



Mind The Gap

Financial London and The Regional Class Pay Gap

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The Class Ceiling

- Dominant focus reduces social mobility to issue of occupational ***access***
- Our work on Great British Class Survey (GBCS) and Labour Force Survey (LFS) indicates upwardly mobile ***earn considerably less*** within elite (NS-SEC 1) occupations (Friedman, Laurison, Miles, 2015; Laurison and Friedman, 2015)
- But does class ceiling operate ***equally*** across UK?

Characteristics of Workers in Each Region

	Percentage of UK	Percentage of NS-SEC 1	Over/Under Representation of NS-SEC 1	Avg Annual Earnings of NS-SEC 1
Central London	5.3%	11.0%	106%	£ 67,463
Rest of London	9.3%	9.9%	6%	£ 51,529
The Southeast	13.6%	15.2%	12%	£ 47,514
East of England	9.2%	8.7%	-6%	£ 47,979
Midlands	11.4%	9.9%	-13%	£ 42,017
Metro. West Midlands	4.1%	3.9%	-5%	£ 40,155
South West	8.8%	9.0%	3%	£ 43,539
Manchester	4.1%	4.3%	4%	£ 42,223
Merseyside & Northwest	6.8%	5.7%	-15%	£ 41,250
Yorkshire	8.3%	7.5%	-11%	£ 41,040
Northeast	3.8%	2.8%	-27%	£ 38,078
Wales	4.5%	3.3%	-27%	£ 40,278
Scotland	8.6%	7.4%	-14%	£ 44,393
Northern Ireland	2.2%	1.6%	-27%	£ 36,845
<i>total/global average</i>	<i>100.0%</i>	<i>100.0%</i>		<i>£ 46,877</i>



British Geographies of Class + Mobility

- North-South divide replaced by increasing dominance of London (Dorling, 2012; Savage et al, 2015)
- Competing narratives concerning social mobility and London
 - Dominant policy narrative; London as ‘engine-room’ of British social mobility (Greaves et al, 2014; Blanden et al, 2015)
 - Sociologists more sceptical – London as ‘elite vortex’ (Savage and Cunningham, 2105; Ashley, 2015)

Data and Approach

NS-SEC 1 (aka EGP 1)

Higher managerial, administrative and professional occupations
63 unique occupations

Excluded respondents:

in full-time education
not aged 23-69
without parental occupation data

7534 respondents from 2013-2015 Labour Force Survey

5634 whom also have income data

How We Measure Social Mobility

Higher Manager and Professional parents (NS-SEC 1)

 inter-generationally stable

Lower Manager and Professional parents (NS-SEC 2)

 short-range upwardly mobile

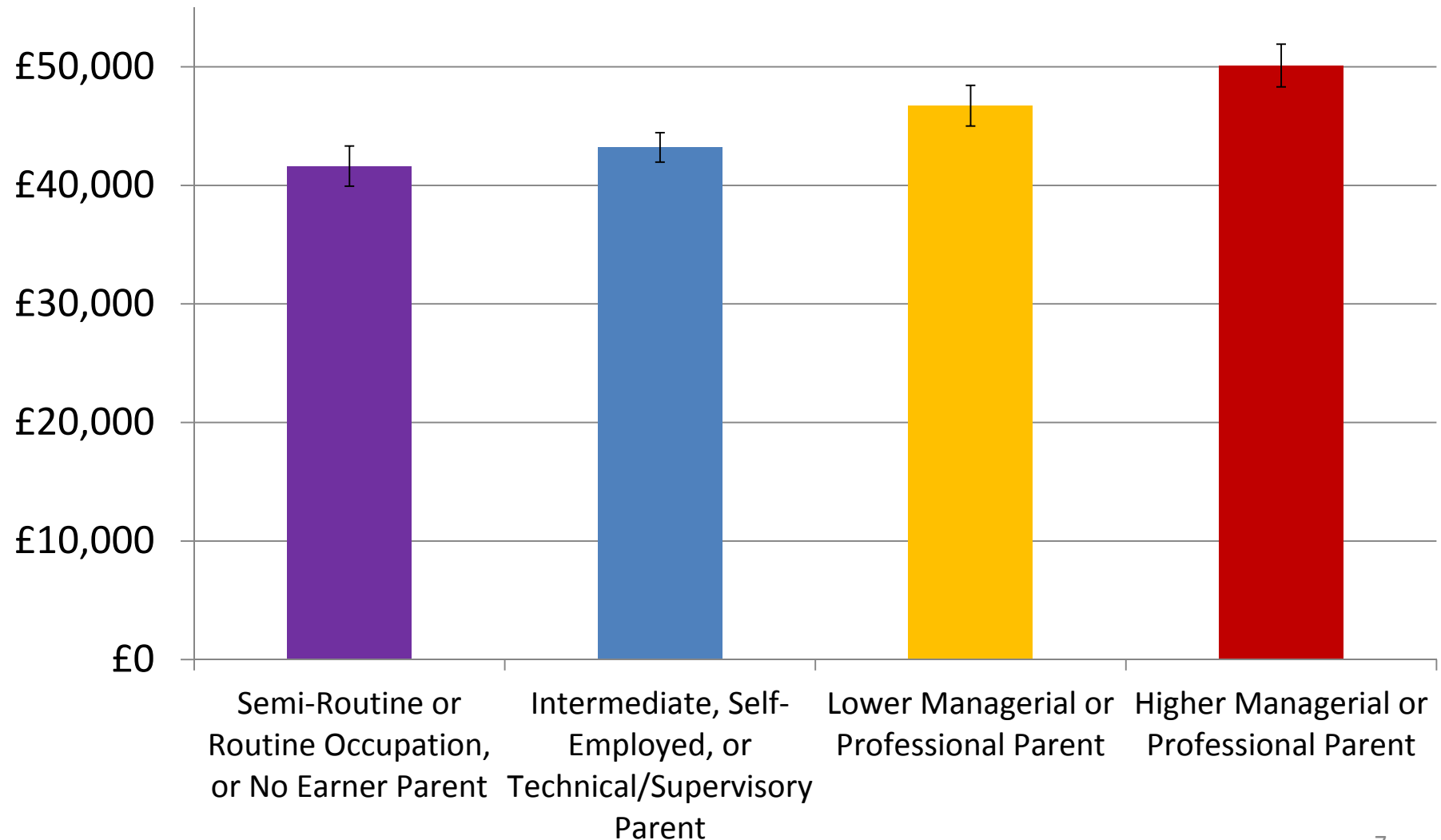
Parents in Intermediate Occupations, Self-Employed, or Lower Supervisory positions (NS-SEC 3, 4 and 5)

