

GENDER WAGE GAP: CHALLENGES, IMPLICATIONS AND BEST PRACTICES

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1. Introduction

In an era that celebrates progress and innovation, the persistent grip of wage disparity on our society is disheartening. The quest for equal pay has been a journey fraught with challenges, and despite notable strides in recent decades, the gender pay gap remains a steadfast reality.

The impact of wage disparity extends far beyond mere numbers on a paycheck; it permeates societal structures and affects individuals in ways that often go unnoticed. The disproportionate workload burden placed on women, who, in addition to their professional responsibilities, often find themselves grappling with domestic and caregiving roles. This hidden toll becomes even more pronounced during extreme weather events, with women disproportionately shouldering the burden of increased unpaid labor. Studies have shown that during heatwaves and floods, 60% of women who are home-based workers and were surveyed in low-income housing across Bangladesh, India, and Nepal reported a surge in unpaid labor.¹

Furthermore, the correlation between wage parity and economic growth is a subject of keen interest. Increased household income and consumer spending, stemming from equitable wages, can significantly contribute to a thriving economy. However, substantial challenges persist for working mothers in rural areas, who continue to serve as sole, primary, or co-breadwinners in two-thirds of households making at least 25% of the family earnings.² The stark reality of the gender pay gap becomes even more pronounced when considering its impact on mothers.

Globally, the gender pay gap remains a persistent issue, with women earning an average of approximately 17% less than their male counterparts, as estimated by a 2022 study conducted by Forbes Advisor.³ In the same year, women in the United States earned approximately 82 cents for every dollar earned by men—a seemingly modest advancement compared to the 80 cents

¹ <https://www.preventionweb.net/news/heat-waves-sweep-south-asia-they-take-hidden-toll-women>

² <https://www.forbes.com/advisor/business/gender-pay-gap-statistics/#:~:text=Worldwide%20gender%20pay%20gap%20statistics,lowest%20in%20Luxembourg%20at%200.7%25.>

³ https://www.forbes.com/advisor/business/gender-pay-gap-statistics/#sources_section

they received in 2002. Reports show this century's progress in closing the gender pay gap has proven to be sluggish, in stark contrast to the remarkable strides witnessed in the two decades preceding it. For context, in 1982, women earned a mere 65 cents for each dollar earned by men.⁴ Further it is believed that these alarming projections indicate that, if current trends persist, it will take an estimated 257 years to bridge the global gender pay gap.⁵ These disconcerting statistics unequivocally emphasize the urgent necessity for more concerted and comprehensive efforts aimed at achieving authentic wage parity.

As we journey through these complex narratives, it becomes evident that dismantling wage disparity requires a multi-pronged approach. Initiatives like pay transparency and pay data collection are just some of the avenues suggested by experts to hold employers accountable and bridge the gaps in compensation. In this article, we aim to paint a comprehensive picture of the state of wage parity and its broader societal implications. By exploring the data, policies, and real-life experiences, we hope to not only inform but also inspire a collective determination to create an equitable future

2. Factors contributing to wage disparities.

While some factors contributing to the wage gap, such as differences in work experience and education, can be measured, a significant portion remains unexplained. Experts believe that this unexplained gap may be attributed to discrimination based on gender, race, and ethnicity. Bias and discrimination in the workplace can lead to unequal pay for women and people of color despite similar qualifications and skills

Occupational segregation: Where women and men tend to work in different types of jobs, plays a significant role in perpetuating wage gaps. Jobs predominantly held by women, such as those in the services sector, are undervalued and offer limited upward mobility, contributing to lower

⁴ <https://www.pewresearch.org/social-trends/2023/03/01/the-enduring-grip-of-the-gender-pay-gap/>

⁵ <https://www.forbes.com/advisor/business/gender-pay-gap-statistics/#:~:text=Worldwide%20gender%20pay%20gap%20statistics,lowest%20in%20Luxembourg%20at%200.7%25.>

earnings compared to male-dominated occupations of similar skill levels and having significant effects on wages and overall wage inequality in the United States.⁶

Occupational Crowding: When marginalized workers, like women and Black men, are steered towards lower-paying jobs due to discrimination, it creates an oversupply of workers in these occupations. With more people willing to work for lower wages, employers have less incentive to offer higher pay, leading to lower wages for these workers. This phenomenon is known as "occupational crowding."

