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Dear Convener

## **HIGHLANDS AND ISLANDS ENTERPRISE UPDATE ON THE COMMITTEE GENDER PAY GAP REPORT**

Thank you for your letter of 17 September asking that Highlands and Islands Enterprise respond to the Committee's report on the Gender Pay Gap.

The Committee has specifically asked HIE to respond on a number of key points raised in the report, which HIE has covered in the annexe to this letter.

I trust this information will be helpful and I look forward to our meeting with the committee on 25 September.

Yours sincerely,

Charlotte Wright  
Chief Executive

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## Annexe

### Enterprise Agencies and the business pledge

HIE is fully supportive of promoting the Scottish Business Pledge (SBP) as a voluntary measure by businesses to realise the business benefit of adopting fair and responsible business practices. As at 3rd September 2018, 57% of the 46 businesses signed up to the SBP in the Highlands and Islands are account managed by HIE. We are proactive in highlighting how the SBP can support business growth as part of periodic reviews with our account managed portfolio. Reviews are followed up to see how SBP elements might individually impact on business growth.

HIE has developed a Business Values Ladder (BVL) as part of our measurement framework, demonstrating commitment to promoting innovative workplace practices. It plots individual account managed business and social enterprise progress across a range of steps on the ladder: from unaware, to aspiring, engaged and embedded.

Whilst consistent with the Scottish Business Pledge, by capturing information on all account managed businesses and social enterprises, the ladder has a wider reach and covers:

- paying the Living Wage
- use of zero hours contracts
- systems or other investment to maximise workforce engagement
- investing in youth
- workforce, leadership and Board diversity and gender balance
- playing an active role in the community

Internationalisation and innovation are captured in separate ladders.

The BVL enables HIE to identify patterns of adoption by sector, area, business type etc. as well as individual business adoption. Awareness raising sessions have been held for account managers (July 2018) to explain the link between increased productivity, innovative workplace practices and BVL benchmarking to ensure effective implementation. This will be a key monitoring tool and enhance research and evaluation on the links between fair and innovative workplace practices and their impact on business growth.

### Gender pay gap reports and action plans

We are supportive of the drive to encourage more businesses to report on the gender pay gap and develop action plans, while also conscious of the particular impact this may have on SMEs. The disproportionate cost of compliance and the risks around data protection due to small numbers of men and women in the workforce, particularly when this is disaggregated by grade, make reporting difficult for some businesses.

To date, around 40 businesses (with 250 employees or more) in HIE's account management portfolio published gender pay gap data in 2018. We are currently reviewing the published data to understand the nature of the pay gaps reported and how we can support businesses to address the pay gap, consistent with our approach to increasing the adoption of fair and responsible business practices. Our wider approach to addressing occupational segregation (one of the causes of the gender pay gap) will help tackle this at a sector or regional level without placing undue regulation on smaller businesses.

HIE's 2017 research "Occupational Segregation in the Highlands and Islands" highlighted that patterns of occupational segregation and the gender pay gap are more pronounced in the region than in Scotland as a whole. Women are more likely to experience negative consequences such as under-employment and part-time working; gender segregation is evident from educational subject choices into employment; and

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despite higher level of school attainment women are more likely to go into low value sectors. Women also disengage from the workforce as they age - only the 16-24 year old age group has fewer men.

HIE is taking a range of actions to address occupational segregation:

- from May to September 2018 HIE engaged the Glasgow School of Art to pilot a study to identify factors underlying occupational segregation in Moray. Target groups engaged were school pupils (subject choices), women returners (from maternity leave) and older skilled women no longer in the workplace. HIE is currently working with stakeholders and partners to identify local actions to address occupational segregation
- in May 2018 Women’s Enterprise Scotland delivered training for a cohort of account managers on gender aware business support
- HIE has supported a childcare business model pilot (Pairc Playgroup, Innse Gall) to establish if a childcare social enterprise could be sustainable in a rural location. It also explores the impact of adequate and easily accessible childcare on the stability of small, rural communities, on population retention and on enabling workforce participation, particularly by women

### Account managed businesses run by women

In 2018 HIE refreshed our gender disaggregated data on women in leadership positions within HIE’s account managed portfolio.

