

Tackling Discriminatory Labour Practices, Labour Market Segmentation and Gender Pay Gaps

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Introduction

The global gender pay gap (GPG), estimated to be a staggering 16-22%¹², is a symptom of social and economic injustice in the workings of labour markets. One of its main drivers, segmented labour market or occupational segregation, is itself reflected in entrenched discriminatory social norms and practices that are rooted in economic and social institutions. In turn, it is through economic and social institutions that decision making, implementation of laws and policies and the exercise of power take place that influence the realization of women's economic rights, their economic autonomy and security, the terms and conditions of women's incorporation into labour markets, the types of jobs women and men take on, and the quality of those jobs in terms of decent work. Consequently, women workers tend to predominate in informal labour markets; they are more likely to take on part time employment; and usually earn less than men even when they perform work of equal value as men. Moreover, women globally do at least 3 times as much unpaid care and domestic work as men³.

This short paper examines the situations in which the factors cited above create and maintain gender pay gaps across the world while exploring trends that explain the key policy dimensions associated with its incidence. Although limited, the available data helps to explain that country income classification differences are important in the consideration of the corresponding solutions designed to address a high gender pay gap. Its conclusions and recommendations are particularly relevant to decision makers in public and corporate institutions.

Gender Discrimination and Segmentation in Labour Markets

The notion that economic progress may exacerbate inequalities is supported by the observed rise in income inequality in many economies, including those that have demonstrated impressive growth over the past two decades or so⁴. Consequently, as economic growth feeds on predominant paradigms of *unequal* income distribution, where income accumulates towards capital faster than towards labour *à la* Piketty⁵, certain groups of individuals are inevitably rendered poorer and powerless in the face of economic shocks. The 2018 World Inequality Report⁶ supports this observation, as Figure 1 below shows, by showing how the richest 1% of the world's population amassed 27% of total global income growth in contrast to the 12% that accrued to the world's poorest 50% between 1980 and 2016.

Figure 1: The Rise of the Global Top 1% versus the Stagnation of the Global Bottom 50%, 1980–2016

¹ International Labour Organisation. 2018. *Care Work and Care Jobs for the Future of Decent Work*, Geneva.

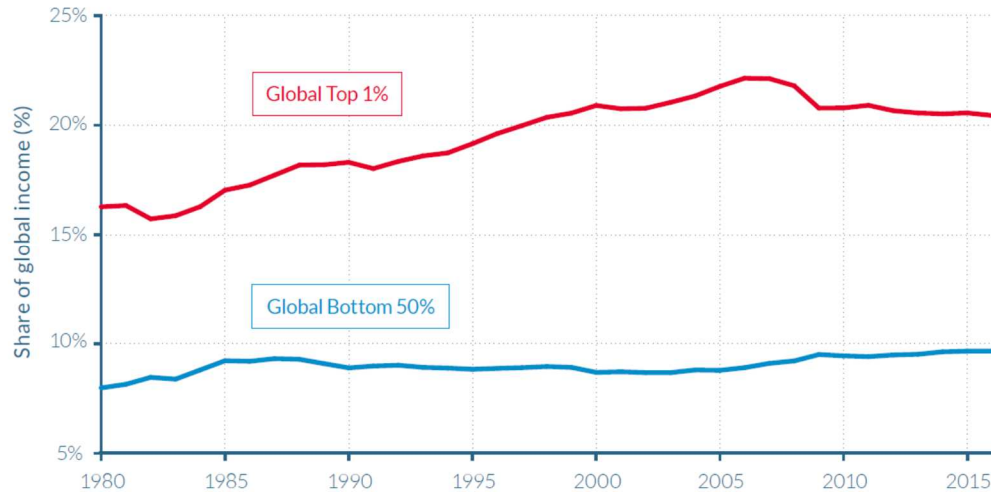
² Ibid.; using median monthly pays, the gap is 22%.

³ Ibid. Please add *Progress* 2015/2016

⁴ UN Women. 2019. *Gender Equality and Inclusive Growth: Economic Policies to Achieve Sustainable Development*, New York.

