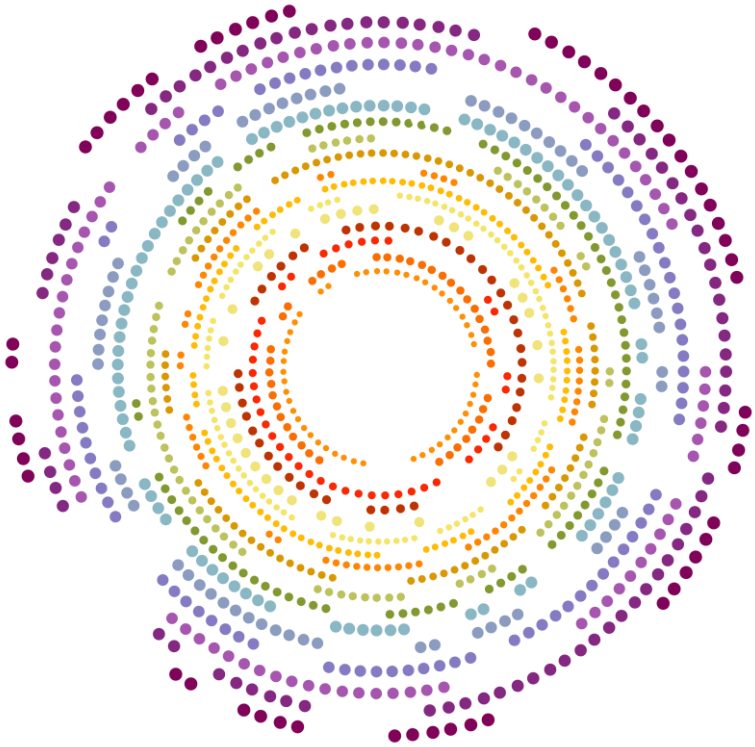
Measuring Scotland's Performance as a Leading Fair Work Nation

Independent research for the Fair Work Convention

October 2023



FAIR WORK CONVENTION

About the authors

alma economics

Alma Economics combines unparalleled analytical expertise with the ability to communicate complex ideas clearly.

www.almaeconomics.com

About the commissioning organisation

FW FAIR WORK CONVENTION

The Fair Work Convention has been in place since April 2015 and acts as an independent advisory body to Scottish Ministers.

www.fairworkconvention.scot

Executive Summary

The Fair Work Convention, established in 2015, is an independent body with a remit to advise Scottish Ministers and advocate and promote fair work in Scotland. Within the Fair Work Framework (2016), the Fair Work Convention set out a vision that "*by 2025, people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society*". The Scottish Government shares this vision as set out, for example, in the Scottish Government's Programme for Government for 2022/23,[1] which makes it clear that becoming a 'leading Fair Work Nation by 2025' remains a key commitment of the Scottish Government. The Fair Work Convention developed a Fair Work Measurement Framework to track progress in Scotland against the five dimensions of fair work (effective voice, security, respect, opportunity and fulfilment). This is outlined in the Fair Work Convention's 2020 'Fair Work in Scotland' report.[2]

The Fair Work Convention commissioned Alma Economics to carry out research to support tracking Scotland's progress in the dimensions of Fair Work. To complete this research, we (i) updated the Fair Work Measurement Framework with the latest available data, (ii) conducted a wide review of key data sources to address evidence gaps, (iii) developed a new International Fair Work Nation Framework and benchmarked Scotland's performance on a list of critical indicators of Fair Work against a carefully selected group of comparator countries who share similar characteristics to Scotland and determine what constitutes internationally 'leading' performance in Fair Work, and (iv) carried out a rapid literature review to explore policies that act as facilitators of success in countries that demonstrate leading performance in Fair Work.

Update of the Fair Work Measurement Framework

We have updated the indicators in the Fair Work Measurement Framework using the latest data available for Scotland.[3] Here we outline the key findings across the five dimensions of Fair Work.

Opportunity: Indicators under the opportunity dimension have improved overall since 2016, with four out of five indicators showing improvement in 2021 compared to 2016. Between 2016-2021 the youth unemployment rate fluctuated significantly between 8.3%-13.2% and was 10.2% in 2021. Finally, one additional indicator, used to cover evidence gaps in the 2020 Fair Work report, was incorporated into the Opportunity dimension to capture the portion of workers who feel that their job offers good opportunities for career progression, which was 53.5% in 2021.[4]

Respect: Performance in the respect dimension is mixed. Out of eight indicators, four worsened, three improved, and one indicator remained broadly stable between 2016-2021. The incidence of stress, anxiety and depression caused by or made worse by work, as well as work-

[1] Scottish Government (2022) A stronger and more resilient Scotland: the Programme for Government 2022 to 2023.

[2] Fair Work Convention (2020) Fair Work in Scotland.

[3] Indicators of the Fair Work Measurement Framework are updated with their most recent available statistic as of 10/03/2023.

[4] Data only available for 2021.

related ill health and disease, increased, while the incidence of workplace injuries decreased over the same period. This period coincided with the Covid-19 pandemic in 2020 and 2021. Over the same period, the average estimated working days lost due to work-related injuries and stress, anxiety and depression increased compared to 2016, but the average estimated working days lost due to ill health and disease decreased. The number of fatal injuries was the same in 2021 as in 2016. Finally, three additional Respect indicators were added beyond those included in the 2020 Fair Work report related to discrimination, bullying and harassment. Two of these indicators (the percentage of workers reporting that colleagues were rejected for being different and the percentage of workers who felt that their managers would hold a mistake against them) improved between 2020 and 2022, while an indicator on the percentage of workers that reported experiencing discrimination was at 7% in 2022.[5]

Security: Most indicators in the security dimension of the Fair Work Framework have either improved or maintained similar values between 2016 and 2021. Overall, six indicators improved, four fluctuated, one remained broadly stable, and three worsened. The three areas where performance worsened were: (i) hours of unpaid overtime, with workers who reported working unpaid overtime doing on average thirty more minutes of unpaid overtime per week in 2021 compared to 2016, (ii) the disability pay gap, which widened to 18.5%, and (iii) the proportion of workers in zero-hours contracts which was 3.4% in the last quarter of 2022, compared to 2.2% in the same quarter of 2016.

Fulfilment: Indicators related to fulfilment broadly improved in 2021 compared to their 2016 values. Three indicators improved, one worsened, and finally, one fluctuated around its 2016 levels. The proportion of workers who reported completing work-related training in the last three months increased from 23.1% in 2016 to 23.9% in 2021. However, at the same time, the proportion of employers offering training to workers decreased to 70% in 2021, compared to 73% in 2017. Overall, the indicators of this dimension showed moderate positive movement. The proportion of employers reporting at least one skill shortage vacancy dropped to 5% in 2020 compared to 6% in 2018, and the proportion of workers who were overqualified for their current role, according to their employer, was 33% in 2020 compared to 35% in 2018. Two new indicators were added to the Fair Work Measurement Framework relating to work intensity and problem solving. A composite index of four questions related to worker autonomy and influence over work was added. The indicators for work intensity and problem solving remained broadly stable between 2020 and 2022, while the composite index for autonomy and influence improved over the same period.

Effective Voice: Effective voice indicators of Fair Work fluctuated around their 2016 levels throughout the period under consideration, with the indicator on self-reported collective bargaining showing a slight improvement and the indicator on trade union membership worsening in the same period. Finally, to reflect on whether workers feel they have adequate channels to communicate, influence, and negotiate with their employer, we added an indicator from the Working Lives Scotland (WLS) survey that captures the percentage of workers who feel they have no voice channel at their work. The 'employee voice' indicator remained broadly stable between 2020 and 2022 at 19%.

[5] Data only available for 2022.

Evidence gaps and alternative measures

We also explored various newer data sources to address eight evidence gaps identified in the 2020 Fair Work in Scotland report.[6] For this part of the research, we carried out a targeted data review of sources such as the Annual Population Survey Job Quality indicators,[7] the UK Household Longitudinal Survey (Understanding Society),[8] and the WLS survey.[9] The updated Fair Work Measurement Framework includes additional measures for six out of the eight indicators missing in the 2020 Fair Work in Scotland report. Evidence remains lacking for the following two areas of interest: (i) sick pay entitlement and (ii) enforcement, including inspections. Finally, in light of a shift to different working arrangements and the rise of home working after the Covid-19 pandemic, we recommend the incorporation of an additional measure of flexible work to capture the incidence of home working arrangements in Scotland.

International Fair Work Nation Framework

Developing the International Fair Work Nation Framework consisted of two stages: (i) selecting a list of suitable comparator countries and (ii) selecting a short-list of indicators from the Fair Work Measurement Framework to be included in the International Framework. To identify a list of suitable comparator countries, our team considered: (i) similarity to Scotland based on economic trends and outcomes, and labour market conditions and institutions, (ii) data availability, and (iii) extent of control over key policy levers. The comparator countries included in the International Fair Work Nation Framework are: Austria, Belgium, Denmark, Finland, the Netherlands, Iceland, Ireland, and England. Finally, our data review allowed us to select 14 indicators from the Fair Work Measurement Framework, to include in the International Framework.

The table below presents the overall results of the benchmarking exercise for each indicator included under each of the dimensions of Fair Work. The "leading performance" of Fair Work is defined as the performance achieved by the country that leads the relevant sub-measure among the comparator countries in the International Framework. The Framework serves as a benchmark for Scotland, indicating a potentially achievable level of performance in the future, although Scotland's institutional and labour market characteristics may result in different absolute values in each measure. The Framework helps determine the scale of Scotland's ambition to become a Fair Work nation, with different goals depending on the measure and the country's relative performance compared to the leading countries in each area.

Out of the fifteen indicators selected to be included in the International Fair Work Nation Framework, Scotland is leading the comparator countries in one (permanent employment), while it has the second-best performance in two more indicators (youth unemployment rate, work-related ill health and disease).

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[6] Fair Work Convention (2020) Fair Work in Scotland.

[7] Office for National Statistics (2022) Job quality in the UK – analysis of job quality indicators: 2021.

[8] Understanding Society is a large scale longitudinal survey of households in the United Kingdom that captures key information about social and economic circumstances, as well as attitudes, lifestyle, health, family relationships and employment. More information about Understanding Society is available here.

[9] The Working Lives Scotland survey is a survey supporting the Chartered Institutes of Personnel and Development (CIPD) annual report on job quality in Scotland. More information, as well as the 2020, 2021, and 2022 Working Lives Scotland reports..

The countries with the most first places are the Netherlands and Austria, each leading in three indicators. Following closely behind, Ireland, and Finland lead in two measures each. Finally, the remaining countries in the Framework, Iceland, Belgium, and Denmark, except for England, each lead in one indicator.

Cross-country comparisons across all indicators included in the International Framework are also depicted in the heatmap below. The heatmap adopts a blue colour scale to clearly present how each country performs for each indicator of Fair Work, and how countries perform overall across all indicators. The colour scale ranges from dark blue for leading performance to white for the performance observed in the last placed country in each indicator. The varying shades of light blue to dark blue depend on each country's figure distance from the maximum or minimum performance. The table also summarises each country's average ranking across indicators.

As can be seen in both the table and heatmap below, a unitary definition of a "leading fair work nation" would not be possible, as different comparator countries do better and worse in different areas of Fair Work. No country performs well on every indicator.

Dimension	Indicator	Leading country	Scotland's position	Gap to leading country[10]
Opportunity	Disability employment gap	Denmark (7.9 p.p.)	6th out of 8 (31.2 p.p.)	23.3 p.p.
	Gender economic inactivity gap	Finland (3.1 p.p.)	4th out of 9 (6.2 p.p.)	3.1 p.p.
	Youth unemployment rate	The Netherlands (9.3%)	2nd out of 9 (10.2%)	0.9 p.p.
Respect	Workplace non-fatal injuries	Ireland (526.3 per 100,000 workers)	5th out of 9 (1630 per 100,000 workers)	1103.7 per 100,000 workers
	Work-related ill health and disease	Ireland (3.1%)	2nd out of 9 (4.9%)	1.8 p.p.
Security	Gender pay gap	Belgium (5.0%)	4th out of 9[11] (11.6%)	6.6 p.p.
	Underemployment	Austria (3.5%)	6th out of 9 (6.3%)	2.8 p.p.
	Permanent employment	Scotland (95%)	1st out of 9	-
	Involuntary non-permanent work	Austria (3.7%)	7th out of 9[12] (28.7%)	25 p.p.
	Involuntary part-time work	Netherlands (3.7%)	6th out of 9 (13.7%)	10 p.p.
	Low pay	Netherlands (6.5%)	5th[13] out of 8[14] (9.6%)	3.1 p.p.
Fulfilment	Skills underutilisation	Finland (8.4%)	8th out of 8 (29%)	20.6 p.p.
Effective Voice	Trade Union membership	Iceland (91.4%)	5th out of 9 (29.3%)	62.1 p.p.
	Collective bargaining	Austria (98%)	7th out of 9[15] (38.1%)	59.9 p.p.

[10] The gap presented in this column represents the difference between the performance of the leading country and the performance of Scotland.

[11] Data from 2021 for all countries, except Ireland for which data is from 2020.

[12] Data from 2021 for all countries, except Iceland for which data is from 2019.

[13] For this indicator, we use United Kingdom data for Scotland due to data unavailability.

[14] Data from 2019 for all countries except for Denmark and Iceland for which data is from 2018.

[15] Data from 2019 for all countries except for: Denmark and Finland (2018 data), and Ireland (2017 data)

	Scotland	Austria	Belgium	Denmark	England	Finland	Iceland	Ireland	Netherlands
Disability Employment Gap	31.2	26.3	38	7.9	25	22.2	No data	41.3	25.8
Gender economic inactivity gap	6.2	8.6	8	6	7.3	3.1	5.5	9.5	6.9
Youth unemployment rate	10.2%	12.0%	18.2%	10.8%	12.8%	17.1%	12.0%	14.5%	9.3%
Workplace non-fatal injuries	1630	1416.5	2234.9	2565.2	1800	4025.1	553.1	526.3	997.1
Work-related ill health and disease	4.9%	13.2%	9.5%	9.0%	5.1%	25.7%	9.4%	3.1%	7.4%
Gender pay gap[16]	11.6%	18.8%	5.0%	14.2%	16.2%	16.5%	10.4%	9.9%	13.5%
Underemployment	6.3%	3.5%	6.0%	3.9%	7.3%	6.7%	3.8%	5.8%	7.2%
Permanent employment	95.0%	91.0%	89.7%	89.1%	94.4%	83.7%	83.8%	89.6%	71.8%
Involuntary non-permanent work[17]	28.7%	3.7%	29.8%	16.8%	28.9%	25.0%	7.6%	17.2%	15.8%
Involuntary part-time work	13.7%	9.2%	21.4%	9.3%	11.8%	31.6%	15.4%	12.6%	3.7%
Low pay	9.6%	14.7%	11.5%	8.7%	No data	8.6%	7.6%	18.0%	6.5%
Skills underutilisation - overqualification[18][19]	29.0%	20.0%	10.8%	17.1%	No data	8.4%	23.2%	10.6%	15.0%
Trade union membership	29.3%	26.2%	49.1%	67.0%	22.1%	58.8%	91.4%	24.9%	15.4%
Collective bargaining[20]	38.1%	98.0%	96.0%	80.3%	24.8%	89.2%	90.0%	34.0%	75.6%
Average ranking	**4.9**	**4.6**	**5.6**	**4.1**	**5.9**	**5.6**	**3.7**	**5.1**	**4.5**

Note: This heatmap presents the relative performance in the Fair Work indicators using varying shades of blue, from white (indicating the lowest performance) to dark blue (representing leading performance). Grey cells signify a lack of data. The table also includes a row that presents each country's average ranking across indicators.

[16] Data from 2021 for all countries, except for Ireland for which data is from 2020.

[17] Data from 2021 for all countries, except for Iceland for which data is from 2019.

[18] For this indicator, we use United Kingdom data for Scotland due to data unavailability.

[19] Data from 2019 for all countries except for: (i) the United Kingdom (2020), and (ii) Denmark and Iceland (2018).

[20] Data from 2019 for all countries except for: Denmark and Finland (2018 data), and Ireland (2017 data).

Lessons learnt and the way forward

As the final stage of our research, we carried out a targeted rapid evidence review to discern key features of the policy and labour market landscape of the 'leading' country in each measure that may act as facilitators of success. Our research focused on policy related to indicators on the International Framework for which Scotland is considerably behind the 'leading country'. Policies and best practices identified in this report could be utilised as a starting point for future research related to progress in Fair Work in Scotland. Policy measures in the following areas were identified through our evidence review:

- **Active labour market policy (ALMP):** ALMP schemes can include a range and/or combinations of measures such as: workforce training, job search assistance, job creation, and various subsidies. Denmark and the Netherlands are examples of countries that have made significant use of ALMP policies. Different types of ALMP measures can support improvements in indicators such as involuntary part-time work and involuntary non-permanent work, worker underemployment, skills underutilisation, and the disability employment gap.
- **Policies supporting families with young children:** Key policies in this area include (i) improving access to childcare at an earlier age and at affordable rates, and (ii) providing substantial paid parental leave for **both** parents. Research shows that women's economic participation is disproportionally affected by family duties compared to men. Increasing the accessibility of childcare for young children can reduce the hours spent looking after family. Furthermore, offering substantial paid parental leave to both partners can reduce the negative labour market impacts of prolonged leave currently predominantly faced by women. Finland offers affordable childcare to all children after the age of nine months and a total of 320 working days of parental leave, equally split between parents.
- **Policies promoting health, safety, and well-being in the workplace:** In 2019, the United Kingdom led in terms of the rate of establishments with an action plan to reduce worker stress levels. Areas for improvement include providing clear guidance to workers in relation to health and safety best practices in the workplace, as well as continued improvement in collecting data on the incidence and outcomes of workplace inspections by government authorities.
- **Policies to promote gender parity in pay:** As legislative powers on equality policy are reserved to the UK Government, our review focused on policies that can be implemented through devolved powers. Policies in place in the leading countries in terms of gender pay equality include (i) policies to promote transparent firm-level policies relating to remuneration to ensure remuneration policies are gender-neutral, (ii) actively supporting the improvement of employee appraisal practices through schemes such as government-offered training to ensure job evaluation practices are gender neutral and do not promote unfair discrimination of female workers, and (iii) promoting the adoption of gender neutrality action plans by businesses. Finally, exploring further the

recommendations of research undertaken in the past by the Scottish Government on policies and best practice for valuing women's work.[21]

- **Trade union membership and collective bargaining:** In the absence of full legislative and policy-making powers, the Scottish Government is placing a clear emphasis on achieving Fair Work in Scotland through wide engagement with various relevant stakeholders, including employers and trade unions. As outlined in recent Scottish Government Fair Work action plans, promoting increased trade union membership and higher incidence of sectoral collective agreements is a key area of interest of the Scottish Government.

Conclusion

This report presents two frameworks for assessing: (i) Scotland's progress in Fair Work over the last few years and (ii) Scotland's relative performance in Fair Work vis-à-vis a set of broadly comparable countries.

Updating the Fair Work Measurement Framework helped pinpoint areas where progress has been achieved and areas where more ambitious steps need to be taken. Looking into the future, the International Framework enables an understanding of what constitutes leading performance in Fair Work internationally. It also helps to understand the scale of Scotland's ambition to become a Fair Work nation in the short and long term. Scotland performs well in some areas and has the potential to achieve leading status in the coming years. For areas where Scotland lags behind compared to the rest of the countries in the Framework (e.g., disability employment gap) more ambitious steps are needed to improve performance.

Additionally, this report highlights a set of policies and best practices that have facilitated success in countries achieving leading performance in key areas of Fair Work. These policies should be explored further in future research. Given Scotland's unique institutional and legislative landscape, we have selected a group of policies that could be applicable to the Scottish context.

[21] Scottish Government (2021) International mechanisms to revalue women's work: Research exploring and evaluating international mechanisms that aim to revalue or result in the revaluation of women's work. Director-General Communities and Centre for Research in Employment and Work, University of Greenwich.

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Chapter One: Fair Work Measurement Framework

In this chapter of the report, the updated Fair Work Measurement Framework is presented, with the most recent figures for indicators in the Framework in 2021 and 2022, where available,[22] and a discussion of options to address evidence gaps.

Updated indicators for each dimension are presented in Tables 1-5, along with a brief commentary on Scotland's progress in each dimension of Fair Work. The tables include the latest values available for each indicator (2021 or 2022), and values for two benchmark years for comparisons, the year the Fair Work Measurement Framework was established (2016), and pre-pandemic levels (2019).

The tables also include additional measures for indicators identified as evidence gaps in the 2020 Fair Work report. As data for these indicators was only collected after 2020, only their 2020 and 2022 values are reported in the tables.

Opportunity

Table 1. Fair Work Measurement Framework: Opportunity dimension indicators for 2016, 2019 and 2021.

Indicator	2016	2019	2021	Trend
Disability employment gap: Percentage point difference between employment rates of non-disabled and disabled adults	37.4 p.p.	32.6 p.p.	31.2 p.p.	Improving
Ethnicity employment gap: Percentage point difference between employment rates of white adults and adults from minority ethnic groups	16.3 p.p.	16.4 p.p.	11.7 p.p.	Improving
Youth unemployment rate: Proportion of 16-24 year olds who were looking for work	11.8%	8.3%	10.2%	Fluctuating
Gender economic inactivity gap: Difference between rates of economic inactivity of men and women (16-64 years old)	8.7 p.p.	7.0 p.p.	6.2 p.p.	Improving

[22] Indicators in the Fair Work Measurement Framework are updated with their most recent available statistic as of 10/03/2023.

Economic inactivity: Proportion of economically inactive adults who want to work	23.8%	20.4%	17.5%	Improving
Career progression: % of workers who agree that their job offers good opportunities for career progression	N/A	N/A	53.5%	N/A

Source: Annual Population Survey, Quarterly Labour Force Survey.[23]

Equality of opportunity in employment has increased, with the disability and ethnicity employment rate gaps down to 31.2 percentage points in 2021 from 37.4 percentage points in 2016 and 11.7 percentage points from 16.3 percentage points respectively. The disability employment rate gap showed a consistent reduction each year between 2016 and 2021 with a slight upward fluctuation from the trend to 33.4% in 2020. On the other hand, the ethnicity employment rate gap has fluctuated significantly, as the percentage point difference between the employment rate of white adults and adults from minority ethnic groups was highest in 2018 at 19.7 and reached its most improved point in 2020 at 9.7 before climbing back to 11.7 in 2021.[24]

Similarly, the difference between men's and women's economic inactivity rates fell to 6.2 percentage points in 2021 compared to 8.7 percentage points in 2016. The youth unemployment rate, while higher in 2021 than in 2019, decreased overall compared to 2016 to 10.2%. Finally, the number of economically inactive adults who would like to work decreased in 2019 and 2021 compared to 2016.

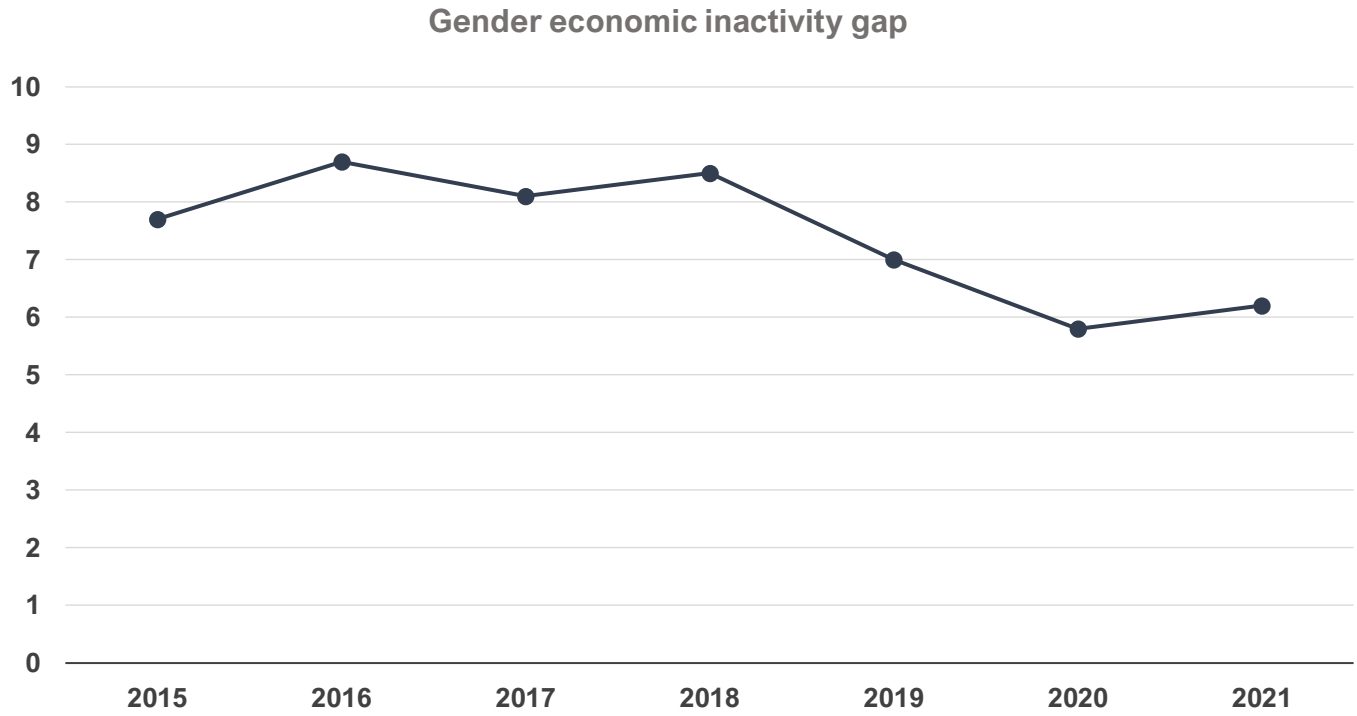
Overall, the Covid-19 pandemic appears to have had a significant disruptive effect on the progress of some indicators. For example, the youth unemployment rate was up to 13.2% in 2020 compared to 8.3% in 2019.[25]

[23] The Labour Force Survey (QLFS) is a cross-sectional quarterly survey of over 84,000 individuals in 2021, including 6,200 individuals in Scotland (based on October – December 2021 sample). It is important to note that indicators for which data is drawn from the QLFS, the figures represent the data collected in the final quarter of the designated year (October – December). Additionally sample sizes are significantly smaller than the Annual Population Survey (APS). The APS is an annual survey of over 212,000 individuals across the United Kingdom in 2021, including over 22,000 individuals in Scotland, comprising quarterly observations from the LFS, and booster samples. The QLFS and APS, share the same core questionnaire, although some questions included in the QLFS may not be included in the APS. Both datasets are collated by the Office for National Statistics and used to inform National labour market Statistics. Wherever possible, we opted for including indicators published by the ONS, UK Government and/or Scottish Government. Most indicators from the QLFS and APS included in the Measurement Framework, are published in Statistics releases by the Office for National Statistics, the UK Government, and/or Scottish Government. For the indicators that are not published, the calculations were conducted by Alma Economics using APS and/or QLFS data accessed through the UK Data Service. Information on how each figure presented was calculated can be found in Appendix A.

[24] Source: Alma Economics analysis of Annual Population Survey data, Data source: Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.

[25] Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.

