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Resolving Gender Pay Inequality? Rationales, Enforcement and Policy

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Abstract

It is increasingly argued that models of Corporate Governance can be seen as an effective substitute for conventional state-centred social policy. This article examines the extent to which these contemporary business-led approaches are successful in remedying the gendered pay gap in the British labour market, using the latest Cabinet Office review on women's employment and pay in Britain: the Kingsmill Review, as its central example. The article outlines Kingsmill's recommendations and then analyses their efficacy by means of a 'snap-shot' case study of a large employing organisation which was identified as a 'model employer' by the Review and which has adopted many exemplary employment practices: the British Broadcasting Corporation (BBC). The article employs analysis of a major original new data set to establish both the successes and limitations of these recommendations in overcoming the gender pay gap within the BBC.

Introduction

Governments and employing organisations have long been faced with the task of improving women's employment status and pay and yet it appears that no comprehensive solution has yet been devised. While the overall picture is one of improvement in terms of absolute numbers of women in the labour force,[1] the persistent gap between men and women's overall earnings is more than apparent at 19 per cent for full-time workers and 41 per cent for part-time workers (ONS, 2002). Moreover, in the last European Structure of Earnings Survey in which 15 European labour markets were assessed in terms of equal pay between men and women, Britain was ranked at *last* place when assessed in terms of the differences in pay between full-time working men and women (Kingsmill, 2001). This was a position not much improved upon when part-time workers were included in the analysis.[2]

The publication of the Kingsmill Review on Women's Employment and Pay in December 2001 marked a significant moment in the development of New Labour's approach to this gender inequality.[3] The Review was explicitly modelled on a series of high-profile corporate governance reports, all of which were designed to promote a distinctive agenda of 'corporate social responsibility' by means of various internal accountability and disclosure mechanisms.[4] But Kingsmill differed from these previous models in one fundamental way. For while

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these earlier reviews had neither been designed to tackle, nor even to focus upon, specific socio-economic problems, the Kingsmill Review attempted to marry the primary corporate objectives of 'minimising risk' and 'enhancing returns', with an inquiry into a specific problem in social policy: that of vertical occupational gender segregation or, more simply, the gendered pay gap.[5] The Cabinet Office specifically requested that the Review team identify 'non-legislative and cost-effective' solutions to the gender pay gap (Kingsmill, 2001: 149). As such, the Review explicitly sought, as the Minister for Women Barbara Roche put it, to connect a specific 'social injustice with an economic rationale to eradicate it' (cited in Treanor, 2001).

The Review's main recommendation did not diverge from the government's commitment to reconciling the objectives of social policy with a corporate-oriented approach to economic efficiency.[6] After years of the United Kingdom apparently sitting uncomfortably lodged between the state-centred, highly interventionist Franco-German social model of labour market and employment regulation and the non-interventionist US-style corporate model, the British government has recently indicated its desire to move more firmly towards the latter. As Gordon Brown has argued, New Labour aims to 'learn from American innovation, competition and enterprise and . . . introduce new flexibilities in our economy' (cited in Elliott and Denny, 2003). As a result, in so far as it has paid attention to the problem of the gender pay gap in recent years, it has largely attempted to encourage *corporations* to tackle the issue directly. Instead of calling for any additional state-centred programmes of regulation or provision, the Review thus recommended that employing corporations should be asked to conduct internal pay reviews with a particular focus on gendered employment patterns. The purpose behind these pay reviews was to ensure the emergence of a much-needed comparable data set across employing organisations in the British labour market. This in turn was designed to facilitate a clearer indication of how corporations were addressing issues of vertical occupational gender segregation and whether they were guilty of mismanagement and under-utilisation of female human capital. It was argued that with such information disclosed, corporations would become aware of their failings and consequently address them (or be pressurised to), thereby reducing the gendered pay gap without the need for interventionist legislation or regulation.

