

**GENDER PAY INEQUITY:
A QUESTION FOR CORPORATE SOCIAL RESPONSIBILITY?**

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by

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Abstract

This paper examines the extent to which contemporary business-led approaches designed to maximize female human capital are effective in reducing the gendered pay gap in the British labour market. In particular it asks whether the approach outlined by the latest Cabinet Office Review on women's employment and pay in Britain, headed by Denise Kingsmill, can help overcome the issue of gender pay inequality. The paper outlines Kingsmill's recommendations and then analyses their efficacy by means of a case study of a single organisation which has adopted many similar employment practices, the British Broadcasting Corporation (BBC). The paper uses descriptive statistics and qualitative analysis to test both the successes and limitations of these recommendations in overcoming the gender pay gap within the BBC. It concludes by arguing that a partnership between innovative methods of human resource management and corporate governance on the one hand and government-centered mechanisms of social policy on the other offers the most likely solution to gendered pay inequality.

JEL: G3, J7, K2, L2

Keywords: Gender Inequality, gender segregation, Corporate Governance, Corporate Social Responsibility, Kingsmill Review.

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1. Introduction

The Kingsmill Review of Women's Employment and Pay was commissioned by the UK Department of Trade and Industry and completed in 2001.¹ Unusually for a report on this subject, the Review sought to model itself on previous corporate governance reports including the Cadbury Report (1991), the Turnbull Report (1999) and the Company Law Review (2001). These were designed to promote internal accountability and disclosure mechanisms within corporations and to develop best practice codes for optimal business procedure. These reviews marked a significant step forward in discussions on corporate governance and the evolution of an ethos of corporate social responsibility.² However these reviews were focused on issues of general business accountability and performance; they were neither designed for, nor sufficiently focused on, the symptoms or causes of specific socio-economic problems such as the persistent pay gap between men and women.

The Kingsmill Review, by contrast, specifically attempted to marry the corporate objectives of 'minimizing risk' and 'enhancing returns', using the Turnbull Report as a template, with the specific problem of the gendered pay gap.³ The Review identified the lack of detailed information on gender concentration in occupations, and individual status and pay levels, within and across corporations, as key problems. Its main recommendation was a call for internal pay reviews with a particular focus on gendered employment patterns. This in turn was designed to facilitate a clearer indication of how corporations were addressing issues of gender segregation and whether they were culprits in the mismanagement and under-utilization of female human capital. It was argued as a result of such information disclosure, corporations would become pressured into addressing the pay gap.

Within the Review, the BBC was identified as a model employer and one which had done much to achieve the goals recommended by the Review.⁴ The BBC presents itself as a critical case study for investigation into the efficacy of the methods recommended by Kingsmill. This is because the BBC holds itself out as being an 'optimal conditions employer for women's career progression'  the present paper reports the findings of a study that generated quantitative and qualitative information on the gendered pay gap across the BBC's labour force. In addition to mapping gender segregation and pay inequality within the BBC, the study interviewed a cross section of the workers, asking them to explain their own experience of these phenomena. Notwithstanding the BBC's claims to be an 'optimal conditions' employer, it was found that the level of vertical segregation (or in simple terms, the gendered pay gap) within the corporation remains high.

This paper examines the reasons behind this continuing pattern of pay inequality. It begins with an overview of the Kingsmill Review and its findings. Following on from that are the main results of the research into the BBC. The paper concludes with an assessment of the implications of the Kingsmill Review for practices of both corporate governance and social policy.

2. Social and Economic Dilemmas on Pay Equity

Governments and employing organizations have long been faced with the task of improving women's status and pay, yet it is a problem which persists. While the overall picture is one of improvement in terms of numbers of women employed in the labour force in the UK⁵, there is a persistent gap between men and women's overall earnings. This currently stands at 18% for full time workers and 39% for part-time workers (Hardy 2001: pp 4-5). In the recent European Structure of Earnings Survey (SES), fifteen European labour markets were assessed in terms of equal pay between men and women. Britain was ranked at 12th place when part-time workers were included in the analysis and in *last* place when assessed in terms of the differences in pay between full-time working men and women. Moreover, while the share of women in senior positions in British organizations has doubled since 1989, women's presence at this level still only stands at 14%.

A pay differential of this size is not only of intrinsic concern, however. It relates closely to another serious problem which faces the British economy: namely that of skills shortages. In assessing this increasing problem, the Kingsmill Review set  a convincing case for concentrating on the maximization of women's human capital through improved strategies of human resource management as one promising solution. The Review illustrated how, despite an employment rate of 74.8%,⁶ there are approximately 110,000 hard-to-fill vacancies, largely in industries such as financial and business services, wholesale and retail, manufacturing and public administration and health (Kingsmill 2001: p 32). Blockages in the labour supply are reported as a direct consequence of skills shortages in these sectors.

Coupled with this trend are important demographic shifts. The British birth rate is currently decreasing and has fallen 41% since the 1960s. This has reduced the potential for the replenishment of skilled labour within the workforce⁸. By 2011, it is thought that nearly 80% of workforce growth will be accounted for by women. Conversely, the proportion of the workforce made up by white, able-bodied males under the age of 45 in full-time work is expected to fall below 20% by 2010. In the view of the Kingsmill Review, this will lead to an increase in competition for skilled employees and thus to a greater need to

retain female labour and redress the under-utilization of female human capital (see also Social Trends 1996).

