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Equalities and Human Rights Commission publish new findings and strategy in three separate reports

The Equalities and Human Rights Commission (EHRC) has published new ISER research by Dr Malcolm Brynin and Dr Simonetta Longhi on pay gaps in the UK workforce.

There are three separate reports on disability pay gaps, ethnicity pay gaps and gender pay gaps which are used as evidence for the EHRC’s new strategy to tackle pay gaps.

Ethnicity This study finds pay gaps are much larger for ethnic minority men born abroad than for those born in the UK. Among Pakistani men, those born abroad experience a 30.9 per cent pay gap while those born in the UK experience 18.7 per cent pay gap compared to equivalent White British men. Among Bangladeshi men this rises to 47.8 per cent for those born abroad compared with 25.7 per cent for those born in the UK. For black Caribbeans the pay gaps are 17.4 per cent and 6.9 per cent respectively. Pay gaps for ethnic minority men were found to be much higher than those for ethnic minority women.

Gender This study found the pay gap closing. In 1993 women earned 73 per cent of the average male wage. By 2014 women earned just over 90 per cent. The gender wage gap for graduates declined in relative terms more than for others. Part-time employment works in the opposite direction and now part-time working women earn more than men.

Disability Pay gaps are much larger for men and women with a disability that limits daily activities and work than those with a disability that limits only work. Pay gaps for men and women with work-limiting physical disabilities are much smaller than those with a mental disability.
ISER is presenting three events at this year’s ESRC Festival of Social Science

The Festival is a unique week-long celebration of the social sciences with over 300 free events taking place across the UK

What works for work incentives: moving off benefits

Tuesday 7 November 2017 from 10am to 1pm at Broadway House, Tothill Street, Westminster, London SW1H 9HQ
Register free at www.iser.essex.ac.uk/events
ISER will be presenting new work, including analysis using EUROMOD, the microsimulation model for the European Union, on how work incentives make a difference moving people off benefits. The event in Westminster is aimed at policy makers and think tanks interested in improving policies to support those not working back into employment.

The event will look at international comparisons with presentations from Xavier Jara from the University of Essex on in-work poverty and secondary earners, and from James Browne from the OECD looking at childcare costs and work incentives in OECD and EU countries, followed by a discussion chaired by Doug Rendle from HM Treasury. The second session will look at policy developments in the UK with presentations from Paola De Agostini from the University of Essex, looking at who faces weak work incentives, and David Finch from the Resolution Foundation on Universal Credit and Incentives to progress, followed by a Q&A audience discussion chaired by Dalia Ben-Galim from Gingerbread.

The event is open to the public, policy makers, journalists, charities, think tanks and practitioners.

Modern motherhood: new evidence for better policy making

Wednesday 8 November 2017 from 10am to 1pm at Broadway House, Tothill Street, Westminster, London SW1H 9HQ
Register free at www.iser.essex.ac.uk/events
ISER will be presenting recent research on modern motherhood to an audience of policy makers, third sector organisations and campaigners in Westminster. There will be three presentations of recent work from the ESRC Research Centre on Micro-Social Change.

Professor Sonia Bhalotra, University of Essex, will present new research about maternal depression and its influence on women’s empowerment and parenting decisions.

Professor Emilia Del Bono, University of Essex, will present new research on whether time spent with mums makes a difference to children’s development.

Dr Birgitta Rabe, University of Essex, will look at new evidence questioning whether UK childcare policies support mums back into work.

The event will be chaired by Professor Pam Cox and there will be a panel discussion and Q&A session after the presentations, to discuss the possible implications for policy makers, health practitioners and families.

Panellists will include Jonathan Swan, Head of Research at Working Families, Dr Alain Gregoire, Chair of the Maternal Mental Health Alliance, Sarah McMullen, Head of Knowledge at National Childbirth Trust and Jonathan Rallings, Assistant Director for Policy at Barnardo’s.

The event is open to the public, policy makers, journalists, charities, think tanks and practitioners.

Insights 2017: how should we tackle low pay and precarious work – a dynamic or damaging force?