Within the Review, the British Broadcasting Corporation (BBC) was identified as a model employer and one which had done much to achieve the goals recommended by the Review.[7] The BBC, therefore, presents itself as a critical case study for an investigation into the efficacy of the recommended methods. Such an investigation was carried out by the author in a study completed in 2001 that collated a full data set consisting of all 19,139 full-time employees in the BBC by sex, analysing their occupation types and their levels of pay. In addition to generating this quantitative picture of the gendered pay gap across the BBC's

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labour force, this study also included an in-depth qualitative analysis of a cross-section of 50 workers selected by sex, occupation, employment sector and pay level. This analysis drew on original interviews which asked employees to interpret the quantitative results from their own experience as BBC workers. While this research did identify the BBC as an 'optimal conditions employer for women's career progression' in terms that Kingsmill sought to develop, it also noted that the level of vertical occupational gender segregation within the corporation remains substantially high. This article draws upon empirical findings which illustrate the relationship between the structural environment and work–life balance attitudes of workers in order to examine the reasons behind this continuing pattern of pay inequality. In so doing, it reaches conclusions, which, while supporting the Kingsmill-style recommendations for reducing pay inequalities between men and women, illustrates why they are far from sufficient.

It begins with an overview of the Kingsmill Review and its findings. Following on from that is a summary of the main results of the research into the BBC. The article concludes with an assessment of the strengths and the limitations of the Kingsmill Review approach for both practices of corporate governance and public social policy.

The Kingsmill Review

In the view of the Kingsmill Review, the pay differential is of both intrinsic and instrumental concern. Such a differential is said to relate closely to another serious problem which faces the British economy: namely that of skill shortage. In assessing this rising problem, the Review sets out a case for concentrating on the maximisation of women's human capital offering improved strategies of human resource management as one promising solution. The Review illustrates how, despite the fact that Britain's employment rate currently stands at 74.8 per cent,[8] there are approximately 110,000 hard-to-fill vacancies largely in the industries such as financial and business services, wholesale and retail, manufacturing and public administration and health (Kingsmill, 2001: 32). Such a lack of labour supply is reported as a direct consequence of specific skills shortages.[9]

In order to investigate the causes of the gender pay gap, the Kingsmill Review interviewed representatives of 50 of the largest 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, but rather of 'the clustering of women in lower paid and lower status roles within firms'. In using one particular organisation as an illustration of general trends, it was shown that:

> a high proportion of women were remaining static within the organisation while the men moved through to higher grades. This presented a business problem both because it was felt

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> 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 organisation. (Kingsmill, 2001: 52)

Based upon such evidence, the Kingsmill Review developed its recommendations for better human resource management, claiming that this was the locus of the problem. The call for greater transparency and disclosure in terms of gendered pay differences within organisations was considered the most important single recommendation, simultaneously being of the greatest value to the business case and offering the most likely apparent solution to the persistence of the gendered pay gap:

> 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: 51)

The generation of such information would take the form of internal pay reviews with a particular focus on gender differences in employment. The Review's recommendation for internal 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 organisations. The first type is that of 'reputational damage' (including loss of investor confidence, loss of shareholder confidence and loss of consumer base); the second is that of potential litigation brought forward by those contending unequal pay with the opposite sex; and the third, the risk and cost of the inability to recruit high-calibre employees due to an organisation acquiring a poor reputation as an employer.[10] The ideology that underpins this approach is one of optimal market competition. While the motivation is still focused on maximising efficiency and ultimately profit, there is, Kingsmill argues, a need for a broadening of our understanding of the means that are necessary effectively to pursue it. The gathering of better information will enable effective human capital management to 'drive out' sex discrimination in the interests of corporate self-interest.[11]

The Review's recommendation for internal audits would be designed to be comparable across all employing organisations so as to facilitate the monitoring of national trends. In keeping with the non-interventionist style of corporate governance in the private sector, the Review recommends that the public sector should take a lead in this new initiative. Consequently, government departments and agencies are expected to have completed pay reviews by spring 2003. Similar action will then be taken in the wider public sector, where a disproportionate number of women are employed.[12] In terms of the private sector firms, there will

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be a campaign to encourage them to conduct similar reviews in the hope that being 'named and shamed' in failing to do so would act as a sufficient incentive.

