



Scottish Parliament debate on women in the changing world of work March 2017

1. About Close the Gap

Close the Gap is a partnership initiative that works in Scotland on women's labour market participation. We work with employers, employees, policymakers, and sectoral bodies to encourage and enable action to address the causes of the gender pay gap. Close the Gap has been operating since 2001.

2. Key messages

- Women continue to have a different experience of the labour market to men; Scotland's **gender pay gap is persistent at 15%**¹.
- Women's labour market inequality is a drag on growth. Closing the gender gap in employment could add **£17bn to Scotland's economy**².
- **Employer action** on addressing women's inequality at work has been very slow, and employers are often **unduly complacent** about how well they are delivering equality for women workers³.
- Public sector employer performance on the gender and employment requirements of the **public sector equality duty** has been poor, with few taking actions to address inequalities⁴.

¹ Close the Gap (2016) *Gender pay gap statistics* <https://www.closesthegap.org.uk/content/resources/CtG-Working-Paper-16-Statistics.pdf>

² Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women's labour market inequality* <https://www.closesthegap.org.uk/content/resources/Gender-Equality-Pays.pdf>

³ Close the Gap (2013) *Missing Out on the Benefits* https://www.closesthegap.org.uk/content/resources/1376469709_Missingoutonthebenefits-CTG.pdf

⁴ Close the Gap (2014) *Monitoring public bodies' compliance with the public sector equality duty* https://www.closesthegap.org.uk/content/resources/1450180414_CTG-Working-Paper-12---Monitoring-Scottish-public-bodies-compliance-with-the-public-sector-equality-duty.pdf and Close the Gap (2015) *Making Progress? An assessment of public sector employers' compliance with the public sector equality duty*

- **Occupational segregation**, where men and women do different types and levels of work, is a cradle to the labour market problem, which requires early intervention strategies around the early years education provision to challenge entrenched gender norms and stereotypes.
- Access to affordable **childcare** is the most immediate barrier to women being able to work, study or train.

3. The gender pay gap

3.1 Causes of the gender pay gap

The gender pay gap is the key indicator of women's persistent inequality at work, and the very different labour market experiences of men and women. The overall **pay gap in Scotland is 15%**, when comparing the average hourly pay of all men and all women, excluding overtime.⁵ The pay gap is caused by occupational segregation, where men and women do different types of work, and different levels of work; inflexible working practices which make it difficult for women with caring responsibilities to participate in the labour market, particularly at senior levels; and discrimination in pay and grading systems.

3.2 The impact of the gender pay gap

Women continue to have a very different experience of the labour market to men. This manifests in a range of ways including:

- Women's employment is concentrated in low-paid, undervalued jobs such as admin, retail, cleaning and care work.
- Only 37% of directors, managers and senior officials are women⁶.
- Three-quarters of part-time workers are women⁷.
- Women working part-time are paid on average 32% less than men working full-time⁸.
- Only 28% of public body chief executives are women⁹.

<https://www.closesthegap.org.uk/content/resources/Making-Progress---An-assessment-of-employers-compliance-with-PSED-November-2015.pdf>

⁵ Close the Gap (2016) *Gender pay gap statistics* <http://www.closesthegap.org.uk/content/resources/CtG-Working-Paper-16-Statistics.pdf>

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ Engender (2017) *Sex & Power 2017*

- Two-thirds of workers earning below the Living Wage are women¹⁰.
- Women make up the majority (55%) of those on zero hours contracts, and in the past six months the number of women on these contracts has increased by 70,000, compared with 29,000 for men¹¹.
- 54,000 women lose their jobs every year because of pregnancy and maternity discrimination¹².
- Women are less likely to have access to an occupational pension scheme, and experience higher levels of poverty in retirement¹³.