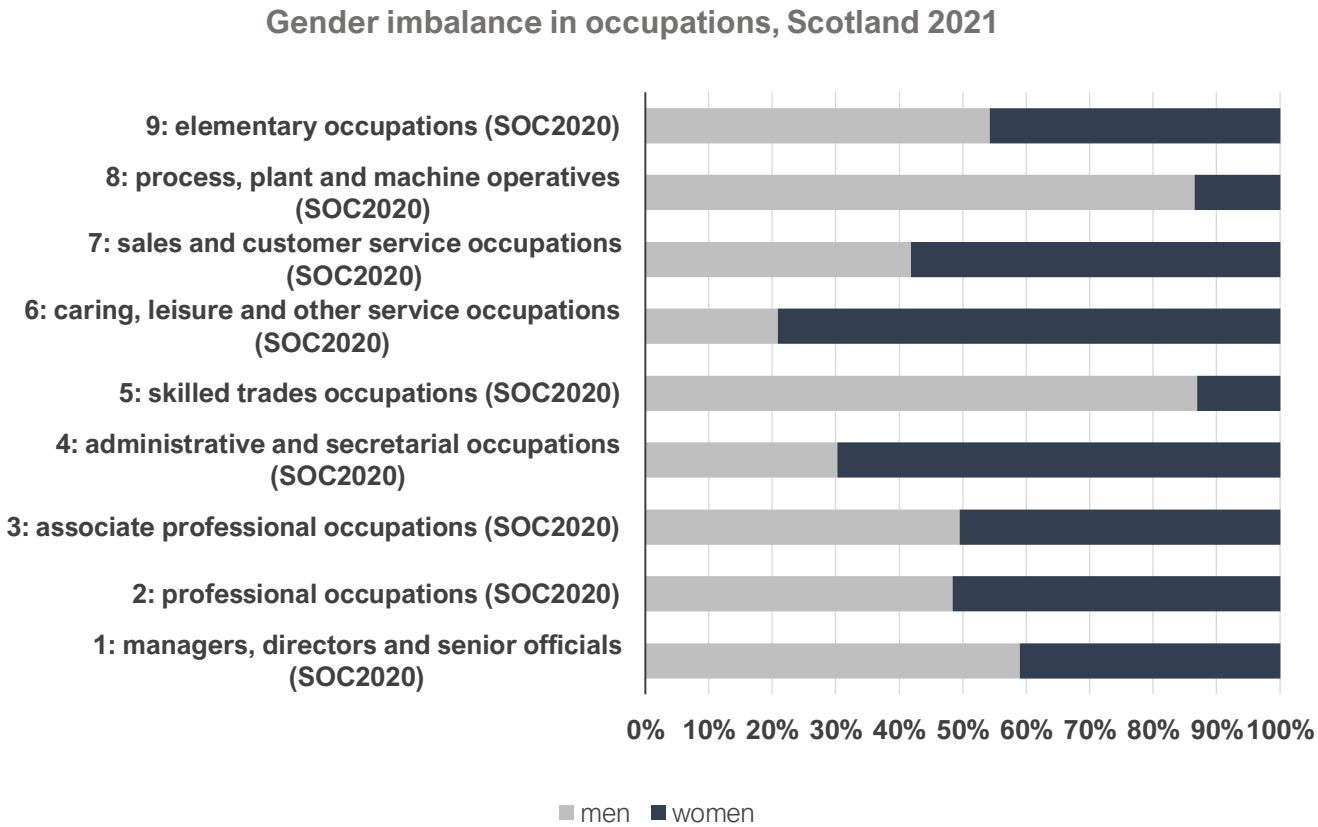
Figure 1. Percentage point difference between rates of economic inactivity of men and women 2015-2021



Source: Annual Population Survey

Vertical and horizontal occupation segregation

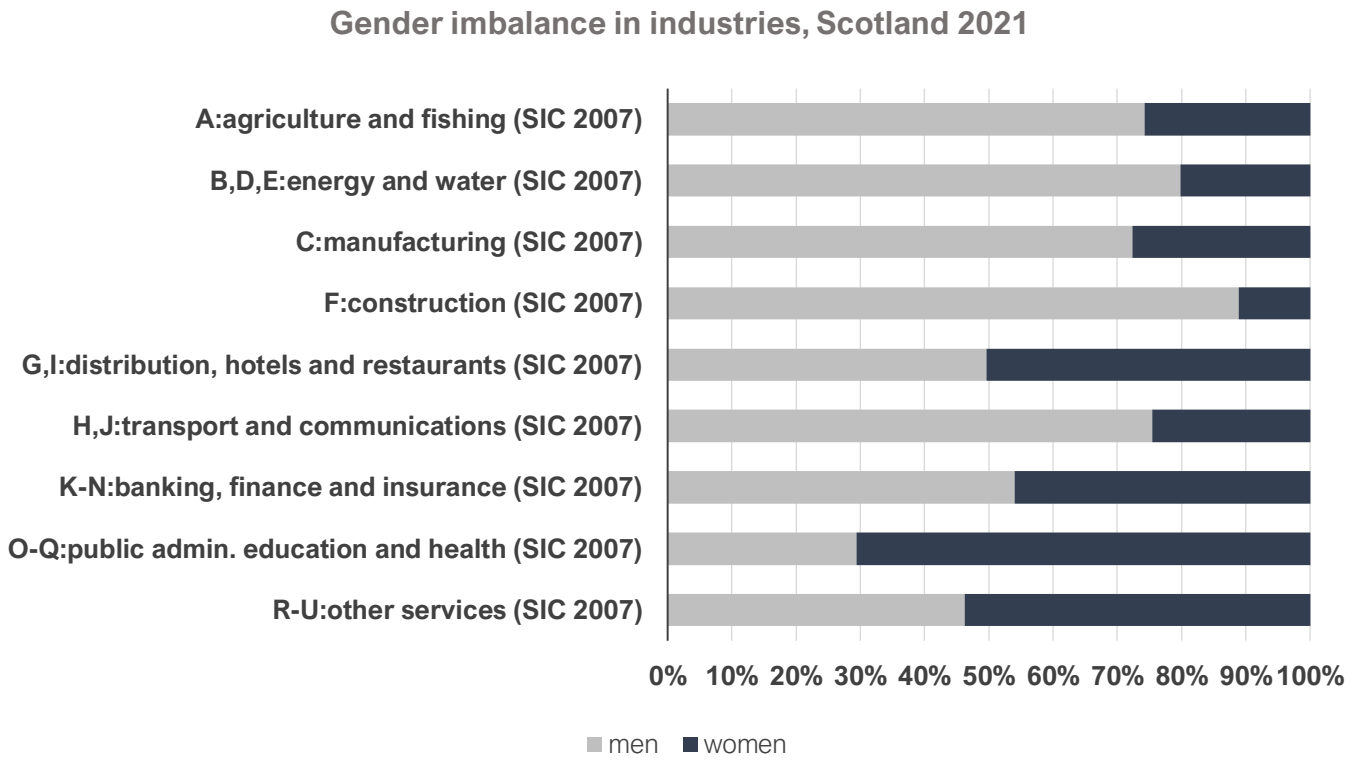
Figure 2. Gender imbalance in occupations in Scotland in 2021



Source: Annual Population Survey

Consistent with the 2020 Fair Work in Scotland Report findings, there is still significant variation in the representation of women and men in occupations. There appears to be relatively equal representation in professional occupations, associate professional occupations and elementary occupations. There is an overrepresentation of men in skilled trade occupations (87.0% of workers), process, plant and machine operatives (86.5% of workers), and managers, directors and senior officials (59.0%). Women make up the majority of workers in caring, leisure and other service occupations (79.2%), administrative and secretarial occupations (69.8%), and sales and customer service occupations (58.1%).

Figure 3. Gender imbalance in industries in Scotland in 2021



Source: Annual Population Survey

Similarly, there are significant imbalances in men's and women's representation in Scottish industries. Specifically, men make up over 70.0% of the workforce in (i) agriculture and fishing (74.3%), energy and water (79.9%), manufacturing (72.4%), construction (88.8%), as well as transport and communications (75.4%). The remaining industries have equal representation except for public administration, education and health, where women are the majority of workers (70.6%). These findings are consistent with data from 2016 and 2019 with small changes (between 1-3 percentage points). The only sector where there has been a significant change between 2016-2021 is agriculture and fishing, where the share of women workers increased from 19.0% in 2016 to 26.0% in 2021.

Respect

Table 2. Fair Work Measurement Framework: Respect dimension indicators for 2016, 2019 and 2021.

Indicator	2016	2019	2021	Trend
Work-related ill health and disease: Self-reported illness caused or made worse by work per 100,000 workers	3,560 per 100,000 workers (2013/14-2015/16 3-year average)	3,280 per 100,000 workers (2016/17-2018/19 3-year average)	4,870 per 100,000 workers (2019/20-2021/22 3-year average)	Worsening
Working days lost due to ill health and disease: Average estimated number of working days lost per worker	1.4 (2015/16-2017/18 3-year average)	1.24 [26] (2018/19-2019/20 & 2021/2022 3-year average)	1.24 (2018/19-2019/20 & 2021/2022 3-year average)	Improving
Stress, anxiety, or depression caused by work: Self-reported stress, depression or anxiety caused or made worse by work per 100,000 workers	1,340 per 100,000 workers (2013/14-2015/16 3-year average)	1,630 per 100,000 workers (2016/17-2018/19 3-year average)	2,860 per 100,000 workers (2019/20-2021/22 3-year average)	Worsening
Working days lost due to stress, depression, or anxiety: Average estimated number of working days lost per worker	0.68 (2015/16-2017/18 3-year average)	0.76 (2018/19-2019/20 & 2021/2022 3-year average)	0.76 (2018/19-2019/20 & 2021/2022 3-year average)	Worsening

[26] The 2019 and 2021 figures for the indicators for working days lost as a result of (i) ill health and disease, (ii) stress, anxiety or depression, and (iii) workplace injury, as the Health and Safety Executive publishes three year average figures for these indicators.

Indicator	2016	2019	2021	Trend
Workplace injuries: Rate of self-reported workplace non-fatal injury per 100,000 workers	1,960 per 100,000 workers (2013/14-2015/16 3-year average)	1,660 per 100,000 workers (2016/17-2018/19 3-year average)	1,630 per 100,000 workers (2019/20-2021/22 3-year average)	Improving
Working days lost as a result of workplace injury: Average estimated number of working days lost per worker	0.14 (2015/16-2017/18 3-year average)	0.21 (2018/19-2019/20 & 2021/2022 3-year average)	0.21 (2018/19-2019/20 & 2021/2022 3-year average)	Worsening
Fatal injuries: Number of fatal injuries to workers (includes employees and self-employed)	15 workers	11 workers	15 workers	Broadly stable
Discrimination, harassment and bullying at work: % of workers who report colleagues are rejected for being different	N/A	22.0% (2020)	17.0% (2022)	Improving
Discrimination, harassment and bullying at work: % of workers who feel that if they make a mistake, their manager will hold it against them	N/A	19.0% (2020)	15.0% (2022)	Improving
Discrimination, harassment and bullying at work: % of workers who report having experienced discriminatory behaviour	N/A	N/A	7.0% (2022)	N/A
Access to flexible working: % of workers with no access to flexible working options	78.7%	77.8%	75.9% (2022)	Improving

Source: (i) Labour Force Survey – Health and Safety Executive Tables, (ii) Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) – Health and Safety Executive Tables, Working Lives Survey Scotland

Between 2016-2022, the 3-year average value of the rate of self-reported non-fatal injuries per 100,000 workers dropped to 1,630 per 100,000 in 2018-2022 compared to 1,930 per 100,000 in 2013-2016. Conversely, the average days lost due to workplace injuries per worker increased from 0.14 between 2015-2018 to 0.21 between 2018-2022.

The most significant changes were observed in the indicators for work-related ill-health and disease, and stress, anxiety, or depression caused by work. The rate of self-reported illnesses caused or made worse by work rose by 36.8% to 4,870 per 100,000 workers in the period 2019-2022 compared to 3,560 per 100,000 in 2013-2016. The rate of self-reported stress, depression, or anxiety caused by work per 100,000 workers in Scotland increased by 113.0% from 1,340 in the period 2013-2016 to 2,860 in 2019-2022.[27]

Finally, the proportion of workers with no access to flexible working arrangements improved in 2019 and 2021, reaching 75.9% compared to 78.7% in 2016, a 2.8 percentage point decrease.

The 2020 Fair Work in Scotland report highlighted that at the time there were gaps in data on some key indicators in the Respect dimension, specifically indicators on discrimination, harassment, and bullying.[28] New data collections related to discrimination, harassment, and bullying, indicate an improving performance of the Scottish labour market in these key areas. The percentage of workers who reported that people in their team rejected others for being different reduced to 17.0% in 2022 compared to 22.0% in 2020 and 20.0% in 2021. During the same period, the percentage of workers who feel that their manager would hold it against them if they made a mistake also reduced from 19.0% in both 2020 and 2021 to 15.0% in 2022. Finally, 7.0% of workers experienced discriminatory behaviour in 2022.

[27] The indicators on the average number of working days lost per worker due to (i) workplace injuries, (ii) stress, depression and anxiety, and (iii) ill health and disease, as well as the self-reported rate of (i) workplace non-fatal injuries, (ii) stress, depression or anxiety and (iii) illness caused by work are based on annual measures that are then calculated as 3-year averages by the Health and Safety Executive. Three-year averages of these indicators are considered more robust than single-year figures. More information on the National Performance Framework indicator "Prevalence of self-reported illness caused or made worse by work in the previous 12 months".

[28] Fair Work Convention (2020) Fair Work in Scotland.

Security

Table 3. Fair Work Measurement Framework: Security dimension indicators for 2016, 2019 and 2021.

Indicator	2016	2019	2021	Trend
Permanent employment: % of workers in permanent employment	94.2%	95.1%	95.0%	Fluctuating
Underemployment (hours insufficiency): % of workers looking for more hours, additional job, or a job with more hours than their current job	8.9%	7.2%	6.3%	Improving
Involuntary non-permanent work: % of workers in non-permanent work who could not find permanent employment	32.1%	25.0%	28.7%	Fluctuating
Involuntary part-time work: % of part-time workers who could not find full-time employment	14.1%	10.5%	13.7%	Fluctuating
Involuntary self-employed: % of workers who are self-employed as they could not find other employment	3.7%	2.8%	2.0% (2022)	Improving
Hours of unpaid overtime: Average number of hours of unpaid overtime per week	7.2 hrs	7 hrs	7.7 hrs	Worsening
Median gross weekly earnings (nominal): Median gross weekly earnings of employees aged 16+ on the PAYE system	£431.6	£472.8	£528.6 (2022)	Improving
Median gross weekly earnings (real): Median gross weekly earnings of employees aged 16+ on the PAYE system, adjusted for CPIH inflation rate based on 2016 prices.[29]	£431.6	£443.0	£443.1 (2022)	Improving
Real living wage: Proportion of employees (18+) earning less than the real living wage	20.1%	16.8%	9.0% (2022)	Improving

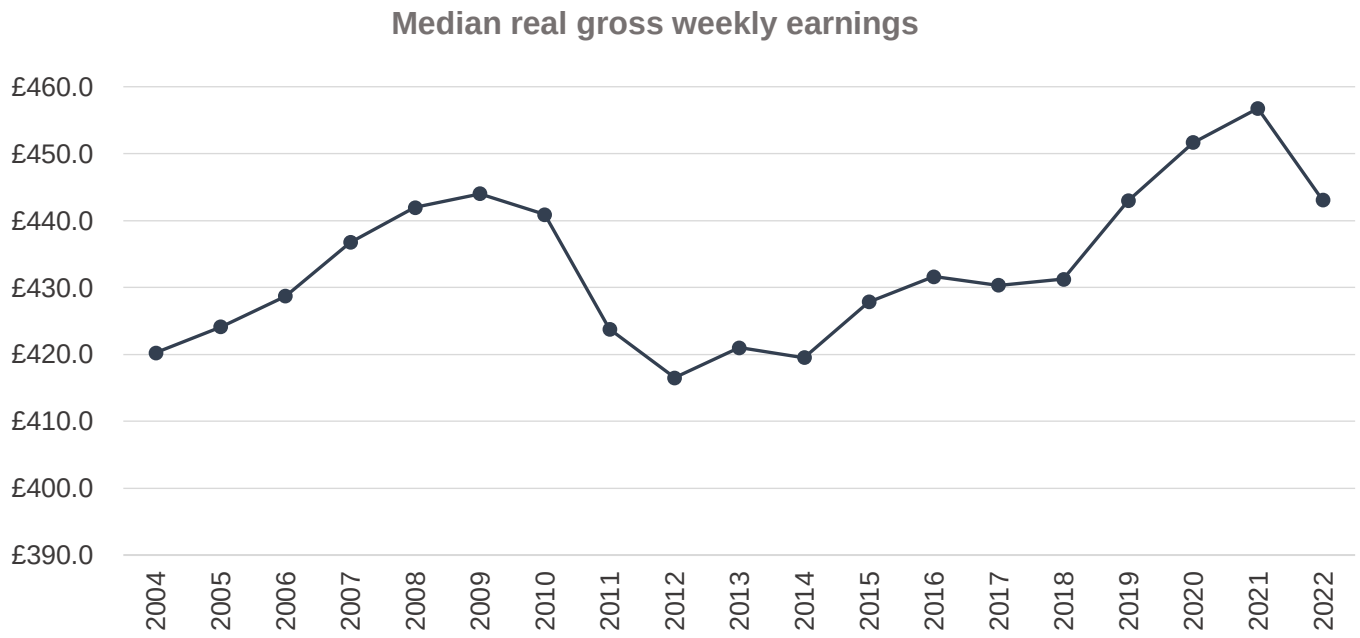
[29] The Consumer Prices Index including owner occupiers' housing costs (CPIH) produced by the Office for National Statistics.

Indicator	2016	2019	2021	Trend
Gender pay gap: Difference between men's and women's full-time hourly earnings as a percentage of men's earnings	6.4%	7.2%	3.7% (2022)	Improving
Disability pay gap: Difference between disabled and non-disabled median gross hourly pay	13.7%	16.2%	18.5%	Worsening
Ethnicity pay gap: Difference in median gross hourly pay (excluding overtime) between white and minority ethnic workers	7.5%	9.6%	5.9%	Fluctuating
Zero hours contracts: % of workers in zero hours contracts	2.2%	2.6%	3.4% (2022)	Worsening

Source: Annual Population Survey – Scottish Government Tables & Nomis Tables, Quarterly Labour Force Surveys, Scottish Government Annual Survey of Hours, and Earnings statistics tables, ONS - CPIH index

Nominal median weekly earnings have increased every year since 2016. Although real median earnings increased between 2019 and 2021 from £443 to £456.8, they declined to £443.1 in 2022.

Figure 4. Median gross weekly earnings in Scotland, adjusted for the CPIH inflation rate



Source: Annual Survey of Hours and Earnings

The proportion of workers earning less than the real living wage halved between 2016 and 2022. Furthermore, the gender pay gap shrank significantly as the difference between men's and women's hourly rates fell from 6.4% in 2016 to 3.7% in 2022. Finally, there was a steady increase in the proportion of workers in permanent work from 94.2% in 2016 to 95.0% in 2021, with only a slight reduction to 94.6% in 2020.

Although there was an overall improvement, two indicators' performance worsened over the last six years. The disability pay gap initially fell to 8.3% in 2018 before sharply increasing to 16.2% in 2019 and 18.5% in 2021. Additionally, the proportion of workers on zero hours contracts rose significantly from 2.2% in 2016 to 3.4% in the final quarter of 2022.

Indicators relating to involuntary non-permanent work and involuntary part-time work improved between 2016 and 2019, and then worsened between 2019 and 2021. The proportion of workers who were in non-permanent work because they were unable to find permanent employment reduced from 32.1% in 2016 to 25.0% in 2019, however, this proportion rose to 28.7% in 2021. Similarly, the proportion of part-time workers who could not find a full-time job reduced from 14.1% in 2016 to 10.5% in 2019, then rose to 13.7% in 2021.

Fulfilment

Table 4. Fair Work Measurement Framework: Fulfilment dimension indicators for 2016, 2019 and 2021.

Indicator	2016	2019	2021	Trend
Employer provided training: % of employers who provided training to their employees	73.0% (2017)	70.0%	70.0%	Worsening
Workplace learning: % of employees who reported receiving job-related training within the last three months	23.1%	23.9%	23.9%	Improving
Type of training: % of employees who received training both on the job & away, as a proportion of those who received any training	22.6%	23.9%	20.4%	Fluctuating
Skills underutilisation (reported by employer): % of establishments with at least one employee with skills and qualifications more advanced than required for their current job role	N/A	35.0% (2018)	33.0% (2020)	Improving
Skills underutilisation (reported by worker): % of workers who report being overqualified for doing their current job	N/A	29.0% (2020)	32.0% (2022)	Worsening
Skills shortage vacancies: Proportion of establishments reporting at least one skills shortage vacancy	N/A	6.0% (2018)	5.0% (2020)	Improving

Indicator	2016	2019	2021	Trend
Autonomy/influence: Index of indicators that capture the % of workers that report having an influence on: (i) the tasks they do in their job, (ii) the pace at which they work, (iii) how they do their work, (iv) the time they start or finish their working day (base year 2020 = 100)	N/A	100 (2020)	102.9 (2022)	Improving
Problem solving: % of workers who feel their job involves solving unforeseen problems on their own	N/A	61.0% (2020)	61.0% (2022)	Broadly stable
Work intensity: % of workers who report that in a normal week, their workload is 'too much' or 'far too much'	N/A	34.0% (2020)	34.0% (2022)	Broadly stable

Source: Scottish Employer Perspectives Survey, Scottish Employer Skills Survey, Annual Population Survey, Labour Force Survey, Working Lives Survey Scotland

Indicators relating to workers' fulfilment recorded similar findings across the previous six years. Participation of workers in job-related training has exhibited a 0.8 percentage point increase from 23.1% in 2016 to 23.9% in 2021, similar to levels recorded in 2019 and up 1.2 percentage points compared to 2020.[30] At the same time, according to the Labour Force Survey (LFS), the proportion of employees offered training, both on the job and away, in Scotland rose between 2016-2019 from 22.6% to 23.9% before decreasing to 20.4% in 2021.

In terms of workforce skills and utilisation, the most recent findings from the 2020 Employer Skills Survey show a marginal improvement overall. The share of employers reporting having at least one worker who is overqualified fell to 33.0% in 2020 compared to 35.0% in 2018, and the share of employers reporting at least one skills shortage vacancy was 5.0% in 2020, compared to 6.0% in 2018. It is important to note that this data represents 2020 values, and hence these indicators may have changed significantly since then. Data from the Business Insights and Conditions Survey (BICS) suggests that in December 2022, 42.1% of businesses reported facing recruitment difficulties, while 26.9% of all businesses reported facing recruitment difficulties due to a lack of qualified candidates.[31] In the 2020-2022 Working Lives Survey that surveyed workers in Scotland regarding skill underutilisation, the percentage of workers who reported being overqualified in their current job rose from 29.0% in 2020 to 32.0% in 2022.

Additional indicators capturing key areas of job quality after 2020 remained broadly stable between 2020 and 2022. The percentage of workers who felt their workload was too high remained at 34.0% throughout this period, while the percentage of workers whose jobs involved autonomously dealing with unforeseen problems rose from 61% in 2020 to 63.0% in 2021 but dropped again to 61.0% in 2022. Finally, a composite index capturing the extent of control workers have over their own work showed moderate improvement in 2020-2022. Among the indicators comprising the index, the most significant change was among the percentage of

[30] Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics, available here.

[31] Chief Economist Directorate, Scottish Government (2023) BICS weighted Scotland estimates: data to wave 80. Available here.

workers who reported having an influence over the time they start or finish their working day which rose to 47.0% in 2022 compared to 44.0% in 2020. Indicators related to job autonomy, as well as job complexity and problem solving, are key for understanding worker fulfilment. Jobs where workers have a greater sense of autonomy in their work, and involve more novel tasks rather than monotonous tasks, are linked to higher productivity levels and job satisfaction among workers.[32]

Effective Voice

Table 5. Fair Work Measurement Framework: Effective Voice dimension indicators for 2016, 2019 and 2021.

Indicator	2016	2019	2021	Trend
Trade Union membership: % of workforce who reported they were members of a trade union/staff association	29.3%	29.3%	28.4%	Worsening
Trade Union presence: % of workforce who reported others at their workplace were a member of trade union/staff association	30.3%	32.7%	30.0% (2022)	Fluctuating
Collective bargaining (reported by workers): % of workforce whose pay and conditions of employment are affected by agreements between their employer and a trade union/staff association (reported by workers)	33.4%	38.1%	36.4%	Fluctuating
Collective bargaining (reported by employers): % of workforce whose pay and conditions of employment are affected by agreements between their employer and a trade union/staff association (reported by employer)	51.3%	51.6%	52.5% (2022)	Improving
Adequate channels for employees to communicate, influence and negotiate: % of workers who feel they have no voice channel at work	N/A	19.0% (2020)	19.0% (2022)	Broadly stable

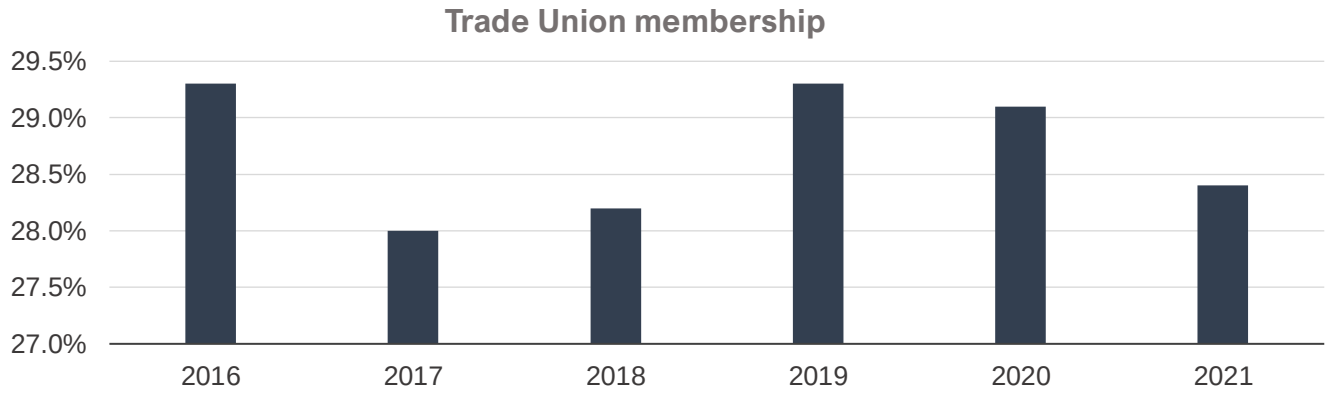
Source: Department for Business and Trade and Department for Business, Energy & Industrial Strategy (BEIS), Trade Union Official Statistics Tables (Labour Force Survey), Quarterly Labour Force Survey Oct-Dec (2016, 2019, 2021), Working Lives Survey Scotland, Annual Survey of Hours and Earnings

Trade Union membership as a percentage of the workforce decreased from 29.3% in 2016 to 28.4% in 2021, reaching its lowest level in 2017 at 28.0%. Between 2017 and 2019, trade union membership increased while it remained broadly stable at 29.3% in 2019 and 29.1% in 2020. Similarly, although trade union presence increased by 2.4 percentage points between 2016 (30.3%) and 2019 (32.7%), it fell to 30.0% in 2022. While trade union membership and trade

[32] Zemanik, M. (2022) Working Lives Scotland 2022. London: Chartered Institute of Personnel and Development.