Devaluation of Work: Jobs that are predominantly held by women often pay less, even when the required education and experience are similar to other jobs that pay more. As more women enter these jobs, the wages tend to decrease, due to increase in supply. This devaluation of work means that even when women perform similar tasks and have similar qualifications as men in certain occupations, they may still earn lower wages.

Uneven Occupational Integration: Although progress has been made over time, there are still disparities in how different generations and racial or ethnic groups are represented in various jobs. Women and minorities face more barriers in accessing higher-paying positions, which contributes to wage inequality.

Occupational Segregation and Recessions: During economic downturns like the Great Recession, certain groups may be disproportionately affected by occupational segregation. For example, Black men faced difficulties in finding mid- and high-wage jobs, while women of color ended up transitioning to lower-paying jobs after losing more secure positions in the public sector.

Concentration in Low-Paying Jobs:

Some specific jobs in the market are demanding women, which are basically supporting jobs with no growth opportunities and can be easily replaced by someone. Women, particularly women of color, who are often overrepresented in low-paying occupations like cashiers and care workers.

⁶ <https://equitablegrowth.org/wp-content/uploads/2020/07/063020-occup-seg-fs.pdf>

These jobs offer inadequate compensation and limited career advancement, further widening the wage gap.

Gender, Race, and Ethnic Biases:

Discrimination stemming from factors such as gender, race, ethnicity, nationality, and language can result in the underestimation of women's labor and economic contributions. This inherent bias significantly impacts the earning potential of various subgroups, leading to pronounced disparities within the Asian American Pacific Islander (AAPI) community. In the year 2019, women engaged in full-time, year-round employment earned 82 cents for every dollar earned by their male counterparts. This gender-based wage gap is not uniform; its magnitude is greater for women of color. For every dollar earned by white men working full time, year-round in 2019, Black women earned 63 cents, Latinas earned 55 cents, and American Indian and Alaska Native women earned 60 cents.⁷

While Asian American and Pacific Islander (AAPI) women as a whole earned 85 cents for every dollar earned by white male workers, notable disparities exist within specific subpopulations. For instance, Hmong women earned 60 cents, Nepali women earned 54 cents, and Burmese women earned 52 cents for each dollar earned by their white male counterparts. This intricate tapestry of inequalities underscores the multifaceted nature of the challenge at hand.⁸

Stagnant Federal Minimum Wage:

The absence of an increase in the federal minimum wage in the United States, which has remained at \$7.25 per hour since 2009, has diminished the purchasing power of individuals earning the minimum wage. This has had a particularly pronounced impact on women, not only within the USA but also on a global scale, making it one of the most significant repercussions.

⁷ <https://nwlc.org/wp-content/uploads/2019/09/Wage-Gap-Who-how.pdf>

⁸ <https://www.americanprogress.org/article/economic-status-asian-american-pacific-islander-women/>

Asian American and Pacific Islander (AAPI) women who earn the minimum wage now face greater challenges in providing for their families compared to over ten years ago.

Static wages contribute to the uneven distribution of wages by disproportionately affecting specific demographics and perpetuating existing inequalities. When wages remain stagnant over an extended period, individuals, especially women and minority groups, are unable to bridge the earnings gap with their counterparts. This lack of upward mobility obstructs their overall financial advancement, ultimately leading to the expansion of wage disparity. Unchanging wages also discourage the development of skills and the practice of negotiation, creating difficulties for workers, especially women, in their efforts to progress in their professional paths. Consequently, this situation reinforces the segregation of genders in different occupations, where industries predominantly staffed by women frequently offer lower wages that remain fixed. In essence, stagnant wages function as a barrier to achieving wage equality by sustaining economic imbalances and restricting opportunities for those who are already disadvantaged.

