



## **Close the Gap and Engender submission to the Advisory Council: Development of the National Strategy on Economic Transformation**

**August 2021**

### **1. Introduction**

Close the Gap and Engender welcome the opportunity to provide evidence to the Advisory Council ahead of the development of the National Strategy for Economic Transformation. The ongoing Covid-19 crisis has resulted in a rapid, and unprecedented shift in the economic landscape in Scotland. One of the implications of this has been to further highlight and exacerbate women's continued social, economic, labour market and political inequality. It has also underscored the impact of social security changes and cuts to public services to women's inequality. UN Women estimates that the pandemic risks setting women's equality back 25 years.<sup>1</sup> There is therefore an urgent need to integrate gender perspectives and women's needs into response measures and wider economic policymaking, a focus that has been noticeably absent from pandemic-related measures.

If the National Strategy is to address the structural issues underlying women's economic inequality, gender competence<sup>2</sup> must be properly and systematically integrated, with clear actions on building an economy that works for women. This means recognising that women and men experience the economy in very different ways. These differences are underpinned by outdated gendered expectations about the types and relative value of economic activities done by men and women; the persistence of gendered labour market barriers, and national accounting frameworks that focus solely on measures of productive labour at the expense of reproductive labour. Prioritising action on gender equality as part of the Strategy will benefit women and girls by targeting investment and growth in sectors where women's work is concentrated, enhancing the quality infrastructure that supports women to progress within the labour market and alleviating women's and children's poverty. But the gains will not only be women's. There is clear and mounting global evidence that gender equality is good for economic growth,<sup>3</sup> and

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<sup>1</sup> BBC (2020) 'Coronavirus and gender: More chores for women set back gains in equality' available at <https://www.bbc.co.uk/news/world-55016842>

<sup>2</sup> Gender competence refers to individual and organisational capacity to apply gender analysis to policy or programme development with the aim of advancing gender equality. It refers to the skills, knowledge and analytical capability to develop statistics, data, policy, or programmes that are well-gendered; that take account of the socially constructed difference between men's and women's lives and experiences.

<sup>3</sup> McKinsey & Company (2015) *The Power of Parity: How advancing women's equality can add \$12tn to global growth* available at <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

research by Close the Gap concluded that tackling the gender gap in employment is worth up to £17bn to Scotland's economy.<sup>4</sup>

This submission outlines some general thoughts on gender and economic policymaking, including a critique of current approaches to economic development and inclusive growth. We then provide detail on specific considerations for the National Strategy, including the gender pay gap, unpaid care and automation.

## 2. Gender and inclusive growth

Close the Gap and Engender have welcomed the growing prominence of inclusive growth in the Scottish Government's economic policies and believe that it has the potential to advance women's labour market equality and a more equal distribution of the benefits of growth and investment. However, gender is largely absent from Scottish Government's approach to inclusive growth. The concept of inclusive growth itself is under-theorised, and there remains a lack of clarity as to how inclusive growth will be operationalised.

Last year, Close the Gap and Engender published *Gender and Inclusive Growth*<sup>5</sup>, written by feminist economist Emily Thomson, which assesses the opportunities for the inclusive growth agenda to deliver a marked improvement in gender equality. This report critiques current approaches to inclusive growth for a failure to recognise the realities of women's lives. In Scotland's Economic Strategy, the promotion of gender equality is presented as a key feature of tackling inequality in Scotland and offers the potential for enhancing a fairer distribution of the benefits of growth. However, the opportunity to embed gender equality within Scotland's inclusive growth approach has not been fully realised. As inclusive growth indicators remain focussed on paid employment, it is indicative of an "add women and stir" approach, rather than one which recognises the gendered nature of economic growth itself.

The Advisory Council must therefore recognise that the potential of the current inclusive growth agenda in Scotland to reduce gender inequality is limited. *Gender and Inclusive Growth* argues that through a focus on paid employment underpinned by a traditional macroeconomic framework, limited consideration of the undervaluation of female dominated work, occupational segregation, and the devaluation of the reproductive economy, Scotland's inclusive growth agenda largely ignores the reality of women's lives. As a result, current approaches to inclusive growth will not deliver a marked improvement in gender equality. Involving all women, particularly Black and minority ethnic (BME) and disabled women, in the process of growth means reflecting anew on what shape the Scottish economy should take. Changing the pre-existing patterns of

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<sup>4</sup> Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women's labour market inequality* available at <https://www.closesthegap.org.uk/content/resources/Gender-Equality-Pays.pdf>

<sup>5</sup> Emily Thomson (2020) *Gender & Inclusive Growth: Inclusive Growth and its potential to improve gender equality*, Close the Gap and Engender available at <https://www.closesthegap.org.uk/content/resources/Gender-and-Inclusive-Growth---Making-inclusive-growth-work-for-women-in-Scotland.pdf>

growth means considering which industries should be prioritised for investment and policy focus, and how areas of production and individual enterprises must change to bring women into economic sectors that have functionally excluded them.

