

Institution: University of York		
Unit of Assessment: 17 - Business and Management		
Title of case study: Tackling the Gender Pay Gap and Low Pay in the British Labour Market: Towards a National Living Wage		
Period when the underpinning research was undertaken: 2001-2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Karen Mumford	Professor	1995-present
Peter Smith	Professor	1995-present
Period when the claimed impact occurred: 2014-2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>Research undertaken at the University of York, and research co-produced between the University of York and the Low Pay Commission (LPC), has made key contributions to the understanding of the gender pay gap and wage inequality in the UK. This research informed the UK government's decision to introduce the National Living Wage (NLW) from 2016, announced by the Chancellor of the Exchequer in his 2015 budget speech. In April 2016 the LPC reported that the new NLW was awarded to 1,596,000 workers. This research has also continued to contribute to the evidence base used by the LPC to support the NLW, reducing the incidence of low pay amongst women and, as a consequence, the aggregate gender wage gap in the UK.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>The existence of a substantial and persistent earnings gap between men and women is now widely acknowledged by academics and policy makers globally. Research by Professors Karen Mumford and Peter Smith has contributed significantly to this body of work, highlighting the relationship between the workplace, occupational segregation, industrial segregation, the low pay of women, and the gender wage gap.</p> <p>The initial phases of this research [A][B] made extensive use of the 1998 and 2004 Workplace Employment Relations Surveys (WERS). WERS is unique in providing data on a large nationally representative sample of workers (male and female) and workplaces (private and public sector) across the UK, allowing the research to provide a comprehensive picture of the UK labour market and for the policy conclusions to be applicable at a national level. Using state of the art econometric analysis methods, the research reported in [A] showed that taking account of gender-based workplaces and occupational segregation, the earnings pay gap differed significantly across industrial sectors of the labour market. For the first time, the research provided evidence of a national gender pay gap of 11% on average in workplaces and in occupations, taking into account structural differences in the labour market.</p> <p>The second part of the research explored the significance of full- and part-time, male and female employment on the pay gap, using the 2004 WERS data [B]. Allowance was explicitly made for the possibility of both workplace and occupational female segregation across each contract type (full- and part-time). Individual worker characteristics and workplace characteristics were shown to explain much of the earnings gaps examined. Within gender groups, the striking difference between full- and part-time employees was that full-timers tended to work in higher paying occupations than did part-timers. A novel result was that female workplace segregation, especially related to industry, contributed significantly to the full-/part-time earnings gap of both males and females. Part-time employees work in more feminised workplaces and their earnings were lower. Nevertheless, there remained a substantial residual gender earnings gap between male and female employees of 10% for full-time and 11% for part-time employees. The research papers, [A] and [B], both concluded that the current Equal Pay legislation in the UK was not fully effective. Mumford and Smith recommended that in order to reduce the overall wage disparity between men and women (for part-time as well as full-time employees) there was a need for</p>		

complementary policies, including reducing wage disparities for equally productive workers and improving the wages of low paid women, to address occupational segregation both within and across workplaces.

The robustness of the UK findings was examined in an international context using comparable linked employee and workplace data sets [C]. These international results showed that whilst country-specific factors are relevant determinants in explaining the relative size of the gender wage gap, segregation of women into low paying jobs is an important determinant.

Further work carried out between 2010 and 2014, extended the analysis across the earnings distribution and provided evidence that women tended to be concentrated in low skill roles in low paying occupations and industries [D]. The research emphasised that gender pay gaps are higher in feminised workplaces, in female dominated occupations, and in low paying industrial sectors of the economy. This is especially true for part-time employees. The research recommended that reducing the overall wage disparity between men and women (for part-time as well as full-time employees) requires complementary policies addressing occupational segregation both within and across workplaces. As noted, these policies include increasing wages for the low-paid, reducing wage disparities for equally productive workers, and improving access to women's employment in better paying jobs. From 2015-2016, Mumford and Smith extended and consolidated this research in co-production with the LPC (via a York ESRC Impact Acceleration Account award). This project [E] examined ASHE (Annual Survey of Hours and Earnings) data from 2004-2015, as well as WERS, looking specifically at the contribution of occupational and industrial segregation to low pay, comparing men and women, across full time and part time working. The findings show continuing gender pay gaps but reducing over time, particularly for part-time workers. Persistent disparities over 30% in hourly pay for part-time and full-time workers were identified. The report [E] provides detailed decomposition across a range of variables, including industry, gender, region and working hours to inform policymakers considering the likely impact of the introduction of the higher minimum wage (NLW).

