



The gender pay gap (GPG): some issues and how to reduce it

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The link between wage inequality and the decline in the labour income share

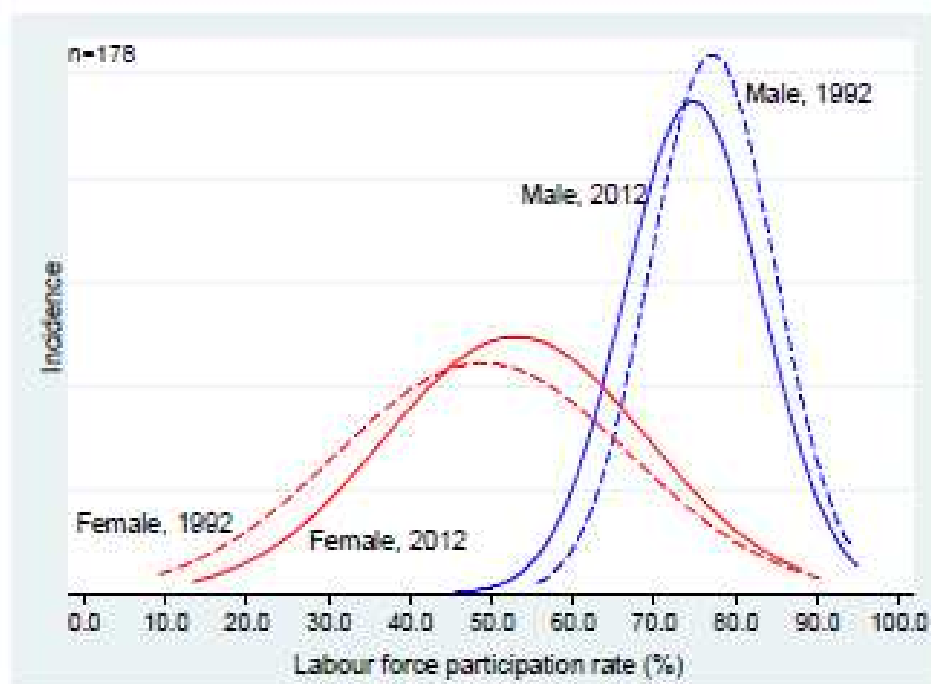
- Overall wage inequality is linked to the decline in the labour income share. In a sample of 10 developed countries, the wage share fell by 12 percentage points for low-skilled workers and increased by 7 percentage points for highly skilled workers (World of Work Report 2011).
- There is evidence of a strong association between the overall incidence of low pay in a country and its average gender pay gap (Global Wage Report 2010/11).
- As women are over-represented among low-paid workers, inequality in wages between men and women contributes to overall wage inequality

The link between wage inequality and wage discrimination

- Discrimination is an important determinant of inequalities in employment outcomes and wages
- As growing numbers of women enter and remain in the labour force, (see next slide) gender discrimination in pay is an important cause of overall income inequalities and gender inequalities
- The gender pay gap measures the difference between male and female average employment-related incomes as a percentage of the male's incomes