⁵ See Piketty, Thomas. 2013. *Capital in the Twenty-First Century*, Harvard University Press, Massachusetts.

⁶ World Inequality Lab. 2018. *World Inequality Report 2018*, Paris.



Source: 2018 World Inequality Report

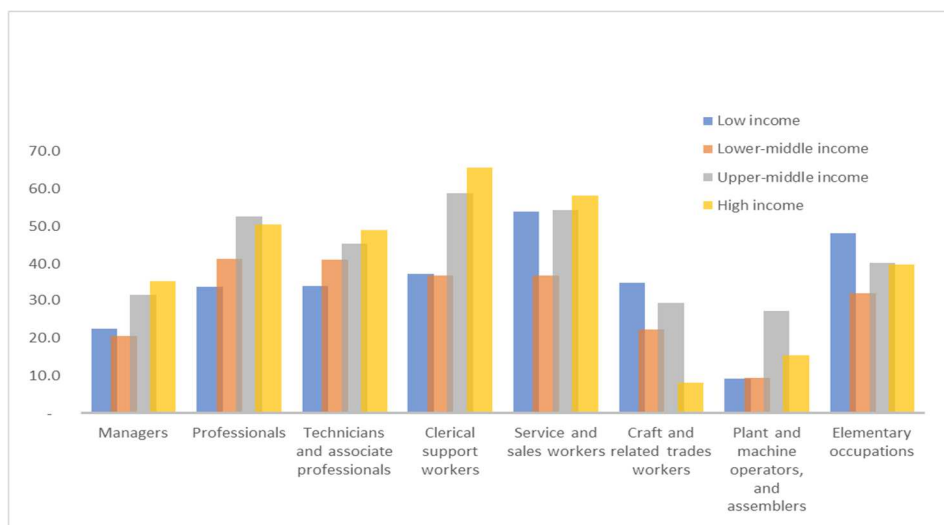
Women’s paid work is essential for economic growth and prosperity but women’s unpaid care and domestic work – social reproduction – allows economies to function and flourish. And because of their socially prescribed role in social reproduction, women become trapped in the important, yet unpaid forms of labour as resources concentrate in the hands of those with wealth and power. Prevailing gender norms and power dynamics between men and women, then, play an important role in further deteriorating women’s economic security and autonomy, and with it erode the gains achieved in advancing gender equality. The result, centered around these gender dynamics, is the stagnation of pays accruing to women in comparison with men. Women in the bottom 50% are more likely to be more disadvantaged when fewer resources must be shared in the lower income quintiles of society. In fact, Women aged 25-34 globally are 25 per cent more likely than men to live in extreme poverty.

Globally, although women’s labour force participation has improved with positive economic growth in many regions⁷, it has coincided with an increase in informal and unprotected forms of work⁸ while the absorption of women workers into economic sectors has been predicated on the established perceptions of gender norms around work and earnings outlined above, which determine the corresponding jobs that women occupy.

Figure 2: Share of women in total employment in select occupational groups, 2019

⁷ UN Women. 2019. Progress of the World’s Women 2019-2020. New York: UN Women

⁸ UNRISD. 2012. “Gendered Impacts of Globalization: Employment and Social Protection,” *UNRISD Research Paper 2012-3i*, United Nations: Geneva.



Source: UN Women calculations using occupation data from ILOSTAT, Nov. 2019

As Figure 2 shows, women continue to overwhelmingly participate in professions that are characterized by informality, care and social reproduction⁹, including, but not limited to clerical support, service and sales, with those in poorer countries exhibiting a high tendency to take up elementary occupations like agriculture. This is often in addition to the roles they play in the domestic sphere where they are responsible for social reproduction through unpaid care and domestic work.