	HIE Account Managed Businesses	HIE Account Managed Social Enterprises
Female Ownership or Senior Partnership (Businesses)	33%	See below
Female Board Representation (social Enterprises)		84%
Female CEO	14%	45%
Female senior leadership positions	48%	64%

2018 Gender balance in HIE account managed businesses/social enterprises

This indicates that social enterprises are significantly more likely than other businesses to be led by women.

When considering this data alongside HIE’s Business Values Ladder (outlined above), businesses which have women in senior leadership positions, particularly as CEO, are more likely to have a higher placing on the ladder.

As well as monitoring gender balance in business and social enterprise leadership we also monitor the **gender balance of HIE’s programme participation**. By ensuring that we increase the proportion of women accessing our programmes we strengthen the pipeline of both male and female business leaders for the future.

Our monitoring data shows good gender balance across HIE's leadership, entrepreneurship, internationalisation and graduate/student placement programmes (35% – 71% female). More women than men have attended social enterprise/communities programmes (52% - 58% female) as set out below:

Programme	Date	No. of delegates	Gender			
			Male	%	Female	%
<b>Business focus</b>						
Emerging Leaders	2016-17	141	73	51%	68	49%
Leadership for Growth	2016-17	41	23	56%	18	44%
Mentoring	2018 -	58	38	65%	20	35%
Entrepreneurial Spark (virtual pilot)	2016	40	12	29%	28	71%
Entrepreneurial Academy (pilot)	2017-18	246	124	50%	122	50%
International H&I	2015-18	769	398	52%	371	48%
ScotGrad 3 (Graduate and Student)	2015-18	169	87	51%	82	49%
<b>Social Enterprise / Communities focus</b>						
Social Enterprise Venture Development	2018	100	36	36%	64	64%
Governance Health Checks and Skills Audit	2018	49	28	57%	21	43%
Governance Workshops	2018	362	148	41%	214	59%
Social Enterprise Connect	2018	40	9	22%	31	78%
Getting Ready for Investment	2018	105	30	29%	75	71%
Maximising Community Assets	2018	146	86	59%	60	41%

HIE ensures a variety of delivery models are used to widen participation which is vital in an area such as the Highlands and Islands. Examples include:

- new (virtual) models of delivery - accessible for rural participants, balancing business/ family responsibilities (**71% of Entrepreneurial Spark “virtual” pilot participants were women** - previously 57% female)
- a virtual approach also works for young entrepreneurs – the new Northern Innovation Hub accelerator **“30 under 30” is targeted towards young entrepreneurs**
- Local delivery - from 2018-20, 32 Entrepreneurial Academy workshops will be held across the Highlands and Islands
- where local delivery is not feasible HIE offers funding towards travel and accommodation
- case studies/testimonials communicate the benefits to others
- People Impact Assessment of new programmes identifies potential barriers to participation

### Reporting on work to reduce the gender pay gap

HIE currently reports on progress on activity which will help address the gender pay gap in our Equality Mainstreaming Reports, with the next report due to be published in 2019.