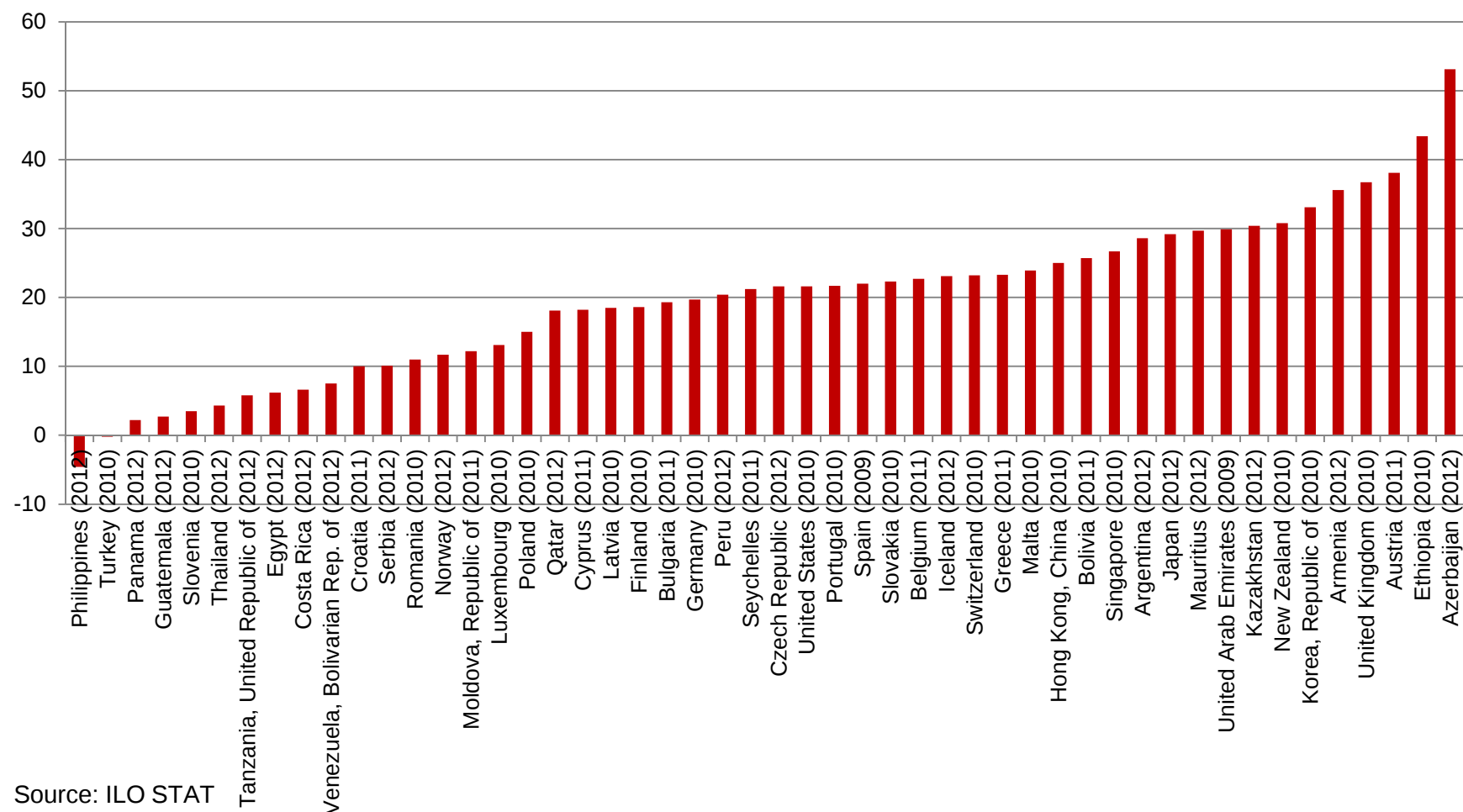
Women's labour force participation rates have increased over time