3. Kingsmill's Solution

In order to investigate the causes of the gender pay gap, the Kingsmill Review interviewed representatives of 50 of the most successful corporations based in Britain. In discussing the findings of those who had done some investigative work into the gender distribution across occupations, the Review concluded that the British gender pay gap was not primarily a result of unlawful wage inequality – that is to say, inequality between men and women employed in the same jobs or jobs of equal value - but rather the clustering of women in lower paid and lower status roles within firms. In using one particular organization as an illustration of general trends, it was shown that:

“a high proportion of women were remaining static within the organization while the men moved through to higher grades. This presented a business problem both because it was felt that many of the women were operating below their potential and thus depriving the company of valuable skills and expertise and that such stasis...impeded the promotion opportunities for those below them in the organization.” (Kingsmill 2001: p 52).

Based upon evidence such as this, the Kingsmill Review developed a number of recommendations for better human resource management. It called for greater transparency and disclosure in terms of gendered pay differences within organizations. The case was put in business terms:

“The driver of the virtuous circle in which business incentives prompt a strategy to promote diversity, which in turn deliver greater profits, is *information*. This means information and quantitative data available at the firm level to generate both an understanding of where best practice lies, and a situation in which those firms which are getting their human capital management right are rewarded through higher levels of investor confidence and ultimately high shareholder value.” (Kingsmill 2001: p 51)

The generation of such information would, according to the Review, take the form of internal pay audits with a particular focus on gender differences in employment. The Review's recommendation for such audits was pitched in terms of the human capital management practices necessary to aid the efficient and well-considered allocation of resources by investors and shareholders. This in turn would reduce three major types of *risk and costs* to organizations: the

first type was that of ‘reputational damage’ (including loss of investor confidence, loss of shareholder confidence and loss of consumer base); the second was that of potential litigation brought forward by those claiming unequal pay with the opposite sex; and the third, the risk and cost of the inability to recruit high calibre employees (due to an organization acquiring a poor reputation as an employer).

In addition to these three main points, insufficient human resource management decreases the likelihood of retaining staff, thus resulting in the costs of wasted training and re-recruitment. The Department of Trade and Industry estimate that the typical recruitment costs of replacing an individual are approximately £3,500 – ranging from £1000 for an unskilled manual worker to over £5000 for a professional employee. These costs dramatically increase for employees with specialist training – for example the NHS has estimated that they lose £200,000 if a doctor leaves and £34,000 for a nurse and £22,000 for a physiotherapist⁹.

The Review recommended that the form of internal audits should be similar across all employing organizations so as to facilitate the monitoring of national trends. In keeping with the prevailing philosophy of limited governmental regulation of the private sector, the Review recommended that the public sector should take the lead in this new initiative. Consequently, it recommended that pay reviews of government departments and agencies should be completed by April 2003, and that similar action should be taken in the wider public sector where a disproportionate number of women are employed¹⁰. In terms of the private sector, the Review envisaged a campaign to encourage firms to conduct similar reviews in the hope that being ‘named and shamed’ in failing to do so would act as a sufficient incentive.

At present, although ‘gender’ is technically included in many annual reports of companies, voluntary reviews, and audits the analysis is invariably of a limited quality and content is far from consistent across organizations. The hope therefore is that if the ‘Kingsmill audits’ are well administered they will provide an improved information flow on occupational gender segregation and tell us much about the impact of equality policy. It is still not clear, however, whether this approach is an adequate solution to the problems of the gendered pay gap. To gain some measure of its potential success, we need to have a better understanding of how far organizations which are already engaged in reducing the gendered pay gap are succeeding in this task. The following sections discuss the level of success achieved within an ‘optimal conditions employing organization’, the British Broadcasting Corporation (BBC).

4. The BBC: An Exemplary Employer

Within the Kingsmill Review the BBC is identified as an exemplary employer. It is shown to be an organization that has already accomplished the Review's main objectives in terms of good human resource management and in particular its use of internal audits and reviews:

“There are pioneers in this area of measurement and management. In my recent meeting with the BBC I was impressed by their methodology of incorporating diversity objectives into their corporate strategy, setting goals.... and rigorously measuring their progress towards them.” (Kingsmill 2001: p 51).

The BBC uses an ‘objective factor-based job evaluation system’ which employs an independent equality expert to work with a joint management/union group to evaluate occupations and pay systems in a way that reflects each individual's skills and experience ‘free from gender bias’ (Kingsmill 2001: p 95).

The Review highlights the fact that the BBC sets specific gender targets each year which encourages individual Directors to pay attention to the career paths of female employees in their departments. Achievement of these targets is set as one of the criteria considered when senior executives apply for their own annual bonuses, thereby increasing incentives to cultivate optimal conditions for women's career progression. Furthermore, the BBC has developed numerous successful gender equality initiatives over the years which have prompted acclaim: it was, for example, awarded the National Training Award for Equality in 1994 for the creation of the Women's Development Initiative.