In many poorer countries, however, tight labour market conditions may drive women into informal labour markets where they are primarily producing for subsistence, undertaking precarious work, and performing much of this work with little or no remuneration and occupational safety. Unfortunately, violence against women is known to take place in all forms of jobs, occupations and sectors of the economy and all countries¹⁰, and its increased awareness has brought about the adoption of two corresponding ILO Conventions¹¹. Additionally, although women are concentrated in the care industry, underpaid, overworked and difficult working conditions can result in poor quality care, which is detrimental to both the care workers themselves and care recipients¹².

The gender-based terms of women's insertion in labour markets shapes their socio-economic outcomes. Other characteristics also intersect with or exacerbate the incidence of discrimination and marginalization of women in the labour markets. For example, women's race/ethnicity, marital status, migration, location, religion, among others, constitute multiple and intersection forms of discrimination that can translate into unequal workplace policies and practices that conflict with international labour standards and commitments for decent work¹³. Ultimately, these discriminations culminate in the further fragmentation of the labour market where women usually earn less than men, even when they perform work of equal value, as evidenced by persistent gender pay gaps. And despite the dominance of women in care-oriented sectors, vertical

⁹ *Women in Development: Report of the Secretary General, A/72/282*, United Nations: New York

¹⁰ United Nations. 2019. *United Nations Secretary General Report on Women in Development*, United Nations: New York

¹¹ The Violence and Harassment Convention, 2019 (No. 190) and the Violence and Harassment Recommendation, 2019 (No. 106).

¹² Ibid. p. 28

¹³ These include, but are not limited to, the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW); various ILO Conventions; Transforming Our World: The Agenda 2030 for Sustainable Development.

segregation remains an important challenge as, in fact, women are proportionally under-represented in managerial and senior positions, which exacerbates the gender pay gaps¹⁴.

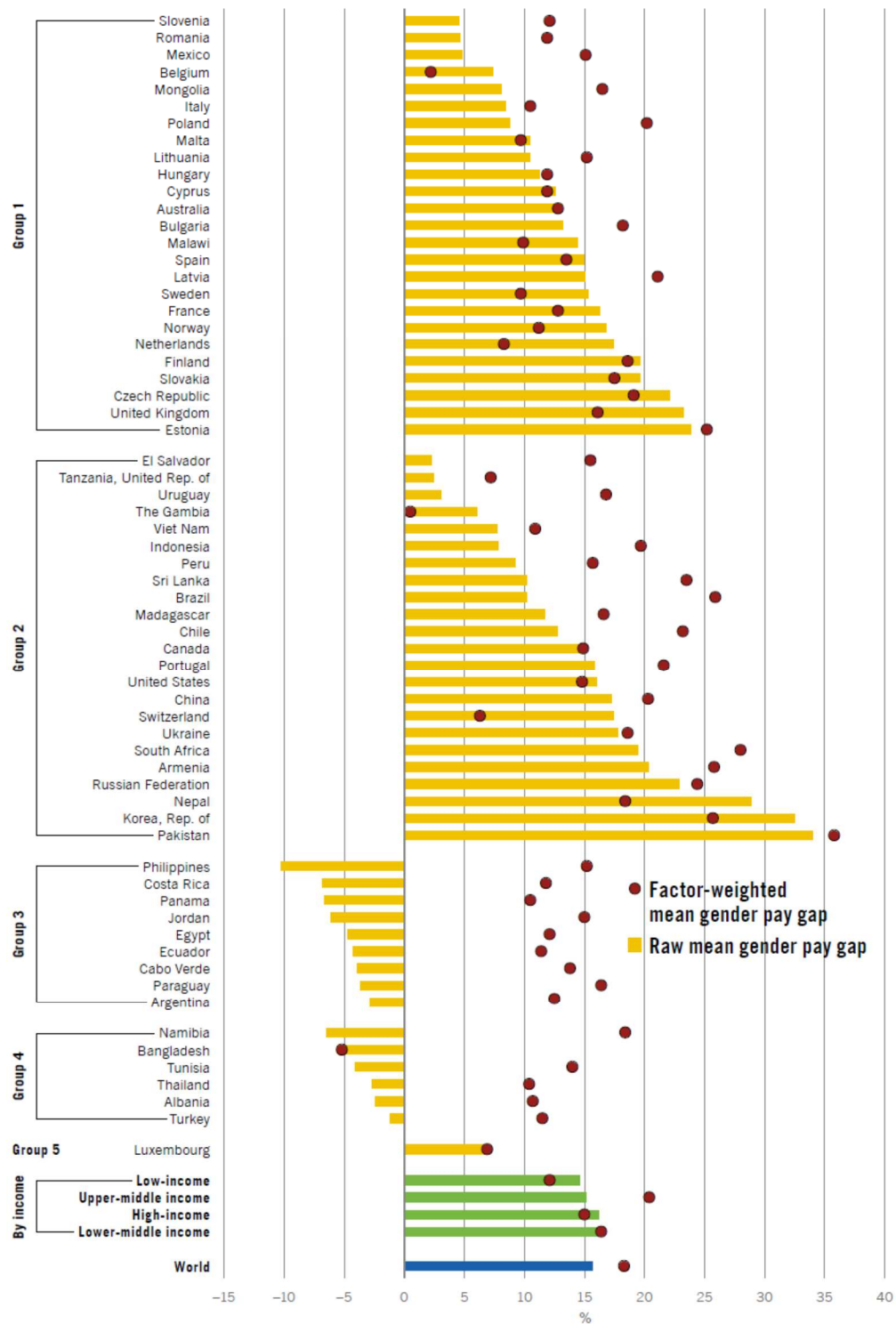
The Gender Pay Gap: Policy Considerations and Dimensions