Wednesday 8 November from 4pm to 7.15pm at Church House Westminster, Dean’s Yard, Westminster, London SW1P 3NZ
Register free at www.iser.essex.ac.uk/events
Understanding Society, the UK Household Longitudinal Study, will host a topical debate on work in the UK using new evidence from the study. Is lack of working hours at the heart of UK’s low pay? Is low pay a springboard to higher pay? In some circumstances does it pay to take on low paid work? Does growing self-employment indicate entrepreneurship or casualisation of work?

With growing concerns about UK’s endemic low pay and impact of the ‘gig’ economy, a panel of leading policy commentators will explore how we can improve low pay and insecure work in the context of emerging evidence.

The event will bring together policy makers, employer and skills bodies, trade unions, HR professionals, educationalists, local authorities, pay campaigners and think tanks. Chaired by Vicky Pryce, economist, author and commentator, there will be a panel discussion on policies to address low pay and insecure work in the UK with Jane Gratton, Head of Business Environment and Skills at British Chambers of Commerce, Paul Gregg, Professor of Economic and Social Policy, and Director of the Centre for Analysis and Social Policy at the University of Bath, Matthew Oakley, Social Metrics Commission and Director of WPI Economics and Steve Turner, Assistant General Secretary at Unite the Union.

The event will also see the launch of the Insights 2017 report. This year’s report covers policy relevant findings on the themes of pay and employment, adult mental health and work-life balance, with commentary from leading experts.

Impactful Social Science: how social science is helping to tackle global grand challenges

Shamit Saggar, Professor of Political Science and Public Policy at ISER will be speaking at the ESRC’s launch of the Festival of Social Science at the Royal Society on 7 November, 6-9.30pm.

This event is an opportunity to question leading UK social scientists on a range of global issues from climate change, migration, to effective economic and social policies, global health and the challenges of interdisciplinarity. The event will be hosted by Laurie Taylor of Radio 4’s Thinking Allowed, with speakers including Professor Saggar, Professor Lord Nicholas Stern, Chair of the ESRC Centre for Climate Change Economics and Policy and the Grantham Research Institute on Climate Change and the Environment, and Professor Felicity Callard, Director of the Birbeck Institute for Social Research.
Methodology of Longitudinal Surveys
Conference: 25-27 July 2018

The University of Essex to host international conference on design and implementation of surveys

This international conference will bring together researchers involved in the design, implementation and analysis of longitudinal surveys.

The last time an event on this topic was hosted by Understanding Society was back in 2006, when the first MOLS conference led to a monograph book, Methodology of Longitudinal Surveys. Since then, there have been great advancements in the developments in the theory and practice of longitudinal survey methodology. The advantages of longitudinal data have been more widely understood, leading to the commissioning of many new longitudinal surveys, including in substantive fields where longitudinal data did not previously exist, and in countries and regions where longitudinal surveys had not previously been carried out.

The development of the field of longitudinal surveys has brought with it a thirst for knowledge about the best ways to design and implement such surveys. Considerable progress has been made in recent years in areas such as methods to encourage continued participation, ways of utilising multiple data collection modes, improving the measurement of change, obtaining participant consent to data linkage, linking and analysing administrative data longitudinally, and longitudinal methods for cross-disciplinary research including the use of biomarkers in social surveys.

The conference will highlight research relating to all stages of the design and implementation of longitudinal surveys, but with a particular focus on areas in which significant advances have been made in the last 12 years. Professor Peter Lynn, Understanding Society Associate Director for Methodology, explains why the conference is important:

“The field of longitudinal survey methods has advanced considerably in the last few years and MOLS2 provides a welcome forum for scholars and research professionals to discuss the latest innovations in survey design and analysis. Understanding Society is at the forefront of longitudinal survey methodology development and we’re looking forward to welcoming researchers from across the world to the conference.”

The organisers of the MOLS2 conference are welcoming researchers from across the world to the conference.

“The field of longitudinal survey methods has advanced considerably in the last few years and MOLS2 provides a welcome forum for scholars and research professionals to discuss the latest innovations in survey design and analysis. Understanding Society is at the forefront of longitudinal survey methodology development and we’re looking forward to welcoming researchers from across the world to the conference.”