Unintentional biases:

Unconscious bias significantly contributes to the gender pay gap by influencing hiring decisions and compensation in favor of male employees. Studies show that even when qualifications are identical, people tend to suggest higher salaries for male candidates compared to female candidates. Real-world examples, such as research on eBay transactions, demonstrate that identical products sold by women often receive 20% lower prices than those sold by men, indicating a bias towards paying men more. This bias also affects workplace salary and promotion decisions.⁹

⁹ <https://www.forbes.com/sites/kimelsesser/2018/04/10/unequal-pay-unconscious-bias-and-what-to-do-about-it/?sh=7ab8f46b600e>

3. Analysis of the need for an inclusive approach to wage parity.

a. Assessing Gender Parity Progress Across Diverse Regions¹⁰:

The pursuit of gender wage parity remains a complex and evolving challenge across the globe. Table 1 below offers insights into the current state of wage parity in multiple countries. While some nations have made significant strides in narrowing the gap, others continue to grapple with setbacks and disparities across different sectors and seniority levels. This report highlights trends in economic participation, wage equality, and representation in senior and technical positions, providing a snapshot of the ongoing efforts and challenges each country faces in achieving gender wage equality.

¹⁰ https://www3.weforum.org/docs/WEF_GGGR_2023.pdf

Table 1: Trends in Wage Parity a Snapshot

| Country | Trends in Wage Parity |
|---|---|
| Iceland  | <ul style="list-style-type: none"> Notably, both wage equality and representation among senior officials have experienced declines since 2021. |
| Norway  | <ul style="list-style-type: none"> The gender gap in estimated earned income has reduced since 2016. |
| Finland  | <ul style="list-style-type: none"> Progress appears to be slowing, with minor setbacks in achieving gender parity in wage equality compared to 2022. |
| New Zealand  | <ul style="list-style-type: none"> Since 2006, men's earned income has consistently outpaced women's, widening the income gap by 4 percentage points to reach a score of 64.2% |
| Sweden  | <ul style="list-style-type: none"> Parity in estimated earned income has deteriorated, declining by 7.3 percentage points since 2022. |
| Germany  | <ul style="list-style-type: none"> Wage and income parity have regressed, causing a 6.9 percentage point decline in Economic Participation and Opportunity parity (66.5%) since 2018. |
| United States  | <ul style="list-style-type: none"> Income parity has increased to 67.5%, yet women's representation in senior positions decreased in the last two years |
| Japan  | <ul style="list-style-type: none"> Improvement of 1.1% in parity for estimated earned income since 2022. |
| Ethiopia  | <ul style="list-style-type: none"> Women earn 66.1% of men estimated earned income |
| Philippines  | <ul style="list-style-type: none"> Women's income is 71.6% of men's income in the Philippines. |
| Pakistan  | <ul style="list-style-type: none"> In the past decade, wage parity improved by 36.2%, though still globally low, with positive shifts in women's technical roles and equal pay for similar work. |
| Indonesia  | <ul style="list-style-type: none"> Although there's a minor improvement in income parity, women still earn only 51.9 cents per dollar earned by men, indicating a significant gender gap. |
| India  | <ul style="list-style-type: none"> Partial recovery in wage parity and decrease in representation in senior and technical roles. |
| Belgium  | <ul style="list-style-type: none"> Gradual improvement in wage parity and increased share of women in senior positions. |
| Lithuania  | <ul style="list-style-type: none"> Reversal in wage parity progress in senior positions and estimated earned income |
| Namibia  | <ul style="list-style-type: none"> Decline in wage parity and estimated earned income since 2018. |
| Nicaragua  | <ul style="list-style-type: none"> Gender wage gap and underrepresentation in senior positions. |

Gender parity, a fundamental pillar of social equality, remains an elusive goal across the globe. The Nordic region, often lauded for its progressive policies, presents a complex picture of

advancement and regression in this domain. The disparities in gender parity are not only a reflection of social dynamics but also indicative of the broader challenges faced by economies striving for equitable development.

The Nordic countries, known for their commitment to gender equality, showcase a mixture of achievements and setbacks. Countries like Iceland and Norway, once hailed as champions of gender parity, have witnessed a decline in their gender parity scores. This decline is notably attributed to diminishing wage equality and reduced representation of women in senior positions. These countries, which were once considered front-runners, now grapple with the paradox of regressing gender parity despite their progressive policies.