 mid-range upwardly mobile

Parents in Semi-Routine or Routine work, or not earning (NS-SEC 6, 7 and 8)

 long-range upwardly mobile

The Class Pay Gap: Differences in Average Annual Earnings by Class Origin in Top Jobs



Models for Earnings

Ordinary Least Squares (OLS) Regressions

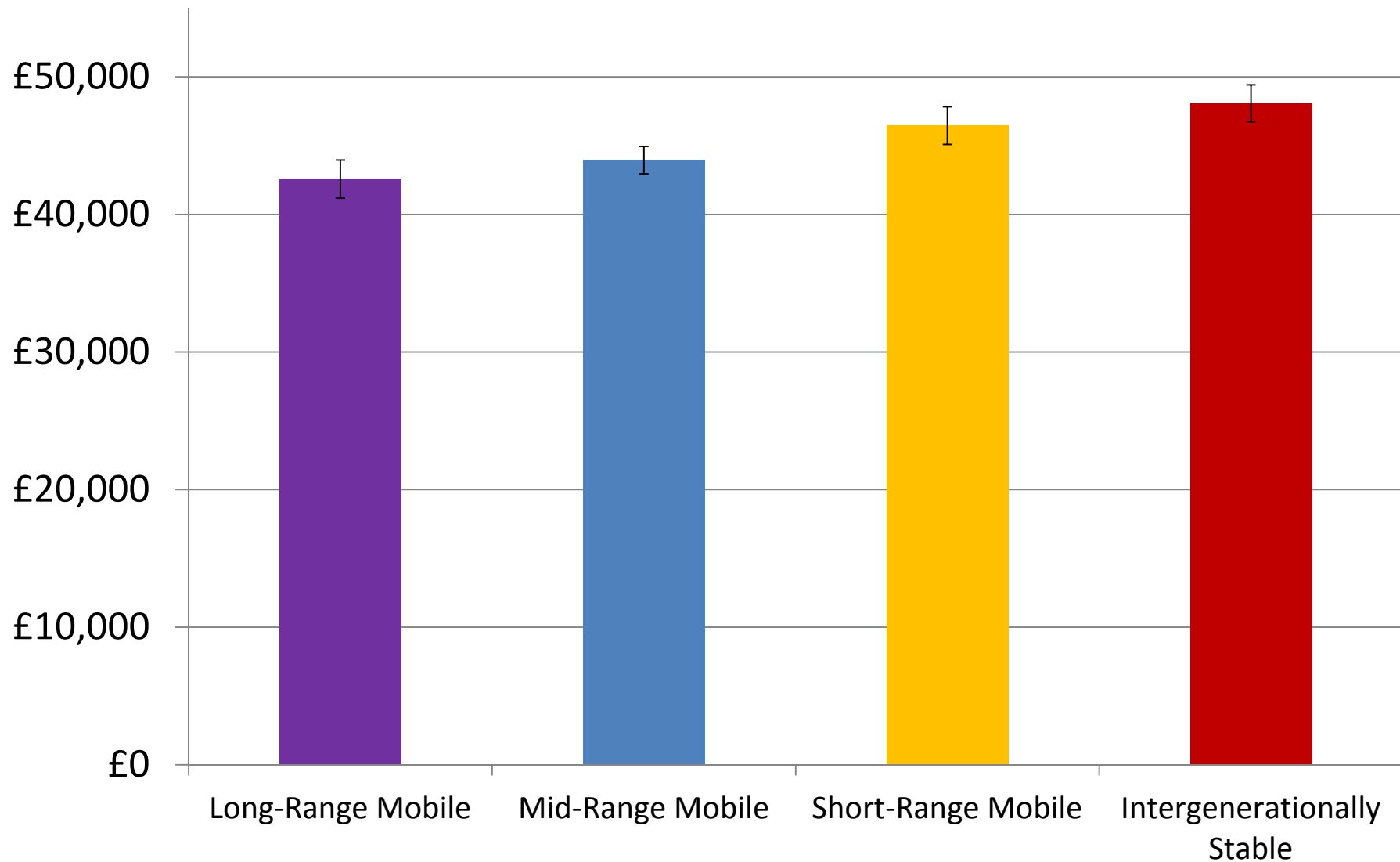
Dependent Variable: Estimated Annual Earnings (in £)

