



## Close the Gap submission to the Scottish Expert Advisory Panel on the Collaborative Economy

July 2017

### 1. INTRODUCTION

Close the Gap is Scotland's women and labour market expert, and has 16 years' experience of working with employers, policymakers, trade unions, employees, and sectoral bodies to encourage and enable action to close the gender pay gap.

The problems associated with the gig economy, insecure work and bogus self-employment have a significant impact on women, and Close the Gap therefore welcomes the opportunity to participate in the discussion on the collaborative economy. It is within this context, that we would urge that the panel incorporates a gender analysis to ensure that women's different experiences are recognised.

### 2. WOMEN, WORK AND THE GIG ECONOMY

Women do not enjoy equality with men in Scotland. The gender pay gap is the key indicator of women's persistent inequality at work, and in Scotland the pay gap currently stands at 15%<sup>1</sup>. The pay gap is headline figure which represents women's and men's different experiences in education, skills acquisition, employment, care and domestic which stems from gendered attitudes and assumptions about girls' and boys', and women's and men's behaviours, choices and lives.

The causes of the pay gap, and women's labour market inequality, are:

- **occupational segregation**, where gender norms and stereotyping about women's and men's capabilities and preferences results in women and men doing different types of work (horizontal segregation) and different levels of work (vertical segregation);
- a **lack of quality part-time and flexible working** which results in women's under-representation at management level and in senior grades;
- the **undervaluation of "women's work"** such as care, admin, cleaning and retail, in which women's employment, and part-time work is concentrated;

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<sup>1</sup> Close the Gap (2016) *Gender pay gap statistics*  
<https://www.closesthegap.org.uk/content/resources/Briefing17.pdf> accessed July 2017

- women's disproportionate responsibility for **unpaid care work** and the length of time women have worked part-time in order to combine their caring roles with employment;
- **biased and untransparent** recruitment, development and progression practices;
- **male-orientated workplace cultures** that do not feel inclusive to women, nor meet the needs of their lives; and
- **discrimination** embedded within pay and grading systems, which results in women being paid less than men for doing equal work.

Disabled women<sup>2</sup>, black and minority ethnic (BME) women<sup>3</sup>, Muslim women<sup>4</sup>, lesbian and bisexual women<sup>5</sup>, trans women<sup>6</sup>, refugee women<sup>7</sup>, young women<sup>8</sup>, and older women<sup>9</sup> experience different, multiple barriers to participation in the labour market, and to progression within their occupation. Across the labour market, disabled women, and some groups of BME women are more likely to be under-employed in terms of skills, and experience higher pay gaps. Disabled, BME and lesbian, bisexual and trans women are more likely to report higher levels of discrimination, bullying and harassment.

In developing policy responses to the collaborative and gig economies it is essential that women's different experiences of employment, and the different shape of their lives, are considered.

### **Occupational segregation in the collaborative and gig economies**

There is a lack of Scotland-specific gender disaggregated data available on the gig economy, however there is some UK-level data available. The gig economy is predominantly male, with gig workers more than twice as likely to be men (69%) than women (31%)<sup>10</sup>. In general, this mirrors the gender split in self-employment.

Gig economy platforms tend to replicate the gendered patterns of labour market participation and division of labour, including domestic labour. On platforms associated with the collaborative economy, such as Ebay or Etsy, there is a more equal gender split. Women are under-represented on more lucrative platforms such as Uber, which are less likely to be compatible with caring responsibilities, and heavily concentrated on platforms associated with low-paid work, such as domestic work. Providers on the platform Hassle, which provides cleaning services, are 86.5% female<sup>11</sup>. Migrant women are particularly

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<sup>2</sup> Leonard Cheshire Disability (2014) *Realising the rights of women and girls with disabilities*

<sup>3</sup> Scottish Parliament Equal Opportunities Committee (2016) *Removing Barriers: Race, ethnicity and employment*

<sup>4</sup> House of Commons Women and Equalities Committee (2016) *Employment Opportunities for Muslims in the UK*

<sup>5</sup> Stonewall (2014) *The Double-Glazed Glass Ceiling: Lesbians in the workplace*

<sup>6</sup> House of Commons Women and Equalities Committee (December 2015) *Transgender equality*

<sup>7</sup> Scottish Refugee Council (2014) *One Step Closer*

<sup>8</sup> YWCA Scotland (2016) *Status of Young Women in Scotland*

<sup>9</sup> Scottish Commission on Older Women (2015) *Older Women and Work: Looking to the future*

<sup>10</sup> RSA (2017) *Good Gigs: A fairer future for the UK's gig economy*

<sup>11</sup> Ibid

concentrated in low-paid domestic work, and already vulnerable to discrimination and exploitation; the gig economy is likely to further dilute their already weak status in the labour market.