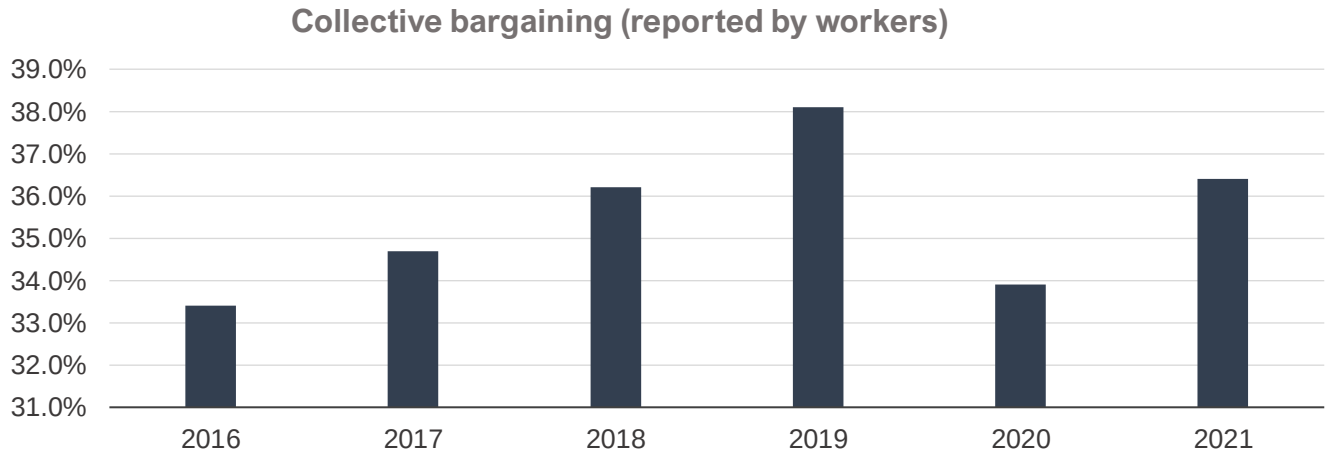
union presence maintained the same levels, the indicators measuring the percentage of workers whose pay and working conditions were affected by agreements between their employer and trade unions or staff associations showed an upward trend, climbing from 33.4% to 36.4% in 2021, more than 10 percentage points higher than the United Kingdom level (26%). As can be seen in Figure 6, in 2019, collective bargaining levels, as reported by workers, reached their highest level in Scotland since 2008 (38.1%). However, in 2020, there was a sharp decline to 33.9% before increasing to 36.4% in 2022.[33] However, it should be highlighted that data collection processes may have been affected during the years of the pandemic. Collective bargaining levels as reported by employers rose by 1.2 percentage points between 2016 and 2022 from 51.3% to 52.5%. Finally, from 2020 to 2022, the percentage of workers who felt they had no voice channel at work remained stable at 19.0%.

Figure 5. Percentage of the workforce who reported they were members of a trade union/staff association in Scotland in 2016 – 2021



Source: Department for Business and Trade and Department for Business, Energy & Industrial Strategy (BEIS), Trade Union Official Statistics Tables (Labour Force Survey)

Figure 6. Percentage of the workforce whose pay and conditions of employment are affected by agreements between their employer and a trade union/staff association (reported by workers) in 2016 – 2021



Source: Department for Business and Trade and Department for Business, Energy & Industrial Strategy (BEIS), Trade Union Official Statistics Tables (Labour Force Survey)

[33] Department for Business and Trade and Department for Business, Energy & Industrial Strategy (2022) Trade Union Statistics.

Evidence gaps and alternative measures

In addition to updating the Fair Work Measurement Framework indicators with the latest data, we also conducted a wider review to explore ways to address evidence gaps identified in the 2020 Fair Work in Scotland Report. Beyond the 39 indicators included in the Framework, the Fair Work Convention has identified eight additional indicators that were not measured due to data unavailability:

- **Opportunity:** Career progression
- **Respect:** Discrimination, harassment & bullying, and enforcement (including inspections)
- **Security:** Sick pay entitlement
- **Fulfilment:** Autonomy, problem solving, and work intensity
- **Effective Voice:** Adequate channels for employees to communicate, influence and negotiate

In this section, we discuss findings from our review of data sources to address evidence gaps, specifically the Working Lives Survey Scotland (WLS), Understanding Society, and Job Quality indicators in the Annual Population Survey (APS). After reviewing alternative and new data sources, we have addressed six out of eight evidence gaps. New indicators for each dimension of Fair Work are included in the relevant tables in the previous section (Tables 1, 2, 4 & 5). Moreover, we discuss findings from our review of sources for the two evidence gaps that were not addressed: (i) enforcement (including inspections) and (ii) sick pay entitlement. Finally, we propose an additional indicator related to flexible working to capture the incidence of working arrangements that involve working from home.

The 2020 Fair Work in Scotland Report identified a range of data gaps, especially in the dimensions of Respect, Fulfilment, and Effective Voice.[34] Since the 2020 Fair Work report, there has been significant progress in terms of data collected on these areas of interest, particularly through the Working Lives Survey Scotland carried out by the Chartered Institute of Personnel and Development (CIPD), and materialised and planned expansions of the job quality indicators included in the APS.[35] Since we understand that it is a key priority for the Fair Work Convention to broaden the scope of the existing framework, we recommend that evidence gaps and alternative measures remain a key area of research focus in the coming years. This will help improve and uplift the capacity of the Fair Work Measurement Framework to capture a comprehensive picture of work in Scotland.

Evidence gaps

We carried out a review of various sources in the public domain, including academic, policy and grey literature, as well as various data collections and surveys conducted in Scotland, to identify reliable data sources that have the potential to address these evidence gaps. There are three key criteria to consider when assessing a data source for inclusion in the Fair Work Framework: (i) its relevance to the Fair Work indicators, (ii) sample reliability, and (iii) whether the data is collected at regular intervals.

[34] Fair Work Convention (2020) Fair Work in Scotland.

[35] Office for National Statistics (2022) Job quality in the UK – analysis of job quality indicators: 2021.

Working Lives Scotland survey (WLS)

The Working Lives Scotland survey (WLS) is a cross-sectional survey conducted by the Chartered Institute of Personnel and Development (CIPD) and includes a variety of indicators adapted from the CIPD Good Work index to fit the definitions under the Scottish Fair Work Framework.[3637] The WLS includes the sample for Scotland of CIPD's wider UK Working Lives survey and a boosted sample for Scotland. The WLS is the first survey focusing on job quality in Scotland and has been running annually since 2020. Individuals are sampled from YouGov online panels to form a sample of 1,000-1,100 respondents each year.

The survey contains numerous questions with a very significant fit to the indicators on the Fair Work Framework, including indicators for which there has not been data collected previously, such as autonomy/influence at work, skills mismatch, adequate channels for employee voice, and career progression. Overall, we anticipate that if assessed as a good source to include in the Framework, five out of eight evidence gaps could be addressed. The two indicators for which there are no relevant questions in the WLS survey are sick pay entitlement and enforcement, including inspections.

The WLS survey can be a key source for addressing many of the evidence gaps in the Fair Work Framework previously identified in the 2020 Fair Work report. Tables 1-5 in the previous section include measures from the WLS that address five out of eight evidence gaps, specifically: (i) discrimination, harassment, and bullying, (ii) autonomy, (iii) problem solving, (iv) work intensity, and (v) adequate channels for employees to communicate, influence, and negotiate.

Furthermore, the WLS survey of 2022 included a question asking workers whether they feel their job offers good prospects for career advancement and a second question asking workers whether they feel their career progression to date has met or exceeded their expectations. However, we chose to address this evidence gap using data from the APS, as it is administered and published by the Office for National Statistics and is thus considered an established data source for labour market statistics.

Career progression

The Office for National Statistics is working to expand the range of indicators on job quality included in the APS in areas of interest directly related to the dimensions of Fair Work, including health, safety, and psychological well-being, voice and representation, terms of employment, and work-life balance. The Job Quality Indicators published by the Office for National Statistics (ONS) in 2021, drawing on data from the 2018 and 2021 APS, include an indicator on the percentage of workers who feel their job offers opportunities for career progression.[38] It is important to note that only the 2021 value of this indicator is included in the updated Fair Work Measurement Framework, as it is the first year this specific job quality indicator is reported.

[36] Chartered Institute of Personnel and Development (2022) Working Lives Scotland, Dedicated analysis of job quality and its impact on working lives in Scotland.

[37] Zemanik, M. (2022) Working Lives Scotland 2022. London: Chartered Institute of Personnel and Development.

[38] Office for National Statistics (ONS), released 16 December 2022, ONS website, article, Job quality in the UK - analysis of job quality dimensions: 2021.

Understanding Society

Wave 12 (2020-2021) of the UK Household Longitudinal Study (Understanding Society) included four modules that covered indicators related to fair work. Those were: (i) the work conditions module,[39] (ii) the job satisfaction module,[40] (iii) the employees module,[41] and (iv) the current employment module.[42] Among those, the module that includes the most questions that could potentially be used to address evidence gaps, or used as alternative measures, is the work conditions module, which covers topics such as work from home frequency, autonomy over tasks, formal and informal working arrangements, and work on weekends. However, the work conditions module is only included in the survey once every two waves and thus every two to four years. Moreover, indicators in the WLS are overall a better fit to the Fair Work dimensions and are collected annually. Thus, indicators from Understanding Society are not included in the Fair Work Measurement Framework.

Sick pay entitlement

Currently, no reliable sources would allow the Fair Work Convention to effectively estimate the amount of sick pay provided to employees, that is, whether employees receive sick pay as per statutory requirements or any additional sick pay related work benefits. The APS includes an indicator of whether workers who reported taking sick leave in the reference week received sick pay. However, the sample size is too small for estimates to be reliable as only a subset of workers is asked this question; specifically, only those who had a day off sick during the reference week are used to measure days and hours worked in a week rather than all workers.

Enforcement and inspections

Enforcement of Fair Work, including the number of workplace inspections, is a key area of interest in understanding progress towards safer and healthier standards for workers and the overall respect dimension. There are no regular data publications regarding inspections or any other enforcement measures. In May 2021, the Trade Union Congress conducted analysis which found that only one in 218 workplaces in the United Kingdom were inspected for safety failures during the pandemic.[43] This analysis was based on data provided by the Department for Work and Pensions[44] and the Department for Business, Energy and Industrial Strategy [45] [46] through parliamentary questions.

Data collected included information on (i) the number of investigations carried out by the Employment Agency Standards Inspectorate as well as the budget level and numbers of FTE staff and Officers from 2018 to 2021, (ii) information on the matters being investigated by the

[39] Information on questions included in the Work Conditions module of Understanding Society.

[40] Information on questions included in the Job Satisfaction module of Understanding Society.

[41] Information on questions included in the Employees module of Understanding Society.

[42] Information on questions included in the Current Employment module of Understanding Society.

[43] Trade Union Congress (2021) Only 1 in 218 workplaces inspected for safety failures during pandemic, TUC finds.

[44] Health and Safety Executive Question for Department for Work and Pensions

[45] Conditions of Employment and Health and Safety

[46] Employment Agency Standards Inspectorate Information

Health and Safety Executive, as well as the number of HSE's enforcement officers and inspectors from 2020 to 2021, and (iii) the number of workplace inspections, investigations, and front-line enforcement officers in the HM Revenue & Customs National Minimum Wage Enforcement Team, Health and Safety Executive, and Gangmasters & Labour Abuse Authority in 2019-20. As this data is aggregated at the UK level, it cannot provide insights into the number of inspections in Scotland, and additionally, this data is not published regularly.

Alternative Measures

Flexible work: The current measure of flexible working arrangements provides information on opportunities available for people to opt for different types of working arrangements e.g. flexitime, annualised hours contract, or 4.5-day week. Following the pandemic, there has been a substantial increase in the incidence of working from home and hybrid work patterns. In this context, it would be a beneficial addition to the Fair Work Measurement Framework to include an indicator related to homeworking which can be drawn from the APS. Additionally, as a potential measure of the labour market demand for flexible jobs, the Timewise Scottish Flexible Jobs Index tracks the proportion of jobs advertised in Scotland that offer flexible working options annually, disaggregated by sector, job type, and flexible work type.[47]

[47] Timewise (2022) The Timewise Scottish Flexible Jobs Index.

Chapter Two:
International Fair Work Nation Framework

In the 2022/23 Programme for Government,[48] the Scottish Government reaffirmed its commitment to Scotland becoming a "leading Fair Work Nation" by 2025. In this chapter, we discuss the relative performance of Scotland compared to the leading performance in each sub-measure of the International Fair Work Nation Framework. This part of the report aims to identify areas where Scotland is performing well against its international comparators and areas of focus where there is significant room for improvement. Our discussion explores what constitutes leading performance in each sub-measure, and for indicators where Scotland is far from this goal, possible drivers of leading performance, examples of good policies, and best practice drawn from leading countries are discussed in reference to the policy context in Scotland.

Developing the Framework

Selecting comparator countries

To identify a list of comparator countries to Scotland, we followed a multiple-stage process to assess the comparability of different Organisation for Economic Co-operation and Development (OECD) countries with Scotland, considering (i) economic trends and outcomes, and labour market conditions and institutions, (ii) data availability and consistency, and (iii) the extent to which countries have control of relevant policy levers.

First, we carried out cluster analysis, which is a statistical technique used to group similar observations (in our case, countries) based on a set of variables. Using 2019 (pre-pandemic) OECD data on GDP per capita, population, unemployment rate, % of the labour force who are women, as well as employment rate of women, we identified the 12 countries with the highest level of similarity to Scotland based on the chosen indicators.[49] The countries were: Belgium, Finland, Austria, Sweden, Hungary, Iceland, Norway, Ireland, Denmark, Switzerland, Luxembourg, and New Zealand. We also conducted a data availability review on the Fair Work Measurement Framework indicators across 104 countries to understand for which indicators and countries there was sufficient data to make meaningful comparisons.

This initial selection of countries was narrowed down by excluding some countries with large differences in GDP per capita from Scotland (Switzerland, Luxembourg, Norway) and those with limited data availability (New Zealand). Following consultation with the Research Advisory Group, we also opted to add the Netherlands to the final list of comparators, as it is a country that combines a liberal market economy with certain aspects of economic planning and hence provides a useful contrast to some more co-ordinated market economies included in the International Framework. Finally, England was included to allow comparisons with a country within the United Kingdom. Overall, the countries selected are broadly similar to Scotland while also covering a range of different labour market characteristics.

[48] Scottish Government (2022) A stronger and more resilient Scotland: the Programme for Government 2022 to 2023.

[49] Organisation for Economic Co-operation and Development – OECD.Stat.

The final list of comparator countries is Austria, Belgium, Denmark, Finland, the Netherlands, Ireland, Iceland, and England.

Indicators in the International Framework

Having an initial list of comparator countries, our team identified the indicators that are eventually included in the International Fair Work Measurement Framework based on data availability across countries, covering the majority of the dimensions of the Fair Work Measurement Framework.

The indicators in the International Fair Work Measurement Framework are presented below:

Opportunity: Disability employment gap; gender economic inactivity gap; youth unemployment rate

Respect: Incidence of workplace (non-fatal) injury per 100,000; workplace fatal injuries per 100,000; work-related ill-health

Security: Underemployment; gender pay gap; permanent employment; involuntary non-permanent work; involuntary part-time work; low pay

Fulfilment: Skills underutilisation (overqualification)

Effective voice: Trade union membership; collective bargaining

**NB:* The same indicator across different countries may have been retrieved from different data sources, and the definitions of the indicator may differ across these sources.[50]

Defining the "leading" performance of Fair Work Nations

This report defines "leading" performance as the performance achieved by the country that leads the relevant sub-measure among the comparator countries in the International Framework. Thus, the Framework allows for the identification of the leading country in each outcome measure, setting the baseline to identify potential success factors and best practices. The development of the International Framework provides a comprehensive view of Scotland's position in terms of Fair Work, highlighting areas of relevant strength and areas that require improvement. Areas where Scotland lags behind are focal points for further research and short- to medium-term efforts to achieve its 2025 Fair Work ambition.

The "leading" performance observed in the countries included in the Framework could serve as a benchmark for Scotland, representing a potentially achievable level of performance in the future. However, Scotland may differ from these countries in terms of institutional and labour market characteristics, which means that the potential values it could reach may differ from the current leading performance observed across the International Framework.

[50] Most indicators in the International Framework are drawn from the annual estimates based on the Labour Force Survey and the Annual Population Survey for Scotland and England, and the EU-Labour Force Survey for the comparator countries. Although samples sizes and sampling strategies may differ, the indicator definitions across these datasets are similar enough to allow comparisons. The APS/LFS, and the EU LFS are the datasets used to inform labour market statistics published by International Organisations such as the OECD and ILO, and adhere to ILO's LFS definitions. Indicators drawn from the Annual Survey of Hours and Earnings, and the Working Lives Survey for Scotland and/or England, may vary more significantly both in terms of sampling techniques and strategies, and indicator definitions compared to international sources.

The Framework also helps understand the scale of Scotland's ambition to become a Fair Work nation in the short and long term. For instance, Denmark stands out with exceptional performance in the disability employment gap measure, while Scotland aligns closely with countries such as Finland, the Netherlands, and Austria, which perform slightly better. Achieving performance similar to these comparator countries in the near future could be a feasible goal, while attaining the levels of the leading Fair Work nation becomes a longer-term objective. Conversely, in other measures where Scotland demonstrates stronger relative performance, achieving leading performance can be an immediate goal.

As can be seen in Table 6 and Figure 7, which present the 'leading' performance in each indicator and allow cross-country comparisons across all indicators included in the International Framework, a unitary definition of a "leading fair work nation" would not be possible, as different comparator countries do better and worse in different areas of Fair Work. No country performs well on every indicator.

Table 6 presents the overall results of the benchmarking exercise. Out of the fifteen indicators selected to be included in the International Fair Work Nation Framework, Scotland is leading the comparator countries in one (permanent employment), while it has the second best performance in two more indicators (youth unemployment rate and work-related ill health and disease). The countries with the highest number of first places are the Netherlands and Austria, each leading in three indicators. This is followed by Ireland, and Finland, each leading in two measures. Finally, the rest of the countries in the Framework, Belgium, Iceland, and Denmark, except for England, each lead in one indicator.

Cross-country comparisons across all indicators included in the International Framework are also depicted in the heatmap in Figure 7. The heatmap adopts a blue colour scale to clearly present how each country performs for each indicator of Fair Work, and how countries perform overall across all indicators. The colour scale ranges from dark blue for leading performance to white for the performance observed in the last placed country in each indicator. The varying shades of light blue to dark blue depend on each country's figure distance from the maximum or minimum performance. The table also summarises each country's average ranking across indicators.

Table 6. International Fair Work Nation Framework, 'leading' and Scotland's performance by indicator.

Dimension	Indicator	Leading country	Scotland's position	Gap to leading country
Opportunity	Disability employment gap	Denmark (7.9 p.p.)	6th out of 8 (31.2 p.p.)	23.3 p.p.
	Gender economic inactivity gap	Finland (3.1 p.p.)	4th out of 9 (6.2 p.p.)	3.1 p.p.
	Youth unemployment rate	The Netherlands (9.3%)	2nd out of 9 (10.2%)	0.9 p.p.
Respect	Workplace non-fatal injuries	Ireland (526.3 per 100,000 workers)	5th out of 9 (1630 per 100,000 workers)	1103.7 per 100,000 workers
	Work-related ill health and disease	Ireland (3.1%)	2nd out of 9 (4.9%)	1.8 p.p.
Security	Gender pay gap	Belgium (5.0%)	4th out of 9[51] (11.6%)	6.6 p.p.
	Underemployment	Austria (3.5%)	6th out of 9 (6.3%)	2.8 p.p.
	Permanent employment	Scotland (95%)	1st out of 9	-
	Involuntary non-permanent work	Austria (3.7%)	7th out of 9[52] (28.7%)	25 p.p.
	Involuntary part-time work	Netherlands (3.7%)	6th out of 9 (13.7%)	10 p.p.
	Low pay	Netherlands (6.5%)	5th[53] out of 8[54] (9.6%)	3.1 p.p.
Fulfilment	Skills underutilisation	Finland (8.4%)	8th out of 8 (29%)	20.6 p.p.
Effective Voice	Trade Union membership	Iceland (91.4%)	5th out of 9 (29.3%)	62.1 p.p.
	Collective bargaining	Austria (98%)	7th out of 9[55] (38.1%)	59.9 p.p.

[51] Data from 2021 for all countries, except Ireland for which data is from 2020.

[52] Data from 2021 for all countries, except Iceland for which data is from 2019.

[53] For this indicator, we use United Kingdom data for Scotland due to data unavailability.

[54] Data from 2019 for all countries except for Denmark and Iceland for which data is from 2018.

[55] Data from 2019 for all countries except for: Denmark and Finland (2018 data), and Ireland (2017 data).

Figure 7. International Fair Work Nation Framework performance heatmap

	Scotland	Austria	Belgium	Denmark	England	Finland	Iceland	Ireland	Netherlands
Disability Employment Gap	31.2	26.3	38	7.9	25	22.2	No data	41.3	25.8
Gender economic inactivity gap	6.2	8.6	8	6	7.3	3.1	5.5	9.5	6.9
Youth unemployment rate	10.2%	12.0%	18.2%	10.8%	12.8%	17.1%	12.0%	14.5%	9.3%
Workplace non-fatal injuries	1630	1416.5	2234.9	2565.2	1800	4025.1	553.1	526.3	997.1
Work-related ill health and disease	4.9%	13.2%	9.5%	9.0%	5.1%	25.7%	9.4%	3.1%	7.4%
Gender pay gap[56]	11.6%	18.8%	5.0%	14.2%	16.2%	16.5%	10.4%	9.9%	13.5%
Underemployment	6.3%	3.5%	6.0%	3.9%	7.3%	6.7%	3.8%	5.8%	7.2%
Permanent employment	95.0%	91.0%	89.7%	89.1%	94.4%	83.7%	83.8%	89.6%	71.8%
Involuntary non-permanent work[57]	28.7%	3.7%	29.8%	16.8%	28.9%	25.0%	7.6%	17.2%	15.8%
Involuntary part-time work	13.7%	9.2%	21.4%	9.3%	11.8%	31.6%	15.4%	12.6%	3.7%
Low pay	9.6%	14.7%	11.5%	8.7%	No data	8.6%	7.6%	18.0%	6.5%
Skills underutilisation - overqualification[58][59]	29.0%	20.0%	10.8%	17.1%	No data	8.4%	23.2%	10.6%	15.0%
Trade union membership	29.3%	26.2%	49.1%	67.0%	22.1%	58.8%	91.4%	24.9%	15.4%
Collective bargaining[60]	38.1%	98.0%	96.0%	80.3%	24.8%	89.2%	90.0%	34.0%	75.6%
Average ranking	**4.9**	**4.6**	**5.6**	**4.1**	**5.9**	**5.6**	**3.7**	**5.1**	**4.5**

Note: This heatmap presents the relative performance in the Fair Work indicators using varying shades of blue, from white (indicating the lowest performance) to dark blue (representing leading performance). Grey cells signify a lack of data. The table also includes a row that presents each country's average ranking across indicators.

[56] Data from 2021 for all countries, except for Ireland for which data is from 2020.

[57] Data from 2021 for all countries, except for Iceland for which data is from 2019

[58] For this indicator, we use United Kingdom data for Scotland due to data unavailability.

[59] Data from 2019 for all countries except for: (i) the United Kingdom (2020), and (ii) Denmark and Iceland (2018).

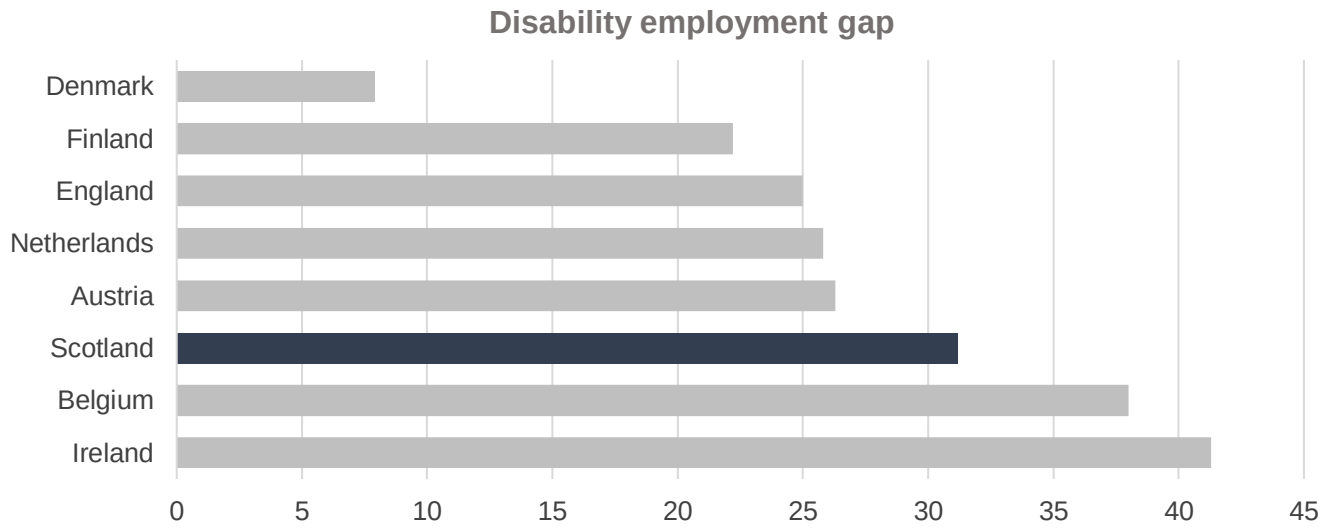
[60] Data from 2019 for all countries except for: Denmark and Finland (2018 data), and Ireland (2017 data)

Opportunity

Disability employment gap

As shown in Figure 8, in 2021, the difference in employment rates between people who have a disability as defined under the Equality Act 2010 and those who are work-limited or disabled and people with no disability or work limitations in Scotland was 31.2 percentage points, which was the sixth narrowest gap among the eight countries for which there is data.[61] Scotland outperforms Belgium and Ireland, however, shows worse performance compared to Denmark, Finland, England, the Netherlands, and Austria. Denmark is clearly leading in this sub-measure, as the disability employment gap is at 7.9 percentage points, which is 14.3 percentage points narrower than second best Finland (22.2 p.p.). Finally, there are no data collected for this measure from Iceland.

Figure 8. Percentage point difference between the employment rates of non-disabled and disabled adults in 2021



Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: Eurostat – European Union Labour Force Survey (EU-LFS)

Exploring factors of success

In the United Kingdom, the core legislation protecting the equal treatment of workers in the workplace is the Equality Act 2010, which replaced the Disability Discrimination Act of 1995. Most of the equalities legislation in effect in Scotland is reserved to the UK government under the Scotland Act of 1998.[62] Under the Equality Act, employers are required to make reasonable adjustments to accommodate disabled people where necessary, including: (i) providing more flexible working hours, (ii) giving or arranging training, and (iii) making adjustments to premises and acquiring or modifying equipment.