It also demands that we think again about the connection between unpaid work, principally done by women, and growth.<sup>6</sup> The conversation around “reopening” the economy after periods of lockdown has highlighted the degree to which the wider economy relies on the paid and unpaid work that is principally done by women. However, this has not been adequately integrated into decision making. While reproductive labour<sup>7</sup> is vital to the continued functioning of society, it is rarely, if ever recorded in national accounting.<sup>8</sup> The value of this work is estimated to be worth an estimated £1.1 trillion to the UK economy, or around 56% of GDP.<sup>9</sup>

At the same time, the loss of women’s earnings in GDP because of women’s greater provision of care and childcare remains significant. Data analysis carried out for Engender found that the loss of two hours of earnings per day for mothers with dependent children amounts to a loss of £33 per mother per day. If replicated in households across the UK, this amounts to a loss of £188,529,000 per day to the UK economy.<sup>10</sup>

### **3. Placed-based approaches to economic transformation**

Scottish Government has shown commitment to place-based inclusive growth and community wealth building in various policies and strategies including the 2020/21 Programme for Government and the development of the missions for the Scottish National Investment Bank. This approach could further exacerbate inequality for women, as regional and place-based models can exclude women and other protected groups. There is evidence that place-based programmes can redistribute spending away from women, Black and racialised groups, and disabled people.<sup>11</sup> Mechanisms like the public sector equality duty (PSED) are not currently sufficient to ensure that local decision-making is gender-sensitive.<sup>12</sup> For example, spending at local level that is not subject to a gender budget analysis may result in proportional overspending on

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<sup>6</sup> Ibid.

<sup>7</sup> Reproductive labour (c.f. productive labour) is the unpaid activities in the home and workplace, including childcare, meal preparation, cleaning and other activities, which are vital to the continued functioning of a society. See K. Bahn, J. Cohen and Y. van der Meulen Rodgers (2020) *A feminist perspective on COVID-19 and the value of care work globally*

<sup>8</sup> See work of Marilyn Waring 2003

<sup>9</sup> Office for National Statistics (2016) Women shoulder the responsibility of 'unpaid work.

<sup>10</sup> Engender (2020) Care and Unpaid Work [https://www.engender.org.uk/content/publications/1594974358\\_Gender--unpaid-work---the-impact-of-Covid-19-on-womens-caring-roles.pdf](https://www.engender.org.uk/content/publications/1594974358_Gender--unpaid-work---the-impact-of-Covid-19-on-womens-caring-roles.pdf)

<sup>11</sup> O’Hagan A, Hill-O’Connor C, McRae C, Teedon P (2019) Evaluation of participatory budgeting activity in Scotland 2016-2018: research findings Scottish Government. Available at: <https://www.gov.scot/publications/evaluation-participatory-budgeting-activity-scotland-2016-2018/>

<sup>12</sup> Coalition for Racial Equality and Rights (2018) Effectiveness of the PSED Specific Duties in Scotland. Equality and Human Rights Commission. Available at: <https://www.equalityhumanrights.com/en/publication-download/effectiveness-psed-specific-duties-scotland>

community facilities typically used by men and boys, such as football pitches, over those more likely to be used by women and girls, such as hockey pitches.

However, if gendered in design, place-based initiatives could also have positive outcomes for particular groups of women. Lone parent families, nine in ten of which are headed by women, are significantly more likely to live in the most deprived SIMD areas in Scotland.<sup>13</sup> Place-based opportunity may also overlap with planning policy and local regeneration schemes. For instance, employment opportunities, especially those that are well-paid, tend to be distant from residential areas and the services and amenities that women need for caring and household management roles. This limits women's access to the labour market and creates time poverty for those juggling paid and unpaid work. As a result, women's travel to work areas are typically smaller than men's, with women subsequently overrepresented in sectors of the economy with more geographically dispersed patterns of employment, such as retail and health and care.<sup>14</sup> This is significant because these sectors, particularly at local level, have been at the forefront of negative economic trends over the past few decades.

There is therefore ample opportunity for local and gendered approaches to be mutually beneficial. In order to do so however, place-based approaches such as community wealth building need to pay better attention to women's specific needs in order to meet them. If the National Strategy is to advocate for approaches which prioritise place-based opportunity, this must include focus on patterns of growth, fully participatory systems of decision-making and gendered investment decisions and criteria.

#### **4. Gender and economic recovery**

Women and men had different levels of economic wellbeing before Covid-19, and this has been deepened by the crisis. The principle of equality and non-discrimination must be core to economic recovery. As childcare and care was rapidly redistributed from the state to the household as a result of the pandemic, it has fallen back to women to manage increasing levels of unpaid work.<sup>15</sup> While furlough was retrospectively expanded to those unable to work due to care and childcare, research has shown that it has largely been women who have reduced hours or left employment entirely.<sup>16</sup> However, unequal distribution of unpaid work long predated the pandemic. The most recently available time-use data for pre-pandemic Scotland shows that women in opposite sex couples

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<sup>13</sup> National Records of Scotland (2015) Household composition for specific groups of people in Scotland Scotland's Census 2011. Available at [https://www.scotlandscensus.gov.uk/documents/analytical\\_reports/HH%20report.pdf](https://www.scotlandscensus.gov.uk/documents/analytical_reports/HH%20report.pdf)

<sup>14</sup> Women's Budget Group (2020) Why the local economy is important for gender equality CLES paper for the Commission on a Gender-Equal Economy. Available at <https://wbg.org.uk/wp-content/uploads/2019/11/Why-the-local-economy-is-important-for-gender-equality.pdf>

<sup>15</sup> It should be noted that the trend of marketisation of care and childcare both advances women's equality with men while simultaneously undermining it as it is highly contingent on the low-paid and undervalued work of minoritised and working class women.

