for career progression or promotion.

Valuation – Even where women's skills are recognised they are not given a high value. Valuation still tends to be based on a 'male skills model'.

Vocation – The assumption that women's skills are 'natural' underlies their low valuation.

Value added – Men's jobs tend to be in high value added processes, which lead to them being more highly rated, even where there is little difference between the skills involved.

Variance – Women's caring responsibilities underpins an idea that their work is in a separate sphere and part-time work is synonymous with unskilled work by both employers and women alike.

⁶⁹ Kate Purcell (2002), *Qualifications and Careers*, Equal Opportunities Commission.

⁷⁰ Chicha, M.T. (2006), *A Comparative Analysis of Promoting Pay Equity: Models and Impacts*

⁷¹ Perrons, 2009.

⁷² Grimshaw and Rubery, 2007.

Stereotypes are also important in shaping career decisions well before entry into the labour market. While difficult to measure or isolate the impact of these factors empirically, most research recognises that social and cultural context plays an important role in shaping labour market decisions and outcomes.

5.7 Discrimination

Discrimination by employers refers to the preference for one type of employee to the exclusion of another based entirely on group membership.⁷³ Discrimination takes two forms. 'Taste' discrimination is based on the individual preferences of the employer while 'statistical' discrimination is the result of having imperfect information about potential employees. In the latter case the employer anticipates future performance on the basis of elements of the individual's identity (such as race or gender) rather than solely on the basis of information that they have related to the past performance of the individual.

While it is typical to focus on one strand of discrimination at a time, the evidence suggests that discrimination can occur on the basis of intersections between elements of individual identity rather than on the basis of a single characteristic. As noted by Burri and Schiek:

“Gender discrimination occurs not only as isolated form of discrimination, but also affects women who simultaneously are suffering from discrimination on grounds of their racial and ethnic origin, their age, their disability, their sexual orientation and their religion or belief.”⁷⁴

Multiple discrimination is recognised by European Law in the equality related Directives 2000/43 and 2000/73. The Equality Act 2010 originally included provisions to bring cases of discrimination under a maximum of two protected characteristics but this provision is yet to be enacted.

5.8 Structural and institutional factors

Because the GPG explicitly draws attention to the difference between male and female pay, it often follows that analyses look at the differences between men and women in the labour market. However, the structural and institutional features of the labour market can have an important impact on the pay gap, particularly when assessing improvements over time. Organisations are also important and there are firm level factors that should be taken into consideration. Recent research suggests that occupational segregation and wage structure have played a greater role in recent changes to the GPG than gender specific characteristics, which have played only a minor role.⁷⁵ As Perrons notes:

“Focusing on individual variables tends to emphasise ‘gender deficits’ rather than context and overlooks how the work environment, labour market and wider economy are shaped by gendered norms and assumptions that operate to women’s disadvantage.”⁷⁶

⁷³ Becker, 1971.

⁷⁴ Susanne Burri and Dagmar Schiek (2009), *Multiple Discrimination in EU Law – Opportunities for legal responses to intersectional gender discrimination?*, European Network of Experts in the Field of Gender Equality.

⁷⁵ Plantenga and Remery, 2006.

⁷⁶ Perrons, 2009.

The wage structure, that is the array of prices for labour and the monetary returns to skills, has an important effect on the GPG due to the distribution of male and female employees in different sectors and occupations. As Figure 14 show, the distribution of wages for female employees is considerably different from the distribution of wages for men. Compared to male wages, female wages are far more concentrated towards the lower end of the wage distribution with only a thin wedge earning above £700 per week. By comparison, male wages are distributed more evenly with a far larger proportion of employees earning over £700 per week.

As a consequence of these differing distributions, changes to the wage structure impact women differently for men. For example, one of the most important aspects of the wage structure with regard to the GPG is the wage floor or minimum wage. According to Blau and Kahn, because the female wage distribution lies below the male distribution⁷⁷, policies that consciously raise the minimum wage rate (irrespective of gender) will lower male-female wage differentials.⁷⁸ When there is rising inequality in wages, there is the opposite effect.⁷⁹

While minimum wage increases have been a positive influence on decreasing the GPG, Blau and Kahn's research also finds that the occupations where males dominate have seen larger increases to wages than female occupations.⁸⁰ While the increase to skills does increase the GPG, Blau and Kahn report that this has been offset by improvements in gender-specific factors, such as improved educational outcomes.

