



Engender submission to the Economy, Jobs and Fair Work Committee inquiry into the Gender Pay Gap

1. INTRODUCTION

Engender works in Scotland to advance women's economic, social and cultural, and political equality with men. We make visible the ways in which women's inequality impacts Scotland, and bring women together to make change happen.

Engender welcomes this inquiry, and particularly that this work is being undertaken by the Economy, Jobs, and Fair Work Committee. The Equal Opportunities Committee, now the Equality and Human Rights Committee, has explored the question of gendered inequalities in the labour market in many different spaces, including during its scrutiny of the Budget, but the pay gap must properly be understood as an economic issue as well as an issue of equality.

2. WHAT IS THE GENDER PAY GAP?

The gender pay gap is a single indicator that represents a number of interrelated areas in which women's and girls' experience of education, training, employment, domestic labour, and care are different from boys' and men's. These differences are bound up with gender, the socially constructed matrix of culture, attitudes, stereotypes, and beliefs about what men and women should be and do.

2.1 CAUSES OF THE 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**.

We will not rehearse these in detail, but will instead concur with Close the Gap's description of the factors underlying the pay gap in Scotland.

2.2 MODELLING THE PAY GAP

To figure out the extent to which specific factors contribute to the pay gap in a particular country, workplace, or industrial or occupational sector is no mean feat. Modelling even population-level gender pay gaps is expensive and difficult, and the national pay gap bobbles around from year to year as the labour market is affected by other trends. Recently, for example, we've seen the pay gap in Scotland narrow because men's work has become lower-paid and more precarious. This relative dearth of modelling makes it harder to be succinct and certain about cause and effect, especially when we consider that women are not a homogenous group. Disabled women¹, black and minority ethnic women², lesbian and bisexual women³, trans women⁴, older women⁵, refugee women⁶, and young women⁷ experience different, multiple barriers to participation in the labour market, and to progression within their chosen occupation.

This is important, because the contributory factors to the pay gap interrelate in complicated ways that can be difficult to unpick, and are surprisingly context-specific. For example, there have been persistent calls from gender advocates for an increase to quality part-time work in the UK, to try and prevent the underemployment of skilled women who 'need' to work part-time in order to care. Less than 6 per cent of jobs that pay over £19,500 are available part-time

¹ Leonard Cheshire (March 2014) *Realising the Rights of women and girls with disabilities*

² Equal Opportunities Committee (January 2016) *Removing Barriers: race, ethnicity, and employment*

³ Stonewall (2014) *The double-glazed glass ceiling: Lesbians in the workplace*

⁴ House of Commons Women and Equalities Committee (December 2015) *Transgender equality*

⁵ Scottish Commission on Older Women (August 2015) *Older Women and Work: Looking to the Future*

⁶ Scottish Refugee Council (July 2014) *One Step Closer: Confidence building and employability skills for refugee and asylum seeking women*

⁷ YWCA Scotland (2016) *Status of Young Women In Scotland 2016*

or with flexible working in the UK⁸. In other parts of Europe, part-time work is all but unknown, except for students or people tapering work on the run-up to retirement age. Their state provision of childcare means that all women work full-time, and the demand there is for a reduction in horizontal occupational segregation, or the clustering of women and men into different types of work.

2.3 HOW THE PAY GAP IMPACTS ON WOMEN

The combined impact 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, 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. Almost a fifth of the Scottish workforce is paid below the living wage⁹, and 64% of these workers are women¹⁰. 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. 40% of low-paid workers are women working part-time.

3.0% of workers in Scotland are on zero hours contracts, with women more likely to be employed in this way than men.¹¹

2.4 HOW FAILING TO ENGAGE WITH THE PAY GAP IMPACTS ON COMPANIES AND THE ECONOMY

Individual companies that fail to engage with gender inequality and discrimination are less productive, less innovative, risk reputational and financial costs of discrimination, and have lower morale¹².

The foregone economic benefits of failing to tackle the causes of the pay gap are also profound. Work done for Close the Gap puts the value of reducing

⁸ Joseph Rowntree Foundation (2012) *Building a sustainable quality part-time recruitment market*

⁹ 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.