Proponents of the gig economy argue that this type of work help workers to balance work and family life. This rests on the assumption that this work is likely to be well-paid, reasonably reliable, and that workers have autonomy over how and when they work. We know this is not the case. Women in casualised work and the gig economy are more likely to be working in low-paid, low-skilled work. These workers may find that flexibility is demanded of them by their platform, but there is no reciprocity. Variable and unreliable levels of income also mean women with children struggle to cover the cost of childcare, and even the basic cost of living. This contributes to women's higher levels of poverty, and as women are more likely to be responsible for household budgets, children's poverty.

Women also do not earn much as men in the gig economy. Nearly 75% of women in the gig economy earned less than the taxable threshold. Around 66% of women in the gig economy are also in other work<sup>12</sup>. This aligns with evidence on carers, who often have to juggle a number of "micro-jobs" alongside their caring responsibilities just to make ends meet. This has a significant impact on mental and physical health, and on managing household budgets.

Women are not as active as men in the gig economy: they are half as likely as men to have tried any form of gig work. Of those women who have, they were much more likely to stop than men were: almost 40% of women who have tried gig work had given it up. Women in the gig economy also work less frequently than men; of those who work weekly, only one in seven are women. It had been suggested that this is because women have a more casual relationship with the gig economy; however women face gendered barriers which prevent them from engaging in the same way as men, including risks to personal safety, childcare responsibilities, and juggling gig work with other work.

### **Homework**

Homework has always been female-dominated, and includes aspects of both the collaborative economy, such as trading and hiring items, and the gig economy, such as crowdwork. This sees online platforms linking workers to low-paid, low-skill assignments such as image tagging, database development or document transcription. Homebased work often does not align with the concept of fair work. Earnings are often low and erratic due to fluctuating value and demand, and workers' invisibility and isolation is a barrier to organising and bargaining.

Women are particularly over-represented in homework because of their greater propensity to have caring roles and undertake other domestic labour, and the need to find work which allows them to earn alongside this. Women's greater likelihood of working part-time or juggling a number of micro-jobs is often characterised as a "choice"; however for most women this is a choice borne of economic necessity, and not a free choice as we would

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<sup>12</sup> RSA (2017) *Good Gigs: A fairer future for the UK's gig economy*

understand it. Tackling barriers to female labour market participation and managing paid and unpaid work should not mean pushing women into precarious and isolating paid work.

The gig economy does however present an opportunity regarding homework. A lack of statistics about homeworkers has contributed to their invisibility to policymakers. Platforms could change this as their data could be shared to allow a better understanding of homework, and better policy development as a result.

### **Women and self-employment**

The rise in women's self-employment has coincided with a rise in low-paid self-employment<sup>13</sup>. There is a high number of women in very low paying occupations, with elementary cleaning occupations the most frequent occupation for self-employed women. A lack of quality part-time and flexible work also sees parents and carers, most often women, forced into casualised work or self-employment because they need flexibility and cannot find it elsewhere in the labour market. A significant proportion of the increase in women's self-employment is because they've been forced out of the labour market by discrimination and inequality.

is also important to recognise a largely unacknowledged form of self-employment; where self-employment is used as an alternative to unemployment, to mitigate or avoid benefits sanctions, and to address financial need as a crisis response. There is evidence of work which pays well below 'minimum' or 'living' wage. The firms created under these circumstances are low value and are likely to have a net negative value in socio-economic terms, in addition to causing harm to health and wellbeing for individuals<sup>14</sup>. Women are already the 'shock-absorbers' of poverty, and as a result more vulnerable to its effects, therefore this type of self-employment is likely to exacerbate women's economic inequality.

### **Discrimination**

Gig economy platforms often allow access to gig workers' profiles when users are selecting services. This means users can make selections based on characteristics other than their qualifications for the task, including age, gender, race, or ethnicity.

In addition to this, platforms operate review systems which allow user to rate the individual providing the service. Reviews are highly subjective and likely to be influenced by biases and discriminatory attitudes. For example, there is evidence of sexual harassment where male Uber riders downrate female drivers who do not respond to flirting or other inappropriate communication.

