

Professor Patricia Findlay, Co-Chair Fair Work Convention speaking at Scotland's Inclusive Growth Conference, Glasgow University, October 2017

Fair Work and Inclusive Growth

Good morning, everyone. Today I want to focus briefly on two key and interlinked issues. The first is the need to reflect on the relationship between inclusion and growth in order to improve our understanding of what is distinctive about inclusive growth and, crucially, how to make it a reality. The second and related issue I wish to highlight is the importance of Fair Work as a driver of inclusive growth.

Like everyone in this room, I very much welcome the rising international interest in inclusive growth and specifically its central role in Scotland's Economic Strategy. But I think that many people still struggle with what it means in practice. Definitions – such as these, for example, by the OECD and the Scottish Government - focus heavily on two key components of inclusive growth: the importance of creating opportunities for all to participate; and the need to distribute the benefits of growth fairly.

The ability to participate in economic activity isn't just about having formal opportunities to do so. We know this from longstanding critiques of 'liberal' equality of opportunity approaches, and it is strikingly reinforced when we listen to Harry talk about how the challenges of inclusion stretch across the life course, with early life experiences, health and capacity to participate crucial; and also when we listen to Sara on entrepreneurship as a route to participation for those who face particular barriers to work.

So these two themes – having the opportunity to participate, and sharing in the benefits of growth, are very prominent in inclusive growth debates. They are of course linked, as it is participating that leads to sharing in the benefits of growth. As Ranieri and Ramos argued in 2013, "Participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome."

These core elements - participating and benefits sharing – help explain the attractiveness of the inclusive growth agenda to many people and organisations in this room who are primarily interested in inclusion. But what about the people and organisations here who are primarily interested in

growth? In many expositions of inclusive growth, the growth effect stems, it is hoped, from having more people involved in economic activity and from positive economic ripples arising from more widely shared prosperity.

Arguably, however, this is only part of the answer. What seems underdeveloped in discussions of inclusive growth is what comes between participating in economic life and sharing in its rewards, which is the process of creating the value that in turn drives growth. I think we need to focus more on how inclusive growth relates to value creation.

So let's think for a moment about a simple value process:

- Capitals or resources are assembled – including people
- Valuable goods, services and knowledge are created through different types of transformation process
- and value is realised and distributed to a variety of people in a variety of ways, and in very different shares.

People are formed in families, communities, nurseries, schools, colleges and universities. But the core domain in which they create economic value is the workplace. Acknowledging this doesn't underestimate what happens before people enter the workplace or after they leave it, neither does it underestimate the interaction of work with other spheres, notably families, nor the creation of social value in communities, public and third sector organisations. It simply reflects the reality that realisable economic value is created through paid work, and that work is crucial to the prosperity, health and well-being of most people and every society.

Given this, what happens at work and the characteristics of work are of huge importance. This is acknowledged in Scotland with the establishment of the Fair Work Convention and the commitment by government to the Convention's Fair Work Framework. Yet I suspect that many see fair work solely in terms of inclusion and equity – and of course it is and should be both of these things. Fair Work is driven by what we believe to be right.

But fair work also reflects a different way of creating value and growth, and so in my view provides the crucial linkage that is sometimes underdeveloped in inclusive growth discussions.

The Convention has defined FW broadly as work that provides workers with effective voice, opportunity, security, respect and fulfilment, in ways that

balance the responsibilities and rights of employers and employees. This approach to Fair work provides us with a way to integrate the pursuit of inclusion and growth.

Fair Work focusses on ensuring that workers have opportunities to participate on equal terms in work, a constructive role in value creation through high quality jobs, and benefit from how that value is distributed. Fair work, therefore, is a fundamentally important mechanism for delivering inclusive growth.

Much of my research focusses on the implications of good and bad jobs. Bad jobs do not support inclusive growth. The impacts are most evident for individuals: if you have a poor quality job you are more likely to live in poverty, in working life and beyond; your children are more likely to live in poverty; and your chances of accessing training or development are lower. Your health outcomes will be worse - relative to people in good jobs **and** relative to people who are unemployed, as recent evidence from Tarani Chandola on levels of chronic stress suggests.

