

Impact case study (REF3b)

Institution: Swansea University
Unit of Assessment: 19 - Business and Management Studies
Title of case study: Informing Policies to Reduce Labour Market Inequalities
1. Summary of the impact

Research conducted by economists at Swansea University has revealed deeply entrenched labour market inequalities. This research has directly informed policy and related debates on a broad range of inequalities in Wales and the UK, and skill mismatches in the EU. In particular, this research:

- has been used extensively by the Welsh Government to assess the equality impact of the Welsh budget;
- is used by the majority of unitary authorities in Wales in developing their equality priorities;
- has demonstrated international reach through informing policy debates in Australia and the European Union.

2. Underpinning research

The underpinning research has been enabled by the unit's established strengths in labour market inequalities, dating back to an ESRC-funded project on racial disadvantage in the mid-1990s. Five of the project's six team members have worked in Swansea since 1993, with **Prof Blackaby**, **Prof Murphy** and **Dr O'Leary** employed throughout the period. **Prof Leslie** returned to Swansea in 2007 and has been Emeritus Professor since retirement. This project produced arguably the most comprehensive investigation of ethnic differences across a range of labour market outcomes undertaken in the UK up until that point [R1]. The research was based on analysis of several large-scale, secondary datasets and covered standard outcomes (e.g. unemployment and earnings [R2]) alongside the effects that discrimination in the paid labour market can have on other outcomes (e.g. entry into self-employment and participation in post-compulsory education). A particular focus of the research was on the diversity of labour market experiences across ethnic groups.

The project team was commissioned by the Department for Education and Employment to examine earnings and employment differentials for people with disabilities in the late 1990s. This marked the beginning of research by Swansea economists into this particular labour market inequality, advanced considerably with the arrival of **Prof Sloane** (2002-date), and the involvement of **Dr Jones** (2002-date) and **Prof Latreille** (1991-2012). As with research on ethnicity, policy-relevant studies based on the application of advanced micro-econometric techniques to a range of different datasets have ensued [R3].

Analysis of the gender pay gap has taken place over the period and has been published in leading academic journals [R4], as well as in research reports. **Dr Arabsheibani** (2005-date) was part of a team commissioned by the National Equality Panel (NEP) to undertake research on pay differentials according to sexual orientation and some of these findings are cited in the NEP's highly influential final report. Research by Swansea economists has also increasingly established the potential for education to reduce inequalities but that the benefits of acquiring education are not the same for all groups [R5]. Research undertaken by **O'Leary** and **Sloane**, funded by CEDEFOP (The European Centre for the Development of Vocational Training), examined skill mismatch across the European Union (EU) and in Australia, leading to the publication of four policy-relevant reports.

These underpinning research strengths provided were integral to the production of a report [R6] for the Equality and Human Rights Commission (EHRC) in 2011 by the Welsh Institute of Social and Economic Research Data and Methods (WISERD). Two of the four main chapters were largely written by Swansea economists: **Dr Drinkwater** (2009-date), **Jones**, **Dr Parhi** (2009-date) and **Dr Robinson** (2009-date), who also made significant contributions to other parts of the report, particularly in relation to data management and analysis.

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The report presented a comprehensive and robust study of poverty and inequality in Wales, using large-scale surveys to quantify different inequalities across Wales, in relation to other parts of the UK, and to the UK as a whole. This was the first time that such an approach had been used to generate a report of this detail. Key findings included:

- the gap between rich and poor in Wales is actually narrower than in the rest of the UK but only because of a relative lack of high earners in Wales;
- gender, disability, ethnicity and religion make a major contribution to educational and career achievements;
- pupils eligible for free school meals are 2.5 times less likely to get A*-C grades in core GCSE subjects;
- 74% of disabled people are not in employment or full-time education.