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<sup>13</sup> <http://touchstoneblog.org.uk/2016/11/self-employment-new-army-workers/> accessed July 2017

<sup>14</sup> Galloway, L, Danson, M, Richards, J, Sang, K, & Stirzaker, RJ (2016). *In-work Poverty and Enterprise: Self-employment and business ownership as contexts of poverty*. Edinburgh: Heriot-Watt University. <https://pureapps2.hw.ac.uk/ws/portalfiles/portal/9934375> accessed July 2017

These aspects of gig economy work have a significant effect on already vulnerable low paid workers, as they can seriously disadvantage and prevent future hires. The structure of platforms mean they enable the biases of their users rather than challenge them, and reinforce many of the unequal power relations and discriminatory structures that traditionally underpin work.

### **Women's safety**

Trust is framed as a key foundation of the collaborative and gig economies. Particularly key to the collaborative economy is the idea that the public space is a safe space; a space where individuals can open up their homes or vehicles to strangers and earn money while doing so.

Public spaces are not safe spaces for women, or for people who share other protected characteristics, including BME women, LBT women, and disabled women. In public spaces, women are forced to moderate their desire for freedom and safety. In order to feel safe they are expected to restrict their behaviours, for example not walking down a street alone late at night, or not using Airbnb because of personal safety concerns.

A Scottish Government survey found that 18% of users said personal safety was an important consideration when participating in the collaborative economy, and 15% of non-users said the reason they didn't participate was due to concerns about safety<sup>15</sup>. This data is not disaggregated by gender, but existing evidence on women's perceptions on personal safety, it is very likely that women are over-represented among these particular respondents.

### **Women in STEM**

Scottish Government's commitment to be at the forefront of the digital economy is key to the development of the gig economy. We know that women are under-represented in STEM subjects and occupations, where opportunities for training and upskilling will be, including those through Skills Development Scotland's CodeClan initiative. There is a 73% female attrition rate from STEM industries<sup>16</sup>, a scandalous waste of the talents of women who hold STEM qualifications. Tackling gender segregation in education requires a comprehensive strategy<sup>17</sup> from early-years to HE, FE and Modern Apprenticeships, and the inclusion of a gender analysis in economic development strategies, such as the digital strategy. Otherwise, women will be unable to benefit from emerging training and job opportunities, particularly those which will be created through automation.

### **Sexism in technology**

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<sup>15</sup> YouGov plc. Total sample size was 1,007 adults.

<sup>16</sup> Royal Society of Edinburgh (2012) Tapping all our talents  
[www.raeng.org.uk/publications/other/tapping-all-our-talents](http://www.raeng.org.uk/publications/other/tapping-all-our-talents) Accessed July 2017

<sup>17</sup> [www.closesthegap.org.uk/content/resources/STEM-education-training-strategy.pdf](http://www.closesthegap.org.uk/content/resources/STEM-education-training-strategy.pdf) Accessed July 2017

Technology is not fundamentally sexist, but its design rarely takes account of women's lives. The tech sector is heavily male-dominated, and characterised by a culture of harassment and discrimination that makes many of their workplaces feel non-inclusive to women. This culture starts at the top and permeates every level of tech companies, which has implications not only for women working in the sectors, but also for the design of systems and products.

When Apple produced the HealthKit, a purportedly all-encompassing health check that looked after every part of a person's health and body, it was produced by an all-male team. As a result it did not include menstruation and reproductive checks, despite these being key aspects of women's health. The Alexa domestic organiser is voiced by a woman, with no consideration given to the implication inherent in this emblem of domestic servitude. An entry system for a women's locker room in a gym recently refused entry to a female member because her title was "Dr", and it categorised her as male.

Where platforms and systems are designed by men, and with men's lives as the default context, they are often ignorant or indifferent to women's lives and experiences. This is further compounded when organisations operating in the tech sector, including gig economy platforms, are overwhelmingly owned and run by men, who often fail to consider women's experiences or respond to their concerns when it may impact their bottom line.

### **Women and power/decision making**

Women still have unequal access to power, decision-making and participation in all areas of life, and are under-represented in senior job roles, significantly so at the highest level in companies<sup>18</sup>. None of the major gig and collaborative economy platforms, such as Uber, Airbnb or Handy were founded or are currently led by women.