<sup>16</sup> See A. Andrew et. al. (2020) How are mothers and fathers balancing work and family under lockdown? IFS

were undertaking approximately 68% of the housework and 68% of the childcare.<sup>17</sup> The unequal distribution of unpaid work and care remains a key cause of the gender pay gap in Scotland, which remains at 10%.

Scottish Government must not implement a recovery plan that merely facilitates a return to the status quo, cementing women's labour market and economic inequality. Instead, Scotland's economic recovery should focus on rebuilding and transforming the economy to realise women's equality in the labour market, and in wider society. In 2020, Close the Gap and Engender published *Gender and Economic Recovery* which sets out principles for a gender-sensitive economic recovery.<sup>18</sup> The principles describe features of an economy that works for women as well as men, and develops Scotland's existing commitment to inclusive growth so that women are not left behind. The nine principles are a set of ideas, challenges, and calls that are rooted in evidence. These principles include:

- Unpaid domestic and care work needs to be recognised, reduced, and redistributed from the household to the state by an increase of accessible, good quality childcare and social care.
- Women's work in care, cleaning, catering, retail, and clerical roles have for too long been undervalued, underpaid, and under-protected. State and public body wage-setting powers should be used to increase pay in these sectors and improve their conditions of work.
- Public spending and revenue-raising decisions shaping Scotland's economic recovery and the re-set of the economy must integrate gender analysis across budgetary processes. This includes allocation of resources, scrutiny of spending, and outcomes from public finance decisions.
- Inclusive growth means investing in a care economy. Care is as essential to our economy as bricks, steel, and fibre optic cable. Investment in childcare and care for disabled people and older people should be considered as necessary infrastructure for a sustainable wellbeing economy and a good society.
- Scotland's economy should be governed by gender-balanced, gender-competent leaders, making decisions based on intersectional gender-sensitive sex-disaggregated data. A healthy economy is one that provides equality for all, including between all groups of women and men. Black and minority ethnic, disabled, LGBT, and older and younger women must have power to participate in decision-making about their economy.

There are increasing calls across the full breadth of society for the reorientation of the economy towards the wellbeing of citizens, focused on the equitable distribution of wealth, health and wellbeing and the protection of the planet.<sup>19</sup> However, gender

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<sup>17</sup> Wishart R, Dunatchik A, Speight S, Mayer M (2019) *Changing patterns in parental time use in the UK*. NatCen. Available at: [http://natcen.ac.uk/media/1722408/Parental\\_time\\_use\\_report.pdf](http://natcen.ac.uk/media/1722408/Parental_time_use_report.pdf)

<sup>18</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*

<sup>19</sup> Wellbeing Economy Alliance (2019) *What is a wellbeing economy?*

equality has not yet formed a central part of conceptualisations of the wellbeing economy. *Gender and Economic Recovery*<sup>20</sup> highlights that economic success should not only be measured by GVA or GDP but by an increase in wellbeing of the people of Scotland. Gendered wellbeing indicators should take a human rights approach and measure the extent to which all groups of women and men have an adequate standard of living, including access to housing, social protections, health, and leisure time in addition to an adequate income.

The principles will create better jobs, better decision-making, and a more adequate standard of living for us all. These principles and accompanying analysis provide an important starting point for the design and delivery of economic recovery policymaking and will assist in ensuring that the National Strategy is gender-sensitive with actions that promote women's economic equality.

## **5. Gender equality and the Advisory Group on Economic Recovery**

The differential impact for women and men of Covid-19 is well-rehearsed.<sup>21</sup> Close the Gap and Engender submitted a host of evidence to the Advisory Group on Economic Recovery (AGER) making the case for a gendered response to Covid-19,<sup>22</sup> advocating for the use of gender-sensitive sex-disaggregated data in developing policy interventions,<sup>23</sup> and analysing the impact on women's labour market participation.<sup>24</sup> Despite this evidence on the profoundly gendered nature of the crisis, the AGER's report is not gendered with the impacts on women's employment and the substantial increase in women's unpaid work only receiving a peripheral mention. Its analysis does not integrate these gendered issues and nor are they reflected in the recommendations it has produced.<sup>25</sup> Without mitigation, actions for a recovery based on AGER's report will worsen women's economic position, and widen income and wealth gaps.<sup>26</sup>

We do not doubt the creativity and commitment of the individuals who were commissioned to form AGER. However, the fact that the final report contains an exhortation that recovery plans be informed by gender-sensitive sex-disaggregated data while simultaneously ignoring its own advice is indicative of a profound gap in capacity and focus. The policy areas the report touches on are unquestionably gendered:

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<sup>20</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*

<sup>21</sup> Engender (2020) *Women and Covid-19* Available at: <https://www.engender.org.uk/content/publications/Engender-Briefing---Women-and-COVID-19.pdf>

<sup>22</sup> Close the Gap (2020) *Close the Gap response to the Advisory Group on Economic Recovery* available at <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-evidence-for-the-Advisory-Group-on-Economic-Recovery---May-2020.pdf>

<sup>23</sup> Engender (2020) Covid-19: Gathering and using data to ensure that the response integrates women's equality and rights. Available at: <https://www.engender.org.uk/content/publications/Covid-19-Gathering-and-using-data-to-ensure-that-the-response-integrates-womens-equality-and-rights.pdf>.