¹⁰ 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 July 2015

¹¹ Office for National Statistics (2016) *Labour Force Survey*

¹² Close the Gap (April 2016) *Gender equality pays: The economic case for addressing women's labour market inequality*

barriers to women's participation and finding a solution for allocative inefficiency at £17bn¹³ to the Scottish economy.

3. INQUIRY QUESTIONS & AREAS OF CONCERN

This section responds to specific questions posed by the Committee's inquiry and speaks to areas of concern that the Committee has identified.

3.1 WHAT ARE THE STRENGTHS AND LIMITATIONS OF THE DIFFERENT DEFINITIONS OF THE GENDER PAY GAP?

The pay gap is a population-wide figure that expresses the difference between men's and women's hourly rates of pay as a percentage. There is no one definitive way to report the pay gap that entirely addresses the complexity of this indicator¹⁴, and there is a rich (if recondite) discussion about the most accurate way of so doing.

In the UK, the underlying data is drawn from the Annual Survey for Hours and Earnings (ASHE), which is collected from employers. The information that employers provide does not include data around ethnicity, disability, or sexual orientation. Consequently, it is not possible to derive from ASHE any sense of how different protected characteristics interact to intensify or ameliorate pay gaps. It is possible to use Labour Force Survey (LFS) data to provide an indication of pay gaps for different ethnic groups. However, the LFS is considered to be less accurate as it relies on the recollections of individual workers about patterns of work and levels of pay.

Engender entirely agrees with Close the Gap that the most appropriate pay gap indicator is a mean figure that includes both part-time and full-time work. This would ensure that the outliers who receive high levels of pay (mostly men) and those who receive the lowest pay (mostly women) are not excluded from the figure. Including part-time work in the figures is also gendered: the majority of

¹³ *Ibid.*

¹⁴ Hicks, S., and Thomas, J. (2009) *Presentation of the Gender Pay Gap*, ONS

part-time workers are women (76 per cent) and just under half of employed women are working part-time; 42 per cent compared to 13 per cent of men.¹⁵

We conclude therefore that the indicator within the National Performance Framework is not appropriate. It should be expanded to include part-time work.

3.2 HOW SHOULD SCOTLAND RESPOND TO THE PAY GAP?

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 inequality¹⁶.

Across the UK, the pay gap has been the subject of a number of inquiries, summits, commissions, and investigations in the last twenty years. Although these have undoubtedly enhanced and refined the evidence-base for action, they have resulted in only timid and partial steps towards substantive action.

In Scotland, responses to the pay gap are complicated by the devolution settlement, which divides responsibility for anti-discrimination and employment to Westminster, and responsibility for much of the other domains of response to Holyrood. The combination of complexity, breadth, and divided responsibility appears to have had something of a paralysing effect. Although the pay gap is frequently raised in the Scottish Parliament as an area of concern, and is regularly mentioned in discussions of gender equality produced by Scottish Government and other actors, there has been a limited, incoherent effort to tackle its causes.

¹⁵ ONS *Regional Labour Market Statistics* <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-391492> Accessed December 2015

Note: The split between full-time and part-time is based on self-classification and excludes temporary workers.

¹⁶ Scottish Government (2016) *Equally Safe: Scotland's strategy for preventing and eradicating violence against women and girls*

We are fortunate to have had the Close the Gap initiative in Scotland for the past fifteen years. This partnership between Scottish Government, enterprise and skills agencies, trade union bodies, and the Equality and Human Rights Commission has produced rich Scotland-specific information and evidence-based resources and tools for public and private sector employers and policymakers. The quality of its work to illuminate and explain the pay gap is reflected in the fact that the Office of National Statistics draws on its analysis in producing its own annual bulletins on the pay gap.

However, despite the work of Close the Gap and the sustained pressure of a wide range of gender advocates, including the Scottish Women’s Budget Group, Equate Scotland, and Engender, we have seen only minimal incorporation of an understanding of the gender pay gap into policymaking across other relevant domains. Despite the measurable impact on women’s lives and careers, gender is at best a marginal consideration, which does not appear yet to be driving policymaking, programme design and delivery, or spending priorities.

