

## RURAL ECONOMY AND CONNECTIVITY COMMITTEE

### SOUTH OF SCOTLAND ENTERPRISE BILL

#### SUBMISSION FROM ENGENDER

#### **Engender Response to the Rural Economy and Connectivity Committee's Call for Evidence on the South of Scotland Enterprise Bill**

Engender is grateful for the opportunity to contribute to the Rural Economy and Connectivity Committee's Call for Evidence as part of its Stage 1 consideration of the South of Scotland Enterprise Bill. We believe the creation of a South of Scotland Enterprise Agency (SoSE) brings with it opportunities to change the way that economic development is led in the region and shape an economy that works for both women and men, and that advances women's equality.

#### **1. Do you agree that a South of Scotland Enterprise Agency should be created?**

Engender supports the creation of an enterprise agency with a localised knowledge-base and focus for economic development in the South of Scotland. However, such an agency should be empowered to use its expertise to progress economic and social change via business support and employability in the region which have not been adequately served by the existing actors.

The Scottish Government's EQIA published alongside the Bill identifies an employment gap and economic activity gap between men and women in the South of Scotland as well as a lower proportion of female modern apprentices than the national average as examples of gender inequality in the local labour market.<sup>1</sup> The region's economy is currently dominated by traditional sectors such as farming, forestry, tourism and hospitality with growing sectors identified by the Scottish Government as energy, construction, logistics, life sciences and creative industries.<sup>2</sup> Many of these overlap with the key sectors for national economic development identified by the Scottish Government's Economic Strategy.<sup>3</sup> Women's businesses are under-represented in the growth sectors, as defined by the Scottish Government. For example, women account for 49% of the self-employed in the creative industries compared with energy (9%), construction (5%) and ICT and digital technologies (11%).<sup>4</sup>

This is not limited to the South of Scotland. Nationally only 21% of SMEs are led by women,<sup>5</sup> and it is estimated that were the numbers of women-led businesses increased to equal those of men, it would lead to a 5% increase in GDP, equivalent to £7.6bn.<sup>6</sup>

<sup>1</sup> <https://www.gov.scot/publications/south-scotland-enterprise-bill-equality-impact-assessment/>

<sup>2</sup> <https://www.gov.scot/publications/consultation-new-enterprise-agency-south-scotland/pages/5/>

<sup>3</sup> Scottish Government (March 2015) *Scotland's Economic Strategy*, which lists Food and Drink, Financial and Business Services, Life Sciences, Energy, Tourism and Creative Industries as key sectors for growth

<sup>4</sup> Sutherland, Victoria et al (2015) *Equalities in Scotland's Growth Economic Sectors*

<sup>5</sup> <http://www.cando.scot/partners/womens-enterprise-scotland/>

<sup>6</sup> <http://www.cando.scot/partners/womens-enterprise-scotland/>

Increasing levels of female self-employment have been concentrated in low paid work, such as cleaning occupations.<sup>7</sup> Research suggests that women face particular barriers to business-growth, including lack of access to finance and investment, a lack of contacts and role models, limited access to affordable childcare and a lack of access to growth support, including quality advice and training and access to markets.<sup>8</sup>

Despite this range of evidence, the EQIA suggested that there are only positive outcomes for women in the development of SoSE, with “*no negative impacts of the Bill on women*” identified. We would disagree with this assessment. As currently formulated, the Bill causes no direct negative consequences, but without a requirement to proactively address gender equality, the status quo will remain, and inequality will be further entrenched. The EQIA further states that “*it has been decided that some high-level equality principles should be embedded in SOSE’s working cultures and values. This will be taken forward as the delivery of the organisation takes shape.*” This is insufficient and in order to fulfil the gender mainstreaming goals of PSED effectively, gender equality measures should be pursued at the earliest stages of policy development and not ‘as the delivery of the organisation takes shape.’ To be effective, gender should be considered within the development of the constitutive act and early stage plans and strategies.

The Bill offers the opportunity to design a new agency which works proactively towards women’s economic and social equality through its operations from the beginning. The recent Enterprise and Skills Review demonstrated that there is currently little gender-competence<sup>9</sup> within economic development in Scotland. There is now considerable evidence that increasing participation from under-represented groups has not just social benefits but also leads to economic growth.<sup>10</sup>

The new SoSE should drive gender equality through its own functions and by promoting and requiring the businesses it supports to adopt practices which promote gender equality and equality more generally in their operations. This combines a leadership role through staffing and training with formal equalities impact assessments and gender mainstreaming of projects and accounts. This organisational gender-competency in structures and activities is vital if SoSE is to make any meaningful progress on gender equality in the South of Scotland.

**2. Do you agree with the proposals for the body’s constitution, purposes, powers and duties? If you do not agree with the proposals, please set out specifically what you would like to change.**

---

<sup>7</sup> Close the Gap (2017) Response to the Independent Review of Employment Practices in the Modern Economy

<sup>8</sup> Women’s Enterprise Scotland (2012) *Survey of women-owned businesses in Scotland 2012*

<sup>9</sup> “Gender-competence” refers to the skills, knowledge and analytical capability to develop policy that is well-gendered; that takes account of the socially constructed difference between men’s and women’s lives and experiences.