While anti-discrimination legislation is in place, both the United Kingdom and Scotland are underperforming significantly in various indicators of equality of opportunity for disabled people.

[61] There is no data on the disability employment gap for Iceland in 2021.

[62] Scottish Parliament (2023) Devolved and Reserved Powers.

While the disability employment gap captures the overall situation, other inequalities also lead to differences in the quality and quantity of work that non-disabled people can access compared to disabled people. As of 2021, in the UK, disabled people were less likely to have a qualification and, specifically, considerably less likely to have a university degree, hindering their competitiveness in the labour market.[63] Furthermore, prior to the Covid-19 pandemic, disabled people in the UK were more likely to work part-time, were underrepresented in higher-skilled work, and earned, on average, 12% less than non-disabled workers. Finally, the UK ranks among the lowest OECD countries in terms of its expenditure as a share of its GDP on active employment measures. On the contrary, Denmark is among some of the OECD countries with the highest spending, which has been found to be linked with a higher capacity to support disabled people back into employment after recessions.[64] Indeed, the disability employment gap in Denmark halved between 2020 (18.1 percentage points), a year affected by the pandemic, and 2021 (7.9 percentage points). Over the same period, the disability employment gap in Scotland narrowed by 2.2 percentage points from 33.4 to 31.2 percentage points.

Denmark invests significantly in active employment measures, investing £10.9 billion[65] in 2019 on activation and other employment schemes.[66] Active employment measures include: (i) subsidies to firms for a disability-friendly design of workspaces, as well as acquiring any tools and aids that disabled workers may use, and (ii) support for job centres across the country in providing services to people with limited working capacity, through various employment initiatives, seminars, networking activities, and online resources.

Furthermore, according to the Danish Agency for Labour Market and Recruitment, there are several additional measures in place to support placing disabled people in employment in Denmark.[67] Such measures include those under the Act on Compensation for Disabled Persons in Employment, consisting of three schemes that aim to stimulate the hiring and retention of people with disabilities: (i) offering subsidies towards the remuneration of people to assist a disabled employee who requires personal assistance, (ii) wage subsidies for a period of up to one year to hire disabled people who have completed an educational programme lasting at least 18 months in the last two years, and (iii) preferential access to disabled applicants in filling a vacant position in the event that disabled and non-disabled candidates for a job have the exact same qualifications.

Reducing the disability employment gap is a key policy commitment for the Scottish Government. Scotland has set out a comprehensive set of policies aimed at supporting the participation and inclusion of disabled in the workplace through its 2018 'A Fairer Scotland for

[63] Holland P. (2021) Will Disabled Workers Be Winners or Losers in the Post-COVID-19 Labour Market. Disabilities, 1(3), 161-173.

[64] Holland P., Nylen L., Thielen K., van der Wel K.A., Chen W.H., Barr B., Burnstom B., Diderichsen F., Andersen P.K., Dahl E., Clayton S., Whitehead M. (2011). How do macro-level contexts and policies affect the employment chances of chronically ill and disabled people? Part II: The Impact of Active and Passive Labour Market policies. International Journal of Health Services, 41(3), 415-430.

[65] Converted from EUR to GBP using the latest exchange rate as of 05/06/2023. The value in EUR was EUR 12.7 billion.

[66] Danish Agency for Labour Market and Recruitment (2023) Flexicurity.

[67] Danish Agency for Labour Market and Recruitment (2023) Measures for placing disabled people in employment.

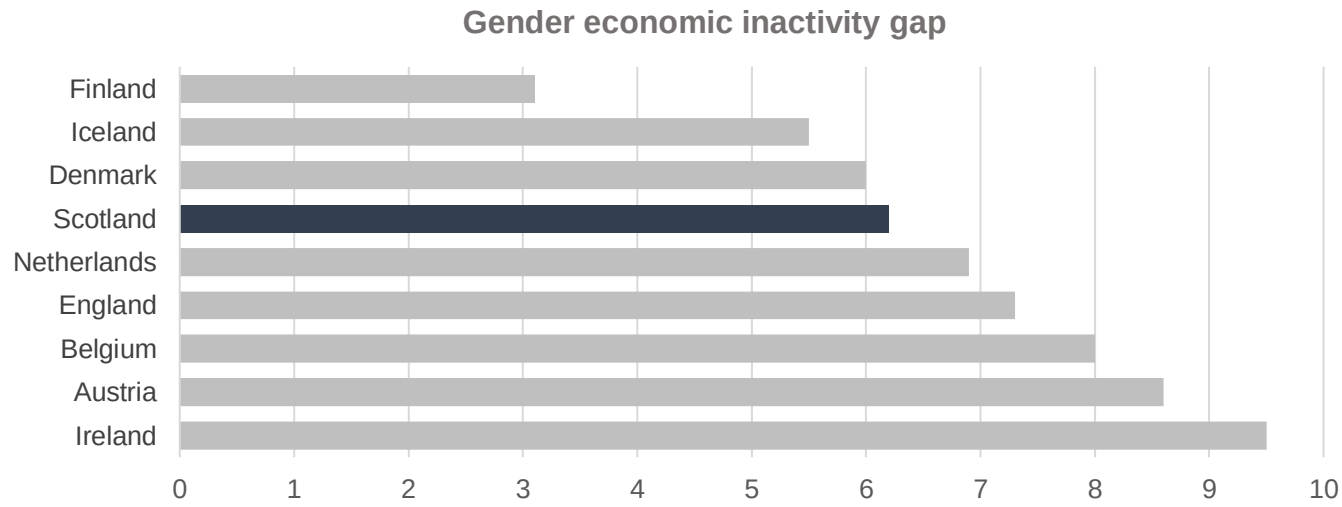
Disabled People: Employment Action Plan',[68] its 'Recruitment and retention plan for disabled people: 2019',[69] as well as the 2022 Fair Work Action Plan.[70] However, overall, it appears that there is still significant progress to be made for Scotland to become a leading nation in this area. The disability employment gap should remain a key policy focus in Scotland in order to achieve its Fair Work ambitions by 2025 and beyond.

Gender economic inactivity gap

Among the countries included in the International Fair Work Nation Framework, Finland has the smallest difference between the economic inactivity rates of men and women in 2021, as the economic inactivity of women is 3.1 percentage points higher than that of men. Scotland outperforms most countries in the framework, ranking fourth out of nine, with a gender economic inactivity gap of 6.2 percentage points in 2021. Other than Finland, the other two countries with a narrower gender economic inactivity rate gap are Iceland and Denmark, at 5.5 and 6 percentage points respectively. The worst performing country in the International Framework for this sub-measure is Ireland, where the economic inactivity rate of women was 9.5 percentage points higher than that of men.

Scotland's gender economic inactivity gap is largely on par with or better than most of the comparator countries considered in this research. Scotland's gender economic inactivity gap is 0.2 percentage points wider than third place Denmark, and 0.7 percentage points wider than second placed Iceland.

Figure 9. Percentage point difference between rates of economic inactivity of men and women in 2021



Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: International Labour Organisation - ILOSTAT, Labour Force Statistics (LFS)

Exploring factors of success

[68] Scottish Government (2018) A Fairer Scotland for Disabled People: Employment Action Plan.

[69] Scottish Government, People Directorate (2019) Recruitment and retention plan for disabled people: 2019.

[70] Scottish Government (2022) Fair Work action plan: becoming a leading Fair Work nation by 2025.

In the United Kingdom, according to Office for National Statistics (ONS) data, in the final quarter of 2022 (October-December), 28.2% of women aged between 16-64 who were economically inactive reported looking after family or home as the main reason, making it the most common reason followed by long-term sickness (25.8%), studies (21.1%), and retirement (11.9%). Looking after family is an even bigger barrier to work for economically inactive women who would like to work[71] of whom 33.9% reported looking after their family or home as the main reason for being economically inactive. On the contrary, the most common reasons among men were studies and long-term sickness, with just 6.4% of men being economically inactive because of looking after their family or home.[72]

Looking after young children or family in the United Kingdom is a barrier to employment disproportionately more often for women than for men. Although this is not a single reason for this trend, the relatively high cost of childcare may be a contributing factor. In 2021, in Scotland, a 25-hour per week childcare place on average costed parents of children under two years old £117 per week or over £6,000 per year. Furthermore, a full-time 50-hours per week childcare place in a nursery costed £227 per week on average for two-year-olds, and £228 for children under two, which amounts to approximately £11,800 per year.[73]

Maternity leave

A study on OECD countries found that long-term female labour force participation trends can be influenced by several institutional and contextual factors, including the overall structure of the labour market, whether the institutional setting supports a positive work-life balance and the improvement of women's educational attainment.[74] Consistent with findings on the reasons for women's economic inactivity, it was also found that policies that support the increased enrolment of children in childcare and higher public spending for childcare, as well as higher public spending for paid maternal and/or paternal leave, can positively increase the incidence of full-time female employment.[75] A study using data on maternity leave and female labour force participation in 159 countries found maternity leave has an ambivalent effect on female labour force participation. Specifically, findings suggested an inverted U-shaped relationship between the two variables. It was found that maternity leave of between 25 to 34 weeks can achieve the most optimal outcomes for female labour participation. Increasing the maternity leave by up to 25 weeks positively affects female labour force participation. However, increasing maternity leave beyond 34 weeks was found to have a negative effect on female labour force participation rates.[76,77]

[71] Between October-December 2022, 18.9% of economically inactive women reported that they wanted a job.

[72] Office for National Statistics (2023) INAC01 SA: Economic inactivity by reason (seasonally adjusted), Dataset.

[73] Jarvie M., Shorto S., and Parlett H. (2021) Childcare Survey 2021. Family and Childcare Trust. Available here.

[74] Thenevon O. (2013) Drivers of Female Labour Force Participation in the OECD. OECD Social, Employment and Migration Working Papers No. 145.

[75] Thenevon O. (2013) Drivers of Female Labour Force Participation in the OECD. OECD Social, Employment and Migration Working Papers No. 145.

[76] Del Rey E., Kyriacou A., & Silva J.I. (2021) Maternity leave and female labour force participation, evidence from 159 countries. Journal of Population Economics, 34, 803-824.

[77] Research findings on the impact of extended maternity leave are mixed. While overall, most studies show a positive effect to female employment rates both before and after maternity, the effects significantly rely on the type

Like other Nordic countries, Finland has significant policies in place to support families with children and ensure that raising children is not a barrier to labour force participation.[78] In Finland, parental leave lasts for 320 working days (64 working weeks), 160 days (32 weeks) for each parent, with the option for each parent to exchange 63 days of their parental leave with their partner. The leave can be taken at any time period between when the child is born and when the child turns two years old.[79] Parents can only take 18 working days of leave simultaneously, ensuring that the days of leave can last up to 14 months. Parental allowance, which amounts to approximately 70% of the parent's wage, can be paid to the parent on parental leave during all days of their parental leave by the State's Social Insurance Institution, Kela.[80] Mothers are also entitled to pregnancy leave for 40 working days (8 weeks) before birth, which is mandatory for at least 14 week-days before the due date. Finally, after a child turns 3, a parent can take additional unpaid childcare leave for which parents may be eligible to receive an allowance from the State.[81]

In Scotland, mothers are entitled to up to 52 weeks of statutory maternity leave (260 working days), including any leave for the period of pregnancy. The 52 weeks of statutory leave comprise 26 weeks of Ordinary Maternity Leave and 26 weeks of Additional Maternity Leave. Statutory paternity leave is limited to up to two weeks (10 days).[82] Under the law, 39 of the 52 weeks of maternal leave must be paid in the UK. Also, mothers can share up to 50 weeks of their maternity leave, including up to 37 weeks of paid maternity leave, with their partners.[83] Beyond the statutorily prescribed terms of parental leave, employers can, at their discretion, offer longer parental leave and paid parental leave to prospective parents. Ensuring the enforcement of these provisions is key, as research by the Equality and Human Rights Commission (EHRC) in 2015 found that 11% of new mothers are forced out of jobs in the UK every year, while one in five mothers said they experienced negative comments and harassment from their employer related to their pregnancy and flexible working required.[84]

Childcare

Families in Finland can seek childcare for their children as early as the age of nine months old. According to Finnish legislation, preschool children have a right to early childhood education and care, and local authorities are responsible for ensuring equal access to early childhood

of maternal leave policy in each country. Research by the RAND Corporation (2016) finds that maternity leave of between 20-30 weeks has overall significant positive economic effects. However, extending maternity leave for periods longer than six months can pose negative effects on mother's career opportunities. Strang L., & Broeks M. (2016) Maternity leave policies: Trade-offs between labour market demands and health benefits for children. Santa Monica, CA: RAND Corporation, 2016.

[78] Kinoshita Y. & Guo F. (2015) What Can Boost Female Labor Participation in Asia? International Monetary Fund, Regional Office for Asia and the Pacific. IMF Working Paper, Working Paper No. 2015/056.

[79] infoFinland.fi (2022) Family leave.

[80] infoFinland.fi (2022) Benefits for a family after a child is born.

[81] infoFinland.fi (2022) Benefits for looking after a child at home.

[82] mygov.scot (2022) Maternity, paternity and parental leave: employer guide.

[83] GOV.UK – Shared Parental Leave and Pay.

[84] Equality and Human Rights Commission (2015) Pregnancy and Maternity-Related Discrimination and Disadvantage, First Findings: Surveys of Employers and Mothers. BIS Research Paper No. 235.

education for all children.[85] Childcare is provided by local authorities or private providers supervised by the local authority.[86] Childcare fees can be significantly more affordable in a Finnish local authority than in the UK average. Fees are decided based on family income, and in the municipality of Helsinki, the maximum level for full-time day-care for a family's youngest child, in nominal terms, is £255 per month or £2,806 annually. Additional children receive significantly discounted fees, with the maximum fee for the second youngest child at £102 per month or £1,123 annually.[87,88,89] As noted, in Finland, childcare fees are determined based on income and family size, and the childcare fee charged can be considerably lower than the maximum rate. The lowest fee offered by the Municipality of Helsinki is £24 per month or £266 annually.[90] Finally, families seeking childcare from private providers can receive financial support from their local authority.

The highest of the aforementioned fees for childcare (£2,806 annually) is less than half of what the average household pays for 25 hours of childcare per week for two-year olds in Scotland (over £6,000 annually).[91]

The Scottish Government offers households assistance with covering the costs of childcare, although the majority of this becomes available after a child turns three years old. Since 2020, children that are three and four years old[92] are eligible for 1140 hours of state-funded childcare per year, or 30 hours per week for 38 weeks per year.[93] Furthermore, the UK Government offers £2,000 of financial assistance towards childcare costs for each child under 11 years old per year and £4,000 for children who have a disability.[94]

Early learning and childcare appear to be a key priority for the Scottish Government in the medium term. In the 2021 Programme for Government, the Scottish Government committed to expanding the offer of funded Early Learning and Childcare to all one- and two-year olds starting with lowest income families.[95] Finally, the latest 2022 Programme for Government

[85] Ministry of Education and Culture, Early childhood education and care: Children's right to early childhood education and care.

[86] infoFinland.fi (2022) Early childhood education.

[87] City of Helsinki (2023) How much does early childhood education cost?

[88] Converted from EUR to GBP using the latest exchange rate as of 28/06/2023. The values in EUR are EUR 295 and EUR 3,245 respectively for the maximum childcare fee for the first child, and EUR 118 and EUR 1298 for the maximum childcare fee charged for the second youngest child of a family

[89] The annual figure is calculated as equal to the cost of 11 months of childcare, as no fees are charged in July.

[90] Converted from EUR to GBP using the latest exchange rate as of 28/06/2023. The values in EUR are EUR 28 and EUR 308 respectively.

[91] Jarvie M., Shorto S., and Parlett H. (2021) Childcare Survey 2021. Family and Childcare Trust.

[92] Some children who are two years old are also eligible for state-funded childcare, including children who have experienced care, children of parents who have experienced care, and children of people who are entitled to some types of benefits such as income support, incapacity benefit, or severe disablement allowance.

[93] Mygov.scot (2023) Funded early learning and childcare.

[94] GOV.UK – Tax-Free Childcare.

[95] Scottish Government (2021) A fairer, greener Scotland, Programme for Government 2021-22.

pledged to carry out further research and engagement to inform developing a renewed childcare and early education offer.[96]

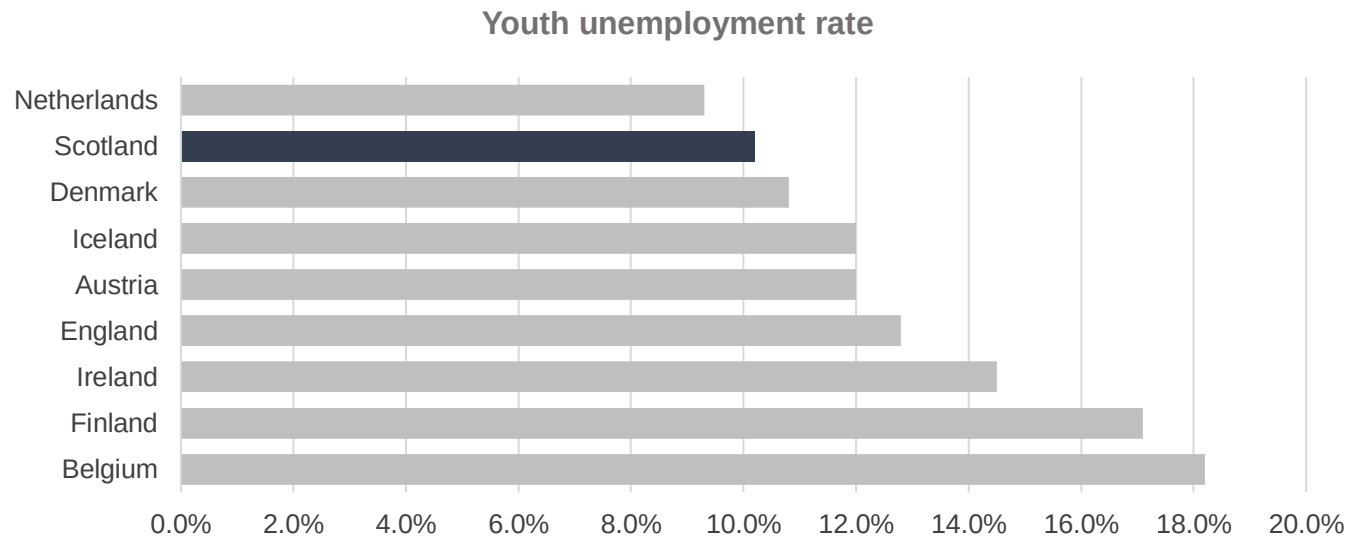
Strong family support, including longer periods of parental leave, which split between the two parents can last up until when a child is 14 months old, and earlier access to partially state-funded childcare as early as when a child is nine months old and throughout pre-education, can help offer mothers more opportunities to successfully rejoin the labour market and minimise any adverse impact from creating a family to their careers.

Scotland has been making significant progress in expanding the offer of state-funded childcare in recent years. More research is also warranted on maternity and parental leave to ensure that families can access the support they need before their children are eligible for state-funded childcare.

Youth unemployment rate

As can be seen in Figure 10, Scotland has the second lowest youth unemployment rate among the comparator countries at 10.2%. Scotland is second to the Netherlands on this measure, which has a youth unemployment rate of 9.3%, 0.9 percentage points lower than Scotland. Thus Scotland's youth unemployment rate is lower than that of Denmark, Iceland, Austria, England, Ireland, Finland, and Belgium.

Figure 10. Proportion of 15-24 year olds[97] who were looking for work in 2021



Source: (i) Scotland and England: Annual Population Survey (ii) Comparator countries: International Labour Organisation - ILOSTAT, Labour Market-Related SDG Indicators (ILOSDG database)

Exploring factors of success

The youth unemployment rate is dependent on a wide range of economic factors. A share of youth unemployment can be attributed to young people who are facing multiple disadvantages, often having no qualifications, living in disadvantaged or remote areas, and coming from an

[96] Scottish Government (2022) A Stronger & More Resilient Scotland, The Programme for Government 2022-23.

[97] This indicator refers to young people between the ages of 16-24 for England and Scotland.

immigrant or minority background.[98] However, the most common type of youth unemployment observed is due to the poor integration of new entrants into the labour market. Educationally qualified new entrants to the labour market often experience challenges leading to unemployment, higher temporary work, precarious employment, and even periods of economic inactivity. This is a phenomenon that affects approximately 20-30% of all young people in OECD countries.[99]

A study on the characteristics of youth unemployment in Europe identified some key factors influencing youth unemployment, including labour market flexibility, family legacy (experiencing a parent with long spells of unemployment), youth migration, and education, skills, and qualifications mismatch.[100] A wide range of policy initiatives to support youth employment in Europe has focused on improving the transition from formal education to employment, ensuring that young people receive work-relevant skills, achieving broad access to education and training for vulnerable young people, and ensuring that young people are matched to jobs suited to their skills. The transition from education to employment is a particularly important step as studies suggest that qualifications and skills mismatch at the point of entry to the labour market can lead to persistent mismatch later in someone's career.[101]

A different study on youth unemployment also highlighted the importance of effective school-to-work and education-to-work transition systems and the growing issue of skills mismatch in youth employment in Europe.[102] According to this study, school-to-work transition systems can be sequential, i.e., people develop work-related competencies after formal education or dual, i.e., the education system can provide work-related skills (e.g. apprenticeships). Countries that are performing well in youth employment are characterised by dual education systems that are highly integrated with the labour market and provide young people with work-related skills.[103,104] Additionally, a labour market system of 'flexicurity' can be important.[105] A flexible labour market is crucial for creating opportunities for young people to take the first steps in their careers and gain important skills. However, this must be supported by higher income and employment stability for individuals.[106]

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[98] O'Reilly J., Eichhorst W., Gábos A., Hadjivassiliou K., Lain D., Leschke J., McGuiness S., Kureková L.M., Nazio T., Ortlieb R., Russel H., & Villa P. (2015) Five Characteristics of Youth Unemployment in Europe: Flexibility, Education, Migration, Family Legacies, and EU Policy. SAGE Open, 5(1).

[99] ibid

[100] ibid

[101] ibid

[102] Pastore F. (2018) Why is youth unemployment so high and different across countries? IZA World of Labour 2018: 420. doi: 10.15185/izawol.420

[103] Pastore F. (2018) Why is youth unemployment so high and different across countries? IZA World of Labour 2018: 420. doi: 10.15185/izawol.420

[104] O'Reilly J., Eichhorst W., Gábos A., Hadjivassiliou K., Lain D., Leschke J., McGuiness S., Kureková L.M., Nazio T., Ortlieb R., Russel H., & Villa P. (2015) Five Characteristics of Youth Unemployment in Europe: Flexibility, Education, Migration, Family Legacies, and EU Policy. SAGE Open, 5(1).

[105] Pastore F. (2018) Why is youth unemployment so high and different across countries? IZA World of Labour 2018: 420. doi: 10.15185/izawol.420

[106] Pastore F. (2018) Why is youth unemployment so high and different across countries? IZA World of Labour 2018: 420. doi: 10.15185/izawol.420

Scotland performs similarly to the leading country in the International Framework, outperforming most of its comparators. The latest unemployment forecast by the Office for Budget Responsibility predicts the unemployment rate in the United Kingdom to remain similar and slightly lower than in 2021 over the next few years.[107] Overall, Scotland is on a positive trajectory, with an overall low youth unemployment rate that is predicted to remain stable.

[107] Office for Budget Responsibility (2023) The economy forecast: Labour Market..

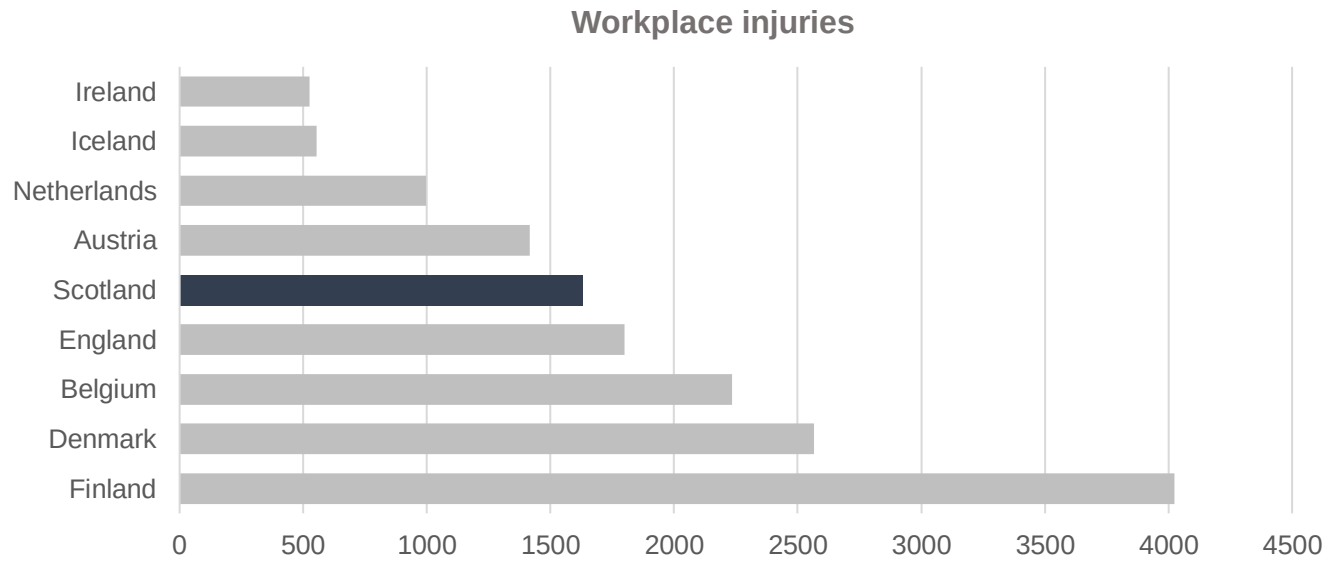
Respect

Although Scotland is not the leading country in the Respect dimension of the International Fair Work Nation Framework, it compares moderately in measures on this dimension with other countries. Scotland is second in the prevalence of work-related ill health and disease among workers and fifth in workplace non-fatal injuries per 100,000 workers in 2020, out of the nine countries in the International Framework.

Workplace non-fatal injuries

In 2021, Ireland and Iceland were leading this measure, with the self-reported workplace non-fatal injuries rate being 526.3 per 100,000 workers and 553.1 per 100,000 workers respectively. Scotland performed moderately in this measure, fifth among nine countries with an annual average of 1,630 incidents per 100,000 workers in the 3-year period 2019-2022. The closest comparator countries to Scotland on this measure are Austria at 1,416.5 per 100,000 workers in 2021, and England with a 3-year average for the period 2020-2022 of 1,800 non-fatal injuries per 100,000 workers.