3.3 INCLUSIVE GROWTH

This is not to say that there have not been rhetorical shifts and overarching policy ambitions that could and should drive action to address the gender pay gap. Inclusive growth, defined by the OECD as growth that ‘creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society’¹⁷, is now a plank of the Government Economic Strategy.

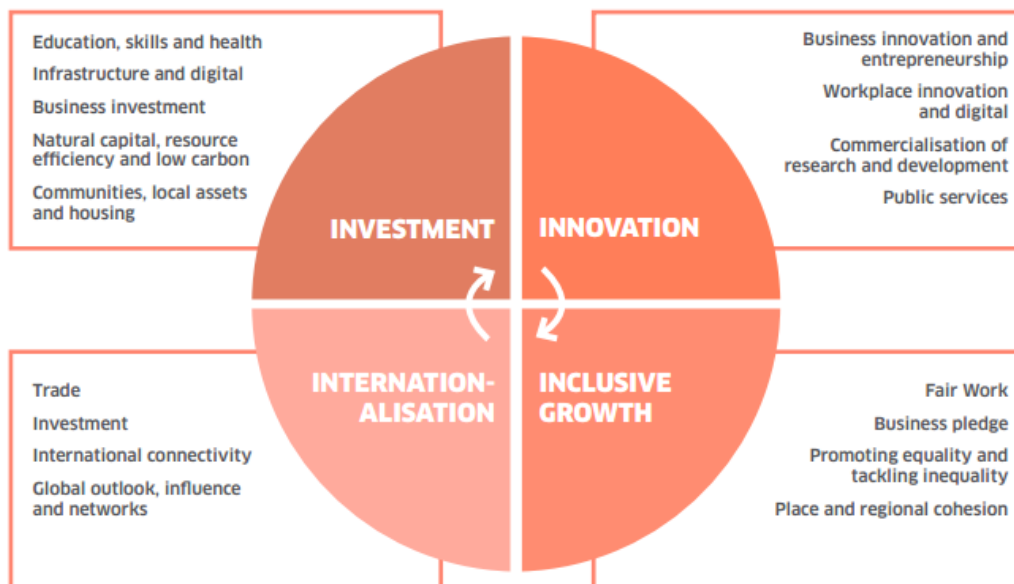
Within the most recent Government Economic Strategy (GES), the links between women’s economic participation, inequality, and economic productive are explicitly made: “Maximising economic opportunities for women to participate fully in the economy, and recognising the wider social role they provide, is key to improving economic performance and tackling inequality”¹⁸. This step-change in analysis is to be enthusiastically welcomed. However, the four commitments that sit underneath it: delivering on the

¹⁷ <http://www.oecd.org/inclusive-growth/>

¹⁸ Scottish Government (March 2015) *Scotland’s Economic Strategy*

Developing the Young Workforce equality commitments¹⁹, increasing childcare provision to 600 hours per year²⁰, developing and delivering the Women in Enterprise Action Framework²¹, and funding gender equality advocacy and implementation organisations, do not amount to a comprehensive approach to tackling the causes of the pay gap.

As an illustration of the extent to which top-level policy ambitions around gendered employment inequality fail to read through to policymaking and then delivery, we can look to the Fair Work Convention and the Business Pledge. These two initiatives sit underneath the Inclusive Growth commitment in the GES.



3.4 FAIR WORK CONVENTION

The Fair Work Convention is a group of academics, trade unionists, and business representatives that was established by Scottish Government and tasked with producing a Fair Work Framework. This framework was to “articulate a practical blueprint for Fair Work which promotes a new type of dialogue between employers, employees and trade unions, public bodies and

¹⁹ Scottish Government (2014) *Developing the Young Workforce: Scotland’s Youth Employment Strategy*

²⁰ For three and four year olds, and the most vulnerable two year olds. This commitment has now been increased to 1140 hours by 2020.

²¹ https://media.wix.com/ugd/0fc63c_b5dba997ba4e489eb223ff42388ed315.pdf

the Scottish Government”²². As part of its remit it was intended to “support the Scottish Government's objectives of increasing sustainable economic growth and reducing inequality through the promotion of greater diversity, innovation and equality in the workplace”²³. As part of its work to develop its capacity to consider women’s equality within the workplace, it held one evidence session to hear from Close the Gap, Engender, and the Equality and Human Rights Commission.