<sup>10</sup> McKinsey & Company (2015) *The Power of Parity: How advancing women’s equality can add \$12tn to global growth*

As currently drafted, the Bill envisages a flexible and responsive agency that is able to respond to changes in regional or national priorities. While we agree that a specific set of aims should not be unnecessarily detailed, equality is a key value with economic and social benefits for both the South of Scotland and Scotland as a whole. For this reason, we believe that equality should be integrated into the design of SoSE with a specific aim in section 5, reflecting both the UN Sustainable Development Goals and Scotland's National Performance Framework.<sup>11</sup>

The Bill already foresees a broad role for the Agency, with multifaceted aims including delivering 'inclusive growth' in line with the Scottish Government's Government Economic Strategy.<sup>12</sup> The OECD defines inclusive growth as growth that 'creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society'.<sup>13</sup> Adopting a similar approach to inclusive growth would reflect Scottish Government commitments and obligations to tackle women's inequality in the Sustainable Development Goals, Scotland's National Performance Framework, and the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), among others.

If the Agency is to deliver for women it must be gender-competent from design to delivery of its activities. While the Scottish Government has already indicated that the Agency will be required to comply with the Scottish specific duties of the public sector equality duty (PSED)<sup>14</sup> – including the publication of information on how they have mainstreamed equality into their functions including service delivery and employment – compliance with PSED is generally poor.<sup>15</sup>

Lessons can also be learnt from the experience of Scottish Enterprise, who have adopted a gender-blind approach to purpose, which reads: "*Here for the people of Scotland. Our job is to support business and industry to help create equal opportunities for all.*" While this can be said to align with the principle of inclusive growth, there is limited evidence of gender-sensitive delivery as sectors focused on are largely male dominated and we are not aware of any activity to mitigate consequences where they may widen existing inequalities. The 2018-19 business plan contains just two references to women, with no detail on how the Agency intends to develop its activities to "[develop] actions to address the challenges women face in the labour market."<sup>16</sup>

---

<sup>11</sup> <https://nationalperformance.gov.scot/>

<sup>12</sup> Scottish Government (March 2015) *Scotland's Economic Strategy*

<sup>13</sup> <http://www.oecd.org/inclusive-growth/>

<sup>14</sup> *South of Scotland Enterprise Bill Policy Memorandum* (2018)

<sup>15</sup> Close the Gap (2016) *Gender Equality Pays: The economic case for addressing women's labour market inequality*

<sup>16</sup> <https://www.scottish-enterprise.com/media/1955/business-plan-2018.pdf>

Without a consistent and explicit commitment there is a danger that priorities will shift away from tackling women's inequality in future as the Agency responds to new missions. This would create the risk that SoSE will not develop, implement and maintain the specific programmes and approaches that would increase the proportion of women-led businesses. Additionally, the inclusion of equality as an organisational aim allows for progress to be better measured.

In order to be effective, the overarching aim should be built on by a requirement to publish and maintain a gender equality strategy, updated at regular intervals.<sup>17</sup> The strategy should act as a comprehensive overview of gender mainstreaming in activities over an agreed period, e.g. five years. The strategy should include awareness of the overarching aim in practice, including activities focussed on both women's employability and skills, women-owned businesses, and through key account management and an organisational focus on women-dominated sectors as key sectors for development.

The strategy should cover: internal structures (diversity of board members and senior staff); event and training designs; accessibility of locations and events; and the drafting of internal and external policies. SoSE should be able to define its own sectors for account-management and offer support to as wide a range of businesses as necessary. Focus on traditional sectors in the region risks excluding women-led businesses in the region in need of growth support. SoSE should additionally look at how it may prioritise women in its activities in traditionally male sectors. It should also consider the consequences of historic under-financing of women-led business and sectors of the economy dominated by women, e.g. care.

It is vital that the structures of the body promote gender equality. We welcome the that the Bill extends the application of the Gender Representation on Public Boards (Scotland) Act 2018 to the Agency, but expect that the board should be representative of women in the region, including the views of Black and minority ethnic (BME), lesbian, bisexual and transgender (LB and T), disabled and younger and older women.

Senior staff should be diverse with experience of different sectors, ensuring the representativeness of decision making as well as strong leadership roles for businesses supported by SoSE. Measures such as Fair Work First and [child]care friendly working arrangements, training and skills development and return to work programmes should be adopted for staff at every level of seniority. These programmes are key aspects of a gender-sensitive workplaces, which will demonstrate that SoSE is prioritising equality within its own work and expects businesses it supports to put such measures in place.

---

<sup>17</sup> For an example of such an approach, we would recommend the strategy document published by the EIB Group "*Protect, Impact, Invest: The EIB Group Strategy on Gender Equality and Women's Economic Empowerment*".

Finally, as part of the implementation of the Gender Equality Strategy, the Bill should be amended to include a requirement to gather gender-disaggregated data to monitor the effects of its services. There is currently a systemic lack of data gathered and disaggregated by gender on pay for self-employed or business owners in Scotland as a whole,<sup>18</sup> and the OECD has noted that the lack of data is a challenge when trying to boost women's entrepreneurship.<sup>19</sup> Furthermore, the Scottish Government's EQIA noted a general issue with access to data for many protected characteristics.

Gender-disaggregated data can help SoSE understand the demographics of the region and its labour market as well as provide robust reporting outcomes and the ability to measure the impact of projects and development work. The strategy can then be updated with the evidence collected, ensuring the continued efficiency of programmes which advance gender equality.

**In conclusion, we believe that the Bill should be amended in three ways**

- 1. An overarching principle of gender equality should be included on the face of the Bill;**
- 2. The addition of a requirement to publish a 'Gender Strategy' for activities in furtherance of the overarching principle of gender equality which is reviewed at regular intervals and progress reported thereon;**
- 3. A requirement to collect and publish data related to SoSE's objectives and activities.**

---

<sup>18</sup> Federation of Small Businesses (2015) *Women's Enterprise: The Untapped Potential*

<sup>19</sup> OECD (2016) *Policy Brief on Women's Entrepreneurship*