Independent Variable: Social Class Origin (four categories)

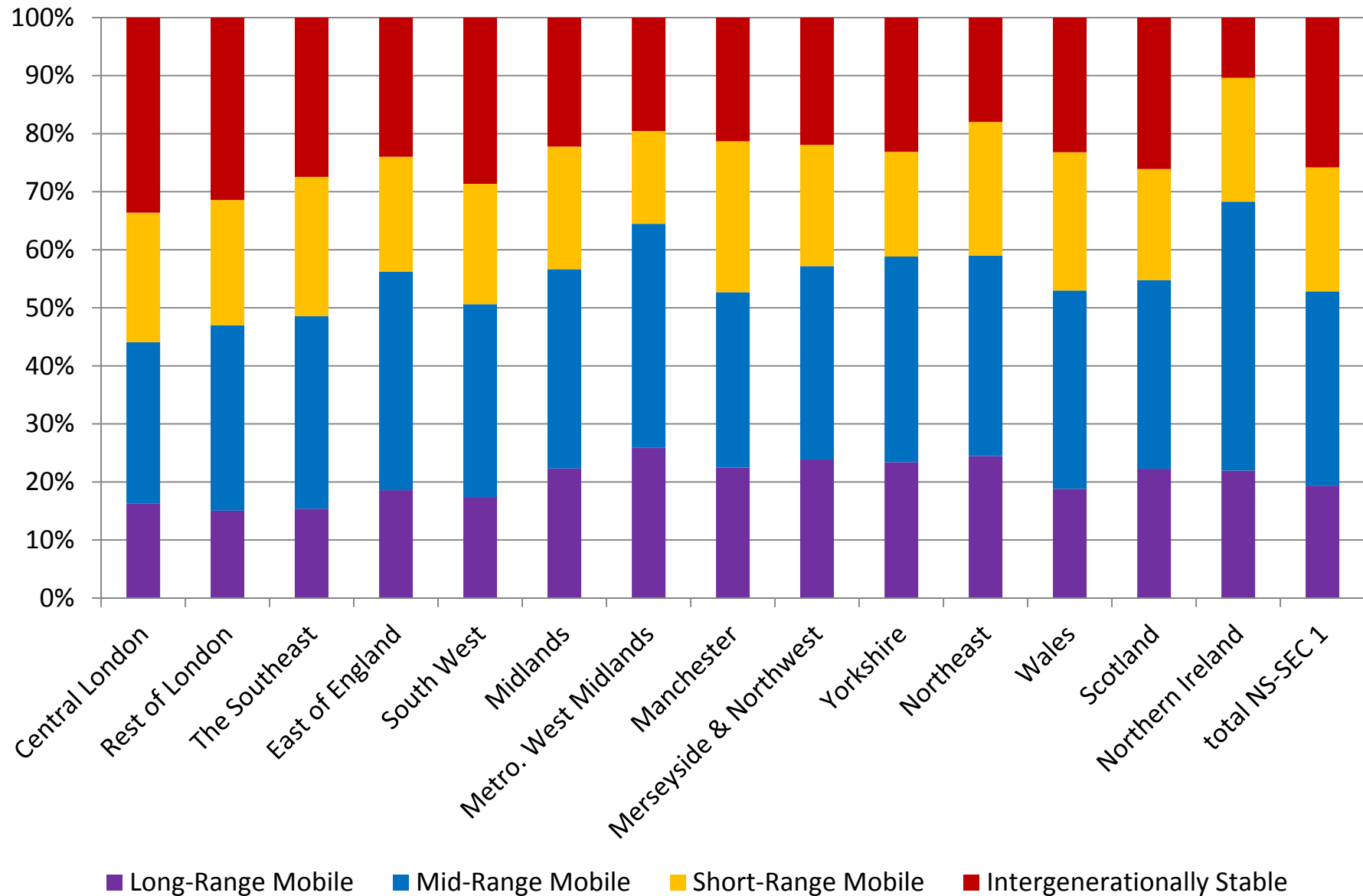
Controls:

- I. **Demographic & Hours Worked:** Age; Age squared; Female; Not White; Country of Birth: England, Northern Ireland, Scotland, Wales or outside the UK; Paid hours worked
- II. **Educational Qualifications.** Degree; Degree Class
- III. **“Human Capital”:** Job-Related Training; Job Tenure (in years); Past Health Problems; Current Health Problems
- IV. **Work Context:** Sector (public or private); Industry; Firm Size; Professionals vs Managers
- V. **Specific Occupation**

Average Earnings by Class, net of Controls

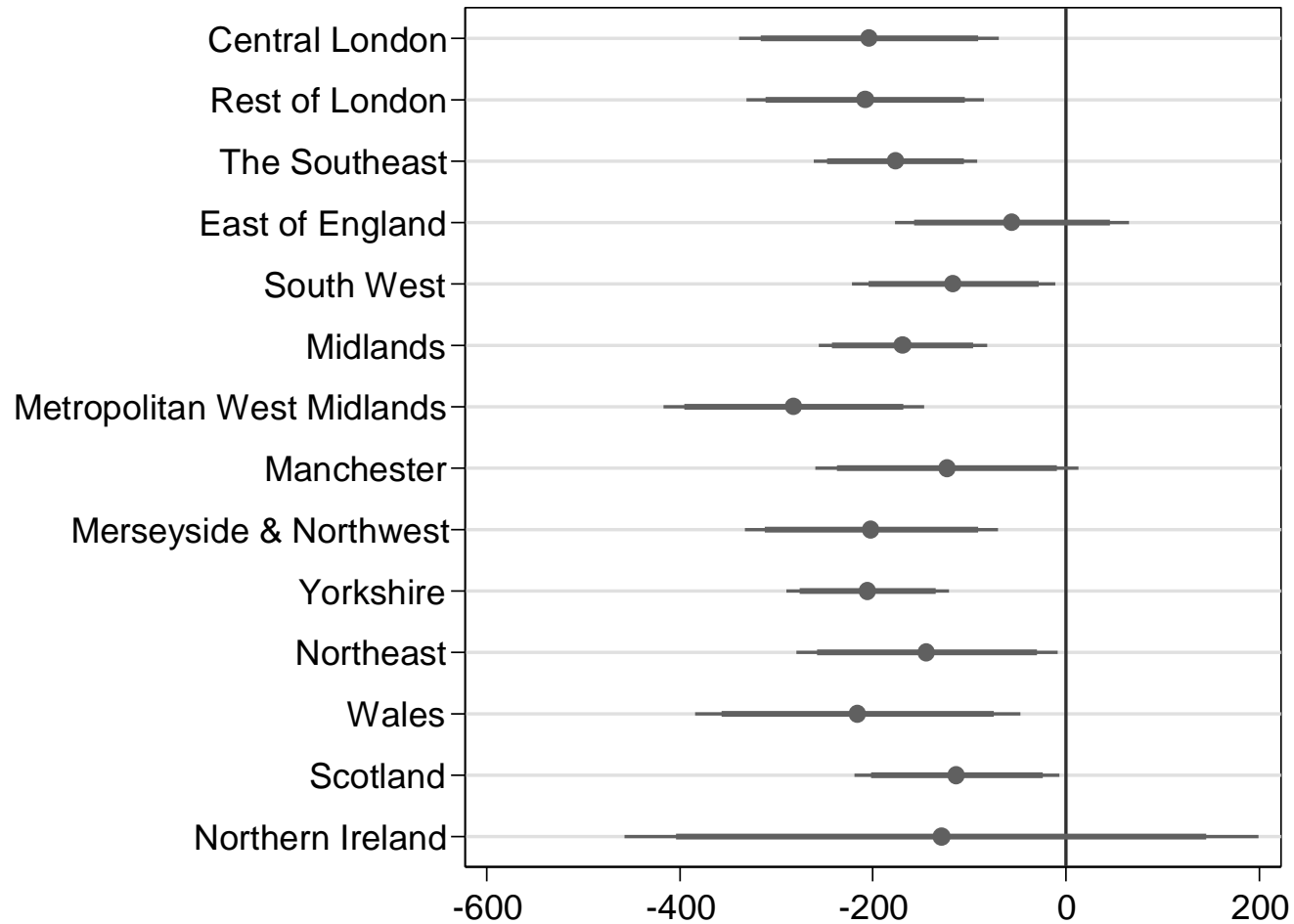


Class Origins in NS-SEC 1, By Region

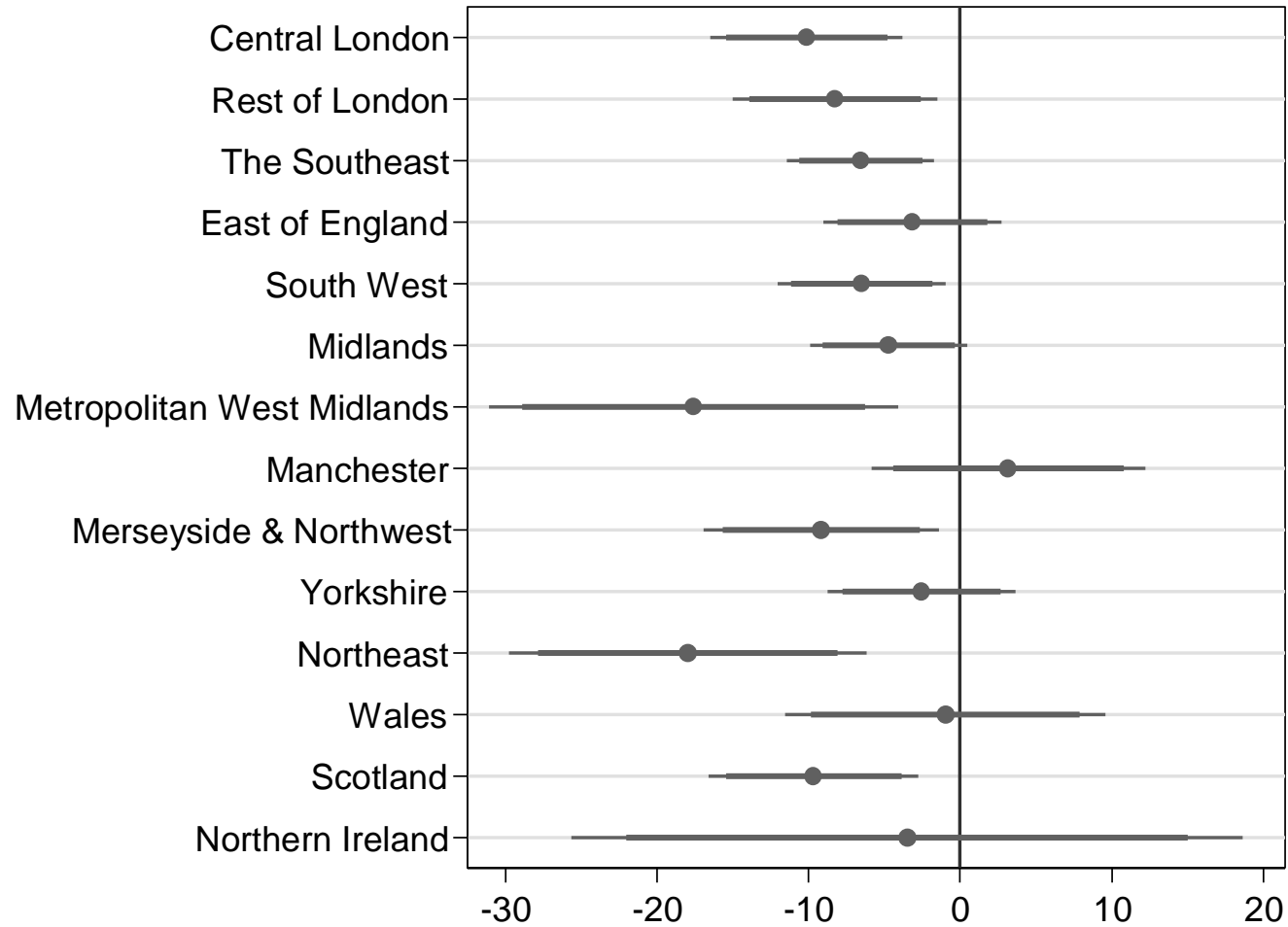


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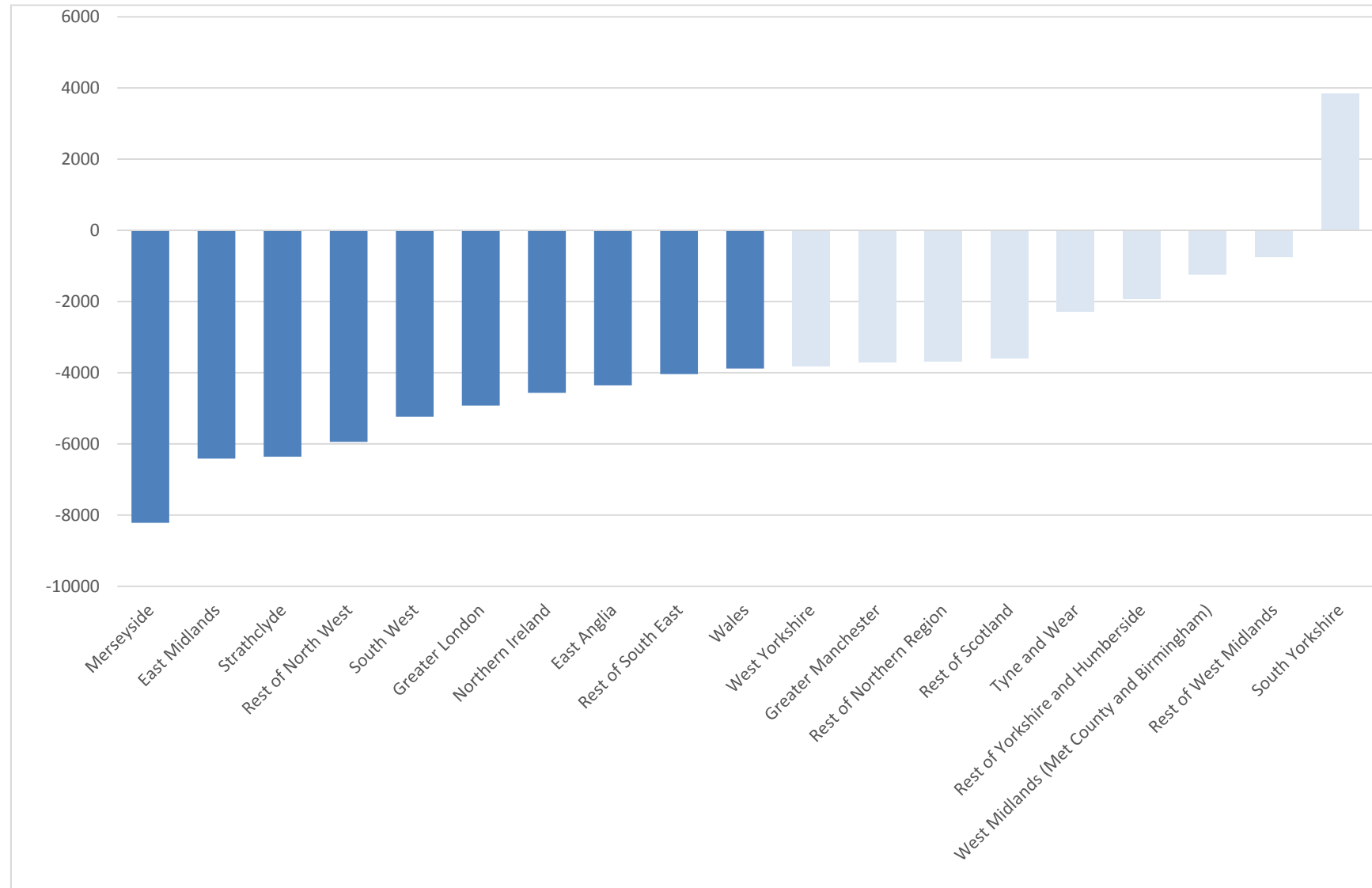
Pay Gaps by Region, No Controls



