

The Gender Pay Gap – reasons and implications

This paper is the second of ten features for EI's campaign "Pay Equity Now". Following up on the first introductory paper, it explores the reasons for the gender pay gap and takes a look at its consequences for families, societies and economies. The subsequent features will focus on further aspects of this issue, such as pay inequity in the teaching profession, legislation and regional disparities.

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Abstract

This paper focuses on the persistence of the worldwide gender pay gap and its implications for society as a whole. A brief overview of the various reasons for this persistence is followed by a closer look at the teaching profession. Next, the impact of pay inequity on the economy, families and gender roles is examined. The gender pay gap has been shown to have negative consequences for economic growth and the well-being of families and communities.

Introduction

The gender pay gap measures the earning differences between women and men in paid employment in the labour market. It is one of many indicators of gender inequality in a country, when examining labour market participation in terms of gender (EC 2007).

The study "Global Employment Trends for Women" published by the International Labour Organisation (ILO) in 2009 provides current information about the global gender pay gap. Assumptions about a decline or increase in the pay gap between women and men depend on the data available and differ in the subjects of study and country-specific wage and salary administration. Therefore a closer look should be taken at regional specificities.

According to the ILO, progress in reducing the gender pay gap is very slow in Europe and Central Asia. In certain countries there has even been evidence of an increase in the difference

between the wages of women and men. In the United States the pay gap is also very persistent and has only declined slightly (ILO 2009). In the Latin American countries the size of the gap as well as approximate trends towards its growth or reduction vary. Across African countries the informal and unpaid work of women is especially widespread, hence there is little official data available concerning the pay gap (ITUC 2008). The ILO identifies the gender pay gap as a globally persistent phenomenon: “Throughout most regions and many occupations, women are paid less money than men for the same job. In a majority of countries, women's wages represent between 70 and 90 per cent of men's wages, with even lower ratios in some Asian and Latin American countries.” (ILO 2009: 19).

Reasons for the persistence of the gender pay gap worldwide

According to the economists Blau and Kahn and their research into the gender pay gap in the United States, a steady convergence between the wages of women and men is not automatic. They argue that after a considerable rise in women's wages during the 1980s, the gain decreased in the 1990s. The 2000s are characterised by a mixed picture of increase and decline. Thus Blau and Kahn assume: “*With the evidence suggesting that convergence has slowed in recent years, the possibility arises that the narrowing of the gender pay gap will not continue into the future. Moreover, there is evidence that although discrimination against women in the labour market has declined, some discrimination does still continue to exist.*” (Blau/Kahn 2007: 8). This means that pro-active policies and positive measures to enhance pay equity are needed. In order to determine which policies are needed, reasons for the gender pay gap need to be explored.

In general, two main reasons for the pay gap can be identified (UNDP 2006): *direct gender* discrimination in labour markets and occupational segregation. Direct discrimination occurs when people who have the same level of educational attainment and work experience are treated differently because of their gender: different pay levels for the same work or different job requirements for the same pay level. Efforts and achievements in the field of direct discrimination have been made in many countries by passing laws or establishing supportive institutions.

The various forms of discrimination relating to *occupational gender segregation* are more

subtle as well as more delicate to address with specific actions. According to the ILO, women represent 40.4 percent of the worldwide workforce. However, that proportion is not reflected when investigating occupational groups within the various sectors: 46.3 percent of employed women work in the services sector, 35.4 percent in the agricultural sector and only 18.3 percent in the industrial sector (compared to 26.6 percent of employed men) (ILO 2009). The specific sectors in which women employees are the vast majority – secretaries, teachers and nurses – also are poorly paid work areas. And even within these jobs they are paid less than their male colleagues (IWPR 2009). This fundamental under-evaluation of women's work results basically from two facts. Firstly, women's primary responsibility for unpaid care work such as children, education and basic family services seems to channel them into similar working areas in the labour market (UNIFEM 2005). Some researchers refer to differences in occupations between women and men as the selection effect (e.g. Petersen and Snartland, 2004). The selection effect implies not only that women choose certain kinds of occupations, but that employers are favouring men over women by not adapting the work environment to suit both genders. Secondly, the specific way in which work skills are attained plays an important role in to their financial evaluation: “The physical strength of the labourer may not be particularly well remunerated unless supplemented with time-served, learned building skills. But by the same token, the 'talents' of women, such as the capacity for and the skills involved in caring, are not rewarded either.” (Rees 1992: 17). Due to the gendered division of work, women have to endure inferior jobs and lack effective bargaining power in the labour market.

In addition to the under-evaluation of so-called women's work, women face general barriers in the labour market which impact on their income growth and their promotion prospects. Although more women than ever successfully complete higher education (the study “Education at a Glance 2009” shows that the average female graduation rate in tertiary education in OECD countries is 46.9 percent, compared to 30.8 percent of the male graduation rate (OECD 2009)) this increase in the educational level of women does not necessarily correlate with pay rises.

An important reason is the gender bias of duties and requirements resulting from parenthood. Women are more likely to work part time or take a career break when there are children to take care of. Those women who join the labour force working full time after a break or working only part time are confronted with lower wages than their male colleagues who didn't

interrupt their career. Even women who don't have children are considered as “potential mothers” and thus may be denied promotion opportunities (Goldberg Dey/Hill 2007). As a consequence the gender pay gap tends to be higher in countries where the female labour force participation rate is high but childcare is not publicly provided everywhere.