In stark contrast, Sweden stands out with its successful establishment and maintenance of technical role parity. This accomplishment not only underscores the nation's dedication to equal representation but also serves as an example for others to emulate. The varying trajectories within the Nordic region emphasize the intricate interplay between policy, cultural factors, and economic dynamics in shaping gender parity outcomes.

Beyond the Nordic region, disparities in income growth are evident in nations like New Zealand, Japan, and the United States. While these countries have witnessed an overall increase in income, the growth rate for men has consistently outpaced that for women. This widening earnings gap signifies a critical challenge, underscoring the imperative of balanced income expansion to achieve genuine gender parity. The failure to address this gap not only perpetuates economic inequities but also impedes the overall progress toward gender parity.

Even economic powerhouses like Germany and the United States encounter substantial gender parity challenges. In Germany, the regression in wage and earned income parity has contributed to a decline in Economic Participation and Opportunity parity. Similarly, in the United States, while improvements have been made in income parity, the alarming reduction in women's representation in senior positions demands immediate attention. These cases demonstrate that

economic prominence does not necessarily translate to gender parity, highlighting the need for targeted interventions to address the multifaceted aspects of inequality.

In the Asia-Pacific region, countries such as Indonesia and India have made marginal strides in earned income parity. Nevertheless, significant gender gaps persist, as reflected in the disproportionately low percentage of income earned by women. On the other hand, Japan and the Philippines stand out for their progress, yet the journey toward comprehensive gender parity remains ongoing. These diverse trajectories underscore the need for tailored strategies that consider the unique challenges and opportunities present within each nation.

Turning our focus to Africa and South America, countries like Ethiopia and Namibia display fluctuations in wage parity and earned income. In South American economies such as Nicaragua, the complex challenge of addressing wage gaps alongside inadequate representation in senior positions becomes evident. These regions highlight the intricate intersection of economic development, social norms, and policy efforts in shaping gender parity outcomes.

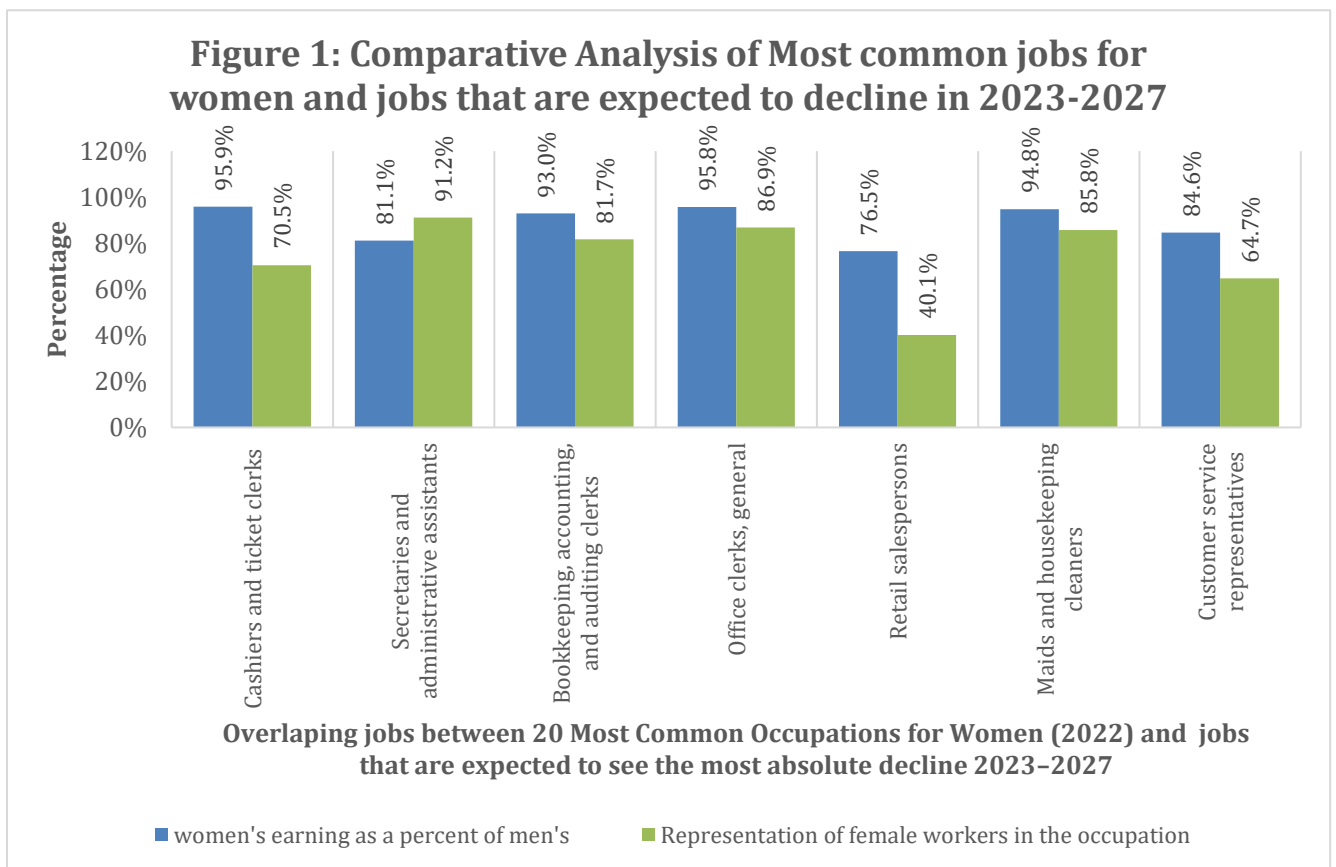
Remarkably, Pakistan emerges as a noteworthy case with considerable progress in wage parity. While these advancements deserve recognition, it is essential to acknowledge that parity levels in Pakistan remain comparatively low. This emphasizes the need for sustained and comprehensive efforts to bridge the remaining gaps and ensure that progress is not only achieved but also sustained over time.