As the current situation stands, although 'gender' is technically present in many business annual reports or voluntary reviews, the analysis is invariably of a very poor quality and content is far from consistent across organisations. There can be no doubt that if the 'Kingsmill audits' are well administered they will provide invaluable information on occupational gender segregation and tell us much about the impact of equality policy. It is still not clear, however, whether this approach is actually a sufficient solution to the problems of the pay gap between men and women. The following section discusses the level of success within a 'model employing organisation' in the context of gender equality.

Examining the BBC

Within the Kingsmill Review the BBC is identified as an exemplary employer. It is shown to be an organisation 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: 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: 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 their female employees. Achievement of such targets are set as one of the criteria considered when senior executives apply for their 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.[13]

In general terms, the Kingsmill Review offers the BBC's procedures as a template for other organisations to maximise the use of women's human capital and eradicate unjustified pay inequities between men and women. In the author's recent extensive empirical study (described earlier), the BBC was also identified as an organisation which offered an 'optimal conditions' environment for gender equality. However, the actual impact of those conditions on the pattern of gender pay inequality was not unambiguous. The following section sets out some of the main findings from this study and discusses why pay inequalities between men

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and women might persist despite the BBC's best efforts, thus throwing new light on the Kingsmill Review recommendations.

The BBC: an empirical enquiry

The aim of the study was to detect if there were any major pay inequities between men and women within an 'optimal conditions' environment for women's career progression. Moreover, it sought to investigate why they existed and thus to assess the potential of current equality and family-friendly policies. The rationale for choosing such positive conditions was that if the causes of the gendered pay gap were clear in a corporation 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. In simple terms, such causes which are present in the most promising of environments are likely to be of the most durable kind (that is, the root causes of gendered pay gaps).

In addition to the observations made by the Kingsmill Review, there were several other reasons why the BBC presented itself as the critical case study. 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 per cent, Senior Management 32.7 per cent, and Senior Professionals 36.3 per cent. As the largest and oldest public sector broadcasting service in Britain, it is an organisation which is under intense public scrutiny to be a model employer and certainly it is perceived as, and professes to be, an organisation 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. Long before the introduction of paid paternity leave in 2003 and extended maternity leave in 1999 at a national level, prolonged maternity rights were offered by the BBC at 18 weeks full pay, paid paternity leave (of two weeks' full pay),[14] paid adoption leave (equivalent to maternity leave), crèche facilities, various flexible working arrangements and a career break scheme among many other benefits.[15] 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 organisation that aims to be the best managed public organisation in the UK must take equal opportunities seriously. (BBC, 1999: Section B, 2–3).

The BBC's core full-time workforce consisted of 19,139 employees, 49 per cent of which were female and 51 per cent male, a virtual half and half split.[16] Furthermore, 75 per cent 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

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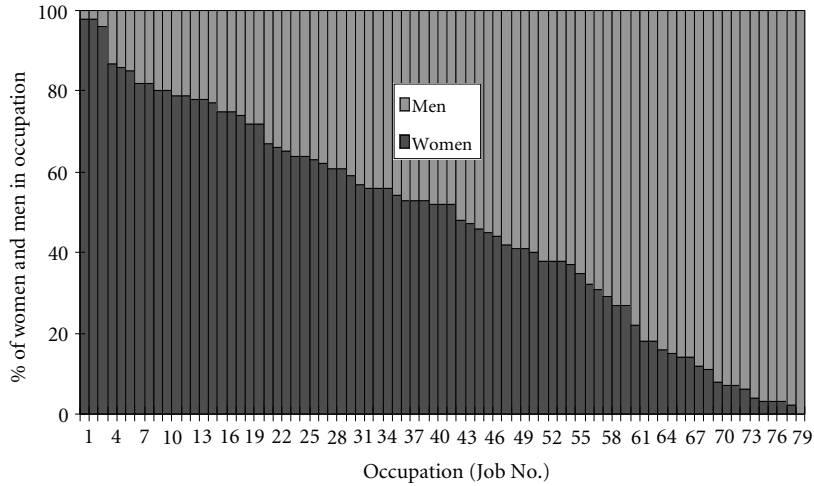