While every country faces specific circumstances which improve or worsen the gender pay gap the positive effect of trade unions on women's employment is unchallenged: organised women enjoy better pay and working conditions. Furthermore women's work is less at risk of being considered unskilled and worthless (Rees 1992).

The teaching profession and the gender pay gap

The 2006 UNESCO study “Teachers and Educational Quality” provides current data on the gender bias in the teaching profession: the global proportion of female teachers in primary education amounts to 61 percent and in secondary education to 52 percent. For primary education this implies a rise of 5 percent in women's employment since 1991, and for secondary an increase of 7 percent. In Western Europe and the United States women represent 84 percent of primary education teachers, in contrast to only 45 percent in sub-Saharan Africa and 44 percent in South and West Asia. While there are regional differences in the gender composition of the teaching force, one statement characterises the gender profile of teaching forces worldwide: “In general, the higher the educational level, the lower the proportion of female teachers.” (UNESCO 2006: 37). The vertical decline of women's employment in the education system shows that the teaching profession – although a feminised occupation – also faces structural gender discrimination.

The report “Women Teachers' Careers” produced by the National Association of Schoolmasters Union of Women Teachers (NASUWT) in 2008 shows that the British education system disadvantages female teachers in many ways: After five to nine years of working in primary education, 20 percent of male teachers are already on the Leadership Scale compared to only 8.5 percent of their female colleagues. After 20 years this rises to 70 percent of men in contrast to 40 percent of women. In the secondary sector there is a similar pattern. Moreover women are still under-represented in senior and headship roles. In the primary sector there are 75 percent of female headteachers, in the secondary sector only 40 percent. Also an examination of the specific schools shows a gender bias: women are more

likely to be head in smaller schools and thus paid a lower salary (NASUWT 2008).

The impact on society

Throughout this paper two main indicators of gender inequality in the labour market have been identified: on the one hand the gap between male and female participation in the paid workforce, that differs considerably from region to region as shown above; on the other hand the ratio between women's and men's pay. It is quite difficult to generalise the impact of these gender inequalities on society, as there are a lot of factors involved. In poverty research, however, they are considered as indicators that considerably constrain economic growth (UNDP 2008).

Economic consequences

Gender inequalities at work have negative economic consequences for society as a whole (Costa & Silva 2008). Costa and Silva (2008) attempt to provide a concise overview of the possible benefits of an increase in gender equality in the workforce, using the example of five Latin American countries. Using a simulated model in which women enter the labour market to the same extent as men and gender wage discrimination is eliminated, income is distributed differently. Women's pay would increase substantially, and in some of the countries analysed their earnings would be even higher than those of men because the women are better qualified. As for the effects on poverty reduction, eliminating barriers to labour market participation for women would lead to even better results than greater pay equity. Both factors, however, would advance economic growth with a special focus on pro-poor improvements. The two authors reach the conclusion, therefore, that "reducing gender inequalities implies benefits not only for women but also for men, children and the elderly, and for the poor as well as the rich."(Costa & Silva 2008:8).

Impact on families, children's education and gender roles

Another aspect is the fact that gender inequalities reinforce established gender norms, especially at household level (Heintz 2008:13). On the one hand, women lack influence over the distribution of both resources and labour within the household when being denied the right

to earn an income of their own (Heintz 2008). Furthermore the differences between men's and women's wages (within one household) inevitably lead to the fact that women take more parental leave than men (Goldberg Dey/Hill 2007).

On the other hand, women's increased participation in the labour market is not always accompanied by an increase in men's share of unpaid domestic labour, and it therefore does not necessarily improve (non-economic) family well-being (Kabeer 2008:5). Poorer working women in particular, who cannot afford domestic help, have to cope with the double burden of household tasks and employment due to the lack of men's participation. Some women therefore increase their working hours, others instruct their children (usually daughters, at the expense of their education) to take over care work such as looking after younger children (Kabeer 2008). At this point traditional gender roles are reinforced by the feminisation of unpaid care work (such as child care, elderly care, etc.) and unequal educational opportunities for boys and girls, once again setting a negative gender dynamic in motion. Securing pay equity leads to the empowerment of women and to a reduction in women's exposure to violence and exploitation (Cornish 2008).

Conclusion

It is important to stress that the persistence of the gender pay gap cannot be explained away by differences in skills, experience, education or location in the labour market. "There is an unexplained residual which reflects gender discrimination." (Kabeer 2008:4). The implications of the pay gap on society are numerous and do not only affect women. Gender discrimination at work constrains economic growth, increases poverty and has a negative effect on the wealth and well-being of families and communities. Over the last 40 years some improvements in closing or at least narrowing the pay gap have been made in industrialised countries. In the Netherlands a reverse trend can be even observed in lawyers' pay, where women earn a higher average hourly wage due to their earlier entry into the labour market and their higher grades at university. After the age of 30 though, the pay gap falls back into its usual pattern with male lawyers earning considerably more than their female colleagues (ITUC 2008). However, worldwide there is still a long way to go before the elimination of gender discrimination at work is finally achieved.

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