



The
Scottish
National
Investment
Bank

Quality employment:
why good work matters



Introduction

Employment is one of the most powerful ways in which businesses influence people's lives. While jobs provide income, the quality of work people experience can affect everything from physical and mental health, through to poverty levels, skills development, career progression and long-term life chances. For many individuals, employment is not simply an economic driver but a significant determinant of wider social outcomes.

This has important implications for investors. Increasingly, there is recognition that the impact of capital cannot be understood solely through measures such as jobs created or supported; the quality of those jobs matters too. Employment is one of the routes through which investment can translate into positive change for individuals, communities and the wider economy. Where investment supports

good-quality work, it can contribute to healthier lives, reduced poverty, greater opportunity and more inclusive growth. Conversely, poor-quality employment can undermine these outcomes, even where jobs are being created.

As Scotland's mission-led development bank, we recognise that quality employment both impacts individuals' lives, and is an important contributor to the long-term success of the businesses we support. We also recognise its role in building communities and tackling place-based inequalities, by providing opportunity to people across the country. This paper explores what is meant by quality employment, why it matters, and how investors can help businesses create working environments that benefit employees, employers and society alike.

Defining quality

Whilst there is a range of definitions of 'quality employment', international and national frameworks are all broadly aligned in the areas they consider to be material to a good-quality job^{1,2}.

The Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) state that employment quality encompasses not only wages, but also job security, working conditions, opportunities for progression, employee voice, workplace relationships, and the ability to balance work with other aspects of life.

In Scotland, these ideas are reflected in the Fair Work Framework, which defines fair work as work that offers all individuals effective voice, opportunity, security, fulfilment, and respect. The framework recognises that high-quality employment benefits not only workers, but also employers, communities, and the wider economy³.

In the next few sections, we explore the ways in which quality employment directly and indirectly affects people's lives, viewing quality employment as a foundational determinant of many other social outcomes.



1. [Measuring and Assessing Job Quality | OECD](#)

2. [Decent work and the 2030 Agenda for sustainable development | International Labour Organization](#)

3. [The Fair Work Framework - The Fair Work Convention](#)



Why quality work matters: health

Research from The Health Foundation shows that quality of work matters for people's health. Those working in jobs with low job security or low job satisfaction are more than twice as likely to report poor health as the average employee; in other words, simply being in work doesn't guarantee positive health impacts if that work is low-quality⁴. Indeed, there is even evidence that moving from unemployment into poor-quality work can be more detrimental to health than staying unemployed would be⁵.

Low-quality work can also have a negative impact on mental wellbeing. The CIPD *Good Work Index* shows that a quarter of UK workers feel their jobs have a negative impact on their mental health, with excessive workloads or stress, poor colleague relationships and poor line management key contributing factors⁶.

Instability of employment is seen as a key stressor. Alongside those on zero-hours contracts – estimated to be 1.1 million UK workers – a further 1.8 million report hours being reduced at short notice, with 2.4 million feeling 'very anxious' about unexpected changes to hours⁷. This reflects evidence which indicates that those on insecure contracts are more likely to experience poor wellbeing, depression and anxiety related to work.

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4. [Work | The Health Foundation](#)

5. [Re-employment, job quality, health and allostatic load biomarkers: prospective evidence from the UK Household Longitudinal Study | International Journal of Epidemiology | Oxford Academic](#)

6. [Job quality on an upward trajectory for some but one in four workers still say their work has a negative impact on their health | CIPD](#)

7. [Low-Pay-Britain-2025.pdf](#)



Why quality work matters: poverty

Work alone is not enough to prevent people from falling into poverty. Scottish Government data shows that nearly two-thirds of working-age adults in relative poverty (after housing costs) live in households where at least one person works⁸.

Of course, low pay is a driver of in-work poverty. Joseph Rowntree Foundation's 2023 *Poverty in Scotland* report states that over 10% of Scottish workers are locked in persistent low pay, with only one in 20 able to sustainably move into roles that pay above the real Living Wage – indicating that low pay isn't a 'stepping stone' to higher wages, but a situation that many become trapped in.

But low pay isn't the full story when it comes to in-work poverty; there are also other critical factors including insufficient hours, insecure contracts, reliance on part-time work (often due to caring responsibilities), and rising living costs that outpace wage increases⁹.