Pay Gaps net of Controls

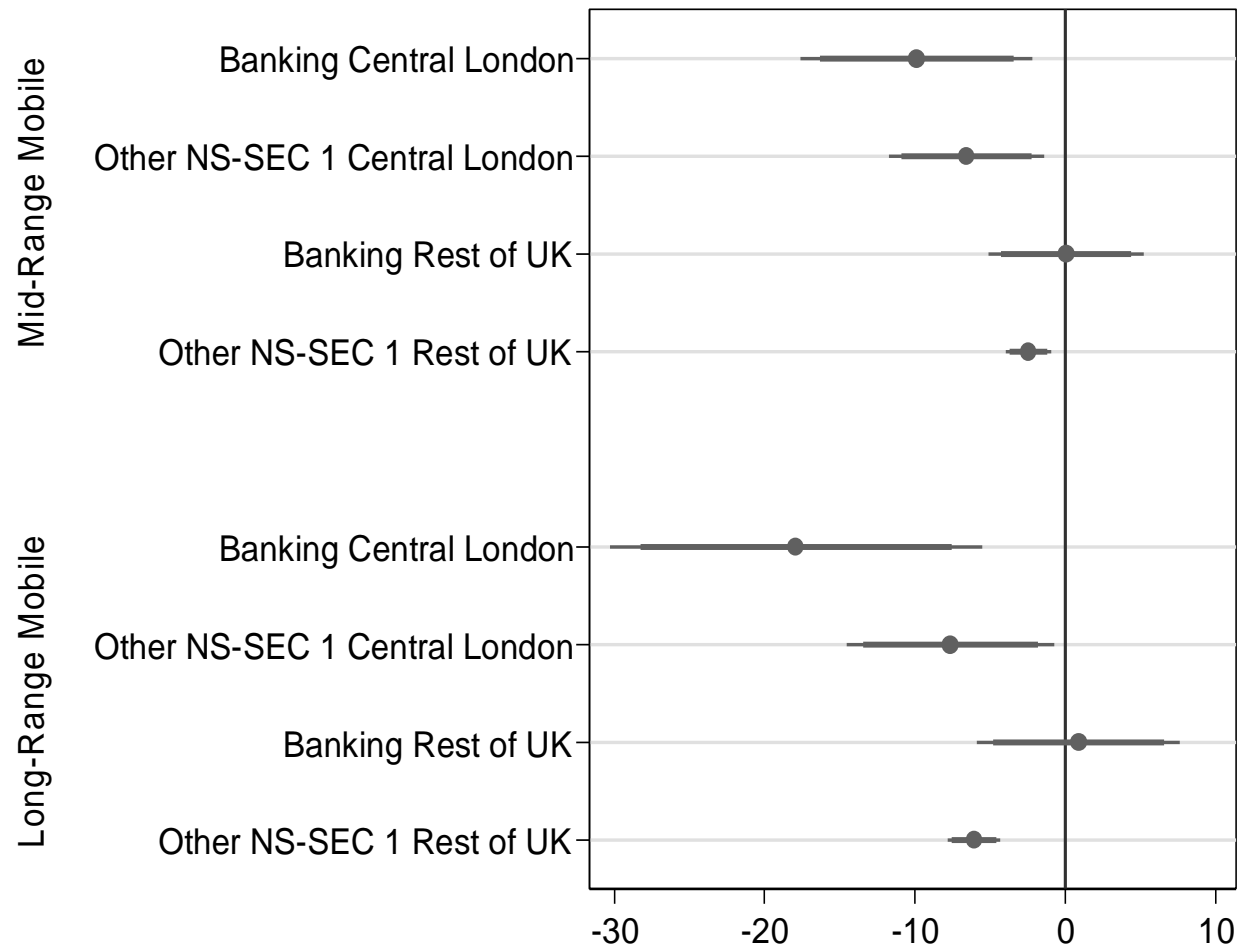


Pay Gaps by Region of Origin (Usoc)



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Pay Gaps Net of Controls, Income Percentile in NS-SEC 1 in Region