<sup>24</sup> Close the Gap (2020) Disproportionate disruption: The impact of Covid-19 on women's labour market equality. Available at: <https://www.closesthegap.org.uk/content/resources/Disproportionate-Disruption---The-impact-of-COVID-19-on-womens-labour-market-equality.pdf>

<sup>25</sup> Close the Gap and Engender (2020) *Engender and Close the Gap response to the Advisory Group on Economic Recovery Report* available at <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-and-Engender-response-to-the-AGER.pdf>

<sup>26</sup> Ibid.

employment, skills, enterprise and entrepreneurship, education, care, and macroeconomics. If women are not to be left behind by economic recovery, then their different experiences of work, skills acquisition, entrepreneurship, education, and care will need to be part of Scottish Government's thinking and action. We urge the Advisory Council on Economic Transformation to learn from the lessons of the AGER and embed gender analysis across all of its work from the outset.

## 6. Gender and economic development

Gender equality and inclusion are undermined by definitions of economic "progress" that do not adequately reflect social policy concerns. Feminist economists have long called for gender inequality to be placed at the heart of our national and international economic policies. For example, women's unpaid care work props up the economy and significantly undermines women's career progression and lifetime earnings, yet measurements of economic growth that rely heavily on GDP do not count women's unpaid work and do not map onto human wellbeing. Similarly, infrastructure is narrowly conceived as physical structures, like power grids and transport networks, as opposed to equally vital social structures such as care, leading to disproportionate investment in male-dominated industries and spheres.

While Scotland's current Economic Strategy includes a welcome commitment to maximise the economic potential of women, the focus of investment and development support is predominantly male-dominated sectors.<sup>27</sup> Determining which economic sectors will be a focus for development, investment, and growth in Scotland has the potential to widen or narrow the gender pay gap. At present, the sectors identified as key growth sectors in the Economic Strategy are predominantly male-dominated, such as financial and business services, energy, and life sciences. This policy focus is very likely to widen the gender pay gap, as investment has not yet incorporated significant and substantive efforts to militate against occupational segregation. Ultimately, this means that men, and "men's jobs" disproportionately benefit from Scottish Government-driven investment and development.

The ongoing Covid-19 crisis has highlighted the importance of childcare and social care infrastructure to women's ability to sustain employment, and to the wider economy. The closure of schools and nurseries exacerbated gendered patterns of caring responsibilities. In addition, the reduction of social care packages during the crisis has made it more difficult to access care, displacing responsibility for care onto female family members.<sup>28</sup> As highlighted in *Gender and Economic Recovery*, childcare and social care is critical infrastructure which enables women's labour market participation, and is a necessary step in realising women's wider economic equality.<sup>29</sup> However, mainstream

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<sup>27</sup> Scottish Government (2015) *Scotland's Economic Strategy*

<sup>28</sup> Engender (2020) *Gender and Unpaid Work: The Impact of COVID-19 on Women's caring roles*

<sup>29</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*

economics frames spending on caring professions as current consumption, as opposed to capital investment, while unpaid care is not included at all.<sup>30</sup> Evidence from Scotland,<sup>31</sup> and internationally<sup>32</sup> finds that investment in care infrastructure, including investment in high quality childcare and social care, stimulates job creation, community regeneration, and increased opportunities for under-employed women.<sup>33</sup> The state benefits from investment in childcare through an increased tax base and relieved pressure on social security. Childcare can also play an important role in local economic regeneration strategies in terms of dealing with area-based poverty through offering employment, providing opportunities for mothers to access the wider labour market, and improving the quality of provision for children in areas of deprivation.<sup>34</sup> Ultimately, investment in the childcare sector has a positive impact in the medium term on almost all of the high level targets in Scotland's National Performance Framework.<sup>35</sup>

Care is as essential to our economy as bricks, steel, and fibre optic cable. Inclusive growth means investing in a care economy. Investment in childcare and care for disabled people and older people should be considered as necessary infrastructure for a sustainable wellbeing economy and a good society. Spending on childcare and care should be viewed as infrastructure investment as it is an enabler of paid work, but also supports the realisation of women's equality and rights, and children's rights.<sup>36</sup> It is of particular economic and social benefit to the poorest families, including those headed by single mothers.<sup>37</sup> Designating childcare and social care as key sectors would drive the policy focus and allocation of resources necessary to grow these sectors, and address the systemic undervaluation of "women's work" by reorientating strategic focus to women's position in the economy, as workers and as carers.