In general terms, the Kingsmill Review offers the BBC's procedures as a template for other organizations to maximize the use of women's human capital and eradicate unjustified pay inequities between men and women. In an independent empirical study (Browne 2000), the BBC was also identified as an organization which offered an ‘optimal conditions’ environment for gender equality. However, the impact of those conditions on the pattern of gender pay inequality were not entirely clear-cut. The following section sets out some of the findings from this study and discusses why pay inequalities between men and women might persist despite the BBC's best efforts, thereby throwing new light on the Kingsmill Review recommendations.

5. The BBC – An Empirical Investigation

The aim of the study was to detect if there were any major pay inequities between men and women within an ‘optimal conditions’ environment and, if so,

to investigate why they existed and thus assess the potential of current equality and family-friendly policies.

The rationale for choosing an ‘exemplary employer’ such as the BBC was that if the causes of the gendered pay gap were clear in an environment which claims to do its *best* to eradicate gender inequality, then those causes are likely to be magnified in other less committed sectors of the labour market where the root causes of pay gaps were likely to be of the more durable kind.

In addition to the observations made by the Kingsmill Review (set out above), there were several other reasons why the BBC presented itself as the critical case study for ‘optimal conditions for women’s career progression’¹¹. In comparison to the norm in Britain, the BBC has a substantially higher proportion of senior female employees. In 1998, the percentage of Senior Executives stood at 29.1%, Senior Management 32.7% and Senior Professionals 36.3%. As the largest and oldest public sector broadcasting service in Britain, it is an organization which is under intense public scrutiny to be a model employer and certainly it is perceived as, and professes to be, an organization which offers progressive work-life balance policies and a very strong ethos of gender equality. For example, much of its policy provision is extensive and superior to the national norm: prolonged maternity rights offered at 18 weeks full pay, paid paternity leave (2 weeks full pay), paid adoption leave (equivalent to maternity leave), crèche facilities, various flexible working arrangements and a career break scheme amongst other benefits. In justifying its framework of internal policies, the BBC states that:

“economic arguments for equality of opportunity are significant if we are to require a skilled and motivated workforce to achieve its objectives – the organization that aims to be the best managed public organization in the UK must take equal opportunities seriously” (BBC 1999: Section B, p 2-3).

In concentrating on employment conditions in respect of which it was possible directly to compare male and female experience of employment, the study only focused on full-time working staff within the BBC in order to control for the obvious pay disparity between men and women which is associated directly with women’s over-representation in part-time work (see for example, Rubery *et al* (1994), Fagan and O’Reilly (1998) and Joshi and Paci (1998)).

The BBC’s core full-time workforce consisted at the time of the study 19,139 employees, 49% of which are female and 59% male, a virtual half and half split. Furthermore, 75% of the workforce were employed on continuous employment

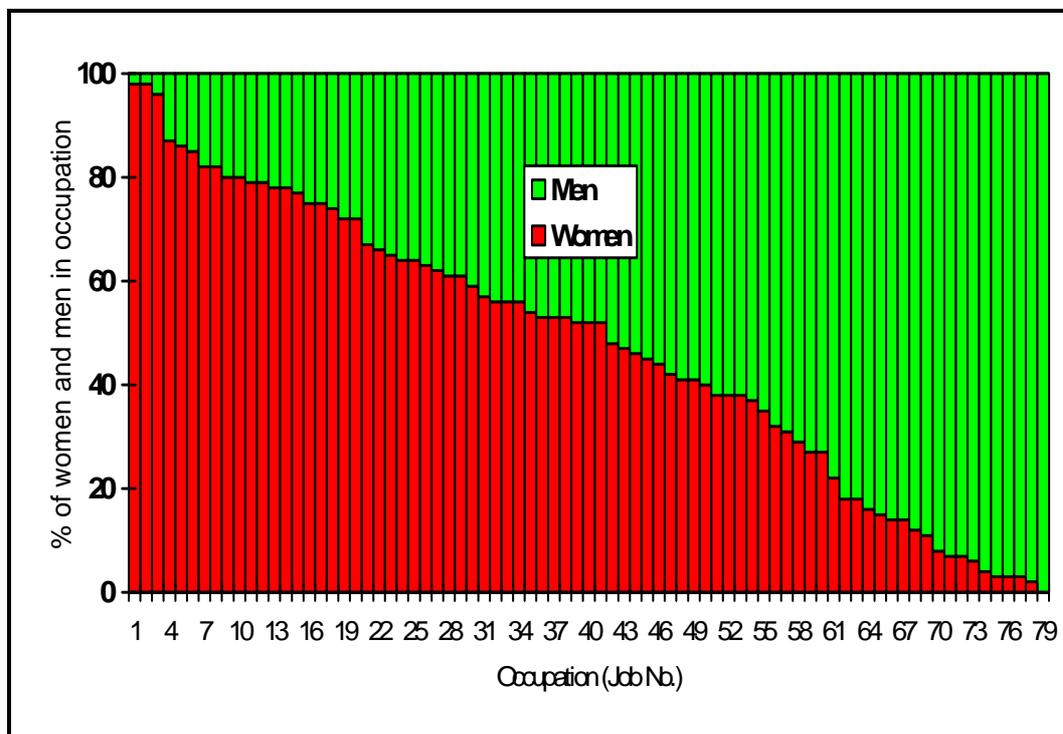
contracts, therefore increasing the likelihood of career progression (compared with unstable contract or short-term employment). And as one of the most popular employers in Britain, the BBC is able to attract a high calibre of staff and this again increases the likelihood of comparability in terms of men and women’s career progression prospects.