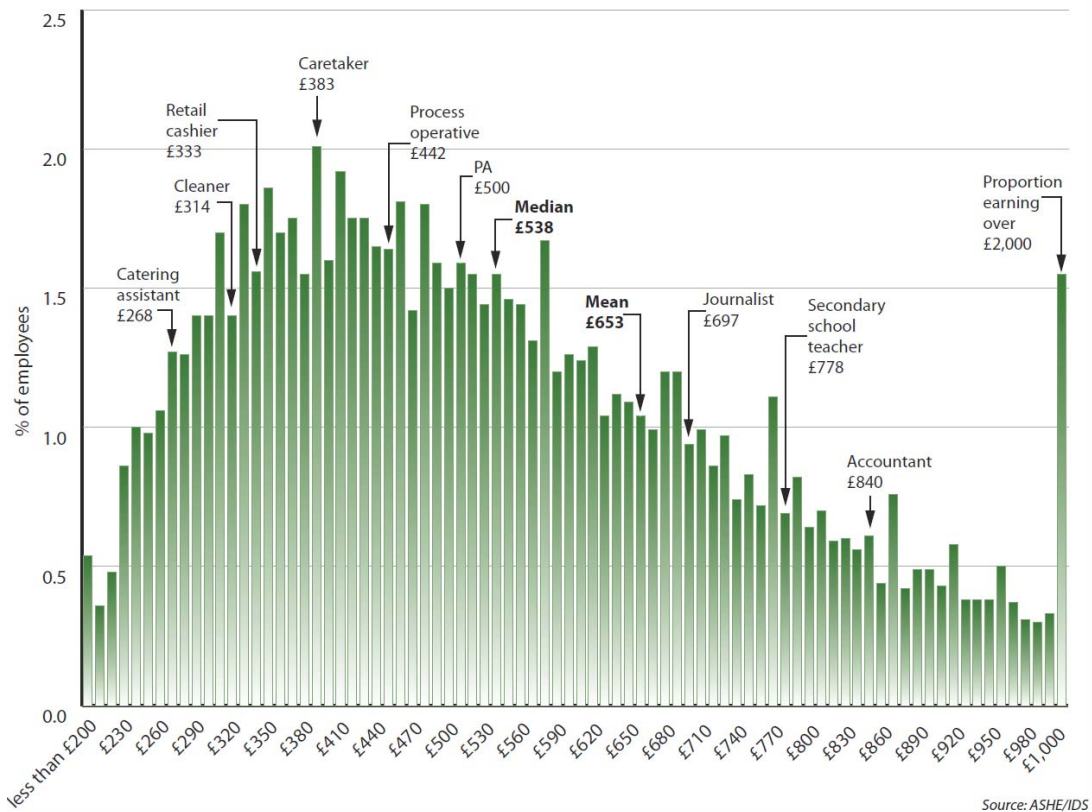
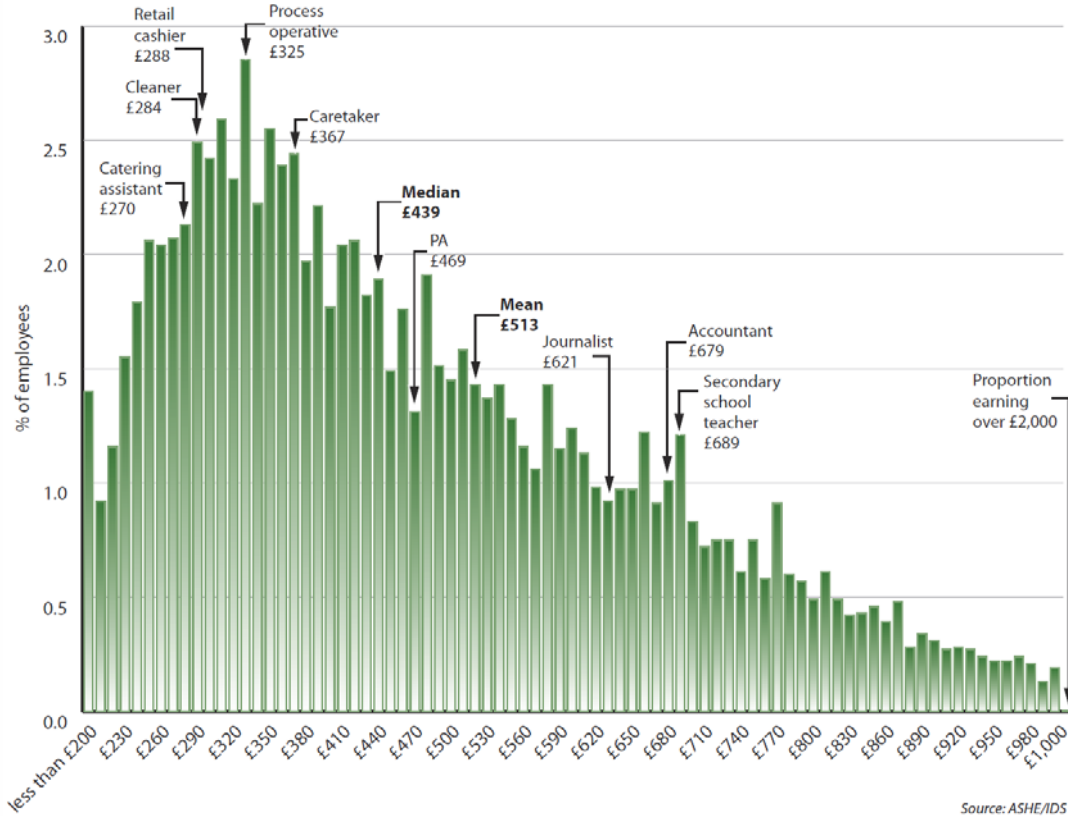
⁷⁷ Research by the Institute of Public Policy Research in 2006 found that 29% of women in employment were low paid compared to only 16% of men. Graham Cooke and Kayte Lawton (2008), *Working Out of Poverty*, IPPR.

⁷⁸ Blau and Kahn, 2000.

⁷⁹ Susan Harkness, 'The Gender Earnings Gap: Evidence from the UK', *Fiscal Studies* (1996), Vol. 17, No. 2, pp. 1-36.

⁸⁰ *Ibid.*

Figure 14: Distribution of gross weekly earnings for full-time female (top) and male (bottom) employees, April 2010



Reproduced with permission from Incomes Data Services, 2011.

A falling GPG does not always mean improving conditions for women workers. Because of the complex structure of the labour market and the wages assigned to individuals, improvements in the GPG in some parts of the labour market may mask deteriorations in other areas. Harkness notes that increasing wage inequalities may disguise improvements in employment as a result of gender-specific factors and therefore emphasises that analyses must distinguish between the effects of both.

“Comparisons of male and female earnings may not be the best indicator of changes in the relative labour market position of women in a period of rapidly-rising wage inequality. This is because if, for example, returns to ‘skill’ rise, then women, because they have on average fewer labour market skills than men, will see a fall in their relative earnings. Thus while rising wage inequality disproportionately penalises women, the resulting fall in the mean gender earnings ratio does not reflect a deterioration in the relative labour market position of women as a result of gender-specific factors.”⁸¹

As such, Harkness emphasises the importance of looking at changes to the GPG across the wages spectrum as improvements in the GPG do not necessarily occur uniformly across the labour market.⁸²

The nature of industrial relations can also have a significant impact on the GPG. Analysis of the ‘WageIndicator’ dataset, which provides internationally comparable data on wages, found that trade union membership is positively correlated with a lower GPG among unionised employees in the majority of countries than for non-unionised employees.⁸³ Similarly, Blau and Kahn explain that more unionised economies and companies tend to have lower overall wage dispersion and, because of the concentration of women in low-paid jobs, this tends to lead to a lower GPG.⁸⁴ They note that a considerable portion of the GPG in the US is a result of wage differentials that result from decentralised pay setting institutions.⁸⁵

Plantenga and Remery note that:

“The current trend towards a more decentralized and individualized system should in this respect be assessed as a rather worrying development. As wages are increasingly set at local or company level, inter-firm and inter-industry wage differences may increase, thereby potentially increasing the gender pay gap. In addition, the rise of a variable and performance-based pay system may increase the overall wage difference between men and women. In fact women seem to be swimming upstream: women with an improved educational background, fewer children and shorter periods of employment interruption are confronted with a labour market with growing wage differentials and a reduced share of collectively agreed wages and wage components. As a result, the differences in wages remain more or less the same. This conclusion emphasizes the need for effective policies targeting both female labour market participation as well as institutional factors like wage formation systems and the overall wage inequality.”⁸⁶

⁸¹ Blau and Kahn, 2000.

