



## **Close the Gap response to Women on Board Scottish Government consultation on the introduction of gender quotas on public boards**

### **1. Introduction**

Close the Gap is a partnership initiative, which works across Scotland to promote positive activity to address the gender pay gap.

Partners include Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Trades Union Congress (STUC) and Equality and Human Rights Commission (EHRC).

Close the Gap works with employers, economic development agencies, sectoral representative bodies, and employees. The breadth of partnership recognises that equal pay is a productivity issue as well as an issue of fairness and equality, and that narrowing the gender pay gap would return aggregate productivity gains to the Scottish economy.

Close the Gap welcomes the opportunity to respond to this consultation on women on boards. Occupational segregation, where women and men do different types of work and different levels of work, is a cross-cutting theme of the project. Vertical segregation, or the 'glass ceiling', which describes women's under-representation in senior roles is a key cause of the gender pay gap. Occupational segregation functions as a drag on growth, both within individual organisations, and within the wider economy. The pay gap in Scotland is currently 13 per cent when comparing men's average full-time hourly earnings with women's average full-time hourly earnings and is 34 per cent when comparing men's full-time and women's part-time average hourly earnings.<sup>1</sup>

### **2. Responses to specific questions**

**1. Voluntary measures to increase gender diversity on public boards have been in place for some time. Why do you think they have not led to the achievement of the 40% Diversity Delivers target? Please give reasons for your answer.**

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<sup>1</sup> Close the Gap (2014), *Working Paper 11: Statistics*

Evidence shows that voluntary measures have proven to be ineffective in delivering increased gender diversity on public boards. While some organisations have been persuaded of the business benefits of gender equality, most have not. Stereotyping and assumptions about women and men's capabilities and preferences mean that women are deemed to be unsuitable for senior roles including those on boards.

Close the Gap research shows that where organisations are supportive of gender equality, often does not translate into specific actions to advance diversity.<sup>2</sup>

In spite of gender equality initiatives such as the UK Government's *Think, Act, Report*, the rate of progress has been extremely slow, and the glass ceiling remains in place. Even where there has been some progress in women's representation on boards, this has been in non-executive directors, and not chief executives, executive or financial directors. As the consultation paper sets out, only 21 per cent of chairs of public boards or bodies in Scotland are women, there are four public boards with no female representation, and 10 per cent of public boards have fewer than 20 per cent of women on them. This shows that voluntary measures is insufficient to delivery gender balance on boards.

**2. Do you think that before gender quotas are introduced to public boards, public bodies should be given the opportunity to achieve a voluntary target for gender diversity on their board first? YES, NO or DON'T KNOW**  
**Please give reasons for your answer.**

No. Voluntary measures have proven to be ineffective, so giving public boards voluntary targets in the first instance is unlikely to result in change.

**4. What difficulties, if any, do you think there will be in introducing gender diversity quotas for public boards?**

There is likely to be some resistance within public bodies related to change, as stereotypes about women's skills and capabilities prevail. In fact, the arguments around gender equality at senior levels are well rehearsed and there is substantial evidence to show where organisations have benefited from having have a more representative senior teams, including boards.

The international evidence suggests that gender quotas may *increase* the skills-levels on the boards of organisation. This is because a more robust and inclusive process identifies candidates outside the norm, which have traditionally been identified through male-dominated informal networks that stretch across sectors and the public sector in its entirety.<sup>3</sup>

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<sup>2</sup> Close the Gap (2013) *Missing out on the benefits? Summary of the research on reporting of the gender pay gap in Scotland*

<sup>3</sup> See Close the Gap (2007), *The relationship between actions to promote gender equality and profit: A position paper*; and Close the Gap (2009), *Valuing Diversity: the business case for gender equality during an economic downturn*

**5. What support, if any, do you think public bodies will require in order to introduce quotas effectively?**

Public bodies will require support from Scottish Government to facilitate a smooth transition to gender quotas. Guidance related to the appointments process for non-regulated bodies will need to be detailed and prescriptive, with structures in place to provide operational capacity-building where required.

**6. Which boards should quotas apply to? For example: those with Ministerial appointments only; Ministerial and non-regulated appointments; Neither Ministerial nor non-regulated? Please give reasons for your answer.**

Quotas should apply to all boards. A uniform approach should be taken to show commitment to delivering gender equality in the boardroom.

**7. Which other public boards, if any, should be included? Please give reasons for your answer.**

All boards should be included. See Q.6 above.

**8. Which public boards, if any, should be exempt? Please give reasons for your answer.**

All boards should be included. See Q.6 above.

**12. Who do you think should be responsible for enforcing quotas?**

Scottish Government would be ultimately responsible for enforcing quotas, accountable for commitments and targets within the legislation, and adequately resourcing oversight processes. There would be a role for Scotland's audit and inspection bodies to ensure these structures were implemented and operating effectively.

Potentially, there would be also be a role for the Equality and Human Rights Commission (EHRC) and civil society organisations to carry out 'enabling' work, to build capacity, and to monitor compliance.

**16. Please provide details of any additional issues, not addressed in your other responses, that you think should be considered in relation to the introduction of gender quotas on public and company boards.**

We would wish to see an exemption for organisations that specifically focus on responding to gendered inequalities, or provide services to women or men that arise from protected characteristics.

**17. What resource issues, if any, will there be for public bodies to introduce gender diversity quotas on their boards? Please give reasons for your answer.**

Under the public sector equality duty, public bodies are already obliged to consider gender balance and a wide range of other issues relating to gender equality. Policies to advance gender equality, for example, in relation to recruitment, should be mainstreamed throughout each public body, as outlined in the duty. Costs would therefore be limited to those associated with participation in capacity-building (see Q.5.)