Distribution of female and male labour force participation rates, 1992 and 2012

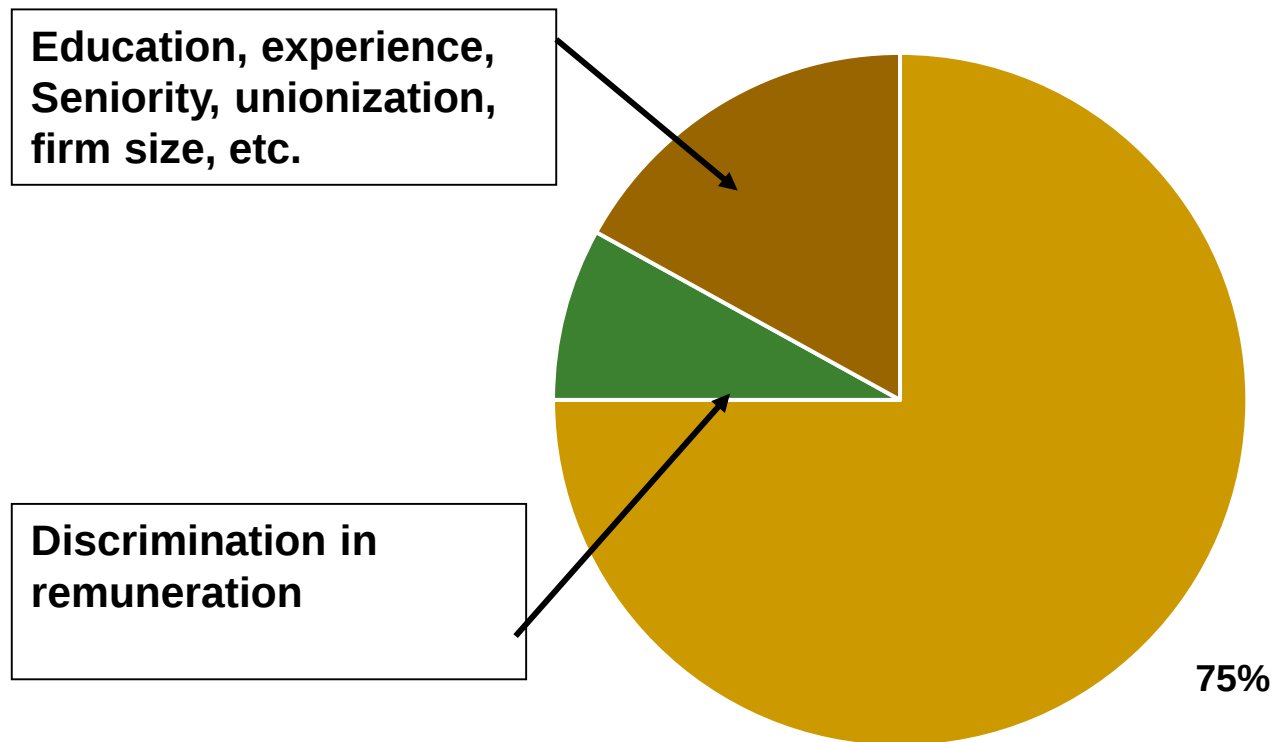


Source: ILO Global Employment Trends for Women 2012
Note: n=number of countries; 2012 are preliminary projections.