The general aim of the empirical part of the study was to generate quantitative findings of vertical segregation and then relate these to a cross section of the work force asking them to explain their existence. A full theoretical and methodological account of the study of vertical occupational gender segregation may be found in Browne (2000). The following section offers an illustrative summary of the quantitative and qualitative findings.

6.a Overview of the quantitative analysis

To give an impression of the extent to which men and women work in different occupations across the full-time workforce of the BBC, Figure One illustrates all 19,139 employees within the 79 occupations of the BBC (See Appendix ☰). They are ordered according to female concentration; occupation No.1 (Personnel Assistant) which consists of 98% females being the first occupation; and occupation No. 79 (Technician) with 0% females being the last.

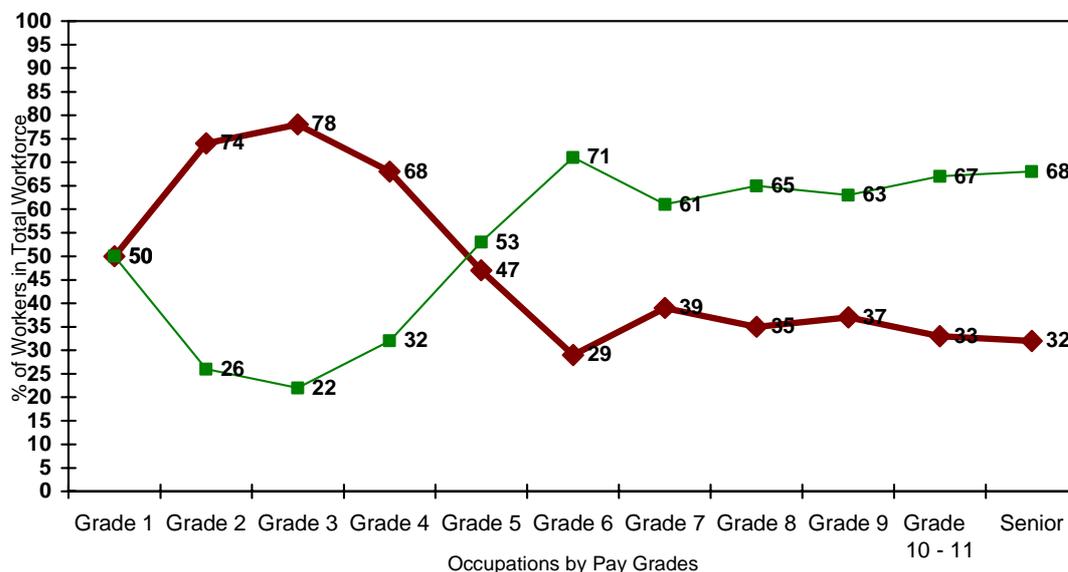
Figure 1. *Concentration of Women and Men in the BBC’s Full-time work-force*



Here we can see that there is a full spectrum of gender concentration levels, from highly female dominated occupations on the left, to a section in the middle where occupations tend to be gender mixed, to highly male dominated occupations on the right. This pattern of gender concentration is of particular importance as will be illustrated further on when it is highlighted in terms of pay differentials.

All staff within these occupations are paid according to 12 hierarchical pay grades. Grade 1 is the lowest and Grade 12 the highest. Figure 2 illustrates the gender concentration in each of these pay grades.

Figure 2. Concentration of Male And Female Employees within each BBC Pay Grade



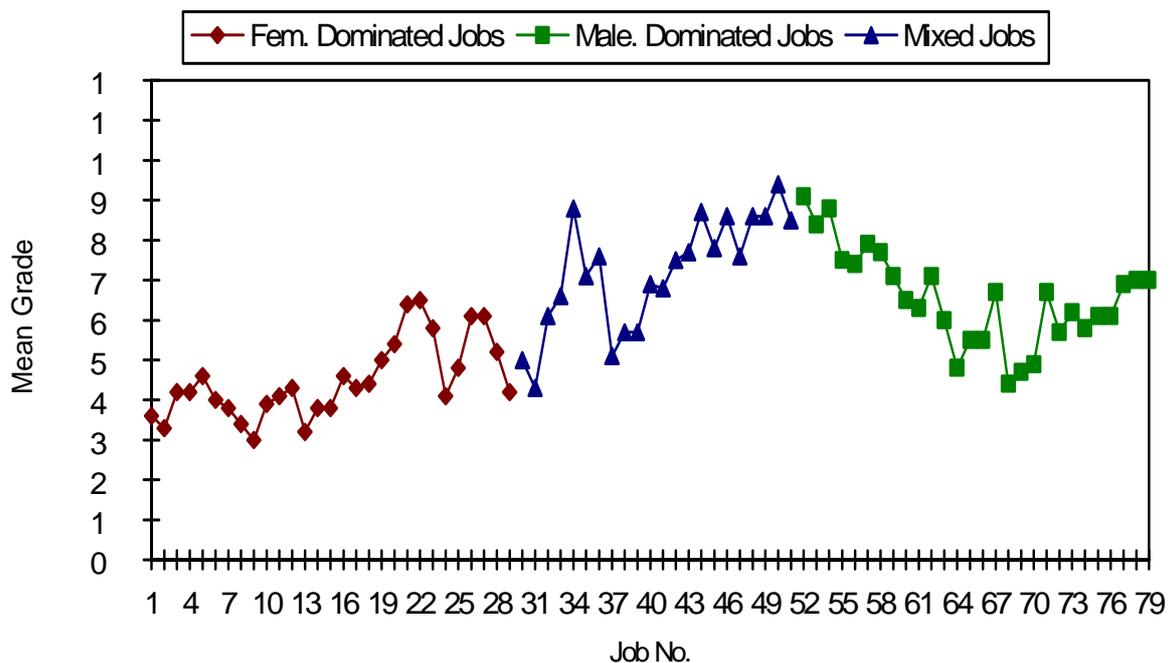
The results in Figure 2 demonstrate a striking inequity between men and women in terms of their pay: women are vastly *over-represented* in the lower paying grades while the symmetrical reverse holds true for men. These results are clearly indicative of substantial vertical segregation (further detail on the precise measures of segregation are contained in Browne, 2000).