b. Comparative Analysis of most common jobs for women and jobs that are expected to decline in 2023-2027

The World Economic Forum's recent report "Future of Jobs" predicts significant job reductions between 2023 and 2027. Roles like Data Entry Clerks, Administrative and Executive Secretaries, and Accounting, Bookkeeping, and Payroll Clerks are expected to suffer the most. These three roles comprise over half of the projected job losses. Around 69 million jobs will be created, while 83 million will be lost globally in the next five years. This uncertain estimate suggests a potential 14 million job contraction. Among the 14 roles facing decline, seven are common jobs for women

in the USA, assuming stable variables. This highlights possible gender-specific consequences in the country.¹¹

The Figure 1, below, presents an analysis of overlapping jobs between the 20 most common occupations for women in 2022 and jobs that are projected to experience the most significant absolute decline from 2023 to 2027. It includes data on women's earnings as a percentage of men's earnings, the gender wage gap, and the representation of female workers in each occupation. The comparison emphasizes the potential impact of job decline on certain roles that are already common for women.



¹¹ https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf

Source: The Future of Jobs Report 2023¹², Gender Wage Gap Fact Sheet¹³

From the comparison we learn that across the listed occupations, women's earnings as a percentage of men's earnings range from 76.5% to 95.9%. This indicates that women earn, on average, between 76.5% and 95.9% of what men earn in the same roles. The variation in earnings reflects the different levels of gender pay gap present in these occupations.

Similarly, the gender wage gap is provided for each occupation and ranges from 4.1% to 23.5%. A lower gap indicates a smaller difference between men's and women's earnings. Occupations with smaller wage gaps, like "Cashiers," "Office clerks, general," and "Maids and housekeeping cleaners," suggest a relatively better parity in pay between genders compared to occupations with larger gaps.

Likewise, representation of female workers in the listed occupations ranges from 40.1% to 91.2%. Occupations with higher female representation, such as "Secretaries and administrative assistants" and "Maids and housekeeping cleaners," often correspond with occupations that have lower earnings as a percentage of men's earnings. This could indicate a pattern of women being more prevalent in roles that traditionally pay less.