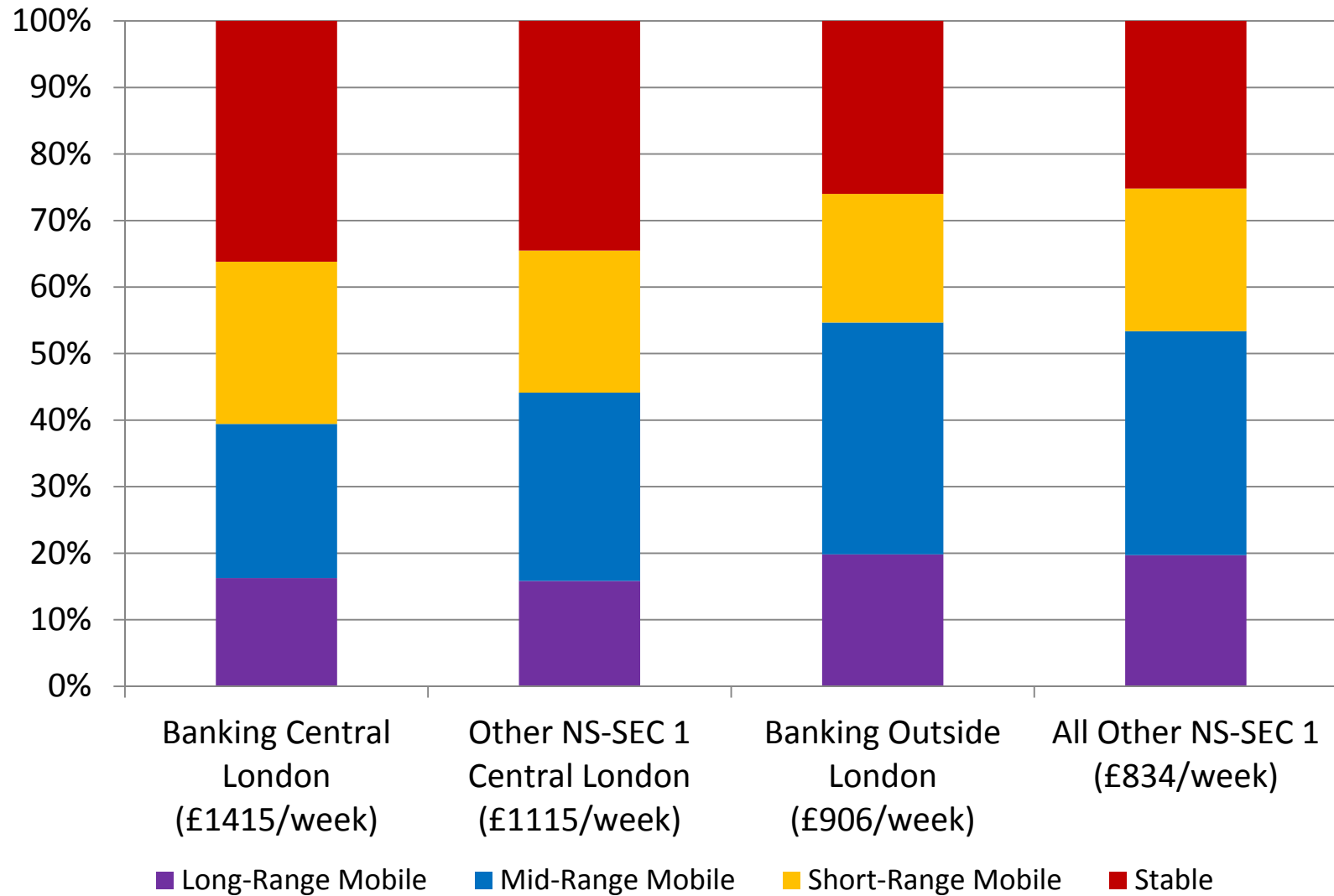




Key Findings

1. Beyond 'access', upwardly mobile face a powerful ***class pay gap*** in some areas of UK
2. Pay gap particularly acute in ***Central London (especially in banking and finance)***
3. Findings ***puncture*** celebratory policy discourse of 'London Effect' on social mobility

Class Origins in Banking & Other Sectors



Distribution of all Class Origins by Region

	NS-SEC 1 Origins		NS-SEC 2 Origins		NS-SEC 3-5 Origins		NS-SEC 6-8 Origins	
	% of region	% of NS-SEC 1 in region	% of region	% of NS-SEC 2 in region	% of region	% of NS-SEC 3-5 in region	% of region	% of NS-SEC 6-8 in region
Central London	25.7%	33.6%	20.8%	22.3%	33.5%	27.8%	20.0%	16.3%
Rest of London	18.9%	31.4%	19.0%	21.6%	37.1%	31.9%	25.0%	15.1%
The Southeast	18.8%	27.4%	18.2%	24.0%	37.9%	33.1%	25.1%	15.4%
East of England	15.2%	24.0%	15.6%	19.8%	39.6%	37.6%	29.6%	18.6%
South West	17.5%	28.7%	16.5%	20.7%	37.3%	33.2%	28.7%	17.4%
Midlands	13.5%	22.2%	15.3%	21.1%	35.6%	34.3%	35.6%	22.3%
Metro. West Midlands	11.8%	19.5%	13.2%	16.0%	35.7%	38.6%	39.3%	25.9%
Manchester	14.1%	21.4%	17.4%	26.1%	35.3%	30.3%	33.3%	22.5%
Merseyside & Northwest	12.1%	22.0%	15.2%	20.9%	37.8%	33.4%	34.9%	23.9%
Yorkshire	13.2%	23.1%	14.1%	18.0%	34.5%	35.4%	38.3%	23.4%
Northeast	9.9%	18.1%	14.2%	23.1%	33.9%	34.7%	42.0%	24.5%
Wales	11.8%	23.2%	15.9%	23.8%	36.1%	34.2%	36.2%	18.8%
Scotland	13.1%	26.1%	15.9%	19.2%	35.1%	32.6%	35.9%	22.3%
Northern Ireland	6.4%	10.4%	12.3%	21.3%	43.2%	46.3%	38.1%	22.0%
Whole UK	15.3%	25.8%	16.3%	21.4%	36.6%	33.5%	31.8%	19.4%

Earnings Distribution by Origin in Central London

