

## **ECONOMY, JOBS AND FAIR WORK COMMITTEE DEBATE: GENDER PAY GAP**

### **ENGENDER BRIEFING**

Engender commends the Economy, Jobs and Fair Work Committee on *No Small Change: The economic potential of closing the pay gap*.<sup>1</sup> This is a bold, ambitious, and strategic response to the persistent inequalities that exist in education, training, care, and employment and are indicated by the gender pay gap.

Causes of the pay gap look different in different economies, but there are commonalities. Across the globe, pay gaps are underpinned by **the different work that men and women do**; the propensity for **men to be clustered towards the top of professional hierarchies, and for women to be found at the bottom**; the likelihood that **women will be more likely to be providing care** for children, disabled people, and older people; and a bundle of issues within pay systems that is short-handed as **discrimination**.

### **1. HOW THE PAY GAP IMPACTS ON WOMEN'S EQUALITY**

The combined impact on women of the labour market differences represented by the pay gap is profound:

- Women are twice as likely to be in receipt of social security payments as men.
- Women are more likely to consume public services, more likely to live with poverty, and more likely to be underemployed relative to their skill and qualification level<sup>2</sup>.
- Almost a fifth of the Scottish workforce is paid below the living wage<sup>3</sup>, and 64 percent of these workers are women<sup>4</sup>.
- Women's employment in general is more precarious, and they are more likely to be informal, temporary and part-time work that are most at risk in times of recession and economic uncertainty<sup>5</sup>. 40 percent of low-paid workers are women working part-time.

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<sup>1</sup> Scottish Parliament Economy, Jobs, and Fair Work Committee (2017) *No Small Change: The economic potential of closing the gender pay gap*

<sup>2</sup> ILO (2016) *Women at Work Trends 2016* [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_457317.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_457317.pdf) Accessed September 2017

<sup>3</sup> The Living Wage Campaign campaigns for employers to pay a minimum hourly rate of £7.85, as opposed to the statutory National Minimum Wage of £6.50 per hour.

<sup>4</sup> KPMG (2014) *Structural Analysis of Hourly Wages and Current Trends in Household Finances* <https://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Latest%20News/living-wage-research-october-2014.pdf> Accessed September 2017

<sup>5</sup> <https://www.closesthegap.org.uk/news/blog/the-taylor-review-what-does-it-mean-for-women/>

- 3.0 percent of workers in Scotland are on zero hours contracts, with women more likely to be employed in this way than men<sup>6</sup>.
- Women make up the majority of carers in employment, and those who provide care for more than 35 hours per week. Male carers are more likely to be in full-time employment. Women who care are less likely to be in paid work than men of the same age<sup>7</sup>.

## 2. WHAT WE ARE CALLING FOR

**The pay gap is one indicator of a wicked problem: women’s economic inequality.** Closing it forever requires action along the life course. It directly touches on numerous complex policy and delivery areas, including: childcare, skills, long-term care, early years education, employability, economic development, primary and secondary education, employment practice, anti-discrimination law, social security, access to justice, public sector equality duty, and transport. It indirectly touches on many more, including violence against women, which is both a cause and consequence of women’s inequality<sup>8</sup>.

Engender was one of five national women’s organisations that signed up to the joint response to the Committee’s inquiry<sup>9</sup>, which was co-ordinated by Close the Gap. We concur with its prioritisation of 12 key recommendations from the 45 made in the report, and would identify four critical areas of action:

1. Scottish Government should develop a **national strategy to address the gender pay gap**, including an action plan and measurable targets;
2. Scottish Government should **designate care as a key sector**, as a first step towards addressing the undervaluation of care work in Scotland;
3. There should be a **step change in the focus of enterprise agencies on women’s economic inequality**, including Scottish Government redesigning the Business Pledge, which is not fit for purpose on gender equality; and requiring businesses that receive public funds through Regional Selective Assistance grants or account management to produce gender pay gap reports and action plans; and
4. Scottish Government should develop a **suite of indicators to measure the underlying causes of the pay gap**, and change the way it measures and reports on the pay gap in the National Performance Framework to take into account part-time workers, the majority of whom are women.

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<sup>6</sup> Office for National Statistics (2016) *Labour Force Survey*

<sup>7</sup> Engender (2015) *A Widening Gap: Women and Welfare Reform*

<sup>8</sup> Scottish Government (2016) *Equally Safe: Scotland’s strategy for preventing and eradicating violence against women and girls*

<sup>9</sup> Close the Gap (2017) *Joint response to the Scottish Parliament Economic, Jobs and Fair Work Committee inquiry report into the gender pay gap* <https://www.closesthegap.org.uk/content/resources/Joint-response-to-the-Scottish-Parliament-Economy-Jobs-and-Fair-Work-Committee-inquiry-report-into-the-gender-pay-gap.pdf>  
Accessed September 2017

### 3. WHY THIS IS IMPORTANT

**Current action is insufficient to close the gender pay gap.** Some activity listed in the Scottish Government's response<sup>10</sup> to the Committee's inquiry, such as the Business Pledge, **may provide businesses with a false sense of complacency or actively cause confusion** about how to close the gap<sup>11</sup>.

The Scottish Government response to the Committee's inquiry sets out detailed information against each of the 45 recommendations. It includes a welcome list of activity, including partnership working with Close the Gap, Scotland's expert NGO working around women and work, as well as the Women in Scotland's Economy research centre, Equate Scotland, and Engender. **We particularly welcome the commitment to scope the development of a strategy to tackle the causes of the pay gap.**

This is important because many policy initiatives that Scottish Government hope will narrow the pay gap, including the **Fair Work Convention, Inclusive Growth, economic development agency activity** and the **Business Pledge** are not likely to do so. Our evidence to the Committee provides some detail about the ways in which gender equality is articulated as a top-line aim in many policy spaces, but vanishes when budget allocations, delivery programmes, and actions plans are developed<sup>12</sup>.

**Reducing the pay gap will require systematic, deliberate, purposeful effort. The Committee has created a strong set of recommendations, and we look to Scottish Government, economic development agencies, and other stakeholders to act. We look to the Scottish Parliament to hold these actors to account.**

#### FOR FURTHER INFORMATION

Contact: Emma Trottier, Policy & Parliamentary Manager, Engender

Email: [emma.trottier@engender.org.uk](mailto:emma.trottier@engender.org.uk)

Mobile: 07889 805790

#### ABOUT ENGENDER

Engender has a vision for a Scotland in which women and men have equal opportunities in life, equal access to resources and power, and are equally safe and secure from harm. We are a feminist organisation that has worked in Scotland for nearly 25 years to advance equality between women and men.

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<sup>10</sup> Scottish Government (2017) *Economy, Jobs and Fair Work Committee Gender Pay Gap inquiry – Scottish Government response*

<sup>11</sup> Engender (2017) *Engender submission to the Economy, Jobs and Fair Work Committee inquiry into the Gender Pay Gap* <https://www.engender.org.uk/content/publications/Engender-submission-Gender-Pay-Gap-inquiry-March-2017.pdf> Accessed September 2017

<sup>12</sup> Engender (2017) *Engender submission to the Economy, Jobs and Fair Work Committee inquiry into the Gender Pay Gap* <https://www.engender.org.uk/content/publications/Engender-submission-Gender-Pay-Gap-inquiry-March-2017.pdf> Accessed September 2017