Economic development holds huge potential to tackle the gendered occupational segregation that characterises the Scottish labour market. However, strategic approaches to develop growth sectors, skills, job creation, enterprise and other elements of Scottish Government economic policy do not substantively engage with gendered approaches, nor recognise the economic benefits of equality. Much broader debate on the value base of our economic strategy and the imbalance between economic and social priorities is urgently needed, and Scotland's economic development

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<sup>30</sup> Marilyn Waring (1988) *If Women Counted: A New Feminist Economics*

<sup>31</sup> Lapniewska, Zofia (2016) Growth, Equality and Employment: Investing in Childcare in Scotland, WiSE Research Centre

<sup>32</sup> De Henau, Jerome, Sue Himmelweit, Zofia Lapniewska and Diane Perrons (2016) Investing the Care Economy: A gender analysis of employment stimulus in seven OECD countries, ITUC Research Centre

<sup>33</sup> Lapniewska, Zofia (2016) Growth, Equality and Employment: Investing in Childcare in Scotland, WiSE Research Centre

<sup>34</sup> WiSE Research Centre (2013) The Economic Case for Investing in High-Quality Childcare and Early Years Education

<sup>35</sup> Ibid.

<sup>36</sup> See: De Henau J, Himmelweit S, Lapniewska Z, Perrons D (2016) Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries. International Trade Union Confederation. Available at: [https://www.ituc-csi.org/IMG/pdf/care\\_economy\\_en.pdf](https://www.ituc-csi.org/IMG/pdf/care_economy_en.pdf) and Lapniewska Z (2016) Growth, Equality and Employment: Investing in Childcare in Scotland. WiSE Research Centre, Glasgow Caledonian University. Available at:

<https://www.gcu.ac.uk/wise/media/gcalwebv2/theuniversity/centresprojects/wise/98178%20WISE%20BREFING%20PAPER%204%20August.pdf>

<sup>37</sup> Women's Budget Group (2020) 2020 WBG Briefing: Childcare and gender. Available at: <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-childcare-and-gender/>



strategies need to recognise gender and other forms of equality as preconditions of sustainable, equitable growth at the economy, sector and enterprise level.

## **7. Key considerations for the National Strategy on Economic Transformation**

### Women's labour market inequality

The gender pay gap, the key indicator of women's labour market equality, represents the divergent experiences men and women have not only in employment but also in education, training, care and other domestic labour. It is a persistent feature of Scotland's labour market, remaining stubbornly high at 10%.<sup>38</sup> Women comprise the majority of low-paid workers, and work that is seen as "women's work", such as care, cleaning and retail, is systematically undervalued in the labour market.<sup>39</sup>

In Scotland, women account for 79% of key workers.<sup>40</sup> Many of these female-dominated key worker jobs, such as those in adult social care, childcare and retail, are characterised by low pay, and poor terms and conditions. Indeed, women account for 98% of key workers earning "poverty wages".<sup>41</sup> The undervaluation of "women's work" results in the low pay associated with those jobs and sectors and has lifelong impacts for women such as having less access to resources and assets, including occupational pensions, and a higher risk of in-work poverty. Women are more likely than men to have caring responsibilities and therefore face the additional pressure of finding work that allows them to balance earning with caring. As a result, women are further concentrated into low-paid and often insecure work, as most part-time work is found in the lowest paid occupations and sectors.

Disabled women, BME women, LGBTI women and refugee women experience different, multiple barriers to participation in the labour market, and to progression within their occupation, which also contributes to the pay gap. This is why it is necessary to take an intersectional approach to work on the gender pay gap and women's labour market inequality. For example, across the labour market, disabled women and some groups of BME women are more likely to be underemployed in terms of skills, to report higher levels of discrimination, bullying and harassment, and experience higher pay gaps.<sup>42</sup> Research by Close the Gap found that 72% of BME women have experienced racism,

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<sup>38</sup> Close the Gap (2021) *Gender Pay Gap Statistics* available at

<https://www.closesthegap.org.uk/content/resources/Working-Paper-22---Gender-Pay-Gap-Statistics-2021.pdf>

<sup>39</sup> Grimshaw, Damien and Jill Rubery (2007) *Undervaluing Women's Work*, Equal Opportunities Commission

<sup>40</sup> Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at

[https://www.closesthegap.org.uk/content/resources/1617267711\\_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf](https://www.closesthegap.org.uk/content/resources/1617267711_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf)

<sup>41</sup> UK Women's Budget Group (2020) *Crises Collide: Women and Covid-19*. Available at

<https://wbg.org.uk/wpcontent/uploads/2020/04/FINAL>

<sup>42</sup> Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap* available at

<https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf>

discrimination, racial prejudice and/or bias in the workplace.<sup>43</sup> Disabled women, BME women and young women have been disproportionately impacted by Covid-19 job disruption and this has the potential to further entrench labour market inequality for these groups of women who already face multiple barriers to good quality employment.