Part of the campus grounds at the University of Essex

Universal Remedy: ensuring Universal Credit is fit for purpose?


This autumn marks the point at which the full UC system – serving all types of cases, rather than just the simplest ones that have dominated to date (early rollout focussed on unemployment but not more complex cases involving children, housing or disability) – is finally being put into place at scale.

Key findings

• At a time when working poverty has become a major challenge facing the country, cuts to UC mean it is set to be almost £3 billion a year less generous than the tax credit system it replaces. As a result it will leave working families an average of £625 a year worse off.

• The net impact on all two parent families in work is broadly neutral, though 1.1 million will lose an average of £2,770 a year.

• Working single parents lose out, by an average of £1,350 a year. Almost twice as many lose (0.7m) as gain (0.4m), losing almost twice as much (£2,955 average annual loss v £1,600 gain).

Recommendations

• Shortening waits considerably by scrapping the current seven day waiting period and compressing payment processing days to ensure payments happen a week and a half earlier, at a relatively low cost of between £150–£200 million a year.

• Paying benefits monthly in arrears may work for those with steady jobs, but the timing of benefit payments needs to be more flexible to fit the diverse needs of different families. New analysis for the report, using actual bank transaction data, shows that the majority (58 per cent) of new claimants moving onto UC after leaving employment in the last tax year were paid either fortnightly or weekly in their previous job.

• Other components of the relaunch should include faster housing support payment, a simplified process for claiming childcare support and assessing the Minimum Income Floor, that limits support for the self-employed, annually rather than monthly.

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The European Commission’s commitment to EUROMOD

It has been agreed that the European Commission will take over responsibility for carrying out the annual update and release of the EU-wide model.

Following eight years of financial support to the University of Essex for the maintenance and development of EUROMOD, the microsimulation model for the European Union, there will be a phased transition process to ensure an effective transfer. October 2017 marks the beginning of a sustained period of close collaboration and intensive knowledge exchange between the team at Essex and the Joint Research Centre (JRC-Seville) and Eurostat, the Commission institutions that will take over joint responsibility.

Professor Holly Sutherland, Director of EUROMOD, said: “This exciting development is a reflection of the Commission’s commitment to EUROMOD’s long-term future and to the value it places on analysis using EUROMOD.”

There is an undertaking that EUROMOD users in the international academic and policy making research communities will continue to have access to the annual updates of the model for the EU, as they do now.

The transfer of responsibility for country updates will take place in stages and we expect that Essex will retain responsibility for the overall quality and coherence of EUROMOD and the annual release of the updated model until 2020. In the meantime the Commission colleagues will learn about the procedures by working closely with Essex and the EUROMOD national teams on a selection of countries, the number increasing each year.

Alongside the transfer process, and after it is complete, the team at the University of Essex will continue to work at the forefront of innovations in the use of microsimulation for policy analysis and development, making use of EUROMOD across a range of research agendas, as well as developing the platform for use elsewhere in the world.

“This exciting development is a reflection of the Commission’s commitment to EUROMOD’s long-term future and to the value it places on analysis using EUROMOD.”
Innovation Panel data released

Understanding Society has released its ninth wave of Innovation Panel (IP) data, which includes a new series of experiments and innovations.

The Innovation Panel dataset contains experiments and methodological tests selected through an annual competition. The next competition will be launched in November 2017.

As with prior waves, in the IP9 dataset there are also methodological experiments involving the value of respondent incentives and mixed-mode data collection. Experiments in Wave 9 included:

- Reconciling Household Income and Spending (Mike Brewer, Jon Burton, Thomas F. Crossley, Paul Fisher, Alessandra Gaia, Annette Jäckle, and Joachim Winter)
- Improving Household Survey Measures of Income (Paul Fisher, Alessandra Gaia, Mike Brewer, Jon Burton, Thomas F. Crossley, Annette Jäckle, and Joachim Winter)
- Masking opposition to immigration: an experimental approach to understand the dynamics of social desirability bias (Mathew J. Creighton, and Amaney Jamal)
- A comparison of self-reported sexual identity using direct and indirect questioning (Alessandra Gaia)
- Separating systematic measurement error components using multi-trait multi-error (MTME) in longitudinal studies (Alexandru Cernat and Daniel Oberski)
- IP9 experiment on visual presentation of satisfaction scales (Jonathan Burton)
- What do the general population regard as ‘successful ageing’? (Elise Whitley, Michaela Benzeval and Frank Popham)
- Targeted day of the week to send email invitation to the survey (Annamaria Bianchi)

Professor Annette Jäckle, Innovation Panel Research Director said: “We are very pleased that we received many strong proposals for the Innovation Panel experiments from researchers in the UK and abroad. The successful proposals covered a range of disciplines including economics, health, sociology, politics, statistics and survey methodology.”

New flash estimates of poverty levels across the EU give insights ahead of official estimates

A collaboration between the University of Essex and Eurostat, the statistical office of the European Union, has resulted in the publication of a new set of experimental statistics by Eurostat.

The flash estimates of poverty and income distribution in 2016 – for all EU countries except the UK for which data on incomes in 2016 was already available – mainly use EUROMOD, the tax-benefit microsimulation model and employ related tools and methods developed at the University of Essex. Microsimulation routines using the EUROMOD model, and running on adjusted EU Statistics on Income and Living Conditions (EU-SILC) data from earlier years form the basis of the flash estimates in 22 of the 27 countries.

The publication of these experimental statistics forms a basis for feedback from users and the research community and the further improvement of these estimates. Eurostat’s flash estimates of at-risk-of-poverty (AROP) rates and evolution of income deciles provide policy makers with an early indication of the magnitude and the direction these important statistics are moving in before the release of the official estimates in summer next year.

In anticipating the official numbers – which will be based on the yet-to-be-released 2017 EU-SILC data – the flash estimates are not expected to capture changes in the EU-SILC estimates perfectly. Nevertheless they improve the timeliness in which estimates are available of the directions of change of important social indicators.

These experimental results show that poverty risk is estimated to have remained stable in most EU countries.

The publication of these statistics is the culmination of two years of cooperation and collaboration between Eurostat and the EUROMOD team based at Essex’s Institute for Social and Economic Research (ISER). The aim is to issue the statistics annually in future.

Whilst the flash estimates are calculated and produced by Eurostat with the cooperation of National Statistical Institutes, the methodology behind the statistics draws heavily on pioneering work done at Essex to ‘nowcast’ income distributions and poverty rates using EUROMOD, including techniques to statistically adjust older EU-SILC data to reflect changes in the labour market and to the level of market incomes since the data were collected, combined with the simulation of the latest tax-benefit policies.

Providing timelier social statistics – especially indicators on income poverty and inequality – is a priority for the European Commission and the European Statistical System.
The cost of unpaid internship: new research finds a long-term negative impact on graduates

Findings support the picture of a segregated market in which those with better-off backgrounds have an advantage

Dr Angus Holford studies the returns to taking an unpaid internship six months after graduating from a first degree on labour market outcomes a further three years later, using data from the Destination of Leavers from Higher Education (DLHE) survey of graduates from English and Welsh universities between 2005 and 2011. The research compared interns with individuals who went straight into paid work, into further study, or ‘something else’, by pairing each one with a ‘matched’ individual, according to their demographic characteristics and their reported motivations for taking the job or internship they are in.

The results show that both particularly advantaged (e.g. privately schooled) and disadvantaged (e.g. from areas with a high unemployment rate) graduates are more likely to be tracked into doing an unpaid internship. But they support the picture of a segregated market in which the social and financial capital that graduates from better-off backgrounds can access gives them an advantage in accessing the ‘good’ internships with a relatively high labour market return.

Nevertheless, almost everyone taking an unpaid internship can expect to do worse three years later than had they not: former interns face a salary penalty of approximately £3,500 per year compared with those who went straight into paid work, and £1,500 compared with those who went into further study. But these negative returns to taking an internship are significantly smaller for those who were privately schooled or with parents in professional occupations.