But it isn't just those in bad jobs that lose out: businesses miss out on the benefits that we know good work brings: more engaged, committed and adaptable workers who identify challenges, solve problems, offer insight and ideas for business improvement and create value.

Poor work costs us all. It imposes welfare and healthcare costs on society. It diminishes tax revenues. It creates and exacerbates problems for families and communities. It fails to harness returns from the education and skills that we have invested in. And it drags down productivity, innovation and growth. We know that many of the practices associated with high quality work are more prevalent in societies with higher productivity and higher rates of business innovation than Scotland or the UK.

In Scotland, we have been very much at the forefront of recognising the importance of what happens in workplaces and in expansive discussions of job quality, though there remain many mountains to climb. But Fair Work integrates the pursuit of inclusion and growth, and each of the 5 dimensions of fair work span the key elements of inclusive growth: **participating, creating and benefitting**.

Our first dimension, effective voice, enables individuals to participate in decision-making at work, resolve problems and conflicts and so enhances their

work experience. It can also be creative, engaging worker voice constructively to improve the performance of organisations. Effective voice, particularly through trade unions, also supports fairer distribution – at a micro level in terms of pay and conditions and at a macro level in supporting wider social priorities including anti-poverty strategies and pay equality.

Fair opportunity enables participation in work and also in training, development and progression, improving life chances and supporting social mobility. Fair opportunity means removing irrelevant barriers so that employers and workers can focus on merit, performance and contribution. This can improve organisational reputation, recruitment and retention, and lead to diverse workplaces with a richness of talent and a diversity of ideas. Society also benefits when fair opportunity breaks down labour market inequalities, reduces the costs of inefficient resource allocation and helps create a more equitable and cohesive society.

Security and stability of employment, income and working hours underpin participation not just in work but in family, community and civic life. Where people feel secure, this supports trust and commitment; increases their willingness to learn, adapt and change; and to deliver discretionary effort, all of which supports value creation. Employers benefit from these outcomes and from lower turnover and avoiding wasted training costs. So employers and workers can share in the benefits of secure work, and society can avoid the familiar negative externalities of insecure work with which we've recently become so familiar.

Our fourth dimension, fulfilling work, underpins self-belief and self-worth, which supports participation. Where an individual's sense of purpose is compatible with organisational purpose, this can be hugely productive and rewarding. Fulfilling work, where workers have opportunities to use their skills and talents, also helps unleash creativity and innovation. Fulfilling work is an important non-monetary benefit that people value highly.

Our last dimension, respect at work, enhances individual health, safety and well-being and supports continued participation in work. Dignified treatment can protect workers from work-related illness and injury and create an environment free from bullying and harassment. Respectful relationships at work can improve communication and social exchange and encourage idea generation and learning. We know that supportive workplace relationships can cushion workers from work stresses, and that respectful relations learned and

reinforced in the workplace can support greater cohesion in the workplace and beyond.

All of these 5 dimensions of fair work recognise the importance of workers having a sense of purpose and self-efficacy; a sense of being empowered, having control, and the ability to be resourceful and to make a difference – all of which are highly valued and, as Harry noted earlier, inextricably linked to well-being.

Scotland has a relatively high employment rate – not even, but high overall. Improving the participation of those underrepresented in employment is important, but equally important is ensuring that those in employment have fair work, work that supports businesses to deliver effective and innovative performance, reduces the costs to all of us of poor quality work, and enhances the emancipatory and economic outcomes of work.

Fair work, like inclusive growth, offers the tantalising prospect of a win-win scenario, though we cannot underestimate the rise of business models based on poor quality work that focus on short term returns for some rather than stable, long term returns for many.

But if we can enhance fair work in Scotland, we can create the kind of virtuous circle from which we all benefit, and we **can** deliver more inclusive growth. This means engaging with direct and indirect workplace stakeholders and using a range of policy levers to support fair work. None of this is easy, but delivering fair work is an investment **in** everyone and **for** everyone that lies very much at the heart of the inclusive growth agenda.

Thank you.