*A Fairer Scotland for Women*, Scotland's first gender pay gap action plan, was published in 2019 and the actions have since been refreshed in response to the impact of Covid-19 on women's employment. This Plan is an important step in driving Government action on the gender pay gap. Close the Gap and Engender have welcomed the breadth of ambition in the plan which recognises that the causes of the pay gap reach far beyond the workplace with change also necessary in early years settings; schools, colleges and universities; and economic development. Taken together, the actions contained within this plan have transformational potential for women's labour market experience and economic equality. However, it is crucial that implementation of the plan ensures that this ambition is realised. The National Strategy on economic transformation should build on the actions outlined in *A Fairer Scotland for Women*, ensuring that the strategy supports the Scottish Government's commitments around the gender pay gap.

#### The impact of Covid-19 on women's labour market inequality

Women's labour market participation has been adversely impacted by Covid-19 job disruption, with the pandemic exacerbating women's pre-existing inequality in the labour market. Women are more likely to work in a shutdown sector, such as hospitality and retail; women's poverty rates, and subsequently child poverty rates, will rise as a result of low-paid women being particularly affected by job disruption; women are bearing the brunt of the increase in childcare and care for adults in the home, making it difficult to do paid work; and women are more likely to lose their jobs over the course of the recession. In March, Close the Gap published an analysis of how the pandemic was impacting women's employment in Scotland.<sup>44</sup> Key findings from *One Year On* include:

- Job disruption has disproportionately affected women because men and women tend to work in different jobs and sectors.
- **Women's unemployment in Scotland rose twice as fast as men's at the start of lockdown** (March-May 2020), a rise of 1.5% on the previous year compared with 0.7% for men.
- **Since July 2020, women are more likely to have been furloughed than men**, and been furloughed for a longer period of time.
- **The female-dominated hospitality and retail sectors have the highest rates of furlough in Scotland**, accounting for just under half (45%) of furloughed jobs.

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<sup>43</sup> Close the Gap (2019) *Still Not Visible: Research on BME women's experiences of employment in Scotland* available at [https://www.closesthegap.org.uk/content/resources/1557499847\\_Still-Not-Visible.pdf](https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf)

<sup>44</sup> Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at [https://www.closesthegap.org.uk/content/resources/1617267711\\_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf](https://www.closesthegap.org.uk/content/resources/1617267711_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf)

- **More than a third (39%) of young women workers under 18 were furloughed in the UK, compared with 29% of male workers** of the same age, and 23% of women aged 18-24 were furloughed compared with 19% of men.
- **Women accounted for only 33% of Self-Employment Income Support Scheme claims in Scotland received by 31st January 2021.**

As highlighted in the section on gender and economic recovery above, the pandemic has underscored the need for national economic strategies to integrate gender equality and address the inequalities women face at work as a core aim. Otherwise, one of the key long-term impacts of Covid-19 will be to exacerbate women's economic and labour market inequality.

### Care and unpaid work

As previously noted, women's unpaid work is critical for the functioning of the economy and yet rarely included in national accounting. Gendered patterns of care are long entrenched and have been slow to disrupt, in part due to outdated presumption that care is a product of inherently "female" traits and preferences, leading to a subsequent failure to recognise and value care skills.<sup>45</sup> The Gender Equality Index published in 2020 finds that 85% of people aged 16-64 who were "economically inactive" due to caring were women and Scotland's overall score on the measure of inactivity due to caring is low, leading Scottish Government to conclude that "Scotland is a long way from full gender equality in this area."<sup>46</sup>

As the pandemic disrupted informal and formal childcare, schooling and social care, gendered patterns of unpaid care were crystallised further.<sup>47</sup> Evidence from the Institute of Fiscal Studies highlights that women with caring responsibilities in paid work have reduced their paid working hours substantially, and by more than their male counterparts.<sup>48</sup> In addition, 78% of unpaid carers report having to provide more care than they were prior to the coronavirus outbreak, and of the now as many as 1.1 million unpaid carers in Scotland, 61% are women.<sup>49</sup> Women who provide unpaid care are more likely to experience poverty as a result of providing unpaid care than men.

The increase in caring responsibilities has forced many women to leave their jobs, affecting their income and career prospects, and ultimately placing women and their children at greater risk of poverty. In the longer-term, therefore, investing in childcare and social care will promote women's labour market equality by enabling women to enter the labour market and to access promotion and development opportunities. However, investment in care is also an effective way to stimulate employment,

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<sup>45</sup> Emily Thomson (2020) *Gender & Inclusive Growth: Inclusive Growth and its potential to improve gender equality*, Close the Gap and Engender available at <https://www.closesthegap.org.uk/content/resources/Gender-and-Inclusive-Growth---Making-inclusive-growth-work-for-women-in-Scotland.pdf>

<sup>46</sup> Scottish Government (2020) *Gender Equality Index*

<sup>47</sup> C. Hupkau and B. Petrongolo (2020) *Work, care and gender during the Covid-19 Crisis*

<sup>48</sup> Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

<sup>49</sup> Engender (2020) *Gender and Unpaid Work: The Impact of COVID-19 on Women's caring roles*

reduce the gender employment gap and to counter economic recession.<sup>50</sup> Research by the Women’s Budget Group found that that investment in care in the UK would produce 2.7 times as many jobs as an equivalent investment in construction, investment in care is greener than investment in construction, and more of its costs would be recouped in increased income tax and National Insurance contributions.<sup>51</sup>

