



# Scottish Parliament debate on gender and the workplace, June 2016

## Close the Gap briefing

### 1. Key messages

- Women continue to have a different experience of the labour market to men. Scotland's gender pay gap is persistent at 15%.
- Women's labour market inequality is a drag on growth. Closing the gender gap in employment could add £17bn to Scotland's economy.
- Employer action on addressing women's inequality at work has been very slow. Private sector employers, in particular, are unduly complacent about how well they are delivering equality for women workers.
- Public authorities' performance on the gender and employment requirements of the public sector equality duty has been poor, with few taking actions to address inequalities.
- Occupational segregation 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.
- Scottish Government must use the newly devolved employability powers to ensure that the design of employability programmes considers the gendered barriers to the labour market.

### 2. The gender pay gap

#### 2.1 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.<sup>1</sup> 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.

## 2.2 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 under-represented at senior level. Headline measures that use only the full-time figure 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 is a key cause of the gender pay gap.

## 3. **The economic case for addressing women's labour market inequality**

Recent research by Close the Gap reviews the evidence for the economic case for addressing women's labour market inequality. *Gender Equality Pays* identifies clear and mounting evidence that gender equality at work is not just good for women, but is also a critical driver for improved business performance, and a worldwide catalyst for economic growth. The report highlights a flourishing of evidence in three key areas:

- The correlation between gender balance at senior level, and improved corporate and financial performance.
- The business benefits of providing flexible or agile working;
- The macroeconomic gains where women's under-used skills are more effectively utilised across the labour market, particularly in sectors which

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

are characterised by occupational segregation, which are also more likely to have skills shortages.

Crucially, closing the gender gap in employment could be worth more than **£17bn** to the Scottish economy<sup>2</sup>.

## **4. Employer action on addressing women's inequality at work**

### **4.1 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, and set equality outcomes under the public sector equality duty. Close the Gap has carried out two assessments<sup>3</sup> 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 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.

### **4.2 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 practice. Close the Gap research which mapped women's

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<sup>2</sup> Close the Gap (2016) *Gender Equality Pays* <http://www.closesthegap.org.uk/content/resources/Gender-Equality-Pays.pdf>

<sup>3</sup> 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](http://www.closesthegap.org.uk/content/resources/1450180414_CTG-Working-Paper-12---Monitoring-Scottish-public-bodies-compliance-with-the-public-sector-equality-duty.pdf)

participation in the Scottish manufacturing sector found pay gaps of up to 44% in some sub-sectors.<sup>4</sup>

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.<sup>5</sup> The findings identify that employers are unduly complacent about equal pay.

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](http://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.

The UK Government voluntary initiative *Think, Act, Report* aimed to encourage private sector companies to address the gender pay gap. It was widely seen as failure when only four companies published their pay gaps, and only two by grade which was the aim of the initiative.

Scottish Government's voluntary initiative, Scottish Business Pledge, includes a pledge on having a 'balanced workforce', however the number of companies that have pledged to advance gender equality in their organisations has been extremely low.

## 5. Occupational segregation

### 5.1 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:

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<sup>4</sup> 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>

<sup>5</sup> Close the Gap (2013) *Missing out on the benefits?* <http://www.closesthegap.org.uk/content/resources/Missingoutonthebenefits-CTG.pdf>

- 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 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.

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

([www.bewhatyouwant.org.uk](http://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 advisors 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.

## 6. **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.<sup>6</sup> 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.<sup>7</sup> Less than one fifth (15%) of Scottish local authorities 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.<sup>8</sup> 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 wraparound childcare to enable them to work, study and train on an equal basis.

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.

## **7. Employability**

An individual's readiness to work is profoundly affected by their education and skills, by their caring responsibilities, by their safety at home and in the workplace, and by the types of work they are able to access. Women have different experiences than men in all of these areas. Employability programmes need to take account of these differences and purposefully respond to them.<sup>9</sup>

Generic skills and employability programmes are likely to replicate gendered patterns of skills acquisition and employment. The work programme does not consider the occupational segregation that characterises the Scottish labour market when pairing job seekers with mandatory work activity.

With the new powers coming to Scotland, Scottish Government has the opportunity to design replacement programmes with gender equality as a central aim. As a potential point of entry into the labour market, employability

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<sup>6</sup> Save the Children (2011) *Making Work Pay – The Childcare Trap*

<sup>7</sup> Ibid.

<sup>8</sup> Rutter, Jill (2015) *Childcare Costs Survey 2015*, Family and Childcare Trust

<sup>9</sup> Engender (2016) *Unblocking the pipeline: Gender and employability in Scotland*

programmes must identify how they will mitigate the causes of occupational segregation.<sup>10</sup> New powers over employment support offer the potential to design programmes that take account of the particular barriers faced by women in the labour market.

Occupational segregation is a labour market inefficiency, with the market failing to allocate people to jobs based on their skills, and therefore functions as a drag on economic growth. In the face of falling economic growth, and the contraction of social security budgets, there is an economic imperative to ensure that employability programmes are designed to address occupational segregation.

### **About Close the Gap**

Close the Gap is a partnership initiative that works in Scotland on women's labour market participation. Close the Gap works with employers, employees and policymakers to enable and encourage action to address women's inequality at work. Partners include Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Equality and Human Rights Commission, and Scottish Trades Union Congress. Close the Gap has been operating since 2001.

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<sup>10</sup> Close the Gap (2012) *Briefing on women and work*