3.3 The gender pay gap as a measure

The pay gap is an imperfect indicator as no measure can fully capture the complexities of women's labour market experiences. An over-reliance on the gender pay gap as an absolute indicator of women's equality should be treated with caution. It is entirely possible for there to be a pay gap of zero within an organisation, and for women still to be segregated into the lower grade jobs, and men to be over-represented at senior level. Headline measures that use only the full-time figure, such as Scottish Government's National Performance Framework indicator on the gender pay gap¹⁴ exclude the experiences of 41% of working women, those who work part-time, mostly in low-paid undervalued jobs and sectors such as care, retail and administration. The undervaluation of part-time work, which is concentrated in lower grade, stereotypically female jobs such as cleaning, admin, retail and care is a key cause of the gender pay gap.

The gender pay gap is a lagging indicator which fluctuates in line with changing economic and political forces, as well as changes over the life cycle. For example, in recent years the pay gap in Scotland has narrowed because men's employment has become lower-paid and more precarious, rather than women's employment situation improving.

¹⁰ Poverty Alliance (2014) *Living Wage Factsheet: Low pay in Scotland* <http://slw.povertyalliance.org/userfiles/files/SLW%20June14%20Low%20Pay%20Scotland%202.pdf> last accessed 6 March 2017

¹¹ ONS (2017) Labour Force Survey: Zero Hours Contracts data tables <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/zerohourssummarydatatables> last accessed 6 March 2017

¹² Equality and Human Rights Commission (2016) *Pregnancy and Maternity Related Discrimination and Disadvantage: Summary of key findings*

¹³ Close the Gap et al (2014) *The Benefit of Experience: Older women's access to skills, development and training* <https://www.closesthegap.org.uk/content/resources/skills.pdf>

¹⁴ Scottish Government <http://www.gov.scot/About/Performance/scotPerforms/indicator/paygap> last accessed 6 March 2017

4. The economic case for addressing women's labour market inequality

Close the Gap research which reviews the evidence for the economic case for addressing women's labour market inequality¹⁵ identifies clear and mounting evidence that gender equality at work in addition to benefiting women and their families, but it is also a critical driver for improved business performance, and a worldwide catalyst for economic growth. There is a growing evidence base on the correlation between gender balance at senior level and improved corporate and financial performance; on the business benefits of providing flexible or agile working; and on the macroeconomic gains where women's under-used skills are more effectively utilised across the labour market, particularly in sectors which are characterised by occupational segregation. If individual businesses take action to facilitate the expansion of women's engagement in the labour market it will stimulate macro-economy to generate growth and replenish labour supply in an increasingly ageing economy.¹⁶ Crucially, closing the gender gap in employment could be **worth more than £17bn to the Scottish economy**¹⁷.

There are also clear economic gains to closing the enterprise gender gap. Only 21 per cent of SME business are led by women, but of those women who do own their business 82% want to grow their business¹⁸. Women-led businesses contribute more than £5 billion towards the Scottish economy, and if rates of women-led businesses equalled that of men, the contribution to Scotland's GVA would increase to £13 billion¹⁹.

5. Employer action on addressing women's inequality at work

5.1 Public Sector Equality Duty

There are specific duties on listed public authorities which require them to publish their gender pay gaps and information on occupational segregation,

¹⁵ Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women's labour market inequality* <https://www.closesthegap.org.uk/content/resources/Gender-Equality-Pays.pdf>

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ Women's Enterprise Scotland <https://www.wescotland.co.uk/research> last accessed 6 March 2017

¹⁹ *Ibid.*

and set equality outcomes under the public sector equality duty. Close the Gap has carried out two assessments²⁰ of how well public authorities are meeting their legal obligations. Among the sample of public authorities assessed, **compliance with the duty has largely regressed**, with the majority of public authorities assessed as having lower scores in 2015 than in 2013. Just under a third achieved an improved score. More than half of public authorities assessed had no equality outcomes on gender and employment, despite all having gender pay gaps and patterns of occupational segregation.

The persistent failure to meet the duty, and take actions to progress gender equality means that women workers in the sector, where they comprise the majority of the workforce, will continue to face gendered barriers to equal participation at work.