3. References to the research (indicative maximum of six references)

- [A] Mumford, K.A. and Smith, Peter N. (2007) "The gender earnings gap in Britain: including the workplace." *Manchester School* 75(6); 653-672. <http://doi.org/10.1111/j.1467-9957.2007.01040.x> +
- [B] Mumford, K.A. and Smith, Peter N. (2009) "What determines the part-time and gender earnings gaps in Britain: evidence from the workplace." *Oxford Economics Papers* 61(1): i56-i75. <http://doi.org/10.1093/oeq/gpn041> +
- [C] Drolet, M. and K.A. Mumford (2012), "The gender pay gap for private sector employees in Canada and Britain." *British Journal of Industrial Relations*, 50(3): 529-553. <http://doi.org/10.1111/j.1467-8543.2011.00868.x> +
- [D] Chzhen, Y. and Mumford, K. A. (2011) "Gender gaps across the earnings distribution in Britain: allowing for sample selection." *Labor Economics* 18(6): 837-844. <http://doi.org/10.1016/j.labeco.2011.05.004> +
- [E] Butcher, T. Mumford, K. and Smith, P.N. (2016) Workplaces, Low pay and the Gender Earnings Gap in Britain. Report for the Low Pay Commission (LPC, London). September 2016. 103pp. [ESRC Impact Acceleration Award funded co-production with Tim Butcher, Chief Economist, Low Pay Commission.] [Low Pay Commission research autumn 2016 - GOV.UK](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544212/low-pay-commission-research-autumn-2016.pdf)
Also *IZA Discussion Papers* 10453, Institute of Labor Economics IZA.

Research grant

ESRC Impact Acceleration Award 'Low pay and the Gender Earnings Gap in Britain' funded co-production between the University of York (Karen Mumford PI and Peter Smith) and the Low Pay Commission (Tim Butcher, Chief Economist). Awarded 2015. Total funding GBP20,003 (including in kind GBP13,482).

+ Peer reviewed journal

4. Details of the impact (indicative maximum 750 words)

Research conducted by Mumford and Smith has had a significant impact on policy, contributing to the introduction of NLW legislation and its ongoing review and development by the LPC. This research was one of the contributing factors in Karen Mumford being appointed CBE for services to Economics and Labour Market Diversity in the 2016 New Year's Honours List.

Mumford's research and reputation led to her being invited to join an expert panel convened by the Resolution Foundation to review the future of the National Minimum Wage. As the Chief Executive Officer and Director of the Resolution Foundation states: "*Karen [Mumford] served on the Advisory Board for a major Resolution Foundation project set up to review the National Minimum Wage in 2013. The invitation to take up that role reflected her extensive work on low pay, particularly amongst women...*" [1]. The panel of nine was chaired by Professor Sir George Bain (founding Chair of the LPC) and met throughout the latter half of 2013 into 2014, leading to the publication of the Resolution Foundation Report in March 2014 [2]. The conclusions of this report were widely publicised and directly influenced the government decision to establish a NLW from 2016, as confirmed by the Chancellor of the Exchequer in his Summer Budget speech in 2015:

"I am today introducing a new National Living Wage... The new National Living Wage will be compulsory. Working people aged 25 and over will receive it. It will start next April ...The Low Pay Commission will recommend future rises that achieve the Government's objective of reaching 60% of median earnings by 2020. That is the minimum level of pay recommended in the report to the Resolution Foundation by Sir George Bain." [3]

Mumford drew on her research and expertise, along with other members of the panel to review the evidence and produce the 'More than a Minimum' report [2] referred to by the Chancellor. As the testimonial from the CEO and Director of the Resolution Foundation goes on to explain:

"The project Karen worked on culminated in a report published in 2014, "More than a minimum: The review of the minimum wage", which set out the case for a higher minimum wage and one, crucially, related to average earnings. The report's recommendations were taken up by the government, with a compulsory National Living Wage." [1]

In April 2016, the new National Living Wage was awarded to 1,596,000 workers in the first phase of its implementation, as calculated by the LPC [4, p. 68].

The LPC remit includes regular reviews and recommendations to the Government concerning National Minimum Wages. Later research by Mumford and Smith, some of it co-produced with the LPC [E] examines the evidence and considers the potential impact of policy relating to low pay and has fed into subsequent policy debates. For instance, the research results and policy recommendations of Mumford and Smith were included in the LPC Annual Report to Parliament in November 2016 [4]. According to this Report:

"... As discussed in Mumford and Smith (2009) [B], the finding that a large pure gender earnings gap remained for both full and part-time employees, suggests that Equal Pay legislation in Britain has still not been fully effective. The finding that segregation of females into occupations, industries and workplaces accounted for a significant proportion of the raw earnings gap suggests that more vigorous application of comparable worth policies may be necessary to further close the gender gap". [4, Appendix 2, point 39]

Findings from Mumford and Smith's work with Tim Butcher, Chief Economist, Low Pay Commission and published in the LPC Report [E], were also included in the Equality and Human Rights Commission review of the gender pay gap [5].