⁸² Harkness, 1996.

⁸³ ITUC, 2008.

⁸⁴ Blau and Kahn, 2000.

⁸⁵ Blau and Kahn, 2000.

⁸⁶ Plantenga and Remery, 2006.

Despite strong indications that it has had a positive impact on the GPG, the evidence for centralised bargaining is not always clear cut. In a study on the gender wage gap in Australia, Britain, Japan and the US for the period 1969-1976, Gregory found that the institutions of wage determinations in these countries explained a significant proportion of the difference in progress on tackling the GPG.⁸⁷ In particular, the centralised systems of wage determination in Australia and Britain helped facilitate the implementation of equal pay in organisations while the low trade union density in the US led to less progress in comparison. However, a follow up study by Daly, Kawaguchi, Meng and Mumford in 2006 found that in more recent years the decentralisation of the Australian and British wage determination systems has not disadvantaged women in these countries.⁸⁸

5.9 Decomposition of the gender pay gap

There is no doubt that the GPG is influenced by a range of individual, institutional and structural factors. However, for the purposes of policy it is important to understand the relative strength of each of these factors in determining the GPG to inform strategies and policies to narrow the gap. There are a number of important studies that have investigated the personal characteristics associated with the GPG in the UK labour market.

One of the most commonly cited studies is by Olsen and Walby for the Equal Opportunities Commission (EOC) in 2004. Using data from the British Household Panel Survey⁸⁹, the authors identified the relative strength of different factors that contributed to differences in pay between women and men – see Figure 15.⁹⁰ The strongest explanation, accounting for 36% of the pay gap was the gender differences in lifetime working patterns, followed by labour market rigidities, which accounted for 18% of the difference. According to the study, a further 8% of the gap is explained by educational attainment while the remaining 38% is unexplained by unobservable characteristics and described as a combination of direct discrimination and differences in career preferences and motives. Through a regression analysis, Olsen and Walby were able to quantify how various changes in education and working patterns contributed to wages. Their significant findings are outlined in Table 1. The authors emphasise that the data shows that indirect discrimination and systemic disadvantage play a significant role in sustaining the GPG, it cannot simply be explained away by variations in education and working patterns.

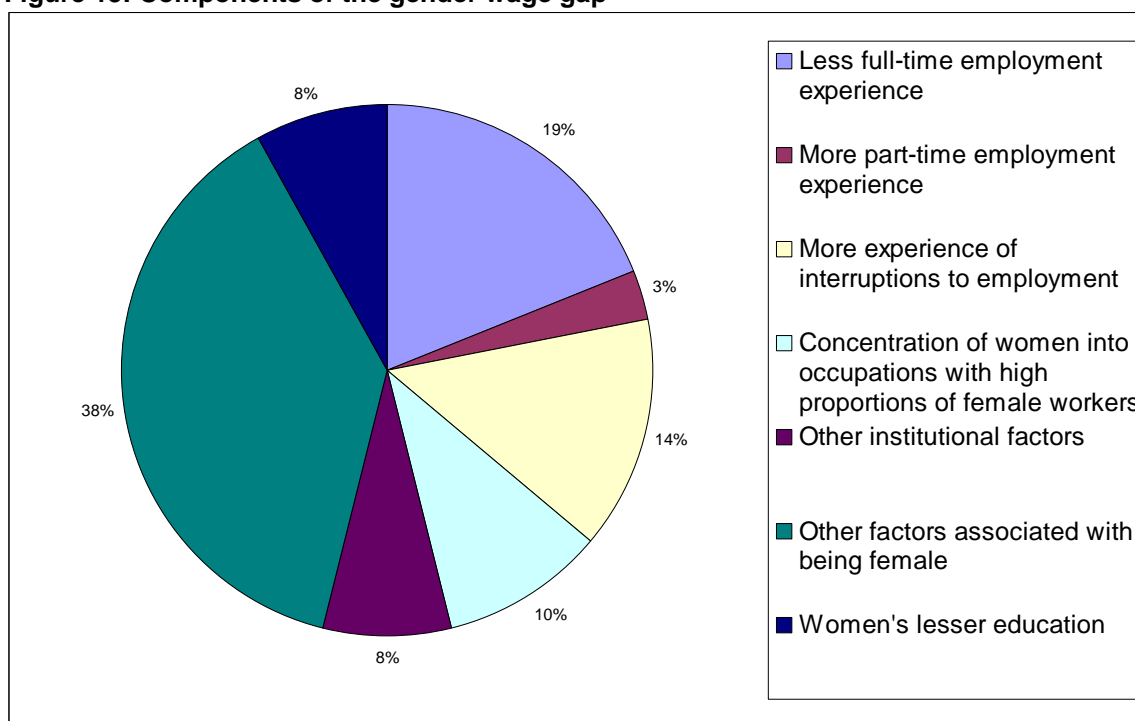
⁸⁷ Gregory in Anne Daly, Kawaguchi, Akira, Meng, Xin and Mumford, Karen A., *The Gender Wage Gap in Four Countries* (January 2006). IZA Discussion Paper No. 1921. Available at SSRN: <http://ssrn.com/abstract=878308>

⁸⁸ Ibid.

⁸⁹ A weighted sample of around 10,000 adults in Britain.