Figure 1. Concentration of Women and Men in the BBC's Full-time Work-force (1998).

the likelihood of comparability in terms of men's and women's career progression prospects.

The general aim of the empirical part of the study was to generate quantitative findings of vertical occupational gender segregation and then relate these to a cross-section of the workforce asking them to explain the trends in gendered pay differentials from their own employment perspectives. The following sections offer a illustrative overview of the main quantitative and qualitative findings.

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 1 illustrates all 19,139 employees within the 79 occupations of the BBC (see Table 1). They are ordered according to female concentration: occupation No.1 (Personnel Assistant) which consists of 98 per cent females being the first occupation; and occupation No. 79 (Technician) with 0 per cent females being the last.

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.

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

The dramatic results in Figure 2, demonstrate a striking inequality between men and women in terms of their pay, whereby women are vastly *over-represented*

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TABLE 1. Occupational groups: with typical jobs in each ordered by percentage 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	Personnel 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		

in the lower-paying grades while the symmetrical reverse holds true for men. These results are clearly indicative of substantial vertical segregation.

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 males

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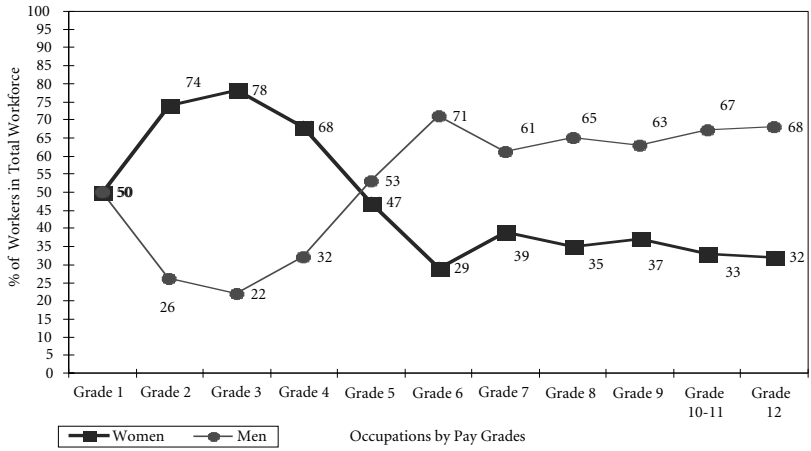


Figure 2. Concentration of Male and Female Employees within each BBC Pay Grade (1998).

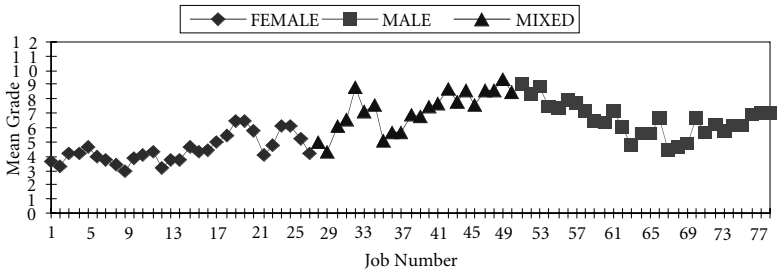


Figure 3. Mean Pay Grades of 'Female', 'Mixed' and 'Male' Jobs in BBC.

and so this trend is in keeping with an historical context of gender equality and educational opportunity.[17] 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: both, that is, within the BBC and consequently for the wider national context.