The framework runs to 76 pages, and it would be inaccurate to say that it does not consider women’s labour market inequality at all. It briefly mentions a number of issues familiar to gender advocates, including work-life reconciliation, and the impact of women’s propensity to adopt caring roles. It references the pay gap, within a section on what it calls “pay disparities”. However, the presentational effect is one in which women’s workplace inequality is marginal. The framework fails to engage with key economy-wide issues like the undervaluation of work, as well as specific concerns such as workplace sexual harassment. It does not mention discrimination at all. This incomplete analysis is reflected in the conclusions that it draws. The small number of recommendations for action on equality are generic and vague, including that employers should “investigate and interrogate” their workforce profile and address barriers to opportunity “creatively”.

While there are commonalities and overlaps in the experience of protected groups, the gender pay gap’s causes and (most of its) solutions are gendered. Collapsing women into a category that includes minority groups is not helpful in either precisely describing the causes of the pay gap, or in setting out specific policy solutions. A lack of clarity at the framework level will emerge in inadequate accountability mechanisms, advice to employers that is not able to be operationalised, and uncertainty about outcomes and goals.

3.5 BUSINESS PLEDGE

The Scottish Business Pledge describes itself as “a values-led partnership between Government and business. It is a shared ambition of boosting

²² http://www.fairworkconvention.scot/theconvention_whatwedo.html

²³ http://www.fairworkconvention.scot/theconvention_whatwedo.html

productivity, competitiveness, sustainable employment, and workforce engagement and development”²⁴.

Businesses can make the pledge by agreeing that they will pay the Living Wage, and by meeting two of the other nine pledge requirements. They must additionally commit to delivering on all nine components of the pledge. The Business Pledge is envisaged as a lever of change, and a mechanism by which a virtuous circle of good employment and procurement practice might be created.

It is welcome that one of the nine elements of the pledge is around gender equality. However, the gender equality component of this requires business to “make progress on a balanced workforce”. The pledge form asks businesses to answer the following question: “Are you working towards gender balance and diversity on your Board and in your workplace?”

This is an almost meaningless requirement as it relates to employees. While board diversity is a laudable aim both in terms of enhancing decision-making and in signalling a commitment to gender equality, gender balance it is not a relevant measure for employment at the enterprise level. It is possible to have top line gender balance within a workforce, but to have all of the men clustered in senior grades and all of the women clustered in junior grades. Gender balance within a workforce is therefore not used or recommended as an indicator in any context of which we are aware.

We are concerned that a lack of gender competence meant that this was considered to be a relevant indicator during development, and that this inappropriate measure is now entrenched into the Business Pledge. Post-launch, the text around this particular element of the pledge was amended following a joint proposal by Engender and Close the Gap, and it now includes links to useful resources such as the *Think Business, Think Equality* self-assessment toolkit²⁵ produced by Close the Gap. However, the Business Pledge is itself a key opportunity for economic development agencies to discuss the

²⁴ <https://scottishbusinesspledge.scot/about/>

²⁵ <http://www.thinkbusinessthinkequality.org.uk/>

benefits of equality. The weak equality component represents not only an opportunity missed but may actually induce in businesses a false sense of complacency, or actively cause confusion, about how they are supposed to be tackling gender gaps. Certainly, this component of the pledge has the lowest take-up of all²⁶.

3.6 ECONOMIC DEVELOPMENT AGENCY ACTIVITY

The weakness of the Business Pledge as a driver of gender equality is even more of a critical challenge, given the relative invisibility of gendered concerns in the activities of Scottish Enterprise. Although Scottish Enterprise's business plan for 2015-18 says that the agency "also recognise[s] the key role we have, both as an employer and in our engagement with business, in developing actions to address the challenges women face in the labour market", there is no further information about how that influences delivery or budget allocation.

The mainstreaming report from 2015, which sets out Scottish Enterprise's equalities outcomes in compliance with its obligations under the Scottish specific regulations around the public sector equality duty, does not provide explanatory detail. Although some relevant outcomes are listed, it is not clear how Scottish Enterprise will act or invest to ensure that these are realised.