Only compared with those doing ‘something else’ (including travelling or remaining unemployed) do interns gain any significant benefit on average, being 6.4 percentage points more likely to be ‘very satisfied’ with their career.

Dr Holford said: “These results argue for improving access to and reducing the opportunity cost for students from lower socio-economic backgrounds of taking relevant experience for ambitious careers. Expanding opportunities during undergraduate degrees, and enforcing public and transparent recruitment processes for all placement positions would be good ways to do this. So would enforcing the law that those ‘working set hours, doing set tasks and contributing value to an organisation’ should be paid.

“Finally, improving the information available to students and graduates about the likelihood of different outcomes from internships in key fields would go a long way ethically. We all need to understand the rules of any lottery we are entering.”

IZA Discussion Paper IZA DP No. 10845: Access to and Returns from Unpaid Internships, Angus Holford

Almost everyone taking an unpaid internship can expect to do worse three years later than had they not.

New ISER research on universities in the UK: who applies, who stays and who succeeds

ISER is presenting new research on access and participation in higher education to practitioners, policy makers and campaigners at a Westminster event in November.

The event profiles a number of significant current research projects, funded by the ESRC and the Nuffield Foundation, looking into a range of issues and experiences affecting students and graduates from different social economic situations.

Professor Adeline Delavande will present new evidence on what parents know and how this impacts on young people deciding to apply to university. Dr Laura Fumagalli will present findings on the impact of feedback on progress to students at Key Stage 3 (years 7-9) and how this might affect their choices to continue their education. Dr Angus Holford will examine the Higher Education Statistics Agency student records to look at dropout and degree class according to gender, ethnicity and social class. Professor Emilia De Bono will present findings from an innovative project at the University of Essex looking into student habits and the impact on results, and Professor Adeline Delavande will present on effective learning techniques. Dr Greta Morando will present findings on graduate employment prospects.

The event will conclude with a panel discussion, with leading thinkers and practitioners, including Emilie Sandorph from the think tank Reform, Dr Graeme Atherton from the National Education Opportunities Network and Andrew Rawson from Action on Access.

The event takes place place on Wednesday 29 November 2017 from 10am to 3pm at Broadway House, Tothill Street, Westminster, London SW1H 9NQ. Register free at www.iser.essex.ac.uk/events
Identifying the least well off in society

Look for those UK households with the lowest spending not the lowest income

UK households with the lowest reported incomes are not those with the lowest levels of spending or the worst living standards, according to a new study by Mike Brewer, Ben Etheridge and Cormac O’Dea, published in the October 2017 issue of the Economic Journal.

The research team from the University of Essex, Yale University and the Institute for Fiscal Studies (IFS) note that official measures of poverty in the UK are all based on income. Measuring trends in the number of households with very low levels of spending – as well as those with low incomes – would give a more accurate impression of whether poverty is rising or falling. It would also lead to better identification of those individuals who are the worst off in society.

Data on hundreds of thousands of households over a 30-year period consistently show that households who report having extremely low incomes often also report spending a lot more than do households with slightly higher, but still very low, incomes. Most recently, households who appear to be in the poorest 1% of society, measured by income, report that they spend as much per week as the average household. This strongly suggests that many of these households are not truly poor.

This mismatch is found in data spanning many years, and can be seen for many different types of household – those containing employees, those whose members are self-employed as well as workless households.

But these findings do not necessarily mean that households are being untruthful in their responses to official government surveys. Many see their incomes fluctuate from month to month, and those with irregular incomes manage to maintain a steady level of spending by saving and borrowing. This means that it is perfectly possible for outgoings to exceed incomings in any given period.

By using longitudinal data on household incomes and information on household wealth positions, the new research shows that this ‘smoothing’ of spending cannot explain all of the very high level of spending reported by those with extremely low incomes. The only way that borrowing alone could explain the high levels of spending would be if those in the bottom 1% either have just had, or expect very shortly to have, above average incomes.