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.[18]

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 factor and can be seen to indicate that at the higher levels within the BBC, women tend to be on

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an equal footing with their male counterparts in terms of their career status.[19] 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, not only that it is in the interest of both men and women to work in more gender-integrated occupations within the BBC, but also that the corporation has succeeded in rewarding both genders equally within these 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. 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's and women's earnings overall, as illustrated in Figure 2.

Overview of the qualitative analysis

In order to investigate the causes of this gendered pay gap, a cross-section of 50 of the BBC's full-time workforce were interviewed in depth. Each person was selected according to the criteria of sex (27 females and 23 males),[20] pay grade, continuous employment contract and also BBC sector.[21] Half of the sample were selected from the BBC site in Bristol and the other half from four different BBC sites in London.[22]

The first section of the interview sought to establish if the sample 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.[23]

The second part of the interview centred around the quantitative data illustrated above. 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 according to their personal observations of employment within the BBC. Furthermore, the average pay grades of the three 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 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

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given below:

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 judgement. 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. 22: Middle Pay Grade:[24] Male)

I have to say that I do understand how men are favoured, particularly in the early thirties age group, because of maternity leave – it is just so disruptive to working patterns, especially in team work. (No. 37: Senior Pay Grade: Female)

The second predominant theme was the major incongruity between policy and what was actually needed by employees to strike a work–life balance. Almost all respondents pointed to the differences between the lower-grade and higher-grade women (that is, those women who 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 for scarce internal crèche places. For example:

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 14: Basic: Female 30s)

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

Lack of paid parental leave for fathers was a particular issue. Supporting both Gershuny's notion that men have progressively become more active in domestic duties and Crompton's argument that many working mothers have recently encouraged their partners into taking a more active part in child-rearing, 81 per cent of the respondents stated that men were now *much* more involved with the routine upbringing of their children than previous generations (Gershuny *et al.*, 1994; Crompton, 2002). But, in addition to the predictions of these commentators, many also complained that current policy provision (both in terms of the specific benefits of the BBC and consequently the less generous provisions of the state) did *not* reflect this attitudinal shift on parenting. Most talked, for example, of the European Union (EU) Parental Leave Directive which was introduced in Britain in 1999.[25]

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 according to what suits them

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best – mixed [women and men] and funded caring provision will help those that want it. (No. 46: Middle: Male: 30s 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. (No. 42: Middle: Male: 30s young children)

Another illustration of how policy is generally slow to keep up with social change is that out of this sample there were four cases of husbands who had taken on the primary child carer role in the home, while their wives became the main breadwinners. One such example is illustrated below:

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

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

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

Inevitably there were many other issues discussed, but there were two major causes of the gendered pay gap which came from these interviews: the biases from management due to budgetary concerns, and the out-datedness of policy provision. Moreover, these two factors are intrinsically linked in the context of gender equality. In summary, a vicious form of 'circular perpetuation' appeared. Male and female employees themselves made different choices concerning the work–life balance based upon the opportunities and constraints that were differentially facing them; these then appeared to others, managers in particular, to reveal powerfully gendered patterns of attitudes to work which, in turn, further shaped managerial attitudes, which assisted only in further engraining the initial frameworks.

These findings do little to support the claims of scholars such as Gary Becker (1991) and Catherine Hakim (1999) who have both sought to explain the gap in women's and men's pay by focusing on the rational choices and preferences of the different participants in the labour market.[26] Yet it is just such theories that serve to support the market rationale underpinning the Kingsmill Review. It is, after all, Kingsmill's contention that in optimal conditions market mechanisms could by themselves ensure that men and women were rewarded according to

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their 'true human capital value'. However, as we have seen, all of the evidence from the BBC study suggested that the opportunities available to male and female workers wishing to combine their professional and parenting roles emphatically do not accommodate the full range of their *preferences*. In other words, there is no necessary or direct correlation here between the *preferences* of these male and female workers on the one hand, and the *actual choices* they are able to make within their current employment structures on the other. Although the BBC might have been explicitly committed to equal opportunities, what might be termed a gender-differentiated 'herding effect' was still very apparent. To put that another way, the gender pay gap in the BBC was partly a result of choices, but only of choices made in substantially unequal and constraining circumstances. All of these qualifications cast real doubt on the efficacy of the Kingsmill proposals.