⁹⁰ Wendy Olsen and Sylvia Walby (2004), 'Modelling Gender Pay Gaps', Working Paper Series No. 17, Equal Opportunities Commission. <http://www.lancs.ac.uk/fass/sociology/papers/walby-modellinggenderpaygapswp17.pdf>

Figure 15: Components of the gender wage gap



Source: Based on analysis of the British Household Panel Survey by Olsen and Walby, 2004. 'Other institutional factors' include the greater proportion of women working for smaller firms and the smaller proportion in a union or staff association. 'Other factors associated with being female' include direct discrimination and different preferences and motivations (some of which will be attributable to indirect discrimination or systematic disadvantage).

Table 1: Factors affecting women's wages

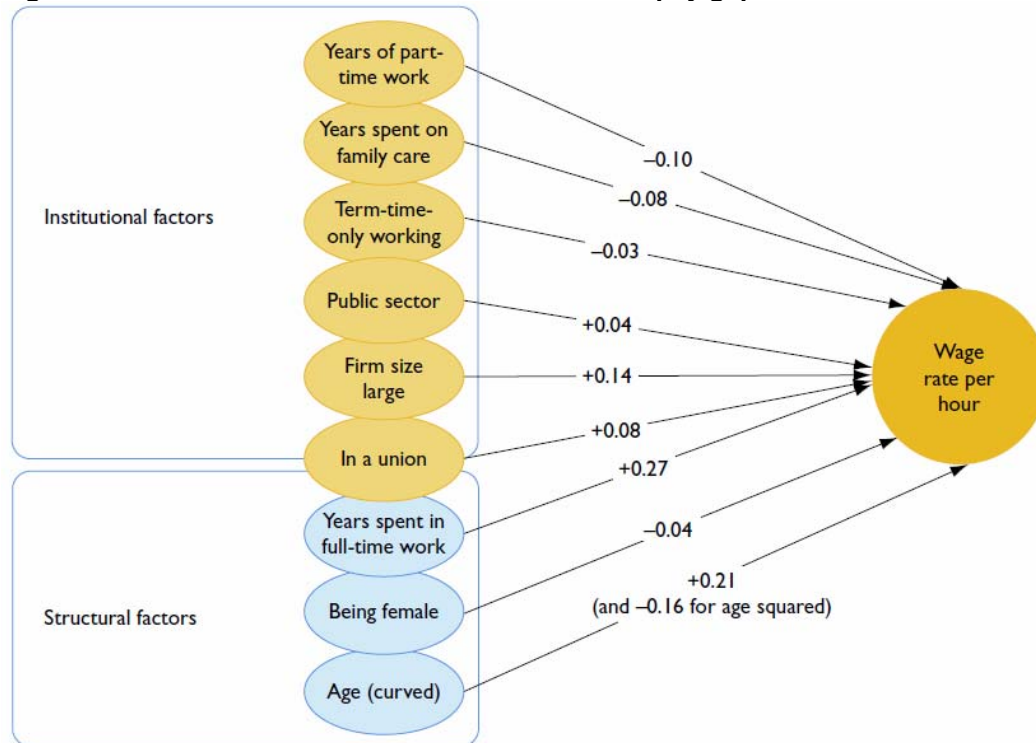
Variable	Effect on hourly wages
One year of full-time education	6% increase
One year of full-time employment	3% increase
One year of part-time employment	1% decrease (in addition to missing out on 3% gains from one year of full-time employment)
One year of interruptions to employment (e.g. childcare)	1% decrease (in addition to missing out on 3% gains from one year of full-time employment)
Every 10 percentage points higher the proportion of men working in an occupation	1% increase
Other factors associated with being female, including direct discrimination, preferences, motivations and attitudes to the labour market.	9% decrease

Source: Based on analysis of the British Household Panel Survey by Olsen and Walby, 2004.

A similar analysis was undertaken by Olsen, Gash, Vandecasteele, Walthery and Heuvelman for a report published by the Government Equalities Office. The analysis found that years of part-time working and years spent on family care have the most negative impact on hourly wage rate while working in the public sector, for a large firm

and being a member of a union have a considerable positive impact on wage – see Figure 16. Years of full-time working has the single most significant impact of any variable on average wages.

Figure 16: Institutional and structural drivers of the pay gap summarised and compared



Source: Olsen, Gash, Vandecasteele, Walthery and Heuvelman, 2010.

While this approach is adopted in numerous studies, there are limits to its explanatory power. Olsen and Walby identify two main criticisms in the literature; first, analyses of individual characteristics neglect factors associated with the structure and nature of firms and the labour market and second, there are many unobservable characteristics, the omission of which can lead to an over-estimation of the role of discrimination.⁹¹ Research has found that non-individual factors such as industrial sector, union density and region all have an impact on the GPG in addition to individual characteristics.⁹²

The value of these studies lies in their empirical nature and their ability to weigh the relative impact of different characteristics on the GPG. This has proved useful for policy makers who have been able to target interventions more effectively and efficiently. The final section of this report considers many of the conclusions and recommendations of the literature on how to narrow the GPG.

⁹¹ Olsen and Walby, 2004.

⁹² Ibid.

6 Equal Pay and the gender pay gap in HE

No significant studies have investigated the GPG in HE in the UK but a number of publications by sector institutions and relevant trade unions have presented pay gap figures for various years and groups. There is no officially agreed upon model for calculating the GPG, which means that there is some variation in the figures that are provided, which makes direct comparisons difficult. The common separation of the workforce into academic and support staff complicates headline figures further. This section attempts to review the different measures provided and put them into context while this paper's conclusion considers the case for an agreed measure of the GPG.

6.1 Equal pay in the HE sector

Actions to modernise the workforce and organisational practices in HE have explicitly addressed gender equality. JNCHES also provided guidance in 2002, which was revised in 2007, on how to carry out equal pay reviews.⁹³ In 2003, the HE employers and trade unions concluded the JNCHES Framework Agreement for the Modernisation of Pay Structures, a primary aim of which was to support the achievement of equal pay for work of equal value. The JNCHES pay agreement for 2006 – 2009 also included a strong recommendation that HEIs conduct an equal pay review within 12 months of introducing the framework and then conduct reviews regularly after that.