### Women’s equality and the transition to net zero economy

Green jobs and green skills are an integral aspect of Scottish Government’s efforts to transition to a net zero economy and the promotion of a green economic recovery. To date, however, the potential impacts of the growth in green jobs on women’s labour market participation and equality has not been a core consideration of a “just transition”. The sectors which have been viewed as critical to the green economy<sup>52</sup> are male-dominated sectors such as energy, transport, construction, agriculture, and manufacturing. Women account for 11.3% of engineering professions, 16% of the engineering workforce and 25% of manufacturing.<sup>53</sup> Analysis by Close the Gap has found that women account for less than one-quarter (22%) of people employed in these priority sectors in Scotland.<sup>54</sup>

Increased focus on and investment in these male-dominated sectors will disadvantage women, worsen women’s unemployment, widen the gender pay gap, and also risks exacerbating women’s poverty. Consequently, it is essential that tackling occupational segregation and the development of gender-sensitive training and development programmes are central aims of the transition to a net zero economy. Occupational segregation is also correlated with sector skills shortages,<sup>55</sup> and increasing the number of women entering these sectors is necessary to meet demand for labour.

The Scottish Government acknowledges that the move to a green economy requires the realignment of Scotland’s investment in education, training and work-based learning towards green jobs.<sup>56</sup> Skills policy and interventions must be informed by evidence on women’s access to skills acquisition and in-work training and development. Gender-blind skills initiatives entrench the occupational segregation that characterises Scotland’s education and skills pipeline, funnelling women into low-paid, undervalued jobs and sectors. In addition to the development of new initiatives, including the creation of a Green Jobs Workforce Academy, the Skills Action Plan notes that access to

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<sup>50</sup> Women’s Budget Group (2020) *A Care-led Recovery from Coronavirus: The case for investment in care as a better post-pandemic economic stimulus than investment in construction* <https://wbg.org.uk/wp-content/uploads/2020/06/Care-led-recovery-final.pdf>

<sup>51</sup> Ibid.

<sup>52</sup> Scottish Government and Skills Development Scotland (2020) *Climate Emergency Skills Action Plan 2020-2025: Key issues and priority actions*

<sup>53</sup> NOMIS Official Labour Market Statistics, 2020, Workforce jobs by industry (SIC 2007) and sex

<sup>54</sup> Close the Gap (forthcoming) *Green jobs and skills: The implications for women’s labour market equality*

<sup>55</sup> Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women’s labour market equality in Scotland* available at: <https://www.closesthegap.org.uk/content/resources/Gender-Equality-Pays.pdf>

<sup>56</sup> Ibid.

green jobs will be supported by existing recovery skills programmes and Scottish Government action plans including the National Transition Training Fund, Young Person's Guarantee, Fair Start Scotland, No One Left Behind and the Future Skills Action Plan. However, some of these interventions, particularly No One Left Behind and the National Transition Training Fund, have afforded very little, if any, focus to gender equality.

### Automation

Artificial intelligence (AI) and data driven technologies undoubtedly create opportunities for the Scottish labour market and society. However, these technologies also present a number of key challenges around women's labour market inequality, built-in discrimination and bias, and future skills challenges. Technology is expected to play an ever-growing role in Scotland's future economy, with implications for the nature of work and jobs. While it is currently unclear whether Covid-19 will accelerate this trend, there are a number of reasons to suspect that the pace of automation will increase as a result of the ongoing crisis.

Evidence from 2008 found that routine jobs that could easily be automated disappeared with the financial crisis, and did not return during the recovery phase, contributing to a "jobless recovery". Evidence from the three recessions in the past 30 years found that 88% of job losses took place in highly automatable occupations, with automation being viewed as accounting for "essentially all" of the jobs lost in the crises.<sup>57</sup> Evidence also shows that automation tends to happen in bursts, often concentrated in the wake of economic shocks when labour becomes relatively more expensive as firms' revenues rapidly decline.<sup>58</sup> Moreover, Covid-19 may change consumer behaviour as a result of social distancing and fear of contracting the virus, leading to consumers preferring automated services to face-to-face interactions in sectors such as hospitality and retail for the foreseeable future, adding further incentives to businesses to automate their services.<sup>59</sup>

If automation and the adoption of new technologies does accelerate in response to Covid-19, this would further compound women's disproportionate risk of unemployment, reduced hours, and underemployment. Many of women's jobs at risk of automation are the same jobs which are at risk of job disruption as a result of the pandemic. In addition, job disruption as a result of automation and new technologies is also expected to have a gendered impact.<sup>60</sup> The ONS finds that women account for 70.2% of employees in jobs at high risk of automation, and 42.6% of employees in jobs at low risk of automation. Furthermore, part-time workers, of whom women comprise

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<sup>57</sup> Jaimovich, Nir and Siu, Henry (2012) *Job Polarisation and Jobless Recoveries*

<sup>58</sup> Muro, Mark (2020) 'Will the covid-19 pandemic accelerate automation?', *The Economist*, April 22 2020, available at <https://eiperspectives.economist.com/technology-innovation/will-covid-19-pandemic-accelerate-automation>