The GPG, then, is symptomatic of the redistributive failures of economic growth and prevailing labour market discriminations that women workers face. This renders it one of the most challenging global development policy issues in the effort towards gender equality and women's economic empowerment. Although women's labour force participation has generally risen, this rise does not appear to correlate with the desired reduction in the GPG (later, we will see an example of how feminization of labour actually suppresses pay). As Figure 3 below shows, the GPG is a universal phenomenon, although country-specific differences show negative GPGs in Groups 3 and 4. When applying factor-weighted GPG, however, the gap remains positive for all countries, except in Bangladesh¹⁵.

Figure 3: Gender pay gaps and factor-weighted gender pay gaps using mean hourly pay, by country classification

¹⁴ Ibid. p.322

¹⁵ Women, on average, earn five per cent more than men in Bangladesh despite the ILO Global Pay Report 2018/19 reporting that many are employed as part-time workers.



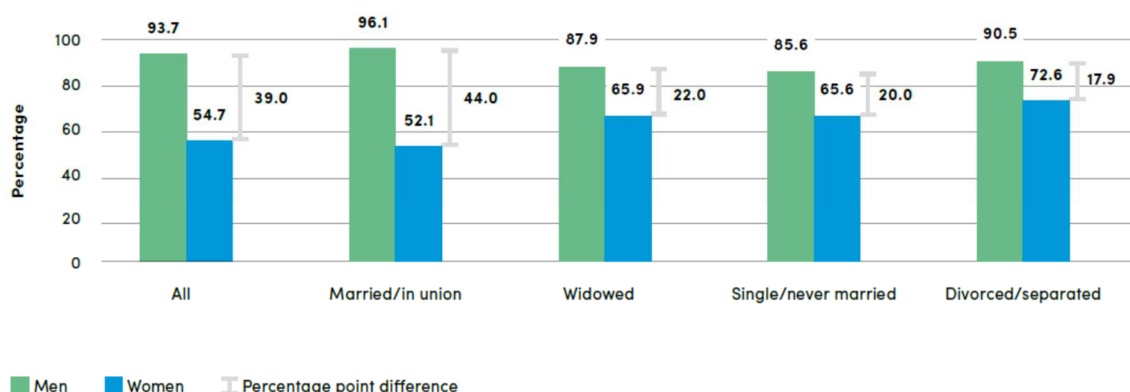
Source: ILO Global Pay Report 2018/19

There are several reasons why the gender pay gap is important for equitable social and economic development and the reason it receives the attention of global development actors and national

governments. The first is that the GPG represents structurally entrenched levels of gender inequality that are rooted in gender power dynamics between men and women and discriminatory gender norms and practices. They manifest in discriminatory corporate hiring and management policies and practices, which represent systemic undervaluation of the work of women in comparison with that of men. While true that these inequalities may not always result from workplace discriminatory practices, women’s household care and domestic responsibilities, and the demands such responsibilities impose on their time, can often times be a key factor in determining their capabilities to perform at full potential as professionals as well as entrepreneurs.