Lessons from Kingsmill

The BBC is an organisation 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 to which many other organisations might wish to aspire within the labour market. It offers, then, an admirable model of best practice according to which other corporations may wish to restructure, thereby preempting the main recommendations of the Kingsmill Review. 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 their full potential within the labour market. Employers and managers still face the reality of short-term budgetary concerns, while operating within a national employment framework that is both ill-conceived and constraining. Moreover, while organisations may well be persuaded to insert women into the higher levels of employment hierarchies 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 much less compelling. Such disparity in women's employment prospects (and the consequent trend of vertical segregation) will therefore persist unless the factors impeding women's promotion from the lower end of the employment structure are also adequately addressed.

Despite these limitations, the recommendations of the Kingsmill Review are clearly important. Certainly, as social policy strategists and academics, we are in *dire need* of the invaluable informational base generated by the proposed pay audits from all sectors of the labour force. It is disappointing, therefore, that,

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as the Equal Opportunities Commission have pointed out, only 35 per cent of private sector organisations currently administer internal gendered pay reviews. Indeed, the highly publicised Review itself focused on 50 organisations, only nine of which agreed to undertake the specific internal reviews recommended, despite being under the media spotlight. Ironically, this example of intransigence casts serious doubt on the viability of the so-called 'name and shame' approach, upon which the Review's recommendations largely depend. The mere threat of reputational costs seems unlikely therefore to secure the intended changes 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 are likely to fall victim to shorter-term interests and pressures.

Given then the limitations in the Kingsmill proposals, how might they be supplemented or modified in order more robustly to tackle the gender pay gap? One recent and innovative suggestion is that of Hepple's 'Enforcement Pyramid' which emphasises the need to combine central state guidance, good corporate practice and vibrant civil society participation in order to generate a mechanism of 'responsive regulation'. Hepple rejects both the extremes of, on the one hand what he terms 'command and control by government' which presumes that coercion is always necessary and possible and, on the other, '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 pyramidic 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 pyramidic 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 to which it had not initially paid attention, civil society groups can bring this failure to the attention of government, which can then begin the process of assisting the corporation in improving its equality strategy and, having exhausted these options, could eventually impose hefty sanctions. The 'Enforcement Pyramid' arguably marks a substantial step forward from the Kingsmill approach. It

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acknowledges a substantial number of situations in which corporations may not respond, either voluntarily or to the pressures of encouragement, and generates not only clear incentives but also sanctions. While moving beyond the remit given by the government to the Kingsmill Review, Hepple's own enforcement suggestions constitute a series of more robust and persuasive measures for tackling the persistent problem of vertical occupational gender segregation. Hepple's 'Enforcement Pyramid' would therefore ideally spur on employers to foster conditions which would allow individuals to seek the work–life balance of their own choice, while depending as little as possible on state regulation and intervention into the internal operations of corporations.[27]

As an instrument with which to combat the specific problem of vertical occupational gender segregation, however, Hepple's model does have some limitations. Crucially, it only concentrates its fire on recalcitrant institutions, while leaving the scope of employment policy and legislation essentially untouched. Yet, as we have seen, even optimal corporate behaviour cannot successfully confront the problem of vertical occupational gender segregation. Work is a broader 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 coordination of numerous factors within each worker's life. Traditionally gendered attitudes towards both employment and private life have increasingly given way to a strikingly heterogeneous range of preferences among both sexes in recent generations of workers. These attitudinal shifts must be reflected both in boardroom attitudes and in the arena of social policy, if corporations are to be able to adapt to the diverse needs of the twenty-first century workforce. The case of the BBC demonstrates the importance of good corporate governance. Yet, it also underlines the reality that only government intervention in the form of progressive social policy can establish a coherent framework within which the labour market can be allowed to function in a manner that addresses the concerns identified in the Kingsmill Review.