More generally, Mumford and Smith's research findings on the gender pay gap have been used by the LPC to provide a more detailed understanding of low pay and further inform policy. This has been especially with regard to the more extensive application and stronger enforcement of the National Minimum Wage in low paying sectors, and implementation and subsequent adjustments of the NLW. As the Chief Economist and Deputy Secretary of the LPC explains:

“Professor Mumford and Professor Smith’s research on the gender pay gap has provided new and extremely useful insights, especially their illumination of the nature of occupational segregation in the UK. This has helped identify particular sectors of low pay. The research was part of the evidence base that led the Government to introduce the National Living Wage in 2016, which has led to a considerable increase in the pay of women relative to men at the bottom end of the pay distribution, and reduced the prevalence of low pay among women. This has helped reduce the overall UK gender wage gap. The research has also assisted HMRC in focusing stronger enforcement of the minimum wage in certain workplaces.” [6]

These contributions have helped to improve the reach and effectiveness of the NLW. According to a LPC press release in 2020, the recommended future increases of the NLW, as proposed by the Bain Committee which Mumford was a member of (see above), were accepted by:

“...the Government who set a target for the NLW to reach two-thirds of median earnings by 2024. The LPC makes recommendations on this basis. The NLW was originally introduced in April 2016 and had a target of 60% of median earnings by 2020, which the April 2020 uprating of the NLW to £8.72 was forecast to reach.” [7]

The growing coverage of the NLW has also helped to increase wage rates for the low paid across the UK: covering some 1,000,000 women and 610,000 men in 2018 [8]. This achievement is further confirmed by the Chief Executive Officer and Director of the Resolution Foundation, who writes:

“The implementation of the National Living Wage from 2016 has had a significant impact. Already in 2019, the main adult minimum wage rate is estimated to have been 7 per cent higher than if the NLW policy had not been introduced. This has a particularly big impact on women, who comprise 3 in 5 workers paid at (or below) the minimum wage. Karen’s [Mumford’s] previous work and related involvement in this project contributed towards this very real achievement.” [1]

Mumford and Smith's research has been included in training for government policy makers and other relevant stakeholders, broadening understanding of low pay across a wider national and international community and methodologies for analysing it. The Chief Economic Adviser to the Treasury invited Mumford to be a keynote speaker on 'Low Pay and the National Living Wage' at the Government Economic Service and Government Social Research, Annual Training Conference (London, September 2015). A presentation was made to the Rowntree Foundation on 'The National Minimum Wage and Low Pay' (Joseph Rowntree Foundation, York, April 2014). Mumford and Smith's presentations to the LPC Research Symposia targeted increasing understanding of gender pay gaps within the Commission (London, April 2015: 'Understanding the Gender Pay Gap in Britain: An Introduction'; London, September 2016: 'Workplaces, Low Pay and the Gender Earnings Gap in Britain'). These symposia were attended by a broad range of stakeholders and policy makers, enabling Mumford and Smith to contribute to increased awareness and understanding in business, equality and human rights circles and improve methodological expertise, as the Chief Economist and Deputy Secretary, LPC explains:

“Gender equality is an extremely important policy area. The Public Sector Equality Duty reinforces that. Professors Karen Mumford and Peter Smith research contribution has also made a very considerable impact in terms of its reach and significance across government, including BIS (now BEIS) and various bodies responsible for equalities,

such as the Government Equalities Office and the Equality and Human Rights Commission.” [6]

The importance of Mumford’s contribution to understanding of low pay and particularly gender pay gaps was further recognised in her appointment (October 2020) to the NHS Pay Review Body (NHSPRB).

5. Sources to corroborate the impact (indicative maximum of 10 references)

[1] Testimonial from Chief Executive Officer and Director, Resolution Foundation. 22 July 2020.

[2] *More Than a Minimum. The Resolution Foundation Review of the Future of the National Wage. Final Report, Resolution Foundation, March 2014.* (Review Committee Expert Panel members: Professor Sir George Bain (Chair), Professor Paul Gregg, Professor Alan Manning, Dr Abigail McKnight, Professor Karen Mumford, Dr John Philpott, James Plunkett, Nicola Smith, and Tony Wilson).

[3] Summer Budget 2015 speech, Chancellor of the Exchequer, George Osborne.

[4] *National Minimum Wage, Low Pay Commission Annual Report Autumn 2016.* Presented to Parliament by the Secretary of State for Business, Energy and Industrial Strategy by Command of Her Majesty. November 2016. Appendix 2, Points 36 to 39 (inclusive) deal specifically with the Butcher, Mumford and Smith, LPC report. See also page 214 where the Butcher, Mumford and Smith, LPC report’s aims and methodology and key findings are provided.

[5] *Equality and Human Rights Commission. [The Gender Pay Gap](#).* Research report 109. August 2017 (output [B] cited on p. 17).

[6] Testimonial from Chief Economist and Deputy Secretary, Low Pay Commission (LPC). 25 November 2020.

[7] Low Pay Commission (2020). Press release. National Living Wage increase to protect workers' living standards Announcement of the 2021 National Living Wage and National Minimum Wage rates. Low Pay Commission, November 2020 (See Note 6 for Editors).

[8] *National Minimum Wage, Low Pay Commission Annual Report Autumn 2018.* Presented to Parliament by the Secretary of State for Business, Energy and Industrial Strategy by Command of Her Majesty. November 2018 (see, p.76)