Some disparity at the higher paying levels is evidently caused by the fact that people in these occupations tend to be older. Therefore it is likely that they would have been educated approximately between 20 and 30 years ago when opportunities for women in education were only starting to match that of males¹² and so this trend is in keeping with an historical context of gender equality and educational opportunity. Considering though, that all these staff are working *full-time* in an environment which is strictly committed to equality policies and an egalitarian approach, and also considering the high calibre of

employee, it might be argued that the prospects of equality illustrated by these data appear relatively bleak.

However, Figure 3, illustrates the more complex pattern that emerges when the data are split according to concentration of gender into female dominated occupations, mixed occupations and male dominated occupations.

Figure 3. Mean Pay Grades of 'Female', 'Mixed' and 'Male' Jobs in BBC¹³



The first thing to notice is the tendency for the highest paid jobs to be found in the mixed jobs category, closely followed by the male dominated jobs (although there is an initial tendency for the level of pay to drop as the occupations become less gender mixed). This is an extremely important distinction and can be seen to indicate that at the higher levels within the BBC, women tend to be on an equal footing with their male counterparts in terms of their career status.¹⁴ Also these findings contrast with the common assumption that in terms of pay, segregation is a 'zero sum game' between men and women. It is illustrated from these data, that it is in the interest of both men and women to work in more gender integrated occupations within the BBC, and that the corporation has succeeded in rewarding both genders equally within occupations thereby illustrating the successful operation of enlightened human resource management.

However, what is also evident from the data is that the female dominated jobs are the most likely to be lower paid than the male dominated ones or those in the mixed category. When the average pay grade for each group is calculated, we can see a stark difference between this group and the other two. The average pay grade of the mixed job group is 7, the male dominated jobs group is 6.7, and the female dominated jobs group is a mere 3.9. This finding is again clearly indicative of vertical segregation and the tendency for female dominated jobs to be far lower paid than the other two groups, dramatically increasing the difference between men and women's earnings overall as illustrated in Figure 2.

6b. Overview of the qualitative analysis¹⁵

In order to investigate the causes of this gendered pay gap, a cross-section of 50 members of the BBC's full-time workforce were interviewed in depth. The sample was located by responses to an internal e.mail requesting interviewees, apart from those in the most senior positions who were approached as key actors. Each person was selected according to the criteria of sex (27 females and 23 males), pay grade, continuous employment contract, and also the sector of the BBC in which they worked¹⁶. Half of the sample were selected from the BBC site in Bristol and the other half from four different BBC sites in London.

The first section of the interview sought to establish if the individual respondent thought that the BBC was indeed an optimal conditions employer. The responses were unanimous and many of the interviewees expressed the opinion that the BBC was the best employer that they had worked for. This finding was largely supported by the results of an internal survey conducted by the BBC in the same year (see Browne 2000).

The second part of the interview centred around the quantitative data illustrated in Section 6a. Respondents were shown Figure 2 and were asked to explain why men were so heavily over-represented in the higher paying grades compared with the females. Furthermore, the average pay grades of the 3 categories (female dominated jobs, mixed jobs and male dominated jobs) were explained and respondents were asked why they thought that the female dominated jobs were so much lower paid on average than the other two categories.

The findings produced two major sets of perceptions of the reasons for these trends. The first was that of managers' assumptions that women's productivity would be disrupted by actual or potential motherhood and that this was a concern in terms of their budgetary constraints. Over half the respondents expressed the view that women were often deemed as an 'inevitable liability'.

Two examples of this view are given below:

(No 22: Middle Pay Grade¹⁷: Male)

"I don't think it is a conscious thing, but if you are on a selection board and you are looking for someone....for long term commitment, I can imagine that maybe the children issue might come into your judgment. I suppose if I am honest - as a manager and working within a tight budget - the children issue just might come into it. Whether it is consciously or subconsciously - it could come into it."