Gender pay gap (latest year) – varies across countries



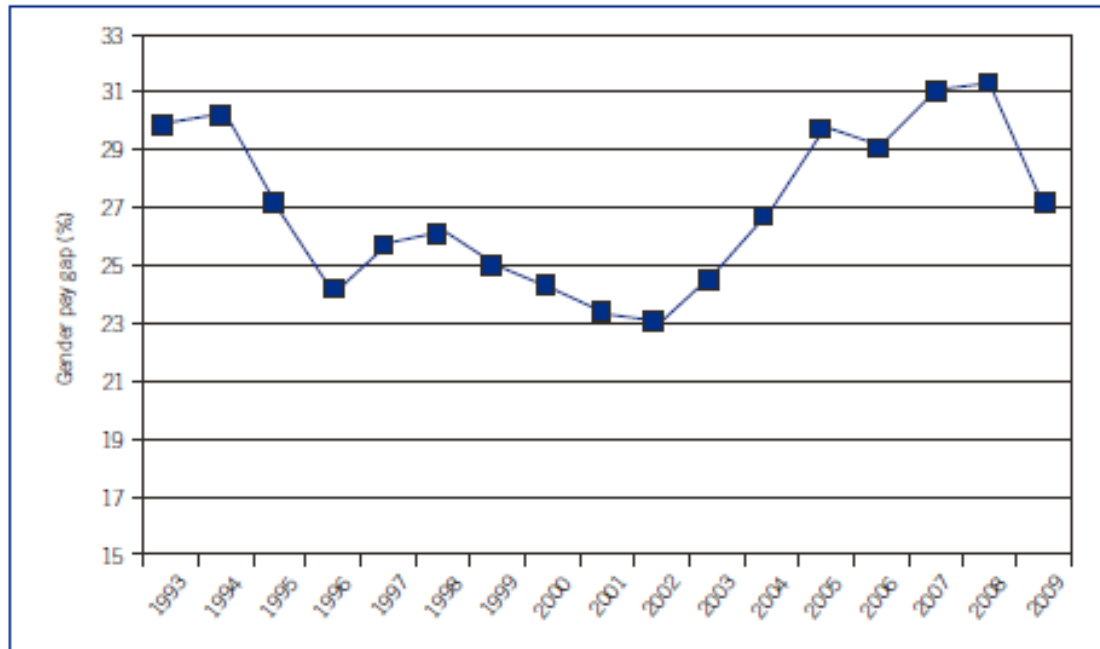
The composition of the gender pay gap



$$\frac{\text{Female average wage}}{\text{Male average wage}} = 75\%$$

A decline in the GPG isn't necessarily a positive development

The gender pay gap in Estonia, 1993-2009



- The GPG in Estonia declined during the crisis (2009) simply because men were more adversely affected by the crisis.

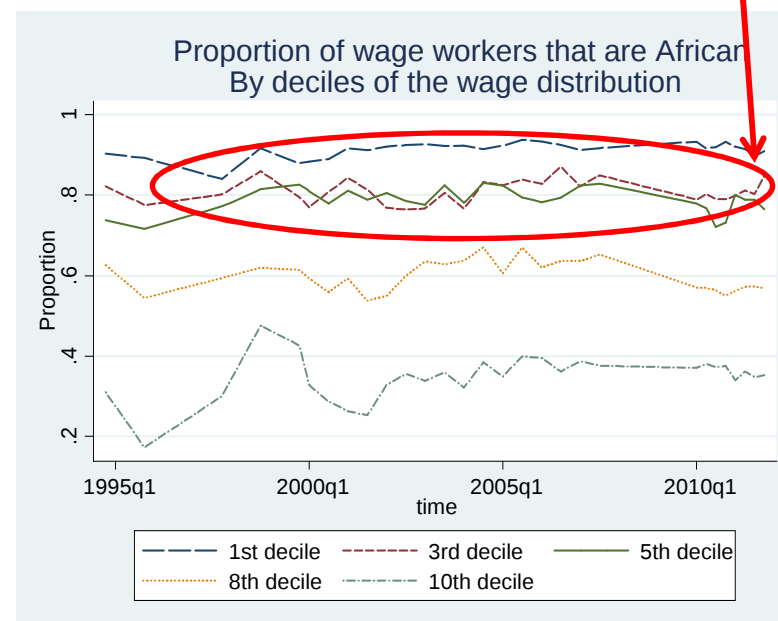
Source: ILO Global Wage Report 2012/13.

GPG should not be used in isolation - alone it can conceal important differences across and within groups

Women represent about 70% of employees at the *very bottom* of the wage distribution (1st decile).

Black Africans represent about 80% of all employees at the *bottom half* of the wage distribution (1 – 5th deciles).