3. References to the research

- R1.** **D. Leslie**, **D. Blackaby**, K. Clark, **S. Drinkwater**, **P. Murphy** and **N. O'Leary** (1998), *An Investigation of Racial Disadvantage*, Manchester University Press, Manchester. (refereed monograph)
- R2.** **D. Blackaby**, **D. Leslie**, **P. Murphy** and **N. O'Leary** (2002), "White/Ethnic Minority Earnings and Employment Differentials in Britain: Evidence from the LFS", *Oxford Economic Papers*, Vol. 54, pp. 270-297. (Refereed journal article: rated as a 3* journal on the Association of Business Schools (ABS) Journal Quality List)
- R3.** **M. Jones**, **P. Latreille** and **P. Sloane** (2006), "Disability, Gender and the British Labour Market", *Oxford Economic Papers*, Vol. 58, pp. 407-459 (refereed journal article: 3* on ABS list).
- R4.** **D. Blackaby**, A. Booth and J. Frank (2005) "Outside Offers and the Gender Pay Gap: Empirical Evidence from the UK Academic Labour Market", *The Economic Journal*, Vol. 115, 2005, pp. F81-F107 (refereed journal article: 4* on ABS list).
- R5.** K. Mavromaras, S. McGuinness, **N. O'Leary**, **P. Sloane** and Y. King Fok (2010), "The Problem of Overskilling in Australia and Britain", *Manchester School*, Vol. 78, pp. 219-241. (refereed journal article: 3* on ABS list)
- R6.** R. Davies, **S. Drinkwater**, C. Joll, **M. Jones**, H. Lloyd-Williams, G. Makepeace, **M. Parhi**, A. Parken, **C. Robinson**, C. Taylor and V. Wass (2011), *An Anatomy of Economic Inequality in Wales*, Report prepared on behalf of the Wales Equality and Human Rights Commission, 2011.

Authors in bold and italics were at Swansea University at the time of publication; authors in bold were at Swansea University before and after this point but not at the time of publication.

Research Grants:

Sloane and **O'Leary** formed a research team, with colleagues in Dublin and Adelaide, that was awarded a research contract by CEDEFOP worth in excess of £250,000 (2008-2012) to examine *The Determinants and Consequences of Skill Mismatch and Policy Implications*.

Jones, **Latreille** and **Sloane** were partners on the *Health at Work* project (2008-12), which was coordinated by the University of Aberdeen and received in excess of €1 million in funding from the European Commission 7th Framework Programme.

Drinkwater is a team leader on a €2.3million NORFACE award (2009-13) entitled *Temporary Migration, Integration and the Role of Policies* (TEMPO), with the Swansea team focusing on

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Polish migrant workers in the UK. (NORFACE is the New Opportunities for Research Funding Co-operation Agency in Europe, a network of 15 national research funding organisations in Europe and Canada)

In addition to the above projects, and the ESRC-funded project on ethnic disadvantage in the UK labour market, funded research has been undertaken on gender pay inequality and occupational segregation for the Equal Opportunities Commission and the Welsh Development Agency and on disability and the labour market for the Department for Work and Pensions (DWP) and Welsh Government (WG).

4. Details of the impact

The underpinning research has demonstrable policy-relevance and impact across several dimensions of inequality, including gender, age, ethnicity, religion, sexual orientation and disability. This research therefore covers the main groups that have been identified in the Equality Act 2010 as a protected characteristic.

The report produced by WISERD for the EHRC brought together various dimensions of inequality and provided a similar but updated report for Wales to that produced for the UK by the NEP. Not only did the WISERD report contain information on a range of economic inequalities in Wales, it also undertook far more detailed comparisons at a sub-UK level than in the NEP's report. The WISERD report has been discussed on several occasions in the National Assembly for Wales' Communities, Equalities and Local Government Committee, with the Welsh Minister for Finance describing the report, in October 2011, as "***an important piece of research***" and commenting in October 2012 that it "***had been used a lot***" in the joint WG and EHRC equality impact assessment of the devolved budget for Wales [C1]. Moreover, the report played a valuable role in providing **evidence on which the WG based its financial decisions**. The EHRC's Commissioner for Wales described the report in an article in the *Western Mail* as "*groundbreaking*".

Some of the findings from the WISERD report, especially from the chapter on educational inequalities written by Drinkwater and Parhi, with Taylor (Cardiff), were also discussed at the National Assembly for Wales and led to an amendment to a motion in February 2012. This amendment highlighted the report's contribution and quoted statistics on educational inequalities from the report, with reference to the Pupil Deprivation Grant [C2]. **This scheme was subsequently introduced across Wales in 2012**, with the aim of improving the educational attainment of children from the poorest backgrounds.

The report has also been **cited by the majority of unitary authorities in Wales** (including Anglesey, Cardiff, Caerphilly, Carmarthenshire, Conwy, Denbighshire, Gwynedd, Flintshire, Powys, Torfaen and Wrexham) in connection with their equality promises made in the light of the 2010 Equality Act. For example, Torfaen Council **used the report directly to identify its equality priorities** [C3]. The report was also cited in the Higher Education Funding Council for Wales' Child Poverty Strategy, published in March 2012 [C4], and used extensively in the Equal Pay Duty Briefing Note produced by the NHS in Wales [C5].

