



Briefing for Scottish Government debate on Growing the Economy

June 2024

Close the Gap is Scotland's policy advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees for over 20 years to influence and enable action that will address the causes of women's labour market inequality.

1. Introduction

Growing the economy has been identified as one of the key priorities of the Scottish Government by the new First Minister.¹ There is clear and mounting global evidence of the links between gender equality and economic growth.² Research by Close the Gap estimated that closing the gender gap in employment could generate £17 billion for Scotland's economy.³ Therefore, action to address women's labour market inequalities, including their over-representation amongst low-paid workers and occupational segregation, are crucial to grow the economy. Women's labour market inequality drives their disproportionate experiences of poverty and therefore children's poverty,⁴ and as Close the Gap has previously highlighted, there is a real risk of women being left behind in the just transition to the green economy.⁵ **It is therefore crucial gender is mainstreamed in Scottish Government's new priorities and a gendered approach is taken to growing the economy.** The current generic approach to economic policy is insufficient to tackle these gendered inequalities. Women's experiences must be centred in economic policy if growth is to benefit women as well as men.

¹ Scottish Government (2024) *Priorities for Scotland: First Minister's statement – 22 May 2024*, available at: <https://www.gov.scot/publications/first-ministers-priorities-scotland/>

² McKinsey Global Institute (2015) *The Power of Parity: How advancing women's equality can add \$12 trillion 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>

³ Thomson, E. (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>

⁴ Close the Gap (2024) *Close the Gap briefing for Scottish Government debate on eradicating child poverty*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-debate-on-eradicating-child-poverty-June-24.pdf>

⁵ Close the Gap (2024) *Close the Gap briefing for Scottish Government Debate: Investing in Scotland's Green Economy*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Investing-in-Scotlands-Green-Economy.pdf>

2. National Strategy for Economic Transformation

Scottish Government published its ten-year National Strategy for Economic Transformation (NSET) in 2022 which includes programmes of action on entrepreneurship, new market opportunities, productivity, a skilled workforce, and a more fair and equal society.⁶ During the strategy development, Close the Gap and Engender worked jointly to advocate that the strategy integrate gender perspectives and centre women's needs into economic policymaking, making it clear that women and men engage with the economy in very different ways.⁷ However, **NSET is largely gender-blind, there is no mention of the care economy which enables the formal economy to operate, and no action to tackle structural economic inequalities such as occupational segregation and the undervaluation of women's work.**

In 2024, it was announced Scottish Government intends to refresh NSET to take into account changes in the economic and fiscal environment, following the Covid-19 pandemic and cost-of-living crisis. Although this is ostensibly welcome, **Close the Gap is concerned that the NSET refresh will lack the substance needed to centre women's economic equality.** Mainstreaming gender in the refreshed NSET is necessary to tackle the gendered barriers women face to economic participation. The clear link between gender equality and economic growth underscores the imperative of a gendered economic approach including action on:

- Reducing occupational segregation;
- Addressing the economy-wide undervaluation of women's paid work so that women's skills are recognised and fairly remunerated;
- Designating childcare and social care key growth sectors for increased investment and policy focus;
- Designating care as vital social infrastructure; and
- Recognising and valuing women's unpaid work;

3. Fair work and a wellbeing economy

Fair work is a welcome flagship policy from Scottish Government, but **fair work must mean fair work for women too. Women's employment is characterised by low pay, discrimination and harassment, insufficient working hours, underemployment, and**

⁶ Scottish Government (2022) *National Strategy for Economic Transformation*, available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2022/03/scotlands-national-strategy-economic-transformation/documents/delivering-economic-prosperity/delivering-economic-prosperity/govscot%3Adocument/delivering-economic-prosperity.pdf>

⁷ Close the Gap and Engender (2021) *Submission to the Advisory Council: Development of the National Strategy on Economic Transformation*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-and-Engender---Evidence-for-the-Advisory-Council-on-Economic-Transformation-August-2021.pdf>

precarious work.⁸ These inequalities are particularly acute for racially minoritised women, disabled women, younger and older women, and single mothers. Without mainstreaming gender in fair work policy, women’s labour market inequalities will remain in place and will continue to drive women’s in-work poverty.⁹ **It is vital that action on women’s labour market participation considers the types of jobs they are entering, as within current fair work policy, there is little attention afforded to gender or the specific barriers women face** such as insecure, low-paid work, inflexible working practices and occupational segregation.