Figure 11. Rate of self-reported workplace non-fatal injury per 100,000 workers in 2021[108]



Source: (i) England and Scotland: Labour Force Survey – Health and Safety Executive Tables, (ii) Comparator countries: International Labour Organisation - ILOSTAT, Labour Market-Related SDG Indicators (ILOSDG database)

Exploring factors of success

According to the data in 2021, and as can be seen in Figure 11 above, there were approximately 87.0% fewer workplace injuries per worker, or 3,495 less per 100,000 workers, in best-performing Ireland (526.3 workplace injuries per 100,000 workers), than there were in the lowest-performing Finland (4,021.1 workplace injuries per 100,000 workers). This finding warrants further investigation, however, some examples of possible reasons for a significant spread of values in this indicator among the countries in the International Framework could be differences in data collection methods (e.g. better monitoring and reporting in Finland) or differences in the employment structure (e.g. if a larger share of the workforce works in

[108] Data for Scotland and England refers to the three year average of 2019/20-2021/22

industries that have a higher risk of injuries in the worse performing countries). In general, it is challenging to draw comparisons on indicators related to injuries and safety at work. According to the Health and Safety Executive, health and safety systems can vary across Europe in terms of processes for recording and reporting incidents, as well as enforcement.[109] Consequently, data from different countries may not be directly comparable.

A Health and Safety Executive[110] study of various indicators related to those reported here found that in 2019, among the countries included in the International Framework, Ireland had the highest percentage of businesses that provided a note explaining responsibilities and procedures related to health and safety to workers. That figure was 97.3% for Ireland in 2019, compared to 96.7% for the United Kingdom and 91% European Union 27 (EU-27) average. In the same year, the UK surpassed Ireland in a measure of the percentage of establishments that carry out workplace risk assessments.

Work-related ill health and disease

In the indicator for the prevalence of work-related ill health and disease among workers, Ireland is again the strongest performing country among the comparators, with 3.1% of workers reporting illness caused or made worse by work, compared to 25.7% of workers in Finland. Scotland performs strongly compared to the rest of the countries in the framework, with the percentage of workers reporting work-related ill health and disease at 4.9%, ranking second out of nine countries, as indicated in Figure 12. Similarly to the indicator for workplace injuries, the significant difference between the best and worst performing countries may be due to several reasons, including monitoring and reporting processes and definitions of ill-health caused by work.

Exploring factors of success

Although the prevalence of work-related illness has increased significantly in Scotland since the Fair Work Framework baseline year of 2016, Scotland is second in this measure, with the prevalence of work-related ill health and disease at 4.9% among Scottish workers. Various factors may influence the probability of work-related ill health. A study on the trends and patterns of occupational health and safety in Ireland found that both working long hours, variable working hours, and shift work (particularly working at night) were associated with a higher risk of illness.[111] The report highlighted that inspections decrease the risk of work-related ill health and injury. Furthermore, it is noted that due to the negative effects of challenging work conditions such as long hours and shift hours, it is important for employers and workers to be adequately informed about the trade-offs of different types of working arrangements to help prevent work-related health issues.[112]

[109] Health and Safety Executive – Comparisons with other countries.

[110] Health and Safety Executive (2022) Health and Safety Statistics in the United Kingdom compared with European Countries, 2022.

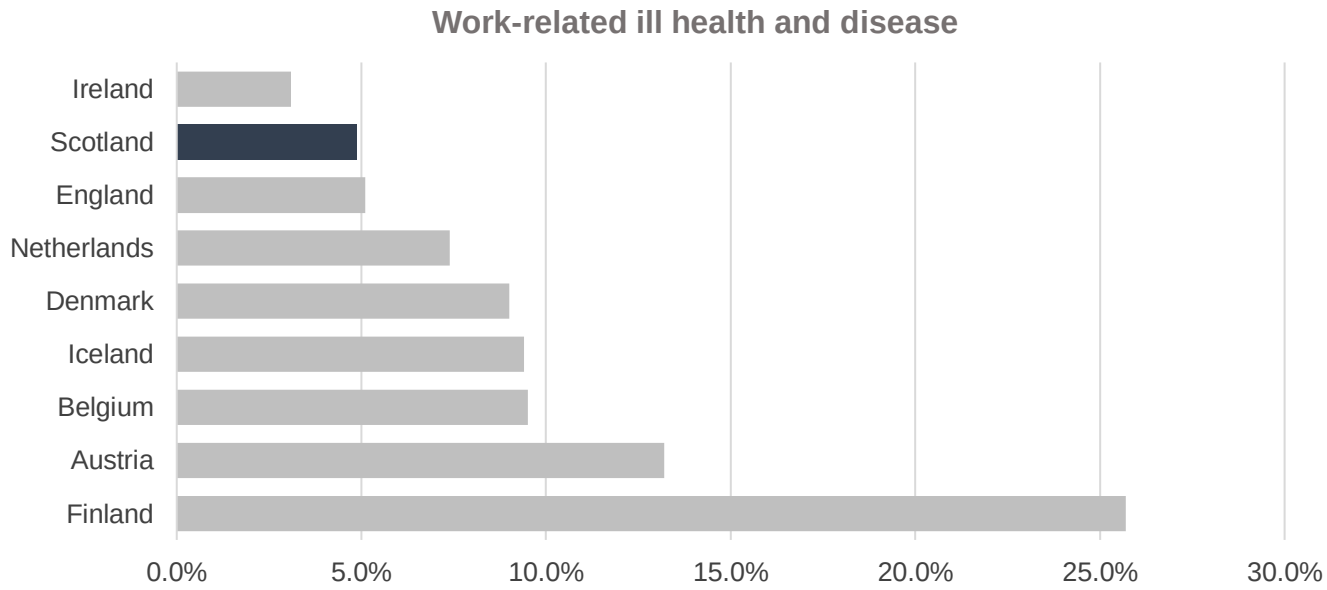
[111] Russel H., Maitre B., & Watson D. (2015) Trends and Patterns in Occupational Health and Safety in Ireland. The Economic and Social Research Institute, Research Series, Number 40.

[112] Russel H., Maitre B., & Watson D. (2015) Trends and Patterns in Occupational Health and Safety in Ireland. The Economic and Social Research Institute, Research Series, Number 40.

For the Government of Ireland, promoting healthy workplaces is one of the key priorities set in the Healthy Ireland Strategic Action Plan 2021-2025.[113] In this context, the Government of Ireland's Department of Public Health and the Department of Enterprise, Trade and Employment developed the Healthy Workplace Framework,[114]
a strategic document outlining the Government's ambition to promote the social, environmental, and cultural conditions for improved health in Irish workplaces, including improved mental health. Currently, 32% of workplaces in Ireland have a health and wellbeing strategy, 84% have an employee assistance programme, 45% provide mental health support, and 44% offer onsite wellbeing initiatives.[115]

Finally, as discussed in the previous chapter, a significant portion of the increase in work-related ill health in Scotland can be attributed to a dramatic rise in work-related stress, anxiety and depression over the recent years that coincided with the Covid-19 pandemic. Data from the 2019 EU-OSHA, the European Survey of Enterprises on New and Emerging Risks, presented in a Health and Safety Executive report, showed that the United Kingdom is second in terms of the share of establishments with an action plan to prevent work-related stress, ranking higher than fourth placed Ireland.[116]

Figure 12. Percentage of workers reporting illness caused or made worse by work in 2021[117]



Source: (i) England and Scotland: Labour Force Survey – Health and Safety Executive Tables, (ii) Comparator countries: Eurostat – European Union Labour Force Survey (EU-LFS)

[113] Healthy Ireland, Government of Ireland – Healthy Ireland Strategic Action Plan 2021-2025.

[114] Healthy Ireland, Government of Ireland – Healthy Ireland at Work, A National Framework for Healthy Workplaces in Ireland 2021-2025..

[115] ibid

[116] Health and Safety Executive (2022) Health and Safety Statistics in the United Kingdom compared with European Countries, 2022.

[117] Data for Scotland and England refers to the three year average of 2019/20-2021/22.

Security

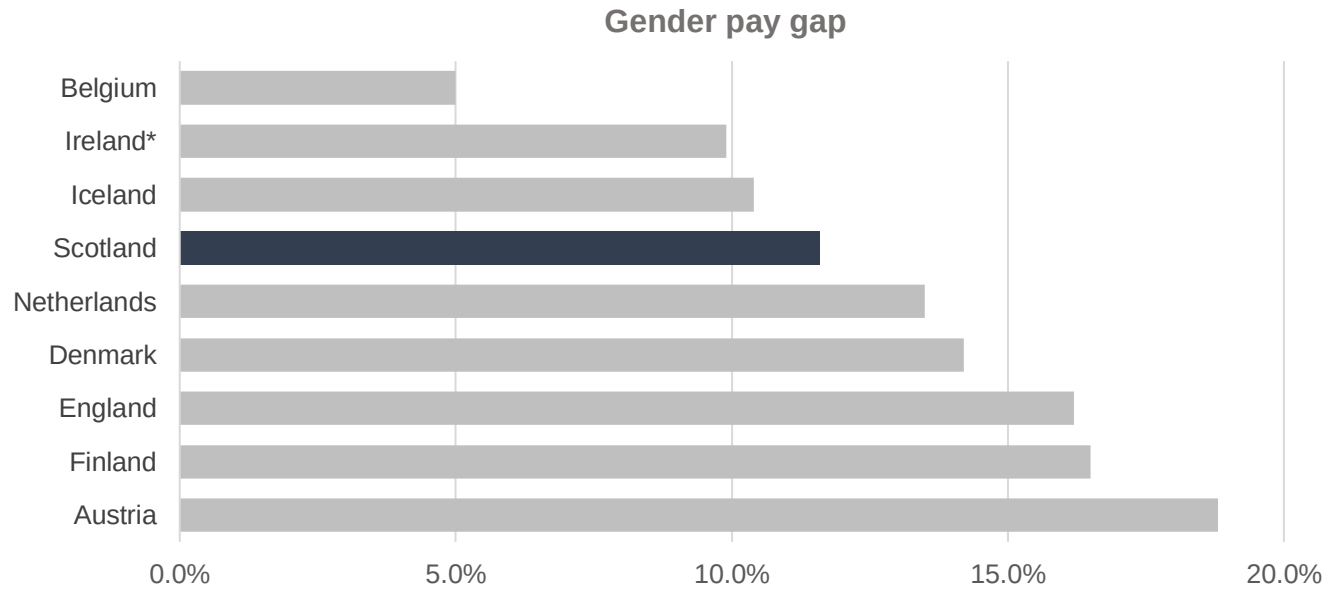
Gender pay gap

The indicator on the gender pay gap measures the difference between the average gross hourly earnings of all paid male and female employees as a percentage of male average hourly earnings.[118]

According to Eurostat data, Belgium had the lowest gender pay gap among the countries in the International Framework, at 5.0% for all employees in 2021. Scotland was third in this measure in 2020 and 2021, and ranks fourth overall for this measure among its international comparators. We could not identify data for 2021 for Ireland, therefore Ireland's 2020 value for the gender pay gap is included in the chart below. Ireland was second among the countries in the International Framework in 2020, and its gender pay gap was 9.9%, and compared to 11.1% in Scotland in that year. Ireland's 2020 gender pay gap was lower than the value observed in all international comparators in 2021 except for Belgium.

Although the gender pay gap in Scotland was more than double that of Belgium at 11.6% in 2021, Scotland outperformed all countries in the Framework, except for Belgium and Iceland. The widest pay gap among the comparator countries in 2021 was observed in Austria at 18.8%.

Figure 13. Difference between men's and women's hourly earnings as a percentage of men's earnings in 2021[119]



[118] The indicator used for the gender pay gap in the International Fair Work Nation Framework is different than the indicator used for the Fair Work Measurement Framework in the previous chapter. The indicator here refers to all paid employees as opposed to the indicator in the Measurement Framework that refers to full-time employees only. We decided to use an indicator for all paid employees for the gender pay gap in Scotland in the International Fair Work Nation Framework, as this was the definition most commonly reported in international data sources.

[119] Data for Ireland are for 2020.

Source: (i) England and Scotland: Annual Survey of Hours and Earnings, (ii) Comparator countries: Eurostat – based on the Structure of Earnings Survey (SES) and national sources.

Exploring factors of success

There are many potential reasons for the differences in pay between men and women. In 2021, 60% of the pay gap in Europe could be attributed to motherhood and 40% to discrimination and social stereotypes.[120] Women are also more likely to work part-time than full-time. Low pay is more prevalent among part-time workers than full-time workers in most European countries, including the United Kingdom.[121] In 2021, in Scotland, 38.3% of women in the workforce worked part-time compared to 13.3% of male workers.[122] While the higher number of women working part-time contributes to the gender pay gap, it does not explain the differences between Belgium and Scotland. In Belgium, statistics on the differences in employment structure between men and women were comparable to Scotland in 2021, with 39.5% of women in the workforce working part-time compared to 10.4% of men.[123]

Belgium has the fifth lowest gender pay gap in the European Union.[124] It has many positive labour force characteristics related to the pay gap. Belgian women have very high educational attainment and are better educated than Belgian men, particularly among the newer generations. In 2010, 49% of women aged between 25 to 34 years old had a tertiary degree compared to 36% of men of the same age.[125] Over the following period, between 2012 to 2021, the indicator for the gender pay gap showed considerable improvement, narrowing from 8.3% in 2012 to 5% in 2021.[126]

The Scottish Government recently published a comprehensive report on international examples of mechanisms to revalue women's work, which included a discussion of actions taken in Belgium to support equal pay.[127] In Belgium, gender equality in work terms and conditions is upheld by the 2007 Gender Act and supported by schemes to promote gender-neutral job evaluation schemes, to eliminate the potential for gender bias in worker evaluation by their employers. The Institute for Equality between Women and Men, an autonomous federal public institution founded in 2002, is responsible for promoting gender equality and combating gender discrimination and leads efforts for gender mainstreaming.[128] Furthermore, to address the gender pay gap, additional legislation was introduced in 2012 in the Pay Gap Law of 22 April 2012, requiring firms to submit extensive documentation relating to the remuneration of their

[120] PwC (2023) Women in Work 2023: Closing the Gender Pay Gap for good: A focus on the motherhood penalty.

[121] Vacas-Soriano C. (2017) The 'Great Recession' and low pay in Europe. European Journal of Industrial Relations, Volume 24, Issue 3.

[122] Alma Economics analysis of Annual Population Survey data

[123] Eurostat (2023) Part time employment as a percentage of the total employment, by sex and age (%)..

[124]STATBEL Belgium in Figures (2023) Gender pay gap.

[125] OECD (2012) Closing the Gender Gap: Act Now, OECD Publishing

[126] Eurostat data.

[127] Scottish Government (2021) International mechanisms to revalue women's work: Research exploring and evaluating international mechanisms that aim to revalue or result in the revaluation of women's work. Director-General Communities and Centre for Research in Employment and Work, University of Greenwich.

[128] More information about the Institute for the Equality of Women and Men.

employees to ensure that remuneration policies are gender-neutral.[129] Additionally, the 2012 Pay Gap Law gave power to the Committee on Prevention and Protection at Work, where necessary, to request enterprises generate an action plan for gender neutrality with a mediator's support and protect employees who have reported unfair treatment.[130] According to the 2021 International Mechanisms to Revalue Women's Work report, there have been proposals to make these action plans compulsory in the event of unequal remuneration.[131]

In the United Kingdom, equal pay is a legal requirement and is currently part of the Equality Act 2010.[132] However, a gender pay gap still persists across the labour market and within organisations. The UK Government requires all public and private sector organisations in England, Scotland and Wales that have more than 250 staff to report gender pay gap figures annually. Additionally, the UK government recommends a range of optional actions, such as organisations publishing a supporting narrative statement that explores the reasons behind the gender pay gap and an Action Plan for reducing the gap.[133] The Government Equalities Office has published guidance for organisations wishing to develop a gender pay gap action plan. However, developing such an action plan is not mandatory, and there is no further assistance from government to businesses who opt to develop an action plan.[134]

The Scottish Government does not have the legislative power to pass similarly binding legislation in Scotland. However, the Scottish Government is taking steps to combat gender inequalities in the workplace, including the gender pay gap. Steps include improving the information available about the employment rights of working pregnant women to ensure safe work environments, (ii) projects such as Equate Scotland and Lose the Gap to support the recruitment of women in sectors and occupations where they are underrepresented and improve employment practices around gender equality and pay.[135] The Scottish Government also outlined a set of policy measures to tackle the gender pay gap in the Scottish Government's 2019 Gender Pay Gap Action Plan.[136] This, among other measures, includes (i) expanding funding for the Workplace Equality Fund, (ii) conducting more research on issues faced by women in the workplace and how the pay gap can be narrowed, (iii) working with employers to promote gender pay gap action plans in the private sector, as well as (iv) pressing the UK Government to introduce more binding legislation, including requiring businesses to publish a gender pay gap action plan, and protecting women against discrimination. Additionally, the Scottish Business Pledge includes taking action to address the gender pay gap as one of the ten actions recommended to businesses joining the partnership.[137] Actions

[129] Legal Information Institute, Cornell Law School. Women and Justice: Belgium.

[130] ibid

[131] Scottish Government (2021) International mechanisms to revalue women's work: Research exploring and evaluating international mechanisms that aim to revalue or result in the revaluation of women's work. Director-General Communities and Centre for Research in Employment and Work, University of Greenwich.

[132] Government Equalities Office (2023) Statutory guidance, Overview.

[133] Government Equalities Office (2023) Statutory guidance, What to Report..

[134] Government Equalities Office – Four steps to developing a gender pay gap action plan.

[135] Scottish Government, Children and Families Directorate – Gender Equality: Gender equality in the workplace..

[136] Scottish Government (2019) A fairer Scotland for women: gender pay gap action plan.

[137] Scottish Business Pledge (2019) About the Scottish Business Pledge.

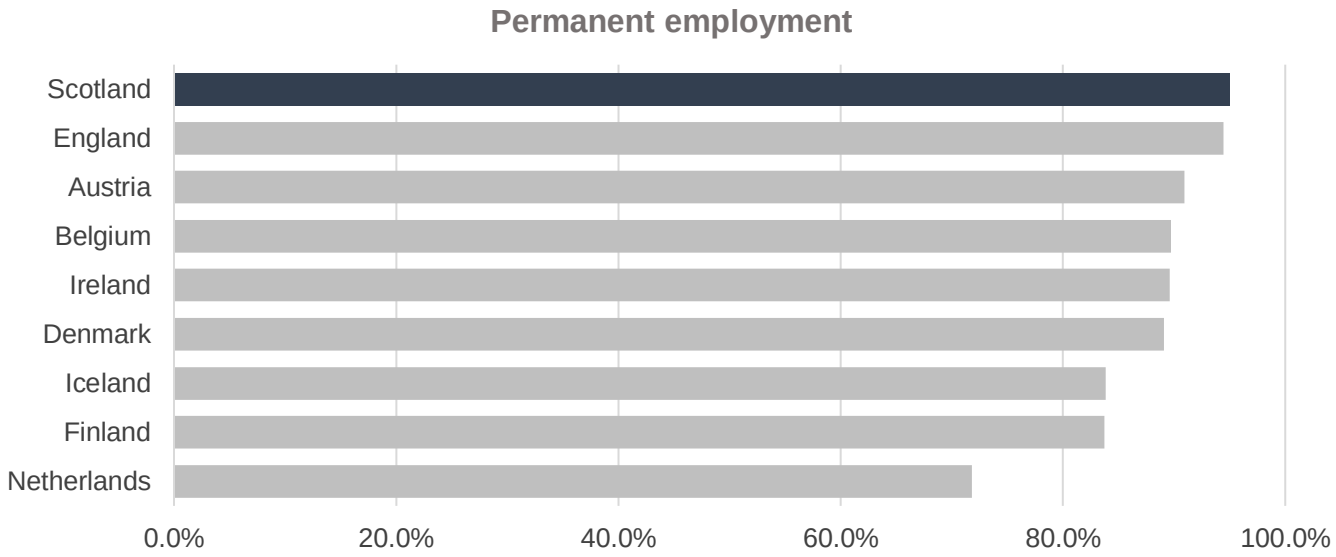
required for businesses joining the pledge include expectations that all businesses, regardless of size, collect data on workforce composition and commit to identifying gender pay gaps, as well as produce an action plan to address their gender pay gap within specific timeframes.[138]

The 2021 International Mechanisms to Revalue Women's Work report proposes a wide range of actions that can be taken within the limits of current devolved powers. These include supporting the improvement of job evaluation practices, gender pay gap reporting, and supporting collective bargaining, as well as implementing the Fair Work Convention's recommendations to develop minimum contract standards for publicly funded social care services, such as restricting the practice of zero hours contracts.

Permanent employment

Scotland is leading in the sub-measure of the share of workers employed in permanent contracts, with 95% of workers having a permanent contract. Scotland is followed by England (94.4%). For most countries in the International Framework, i.e., Austria, Belgium, Ireland, Denmark, Iceland and Finland, the value of this indicator is between 83.7%-91%, a difference of less than eight percentage points. As shown in Figure 14 below, the Netherlands has the lowest share of workers with a permanent contract, at 71.8% of the workforce.

Figure 14. Percentage of workers in permanent employment in 2021



Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: International Labour Organisation - ILOSTAT, Labour Force Statistics (LFS)

Involuntary work type and underemployment

In the next two indicators, involuntary non-permanent and involuntary part-time work, "involuntary" refers to "not-preferred choice". A worker is classified as being in involuntary part-time work if they would prefer to work under a different work arrangement, e.g. full-time work. Similarly for temporary workers, if they would prefer to work under a permanent contract. Flexible work arrangements such as temporary work or part-time work may not be problematic,

[138] Scottish Business Pledge (2019) Action to address the gender pay gap.

however, workers may feel 'pushed' to accept a less preferred employment arrangement to avoid unemployment.[139] This incidence is captured by the indicators of involuntary non-permanent work and involuntary part-time work. On the other hand, the indicator on underemployment captures the proportion of workers who reported that they would like to work more hours than they are working presently.

According to a 2022 study, work-type and contract-type preferences of workers have been found to be tremendously impactful on the job satisfaction of workers in Europe.[140] The same study, using data from 2017 from 24 European countries, found that involuntary temporary workers had lower job satisfaction than voluntary temporary workers. Voluntary temporary workers had a similar or higher level of job satisfaction than permanent workers in all but two countries in the study: Bulgaria and the Netherlands.

Involuntary non-permanent work

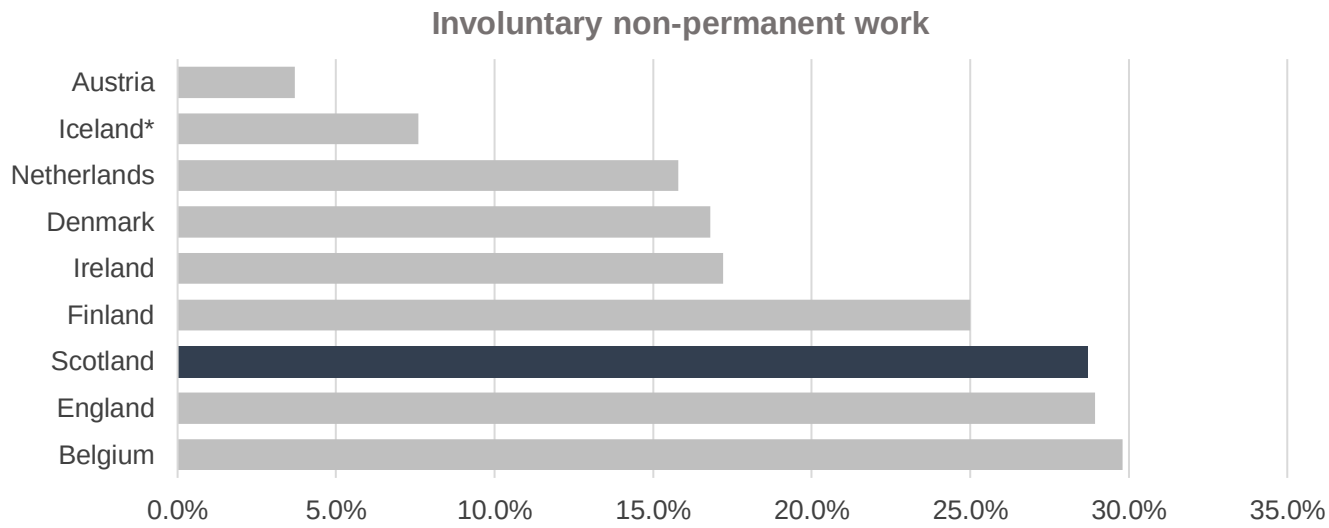
In 2021, in Austria, among workers in temporary employment, 3.7% are considered involuntary non-permanent workers, as they report working in non-permanent work due to being unable to find a permanent job. Austria is leading the International Framework, while the Netherlands (15.8%) and Denmark (16.8%) have the second and third best performance in 2021. The Netherlands is also the country with the highest share of workers in non-permanent jobs (both voluntary and involuntary) among those in the International Framework, thus its overall good performance in this indicator suggests the high portion of temporary workers is not a product of a shortage of permanent job vacancies.

In 2021, Scotland ranked sixth out of eight countries in the International Framework in this measure. Almost one out of every three (28.7%) temporary workers in Scotland, work in non-permanent jobs because they could not find permanent employment. In 2021, Scotland only outperformed England and Belgium, surpassing Belgium by 1.1 percentage points, compared to the 25 percentage points difference with Austria's measure. Data was not available for the percentage of workers in involuntary non-permanent work for Iceland in 2021, however the latest data available for this measure in Iceland from 2019 places Iceland second among the countries in the International Framework. Scotland ranks seventh out of the nine countries in the International Framework when considering Iceland's 2019 value for the involuntary non-permanent work indicator.

[139] Green A., & Livanos I. (2017) Involuntary non-standard employment in Europe. European Urban and Regional Studies, Volume 24, Issue 2, 175-192.

[140] Canzio L.I., Bühlmann F., and Masdonati J. (2022) Job satisfaction across Europe: An analysis of the heterogeneous temporary workforce in 27 countries. Economic and Industrial Democracy, Volume 0: Ahead of Print.

Figure 15. Percentage of workers who do non-permanent work because they could not find permanent employment in 2021.[141]



Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: Eurostat – European Union Labour Force Survey (EU-LFS)

Exploring factors of success

Many factors may determine the proportion of involuntary non-permanent workers, and it would not be possible to identify all of them. Austria's temporary worker population, and the type of temporary work, vary significantly from the United Kingdom's. For example, in 2017, a larger share of temporary workers was working on temporary contracts due to being in a probationary period for a permanent position in Austria (12.2%) than in the United Kingdom (3.2%).[142] Furthermore, in 2017, 43.1% of Austrian temporary workers were in education or training compared to 9% in the United Kingdom. Moreover, in Austria, temporary contracts are likely to be longer than in the United Kingdom. In 2017, almost one out of two temporary contracts in Austria (48.9%) lasted longer than 13 months, and 39.7% lasted over two years. By comparison, in the United Kingdom, in 2017, 22.7% of temporary contracts had a length of over 13 months and only 10.4% over two years.[143] Overall, these statistics imply that temporary work in Austria can be less precarious than in the United Kingdom, especially for workers with longer temporary contracts.