The sector has made recognisable progress in undertaking equal pay reviews with 80.4% having completed an equal pay review in 2010 compared to just 29.6% in 2007.⁹⁴ The Equality Challenge Unit (ECU) published an equal pay toolkit in 2010, which provides institutions with a resource detailing which employees the review should cover, what data is required and how data should be compared to identify significant pay gaps.⁹⁵

Since 2007, the Gender Equality Duty (GED) has placed specific obligations on public authorities as well as other scheduled employers including HE institutions. The GED requires employers to ensure that workplaces are free from sex discrimination and victimisation and to adopt an active approach to tackling gender inequalities. Specifically, the GED requires public authorities to undertake equal pay audits every three years and take action to address GPGs.

There are also examples of institutions that anticipated these changes, embarking on equal pay reviews well before the GED was in place. Sunderland, for example, was one of the first universities to undertake an equal pay audit and has published its GPG annually since 2003.⁹⁶ During this period the GPG at the university has fallen from 20.3% to 15%.

6.2 Gender pay gap in the HE sector

As with the UK workforce as a whole, the GPG in the HE sector varies depending on the measure and dataset used. In its yearly publication on pay in the public sector, Income Data Services (IDS) reports the GPG in HE based on ASHE data on teaching

⁹³ JNCHES (2007), 'Equal Pay Reviews – Guidance for Higher Education Institutions'.

⁹⁴ New JNCHES (2010), 'Results of the 2010 Survey of Equal Pay Reviews', UCEA.

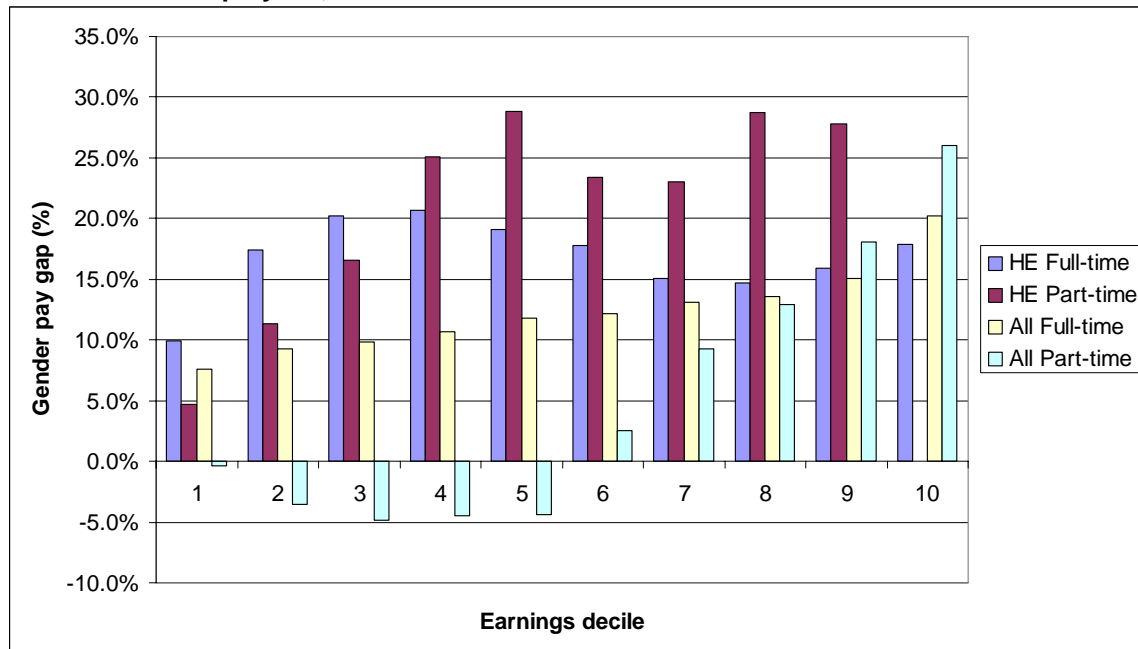
⁹⁵ Sue Hastings (2010), 'Promoting equality in pay: A practical resource for conducting equal pay reviews in higher education', ECU.

⁹⁶ Lewis and Smee, 2009.

professionals, excluding a large proportion of the workforce who work in non-teaching roles.⁹⁷ The Equality Challenge Unit's *Equality in Higher Education – Statistical Report* for 2009 uses full-time salary data from HESA giving an overall median GPG of 18.2%.⁹⁸ While this data includes support staff, it does not account for differences in hours of work, which for reasons addressed earlier can distort the GPG. The JNCHES *Review of Higher Education Pay and Finance Data* reports the GPG in the sector based on mean hourly earnings, giving a GPG of 20.3% in 2008, compared to a UK wide GPG of 17.1% by the same measure.⁹⁹

According to ONS ASHE data for 2009, the GPG in the HE sector based on median full-time hourly earnings excluding overtime is 18.6% and 18.5% based on the mean. The corresponding figures for all employees in the UK are 12.2% and 16.4% respectively. The part-time GPG is 26.5% based on the median and 22.5% based on the mean (-2.0% and 13.2% respectively for all employees). The gender pay gap is relatively lower at the bottom end of the wage distribution, increasing for both full-time and part-time workers and peaking at the 30th percentile (20.6%) for full-time workers and the 40th percentile for part-time workers (28.8%) – see Figure 17. The GPGs by percentile are noticeably different from the economy as a whole, which has a lower GPG at each decile, except for the 90th decile for full time employees. The difference between HE GPG at each decile and the gaps for all employees are more significant than the differences for full-time pay.

Figure 17: Gender pay gap by percentile, full-time and part-time employees in the HE sector and all employees, 2009



Source: ASHE 2009 table 16.a.

According to the analysis by IDS, the GPG for teaching professionals (12.7%) is lower than the figure for the HE sector as a whole (18.5%) but is higher than all other HE teaching professional groups – see Table 2. However, the gap in HE has reduced

⁹⁷ See Income Data Services (2010), *Pay in the public services 2010*, IDS.

⁹⁸ ECU, 2009.

⁹⁹ JNCHES (2008), *Review of Higher Education Pay and Finance*, UCEA.

significantly from 2008, when it was 16.3%, while the pay gap between men and women in primary and nursery education and further education has increased.