5.2 Private sector companies

Progress on reducing women's inequality in private sector organisations has been even slower. The pay gap in the private sector is 23%, compared with 12% in the public sector, and private sector employers are less likely to have good equalities practice²¹. Close the Gap research which mapped women's participation in the Scottish manufacturing sector found pay gaps of up to 44% in some sub-sectors.²²

Undue complacency

Research by Close the Gap on Scottish employer action on equal pay found that 94% of employers surveyed reported having an equal pay policy but less than one third has undertaken an equal pay review, or planning to do so in the future. Furthermore, only 3% of employers surveyed reported taking any steps to address pay gaps.²³ The findings identify that employers are unduly complacent about equal pay.

²⁰ See Close the Gap (2015) *Making Progress? An assessment of employer compliance with the public sector equality duty* <http://www.closesthegap.org.uk/content/resources/Making-Progress---An-assessment-of-employers-compliance-with-PSED-November-2015.pdf> and Close the Gap (2014) *Monitoring public sector compliance with the public sector equality duty* http://www.closesthegap.org.uk/content/resources/1450180414_CTG-Working-Paper-12---Monitoring-Scottish-public-bodies-compliance-with-the-public-sector-equality-duty.pdf

²¹ Close the Gap (2016) *Gender pay gap statistics*

²² Close the Gap (2015) *Making Manufacturing Work for Women: Summary of research findings* <http://www.closesthegap.org.uk/content/resources/Making-Manufacturing-Work-for-Women---Summary-of-research-findings-Close-the-Gap-June-2015.pdf>

²³ Close the Gap (2013) *Missing out on the benefits?*

<http://www.closesthegap.org.uk/content/resources/Missingoutonthebenefits-CTG.pdf>

This aligns with market research carried out by Close the Gap on its *Think Business, Think Equality* online self-assessment tool for SME employers (www.thinkbusinessthinkequality.org.uk) which found that the smaller employers surveyed were not taking any steps to advance gender equality because they perceived there were already providing equality.

Scottish Government's voluntary initiative, **Scottish Business Pledge**, includes a pledge on having a 'balanced workforce', however progress on companies pledging to take action on gender equality has been very poor, with only 35 per cent of companies currently signed up to this element²⁴, the lowest take-up of all the Pledge components. Furthermore, progress has slowed since the first set of figures were published and 37 per cent companies had signed up to this element²⁵.

6. Occupational segregation

6.1 A cradle to the labour market problem

There are two types of occupational segregation, both of which are endemic across the Scottish labour market.

Horizontal segregation clusters men and women into different **types** of education, training and work:

- Boys and girls, and young men and women, tend to study different subjects at school, college and university. There is significant gender segregation in the Modern Apprenticeship programme.
- Men are more commonly found in higher-paying science, manufacturing, engineering and technical jobs. Women are more likely to be found in undervalued, low-paid jobs which are seen as 'women's work' such as caring, cleaning, retail and administration.

Vertical segregation, or the '**glass ceiling**', describes where men and women do different **levels** of work. Women are more likely to be found in the lower-paid, junior grades of almost every organisation. Men are more likely to be

²⁴ Scottish Business Pledge statistical overview November 2016
<https://scottishbusinesspledge.scot/information/scottish-business-pledge-statistical-overview-november-2016/> last accessed 24 February 2017

²⁵ Scottish Business Pledge statistical overview November 2016
<https://scottishbusinesspledge.scot/information/scottish-business-pledge-statistical-overview/> last accessed 24 February 2017

found at boardroom level, and in senior management roles in public, private and third sector organisations.

5.2 Education and skills pipeline

Gender segregation is evident along the skills pipeline with assumptions made about the capabilities and interests of girls and boys from pre-school onwards. From a very early age, fixed ideas based on gender norms and stereotyping influence the decisions that children and young people make around subject and career choice.

Tables 1, 2 and 3 show the gender breakdown of subject choice in schools, colleges and universities respectively which highlights the stark segregation which becomes further entrenched as young people move through the education system.