A lack of women's representation in senior corporate roles contributes to and perpetuates gender inequality in employment and in wider society, as businesses continue to discriminate against women and fail to consider them in the design of products and services. This is not only bad for women, but bad for business. It is widely recognised that greater diversity across management and company boards improves organisational performance.

The impact of this in the gig economy is clear. It is claimed that platforms have a natural commercial incentive to address issues which may discourage people from using them, including those around women's safety; however such action is not always forthcoming. In 2014, Uber France apologised for running a promotion that promised men free rides with "an incredibly hot chick" as driver, but only when this issue was highlighted in the media; with the resultant reputational risk. There has also been resistance by Uber to moves that would make services safer for women, such as cameras in Ubers, because of the cost to drivers. Ultimately women's safety comes second to profit, and while women continue to be excluded from leadership positions in gig economy companies this is unlikely to change.

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<sup>18</sup> Engender (2017) *Sex and Power in Scotland*

## Assets

Women own fewer assets than men, in particular high value assets such as cars and property, and are therefore less likely to benefit from the ability to offer assets for rent. Concerns regarding wealth inequality are often raised in relation to the gig and collaborative economies, in that the shift towards access rather than ownership may result in fewer people owning those assets, and therefore fewer people having the ability to generate income from assets. This is likely to increase the wealth gap between asset-rich groups, in which men are over-represented, and asset-poor groups, in which women are over-represented.

There is an opposing argument that the gig and collaborative economies may reduce wealth inequality by increasing access to goods and services, without the need for ownership. This too has gendered implications as it ignores women's different experiences of and ability to participate in the gig and collaborative economies.

### **3. WORKERS' RIGHTS THEMES**

#### 3.1 Data or evidence on impact of the gig economy on Scotland's labour market

In considering the impact of the gig economy it is necessary to understand current and historical labour market patterns. Scotland's labour market is characterised by occupational segregation, and women's employment by low-pay and undervaluation. These issues are present, and often enhanced in the gig economy. Available data shows work in the gig economy is unlikely to be different from any other type of precarious work, or better for women. The gig economy simply reconfigures existing structural barriers to women's economic equality and fair work.

Women are the majority of low paid workers, and work that is seen as "women's work", such as cleaning, catering, caring, cashiering (retail) and clerical (admin), is systematically undervalued in the labour market. Caring roles often mean women face the additional pressure of finding work that allows them to balance earning with caring. This sees women further concentrated into low paid and insecure work, as most part-time and flexible work is found in the lowest paid occupations and sectors. The rise in women's self-employment has coincided with a rise in low-paid self-employment, and women are also moving into self-employment because they have been pushed out of the labour market by discrimination.

The argument that the gig economy and self-employment is a route to work-life balance and greater fulfilment rests on the assumption that gig economy workers are time-rich, and have no other responsibilities that may prevent them from starting a business. The reality is low-paid women will be the least likely to benefit; there is no evidence that the gig economy or self-employment is enabling women to earn more and lift themselves out of poverty, or address women's inequality in the labour market more widely.

#### 3.2 Workers' classification/status

The law on employment status, and definitions of employee, worker and self-employed, are particularly complex. Those who are classified as ‘employees’ benefit from the fullest range of rights, including right to request flexible working and parental entitlements and job security rights. Those who are ‘workers’ qualify for more limited rights, in particular protection for pay and holidays. Whilst those who are ‘self-employed’ enjoy the fewest protections at work, benefiting only from limited health and safety safeguards and protection from discrimination.

Women who become self-employed because they have been forced out of the labour market by inequality will find they face reduced state support for childcare. Those who are self-employed as a sole trader are not eligible for tax-free childcare voucher schemes because they are not classified as an employer. The same is true of workers in the gig economy. This is a massive detriment to women, who are already concentrated among the lowest earners. Furthermore, in opposite sex couples, there is a tendency for childcare costs to offset against the woman’s pay, rather than household income. This can often result in women leaving the labour market completely to do full-time childcare when the financial gains from paid work appear to be marginal. Research has found that periods of time out of the labour market have a profound effect on women’s pay and progression opportunities when they return.

There is already confusion over worker classification in relation to casualised and temporary work, and self-employment, which negatively impacts on the employee/workers rather than the employer. These issues are likely to be more complex within the gig economy, given the lack of clarity around the definition of platforms as “employers”, and the individualised nature of people’s work arrangements.