The comparison suggests that, while women are represented in various roles, there remains a gender wage gap in most of these occupations. The correlation between female representation and lower earnings underscores the need to address pay disparities and promote equal pay for equal work. While there isn't a direct linear relationship between Women's Earnings as a Percent of Men's and Representation of Female Workers, there are some patterns. Occupations with higher women's earnings percentages tend to have relatively higher female representation (e.g., "Bookkeeping" and "Cashiers"). Conversely, roles with lower women's earnings percentages often exhibit varying levels of female representation (e.g., "Retail salespersons").

¹² <https://www.weforum.org/reports/the-future-of-jobs-report-2023/digest>

¹³ <https://iwpr.org/wp-content/uploads/2023/03/Gender-Wage-Gaps-2023-003.pdf>

4. Best Practices

Equal Pay Legislation and Protections:

Enhancing equal pay legislation at the federal, state, and local levels, along with measures to promote pay transparency, can help bridge the wage gap. Many states and localities are already making progress with updating equal pay statutes. Unfortunately, the Trump administration halted an Obama-era rule, Pay Transparency Executive Order, that would have forced private employers in this country to reveal salary information to the Equal Employment Opportunity Commission(EEOC).¹⁴ These types of rules create accountability, and would have been a big step in reducing the gender pay gap.

Likewise, recently Australia enacted legislation that mandates businesses with over 100 staff members to disclose the gender pay difference, intending to compel action for equality. This Australian law promotes pay transparency between genders, a concept endorsed by the UK, Japan, and the European Union.¹⁵ Although revealing the gender pay gap heightens awareness and encourages change, more stringent regulations could expedite progress. Iceland serves as an example, having enforced a 2018 law demanding larger entities(organizations with more than 25 employees) to demonstrate equal remuneration for equivalent work among men and women. Non-compliant companies face non-certification and subsequent fines.

Job Quality and Benefits:

Improving the quality of jobs involves corporate initiatives aimed at addressing women's needs. These measures encompass various strategies, including childcare and parental leave, offering flexible work arrangements, ensuring parity in paid leave, providing skill development and training opportunities, establishing mentorship and sponsorship programs, extending health and wellness

¹⁴ <https://www.forbes.com/sites/kimelsesser/2018/04/10/unequal-pay-unconscious-bias-and-what-to-do-about-it/?sh=7ab8f46b600e>

¹⁵ https://economictimes.indiatimes.com/jobs/hr-policies-trends/why-is-a-womans-salary-less-than-a-mans-a-gaze-down-the-gap/articleshow/99182414.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

benefits, implementing equitable scheduling practices, and ensuring equitable treatment for part-time employees. This strategy ensures that women can access employment opportunities enriched with enhanced benefits and increased job security. To optimize the impact of these advantages, companies should tailor their provisions to meet the requirements of women and employees in lower-tier positions. This could involve provisions like nutritious and high-quality company-provided meals and comprehensive, user-friendly benefit packages. Although these benefits may not be immediately apparent in terms of direct monetary compensation, their meticulous design and execution can play a substantial role in addressing and mitigating the gender pay gap.

Building a Care Infrastructure:

Investing in a care infrastructure, including quality and affordable child care and elder care, is essential for women's full participation in the workforce. For instance, Women's Pioneering Housing in London has announced the launch of the UK's first "women's only" tower block project, addressing housing disparities rooted in the gender pay gap.¹⁶ Single women, due to this gap, often find it difficult to afford private rentals with average wages. This initiative recognizes the cumulative effect of the pay gap over a woman's lifetime, particularly affecting older women. The tower block is designed with specialized features to cater to women's needs, including those undergoing menopause. By offering tailored housing solutions, this project aims to alleviate the challenges women face due to the gender pay gap, fostering a more equitable living environment.

Unawareness of gender:

One effective solution to mitigate unconscious bias is implementing blind screening process, for instance it worked in orchestra auditions. When candidates are evaluated without revealing their gender, it can lead to more equitable outcomes, a woman's chances of making it through the final round of auditions increased by 33 percent.¹⁷ However, this approach might not be feasible for all

¹⁶ <https://www.theguardian.com/society/2023/apr/28/plans-approved-for-britains-first-womens-only-tower-block>

¹⁷ <https://www.forbes.com/sites/kimelsesser/2018/04/10/unequal-pay-unconscious-bias-and-what-to->

industries where personal interactions are essential during the selection process. Fortunately, there are other ways to keep unconscious bias in check.