Women currently make up three-quarters of the part-time workforce, and are the majority of low-paid workers in Scotland, accounting for 60% of those earning below the real living wage.¹⁰ Women’s concentration in these low-paid, part-time jobs is often the result of their caring roles and the significant lack of good-quality, flexible and well-paid roles that would allow them to balance caring with earning.¹¹ **Research from Flexibility Works has found women in low income households¹² are the least likely to have access to flexible work, but 43% want to work more flexibly to balance their caring responsibility with work.**¹³ Therefore, improving access to quality flexible work is a critical action to enable the utilisation of women’s skills in the economy.

Women’s propensity to be in low-paid, part-time work has lifelong implications for their financial security. On average, women retire with over £100,000 less in their pension savings than men,¹⁴ which has resulted in two-thirds of pensioners living in poverty being women.¹⁵

In 2019, Close the Gap welcomed the publication of Scotland’s first gender pay gap action plan. Scottish Government has taken action to address the gender pay gap, by

⁸ Close the Gap (2021) *Response to Scottish Government Consultation on Becoming a Fair Work Nation*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-response-to-the-Scottish-Governments-consultation-on-Becoming-a-fair-work-nation---December-2021.pdf>

⁹ Close the Gap (2023) *Submission to the Social Justice and Social Security Committee inquiry into child poverty and parental employment*, available at: <https://www.closesthegap.org.uk/content/resources/CtG-submission-SJSS-Committee-inquiry-into-child-poverty-and-parental-employment.pdf>

¹⁰ Close the Gap (2023) *Briefing for Scottish Government Debate: Fair work in a wellbeing economy*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Fair-work-in-a-wellbeing-economy-Nov-2023.pdf>

¹¹ Close the Gap (2023) *Submission to the Social Justice and Social Security Committee inquiry into child poverty and parental employment*, available at: <https://www.closesthegap.org.uk/content/resources/CtG-submission-SJSS-Committee-inquiry-into-child-poverty-and-parental-employment.pdf>

¹² Flexibility Works class low earning households as households that have a total annual household income (not including benefits) of £30,000 or less.

¹³ Flexibility Works (2024) *Flex for Life 2024*, available at: <file:///C:/Users/ibrown/Downloads/v6-5964-Flex-For-Life-2024-.pdf>

¹⁴ Scottish Widows (c.2021) *Mind the gender pension gap*, available at: <https://www.scottishwidows.co.uk/employer/insight/eh-insight-gender-pension-gap.html>

¹⁵ Now: Pensions (2022) *The Gender Pensions Gap Report 2022...and how to close it*, available at: <https://www.nowpensions.com/app/uploads/2022/10/gender-pensions-gap-report-2022-080622.pdf>

publishing the gender pay gap action plan in 2019.¹⁶ However, in **2022 Scottish Government subsumed the gender pay gap action plan into a refreshed fair work action plan¹⁷ which has resulted in a diminished focus on the complex and interrelated causes of the gender pay gap, and a much more limited range of action to address these causes.** Close the Gap has highlighted concerns that there is will now ultimately mean less progress on women’s labour market equality, and therefore constrain economic growth.¹⁸

4. Growing and investing in the green economy

Investing in and growing the green economy has also been identified as a continued key priority.¹⁹ NSET has a particular focus on investing in and creating green skills and jobs,²⁰ however the potential impact of the growth and investment in the green economy, including green jobs and skills, on women’s labour market participation continues to be ignored. This is despite evidence that the creation of, and investment in, green jobs, sectors and skills will disproportionately benefit men, and not necessarily mean a fairer economy for women.²¹

Women are significantly underrepresented in priority sectors of construction, manufacturing, transport and engineering, identified by Scottish Government as crucial to the green economy, and account for less than a quarter (21.2%)²² of those employed in priority green sectors. This gender-blind approach is compounded by the definition of green jobs published by Skills Development Scotland which preferences and does not recognise that care jobs are green jobs. **Close the Gap is concerned that increased policy focus on, and investment in, the green economy, jobs and skills, without action to address women’s under-representation will disbenefit women,** worsening women’s labour market inequality, and sustaining the gender pay gap.