Underemployment and involuntary part-time work

Regarding the indicator for underemployment, in 2021, Austria recorded the best performance among the countries in the International Framework, as 3.5% of workers reported they were willing and available to work additional hours compared to their current hours. Denmark and Iceland performed similarly well to Austria, recording 3.8% and 3.9% in this indicator respectively. Although outperforming the United Kingdom's average of 7.18%, Scotland was

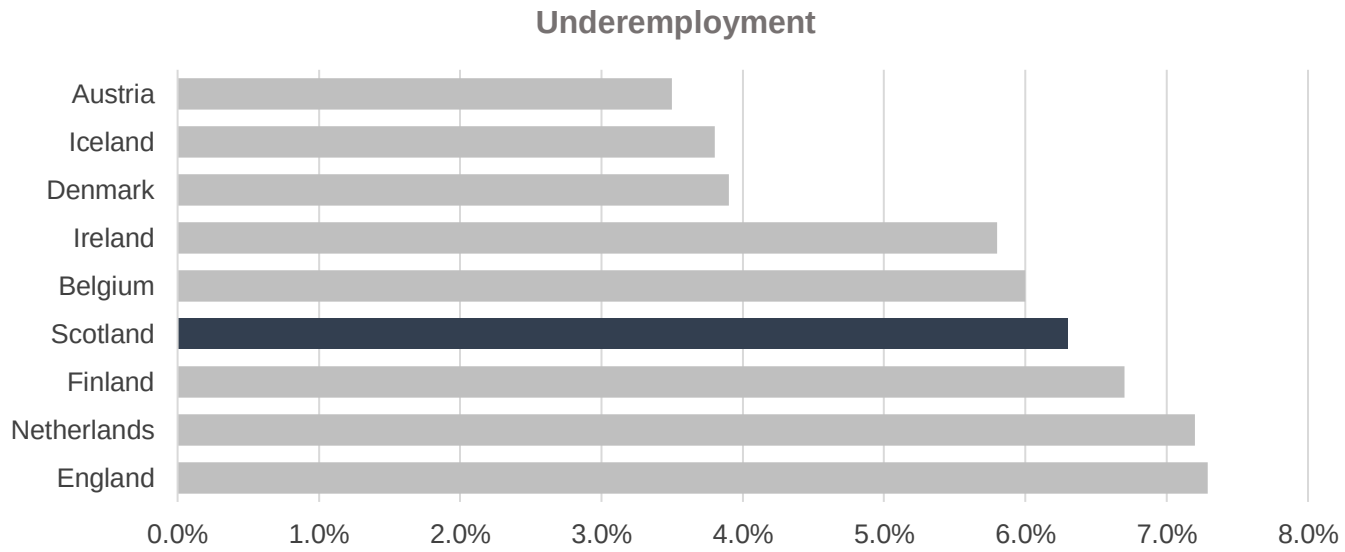
[141] Data for Iceland are for 2019.

[142] Canzio L.I., Bühlmann F., and Masdonati J. (2022) Job satisfaction across Europe: An analysis of the heterogeneous temporary workforce in 27 countries. Economic and Industrial Democracy, Volume 0: Ahead of Print.

[143] Canzio L.I., Bühlmann F., and Masdonati J. (2022) Job satisfaction across Europe: An analysis of the heterogeneous temporary workforce in 27 countries. Economic and Industrial Democracy, Volume 0: Ahead of Print.

sixth among the countries in the International Framework, with 6.3% of workers wanting to work additional hours, with a larger share of workers reporting being underemployed only in Finland, the Netherlands, and England.

Figure 16. The percentage of workers looking for more hours, an additional job, or a job with more hours than their current job in 2021

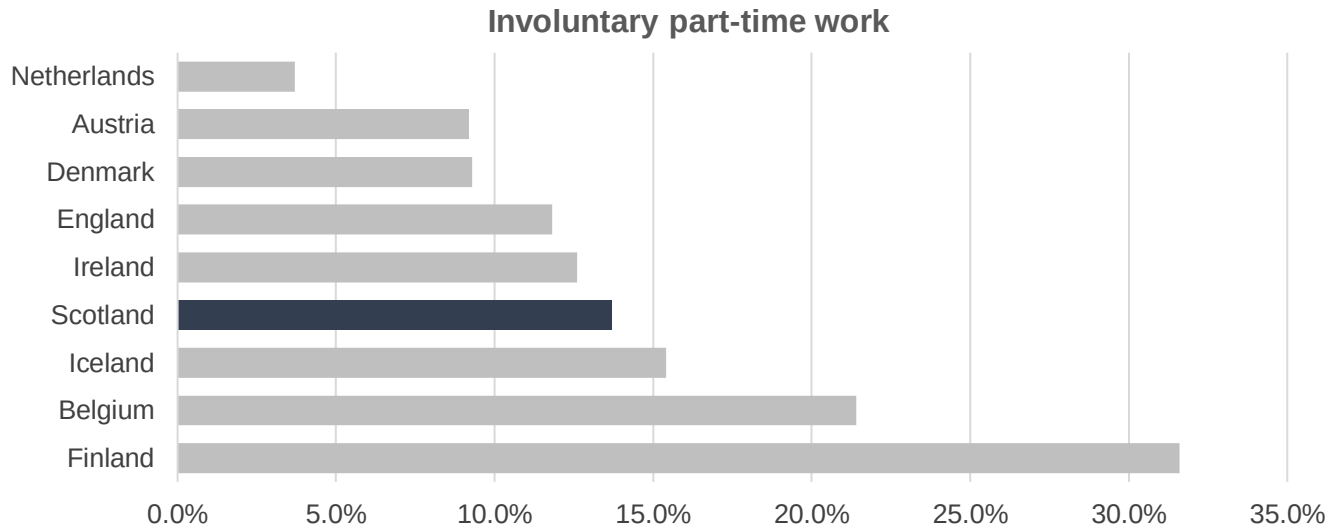


Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: International Labour Organisation - ILOSTAT, Labour Force Statistics (LFS)

A different measure that is commonly used to assess underemployment is the percentage of involuntary part-time workers.[144] In 2021, the Netherlands recorded the most favourable performance in the indicator for involuntary part-time work, as only 3.7% of people who work part-time reported that the reason for working part-time was that they could not find full-time employment. This was followed by Austria, where this indicator was at 9.2% in 2021, and Denmark at 9.3% in 2021. Scotland is in sixth place among the countries in the Framework, with a better figure than Finland, Belgium and Iceland and a worse figure than the Netherlands, Austria, Denmark, England, and Ireland. In this indicator, the gap to the leading performance is significantly wider than the indicator for underemployment at 10 percentage points. The Netherlands also had the highest part-time employment rate in Europe in 2019, at 50.2%. Although the gap to the leading country is relatively steep, the gap to the second placed Austria's figure is lower at 4.5 percentage points.

[144] Bell D.N.F. & Blaunchflower D.G. (2018) Underemployment in the US and Europe. National Bureau of Economic Research

Figure 17. Percentage of part time workers who could not find full time employment in 2021



Source: (i) Scotland and England: Annual Population Survey, (ii) Comparator countries: Eurostat – European Union Labour Force Survey (EU-LFS)

Exploring factors of success

Since the start of the economic crisis in Europe, there has been an increase in part-time employment in Europe.[145] The Netherlands is a particularly interesting case in terms of this indicator. Across the European Union and the United Kingdom, involuntary part-time work has increased over the last few years, rising from 22.4% in 2007 to 23.6% in 2019. Over the same period, part-time employment has soared in the Netherlands, which had the highest part-time employment rate in Europe in 2019, at 50.2%.[146] Indeed, a study of the Dutch labour market notes that new contract arrangements have allowed increasing opportunities for workers to access flexible and part-time work from 2001 to 2016.[147] Although part-time employment has been very high in the Netherlands and despite the general increasing trend in involuntary part-time work in Europe, involuntary part-time work in the Netherlands decreased from 5.3% in 2019 to 3.7% in 2021.

Apart from job loss due to the crisis, the academic literature suggests that a higher incidence of involuntary part-time work coincided with a long-term employment substitution due to technological advances affecting medium and low skilled workers and the loss of jobs due to the economic crisis in Europe.[148] Automation and new technologies have particularly affected

[145] Green A., & Livanos I. (2017) Involuntary non-standard employment in Europe. European Urban and Regional Studies, Volume 24, Issue 2, 175-192.

[146] Miežienė R., Krutulienė S., & Gruževskis B. (2021) Identifying the main determinants of Part-Time Employment in EU Countries. Review of Economic Perspectives, Vol. 21, Issue 2, 2021, pp. 151-171, DOI: 10.2478/revecp-2021-0007

[147] Hartog J. & Salverda W. (2018) The labor market in the Netherlands, 2001-2016. IZA World of Labour, ISSN 2054-9571, Institute for the Study of Labor (IZA), Bonn.

[148] Van Doorn, L. & Van Vliet O. (2022) Wishing for More: Technological Change, the Rise of Involuntary Part-Time Employment and the Role of Active Labour Market Policies. Journal of Social Policy, 1-21. doi:10.1017/S0047279422000629

middle-skilled workers in Western economies, forcing many to seek low skilled employment. This, in turn, is theorised to lead to higher competition at the lower-skilled end of the labour market and increases involuntary part-time employment among lower-skilled workers. Training and job creation schemes can mitigate the effects of this movement in the labour market. Research on the incidence of involuntary part-time work, and the effectiveness of various policies as a mitigating factor, found that job creation schemes could be associated with decreased involuntary part-time work.[149]

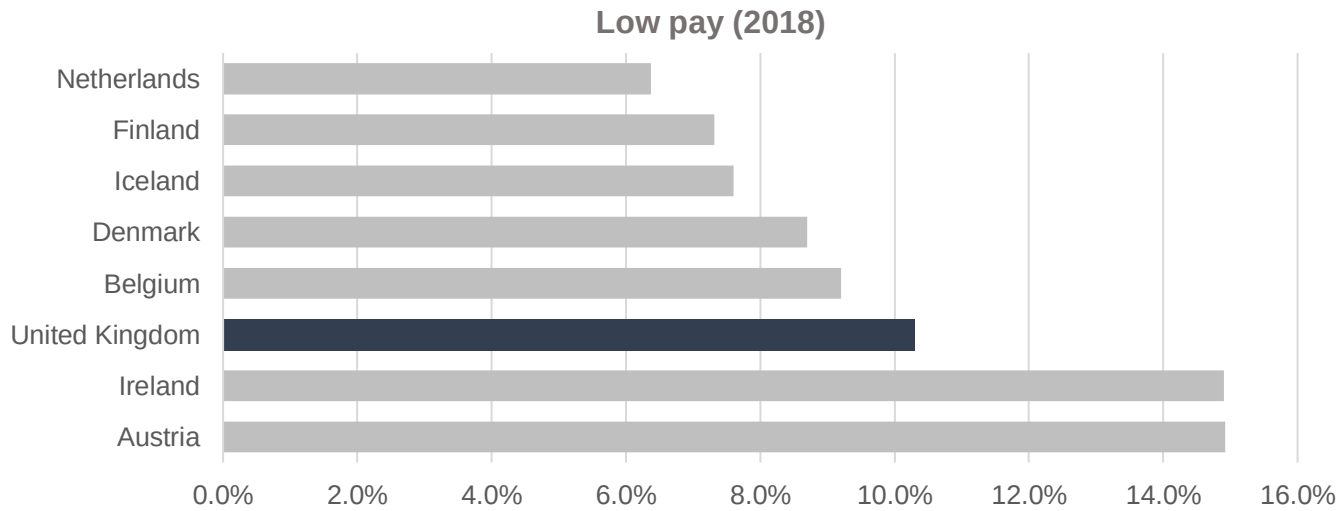
Low pay

The indicator on low pay captures the portion of full-time workers who earn less than two-thirds of median hourly earnings. Due to data unavailability for some countries in the International Framework in 2019, we present findings on this sub-measure for both 2018 and 2019. Furthermore, data for this measure was not available for Scotland, hence we used data for the United Kingdom.

In both years, the Netherlands had the lowest share of full-time workers earning less than two-thirds of median earnings in the country, with this share being 6.4% in 2018 and 6.5% in 2019. The United Kingdom was third among the countries in the International Framework in terms of low pay in 2019 and fifth in 2018, with the percentage of full-time workers earning less than two-thirds of the median wage being 9.6% and 10.3% respectively. It is important to note that it is difficult to assess the United Kingdom's relative performance, as for 2019, there was no data available for Iceland and Denmark, while the United Kingdom performed worse in this indicator in 2018, being fifth among the compared countries, as can be seen in Figure 18. No data is available to allow comparisons for low pay after 2019.

When comparing all countries in the International Framework, using the latest value available for low pay across both 2018 and 2019, the United Kingdom ranks fifth, behind the Netherlands, Iceland, Finland, and Denmark.

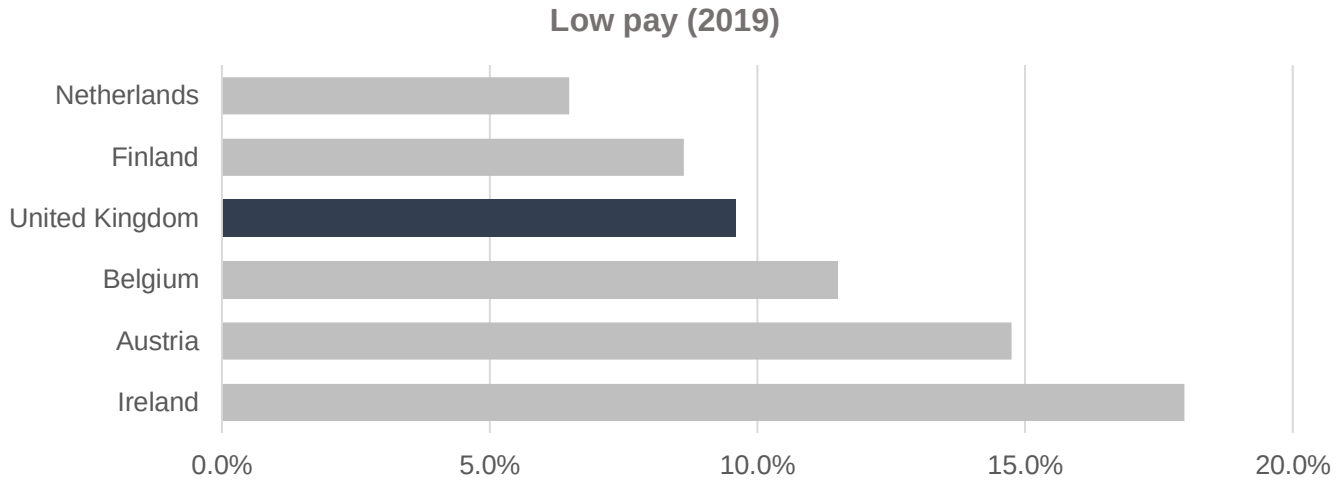
Figure 18. The percentage of workers earning less than two thirds of median hourly earnings in 2018



[149] Van Doorn, L. & Van Vliet O. (2022) Wishing for More: Technological Change, the Rise of Involuntary Part-Time Employment and the Role of Active Labour Market Policies. Journal of Social Policy, 1-21. doi:10.1017/S0047279422000629

Source: (i) Scotland and United Kingdom: Office for National Statistics using data from the Annual Survey of Hours and Earnings, (ii) Comparator countries: OECD data

Figure 19. The percentage of workers earning less than two thirds of median hourly earnings in 2019



Source: (i) Scotland and United Kingdom: Office for National Statistics, using data from the Annual Survey of Hours and Earnings, (ii) Comparator countries: OECD data

Challenges in international comparisons

It is challenging to accurately assess the true performance of the United Kingdom compared to other countries related to low pay. The indicator for low pay published by the OECD and used in the International Framework only refers to full-time workers. However, part-time workers account for a large share of lower paid workers in the Netherlands and among many other northern European countries such as Austria and Belgium.[150] This is also the case in the United Kingdom, where in 2019, 32.9% of part-time workers were low paid compared to 9.6% of full-time workers.[151]

In 2019 the Netherlands had the largest part-time employment as a share of total employment at 50.2%. For reference, in Finland, the second-best performing country in the Framework for low pay in both 2018 and 2019, only 15.5% of employees were part-time workers in 2019; this figure was 24.4% for the United Kingdom in the same year.[152]

The findings are mixed when comparing the United Kingdom to countries in the International Framework with similar shares of full-time work, such as Belgium and Denmark (75.1% and 75.8% respectively). The United Kingdom had a higher share of lower paid full-time workers than both Belgium and Denmark in 2018 but a lower share of low paid full-time workers than Belgium in 2019, while data from 2019 are not available for Denmark.[153] However, we have no

[150] Vacas-Soriano C. (2018) The 'Great Recession' and low pay in Europe. European Journal of Industrial Relations, Volume 24, Issue 3, pp. 205-220.

[151] The Office for National Statistics (2019) Low and high pay in the UK: 2019..

[152] Eurostat (2023) Part-time employment as percentage of the total employment, by sex and age (%)..

[153] In Belgium, 9.2% of full-time workers in 2018 and 11.5% of full-time workers in 2019 were low paid, while in Denmark, 8.7% of full-time workers were low paid in 2018. The figures for the United Kingdom were 10.3% and 9.6% in 2018 and 2019 respectively.

indication as to whether performance across all employees would be similar between these countries as we have no information on the similarities or differences in the distribution of skills between part-time and full-time workers in these countries.

For Scotland, data on low pay is only available across all employees (both full-time and part-time), hence not allowing for direct comparisons with other countries in the International Framework. The percentage of all employees' earnings less than two-thirds of median hourly earnings in Scotland was 16% in 2018[154] and 14.5% in 2019.[155] For reference, the UK average across both full-time and part-time employees was 17.8% in 2018 and 16.2% in 2019. Scotland had a similar share of part-time workers (26.5%)[156] to the United Kingdom (24.4%)[157] in 2019.

Overall, the relative performance in low pay between the countries included in the International Framework is unclear. It is difficult to assess the United Kingdom's overall performance against the selected comparator countries, as the indicator for which there is available data focuses only on full-time workers. Depending on variations in the share of full-time and part-time workers across countries in the International Framework, their relative performance could be very different if we also considered part-time workers. Furthermore, data on this indicator is missing for Scotland.

Hence, we cannot conclude how Scotland would compare with the countries in the International Framework and what elements of the labour market structure and institutions may support leading performance in low pay. If data becomes available in the future, a part-time adjusted measure of low pay could offer a complete overview of low pay across the countries in the International Framework, and Scotland, considering the aforementioned variations in employment structure across Europe.

Exploring factors affecting low pay

Low pay is often driven by a number of different factors, including lower productivity and skill levels of workers, skills that are in low demand, excess labour supply, as well as language barriers, discrimination in the labour market, and unequal opportunities for people with protected characteristics such as people with a disability.[158] Apart from worker characteristics, low pay cross-country variations can be influenced, as mentioned above, by factors related to the structure of the labour market, such as the share of temporary and part-time workers and the types of occupations and industries prevalent in each economy. Finally, as discussed in an Evidence Review on low-pay and in-work poverty conducted by the London School of Economics and Political Sciences (LSE) for the European Commission, a share of low paid

[154] Office for National Statistics (2018) Low and high pay in the UK: 2018.

[155] Office for National Statistics (2019) Low and high pay in the UK:2019..

[156] Alma Economics analysis of 2019 Annual Population Survey data

[157] Eurostat (2023) Part-time employment as percentage of the total employment, by sex and age (%)..

[158] McKnight A., Stewart K., Himmelweit S.M., Palillo M. (2016) Low pay and in-work poverty: preventative measures and preventative approaches, Evidence Review. European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Directorate Social Affairs, Unit C1 – Social Investment Strategy, Brussels.

workers can be 'trapped' in long-term low pay, particularly those in less secure jobs, who are hence more likely to become unemployed.[159]

The aforementioned evidence review suggests that policies in the following areas are required to combat low pay and to help low paid workers progress to higher paid jobs:

- **Education and skills policies**: Higher skills are associated with a lower incidence of low pay. However, as will also be discussed in the following section, a key challenge is often skills underutilisation, with qualified workers often struggling to find employment matching their skills.
- **Active labour market policy:** Particularly education and training programmes, as well as job activation programmes.
- **Tax and benefits:** Including in-work benefits that can boost low paid workers' incomes and provision of incentives to employers to create new partly-subsidised jobs.
- **Policies addressing labour supply constraints:** These can include a range of constraints such as health, caring responsibilities, and long commutes. Policies that can help address these constraints can include: (i) offering high quality childcare, (ii) policies to improve the work opportunities available to those working part-time or in flexible contracts, (iii) improvements in public transport, particularly from areas with limited local job opportunities.[160]

Fulfilment

Skills underutilisation – Overqualification

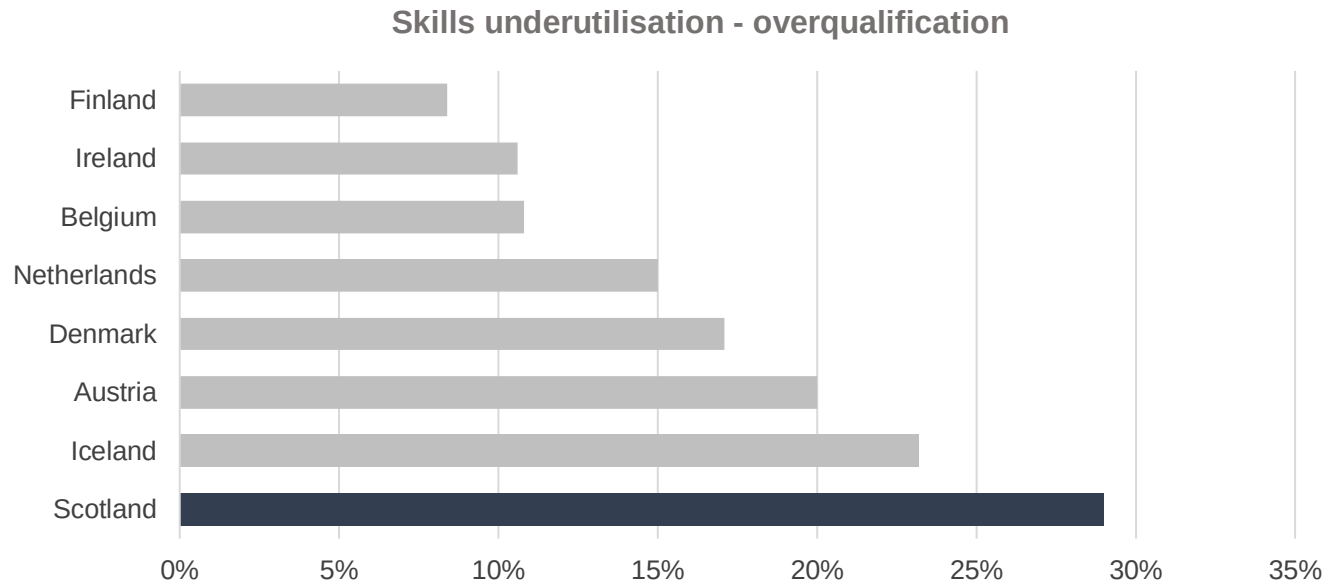
OECD data on skills mismatch and overqualification shows that Finland is the leading country among those in the International Framework in terms of having the smallest share of the workforce being overqualified for their current job, as this figure was at 8% in 2019. Finland is followed by Ireland and Belgium, both of which had a figure of 11% in 2019. Data drawn from the Working Lives Scotland survey (WLS) indicates that Scotland is significantly far from the leading countries' performance, ranking last among the countries in the International Framework, with 29% of workers reporting being overqualified for their current job.[161]

[159] McKnight A., Stewart K., Himmelweit S.M., Palillo M. (2016) Low pay and in-work poverty: preventative measures and preventative approaches, Evidence Review. European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Directorate Social Affairs, Unit C1 – Social Investment Strategy, Brussels.

[160] McKnight A., Stewart K., Himmelweit S.M., Palillo M. (2016) Low pay and in-work poverty: preventative measures and preventative approaches, Evidence Review. European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Directorate Social Affairs, Unit C1 – Social Investment Strategy, Brussels.

[161] It is important to note that data for Scotland is only available for 2020, while the figures for the international comparators are for 2019. As a result, although these figures indicate the relative performance of the countries, they are not directly comparable, as differences may also be influenced by time-related factors – for example, the effect of the Covid-19 pandemic in 2020.

Figure 20. Percentage of workers who are overqualified in their current job in 2019[162]



Source: (i) Scotland: Working Lives Scotland survey,[163] (ii) United Kingdom: UK Working Lives Survey, (iii) Comparator Countries: OECD data

Note: Data for Scotland is for 2020, while for the rest of the countries, data is for 2019.

The indicator definitions and sampling methods used in different data sources may vary significantly. The OECD indicator on overqualification draws from EU-LFS data and is defined as the percentage of employees who report holding a qualification that is higher than required for their job description. The WLS survey indicator is defined as the percentage of workers who report they are overqualified for their current job.

Exploring factors of success

A 2017 study found that skills underutilisation represents a loss of between £12bn and £25bn to the United Kingdom's economy.[164] Underutilisation was highest in the following sectors: (i) distribution, hotels & restaurants, (ii) transport and communication, and (iii) manufacturing. The same study finds that in the UK, skill underutilisation is highest among workers earning lower wages.

[162] 2020 for Scotland.

[163] In the Fair Work Measurement Framework, in Chapter 1, we use two different data sources for the indicator on skills underutilisation, one is reported by employers (Employer Skills Survey), and one by workers (Working Lives Survey). For the International Framework, we opted for the indicator that is reported by workers, as the data sources for the international comparator countries are derived from the EU Labour Force Survey, a survey of individuals.

[164] Government Office for Science (2017) Skills and lifelong learning: cost of skills underutilisation, Research and Analysis.

Discrimination can also impact skills underutilisation. According to a study using 2010 and 2015 European Working Conditions Surveys (EWCS) data from 30 European countries, skills underutilisation is higher among workers who report experiencing discrimination due to their ethnic or racial background and/or sex.[165]

Data from the European Skills and Jobs Survey suggests that over-education and over-skilling workers are a key challenge in European economies and the United Kingdom.[166] Additionally, there is often significant co-incidence of the two factors, as in 2014, 44% of European workers who reported being over-educated for their job also said that they were over-skilled.[167]

Overall, research suggests that often policies aiming at addressing skills mismatches emphasise initiatives to improve the responsiveness of training and education systems to skills needs, to ensure the future workforce is equipped with the skills that will be required in the future.[168] Thus, such policies combat skill shortages and skills gaps when overqualification and surplus human capital pose a more significant challenge to the European workforce and impose a significant cost of foregone benefits to the affected countries' economies.[169]

Effective Voice

Important to note that indicators currently included in the Framework only capture worker voice through labour union organisations. Ideally, and as noted above, we would want a more thorough picture, capturing the ability of individual workers to negotiate their work arrangements and pay. This is a key area for future research.

It is also important to highlight that, in Scotland, labour law is reserved to the UK government.[170] In the UK, collective agreements between employers and workers are voluntary for each employer, and employers may choose not to recognise a trade union.[171]

Trade Union membership

Trade union membership levels vary greatly among the countries in the International Fair Work Nation Framework. The proportion of the workforce that is part of a trade union is the highest in Iceland, where more than nine out of every ten workers or 91.4%, were members of a trade union or staff association in 2019. Denmark follows next, with 67% of workers in a trade union or staff association in 2019. This figure is the lowest in the Netherlands and in England, where only 15.4% and 22.1% of workers are members of a trade union respectively. Overall, the

[165] Rafferty A. (2019) Skill Underutilisation and Under-Skilling in Europe: The Role of Workplace Discrimination. Work, Employment and Society, Volume 34, Issue 2, p.p. 317–335.