Presentations were made by **Drinkwater** to WG policy makers in May 2011; to delegates (comprising mainly practitioners from the housing sector) at the Shelter Cymru conference in Swansea in June 2011, and to National Assembly members and officials in Cardiff Bay in October 2012. The report has led to much debate in Wales, as well as featuring in the UK media, and was the main news item on virtually all Welsh media outlets when it was launched on May 12th 2011 [C6]. For example, BBC Radio Wales' main morning news programme was based around the report, commencing with an interview with **Drinkwater**.

The underpinning research has led to reports and articles in academic journals which **have influenced and shaped policy debate and developments** in Wales, the UK and the EU. This initially related to the increased interest from policy-makers in the labour market performance of ethnic minorities in the UK, with the recognition of the ethnic diversity in labour market outcomes. For example, an important DWP report from 2009 cites **Blackaby et al.** [R2] as well as some of

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Drinkwater's research [C7]. Swansea economists have also interacted with policy-makers through seminars organised by government departments (especially the DWP and WG) as well as sitting on advisory committees and by contributing to public debates on these important and often controversial issues. Examples include **Blackaby** and **Drinkwater** sitting on the Joseph Rowntree Foundation (JRF)'s Poverty and Ethnicity Advisory Group for Wales and Blackaby on the Royal Economic Society's Women's Committee during the review period. The JRF programme on Poverty and Ethnicity in the UK highlights research co-authored by **Drinkwater** as a key publication [C8].

The underpinning research has also **yielded international reach**, informing policy debate in Europe and in Australia. The results of **O'Leary** and **Sloane's** research have been presented at several European level policy-focused workshops, including the Agora Conference on Addressing Skill Mismatch on Matching Skills and Jobs in 2009 – which was attended by leading EU policy makers. The first of four, CEDEFOP-funded reports produced by **O'Leary** and **Sloane** on skill mismatch across the European Union (EU) and in Australia, led to a CEDEFOP publication largely based around research undertaken at Swansea, which has since been translated into several languages [C9]. Research undertaken in Swansea was also fundamental to a chapter on skill mismatch appearing in a major European Commission publication in 2012 [C10].

5. Sources to corroborate the impact

- [C1] Minutes of the National Assembly for Wales' Communities, Equality and Local Government Committee (October 2011, pp. 5-6; October 2012, pp. 30-31):
www.senedd.assemblywales.org/documents/s500000851/1320October202011.pdf
www.senedd.assemblywales.org/documents/s10969/1020October202012.pdf
- [C2] Amendment to motion at National Assembly for Wales: www.assemblywales.org/bus-home/bus-chamber-fourth-assembly-motions.htm?act=dis&id=230649&ds=3/2012 (This also contains a hyperlink to the full report). Details of the debate that took place can be found at: <http://www.senedd.assemblywales.org/ieDecisionDetails.aspx?ID=366>
- [C3] Torfaen Council's "Equality Promise":
www.torfaen.gov.uk/en/CouncilDemocracy/EqualityDiversity/Equality-Promise/Equality-Promise.aspx (This also contains a hyperlink to the report)
- [C4] HEFCW's Child Poverty Strategy 2012-13 to 2015-16 (p. 3):
www.hefcw.ac.uk/documents/publications/circulars/circulars_2012/W12%2011HE%20Child%20Poverty%20Strategy%20Annex%20A.pdf
- [C5] NHS Wales 'Equal Pay Duty' briefing note:
www.wales.nhs.uk/sites3/docmetadata.cfm?orgid=256&id=201371&pid=62672
- [C6] BBC News article on the WISERD report: <http://www.bbc.co.uk/news/uk-wales-13371064>
- [C7] L. Platt (2009), *Ethnicity and Child Poverty*, Department of Work and Pensions, Research Report No. 576: <http://dera.ioe.ac.uk/11016/1/rrep576.pdf>
- [C8] JRF Poverty and Ethnicity programme: www.jrf.org.uk/work/workarea/poverty-and-ethnicity
- [C9] CEDEFOP publication on the Skill-Matching Challenge: Analysing Skill Mismatch and Policy Challenges: www.cedefop.europa.eu/EN/Files/3056_en.pdf
- [C10] European Commission's Employment and Social Developments in Europe 2012 (Chapter 4): <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7315>