(No 37: Senior Pay Grade: Female)

"I have to say that I do understand how men are favoured, particularly in the early 30's age group, because of maternity leave - it is just so disruptive to working patterns, especially in team work."

The second predominant theme was the major incongruity between stated policy and what was needed in practice by employees to strike a work-life balance. Almost all respondents pointed to the differences between the lower grade and higher grade women (i.e. those women which were in the female dominated jobs and those in the mixed jobs) explaining that often more senior women were able to afford private child-care and thus were less likely to struggle with work-life balance issues. The lack of affordable child-care was mentioned by all respondents as a particular difficulty and also many people referred to the fact that more '*valuable senior staff*' were given precedence in respect of scarce internal crèche places.  or example,

(No 14: Basic: Female 30's)

"If you earn big bucks, you can afford a nanny – you have a choice – but for most of us, that is *not* an option – simple as that."

(No. 15: Basic: Female 40's)

"A lot of the senior women here absolutely depend on their nannies if they have kids – and that makes a big difference in how far they can go with their career – and obviously most women are not in that position."

Lack of paid parental leave for fathers was a particular issue. 81% of the respondents stated that men were now *much* more involved with the routine upbringing of their children than previous generations but how policy provision did not reflect this attitudinal shift on parenting. Most talked of the European Union (EU) Parental Leave Directive which was introduced in Britain in 1999.¹⁸

(No 46: Middle: Male: 30's young children)

“A lot of people are interested in the new legislation [EU Parental Leave Directive 1999] but the question is - can they afford to take it off? Not many can. I think paid parental leave would make a hell of a difference – I would – well I wouldn't have an option my wife would make me! The more flexibility you have the better equipped you are to get equal conditions for people. You have to give them more of a chance to organise themselves accordingly to what suits them best – mixed [women and men] and funded caring provision will help those that want it.”

(No. 42: Middle: Male: 30's young children)

“Personally, if we could afford it, I would love to take a couple of months parental leave and look after my kids – give my partner a break – while they are still really young. But until there is some financial support, then we just can't afford to do it.”

Another illustration of how policy is lagging behind social change is that out of this sample there were 4 cases of husbands who had taken on the primary child-carer role in the home, while their wives became the main bread-winners. One such example is illustrated below:

(No 19: Middle: Female: 30's: young child)

“I am the breadwinner in our family and my husband looks after our son. It was not a conscious decision – my husband lost his job – but I can see that he is much happier now than he ever was before when he worked in the City.... There is no way I could have continued in my career if I had to do all the domestic and childcare stuff too...in fact I have taken on *more* work responsibilities since I have had [name of child omitted] – but I know that I have had to compromise being with him – but then my husband does it instead. Nothing is ideal, but this works better for us”

Furthermore, below is an example of a man who had recently returned to work after having been the primary child-carer.

(No. 43: Middle: Male: 30's: young child)

“Well, I was a house-husband for three months and I really enjoyed that and the arrangement really suited my partner. She was really into her career and I could ‘take it or leave it’ really. I would have continued doing that – I loved looking after our daughter – but I was forced back to work because of money reasons”.

While many other issues were discussed, two major causes of the gendered pay gap emerge: entrenched managerial attitudes concerning the cost of employing and training women workers who were more likely than men to have a career break for family reasons, and out-dated policy provision. These two issues are intrinsically linked in the context of gender equality.

Using just this specific policy example it may be argued that it is only when the option of parenting is equally shared via the ability to share paid parental leave, *so that both men and women become an unpredictable cost to employers*, that progress will be made. This would help to undermine, at any rate, the assumption that it will always be only the woman who becomes an added cost to the employer. Certainly the call for extended provision from both sexes in the sample is evident; by these means, it was thought that the rationale for automatically favouring men for specific occupations would diminish. Moreover, it does seem ironic that we speak of gender equality and yet public policy does not ensure that both men and women can effectively balance activity in both the public and private sphere. Ultimately, it may be argued that unless policies such as a child care provision (see Browne 2000 and Joshi and Paci 1998) and especially paid parental leave are made available to *both sexes* under national legislation then it is unlikely that we will ever see any real differences in the level of vertical gender segregation 

7. Lessons from Kingsmill: Towards Responsive Regulation

As we have seen, the BBC is an organization which in terms of gender issues might be considered a model employer that is clearly more effective at dealing with equality policies and progressive human resource management than many others. In terms of its approach to these issues, it demonstrates a level of competency that many other organizations might wish to aspire to within the labour market; it offers an admirable model of best practice along which other corporations may wish to restructure. Certainly we have seen some very positive results in the higher paying occupations and the business case for reducing gender pay inequality is widely accepted as motivating a significant shift within the corporation's attitude to women's employment.

However we have also seen that there is even further to go in terms of enabling people (particularly women) to realise the full potential of their human capital. Human resource managers still face the reality of short-term budgetary concerns whilst operating within the national framework of a constraining and ill conceived structural environment. Moreover, while organisations may well be persuaded to insert women into the higher levels of employment hierarchy, as we have seen within the BBC, the greatest problem lies with the women

concentrated in the lower paying jobs where the business case for developing human capital may be less compelling.

