

Institution: Edinburgh Napier University		
Unit of Assessment: UOA 17 – Business and Management Studies		
Title of case study: Influencing Scottish policy and legislation around governance and remuneration		
Period when the underpinning research was undertaken: 2008-2014		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Matthew Dutton	Senior Research Fellow	2006 – Present
Robert Raeside	Professor	1986 – 2018
Valerie Egdell	Associate Professor	2010 – 2018
Ronald McQuaid	Professor	1997 – 2014
Jesus Canduela	Senior Research Fellow	2006 – 2018
Emma Hollywood	Senior Research Fellow	2005 – 2013
Period when the claimed impact occurred: 2014-2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>Research led by Edinburgh Napier into different structures for remuneration and governance, in both private enterprise and public bodies, has influenced policy and legislation in Scotland. It helped a campaign group further their work towards a Scottish real living wage, resulting in an accreditation scheme that has led to an estimated GBP180million in additional wages for workers in Scotland. The research influenced the Scottish Government to introduce targets and quotas for gender representation on boards for public bodies and to make a public commitment, backed by financial support, to increase employee-owned businesses in Scotland.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>Research by Dutton, Raeside, Egdell, McQuaid, and Canduela has looked at the impacts on organisations and employees of different structures for remuneration and governance – covering welfare to work schemes, in-work poverty, the living wage, employee-ownership and the constitution of boards. Their expertise in this field led to commissioned research from national and local government in Scotland and from business organisations and campaign groups.</p>		
Living Wage		
<p>In 2008, Dutton, McQuaid, Raeside and Canduela carried out research on behalf of the Poverty Alliance, a Scottish anti-poverty campaign group, on a Living Wage for Scotland. The research [R1] developed a methodology to calculate a living wage based on three approaches: estimated basic living costs, income distribution, and actual expenditure by an average household.</p>		
Employee ownership		
<p>In 2012, the Employee Ownership Association [R2], sponsored by the John Lewis Partnership, commissioned research by McQuaid, Hollywood, Canduela, to examine the health and wellbeing among employees of employee-owned businesses (EOBs). The researchers carried out interviews with 1000 staff in EOBs and compared the findings to the latest publicly available national Workplace Employee Relations Survey (WERS). They found that staff in EOBs reported higher levels of job satisfaction, more control over their work, more involvement in decision-making and a more positive view of communications from management than their counterparts in non-EOBs. Levels of health were higher among staff at EOBs than in the general population.</p>		

This work was followed by a report in 2013 for Scottish Enterprise looking at employee-owned businesses in Scotland, in particular the main bottlenecks restricting growth of EOBs. This research [R3/ R4] by Dutton, Raeside, Canduela, Egdell and McQuaid compared the growth performance and growth dynamics of a selection of Scottish EOBs to a peer group of companies who have conventional ownership structures. They found that EOBs had significantly higher turnover, number of employees and return on capital and were equivalent in terms of profit margin and value to the Scottish economy to their non-EOB peers. Most of the growth bottlenecks for EOBs were similar to those experienced by other businesses: e.g. difficulties recruiting skilled staff; skills gaps in the existing workforce; workforce capacity. However, the study also found that low levels of understanding of employee ownership among financial institutions acts as a barrier to economic growth and recommended steps to improve access to finance for EOBs. The two reports led to a 2019 paper in the British Journal of Industrial Relations [R6].

Gender equality on boards

In 2014, the Scottish government commissioned Dutton and Raeside to look at equality and diversity representation on public, private and third sector boards in Scotland [R5] to identify how barriers to equality can be overcome, particularly in relation to gender. The measures identified in the research included: increasing awareness through wider advertising, mentoring, improving professional networking and the option of quotas or targets.

3. References to the research (indicative maximum of six references)

[R4] cited 5 times; [R6] peer reviewed and submitted to REF2.

[R1] Dutton, M, McQuaid, R., Raeside, R., Canduela, J. (2008). A Scottish Living Wage. Glasgow: Poverty Alliance. **Report can be supplied by HEI on request.**

[R2] McQuaid, R., Hollywood, E., Bond, S., Canduela, J., Richard, A., & Blackledge, G. (2012). Health and Wellbeing of Employees in Employee Owned Businesses. Scotland: Employee Ownership Association [Fit-for-Work.pdf \(employeeownership.co.uk\)](http://fit-for-work.pdf)

[R3] Dutton, M., Raeside, R., Canduela, J., Egdell, V. & McQuaid, R. W. (2013). The growth of employee owned businesses in Scotland. Edinburgh, Scotland: Scottish Enterprise. **Report can be supplied by HEI on request**

[R4] Brown, R., McQuaid, R. W., Raeside, R., & Canduela, J. (2014). The performance of employee-owned businesses in Scotland: some preliminary empirical evidence. Fraser of Allander Institute Economic Commentary, 37(3), 108-123.
[https://www.strath.ac.uk/media/departments/economics/fairse/backissues/Fraser Economic Commentary Vol 37 No 3.pdf](https://www.strath.ac.uk/media/departments/economics/fairse/backissues/Fraser_Economic_Commentary_Vol_37_No_3.pdf)

[R5] Dutton, M., Raeside, R. (2014). Overcoming barriers to equality and diversity representation on public, private and third sector boards in Scotland. The Scottish Government. 23rd December 2014.
<https://www.gov.scot/publications/overcoming-barriers-equality-diversity-representation-public-private-third-sector-boards-scotland/pages/7/>

[R6] Brown, Ross; McQuaid, Ronald; Raeside, Robert; Dutton, Matthew; Egdell, Valerie; Canduela, Jesus; (2019) Buying into capitalism? Employee ownership in a disconnected era British Journal of Industrial Relations, 57(1), 62-85.
<https://onlinelibrary.wiley.com/doi/full/10.1111/bjir.12309>

4. Details of the impact (indicative maximum 750 words)

Living wage

Dutton, McQuaid, Raeside and Canduela's research for the Poverty Alliance in 2008 contributed towards the organisation's "*thinking with respect to setting the level of the living wage in*

Scotland [IM1]. The organisation continued to develop their campaign for a living wage, and this led to the launch of Living Wage Scotland in 2014, which is funded by the Scottish Government and accredits employers who pay the real Living Wage. To date more than 1,800 employers in Scotland have been accredited and an estimated GBP180m in additional wages has been won for workers in these organisations [IM1].