5. Expansion of early learning and childcare

¹⁶ Scottish Government (2019) *A Fairer Scotland for Women: Scotland’s gender pay gap action plan*, available at: <https://www.gov.scot/publications/fairer-scotland-women-gender-pay-gap-action-plan/>

¹⁷ Scottish Government (2022) *Fair Work action plan: becoming a leading Fair Work nation by 2025*, available at: <https://www.gov.scot/publications/fair-work-action-plan-becoming-leading-fair-work-nation-2025/>

¹⁸ Close the Gap (2023) *Briefing for Scottish Government Debate: Fair work in a wellbeing economy*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate--Fair-work-in-a-wellbeing-economy-Nov-2023.pdf>

¹⁹ Scottish Government (2024) *Priorities for Scotland: First Minister’s statement – 22 May 2024*, available at: <https://www.gov.scot/publications/first-ministers-priorities-scotland/>

²⁰ Scottish Government (2022) *National Strategy for Economic Transformation*, available at: <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

²¹ Close the Gap (2021) *Making sure a green economy also works for women*, available at: <https://www.closesthegap.org.uk/news/blog/making-sure-a-green-economy-also-works-for-women/>

²² NOMIS, workforce jobs by industry (SIC 2007) and sex, 2023

Close the Gap and One Parent Families Scotland published a set of principles, endorsed by 25 civil society organisations, outlining our vision for a childcare system that works for everyone, including low-income families, and addresses gender inequality.²³ The paper outlines how **having access to good-quality, flexible and affordable childcare is a key determinant of women’s labour market participation and is an important poverty reduction strategy.**²⁴ This is because **women’s childcare responsibilities restricts their engagement with the labour market, and whether they are able to study or train, which in turn, constrains economic growth.**²⁵ Therefore, enabling greater access to childcare is an important driver behind economic growth.

The **expansion of and investment in the early years and childcare sector is an important mechanism for boosting economic growth.** Previous research by UK Women’s Budget Group has shown **investment in care infrastructure has a greater impact on the economy than equivalent investment in construction, creating 2.7 times more jobs and producing significantly less emissions.**²⁶ However, mainstream economics frames spending on care as consumption rather than investment while unpaid care is not included at all. This is reflected in NSET which does not mention the care economy at all.²⁷

Investing in childcare infrastructure is a crucial part of growing the economy and supporting the just transition. Investments in high-quality social infrastructure show positive multiplier effects such as: improving childcare provision and therefore supporting women’s economic participation; driving policy focus and resource allocation to grow the sector; tackling systemic inequalities experienced by women and other marginalised groups; improving terms and conditions for the female-dominated workforce; and fostering greater economic growth. Close the Gap therefore continues to **call on the Government to designate childcare and social care as key sectors in Scotland’s economy**, recognise them as essential social infrastructure, and utilise them as sectors for securing economic growth.

²³ Close the Gap and One Parent Families Scotland (2023) *A childcare system for all: a vision that puts gender equality at the centre of Scotland’s childcare strategy*, available at:

<https://www.closesthegap.org.uk/content/resources/CtG-and-OPFS---A-childcare-system-for-all-FINAL.pdf>

²⁴ Close the Gap (2024) *Close the Gap briefing for Social Justice and Social Security Committee debate: Addressing child poverty through parental employment*, available at:

<https://www.closesthegap.org.uk/content/resources/Close-the-Gap-debate-briefing-for-SJSS-committee-debate-on-addressing-child-poverty-through-parental-employment.pdf>

²⁵ Ibid.

²⁶ 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*, available at: <https://wbg.org.uk/wp-content/uploads/2020/06/Care-led-recovery-final.pdf>

²⁷ Close the Gap (2024) *Close the Gap briefing for Scottish Government Debate: Investing in Scotland’s Green Economy*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Investing-in-Scotlands-Green-Economy.pdf>