Table 2: Gender pay gap for full-time teaching professionals in 2009

Education sector	Males £ph	Females £ph	GPG % 2009	GPG % 2008
Primary and nursery education	22.40	20.29	9.4	9.0
Secondary education	23.20	20.57	11.3	11.6
Further education	19.59	17.96	8.3	7.3
Higher education	26.84	23.43	12.7	16.3

Source: IDS / ASHE, 2009. Average hourly rates excluding overtime payments.

Further detail on occupational specific gender pay gaps is available from an analysis of ASHE data specially commissioned by UCEA for the updated chapters of the JNCHES *Review of Higher Education Pay and Finance Data*. Unfortunately, these figures are not directly comparable to standard measures since the figure is based on gross hourly pay. As Table 3 shows, double digit gaps exist on both the mean and median measure for full-time managers and senior officials, professional occupations, skilled trades occupations and elementary occupations. The lowest pay gaps for full-time employees are for associate professional and technical occupations and personal service occupations. For part-time employees the gender pay gap for associate professional and technical occupations and administrative and secretarial occupations is negative, indicating a gender pay gap in favour of women.

Table 3: Gender pay gap by occupation in HE, 2009 (based on gross hourly pay including overtime)

	FT GPG Median	FT GPG Mean	PT GPG Median	PT GPG Mean
Managers and Senior Officials	12.3%	17.1%	*	*
Professional Occupations	10.6%	17.0%	6.6%	9.5%
Associate Professional and Technical Occupations	5.0%	8.8%	-6.7%	-13.3%
Administrative and Secretarial Occupations	-3.0%	10.1%	-19.7%	-13.2%
Skilled Trades Occupations	14.5%	24.6%	*	*
Personal Service Occupations	4.4%	7.1%	3.8%	15.5%
Elementary Occupations	21.4%	25.0%	-1.6%	5.3%

Source: ASHE, 2009. Special ONS dataset commissioned for UCEA. Sample sizes for "Sales and Customer Service Occupations" and "Process, Plant and Machinery Occupations" are too small to be reliable. * Non-disclosable.

UCU research from 2007 suggested that the gender pay gap for academic staff in HE was 14.1%, although this was based on HESA data on monthly wages and therefore it is difficult to directly compare with other measures.¹⁰⁰ However, the UCU paper is useful in demonstrating the range of gender pay gaps that exist across institutions. For example, within Russell Group institutions the gap, based on UCU's measure, is 18.5% compared to 6.8% in post-92 institutions.

¹⁰⁰ University College Union, 'Gender pay gaps and higher education institutions 2005-06', June 2007, UCU. http://www.ucu.org.uk/media/pdf/h/9/ucu_genderpay05-06.pdf

UCU note that the reasons for the significant difference between pre and post -92 institutions include:

- The number of clinical academics at pre-92 institutions who tend to have large pay gaps in favour of male employees.
- Pre-92 institutions employ more lower-paid research only academics, who are more likely to be female.

Table 4: HEI groupings and gender pay gaps for academic staff, 2005-06

	Number of institutions	Average gender pay gap
The Russell Group	20	18.5%
Other pre-92	28	15.4%
1994 Group	18	15.0%
Post-92	53	6.8%
HE/specialist college	16	5.6%

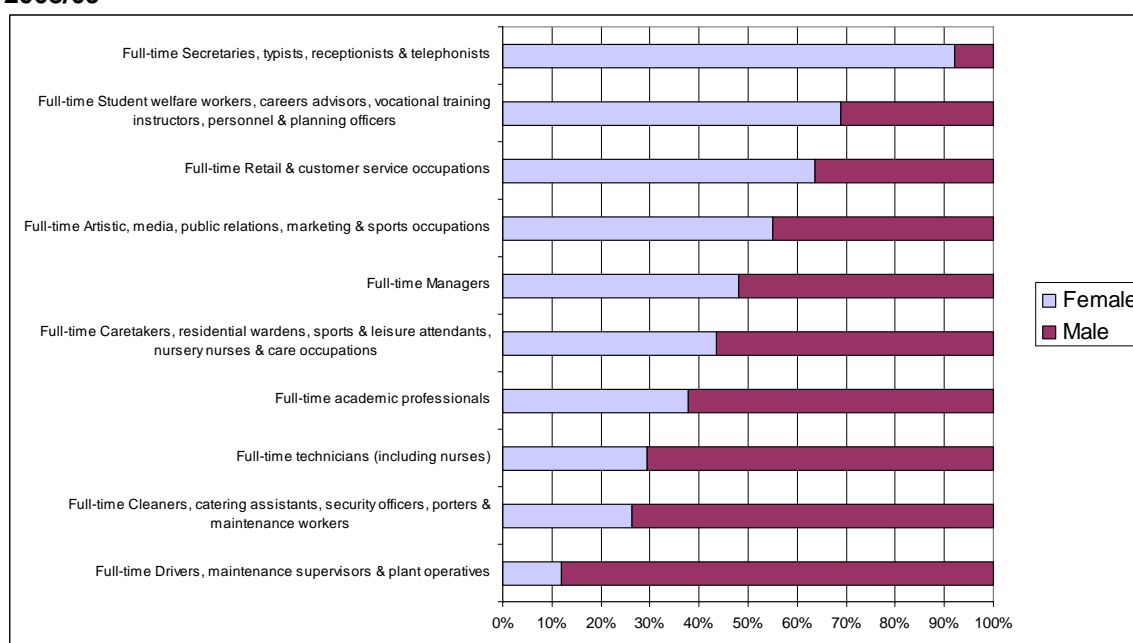
Source: UCU, 2007. Based on HESA full-time annual salary data.

6.3 HE workforce characteristics relevant to the gender pay gap

While an in-depth analysis of the gender differences within the HE workforce is not within the scope of this review, it is worthwhile to highlight some of the key characteristics of the HE workforce that relate to the determinants of the GPG as identified in previous sections.

Women comprise a slight majority of the sector workforce (53.6%¹⁰¹) but representation is not consistent across different sub-groups. As Figure 18 shows, females are disproportionately represented in secretarial roles, administrative and customer service roles but under-represented in managerial, academic and technician roles.