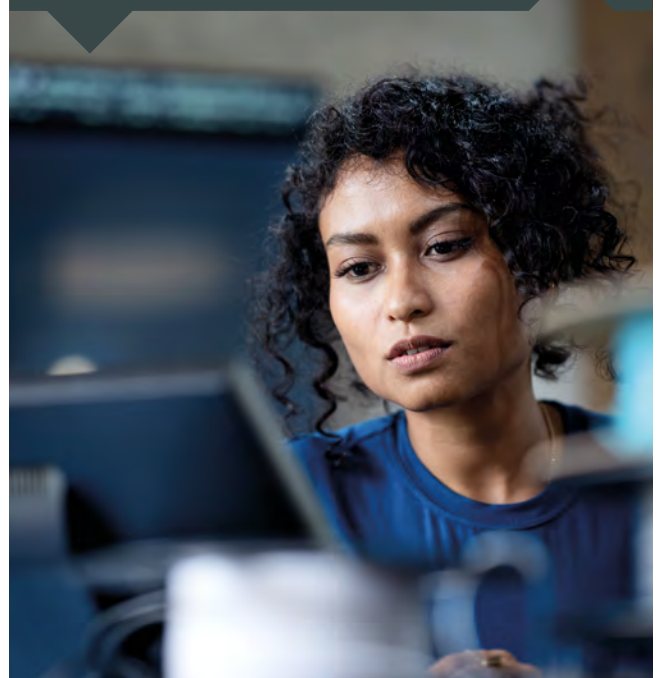
The real Living Wage aims to tackle some of these drivers, by calculating a wage based on the cost of living – such as rent, food, and bills – to provide greater income security for workers. It also gives employers a benchmark from which to assess whether wages are sufficient to guard against in-work poverty.

Building on the Living Wage, the Living Hours standard addresses some of the other drivers of in-work poverty – in particular, insufficient hours and contract instability – by requiring participating employers to agree to provide workers with the right to:

1. A contract that accurately reflects the hours worked;
2. At least four weeks' notice of shifts, with full compensation if shifts are cancelled within that timeframe;
3. A guaranteed minimum of 16 hours' work a week for all who want it.

For investors, this means assessing employment quality cannot stop at whether jobs exist, or even whether they pay the real Living Wage. It also depends on the predictability and security of work: whether people can rely on sufficient hours, plan household finances, and avoid the instability created by short-notice shift changes or insecure contracts. The Living Wage and Living Hours standards therefore provide practical benchmarks for understanding whether employment is genuinely helping to reduce in-work poverty, rather than simply moving people into low-paid or unstable work.

For investors, assessing employment quality cannot stop at whether jobs exist, or even whether they pay the real Living Wage. It also depends on the predictability and security of work.



8. <https://www.gov.scot/publications/poverty-and-income-inequality-in-scotland-2022-25/pages/working-age-adults/>
9. [bitc-report-in-work-poverty-in-scotland-report-may25.pdf](https://www.britc.org.uk/reports/in-work-poverty-in-scotland-report-may25.pdf)



Why quality work matters: opportunity

Quality employment improves lives by expanding people's capabilities, not just by increasing their current income. The Fair Work Convention defines 'Opportunity' as inclusive employment for all Scotland's people, and 'Fulfilment' as investment in skills for the present and future in jobs that offer meaning, autonomy and involvement in decision-making.

The practical reality of this for companies and employees is explored in the CIPD's *Good Work Index*¹⁰. The provision of training and progression opportunities plays a key role in how employees perceive their work, and directly correlates to both their in-role performance and to their willingness to go 'over and above' what is required of them. It also feeds into their likelihood to remain in a job.

Too often, however, work does not provide opportunity; only 34% of workers in Scotland feel they have a route to advancement within their role, and 51% agree they have the chance to develop skills¹¹. This access to opportunity diverges according to occupational class, with those earning above £60,000 significantly more likely to report skills development and career progression than those earning less. Understanding this inequality in access to opportunity is important, because access to progression determines whether work acts as a pathway to long-term prosperity or merely sustains current living standards.

Case Study: Forrit

Skills and talent development

Our investment: £7.4 million to support the development of their cloud-based Content Management System (CMS) software, expand their workforce and target new markets.

Forrit, one of the Bank's investees, is a role model for nurturing skills and talent within the tech sector. Apprentices are a core part of Forrit's staff, with 27% of their workforce either undertaking or having completed an apprenticeship programme. The company is also a signatory of the Young Person's Guarantee and the Digital Technology Education Charter and has previously won the Scottish Apprenticeship Awards.



"Forrit has been critical in developing my skills and allowing me to reach new levels I didn't believe I had. Throughout the apprenticeship and working within the teams at Forrit I have achieved an understanding development that I previously struggled to grasp fully during a fulltime degree. Forrit has been paramount in the progression of my career and me as an individual."

Thomas McGill,
Web Developer at Forrit (pictured above)

¹⁰ CIPD Good Work Index 2026

¹¹ Working Lives Scotland 2025



Quality of work

Quality of work and equality

The disparity in opportunity between those earning a high wage and those who don't illustrates one of the many ways in which quality of work impacts different groups.

Underrepresented and disadvantaged groups are disproportionately exposed to the harms of low-quality work, with impacts that compound existing inequalities. Women are more likely to experience persistent low pay, part-time work and occupational segregation; disabled people face both lower access to employment and poorer-quality work when employed.

Ethnic minority communities can experience a gap between qualifications and employment outcomes, including lower earnings and greater insecurity; and carers often reduce hours, leave work or accept lower-paid roles to manage unpaid care. For socio-economically disadvantaged groups, insecure, low-paid or inflexible work can deepen poverty, worsen health and wellbeing, and limit progression^{12,13,14}.

In short, employment can reproduce disadvantage unless jobs provide adequate pay, security, flexibility, respect and routes to advancement.