To use but one specific policy example drawn from the BBC, it is clear that only when the option of parenting is equally shared via the ability to claim paid parental leave, both men and women become an unpredictable cost to employers. Only the legislative provision and increasing exercise of this option will gradually erode the assumption that it will always be only the woman who becomes an added cost. As we saw with the full-time working men and women of the BBC, managers will continue to expect that only women and not men will potentially be absent from the workplace for a significant period of time in order to pursue parenting responsibilities. These expectations will continue until such time as social policy also extends this choice to men. Certainly, the call for extended provision from both sexes was evident in the BBC data, and it is only in this way that the rational calculus of automatically favouring men for specific occupations will diminish. Ultimately, it may be argued that unless policies such as child care

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provision (see Joshi and Paci, 1998) and especially paid parental leave are made equally available to both sexes under national legislation, it is unlikely that we will ever see any real differences in the level of vertical occupational gender segregation.

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. It offered a series of recommendations that were both timely and in keeping with the general move towards improved corporate governance and greater corporate social responsibility. Empirical investigation into one leading corporation, the BBC, which currently strives to offer an 'optimal conditions environment' for its employees along lines laid down by Kingsmill, presents, however, an extremely worrying picture. Pay inequality between men and women has in no sense been eliminated in the BBC, and most of the staff interviewed believed that it was unlikely to be rectified until managers were faced with ungendered budgetary costs and until better child care facilities and paid parental leave were made equally available to both sexes in society at large. Seen from this perspective, a paradox emerges: far from enabling corporations to pursue ungendered employment practices, by legislatively underpinning gender inequality in the workplace government policy actively impedes their pursuit. Indeed, it seems highly probable that this persistent inequality in the provision of benefits for women and men will continue powerfully to determine the different work–life balance options facing the sexes in the workplace. This discrepancy demonstrably contributes to vertical occupational gender segregation.

Efforts to overcome such segregation in the labour market would indeed do well to begin with the codes of corporate practice included within Kingsmill's recommendations, perhaps reinforced by Hepple's proposals. Yet on the evidence available from the study of the BBC, proposals focused exclusively on the internal functioning of the corporations will always remain insufficient. It is only by introducing social policies, such as equal provision of paid parental leave to both sexes that corporations will themselves be able to develop employment practices congruent with the recent attitudinal shifts among twenty-first century parents. Indeed, it is only by eradicating the substantial disjuncture between the actual *preferences* of, and *choices* available to, both sexes, that the persistent problem of vertical occupational gender segregation can ever be successfully addressed.[28]

Notes

1 Currently, 67 per cent of women aged 16–64 are in employment in Britain compared with 79 per cent of men of the same age (ONS, 2002). It is predicted that by 2006 women will make up over half the employed workforce in Britain (ONS, 2000).