[166] McGuiness S., Pouliakas K., Redmond P. (2018) Skills mismatch: Concepts, Measurement and Policy Approaches. Journal of Economic Surveys, Volume 32, Issue 4, pp. 985-1015.

[167] McGuiness S., Pouliakas K., Redmond P. (2018) Skills mismatch: Concepts, Measurement and Policy Approaches. Journal of Economic Surveys, Volume 32, Issue 4, pp. 985-1015.

[168] McGuiness S., Pouliakas K., Redmond P. (2018) Skills mismatch: Concepts, Measurement and Policy Approaches. Journal of Economic Surveys, Volume 32, Issue 4, pp. 985-1015.

[169] McGuiness S., Pouliakas K., Redmond P. (2018) Skills mismatch: Concepts, Measurement and Policy Approaches. Journal of Economic Surveys, Volume 32, Issue 4, pp. 985-1015.

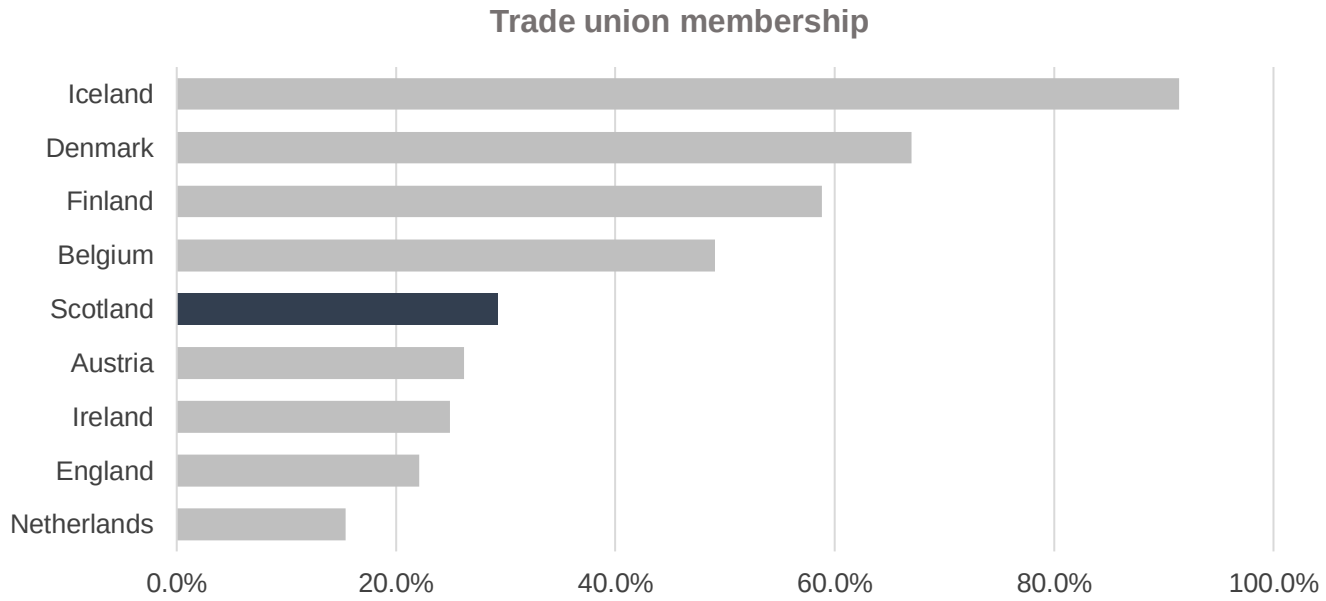
[170] House of Commons Library (2022) Potential merits of devolving employment law to Scotland, Research Briefing.

[171] Trade Union Congress, Guide to: Collective bargaining..

Nordic countries included in the Framework hold the three top positions in this measure, with Iceland first (91.4%), Denmark second (67.0%), and Finland third (58.8%).

Scotland's trade union membership percentage was 5th among the nine countries in the International Framework, at 29.3%. Finland and Belgium had higher trade union membership than Scotland, while Austria and Ireland had a lower percentage of trade union members among workers.

Figure 21. Percentage of workers who are members of a trade union or staff association in 2019



Source: (i) Scotland, and England: Trade Union Statistics (LFS), (ii) Comparator Countries: International Labour Organisation – ILOSTAT Industrial Relations Data (IRdata)

Exploring factors of success

Trade Union membership has been on a declining trend in Europe since 2000. According to a study on trade union membership in Europe, the total number of trade union members dropped from 40.2 million to 36.1 million in 20 European countries between 2000 and 2017.[172] The same study finds that the trade union membership as a percentage of the population average values were lower in the period 2010 to 2017 than in the period 2000 to 2009 in 24 out of 32 countries included in the study. Out of the countries in the International Framework, only Belgium and Iceland had an increase in the 10-year average rate of trade union membership. Iceland recorded the highest increase in trade union membership among 32 European countries, rising by 10.9 percentage points in that period. The average annual rate of trade union membership decreased by 8.5 percentage points in the UK from the period between 2000 to 2009 to the period between 2010 to 2017.

As noted earlier, Iceland, Denmark, Finland, and Belgium were the countries outperforming Scotland in terms of the share of workers who were part of a trade union in 2019. In Iceland,

[172] Vandaele, K. (2019) Bleak prospects: mapping trade union membership in Europe since 2000. European Trade Union Institute Printshop, Brussels, ISBN: 978-2-87452-536-0, 2019, Available at SSRN

Denmark, and Finland, workers have considerable incentives to be members of trade unions, as trade unions are an integral institution of the labour market, playing a key role in the distribution of unemployment insurance. Participation in a trade union offers membership to the voluntary unemployment insurance system through union-affiliated unemployment insurance funds that are subsidised by the state to distribute unemployment benefits.[173] The size of the unemployment benefit paid may depend on previous worker earnings on top of the basic unemployment benefit. Belgium follows a similar system; however, unemployment insurance is compulsory, and trade unions are involved in distributing only parts of state-funded unemployment benefits. Additionally, in countries with this system, unions are typically highly involved in helping unemployed people back into employment.[174] Thus, in countries following this system, also referred to as the 'Ghent system', workers who feel at risk of losing their job have a significant incentive to be part of a trade union.[175]

Since this system's implementation in different countries, policies have varied. In some cases, such as Sweden, the prevalence of a Ghent system has declined significantly. Additionally, in Denmark, over the last decade, new independent Unemployment Insurance Funds have formed, not associated with or controlled by Trade Unions, as was normally the case previously.[176] However, the historic presence of the Ghent system in the Nordic countries, and Belgium, could potentially explain part of the difference in trade union membership compared to other countries in the International Framework.

In the United Kingdom, the distribution of Universal Credit is a power reserved to the UK Government, and thus not a policy lever the devolved Scottish Government can control. Among the countries in the International Framework that do not operate a "Ghent system" policy scheme, Scotland performed better in terms of trade union membership in 2019, with a higher share of workers who are members of a trade union than Austria, Ireland, England, and the Netherlands.

Collective bargaining

Although Austria is 6th in terms of the percentage of workers who are members of a trade union, in 2019, it had the highest share of workers whose pay and working arrangements are affected by collective bargaining at 98%. Belgium and Iceland also performed very favourably, with figures of over 90%, while in Iceland, the share of workers affected by collective agreements was 75.6% in 2019. Scotland and England are the worst performing countries in the International Framework in 2019 for this sub-measure at 38.1% and 24.8% respectively.[177]

[173] ibid

[174] Lansbury R.D. (2021) The Ghent system of social insurance: a model for Australia? Labour & Industry: a journal of the social and economic relations of work, DOI: 10.1080/10301763.2021.1953223

[175] Vandaele, K. (2019) Bleak prospects: mapping trade union membership in Europe since 2000. European Trade Union Institute Printshop, Brussels, ISBN: 978-2-87452-536-0, 2019, Available at SSRN:

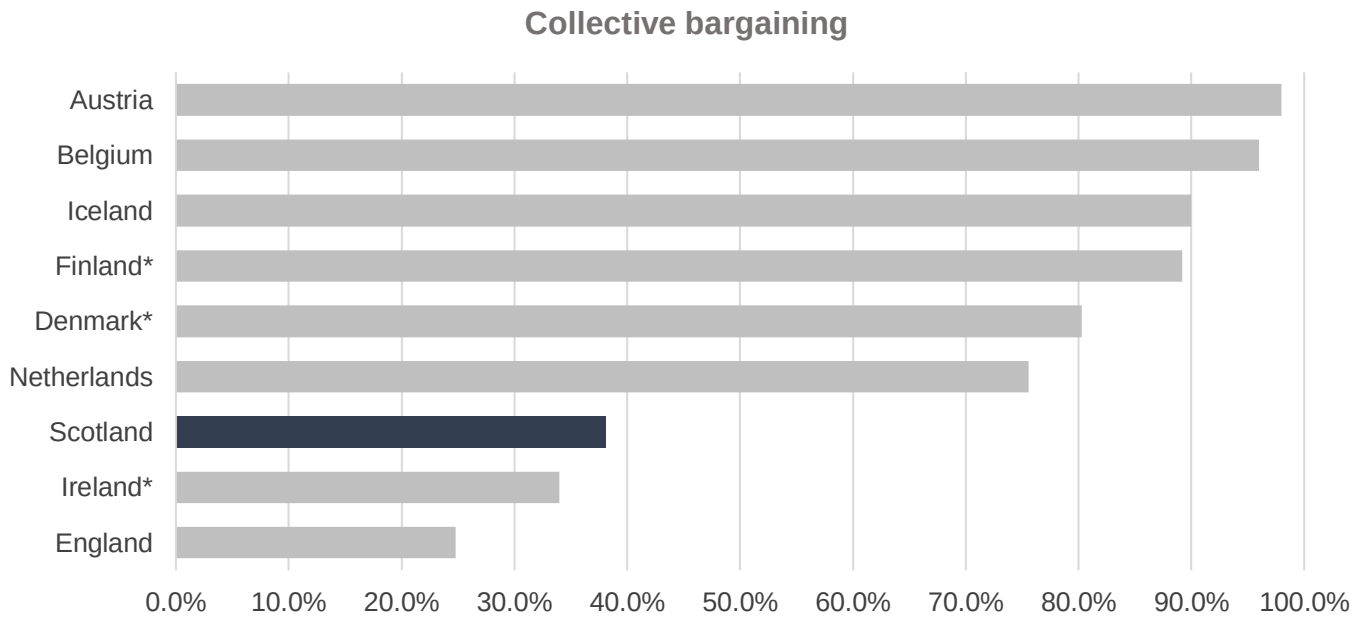
[176] Lansbury, R.D. (2021) The Ghent system of social insurance: a model for Australia? Labour and Industry, 31:3, 312-319, DOI

[177] The alternative measure of the UK average for the percentage of workers whose pay and conditions are affected by collective bargaining, as reported by employers in the Annual Survey of Hours and Earnings, was significantly higher at 39.2% in 2019.

We could not identify data for this indicator for 2019 for Denmark, Finland, and Ireland. In 2018, the value of this indicator was significantly higher in both Finland (89.2%) and Denmark (80.3%) than in Scotland in the same year (36.2%). In 2017, the share of workers in Ireland covered by collective agreements was comparable to Scotland's, as collective bargaining coverage was at 34% in Ireland,[178] and 34.7% in Scotland in the same year.

It is important to note that data sources may vary for different countries in the International Framework. The source of this statistic for Scotland and England is the Labour Force Survey (LFS), which is a survey of individuals. Very often, workers may not be aware that their working arrangements are influenced by collective agreements, especially if they themselves are not a member of a trade union or staff association. In other countries, figures on collective bargaining coverage are drawn from administrative data sources. As a result, the actual gaps in collective bargaining may be different. For instance, a different UK survey, the Annual Survey of Hours and Earnings (ASHE), which is responded by employers, reports a higher UK share of workers affected by collective bargaining than the LFS, at 39.2% for the entire UK, and 51.6% for Scotland in 2019.[179] In any case, all data suggested that in 2019 Scotland was trailing significantly compared to the first three leading countries, and particularly Austria.

Figure 22. Percentage of workers whose pay and conditions of employment are affected by agreements between their employer and a trade union or staff association in 2019[180, 181]



Source: (i) England and Scotland: Trade Union Statistics – LFS, and Annual Survey of Hours and Earnings, (ii) Comparator Countries: International Labour Organisation – ILOSTAT Industrial Relations Data (IRdata), and OECD data.

[178] Collective bargaining coverage – OECD.Stat..

[179] Annual Survey of Hours and Earnings, Office for National Statistics

[180] Data for Finland and Denmark are for 2018, and data for Ireland are for 2017.

[181] The chart presents two values for collective bargaining for Scotland, (i) collective bargaining reported by workers drawn from the Labour Force Survey, and (ii) collective bargaining reported by employers drawn from the Annual Survey of Hours and Earnings.

Exploring factors of success

Collective bargaining has a critical role in the Austrian labour market as labour conditions depend on collective agreements' outcomes. For example, there is no statutory minimum wage in Austria, but the official minimum wage is a collective agreement between workers and employers. As such collective agreements are highly institutionalised: after representatives of workers and employers negotiate, a collective agreement is put in effect by statutory interest groups such as the Chambers of Labours, the Austrian Economic Chamber, the chambers of the liberal professions, trade unions, and employers' associations, or via legislation. Once a collective agreement is reached, it has a statutory effect and thus applies to all workers in the affected sector.[182] Collective agreements regarding minimum wage in Austria may vary by sector.[183] The significant institutionalisation of collective agreements can explain both the disparity between the share of workers who are part of a trade union in Austria and the share of workers who are affected by collective bargaining, as well as Austria's leading performance in this measure.

Similarly to Austria, in Belgium, national collective agreements are sanctioned by the State, and apply to the whole private sector, while conditions on specific sectors are ordained by Sectorial collective agreements.[184] According to Belgian law, the scope for individual negotiations between employers and employees is only to improve the conditions set in national or sectorial collective agreements.[185] Finally, in Iceland, collective agreements also apply to all workers in a sector.[186]

While the share of workers in Scotland affected by collective agreements is higher than the proportion of the workforce being a trade union member, it is still lower compared to other countries where collective agreements are legally upheld and enforced by legislation. Promoting collective bargaining is a key commitment of the 2022 and 2021 Fair Work Action Plans, particularly in the social care, early years and childcare, hospitality and construction sectors.[187,188] In this area of interest, the International Framework cannot offer any valuable insights on Scotland's relative performance or steps for improvement, as the policy landscape relating to collective bargaining is very different in the United Kingdom compared to other countries measured in the International Framework.

[182] Federal Ministry of Labour and Economy, Republic of Austria (2023) Collective Agreements..

[183] Aumayr-Pintar C. & Rasche M. (2019) Minimum wages in low-paid sectoral collective agreements. Eurofound.

[184] Federal Public Service, Employment, Labour and Social Dialogue (2023) Working conditions provided by collective agreements made compulsory by Royal Decree (sanctioned under criminal law)

[185] Van Gyes G., van Herreweghe D., Smits I., and Vandekerckhove S. () Opposites attract? Decentralisation tendencies in the most organised collective bargaining system in Europe. Belgium in the period 2012-2016, Chapter 3 in Multi-employer bargaining under pressure, Decentralisation trends in five European countries edited by Leonardi S., and Pedersini R. European Trade Union Institute for Research.

[186] OECD (2017) Collective Bargaining in OECD and accession countries, Iceland..

[187] ibid

[188] Scottish Government (2021) Fair Work Action Plan, boosting productivity by developing Scotland as a world-leading Fair Work Nation.

Chapter Three:
Lessons learnt and "factors of success"

The purpose of this and the previous chapter is to identify factors and best practices that are linked with successful performance across the indicators included in the International Fair Work Nation Framework. In this chapter, we distilled key lessons from our rapid evidence review on the dimension of Fair Work in countries leading in the International Framework. The core objective of our work in this chapter is to highlight a set of policies and schemes that could be regarded as key contributors to success in achieving favourable Fair Work outcomes in different countries.

Scotland's institutional context differs from most comparator countries where discussed policies have been successful. For example, Scotland's legislative environment is unique, as the Scottish Government has limited control over legislative powers, as many aspects of key legislation are reserved to the UK government. For this chapter, we opted to focus on policies that could be implemented in the Scottish context considering the Scottish Government's devolved powers. However, the policies and best practice discussed below should be subject to thorough research to assess their applicability and potential impact within the Scottish context.

Active labour market policy (ALMP)

- Active labour market policies may include a range of measures such as: workforce training, job search assistance, job creation, and various subsidies.[189]
- Denmark's active labour market policy aims to support people in upskilling and seeking employment. The strategic objectives of Denmark's ALMPs include: (i) ensuring unemployed people are up-skilled, (ii) supporting more people with disabilities to become employed, (iii) guaranteeing businesses have access to sufficient and qualified labour, and (iv) granting a case-work process to each unemployed person.[190] ALMPs in Denmark are implemented locally by 94 job centres across the country that are supported by local authorities.[191] Programmes funded as part of active labour market policies include job search assistance, job training, education, vocational guidance etc.[192]
- To support people with a disability, the Danish states offer employer incentives such as (i) subsidies to businesses to provide personal assistance for disabled employees, (ii) wage subsidies for newly educated disabled employees, and (iii) subsidies for

[189] Alma Economics (2021) Covid-19 and employment changes in Wales: Promising interventions to improve health and health equity, Narrative Summary. Commissioned by Public Health Wales.

[190] OECD in co-operation with the European Commission's Directorate-General for Structural Reform Support (DG-Reform) (2021) Institutional and regulatory set-up of active labour market policy provision in Denmark, Research Note. Improving the Provision of Active Labour Market Policies in Estonia, SRSS/S2019/036, European Union Structural Reform Support Programme.

[191] ibid

[192] Hendeliowitz J. (2008) Danish Employment Policy, National Target Setting, Regional Performance Management and Local Delivery. Employment Region, Copenhagen & Zealand The Danish National Labour Market Authority.

specialised equipment such as aids, and workplace improvements to support the integration of disabled employees.[193]

- There has been significant spending on job creation schemes in the Netherlands. Job creation schemes are linked with protecting middle skilled workers from underemployment.[194]
- It is important to note that while government policies often focus on addressing skills shortages through additional training and improving education policy, overqualification and overskilling is an important challenge that should also be addressed.
- Different types of ALMP measures can support improvements in indicators such as involuntary part-time work and involuntary non-permanent work, worker underemployment, skills underutilisation, and the disability employment gap.

Supporting families

- Our research has highlighted the importance of supporting families with young children to ensure higher levels of female labour market participation.
- A key policy measure in this area includes supporting increased and earlier enrolment of children in childcare at a lower cost. In Finland, families are supported to access childcare through local authorities at a maximum cost of less than half of the cost an average family in Scotland faces.
- Substantial paid parental leave for both parents is a significant support mechanism for families. Finland offers 320 working days of parental leave to families, split equally between a child's parents. Higher levels of parental leave are associated with higher rates of female full-time employment.[195]

[193] Danish Agency for Labour Market and Recruitment (2020) Measures for placing disabled persons in employment.

[194] Van Doorn, L. & Van Vliet O. (2022) Wishing for More: Technological Change, the Rise of Involuntary Part-Time Employment and the Role of Active Labour Market Policies. Journal of Social Policy, 1-21. doi:10.1017/S0047279422000629

[195] Thenevon O. (2013) Drivers of Female Labour Force Participation in the OECD. OECD Social, Employment and Migration Working Papers No. 145.

Health, safety, and well-being

- In terms of worker safety, research indicates the importance of ensuring workers are provided with clear guidance regarding responsibilities and procedures related to health and safety.
- We recommend continued improvement in data collection on workplace safety inspections carried out in Scotland as this is a persistent evidence gap in the Fair Work Measurement Framework.
- Finally, the United Kingdom had the highest rate of establishments with an action plan to prevent work-related stress in 2019. While work related stress, anxiety and depression have risen over recent years in Scotland, Scotland's performance is favourable relative to most countries in the International Framework. Supporting and expanding this practice might contribute positively to the mental wellbeing of workers in Scotland.

Gender pay equality

Gender pay equality is a challenging policy area considering that significant powers are reserved to the UK Government. Some key measures to be explored further include the following:

- Promoting transparency in firm-level documentation relating to the remuneration of employees to ensure that remuneration policies are gender neutral.
- Supporting the improvement of employee appraisal practices through schemes such as government-offered training to ensure employee evaluation policies are gender neutral and do not promote unfair discrimination of female workers.
- Exploring the feasibility of interventive policies to promote gender neutrality in the workplace. In Belgium, the government can support businesses to develop workplace-specific gender neutrality action plans and protect employees who report unfair treatment. In the 2019 Gender Pay Gap Action Plan, the Scottish Government committed to influencing the UK Government to amend Equalities legislation to support these aims.
- Exploring further the recommendations of previous research commissioned by the Scottish Government on best practice for valuing women's work and the recommendation of the Fair Work Convention to implement minimum contract standards.

Trade Unions and Collective Agreements

As discussed in numerous parts of this report, in many policy areas related to promoting Fair Work, the Scottish Government is limited in the policy and legislative levers available to influence change. This is recognised in the latest Fair Work Action Plan published by the Scottish Government, which significantly emphasises a collaborative approach to achieving Fair Work, engaging with various partners and stakeholders, including trade unions and employers.[196]

- The Scottish Government announced its intention to support trade union membership and increased collective bargaining to improve Fair Work.[197]
- The Scottish Government also announced its ambition to tackle issues such as low pay, real living wage enforcement, and security of work through sectoral agreements working in partnership with sector employers and trade unions. This aims to improve standards of pay in traditionally low pay sectors and occupations and narrow the gender, disability and ethnicity pay gaps.[198]
- Since its previous Fair Work Action Plan in 2021, the Scottish Government announced its commitment to working with the Scottish Trade Union Congress (STUC) to promote Fair Work and sectoral bargaining in the sectors of (i) social care services, (ii) early learning and childcare, and (iii) hospitality.

[196] Scottish Government (2022) Fair Work Action Plan: Becoming a leading Fair Work Nation by 2025.

[197] Scottish Government (2022) Fair Work Action Plan: Becoming a leading Fair Work Nation by 2025.

[198] Scottish Government (2022) Fair Work Action Plan: Becoming a leading Fair Work Nation by 2025.

Chapter Four: Conclusion

The Scottish Government wants to ensure Scotland becomes a leading Fair Work Nation by 2025. The Fair Work Convention was founded in 2015 and has been central to promoting Fair Work in Scotland and developing the Fair Work Measurement Framework, which helps the Scottish Government track progress towards its ambition.

Alma Economics, commissioned by the Fair Work Convention, carried out independent research focusing on (i) tracking Scotland's progress compared to the 2016 baseline, (ii) understanding Scotland's relative performance against other leading nations, and (iii) providing useful insights into key areas for improvement and future research.

For this purpose, our team:

- Updated the indicators of the Fair Work Measurement Framework using the latest available data, addressed evidence gaps identified in the previous Fair Work in Scotland Report, and compared performance across these indicators against previous years.
- Developed an International Fair Work Nation Framework that includes a subset of indicators from the Measurement Framework, enabling a comparison of Scotland's performance in Fair Work with a diverse set of broadly comparable countries.
- Established a definition of "leading" performance in Fair Work to assist in understanding Scotland's performance and setting reasonable medium- and long-term ambitions for achieving Fair Work in the country.
- Derived useful lessons from countries that are showcasing leading performance in Fair Work.

Since 2016, Scotland has seen improvements in some areas, but progress has not been uniform. Out of the 46 indicators, 20 have improved, 10 have worsened, and 14 have fluctuated or remained broadly stable. For the two newly added indicators, there is no data from previous years.

The International Framework compares Scotland to Denmark, Belgium, Austria, Finland, Iceland, Ireland, the Netherlands, and England. The framework includes 14 indicators, of which 13 are drawn from the Fair Work Measurement Framework and 1 is unique to the International Framework.

The International Framework can help researchers understand areas where Scotland is doing well compared to its counterparts and areas where it is lagging behind. Moreover, it provides the foundation for exploring the institutional and policy factors, and best practices that can contribute to successful improvements in Fair Work.

Based on a rapid literature review focusing on drawing best practices and facilitators of success in countries performing well in Fair Work indicators where Scotland faces challenges, a set of policies has been identified. These policies warrant further comprehensive research to assess their impact on the areas of interest, as well as their applicability and potential effectiveness within the Scottish context.The policies include:

- Active Labour Market Policies, including training, job search support, job creation schemes, and other specialised support programmes
- Family Support policies, including parental leave and childcare support

- Health, safety and well-being at work policy and best practices
- Firm-level gender equality enforcement in the workplace policies
- Trade Union and Collective Agreements, which the Scottish Government announced its intention to enhance in support of Fair Work.

Appendix A:
Sources and notes on indicators of the Fair Work Measurement Framework (Scottish data)

Opportunity

Table 7. Notes on sources and estimation methodology of indicators in the Opportunity dimension of the Fair Work Framework

Indicator	Source	Notes
Disability employment gap: Percentage point difference between the employment rate of people with a disability and the employment rate of those without a disability.	Scotland Labour Market Statistics (using Annual Population Survey data)[199]	The disability employment gap reported is the difference between the employment rate of non-core or work-limiting disabled people and people who are core disabled.
Ethnicity employment gap: Percentage point difference between the employment rate of white people and the employment rate of people from minority ethnic groups.	Scotland Labour Market Statistics (using Annual Population Survey data) Table 6.1.3	The ethnicity employment gap is reported as the percentage point difference between the employment rate of those aged 16-64 from a white ethnic background and those aged 16-64 from an ethnic minority background.
Youth Unemployment rate: Proportion of people aged 16-24 who were looking for work.	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics[200]	The trend shows a consistent reduction between 2011-2019 (from 21.8% in 2011 to 8.3 % in 2019) and then an upward spike in Jan-Dec 2020 (13.2%), which can be interpreted as a possible effect of Covid-19. The unemployment rate dropped again in 2021.

[199] Scottish Government (2022) Scotland's Labour Market: People, Places and Regions - Protected Characteristics Supporting Tables. Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021, Publication – Statistics

[200] Office for National Statistics (2022) Nomis; official census and labour market statistics.

Indicator	Source	Notes
Gender economic inactivity gap: Percentage point difference between rates of economic inactivity of men and women (16-64 years old).	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics[201]	
Economic inactivity: The proportion of economically inactive adults who want to work.	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.	
Career progression: The proportion of workers who agree that their job offers good opportunities for career progression.	Job quality indicator tables, UK, Dataset – Office for National Statistics[202] The indicator on career progression is drawn from the Annual Population Survey.	Career progression is defined in this publication as: Employee has good career progression opportunities if they "agree" or "strongly agree" with the following statement: "My job offers good opportunities for career progression". This uses data from the 'JOBPRO' variable in the LFS.
Gender imbalance in occupations	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.	
Gender imbalance in industries	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.	

[201] Office for National Statistics (2022) Nomis; official census and labour market statistics.

[202] The job quality indicator tables.

Respect

Table 8. Notes on sources and estimation methodology of indicators in the Respect dimension of the Fair Work Framework.