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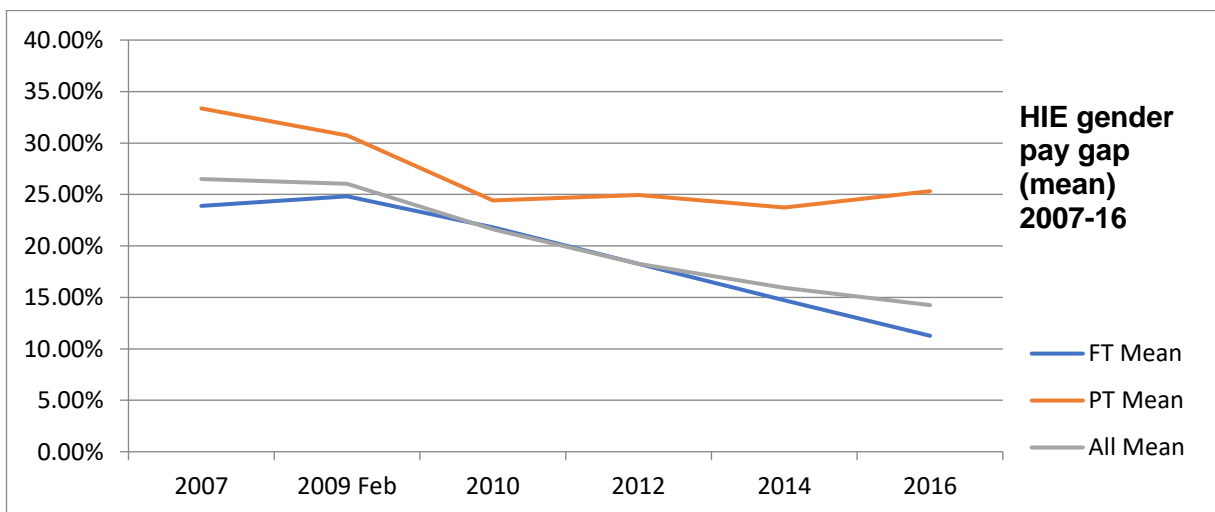
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This includes a range of partnership activity:

- As a partner in the Women in Enterprise Framework, HIE aims to increase the impact of women's enterprise to the Scottish economy
- HIE is an advisory group member of Close the Gap, contributing to the development of guidance for the public sector **on addressing the gender pay gap and the online tool “Think Business, Think Equality” which was piloted by some HIE account managed companies**
- As a partner and gender workstream member of Tackling the Technology Gender Gap Together (developed and funded by the Digital Scotland Business Excellence Partnership) HIE contributed **to the development and dissemination of a “Best Practice Guide for Employers”**. The guide outlines ways in which employers can increase women’s representation in digital technologies
- We support Investing Women on delivery of networking events and workshops e.g. angel investment
- **HIE is a Scottish partner in the Northern Periphery and Arctic Programme “W-Power” project 2018-21** which explores the challenges experienced by women entrepreneurs in rural and sparsely populated areas. HIE is piloting activity in Argyll and the Islands to work with women entrepreneurs and develop a gender-aware model of business support delivery
- HIE is currently piloting stakeholder engagement with a range of partners in Moray to identify actions to address occupational segregation, a key factor underlying the gender pay gap. This **draws on the findings of HIE’s research “Occupational Segregation in the Highlands and Islands” in 2017**

As an employer HIE’s gender pay gap has reduced consistently (mean calculation) from 26% in 2007 to 14.25% in 2016. HIE’s 2018 equal pay review is currently underway and initial analysis indicates that the headline figure has reduced further to 13.45%



The proportion of **women on HIE’s board is currently 42% (5 members out of 12)**.

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## RSA form

Responsibility for amendments to the RSA application form rests with Scottish Enterprise, therefore HIE is not able to comment on this.

## Funding streams for female entrepreneurs

HIE is aware of research which suggests that female entrepreneurs potentially access funding in different ways to their male counterparts and of the work being carried out by the Women in Enterprise framework, in which HIE is a partner. In addition, HIE supports Investing Women to host networking events and workshops e.g. angel investment, across the Highlands and Islands.

HIE is also a partner in the W-Power project (Northern Periphery and Arctic Programme) 2018-21. The project will explore challenges (including access to finance) experienced by women entrepreneurs in rural and sparsely populated areas across partner regions (Finland, Iceland, Sweden, Ireland and Scotland). HIE is piloting this project in Argyll and the Islands.

## Mentoring

**HIE's suite of leadership programmes, which aims to accommodate individuals at different stages in their business growth journey, offers gender-specific mentoring for those who prefer this, although we do not offer a mentoring programme exclusively for women. It also offers an emerging leaders programme and has opened up opportunities for non-account managed organisations to participate. It is hoped that this approach might extend the scope of the programmes to a wider range of participants, for example accommodating the differing business growth patterns often demonstrated by female entrepreneurs, particularly in the early stages of business growth.**

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