What factors affect what someone expects to earn and is income inequality present in LAE Tottenham?

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Abstract

This study examines the factors which influence what someone expects to earn in LAET. Teachers in LAET were sent a Google form and filled out what they expect to earn in 5 years time. I received the results anonymously and ensured the questions I asked could not match up to a single individual. I was curious to find out whether the number of years teachers have studied directly relates to their salary, which can be potentially beneficial for students. Furthermore the additional factors I explored, such as their sex and whether they identify as part of the BAME community, allowed me to see whether income inequality is present in LAET and if it is present, the extent to which it is present to. Since I had asked them for their expectations of their salary, these external factors could potentially carry a stigma within these teachers and have lower expectations. My results are statistically insignificant but they do show signs of income inequality at LAET.

Income Inequality at LAE Tottenham

Inequality is still prominent in our everyday lives, especially regarding people's salaries. From the gender pay gap to wage discrimination due to race, I explored the factors which affect what someone expects to earn in 5 years time. For my study I am investigating the link between an LAET teacher's expected salary in 5 years time and how many years they have spent in education after the age of 16. This being my key independent variable, my other x-variables are years of experience, sex, race, interests in leadership, employment status and hours they work outside of the 8am-5pm work day per week.

Before delving into my study, I decided to explore different sources which showed the factors which affect current earnings. The Annual Survey of Hours and Earnings (ASHE)- Office for National Statistics provided data as to what factors affect earnings.

Age was a key factor which they focused upon as this tends to be a proxy for experience and the build-up of skills over time which ties with my x-variable of years of experience. The hourly pay of all employees – regardless of sector - rises sharply between the ages of 17 and 42 years old, as job-related skills and experience is rewarded. Average pay rates remain at around the £18 per hour level for each year of additional age, until they begin to decline to between £14 and £16 per hour for older employees in the private and public sectors respectively.

Gender was another factor which they explored as the employment share of females drops by around half a percentage point between the ages of around 26 years to around 38 years, and then starts to increase from age 40 years onwards until age 50 years. The employment share of men and women then decreases from each year of age at similar rates. Another ONS study explored the extent of the gender pay gap in the workplace. Their findings being: among full-time employees the gender pay gap in April 2020 was 7.4%, down from 9.0% in April 2019. The gender pay gap among all employees was 15.5% in 2020, down from 17.4% in 2019. The gender pay gap remained close to zero for full-time employees aged under 40 years but was over 10% for older age groups.

Two factors which they explored which remained constant in my study were between the public and private sector and the region of the UK they work in. In relation to differences in public and private sector, the earnings of the public sector are generally higher for all employees across the earnings distribution, apart from the top 10% of earners. In April 2015 – for employees in the 99th percentile of employees by hourly earnings – the private sector earned around £20 per hour more than those employees in the public sector.

Another factor which ties in very close with years of experience is job tenure which ONS explores. The length of time an individual has been working in their current job can also add to their earnings as employers recognise job-specific skills that have been built up through experience in a role. The hourly wage increases with length of tenure ranging from around £10.90 per hour for tenures of 6 months or less, to just over £20 per hour for tenures of 20 years or more.

Job status is also a very key factor which both ONS and I explored as there are differences in hourly earnings when comparing types of jobs e.g. whether they are full-time or part-time, or whether they are permanent or temporary. Mean hourly earnings of full-time employees was around £5.50 higher than for part-time employees, and a slightly lower differential, of around £3.30 per hour, was seen between employees with permanent jobs compared with temporary jobs. The share of full-time jobs is 5 percentage points higher in the private sector compared to the public sector, and the share of permanent jobs is 3 percentage points higher in the private sector.

A factor which ONS explored which remained constant for me was organisational size. The size of the employer organisation can influence rates of pay, with the potential that larger employers may be able to pay higher wages for similar roles than smaller ones where profit margins may be narrower.

Salary Expectations After 5 Years	Coefficient	p-value
BAME	£-5644.82	0.458
Years Spent In Education After The Age Of 16	£2134.49	0.154
Years Of Experience As A Teacher	£138.64	0.737
Sex	£-1577.42	0.794
Interest In Leadership	£7710.61	0.200
Employment Status	£21650.62	0.033
Hours Spent Working Outside Of The 8am-5pm Work Day Per Week	£683.04	0.060

Results

The regression analysis showed that for every year spent in education after the age of 16, LAET teachers expect to earn £2134.49 extra. The p-value of this was 0.154 showing that this result was statistically insignificant.

LAET teachers who belong to the BAME community receive £5644.82 less annually than teachers who were not BAME; however these results are statistically insignificant since the p value was 0.458.

I also found that for every extra year of experience a teacher has, they are expected to earn £138.64 more. The p-value for this was 0.737, so was therefore statistically insignificant.

In LAET, female teachers are expected to earn £1577.42 less than their male counterparts. However, this analysis is statistically insignificant with the p-value at 0.794.

Teachers with an interest in leadership expect to earn £7710.61 extra, however with a p-value of 0.200 it is statistically insignificant.

The most significant factor which affected salary expectations in LAET was the employment status of teachers. Teachers who are working full time expect to earn £21650.62 more compared to teachers who are not. The p-value of 0.033 shows that these results are statistically significant.

For every extra hour spent by a teacher working outside of the 8am-5pm work day per week, they expect to make an extra £683.04. These results are statistically insignificant with a p-value of 0.060.

My study looked to find the presence of income inequality both through the differences in gender and race. Despite most of my results being statistically insignificant they all point signs towards earnings gaps between females and males and between members of the BAME community and those who are not. The extent to which the BAME earnings gap is present in LAET can be argued, but from my results we can see that these differences in earnings should not be ignored.

The ONS study I had explored before conducting my study did not address differences in earnings between races, which I was able to do in mine. This shows that there could be a potential data release the statistical database should look to address. This in turn could

incentivise people of power in different institutions to bridge these salary divides between different ethnicities knowing that this type of data would be shown in public like the gender pay gap is.

As a result of the gender pay gap information being released in public, we have seen a dramatic fall in this divide as firms are conscious of the data being demonstrated online. Likewise, the same should be done with differences in earnings between ethnicities and the extent of these divides in different institutions should be recognised and hopefully we can see a fall in this variation.

The correlations which appear to be the strongest in my study is that the more work LAET teachers put into perfecting their craft, the greater the reward of their potential earning salary. The number of years spent in education after the age of 16, years of experience as a teacher and the amount of work they are putting in outside of their structured timetable, all show a positive correlation with potential earnings.

The main limitation of my study is down to the majority of my results being statistically insignificant. This is potentially down to the limited sample size of the results I had received. If I had received a greater number of teachers who had completed the survey, potentially more of my results would be of statistical significance.

My study aimed to find as to whether income inequality is present in LAET by factoring differences in gender and race and see where this aligns to their salary expectations. The overall message my study conveys is that income inequality is present in LAET but to a limited extent due to the majority of them being statistically insignificant.

The gender pay gap is a prevalent issue within society and institutions across the country are required to publish these statistics. However, the BAME wage gap remains hidden in many of these institutions but I was able to conduct a study which explored its significance within LAET. I was able to shine a light onto the BAME earnings gap in LAET, yet as I have previously mentioned these results are hindered by its statistical insignificance but do portray an overall indication to its extent in the school.

In the future I aim to examine more societal issues and conduct studies as to whether they are present in LAET and its extent, hoping to incentivise leaders in LAET to tackle these problems.

References

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