South Africa

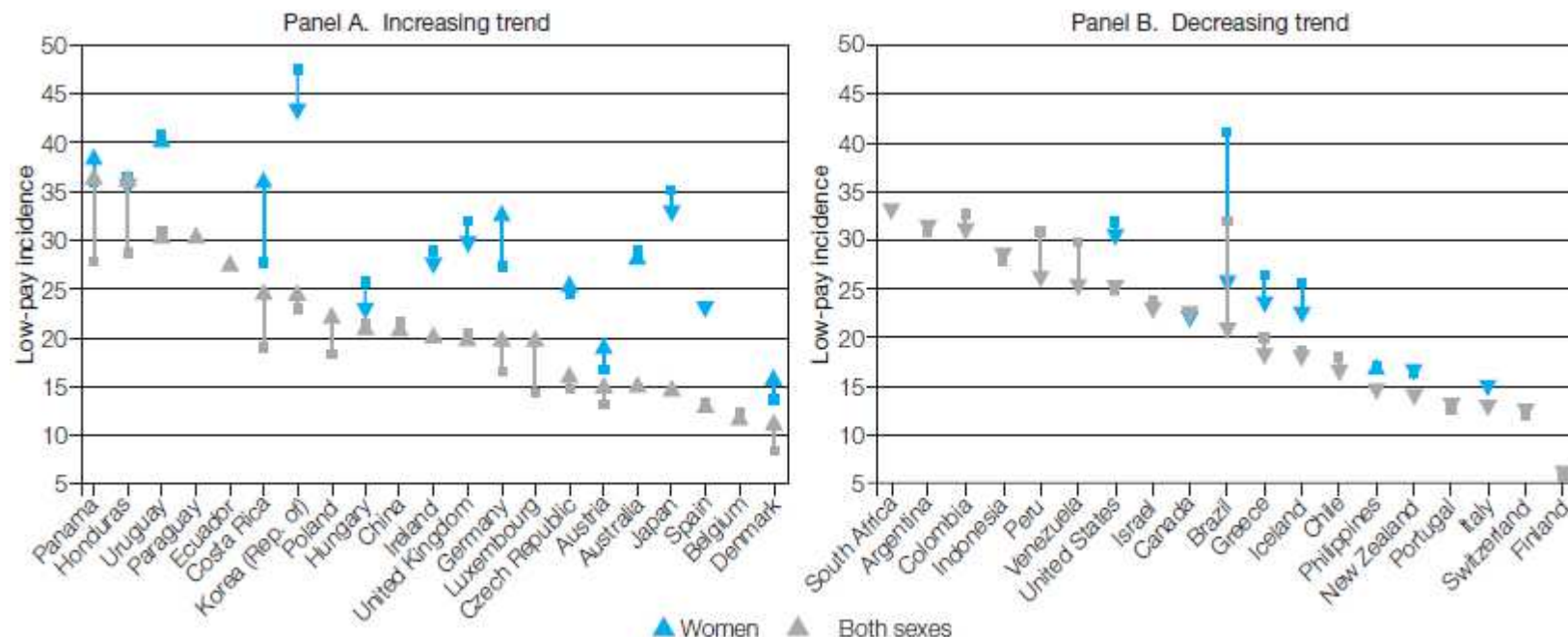


Source: Wittenberg, M. (2013). Analysis of employment, real wage, and productivity trends in South Africa since 1994. Study commissioned by the ILO.

Low pay can also be a useful and important indicator

- Trends in low pay can vary (i.e. be increasing or decreasing), but the low pay incidence is almost always higher for women.

Trends in low pay in selected countries, 1995-2009



Source: Lee and Sobeck (2012). Low wage work: A global perspective. International Labour Review Vol. 151 No. 3

So what can be done to improve women's remuneration in the labour market?

Engendered minimum wage (MW) policies

- Potentially MW can reduce the incidence of low pay and promote pay equity, provided that it:
 - ❑ Is set above component wage level (women assumed to be secondary earners)
 - ❑ Covers workers in non-standard/regular jobs, e.g. part-time, temporary work
 - ❑ Extends to non-or weakly organized categories of workers, e.g. domestic workers, and redress undervaluation of wages (e.g. Chile and Portugal)
 - ❑ When wage floors take the form of industry minima, is set above minima prevailing in female-dominated sectors
 - ❑ Is effectively enforced

So what can be done to improve women's remuneration in the labour market?

- Women concentrated in jobs and sectors where collective bargaining is more limited
- The more pay determination is decentralised and individualised, the greater the gender pay gap, while the opposite is usually the case
- Fragmentation of the public sector has implications for the gender pay gap
- Female-dominated sectors, particularly in the private sector, tend to have lower bargaining traditions than male-dominated sectors

So what can be done to improve women's remuneration in the labour market?

- The State can promote equal remuneration through collective bargaining:
 - As an employer
 - Providing legislative frameworks that can be expanded upon parties to negotiation (e.g. France)
 - Provide guidance on revaluation of job grading (e.g. UK, Sweden)
 - Extending collective agreements to all workers and employers in a particular branch of activity

Main challenges

- Gender equality: perceived as a desirable social goal, albeit of secondary importance, especially in times of economic recession
- What about female own account workers?