Despite these limitations, the recommendations of the Kingsmill Review are clearly important and should be supported. The pay audits recommended by Kingsmill could provide an invaluable informational base for employers. It is disappointing, therefore, that, as the EOC have pointed out, only 35% of private sector organizations currently administer internal gendered pay reviews. The Review itself focused on 50 organizations, only 9 of which agreed to undertake an internal review as recommended despite being under the media 'spot light' which reported on the Review's recommendations. Although reputational costs may increase this figure in the long term, it seems unlikely that the 'name and shame' approach will have sufficient effect on its own in the immediate future. Even if pay audits were conducted, and alternative human management strategies sketched out, corporate attempts at long-term measures to invest in human capital often fall victim to shorter-term interests and pressures, even if the emergence of a so called 'triple bottom line'¹⁹ in corporate governance may encourage more corporations to prevent the quest for gender equality from stagnating.

Even optimal corporate behaviour, however, would still not complete the task. We should come to see work as a social activity not purely an economic one. Such an activity does not exist simply within the corporation itself but rather is dependent on the successful co-ordination of numerous factors within each worker's life. Attitudinal shifts in new generations of workers have moved away from conventional forms of the gender split between public and private life. These social trends must be reflected both in board room attitudes and in the arena of public policy, if corporations are to be able increasingly to adapt to the heterogeneous needs of the 21st century workforce.

While acknowledging the importance of good corporate governance, therefore, we must also engage with the reality that government intervention sets the general framework within which the labour market operates. Yet those government programmes are often slow to change. In this way, existing legislation and initiatives may be built on anachronistic assumptions about gender inequality. If these are not replaced with a new strategic programme for the future, then the task of removing the gender pay gap may well be beyond the scope of even the most well-meaning of corporations. This, however, is not a call for a purely centralized and bureaucratic response. Rather, it is a demand for a new system of regulation itself. We must build a system which responds quickly and successfully to changing social norms and attitudes, which allows

individuals to seek the work-life balance of their own choice whilst also maximizing economic efficiency.

A recent attempt to resolve this dilemma emphasizes the need to combine central state guidance, good corporate practice and vibrant civil society participation. This plan is captured best in Bob Hepple's 'Enforcement Pyramid' which provides us with a model of 'responsive regulation'. Hepple rejects both the extremes of, on the one hand, 'command and control by government' which presumes that coercion is always necessary, and, on the other hand, 'voluntary self-regulation' that enforces no duties on corporations beyond their own choices, what he dubs 'doing good by doing little'. In their place he constructs a new pyramidal model:

“... at the base of the pyramid are what you might call the voluntary means, that is persuasion, information and so on. When this fails we encourage the organization to have a voluntary plan and when that fails, we move on to investigation by a public body. Eventually the investigation reveals non-compliance, they are ordered to comply by compliance notice, traditionally enforcement sanctions, ultimately perhaps the loss of contracts. In order to work there must be a gradual escalation and, at the top sufficiently strong sanctions even to deter the most persistent offender.”

(Hepple 2000)

The primary advantage of the pyramid approach lies in its responsiveness. The process thus begins with the form of information gathering and persuasion characteristic of the Kingsmill Review, enabling individual corporations to respond to their particular circumstances and introduce mechanisms to improve gender equality which fit with their own demands. If, however, the corporation fails to make an adequate effort in this regard, or fails to overcome difficulties that it had not initially paid attention to, civil society groups can bring this failure to the attention of government who can then begin the process of assisting the corporation in improving its equality strategy and eventually impose sanctions. Although such an approach still might not resolve all the difficulties in the absence of a threshold level of guaranteed financial provision for all parents faced with difficult life-work balance choices, it marks a substantial step forward from the Kingsmill approach, recognizing as it does the manifold situations in which corporations may not respond simply to the pressures of voluntary encouragement and providing them with clear incentives to think more deeply about the difficulties facing their employees. It is in areas such as these that a viable solution to the persistent problem of vertical occupational gender segregation is most likely to be found.

8. Conclusion

The Kingsmill Review marked a significant step forward in thinking about the persistent problem of the gender pay gap in the British labour market and offered a series of recommendations that were both well-timed and in keeping with the general move towards improved corporate governance and greater corporate social responsibility. Empirical investigation into one leading corporation which currently strives to offer an ‘optimal conditions environment’ for its employees along lines laid down by Kingsmill, the BBC, however, presents a slightly worrying picture. Pay inequality between men and women has not been eliminated in the BBC, and most of the staff interviewed believed that it was unlikely to be rectified until managers are faced with ungendered budgetary costs and until better child care facilities and parental leave are made more easily available. As such, it appears that efforts to overcome vertical segregation in the labour market will do well to begin with Kingsmill’s suggestions, but will need to continue to build upon them if women are to be equitably rewarded and their human capital fully utilised.