Table 1: Gender segregation in schools²⁶

Girls		Boys	
Home economics	92%	Technological studies	93%
Admin	77%	Graphic communication	71%
Biology	64%	Physics	72%
Art and design	82%		

Table 2: Gender segregation in colleges²⁷

Women		Men	
Art and design	72%	Construction	92%
Care	73%	Engineering	87%
Hairdressing and beauty	97%	Nautical studies	94%
Languages	64%	Land-based industries	68%

²⁶ SQA Annual Statistics report (2014)

²⁷ Equality Challenge Unit (2013) *Equality in Colleges in Scotland Statistics Report*

Table 3: Gender segregation in universities²⁸

Women		Men	
Allied medicine	84%	Maths and computing science	83%
Social studies	80%	Engineering and technology	89%
Languages	64%	Architecture	89%

Modern Apprenticeships

The Modern Apprenticeship Programme is characterised by acute and persistent occupational segregation, which is the key entry point into the labour market for young people not in further and higher education. Just 0.1 per cent of engineering and energy-related and 0.02 per cent of construction MA starts in Q2 2016/17 were women²⁹. Women are more likely to be in stereotypically female frameworks such as early years education and care, beauty and hairdressing. There are significant public spending implications for the programme as male-dominated frameworks are longer in average duration and therefore more resource intensive, attract higher rates of pay, have lower drop-out rates, and are associated with better labour market outcomes than female-dominated frameworks. The average spend per male apprentice is 53 per cent higher per female apprentice.³⁰

Table 4 shows a gender breakdown of the most acutely segregated frameworks in 2015.

²⁸ Equality Challenge Unit (2014)

²⁹ Skills Development Scotland (2016) *Modern Apprenticeship Statistics: Up to the end of quarter 2, 2016/17* <http://www.skillsdevelopmentscotland.co.uk/media/42484/modern-apprenticeship-statistics-up-to-the-end-of-quarter-2-2016-17-final.pdf> accessed 30 January 2017

³⁰ Sosenko and Netto (2013) *Scotland focused analysis of statistical data on participation in four UK countries*, Heriot Watt University

Table 4: Occupational segregation in Modern Apprenticeships

Framework	% women
Construction	2.2
Vehicle maintenance/repair	0
Early years care and education	100.0
Engineering	4.5
Plumbing	0.9
Business Administration	72.2

Close the Gap's *Be What You Want* work in schools

(www.bewhatyouwant.org.uk) aims to address occupational segregation by enabling young people to make informed decisions around subject and career choice, and encourage them into non-traditional jobs. Work so far has included campaign materials, including a teachers' resource, sent to every primary and secondary school in Scotland; classroom visits with young people focusing on occupational segregation, gender stereotyping, and the pay gap; and a CPD resource for teachers and careers advisers on occupational segregation and gender stereotyping.

However, early intervention measures that target early years education provision are required to challenge the entrenched gender norms and stereotypes that are a significant cause of occupational segregation.

7. Childcare

Women's disproportionate responsibility for caring for children, sick people, disabled people and older people prevents them from participating equally in the labour market.

Scotland has some of the highest childcare costs in the UK, which are already among the highest in the world.³¹ Access to affordable childcare is a major barrier to women being able to work, study and train. A quarter of parents in severe poverty have given up work, a third have turned down a job, and a quarter have not been able to take up education or training because of high childcare costs.³² Less than one fifth (15%) of Scottish local authorities have sufficient childcare for parents who work full-time, and less than one in ten

³¹ Save the Children (2011) *Making Work Pay – The Childcare Trap*

³² Ibid.

(9%) local authorities have enough childcare for parents who work outside of normal hours.³³ Access is worse for disabled children, older children, and children in rural areas.

Scottish Government's pledge to increase the number of free childcare hours to 1140 hours a year by the end of this Parliament is welcome. However, women require wrap-around childcare to enable them to work, study and train on an equal basis with men.

It is also critical that the rapid expansion of the early years and childcare sector does not simply replicate the low pay that currently characterises the sector, and that the acute patterns of occupational segregation are addressed.

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³³ Rutter, Jill (2015) *Childcare Costs Survey 2015*, Family and Childcare Trust