Figure 18: Gender split by occupation for full-time employees (excluding atypical) in HE, 2008/09



Source: HESA, 2008/09, Table 5.

¹⁰¹ Excluding atypical staff, HESA, 2008-09.

Women tend to be under-represented within senior roles in HEIs. Within full-time academic roles, only 6.5% of women are professors compared to 17.3% of male staff, who comprise 81.4% of all full-time professors.¹⁰² According to the EHRC, just 14.4% of vice-chancellors were female in 2007/08 compared to 31% of further education college principals and 34% (2006) of head teachers in secondary schools. However, these figures are similar to representation in HE across the EU, where women fill on average 44% of posts at lecturer level but only 18% of professorial chairs and 9% hold head of institution positions.¹⁰³

% of women in selected top jobs (EHRC, 2008)

	2003	2004	2005	2006	2007/08
Further education college principals	25.8	28	27.5	30.7	31.4
University vice-chancellors	12.4	15	11.1	13.2	14.4
Trade union general secretaries	18.3	16.9	22.4	23	20.7
Head teachers in secondary schools	30.1	31.8	32.6	34.1	N/A
Local authority chief executives	13.1	12.4	17.5	20.6	19.5
Directors in FTSE 100 companies	8.6	9.7	10.5	10.4	11

There are considerable differences between the prevalence of part-time working among male and females working in the HE sector. Almost half of the women (45.2%) working in the sector work part-time, with significant variation by occupation. As Table 1 shows, 84.1% of females working in cleaning, catering, security, porter and maintenance occupations work part-time as well as 59.2% of female technicians and 54.2% of female managers. There are also noticeable differences within academic positions. While the proportion of teaching-only staff working part-time is similar, 26% of female teaching and research staff are part-time compared to 14% of male staff – see Table 6. Similarly, 25% of female research-only staff are part-time compared to only 10% of male staff.

Table 5: % of female staff that work part-time by occupation

Occupation	% of female staff that work part-time
Cleaners, catering assistants, security officers, porters & maintenance workers	84.1%
Technicians (including nurses)	59.2%
Managers	54.2%
Secretaries, typists, receptionists & telephonists	43.0%
Retail & customer service occupations	40.7%
Academic professionals	39.4%
Caretakers, residential wardens, sports & leisure attendants, nursery nurses & care occupations	38.5%
Drivers, maintenance supervisors & plant operatives	31.1%
Student welfare workers, careers advisors, vocational training instructors, personnel & planning officers	31.0%
Artistic, media, public relations, marketing & sports occupations	16.5%
Total	45.2%

Source: HESA, 2008/09.

¹⁰² HESA, 2008-09.

¹⁰³ Phil Baty, 'What's sex got to do with it?', *Times Higher Education*, 30.9.2010.

<http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=413686&c=2>

Table 6: % of academic staff that is part time by gender, 2008/09

Academic Staff Group	Male	Female
Teaching only	81%	83%
Teaching & research	14%	26%
Research only	10%	25%
Neither teaching nor research	12%	22%

6.4 Academic research on the gender pay gap in HE

A small number of academic studies in both the US and the UK have looked at gender differences in pay in the HE sector. A study by Booth, Frank and Blackaby, looking at academic economists in the UK, found both a (within rank) gender pay gap and a gender promotions gap.¹⁰⁴ The research found that a significant contributing driving factor to the GPG in this group was the role of outside offers, which tended to increase male pay disproportionately. A study on the status of women in the science faculty at the Massachusetts Institute for Technology found that marginalisation increased as women progressed through their careers and tenured women felt marginalised and excluded from a significant role in their departments.¹⁰⁵ This marginalisation was accompanied by differences in salary, space, awards, resources, and response to outside offers – as a result women earn less than men with comparable professional accomplishments. Ward’s study on Scottish academics (across disciplines) found that the gender gap was explained by rank rather than within-rank differentials, a similar conclusion to that of Ginther and Hayes’s study of US humanities academics.¹⁰⁶

Research by Connolly and Long on career progression for female scientists found that that female scientists do face a glass ceiling, although the point at which this happens depends on career in academia or research career and happens where promotion to the next stage is most demanding and difficult.¹⁰⁷ In academic science this is promotion from senior lecturer to professor – in research from scientist to senior scientist (sticky floor). Controlling for experience, responsibilities, and productive characteristics, women in universities are less likely than men to be promoted to top positions (a Chair) and in research positions less likely to be promoted out of post-doctoral posts.

7 Addressing the gender pay gap in HE

The evidence reviewed in this paper indicates that the gender pay gap is simple to understand as a measure but complex to interpret. Understanding the labour market context and the trends in female workforce participation are important as are the various factors that have been identified as contributing to the gap between male and female pay. Occupational segregation, glass ceilings, part-time working, labour market attachment and educational attainment all contribute to differences in wages between the sexes as do structural and institutional features of the labour market such as the wage structure and systems of pay setting. As research has shown, these factors have

¹⁰⁴ Alison Booth, Jeff Frank, David Blackaby (2002), ‘Outside Offers and the Gender Pay Gap: Empirical Evidence from the UK Academic Labour Market’, *The Economic Journal*, Vol. 115, Issue 501, pp. 81 – 107.

¹⁰⁵ MIT, 1999, ‘A study on the status of women faculty in science at MIT’, *MIT Faculty Newsletter*, 11(4) Special Edition, March.

¹⁰⁶ Ward, 2000; Ginther and Hayes, 1999, 2000.

¹⁰⁷ Sarah Connolly and Susan Long (2008), “Glass ceilings – thicker at the top? Evidence on career progression for scientists from the UK”, Discussion Paper No. 2008-1, The UEA Economics Research Centre.

differing relative effects on the gender pay gap, with part-time working and time away from the labour market topping the list of key determinants.

The gender pay gap is not entirely explained by the characteristics of women in employment vis-à-vis men or the structural and institutional aspects identified. Gender discrimination, stereotyping and organisational cultures are still believed to play a role in the differences between the pay of women and men and thus measures to tackle these sources of inequality are still necessary.

