



Submission to the Scottish Parliament Economy, Energy and Tourism Committee Inquiry into Work, Wages and Well-being in the Scottish labour market

August 2015

1.0 Introduction

Close the Gap is a partnership initiative which works in Scotland on women's participation in the labour market. Partners include Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Equality and Human Rights Commission, and Scottish Trades Union Congress. The breadth of the partnership recognises that the women's labour market inequality is an economic issue as well as an issue of fairness and equality, and that narrowing the gender pay gap would return aggregate productivity gains to Scotland's economy.

Close the Gap works with a range of organisations that are stakeholders in women's employment, including directly with employers and employer representative bodies, and with policymakers on a range of issues including skills, occupational segregation, pay and care.

Close the Gap welcomes the opportunity to submit evidence to the inquiry and urges that the Committee take a gendered approach to ensure that the structural barriers that result in women's concentration in undervalued, low-paid jobs in the labour market are considered.

2.0 What makes a job 'good' or 'bad'?

There is no consensus on the definition of job quality but it is recognised that a range of factors inform an understanding of what is considered to be a 'good' job. These include pay, skills, job security, hours of work, flexibility, access to training and development, opportunities to progress, working conditions, working relations, governance, and access to process and procedural justice. Any assessment of job quality will vary according to each worker. Similarly men and women have different experiences of the labour market, and therefore there will be gender differences in the factors that make a 'good' job for men and those that make a 'good' job for women.

2.1 Women's experience of work

Any consideration of job quality must recognise the structural barriers that women face to obtaining a 'good' job. Scotland continues to have a persistent gender pay gap, which is 12% for full-time workers and 32% for part-time workers.¹ The pay gap is caused by occupational segregation, where women and men do different types and levels of work; inflexible working practices which make it difficult for women with caring responsibilities to participate in the labour market equally, particularly at senior levels; and discrimination within pay systems. Almost a fifth of the Scottish workforce is paid below the living wage, and 64% of these workers are women².

2.1.2 *Occupational segregation*

Women's employment is concentrated in undervalued, low-paid jobs such as caring, cleaning and retail. Women's disproportionate responsibility for caring for children, sick and disabled people, and older people is a key cause of their concentration in low-paid, part-time work. Part-time and flexible working is rarely available in senior and management roles and as a result, many women are working below their skill level. 40% of low-paid workers are women working part-time. Women working part-time are also the group of workers least likely to receive training and development. Part-time work has a long-term scarring effect on women's incomes across their lifetimes, which affects not just pay, but also their promotion prospects and pensions.

Women face a range of gendered barriers to progression, and are under-represented at senior and management levels in all sectors. Across the labour market, women comprise just 35% of managers, directors and senior officials.³ Male-oriented working cultures make it difficult for women to participate equally in the workplace. Unfair and biased recruitment practices and lack of access to informal networking opportunities also differentially impact women.

2.1.3 *Access to childcare*

Access to quality, affordable childcare is the most immediate barrier to women's equal participation in the labour market. Scotland has some of the highest childcare

¹ Close the Gap (2015) *Gender pay gap statistics*

http://www.closesthegap.org.uk/content/resources/1430321086_CTG-Working-Paper-14--Gender-Pay-Gap-Statistics.pdf

² 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

³ Office for National Statistics (2014) *Annual Survey of Hours and Earnings Provisional Results*

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcM%3A77-337425> accessed July 2015

costs in the UK, and the UK costs are already among the highest in the world.⁴ A quarter of parents in severe poverty in Scotland have given up work, and a third have turned down a job because of high childcare costs.⁵ Less than one fifth (15%) of local authorities in Scotland have sufficient childcare for parents who work full-time, and less than one in ten (9%) local authorities have enough childcare for parents who work outside of normal hours.⁶ Access is worse for disabled children, older children, or in rural areas.⁷

2.0 How have jobs become better or worse since 2008?

2.1 Women's employment since the recession

Women's employment in general is more precarious because women are more likely to be in informal, temporary and part-time work. These jobs are also the first to be sacrificed during a recession. Other rights and provisions that women directly benefit from, such as maternity and flexible working have diminished since the recession, with many employers seeing equality as a luxury in times of economic difficulties.

Initial findings from research by Equality and Human Rights Commission and the UK Department for Business, Innovation and Skills has found that 54,000 women are forced out of their jobs every year because of pregnancy and maternity discrimination.⁸ This represents a significant increase from the findings of similar research carried out in 2005, which suggested that 30,000 women lost jobs as a result of pregnancy discrimination⁹.

Women who have experienced discrimination are now further disadvantaged by the introduction of tribunal fees of £1200 making it more difficult to access justice. This has precipitated an 83% drop in equal pay claims and a 77% drop in sex discrimination claims.¹⁰

Recent labour market statistics show that the employment rate for women is at an all-time high. The reasons for this are unclear, and there have been no targeted initiatives to increase the female employment rate. Although more women than ever

⁴ Save the Children (2011) *Making Work Pay – The Childcare Trap*

⁵ Ibid.

⁶ Rutter, Jill (2015) *Childcare Costs Survey 2015*, Family and Childcare Trust

⁷ The Daycare Trust and Children in Scotland (2011) *The Scottish Childcare Lottery*

⁸ Equality and Human Rights Commission (2015) *Pregnancy and Related Discrimination and Disadvantage, First Findings: Survey of employers and mothers*

http://www.equalityhumanrights.com/sites/default/files/publication_pdf/Pregnancy-and-maternity-related-discrimination-and-disadvantage.pdf

⁹ Adams, L., McAndrew, F., and M. Winterbotham (2005) *Pregnancy discrimination at work: A survey of women* Equal Opportunities Commission: Manchester

¹⁰ UNISON (2014) *Massive drop positive proof that tribunal fees are pricing workers out of justice*

<https://www.unison.org.uk/news/article/2014/06/massive-drop-positive-proof-that-tribunal-fees-are-pricing-workers-out-of-justice/> accessed August 2014

are in work, there is increasing concern about the types of jobs women are in. There has been an increase in insecure employment, including temporary, agency and zero hour contracts. 2.3% of workers in Scotland are on zero hours contracts, with women slightly more likely to be employed in this way than men.¹¹ This leaves greater numbers of women without job security, and with no guarantee of an income each week. This, in turn, impacts severely on household budgets and contributes significantly to child poverty.