The researchers also show directly that some social security benefits paid by the government are heavily under-reported in surveys. This ‘missing’ income amounts to over 4% of total household income, with the proportion likely to be much greater among only low income households.

These findings are important for researchers who want to measure the level of, or trends in, poverty or inequality in the UK, and for policymakers wanting to know whether patterns of household spending are sustainable.

The researchers argue that measuring trends in the number of households with very low levels of spending – as well as those with low incomes – would give a more accurate impression of whether poverty is rising or falling, and better identify those individuals who are the worst off in society.

The findings mean that trying to assess the number of people in severe poverty by counting those with very low incomes is particularly problematic. Academics and government statisticians also need to work harder to collect more accurate data on households’ incomes and spending, as these concepts are critical when assessing whether living standards in society are improving.

But the researchers do not think that we should reform welfare benefits so that money is given out to those with low levels of spending. Instead, they should continue to be paid to those with low incomes. This is because, at the household level, spending is much more likely to be manipulated than income: if benefits were paid according to spending, households could time their purchases to make themselves look poorer than they really are.

This research adds to a longstanding debate on which poverty measures are most suitable. Researchers commonly measure poverty by comparing household income to a poverty line, because a household’s total income is seen as a good proxy for its standard of living.

An alternative is to use a household’s consumption as a proxy for its standard of living. A measure of consumption is derived from the level of a household’s spending, as well as its stock of ‘durable’ assets, such as furniture and cars.

In addition, some have argued that households with low resources often under-report their income to household surveys but seem to report their level of spending with greater accuracy. This provides a practical reason to use consumption rather than income to assess who is truly the poorest in society.

‘Why are Households that Report the Lowest Incomes so Well-off?’ by Mike Brewer, Ben Etheridge and Cormac O’Dea is published in the October 2017 issue of the Economic Journal.
What makes children unhappy? New research findings on economic circumstances and subjective wellbeing in childhood

ISER will present new research on childhood wellbeing at an event in November, co-hosted by the What Works Centre for Wellbeing and the Children’s Society

This event will be of interest to policy makers, think tanks and charities, as well as health and education practitioners working with young people.

Presentations will include
‘Does income matter for children’s happiness? Longitudinal evidence for England’ by Dr Gundi Knies;
‘Fair Shares and Families: What children’s perspectives can add to our understanding of the relationship between child poverty and subjective well-being’ by Dr Gill Main, University of Leeds; and
‘Understanding Childhoods: Children’s perspectives on residential transience and money/possessions’ by Larissa Pople and Sorcha Mahony from The Children’s Society. The presentations will be followed by a panel discussion for policy makers and practitioners working in health and education.

Dr Knies has been researching the link between children’s happiness and family economic situation and has noted recent changes since the Great Recession, using new longitudinal data available from Understanding Society.

Dr Knies said: “I considered more aspects of children’s living circumstances that may explain why some children are happier than others. This included the neighbourhood context and school holidays. Following the same children over a period of up to five years, it was possible to show that:
- richer children tend to be more satisfied with life than their less well-off counterparts (just like adults)
- it mattered more the poorer the child is
- at every point in the income distribution, older children (so, those aged 13-15, but not those aged 10-12) became happier when their family improved their income position over time, and vice versa
- children were unhappier if they were excluded from perceived necessities, such as holidays and activities with friends due to their family not being able to afford it.”

The event takes place on Friday 3 November 2017 from 10am to 1pm at Broadway House, Tothill Street, Westminster, London SW1H 9NQ. Register free at www.iser.essex.ac.uk/events

The Institute for Social and Economic Research is based at the University of Essex and receives funding from the university and the Economic and Social Research Council (ESRC).

Established in 1989, the Institute incorporates the ESRC Research Centre on Micro-Social Change (MiSOC) and The Microsimulation Unit, which is responsible for the EUROMOD project.

ISER is home to Understanding Society, the UK household longitudinal study which collects information annually, providing valuable new evidence about the people of the UK, their lives, experiences, behaviours and beliefs.

If you are interested in finding out any more about the articles in this newsletter or about ISER’s work, please contact Louise Clarke Cullen at lcullen@essex.ac.uk

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