Diversity, Equity, and Inclusion (DEI) programs:

DEI programs are crucial in minimizing the gender pay gap and related employment disparities faced by women. During the pandemic, women experienced more significant job losses than men, resulting in a decline in gender parity in the labor force, which currently stands at 62.9%, the lowest recorded level according to the World Economic Forum's Global Gender Gap Report, 2023. Globally, women are a primary focus for DEI programs across regions and industries. WEF has estimated between 2023- 2027 approximately 80% of the organizations will prioritize women in their DEI initiatives. This targeted approach acknowledges the urgent need to address the impact of recent disruptions on women's labor market participation. Moreover, DEI priorities vary by region. In Europe, such as the Netherlands, women are identified as the highest priority group for DEI programs. By centering DEI efforts around women, organizations aim to bridge the gender pay gap, create more inclusive work environments, and promote equitable opportunities for women across the global workforce.

Competency mapping:

By employing competency mapping, the organization identifies specific skills possessed by female employees that might be underutilized. Instead of hiring new employees for tasks that require these skills, the company could assign these responsibilities to the existing female employees. This not only empowers women with more meaningful roles but also presents an opportunity for wage increases commensurate with added responsibilities.

Moreover, as women often face challenges in accessing higher-paying positions, this approach could help bridge the gender-based wage gap by providing them with avenues to take on more

significant roles and earn higher wages. Additionally, enhancing job satisfaction through meaningful responsibilities could lead to increased job retention, contributing to long-term career growth and narrowing the wage gap over time. By optimizing existing talent and recognizing the untapped potential of female employees, the organization demonstrates a commitment to pay equity while efficiently utilizing resources and avoiding the costs associated with external recruitment and training.

Promoting Fair Employment:

A crucial aspect of fostering a just work environment is promoting fair employment practices. Ensuring equal opportunities for all employees regardless of their gender, background, or status is a fundamental goal for many organizations. This commitment to fairness extends beyond remuneration to encompass various facets of employment, including recruitment, promotion, and representation at all levels of the workforce. One noteworthy example of these efforts is reflected in Mondelez India's achievement, as reported by ET in 2020, where the company successfully eliminated the gender pay gap.

With a workforce exceeding 3,500 individuals, the company is resolutely working towards a balanced hiring process, aiming for an equivalent representation of candidates in entry-level talent campus programs. Moreover, the leadership team claims a 33% diversity rate, reflecting their commitment to inclusivity. The company's advanced manufacturing facility in Sri City, Andhra Pradesh, takes the endeavor further by maintaining an impressive 50% female workforce on the shop floor.

5. Conclusion

The persistent grip of wage disparity remains disheartening in an era of progress and innovation. Despite strides in recent decades, the gender pay gap endures. It has far-reaching effects beyond just paychecks, impacting societal structures and individuals in often unnoticed ways. The burden

of extra domestic and caregiving responsibilities placed on women exacerbates during extreme weather events, where women shoulder increased unpaid labor.

The correlation between wage parity and economic growth is intriguing. Equitable wages can lead to increased household income and consumer spending, contributing to a thriving economy. However, challenges persist for working mothers in rural areas, who remain breadwinners in many households. Globally, the gender pay gap is around 17%, with US women earning 82 cents for every dollar men earn. Progress in closing this gap has been sluggish, contrasting starkly with earlier decades. Current projections suggest it could take 257 years to bridge the global gender pay gap.

The dismantling of wage disparity demands a multifaceted approach. Initiatives like pay transparency and data collection hold employers accountable. To bridge the gap, a comprehensive understanding of factors is crucial. These factors include discrimination, occupational segregation, devaluation of work, and uneven occupational integration. Addressing them requires inclusive strategies such as equal pay legislation, job quality improvements, investing in care infrastructure, addressing unconscious biases, and promoting diversity, equity, and inclusion (DEI) programs. Furthermore, competency mapping and fair employment practices can effectively empower female employees and contribute to a more equitable future.