Notes

- ¹ Jude Browne was a consultant to this Review which was lead by Denise Kingsmill, Head of the Competition Commission. The Review was published in December 2001 when it was presented to the Rt. Hon. Patricia Hewitt MP, Secretary of State for Trade and Industry and Minister for Women and to Barbara Roche MP, Minister of State, Office of the Deputy Prime Minister & Minister for Women.
- ² See Browne, Deakin and Wilkinson (2002).
- ³ For details of the Recommendations of the Kingsmill Review and of the Government's response to them, see www.cabinet-office.gov.uk/womens-unit/pay%20gap/Brief_Response.pdf
- ⁴ Although technically the BBC does not have shareholders it has increasingly adopted a bottom line approach to its cost and benefit calculations, often mirroring the behaviour of a large private corporation in the sense that it regards viewing figures as its consumer base. As it is primarily publicly funded via the TV license fee, it is under intense public scrutiny to perform in the most effective and efficient manner possible. See Browne (2000).
- ⁵ By 2006, women will make up over half the employed workforce in Britain. See The Work Foundation (2002).
- ⁶ The highest for 11 years and approaching the full employment rate of 75%
- ⁷ These sectors have grown by 227,000 jobs over the last year outstripping the average increase in the whole economy). Kingsmill (2001: p 33).
- ⁸ This pressure on the supply of labour is set to increase as it is estimated by the European Union that by the year 2020 the size of the working age population will remain constant but will be faced with the task of supporting a further 18 million people over the age of 65. Kingsmill (2001: p 32).
- ⁹ For detailed information, see www.dti.gov.uk
- ¹⁰ In 2000 the Public Sector employed 6.3 million people, 26% of all employees in Britain. Almost two-thirds of these were female. Kingsmill (2001: p 43)
- ¹¹ For a full account see, Browne (2000)
- ¹² For example, in 1966 only 28% of undergraduates were women, in 1981 this percentage rose to 39%, 44% in 1987 to a current majority figure of 54%. For more details see Fredman (1997)
- ¹³ In order to select occupational groups for these three categories - 'female', 'mixed', and 'male' jobs - a 10% margin is created either side of the female percentage of the total staff (49%), i.e. the 'mixed' jobs category is made up of occupational categories whose percentage of females is between (and inclusive of) 39% and 59%, thus creating a 'mixed'

category that does not deviate substantially from the male and female concentration of the BBC's labour force as a whole. See Browne (2000) for further methodological detail.

- ¹⁴ It is important to note that each of the three categories, constitute approximately a third of the whole labour force and in fact the mixed jobs category is marginally larger than the other two: 'female dominated jobs' (31%), 'mixed jobs' (36%) and 'male dominated jobs' (33%).
- ¹⁵ This was a large qualitative assessment and only some of the issues that were discussed are exemplified here. See Browne (2000) for a full account and detailed methodology.
- ¹⁶ Central Directorates; Broadcast Directorate; Production Directorate; News Directorate; Resources Directorate. See Browne (2000) for specific methodological concerns.
- ¹⁷ For each quotation, the range of pay grade have been collapsed into one of three categories, Basic, Middle and Senior pay grade. Grade 1-4 constitutes the Basic Pay Grade, Grade 5-9 is the Middle Pay Grade and Grade 9-12 is the Senior Pay Grade.
- ¹⁸ This directive offers 3 months unpaid leave to the parents of either sex for each child up to the age of 5.
- ¹⁹ This refers to the addition of social and ethical performance to the traditional economic evaluation of corporate success. See Browne and Deakin (2002).

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Appendix

Table 1. Occupational Groups: with typical jobs in each ordered by % female

Job No	Typical Job	Job No	Typical Job
1	Personnel Assistant	41	News Presentation
2	Personal Assistant	42	Radio Producers
3	Secretary	43	Tele Editorial Staff
4	Personal Officer	44	Business Managers
5	Radio Production Sup't	45	Radio Editorial Staff
6	Finance Assistant	46	Journalist
7	Tele Production Sup't	47	Tele Management
8	Allocations Support	48	Tele Presentation
9	Management Assistant	49	Radio Management
10	Resources Man'gt Sup't	50	Finance Man'gt
11	Press/Publicat's Officer	51	Man'gt Accountants
12	News Research	52	News Producers
13	Scheduling Assistant	53	Commission' Man'gt
14	Facilities Support	54	Graphics Person
15	Teletext/Subtitling	55	News Editorial
16	Costume	56	Scenic Design
17	Tele Planning Co-ord'	57	IT Devel'pt/Anal
18	Press/Publicity Spec's	58	News Managers
19	Legal Support	59	Facilities Man'gt
20	Contracts & Negot's	60	IT User Support
21	Programme Finance	61	IT Management
22	Chief Publicity Officer	62	Sound Person
23	Channel Management	63	Picture Editing
24	Finance Support	64	Post Production
25	Premises Operations	65	Br'cast Eng. Tech Sup
26	Head of Language Sect'	66	Operations Manager
27	Department Man'gt	67	Lighting Person
28	Reprographic Workers	68	Technical Operator
29	Script Editor	69	Storekeeper
30	Floor/Stage Man'gt	70	Camera Person
31	Professional Librarians	71	Com. Engineer
32	Viewer/Listener Relat's	72	IT Infrastructure
33	Press/Publicity Manager	73	Rigger Driver
34	Sales/Marketing	74	Eng. Specialists
35	Personnel Managers	75	Maintenance Eng.
36	Resources Coordinator	76	Tele Design Op.
37	Television Producer	77	Installation Eng.
38	Library Services	78	Eng Management
39	Trainers	79	Technicians.
40	Radio Producers		