This review shows that just as there are a number of contributing factors, there are a number of potential ways to tackle the gender pay gap. Promisingly, research indicates that interventions can have a positive effect at the national, local and organisational level. HE institutions and sector bodies have, therefore, an important role to play in addressing the gender pay gap in the sector. Indeed, institutions in the sector have made significant progress in modernising pay and progression systems and structures, which has improved the differential between men and women's wages.

By the same measure, institutions are not wholly responsible for the gender pay gap. Labour market structures, trends in female workforce participation and the attitudes of society are largely outside the control of higher education institutions and they can only affect change within their sphere of influence. For example, there is evidence that more neutral tax treatment of second earners in a household compared with single earners leads to an increase in female labour market participation.¹⁰⁸ This is not a get out clause for institutions, but merely recognition of the complexity of the problem.

To conclude this paper we set out policies that are proposed in the literature based on empirical evidence of success. What should be apparent is that these policies do not just focus on pay. As has been highlighted, the gap between men and women's pay within an organisation and within the economy exists for a range of reasons, the most important perhaps being the ability of women to access quality work opportunities throughout their career. The principle of many of these policies is to create an enabling work environment and the evidence suggests that this has rewards for both employer and employee alike.

Flexible working and 'family friendly' practices

Employers already have a number of statutory duties relating to flexible working and parental rights. For example, carers of both adults and children have the right by law to request flexible working arrangements to be considered by their employer and parents are entitled to both leave and statutory pay for new children. The Government has also improved access to childcare with 3 and 4 year olds guaranteed a free place in early education for 38 weeks of the year.

Flexible working practices are not only beneficial to employees but also to employers. Flexible working practices have been shown to improve retention and recruitment of women as well as improving productivity and performance. For example, according to a study by Bain & Co. covering 3,300 professional men and women, offering flexible models in high-pressure jobs improved retention of women by up to 40% and up to 25% for men.¹⁰⁹

¹⁰⁸ OECD.

¹⁰⁹ <http://www.worldatwork.org/waw/adimComment?id=43955&rssaccess=newsline-rss>

The TUC recommends that support should be increased for all workers taking on caring responsibilities as this is vital to tackle the disproportionate share taken by women at home and will improve their opportunities and choices in the labour market.¹¹⁰ Specifically, the right to work flexibly should be extended to all workers, there should be increased investment in childcare provision.¹¹¹

A study by the OECD found that childcare subsidies and paid parental leave increase labour market participation among women while the provision of child benefits reduces it. While paid parental leave improves labour market attachment, there is a negative effect on earnings after 20 weeks of paid leave, suggesting the effects of weakened skills and more difficulty re-entering labour market at the previous level. Childcare support primarily boosts full-time participation.

Transparency

Equal pay audits play an important role in identifying and addressing the gender pay gap. Transparency in pay can act as a driver for action on the GPG as it opens up institutions and organisations to examination, hopefully improving discussions and actions towards addressing any significant issues. The importance of improving transparency in pay has been a key part of recent government policy and legislation and there is currently a duty on public authorities to have due regard to the need to eliminate unlawful discrimination and harassment and promote equality of opportunity between men and women.

'Good' part-time work opportunities

The lack of part-time work opportunities for medium to high skilled individuals significantly affects the ability of women to combine caring duties and appropriately matched employment. The evidence suggests that downgrading job responsibilities is common following childbirth and that this is not necessarily a choice made by the woman. Part-time work is generally offered for low-paid, low-skill occupations with little career progression and as such every year working part-time has a negative effect on long-term income prospects. Among others, the TUC recommends that the availability of high quality and well paid part-time work should be increased to improve the matching of skills and experiences to women's employment.¹¹²

Training

Providing women with enhanced opportunities for training and development is a key recommendation of the Government Equalities Office report on addressing the gender pay gap. The research study that informed the policy recommendations found that training is associated with higher wages and that giving women training at work could increase their workforce attachment.¹¹³

Tackling discrimination and stereotyping

Discrimination continues to be a factor in the gender pay gap and active steps to address this in the workplace will need to continue. The new Equality Act 2010 should

¹¹⁰ TUC, 2008.

¹¹¹ Ibid.

¹¹² TUC, 2008.

¹¹³ Olsen, W. Vanessa Gash, Leen Vandecasteele, Pierre Walthery and Hein Heuvelman (2010), The Gender Pay Gap in the UK 1995–2007: Part 2 – Policy related factors offsetting women's low pay in the UK, 2004-07, Government Equalities Office.

http://www.equalities.gov.uk/pdf/301113_GEO_GenderPayGap_Part2_acc.pdf

ensure that equality and diversity issues remain on the agenda and the new provisions that allow employees to claim discrimination under two protected characteristics strengthens current legislation reflecting the existence of multiple discrimination that could not easily be claimed under previous law.

Representation

Women tend to be under-represented in senior roles in the HE sector in both academic and support roles. The proportion of females leading universities and HE colleges does not compare favourably to the composition of leaders in secondary and further education. Significant improvement in the representation of women at senior levels is likely to have a big impact on the GPG among academic and support staff, but, given low workforce turnover in the sector, this can only be achieved over the long-term. The Athena SWAN Charter, which recognises and celebrates good employment practice for women working in science, engineering and technology (SET) in the sector is important in this regard, although it is not comprehensive in its scope and membership.¹¹⁴

Pay systems

The way in which pay is determined within organisations can have significant impacts on GPGs within the organisation. Policies around, *inter alia*, starting salaries, pay progression, performance related pay and market supplements can have both positive and negative effects and are often the first area of focus following an equal pay audit.

Unions and collective bargaining

International comparative research has found that those countries and industries that have strong union density are more likely to have lower than average gender pay gaps. This is also supported by firm level analyses. The National Minimum Wage is also important in setting a wage floor, which disproportionately affects women and has had a positive effect on the GPG.

While it is difficult to determine the direction of causality, and it may be that this merely reflects the nature of the, largely public sector, employers that have retained union representation, the evidence is strong enough to support the idea that trade unions have an important part to play in improving the pay of women and ensuring that employers pursue routes to achieve equal pay for work of equal value.

¹¹⁴ <http://www.athenaswan.org.uk/html/athena-swan/>

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