Indicator	Source	Notes
Work-related ill health and disease: Self-reported illness caused or made worse by work per 100,000 workers.	Health and Safety Executive - Work-related Illness - Country and region of residence (LFSILLREG) tables (using Labour Force Survey data)	
Working days lost due to ill health and disease: Average number of working days lost per worker.	Health and Safety Executive - Work-related Illness - Country and region of residence (LFSILLREG) tables	
Stress, anxiety or depression caused by work: Self-reported stress, depression or anxiety, caused made worse by work per 100,000.	Health and Safety Executive - Work-related Illness - Country and region of residence (LFSILLREG) tables (using Labour Force Survey data)	
Working days lost due to stress depression or anxiety: Average number of working days lost per worker.	Health and Safety Executive - Work-related Illness - Country and region of residence (LFSILLREG) tables (using Labour Force Survey data)	
Workplace injury: Rate of self-reported workplace non-fatal injury per 100,000 workers.	Health and Safety Executive - Workplace injuries - Country and region (LFSINJREG) tables (using Labour Force Survey data)	
Working days lost as a result of workplace injury: Average number of working days lost per worker.	Health and Safety Executive - Workplace injuries - Country and region (LFSINJREG) tables (using Labour Force Survey data)	

Indicator	Source	Notes
Fatal injuries: Number of fatal injuries to workers (includes employees and self-employed).	Health and Safety Executive - RIDREG: Work-related injuries reported under RIDDOR by country, region, and unitary or local authority (Table 1). This source uses data from the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).	
Discrimination, harassment & bullying at work: Percentage of workers who report colleagues are rejected for being different.	Working Lives Scotland (WLS) survey Reports that draw on findings from the Working Lives Scotland survey. For 2022: WLS 2022 report,[203] Figure 8: Psychological safety at work (page 15) For 2020: WLS 2020 report,[204] Figure 7: Psychological safety at work (page 13)	The percentage of workers who responded strongly agree or agree with the statement: "People in my team sometimes reject others for being different".
Discrimination, harassment & bullying at work: Percentage of workers who feel if they make a mistake, their manager will hold it against them.	WLS survey Reports that draw on findings from the Working Lives Scotland survey. For 2022: WLS 2022 report, Figure 8: Psychological safety at work (page 15) For 2020: WLS 2020 report, Figure 7: Psychological safety at work (page 13)	The percentage of workers who responded strongly agree or agree with the statement: "If I make a mistake, my manager or supervisor will hold it against me".

[203] Zemanik, M. (2022) Working Lives Scotland 2022. London: Chartered Institute of Personnel and Development.

[204] Zemanik, M. (2020) Working Lives Scotland 2020, London: Chartered Institute of Personnel and Development.

Indicator	Source	Notes
Discrimination, harassment & bullying at work: Percentage of workers who report having experienced discriminatory behaviour.	WLS survey Reports that draw on findings from the WLS survey. For 2022: WLS 2022 report, (page 26)	
Access to flexible working: The percentage of workers with no access to flexible working options.	Calculated using the October-December quarter Labour Force Survey for 2016,[205] 2019,[206] and 2022.[207] Using the variable on 'type of agreed working arrangements'. The Quarterly Labour Force Survey data used to estimate this indicator were accessed through the UK Data Service.	This was calculated as the percentage of workers for whom the question was applicable and did not respond to one of the following: (i) flexi-time, (ii) annualised hours contract, (iii) term-time working, (iv) job-sharing, (v) 9-day fortnight, or (vi) 4.5-day week. Hence the sum of frequencies of responses of the following options: (i) none of these, (ii) on-call working, (iii) zero hours contracts. To estimate the values of the indicators, we applied the population weights provided in the dataset. However, it is important to note the LFS datasets did not include a variable for primary sampling units (PSU) or strata.

[205] Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency, Central Survey Unit. (2019). *Quarterly Labour Force Survey, October - December, 2016*. [data collection]. *3rd Edition.* UK Data Service. SN: 8145,

[206] Northern Ireland Statistics and Research Agency (NISRA), Office for National Statistics, Social Survey Division. (2020). *Quarterly Labour Force Survey, October - December, 2019*. [data collection]. UK Data Service. SN: 8614

[207] Office for National Statistics. (2023). *Quarterly Labour Force Survey, October - December, 2022*. [data collection]. UK Data Service. SN: 9052,

Security

Table 9. Notes on sources and estimation methodology of indicators in the Security dimension of the Fair Work Framework.

Indicator	Source	Notes
Permanent employment: % of workers in permanent employment.	National Statistics on permanent and temporary employment published by the Office for National Statistics using Annual Population Survey data.[208]	
Underemployment: % of workers looking for more hours, an additional job, or a job with more hours than their current job.	Calculated using January-December Annual Population Survey data for 2016,[209] 2019,[210] and 2021.[211] Using the variable on 'whether the worker would like to work longer hours, at current basic rate of pay.' The Annual Population Survey data used to estimate this indicator were accessed through the UK Data Service.	This estimate is calculated as the percentage of workers who responded yes to 'whether they would like to work longer hours at current basic rate of pay'. The percentage is estimated after excluding observations for which the question did not apply, and those who did not respond. To estimate the values of the indicators, we applied the population weights provided in the dataset. However, it is important to note the APS datasets did not include a variable for primary sampling units (PSU) or strata.

[208] Office for National Statistics (2022) Permanent and temporary employment, Ethnicity facts and figures. National Statistics.

[209] Office for National Statistics, Social Survey Division. (2020). *Annual Population Survey, January - December, 2016*. [data collection]. *7th Edition.* UK Data Service. SN: 8160,

[210] Office for National Statistics, Social Survey Division. (2020). *Annual Population Survey, January - December, 2019*. [data collection]. *4th Edition.* UK Data Service. SN: 8632,

[211] Office for National Statistics, Social Survey Division. (2022). *Annual Population Survey, January - December, 2021*. [data collection]. *5th Edition.* UK Data Service. SN: 8928,

Indicator	Source	Notes
Involuntary non-permanent work: % of workers in non-permanent work who could not find permanent employment.	HI11 Regional labour market: Headline indicators for Scotland dataset published by the Office for National Statistics.[212] Table 10: Employment; Full-time, part-time and temporary workers: People	Calculated as the ratio of temporary (non-permanent) workers who reported 'could not find permanent job' as the reason for temporary working, to the total number of temporary workers, including those who did not provide a reason why they were working on a temporary contract.
Involuntary part-time work: % of part-time workers who could not find full-time employment.	HI11 Regional labour market: Headline indicators for Scotland dataset published by the Office for National Statistics Table 10: Employment; Full-time, part-time and temporary workers: People	Calculated as the ratio of part-time workers who reported 'could not find full-time job' as the reason for working part-time, to the total number of part-time workers, including those who did not provide a reason why they were working part-time.
Involuntary self-employed: % of workers who are self-employed as they could not find other employment.	Calculated using the October-December quarter Labour Force Survey for 2016, 2019, and 2022. Using the variable on the first response given to the question on why the respondent is self employed. The Quarterly Labour Force Survey data used to estimate this indicator were accessed through the UK Data Service.	This is calculated as the percentage of self-employed workers who responded 'could not find other employment' as a first reason for becoming self-employed in main job. To estimate the values of the indicators, we applied the population weights provided in the dataset. However it is important to note the LFS datasets did not include a variable for primary sampling units (PSU) or strata.

[212] Office for National Statistics (2023) HI11 Regional labour market: Headline indicators for Scotland.

Indicator	Source	Notes
Hours of unpaid overtime: Average number of hours of unpaid overtime per week.	Calculated using January-December Annual Population Survey data for 2016, 2019, and 2021. Using the variable on the reported 'actual hours of unpaid overtime' during the reference week. The Annual Population Survey data used to estimate this indicator were accessed through the UK Data Service.	To arrive at an estimate of hours of unpaid overtime, we calculated the mean of values reported by workers who have worked at least some time of unpaid overtime in Scotland. We also chose to exclude the observations of those who reported 30 hours unpaid overtime and more in a week, to reduce the effect of outliers on our estimate of the mean values. Finally, as these estimates are based on workers who reported doing unpaid overtime, they should be interpreted as the average hours of unpaid overtime among workers who did unpaid overtime, not the entirety of the Scottish workforce. To estimate the values of the indicators, we applied the population weights provided in the dataset. However it is important to note the APS datasets did not include a variable for primary sampling units (PSU) or strata.
Median gross weekly earnings (nominal): Median gross weekly earnings of employees aged 16+ on the PAYE system.	Annual Survey of Hours and Earnings indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.	

Indicator	Source	Notes
Median gross weekly earnings (real): Median gross weekly earnings of employees aged 16+ on the PAYE system, adjusted for the CPIH inflation rate index.	1. Annual Survey of Hours and Earnings indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics. 2. Consumer Prices Index including owner occupier's housing costs CPIH Index 00: All items 2015=100, source dataset: Consumer price inflation time series (MM23)[213] Office for National Statistics	In the CPIH dataset, 2015 is set as the base year (=100). We decided to set 2016 as the base (=100) year for our analysis, thus expressing wages in 2016 prices. As a result, for 2016, the indicators for nominal and real wages have the same value.
Real living wage: Proportion of employees (18+) earning less than the real living wage.	Annual Survey of Hours and Earnings – Tables (Table 5.1) Scottish Government: Office of the Chief Economic Adviser[214]	Estimates for 2022 are provisional
Gender pay gap: Difference between men's and women's full-time hourly earnings as a percentage of men's earnings.	Annual Survey of Hours and Earnings – Tables (Table 2.1) Scottish Government: Office of the Chief Economic Adviser	Estimates for 2022 are provisional
Disability pay gap: Difference in median gross hourly pay of disabled and non-disabled workers as a percentage of non-disabled workers' earnings.	Raw pay gaps by disability, UK dataset[215] Office for National Statistics (using data from the Labour Force Survey and Annual Population Survey)	

[213] Office for National Statistics (2023) CPIH INDEX 00: ALL ITEMS 2015=100.

[214] Scottish Government: Chief Economist Directorate (2022) Annual survey of hours and earnings: 2022. Labour market statistics collection.

[215] Office for National Statistics (2022) Raw pay gaps by disability, UK.

Indicator	Source	Notes
Ethnicity pay gap: Difference in median gross hourly pay (excluding overtime) between white and minority ethnic workers, as a percentage of white workers' median gross hourly pay.	Calculated using January-December Annual Population Survey data for 2016, 2019, and 2021. Using the variable on workers' 'hourly pay', and the categorical variable on Ethnic Groups in Scotland. The Annual Population Survey data used to estimate this indicator were accessed through the UK Data Service.	We obtained the median hourly pay of white workers and the median gross hourly pay of workers from all other ethnic group categories in the APS dataset. Then we estimated the ethnicity pay gap as the difference between the two median gross hourly rate values as a percentage of white workers' gross hourly pay. To estimate the values of the indicators, we applied the income weights provided in the dataset.
Zero hours contracts: Proportion of workers in zero hours contracts.	EMP17: Labour Force Survey: zero-hours contracts data tables. – Office for National Statistics (Table 4: People aged 16 and over on zero-hours contracts by region)[216]	Reporting for the October – December quarter for each year.

[216] Office for National Statistics ONS EMP17: People in employment on zero hours contracts

Fulfilment

Table 10. Notes on sources and estimation methodology of indicators in the Fulfilment dimension of the Fair Work Framework.

Indicator	Source	Notes
Employer provided training: % of employers who provided training to their employees in Scotland.	Scottish Employer Perspectives Survey	Scottish Employer Perspectives Survey 2021: Background Data Tables[217] Table 62: Whether establishment has funded or arranged training for staff over past 12 months - 2021, 2019, 2016.
Workplace learning: % of employees who reported receiving job-related training within the last three months in Scotland.	Annual Population Survey indicator tables queried from Nomis: official census and labour market statistics, Office for National Statistics.	Percentage of employees and self-employed workers aged 16-64 who received job-related training in the last 13 weeks.
Type of training: % of employees who received training both on the job & away, as a proportion of those who received any training.	Calculated using January-December Annual Population Survey data for 2016, 2019, and 2021. Using the variable on 'whether employer has offered any training or education, on or away from job'. The Annual Population Survey data used to estimate this indicator were accessed. through the UK Data Service	This indicator reports whether workers who reported they had taken part in job-related training in the last four weeks participated in training (i) on the job only, (ii) training away from job, or (iii) both. The indicator reports the percentage of workers who responded 'both'. To estimate the values of the indicators, we applied the population weights provided in the dataset. However it is important to note the APS datasets did not include a variable for primary sampling units (PSU) or strata.

[217] Scottish Government (2022) Scottish Employer Perspectives Survey 2021, Publication – Statistics.

Indicator	Source	Notes
Skills underutilisation (reported by employers): % of establishments with at least one employee with skills and qualifications more advanced than required for their current job role.	Scottish Employer Skills Survey	Scottish Employer Skills Survey Tables.[218] Table D15A: Proportion of staff that are under-utilised (i.e. those that have both qualifications and skills that are more advanced than required for their current job role).
Skills underutilisation (reported by workers): % of workers who report being overqualified for doing their current job.	WLS survey Reports that draw on findings from the WLS survey For 2022: WLS 2022 report, Figure 34: Qualification and skills matching (page 35) For 2020: WLS 2020 report, Figure 39: Qualification and skills matching (page 31)	The WLS survey asks respondents whether they feel they have the right qualifications for their job. Options for responses include: (i) I am overqualified (ii) I have the right level of qualifications (iii) I am under-qualified This indicator reports the percentage of workers who responded "I am overqualified".
Skills shortage vacancies: Proportion of establishments reporting at least one skills shortage vacancy.	Scottish Employer Skills Survey	Scottish Employer Skills Survey Tables. Table C11A/C12. Incidence of skills shortage vacancies.

[218] Scottish Government (2021) Scottish Employer Skills Survey 2020, Publication – Statistics.

Indicator	Source	Notes
Autonomy/influence: Index of indicators that capture the proportion of workers who report having an influence on: (i) the tasks they do in their job, (ii) the pace at which they work, (iii) how they do their work, and (iv) the time they start or finish their working day.	WLS survey Reports that draw on findings from the Working Lives Scotland Survey. For 2022: WLS 2022 report, Figure 30: Influence over aspects of work (page 32) For 2020: WLS 2020 report, Figure 35: Influence over aspects of work (page 29)	The WLS survey asks respondents whether they have influence over the following aspects of their work: "The tasks you do in your job", The pace at which you work", "How you do your work", and "The time you start or finish your working day". For all questions, respondents choose among the following options: (i) "A lot", (ii) "Some", (iii) "A little", and (iv) "None". For each question, we report the percentage of workers who responded either "a lot" or "some". We created a composite index that captures all elements of autonomy at work in one indicator. As a first step, each indicator was indexed to represent the relative value compared to its 2020 value. Following this, the composite index was created by calculating the average value of the indices across the four indicators.
Problem solving: Percentage of workers who report that their job involves solving unforeseen problems on their own.	WLS survey Reports that draw on findings from the Working Lives Scotland Survey. For 2022: WLS 2022 report, Figure 32: Job complexity (page 33) For 2020: WLS 2020 report, Figure 37: Types of tasks (page 30)	The WLS survey asks respondents whether their job involves solving unforeseen problems on their own. Options for responses include: (i) always, (ii) often, (iii) sometimes, (iv) rarely, (v) never. The indicator reports the percentage of workers who responded 'always' or 'often.

Indicator	Source	Notes
Work intensity: percentage of workers who report that in a normal week, their workload is 'too much' or 'far too much'.	WLS survey Reports that draw on findings from the Working Lives Scotland Survey For 2022: WLS 2022 report, Figure 28: Workload (page 30) For 2020: WLS 2020 report, Figure 33: Workload (page 28)	The WLS survey asks respondents whether "in a normal week, is the workload in your job?" (i) far too much, (ii) too much, (iii) about right, (iv) too little, (v) far too little. The indicator for work intensity reports the % of workers who replied options (i) far too much or (ii) too much.

Effective Voice

Table 11. Notes on sources and estimation methodology of indicators in the Effective Voice dimension of the Fair Work Framework.

Indicator	Source	Notes
Trade union membership: Proportion of the workforce who reported they were members of a trade union/staff association.	Trade Union Official Statistics, Department for Business and Trade and Department for Business, Energy & Industrial Strategy[219]	
Trade union presence: Proportion of workforce who reported others at their workplace were a member of trade union/staff association.	Calculated using the October-December quarter Labour Force Survey for 2016, 2019, and 2022. Using the variable on 'whether unions are present in the workplace'. The Quarterly Labour Force Survey data used to estimate this indicator were accessed through the UK Data Service.	According to the Labour Force Survey user guide volume 3, this question was asked only of workers who themselves are not part of a union. The indicator is calculated as the percentage of those who responded 'yes' to the question 'whether other people at the workplace are members of a trade union or staff association'.[220] To estimate the values of the indicators, we applied the population weights provided in the dataset. However, it is important to note the LFS datasets did not include a variable for primary sampling units (PSU) or strata.
Collective bargaining: % of the workforce whose pay and conditions of employment are affected by agreements between their employer and a trade union/staff association (reported by workers).	Trade Union Official Statistics, Department for Business and Trade and Department for Business, Energy & Industrial Strategy	

[219] Department for Business and Trade and Department for Business, Energy & Industrial Strategy (2022) Trade Union statistics.

[220] Office for National Statistics (2021) Labour Force Survey, User Guide, Volume 3 – Details of LFS Variables 2021. Version 1 – October to December 2021.

Indicator	Source	Notes
Collective bargaining (reported by employers): % of workforce whose pay and conditions of employment are affected by agreements between their employer and a trade union/staff association (reported by employer)	Annual Survey of Hours and Earnings, Office for National Statistics.	
Adequate channels for employees to communicate, influence and negotiate: percentage of workers who feel they have no voice channel at work.	WLS survey Reports that draw on findings from the Working Lives Scotland Survey For 2022: WLS 2022 report, (page 5) For 2020: WLS 2020 report, (page 3)	

Appendix B: International Fair Work Nation Framework Update Note

The International Fair Work Nation Framework comprises 16 indicators measured across up to nine countries. Indicators capture the relative progress of countries across the five dimensions of Fair Work as defined by the Fair Work Convention (FWC): Opportunity, Respect, Security, Fulfilment, and Effective Voice. In this appendix, we discuss the data sources of the selected indicators and how to access them in order to replicate our findings or update them with newer data in the future.

For all indicators, the data sources for Scotland are the same as those described in Appendix A, unless explicitly stated.

Opportunity

Data for all indicators in this dimension are updated regularly.

Disability employment gap:

- Data for the international comparators are published by Eurostat, and drawn from the EU-LFS. The Eurostat indicator measures the gap in employment between those with some or severe activity limitation, and those without. Data is updated annually. Metadata information is available here.
- Data for England can be accessed through Nomis:official census and labour market statistics, here. To estimate the indicator for English data, the process is the same as discussed in Appendix A.

Gender economic inactivity gap:

- Data for the international comparators are published by the International Labour Organisation (ILO) and are drawn from Labour Force Survey statistics. The data can be downloaded from the ILO Statistics (ILOSTAT) website that can be accessed here. The file code is: EIP_DWAP_SEX_AGE_RT_A.
- Data for England can be accessed through Nomis: official census and labour market statistics. To estimate the indicator for English data, the process is the same as discussed in Appendix A.

Youth unemployment rate:

- Data for the international comparators are published by the ILO and are drawn from Labour Force Survey statistics. The indicator used is the SDG indicator 8.5.2[221] and can be accessed here. The file code is: SDG_0852_SEX_AGE_RT_A.
- Data for England can be accessed through Nomis: official census and labour market statistics.

[221] International Labour Organisation, ILOSTAT (2023) Labour Market-Related SDG Indicators (ILOSDG database).

Respect

Workplace non-fatal injuries per 100,000

- Data for the international comparators are published by the ILO using various sources including administrative and survey data. The indicator used is the SDG indicator 8.8.1 – Non-fatal occupational injuries per 100,000 workers, and can be accessed here. The file code is SDG_N881_SEX_MIG_RT_A.
- Data for England are published by the Health and Safety Executive.

Prevalence of work related ill-health and disease

- Data for the international comparators are published by Eurostat using EU-LFS data. The Eurostat indicator measures the percentage of people reporting a work-related health problem by sex, age, and educational attainment. Data is updated annually and can be accessed here. Metadata information is available here.
- Data for England are published by the Health and Safety Executive.
- Health and Safety Executive statistics present this figure as prevalence per 100,000 workers. To construct an indicator of prevalence as a percentage for English and Scottish HSE data, we divided the figures presented by 100.

Security

Gender pay gap

It is important to note that the gender pay gap reported as part of the International Fair Work Nation Framework in Chapters Two and Three differs slightly in definition compared to the indicator included in the Fair Work Measurement Framework in Chapter One. The Measurement Framework captures the gender pay gap for full-time workers, while the International Framework captures the gender pay gap in average hourly earnings across all paid employees.

- Data for the international comparators is published by Eurostat using the four-yearly Structure of Earnings Survey, and/or national estimates based on national sources. The indicator is defined similarly to the indicator used for Scotland as "the difference between average hourly earnings of male paid employees and of female paid employees as a percentage of gross hourly earnings of male paid employees".[222] Data is updated annually and can be accessed here, metadata information is available here.
- Data for Scotland and England are drawn from the Annual Survey of Hours and Earnings (ASHE), are updated annually, and published in tables by the Scottish Government here. The figures for the relevant indicator for Scotland and England can be found in Table 3.1.

[222] Eurostat (2023) Gender pay gap in unadjusted form – NACE Rev.2 activity (earn_grgpg2). Reference Metadata in Euro SDMX Metadata Structure (ESMS), Compiling agency: Eurostat, the statistical office of the European Union.

Underemployment

- Data for the international comparators are published by the ILO and are drawn from Labour Force Surveys. The indicator used is the ILOSTAT indicator for time-related underemployment, and can be accessed here. The file code is TRU_DEMP_SEX_AGE_RT_A.
- Data for England are calculated using Annual Population Survey data, following the same methodology outlined in Appendix A for the Scottish indicator.

Permanent employment

- Data on the number (in thousands) of employees who have a temporary or permanent contract are published by the ILO as part of its Labour Force Statistics and are drawn from Labour Force Surveys. The data can be accessed here. The file code is EES_TEES_SEX_AGE_JOB_NB_A. Data is updated annually. To calculate the permanent employment rate, we calculated the ratio of the number of workers with a permanent contract to the total number of employees.
- National statistics on permanent and temporary employment in England are published by the Office for National Statistics, as part of Ethnicity Facts and Figures publication, using data from the Annual Population Survey.[223]
- Data included in the available spreadsheet are presented separately for each region of England (East Midlands, East of England, London, North East England, North West England, South East England, South West England, West Midlands, Yorkshire and the Humber). To calculate the indicator for permanent employment in England, we sum the number indicated as "numerator" (number of people in permanent employment) when selecting Permanent as "employment type" for each region of England and then the same for the "denominator" for each region (total people in employment). Then we divide the sum of "numerators" to the sum of "denominators".

Involuntary non-permanent work

- Data for the international comparators are published by Eurostat using EU-LFS data. The Eurostat indicator measures the percentage of temporary employees who reported "no permanent job found" as the main reason for working in a temporary job. Data is updated annually and can be accessed here. Metadata information is available here.
- Data for England can be accessed through the HI01-09 Regional labour market: headline indicators publications for each region in England, published by the Office for National Statistics. Separate Excel data files can be downloaded for North East,[224] North West,[225]

[223] Office for National Statistics (2022) Permanent and temporary employment. Ethnicity facts and figures.

[224] Office for National Statistics (2023) HI01 Regional labour market: headline indicators for the North East, Dataset.

[225] Office for National Statistics (2023) HI02 Regional labour market: headline indicators for the North West, Dataset.

Yorkshire and Humber,[226] East Midlands,[227] West Midlands,[228] East of England,[229] London,[230] South East,[231] and South West.[232] The rate of involuntary non-permanent work can be calculated using data from the relevant Excel tables on "Employment; Full-time, part-time and temporary workers (levels): People".

Involuntary part-time work

- Data for the international comparators are published by Eurostat using EU-LFS data. The Eurostat indicator measures the percentage of part-time employees who reported working part-time because they could not find a full-time job. Data is updated annually and can be accessed here. Metadata information can be accessed here.
- Data for England can be accessed through the HI01-09 Regional labour market: headline indicators publications for each region in England, published by the Office for National Statistics. Separate Excel data files can be downloaded for North East, North West, Yorkshire and Humber, East Midlands, West Midlands, East of England, London, South East, and South West. The rate of involuntary part-time work can be calculated using data from the relevant Excel tables on "Employment; Full-time, part-time and temporary workers (levels): People".

Low pay

- Data for the international comparators are published by the OECD as part of the OECD Wage levels indicators.[233]
- Data for low pay among full-time employees in the United Kingdom are drawn from the Office for National Statistics' Low and high pay in the UK publications for 2018[234] and 2019.[235] This publication also includes statistics on low pay for all employees in Scotland.

[226] Office for National Statistics (2023) HI03 Regional labour market: headline indicators for Yorkshire and The Humber, Dataset.

[227] Office for National Statistics (2023) HI04 Regional labour market: headline indicators for the East Midlands, Dataset.

[228] Office for National Statistics (2023) HI05 Regional labour market: headline indicators for the West Midlands, Dataset.

[229] Office for National Statistics (2023) HI06 Regional labour market: headline indicators for the East of England, Dataset.

[230] Office for National Statistics (2023) HI07 Regional labour market: headline indicators for London, Dataset.

[231] Office for National Statistics (2023) HI08 Regional labour market: headline indicators for the South East, Dataset.

[232] Office for National Statistics (2023) HI09 Regional labour market: headline indicators for the South West, Dataset.

[233] OECD (2023), Wage levels (indicator). doi: 10.1787/0a1c27bc-en..

[234] Office for National Statistics (2018) Low and high pay in the UK: 2018.

[235] Office for National Statistics (2019) Low and high pay in the UK:2019.

Fulfilment

Overqualification

- Data for the international comparators are published by the OECD in the Skills for Jobs database with data drawn from the EU Labour Force Survey. It is important to note that data is not up-to-date, and the latest data refer to 2019. Data can be accessed here. The indicator of interest is Qualification mismatch – Overqualification.
- Data for Scotland are drawn from the Working Lives Scotland survey (see Appendix A).

Effective Voice

Trade Union membership

- Data for the international comparators are published by the ILO as part of its Industrial Relations Data publications. Data is drawn from various national sources, including the LFS for Ireland and Iceland. Data is updated regularly, although data is not up-to-date for all countries. The ILO trade union density indicator can be accessed here. The file code is ILR_TUMT_NOC_RT_A.
- Data for England are available in Trade Union Statistics published by the Department for Business and Trade and previously the Department for Business, Energy and Industrial Strategy, and published annually.

Collective bargaining

- Data for the international comparators except for Ireland are published by the ILO as part of its Industrial Relations Data publications. Data is updated regularly, although data is not up-to-date for all countries. The ILOSTAT Collective bargaining coverage rate can be accessed here. The file code
- is ILR_CBCT_NOC_RT_A. For Ireland, data are published by the OECD as part of the database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS), and can be accessed here. The indicator of interest is collective bargaining coverage.
- Data for England are available in Trade Union Statistics published by the Department for Business and Trade and previously the Department for Business, Energy and Industrial Strategy, and published annually.

ISBN: 978-1-83521-502-9

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Published on behalf of the Fair Work Convention
by APS Group, October 2023 PPDAS1367082