Quality of work from the employer's perspective

The arguments for ensuring people are in good-quality work go beyond the benefits for employees. Providing good jobs is also critical for businesses in terms of staff performance, retention, and the ability to attract talent¹⁵. It therefore plays into a range of issues that are material to any company, including productivity, cost control, and having employees with the required skills.

The *Good Work Index* looks at the business activities that are most critical to driving job quality. Line management and leadership are key deciding factors for how employees feel about their work, along with providing work that is meaningful, and opportunities to develop skills and progress. Although each company must develop its own approach to embedding best practice in these areas, the opportunity for positive business outcomes is clear.

The Bank's approach to quality employment

These benefits make employment quality relevant not only to workers and employers, but also to investors. Investors can influence employment outcomes through the expectations they set, the data they collect and the conversations they have with businesses.

With known impacts of employment quality across health, wellbeing, poverty and opportunity, the Bank has a role to play in supporting the Fair Work Convention. As an investor, we also recognise the value that good-quality work brings to the long-term sustainability of the businesses we invest in. In practice, this means we ask our portfolio to ensure there is a baseline of good practice, recognising that each company should adopt the aspects of fair work that are material to their own business. We don't place the same specific rules on all businesses; instead, we understand that every company is different with respect to the interventions and conditions that will make the biggest difference for their employees. Alongside these requirements, we support investees to develop appropriate policies and practices to hardwire quality employment. We ask that all investees pay at least the real Living Wage, and avoid inappropriate use of zero hours contracts; as of 2025, 100% of our portfolio met these requirements.

Each year, we ask portfolio companies to self-assess the maturity of their fair work practices. Investees rate their performance against each of the five Fair Work principles using a five-point scale; ratings in the top two categories are classified as demonstrating 'mature practice'. In 2025, our investee data showed relatively mature practice in areas such as effective voice, respect and security, with 85%, 72% and 76% respectively assessed as having mature practice against these principles.

¹² Equality and Human Rights Monitor: Is Scotland Fairer?

¹³ Poverty in Scotland 2023 | Joseph Rowntree Foundation

¹⁴ Unpaid carers - Social care - gov.scot

¹⁵ CIPD Good Work Index 2026



Quality of work continued

There are encouraging signs on skills and progression: 60% of businesses in our portfolio offer formal training or continuous professional development (CPD) programmes, up from 53% in 2024, and the portfolio supported 125 apprenticeships or internships. This is particularly important in energy sectors, where investment can support high-quality employment, retraining and a just transition.

However, our 2025 data also highlights opportunities to go further. Performance is less advanced in relation to opportunity and fulfilment, with 54% and 43% of businesses respectively demonstrating mature practice. 41% of responding businesses do not yet have a formal training or CPD programme, although some intend to introduce one. This suggests that while the portfolio is performing well overall, deeper engagement is needed to understand how businesses can embed richer fair work practices, particularly around progression, training and inclusive opportunity. The Bank will continue to actively discuss these issues with investees, with the aim of working towards more mature practice in future.

Case Study: Aurora Energy Services

Developing a skilled workforce

Our investment: Up to £44 million to strengthen and expand Aurora's network of regional training hubs, enhancing operational capacity and supporting critical infrastructure across the green energy supply chain.

Aurora Energy Services, one of the Bank's investees, is committed to developing the next generation of talent through real-world experience, industry-recognised training and structured career pathways.

The company's Renewable Energy Training Centre in Inverness – complemented by facilities in Aberdeen, Wick and Huntly – supports the development of a skilled workforce aligned to industry demand.

Owen Wilson (pictured) joined Aurora as a trainee in 2023, initially unsure which career path he wanted to pursue. Since then, extensive on-the-job experience and training through Aurora's own facilities have enabled him to explore different disciplines, gain industry-recognised qualifications including GWO and IRATA Rope Access Level 1, and identify mechanical engineering as his chosen career path.

Aurora has since supported Owen's enrolment on the University of the Highlands and Islands (UHI) Multiskilled Engineering Apprenticeship, where he



is now entering his second year of study, while continuing to build practical skills and technical knowledge on the job. Owen's journey reflects Aurora's wider commitment to supporting career progression and developing the skilled workforce the energy industry needs for the future.





Conclusion

Quality employment is not simply an outcome of investment; it is one of the primary ways through which investment shapes people's lives and builds stronger businesses. The evidence shows that quality of work affects people's health, wellbeing, income security, and access to opportunity, meaning that the nature of the jobs created or supported matters as much as the number of jobs alone.

For the Bank, this reinforces the importance of looking beyond headline employment figures and understanding whether jobs offer fair pay, security, voice, respect, flexibility and routes to progression. Our portfolio already shows strong performance against important fair work foundations, including real Living Wage compliance and avoiding inappropriate use of zero-hours contracts. But our data also points to areas where deeper engagement can make a difference.

As an impact investor, the Bank has an important role to play in supporting businesses to embed good work in ways that are meaningful, practical and relevant to their context. By doing so, we can ensure that investment supports not only business growth, but also better employment outcomes for individuals, communities and Scotland's wider economy.





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