2 Britain was ranked at twelfth place when part-time workers were included in the analysis.

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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 Such as the Cadbury Report (1992), the Turnbull Report (1999) and the Company Law Review (2001). See also Browne *et al.* (2002).
5 'Vertical occupational gender segregation' refers to the disproportionate distribution of men and women across occupations which, when on a vertical scale indicative of pay, will reveal quantitative inequalities between the sexes in employment (for more details, see Blackburn *et al.*, 2002).
6 For the general trend, see White (2001), Jenkins *et al.* (2002), and Bartlett *et al.* (1998).
7 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 licence fee, it is under intense public scrutiny to perform in the most effective and efficient manner possible.
8 The highest for 11 years and approaching the 'full employment' rate of 75 per cent (HM Treasury Budget, 2003).
9 These sectors have grown by 227,000 jobs over the year 2000–1, outstripping the average increase in the whole economy (Kingsmill, 2001: 33).
10 In addition to these three main points, ineffective human resource management decreases the likelihood of retaining staff, thus resulting in the costs of wasted training and re-recruitment (Hardy, 2001).
11 See Sunstein (1997) for an overview of this ideological claim.
12 In 2000 the Public Sector employed 6.3 million people, 26 per cent of all employees in Britain. Almost two-thirds of these were female (Kingsmill, 2001: 43).
13 For example, it was awarded the National Training Award for Equality in 1994 for the creation of the Women's Development Initiative.
14 The BBC's Paternity Leave benefit, perhaps the most radical of its equality policies at the time, was first introduced in 1978 with a two-day full pay provision. This was extended to five days in 1988.
15 Statutory provision introduced in April 2003 stands at 26 weeks' maternity pay, with six weeks paid at 90 per cent of weekly earnings, and 20 weeks paid at a set rate currently of £100, or 90 per cent of weekly earnings, whichever is the lesser amount. Men are entitled to two weeks of paternity leave at a set statutory rate, currently of £100 per week. For more details of provision see http://www.dti.gov.uk/er/individual/matrights-pl958.pdf.
16 In concentrating on employment conditions in which *directly* to compare male and female experience of employment, the study focused only 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).
17 For example, in 1966 only 28 per cent of undergraduates were women. This rose to 39 per cent in 1981, to 44 per cent in 1987, and to a current majority figure of 54 per cent (for more details see Fredman, 1997).
18 In order to select occupational groups for these three categories – 'female', 'mixed', and 'male' jobs – a 10 per cent margin is created either side of the female percentage of the total staff (49 per cent), that is, the 'mixed' jobs category is made up of occupational categories whose percentage of females is between (and inclusive of) 39 per cent and 59 per cent, 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.

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19 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 per cent), 'mixed jobs' (36 per cent) and 'male-dominated jobs' (33 per cent).

20 By ensuring that all criteria were accounted for in the sample, a slight over-representation of women emerged in the sample. This, however, was not problematic in terms of the type of data collected.

21 Central Directorates; Broadcast Directorate; Production Directorate; News Directorate; Resources Directorate. For more details, see http://www.bbc.co.uk

22 The sample was located by responses to an internal email requesting interviewees, apart from those in the most senior positions who were approached as key respondents.

23 This finding was largely supported by the results of an internal survey conducted by the BBC in the same year. Interestingly, it stands in sharp contrast to the findings in other employing organisations presented in Halford *et al.* (1997) where employee satisfaction regarding the 'gender neutrality' of the workplace was far more frequently questioned.

24 As mentioned in the main text above, all staff within the BBC are paid according to 12 hierarchical pay grades: Grade 1 being the lowest and Grade 12 being the highest. For each quotation, the range of pay grades has 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.

25 This directive offers three months' unpaid leave to the parents of either sex for each child up to the age of five.

26 In summary, they have suggested that the explanation for the remaining gender pay gap lies in an account of women's work–life preferences. There is, Hakim argues, simply a greater heterogeneity in women's attitudes to the workplace than in men's and the result is a greater disparity in levels of commitment, attainment and, subsequently, pay. For a fuller discussion, see Blackburn *et al.* (2002).

27 Such regulation being, as many commentators contend, politically unpalatable to the current administration with its strong market-based preferences (see White, 2001), preferences which were in fact encoded in the remit of the Kingsmill Review: 'non-legislative and cost-effective' solutions.

28 It is worth qualifying here that if both men and women were able to exercise their choices against a background of equal conditions, any persistent trends of disparities in the pay and status of both sexes would be far less troubling in the sense that they would be far more likely to be the product of differing preferences rather than discrepancies in the range of choices available to each.

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