Scotland's estimated full-time employment deficit, the number of people in part-time work seeking full-time work, is 455,000.¹² As women are more likely to work part-time, there is now an increase in the number people applying for part-time jobs which, in the past, have been predominantly done by women. Women working part-time now face competition from women and men who normally work full-time, for an increasingly smaller number of jobs.

2.2 The gendered impact of austerity measures

Women have been disproportionately impacted by the package of public sector spending cuts implemented since the recession. Since 2010, £26 billion of cuts have been made to benefits, tax credits, pay and pensions, and 85% of this has been taken from women's incomes.¹³ Together with the Autumn Statement 2014 this amounts to £22 billion from a total £26 billion.¹⁴ 'Welfare reform' has had a devastating impact on women's lives, and the lives of their families, contributing to increased levels of women's poverty and child poverty.

2.2.1 *Women's employment in the public sector*

Spending cuts to the public sector have differentially impacted women as they make up the majority of public sector workers. Cuts to the sector have manifested in redundancies, enforced reduction in hours, non-renewal of fixed term contracts, recruitment freezes, and an increase in flexible working request refusals. This has significant implications in terms of the quality of jobs available to women. Public sector employers are more likely to have flexible working practices in place. Many women express a preference for working in the public sector because it enables them to combine work with caring roles. Flexible work of all kinds is less prevalent in the private sector. The gender pay gap is also higher in the private sector, with employers less likely to have undertaken any action to address unequal pay. Labour

¹¹ Office for National Statistics (2014) *Labour Force Survey*

¹² STUC Labour Market Report, April 2015 <http://www.stuc.org.uk/news/1150/stuc-publishes-a-new-estimate-of-scotland-s-full-time-employment-deficit> accessed August 2015

¹³ Fawcett Society (2015) *Where's the Benefit? An independent inquiry into women and Jobseekers Allowance* <http://www.fawcettsociety.org.uk/wp-content/uploads/2015/02/Wheres-the-Benefit-An-Independent-Inquiry-into-Women-and-JSA.pdf> accessed August 2015

¹⁴ Fawcett Society (2015) *Where's the Benefit? An Independent Inquiry into Women and Jobseeker's Allowance*

shedding in the public sector is likely to increase the gender pay gap because of the large proportion of public sector workers that are women.

3.0 What effect might low quality and low pay jobs have on the economy?

The economic effect of low quality, low paid jobs, and women's concentration in them, is acute. Occupational segregation is a drag on the growth of Scotland's economy. It is a type of labour market failure, and the cost of 'allocative inefficiency' is high. The Women and Work Commission estimated that occupational segregation costs the UK economy up to £23 billion, equivalent to 2.0% of GDP.¹⁵ Women across Scotland are simply in the wrong jobs, or wrong levels of job with respect to their skills, talents and abilities.

Cuts to women's incomes result in the tightening of family budgets which leads to increased risk of women's poverty, and child poverty. Pressure on household budgets specifically impacts on local economies because of women's propensity to spend in their local areas. Low pay is associated with a range of negative outcomes including poor mental and physical health, higher risk of poverty, and diminished life chances.

At the enterprise level, employers who offer low paid jobs are more likely to experience higher levels of staff turnover, higher recruitment and training costs, higher absenteeism, and lower levels of productivity. They are failing to harness the talent of the many women who are working below their skill level in low quality, undervalued, low-paid jobs.

4.0 What can the Scottish Government and public policymakers do to improve job quality in Scotland?

Scottish Government and policymakers working on improving job quality must ensure that policy development in this area incorporates adequate gender impact assessment, including gender budget analysis. Actions to improve job quality must also address the existing gendered inequalities in the labour market. Policy development that is not gender sensitive will reinforce occupational segregation which underpins the gender pay gap, and functions as a drag on Scotland's economic growth.

4.1 Public sector equality duty

In addition to the requirements of the general duty to advance equality and eliminate discrimination, listed public bodies in Scotland are obliged by the specific duties to report on their gender pay gap and publish information on occupational segregation within their organisation. There therefore is potential for public sector

¹⁵ Women and Work Commission (2006) *Shaping a Fairer Future*

employers to lead the way in terms of job quality good practice, particularly in relation to addressing women's concentration in low-paid work.

Scottish Government is also bound by the public sector equality duty, and should include job quality clauses that consider gendered labour market inequalities in its procurement contracts for private and third sector contractors. This will ensure that public money is not used to further entrench women in low-paid, low quality jobs. This would also provide a good practice example of public procurement that could be shared with its agencies, and across the public sector more widely.

The Scottish Government's recent focus on fair work is to be welcomed, and the inclusion of gender equality in the remit of the Fair Work Convention is critical. The voluntary private sector initiative Scottish Business Pledge also includes a gender equality component. Previous voluntary measures aiming to reduce gender equality in the private sector have been largely unsuccessful, so it is disappointing that the Business Pledge does not include any conditionality relating to the accessing of publically funded business support by companies. In lieu of mandatory programmes and legislative changes, Government still has a role to play in influencing employers around improving job quality, and must work with employers to promote the business benefits of a gender diverse workforce.