### 3.3 Protecting workers’ rights

Workers in the gig economy are not entitled to basic employment rights and protections, including the right to paternity or adoption leave, access to maternity/paternity pay, the right to time off to attend ante-natal appointments, and the right to request flexible working. The loss of these basic rights impacts women to a far greater degree than men because they shoulder the burden of reproductive labour and unpaid care. This also compounds pregnancy and maternity discrimination where women’s rights are seriously breached<sup>19</sup>.

Many new forms of work are seeing an overall transfer of risk from employer to employee. Platforms are likely to face little consequences from exploitation because the balance of risk lies firmly with workers, and those workers have little recourse to justice due to the precariousness of their employment low levels of trade union coverage, and the prohibitive cost of taking an employment tribunal, if their worker status enables them to do so.

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<sup>19</sup> Equality and Human Rights Commission (2016) *Pregnancy and Maternity Related Discrimination and Disadvantage: Summary of key findings* <https://www.equalityhumanrights.com/en/managing-pregnancy-and-maternity-workplace/pregnancy-and-maternity-discrimination-research-findings>  
Accessed July 2017

### 3.4 Equality & accessibility

In addition to the issues set out in section two of this paper, the following considerations have implications for gender equality in the gig and collaborative economies.

#### *Regulation*

Gig economy proponents claim it is better placed to self-regulate more efficiently than traditional regulation. However, the very structure of platform-based companies creates a disincentive to take action to address gender inequality, as their ability to make profits relies on their ability to avoid the cost of regulation and responsibility when things go wrong. Gig economy platforms are notorious for avoiding labour regulation using 'independent contractor' models, and these companies are using legal ambiguity to take advantage of workers and maximise profits.

We know that voluntary measures and self-regulation do not work when it comes to tackling gender inequality. The Think, Act, Report initiative to encourage private sector employers to publish their gender pay gaps led to just four employers publishing. UK Government's own research found that employers said only a legal requirement would make them take action to advance gender equality at work<sup>20</sup>. Scottish Government's voluntary initiative, the Scottish Business Pledge has seen very poor progress on companies pledging to take action on gender equality, with only 33 per cent of companies currently signed up to this element, the lowest take-up of all the Pledge components<sup>21</sup>. Furthermore, progress has slowed since the first set of figures were published, and 37 per cent of companies had signed up to this element.

#### *Training and development*

One of the purposes of the Expert Panel on the Collaborative Economy is to ensure workers can access course to gain or update their skills. Part-time, low-paid women are the group of workers least likely to be offered training and development opportunities in the workplace, but they are also the most likely to be over-qualified for their job. The Resolution Foundation found that almost half (48 per cent) of mothers on low to middle incomes take a lower-skilled part time job on their return to work after having children. Mothers in the higher earning group also could not find work which paid a salary commensurate with their skills: 42 per cent of degree holders said they had taken a less skilled job because of a need to work part time.

A lack of transparent structured training and development programmes restricts women's progression. In the collaborative and gig economies, it is vanishingly unlikely that women's progression is considered, and rather discretionary decision making on training and development based on which platforms and user groups which are dominant. These are likely to be heavily male-dominated.

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<sup>20</sup> <https://www.iffresearch.com/iff-report-gender-pay-data/> Accessed July 2017

<sup>21</sup> [www.scottishbusinesspledge.scot/information-centre/statistical-overview/](http://www.scottishbusinesspledge.scot/information-centre/statistical-overview/) Accessed July 2017

The under-utilisation of women's skills has a high cost to the economy. Occupational segregation is a labour market failure which sees women in Scotland in the wrong jobs, or wrong levels of job, with respect to their skills, talents, and abilities. Close the Gap research 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<sup>22</sup>. Crucially, closing the gender gap in employment could be worth more than £17bn to the Scottish economy.

### **3. CONCLUSION**

As gig economy grows, it is critical that workers' rights are not eroded, and that the opportunities of the gig economy benefit women and men. Women experience systemic inequality in the labour market for many reasons including the undervaluing of 'women's work' and part-time work, a lack of quality part-time and flexible work, their greater propensity to have caring responsibilities, and a lack of affordable, flexible and accessible childcare. All of these have relevance to the gig economy. Close the Gap therefore strongly urges that the panel incorporates a gender analysis to ensure that women's different experiences of work are recognised, and an intersectional approach which recognises that not all women's experiences of work are the same.

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<sup>22</sup> Close the Gap (2015) *Gender Equality Pays: The economic case for addressing women's labour market inequality*