Gender equality on boards

This research, carried out on behalf of the Scottish Government and further promoted through the media, influenced the development of a new law on gender equality, with key recommendations from the report reflected in the legislation.

In September 2014, Dutton and Rae presented their report to the Scottish Government Public Boards and Corporate Diversity Programme Board, set up by the Scottish Government to investigate ways in which diversity on public boards could be improved. The research is cited in the minutes of the meeting [IM2] as providing an “*evidence base for the programme*”.

The report’s findings were covered in the media in December 2014, including the Scottish Daily Mail and the Glasgow Herald [IM3], in the context of voluntary gender equality targets for businesses set to be introduced by the Scottish Government. In July 2015, Dutton wrote an opinion article published in the Scotsman [IM4], using evidence from the 2014 research to argue that the gender targets set by the Scottish Government were unlikely to be met by voluntary measures alone.

In 2017, the Scottish Government introduced the Gender Representation on Public Boards (Scotland) Bill (SP Bill 16) and the research was cited in written evidence on the Bill presented to the Scottish Parliament’s Equalities and Human Rights Committee [IM5]. The Scottish Parliamentary briefing on the Bill (September 2017) repeatedly cites the 2014 Dutton and Raeside report, particularly in relation to measures to overcome barriers to equality and the setting of quotas and targets [IM6]. The Bill sets out a voluntary target of 50% female representation on public boards and a mandatory quota – both recommendations made in the research. It also places an expectation on public bodies to encourage more female applicants for board vacancies, using measures highlighted in the 2014 report, such as increasing awareness of vacancies through wider advertising, and more mentoring and social networking opportunities. The Bill was passed by the Scottish Parliament and became law in 2018.

Employee ownership

The Napier research, which provided evidence on the value and benefits of employee-owned businesses, has underpinned the development of Scottish Government policy on employee ownership, leading to the establishment of a body, with substantial funding, to increase the numbers of EOBs.

The research, carried out for a non-department public body of the Scottish Government, was further highlighted in two ways:

- through the media in 2014 and 2015 (see articles on the research by the BBC and the Guardian) [IM7]
- in evidence given by Dutton to the Economy, Energy and Tourism Committee of the Scottish Parliament [IM8], as part of their inquiry into work, wages and wellbeing in the Scottish labour market.

During his evidence in October 2015, Dutton mentioned in particular the low levels of job turnover, sickness and absenteeism in EOBs, due to employees feeling they have a stake in the business [IM8 pp3-5].

The benefits highlighted in the Napier research are also cited by Co-operative Development Scotland (the arm of Scottish Enterprise that supports employee ownership and co-operative business models) in a video released in 2017 [IM9].

The Government's 2017-18 programme for Scotland, which was informed by the Economy, Energy and Tourism Committee inquiry, made a commitment to "*investigate the scope to expand our support to employee ownership*" [IM10]. In August 2018, the Scottish Government made good on this commitment, launching 'Scotland for EO' and providing GBP75,000 to increase EOBs from 100 to 500 by 2030 [IM11].

5. Sources to corroborate the impact (indicative maximum of 10 references)

[IM1] Email from the Poverty Alliance

[IM2] Public Boards and Corporate Diversity Programme Board: Minutes of third meeting held at 12 noon on Tuesday 9 September 2014 in Conference Room 2, Victoria Quay, Edinburgh. Agenda item 5: Programme evidence base.

[IM3] Articles from the Scottish Daily Mail and Glasgow Herald on gender equality report

[IM4] 'Act now or miss your gender targets' by Dr Matthew Dutton, published in the Scotsman on 02 July 2015

<https://www.scotsman.com/news/opinion/columnists/act-now-or-miss-your-gender-targets-1500935>

[IM5] Equalities and Human Rights Committee Agenda. 21st Meeting, 2017 (Session 5) Thursday 21 September 2017 Appendix D [EHRiC/S5/17/21/A \(parliament.scot\)](http://www.parliament.scot/EHRiC/S5/17/21/A)

[IM6] The Scottish Parliamentary Information Centre (SPICe) Briefing (Pàipear-ullachaidh SPICe) Gender Representation on Public Boards (Scotland) Bill, pages 11-14.

[IM7] Articles in BBC online and Guardian

<https://www.bbc.co.uk/news/business-26560702>

<https://www.theguardian.com/small-business-network/2015/may/18/employee-ownership-business-john-lewis>

[IM8] Economy, Energy and Tourism Committee of the Scottish Parliament, 24th meeting, Session 4, Wednesday 7 October 2015, official report

[IM9] [Employee Ownership: Video Guide - Scottish Enterprise \(scottish-enterprise.com\)](http://www.scottish-enterprise.com/Employee-Ownership-Video-Guide)

[IM10] A Nation with Ambition: the Government's programme for Scotland 2017-18 (see page 109) <https://www.gov.scot/news/new-leadership-group-for-employee-ownership/>

[IM11] <https://www.gov.scot/news/new-leadership-group-for-employee-ownership/>