It is clear to Engender and other gender advocates that economic development should take a gendered approach. Two brief examples of why that should be the case include the need to take a distinct approach to women's enterprise, and gendered differences in participation in Scotland's key economic sectors.

Women's enterprise is profoundly gendered, and there is a significant gender gap in those who start and own their own businesses. If the numbers of women-led businesses increased to equal those of men, it would lead to a 5% increase in GDP, equivalent to £7.6bn²⁷. It is possible that the number of women-led businesses could even exceed those of men-led businesses: many

²⁶ Scottish Business Pledge statistical overview November 2016
<https://scottishbusinesspledge.scot/information/scottish-business-pledge-statistical-overview-november-2016/> Accessed: 9 March 2017

²⁷ <http://www.cando.scot/partners/womens-enterprise-scotland/>

women move into self-employment to avoid discrimination in the labour market including unequal employment opportunities, and difficulties in reconciling work and caring roles²⁸. Despite the fact that only 3.4% of high-growth businesses are cited by Scottish Enterprise as women-led²⁹, the agency has taken only very limited steps to target services and products at female entrepreneurs. This is despite considerable international evidence in support of, and domestic demand for, such a gendered approach. It is now a decade since the introduction of the gender equality duty, which required public bodies in Scotland to mainstream gender equality concerns in their core business. Despite this imperative, Scottish Enterprise is still only committed to “explore why more high growth companies not led by under-represented groups and, **if required**, establish actions which will address this issue”³⁰ (emphasis ours).

Science, technology, engineering, and maths (STEM) careers have been characterised as a “leaky pipeline” for women. Work done in 2009 on women and science in Scotland identified that 73% of female STEM graduates leave or never join the industries for which they are qualified to work³¹. The potential loss of income to the Scottish economy was estimated in 2012 at £170m per year³². Life sciences and energy are both categories as ‘key sectors’ in the Scottish Government’s *Economic Strategy*. Although Scottish Enterprise identifies “increas[ing] the number of women, disabled, ethnic minority and young people employed in the key sectors” as an outcome in its mainstreaming report, there is no specific action to deliver this work except to “reflect equality more explicitly in sector strategies”³³. There is little evidence that this has happened. The recently refreshed *Life Sciences Strategy for Scotland* contains no reference to “gender”, “women”, or “equality”³⁴. The associated skills investment plan for the life sciences sector notes that the “number of females working in biological sciences falls some way short of the

²⁸ UK Women’s Budget Group (2016) *Here to Stay: Women’s self-employment in a (post) austerity era*

²⁹ Scottish Enterprise (2015) *Equality Mainstreaming Report 2015*

³⁰ Scottish Enterprise (2015) *Equality Mainstreaming Report 2015*

³¹ EQUATE Scotland (2016) *Be Part of the Solution: Progressing women in science, engineering and technology in Scotland*

³² *Ibid.*

³³ Scottish Enterprise (2015) *Equality Mainstreaming Report 2015*

³⁴ Life Sciences in Scotland (2017) *Life Sciences Strategy for Scotland 2025 Vision*

number of women studying this subject at university” and that “the information on future labour demand within the life sciences sector points to an increase in demand for skilled occupations”, but does not connect these two thoughts. Despite the action plan for the investment plan including a wide range of activity to promote employment within the sector, there is no further mention of gender or women. The potential drag on the growth of the sector occasioned by women failing to pursue careers for which they have the requisite skills is simply allowed to persist.

4. RECOMMENDATION

The pay gap is in an indicator of girls’ and women’s persistent and entrenched inequalities in the interrelated areas of education, training, employment, domestic labour, and care. These differences are bound up with gender, the socially constructed matrix of culture, attitudes, stereotypes, and beliefs about what men and women should be and do.

Closing the pay gap necessarily engages a similarly complex and overlapping set of 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.

We will not echo the sets of recommendations that have been produced at the end of the last decade’s summits, inquiries, and commissions exploring the gender pay gap. Instead we make one single proposal, that **Scottish Government leads on the development of a national strategy to tackle all of the causes of the gender pay gap.**