<sup>59</sup> Benedikt Frey, Carl (2020) 'COVID-19 will only increase automation anxiety', *Financial Times*, April 21 2020, available at <https://www.ft.com/content/817228a2-82e1-11ea-b6e9-a94cfd1d9bf>

<sup>60</sup> World Economic Forum (2018) *The Global Gender Gap Report 2018*

the majority, make up 69.9% of all employees in jobs at high risk. This compares with only 11% of jobs at low risk of automation being held by part-time positions.<sup>61</sup> Women workers are concentrated at the extreme ends of the automation spectrum, with women over-represented in jobs that are at the highest risk of automation, such as retail or secretarial roles, and under-represented in the sectors where job growth is likely as a result of automation, such as STEM.<sup>62</sup> Occupations most at risk of automation for men have the lowest earnings, whereas there is considerable risk to “women’s jobs” in better paid occupations, which has the potential to reverse gender equality gains.

The National Strategy on Economic Transformation is likely to have a focus on the “fourth industrial revolution”. It remains vital that Scotland’s response to new technologies do not cement, or indeed, worsen existing gender inequalities. Tackling occupational segregation, addressing the gender pay gap and promoting women’s wider economic equality must be at the centre of Scotland’s policy responses to automation and AI. This means mainstreaming gender equality in the policy development process and gathering intersectional gender-sensitive sex-disaggregated data on the changing labour market. Additionally, targeted skills programmes should be developed to support groups of women most at risk of automation and to tackle occupational segregation in the tech sector. In a *Fairer Scotland for Women*, the Scottish Government have committed to ensuring that addressing the causes of the gender pay gap are central to policies on automation and artificial intelligence.<sup>63</sup> Despite this, strategies at the Scottish and UK-levels have been characterised by a lack of gender analysis and limited use of gender-disaggregated data.

### The undervaluation of women’s work

The concept of undervaluation underpins gendered experiences of low pay, occupational segregation and the gender pay gap.<sup>64</sup> In economics, the undervaluation of “women’s work” means there is evidence of lower returns to women’s productive characteristics.<sup>65</sup> Practically, this means that women will receive lower pay from investing in education or from their own work experience. The undervaluing of “women’s work” has lifelong impacts for women such as debt, having less access to resources and assets, including occupational pensions, and a higher risk of in-work poverty.

Covid-19 has illuminated the critical role “women’s work” in sectors such as care,

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<sup>61</sup> ONS (2019) ‘Which occupations are at high risk of being automated’ available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25>

<sup>62</sup> Close the Gap (2020) *Response to the Scottish Government’s Consultation on Developing Scotland’s Artificial Intelligence Strategy*

<sup>63</sup> Scottish Government (2019) *A Fairer Scotland for Women: gender pay gap action plan*

<sup>64</sup> Grimshaw, Damien and Jill Rubery (2007) *Undervaluing Women’s Work*, Equal Opportunities Commission

<sup>65</sup> Ibid.

childcare, nursing and retail plays in Scotland's economy. Although these workers are essential to a successful pandemic response, they are undervalued, underpaid, and under-protected.<sup>66</sup> For example, the designation of care as low-skilled contributes to the economy-wide undervaluation of care work more broadly. The undervaluation of the social care workforce is sustained by stereotypes around gender roles and assumptions relating to women's and men's capabilities and interests.<sup>67</sup> The idea that women are intrinsically more caring is used to justify the low pay attached to care work in the labour market, with perceived job satisfaction a substitute for fair pay. The extension of Living Wage coverage in undervalued female-dominated jobs and sectors is an important starting point. However, the Living Wage is not a panacea for undervaluation as it does not address the crux of the low pay problem, which is that this work is undervalued because it is mostly women who do the work. Increasing the wages associated with these roles alone will be insufficient to better recognise the status and skills of the workforce.

The creation of a National Care Service provides an important opportunity to improve the quality of care services in Scotland, while also improving job quality and raising the status of paid care work. The vision for social care reform must recognise that many of the challenges identified with the system, and particularly the workforce challenges, are a cause and consequence of gender inequality.<sup>68</sup> Without tackling the chronic low pay and gendered undervaluation of social care work itself it will not be possible to attract and retain staff, or to deliver substantive improvements in the quality and provision of care.

While undervaluation of women's work in Scotland is recognised in *A Fairer Scotland for Women*,<sup>69</sup> the Plan contains no actions to address it. The Scottish Government has commissioned research around international mechanisms to revalue women's low-paid work in sectors such as social care, early learning and childcare, retail, and cleaning. The Advisory Council should take account of the findings to ensure that the Strategy has a strong focus on gender-sensitive responses to the undervaluation of women's work.

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<sup>66</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*

<sup>67</sup> Close the Gap (2020) *Close the Gap submission to the Independent Review of Adult Social Care* available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-submission-to-the-Independent-Review-of-Adult-Social-Care.pdf>

<sup>68</sup> Ibid.

<sup>69</sup> Scottish Government (2020) *A Fairer Scotland for Women*