The second is that gender-responsive labour laws and/or policies may be neither existent nor adequately enforced. Changes in women’s lifecycle and social status (e.g., marriage) tend to dampen their labour force participation rates (LFPR) (Figure 4 below), causing them to forego participation in professional work and income. The figure below also explains how, as women’s and men’s marital status changes across its spectrum, men’s LFPR is always higher than women’s.

Figure 4: Labour Force Participation Rate among Individuals Aged 25–54, by Sex and Marital Status, Global, Latest Available Year



Source: UN Women calculation based on ILO 2018b

A demographic shift that has considerable impacts on women’s labour force participation and the gender pay gap is if or when they have children. This phenomenon, termed the ‘motherhood penalty’, lends itself to a significant reduction in employment rates for women and creates a pay gap not just between men and women but also among women with and those without children¹⁶. To mitigate the negative impacts of the motherhood penalty, some countries have made some considerable progress. Finland, for example, instituted the family leave policy reform in February 2020 that grants nearly seven months of paid leave to each parent, for a total of 14 months of paid leave, eliminating gender-based allowances that currently grant about four months of paid leave to mothers and about two months to fathers. In 2019, Sweden expanded its parental leave law and grants each parent 240 days of parental leave. In the global south, Chile extended maternal leave – with 100% wage replacement – to 6 months in 2011 whereas Uruguay extended both paternal leave (3 – 10 days) and maternity leave (12 – 14 weeks) in the same year¹⁷.

Without such deliberate political action that reduces and redistributes, care burdens within households and/or with the State – women cannot enter or are driven out of the labour market.

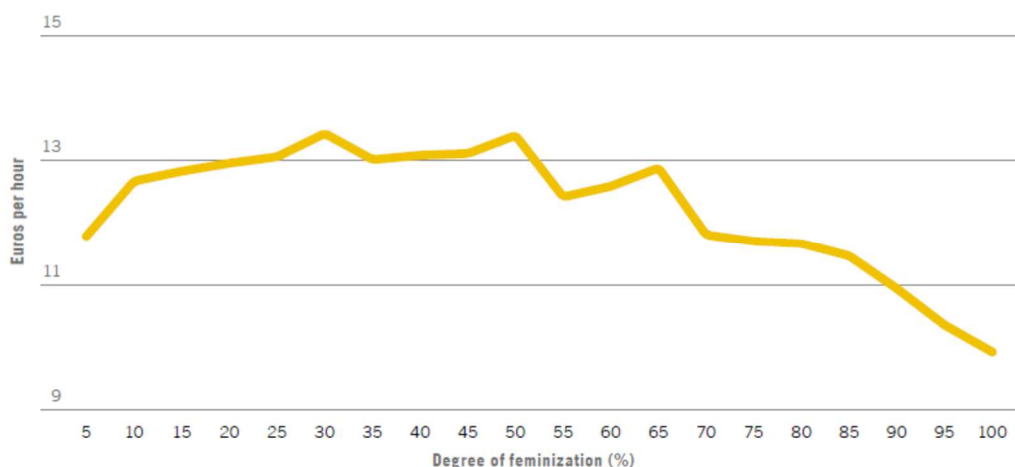
¹⁶ UN Women. 2019. *Progress of the World’s Women: Families in a Changing World*, New York.

¹⁷ Ibid. p.160

The third is that countries like Finland and Sweden demonstrate strong correlations between lower gender pay gaps and well-functioning social services, which support quality basic economic welfare and a decent standard of living for all people. For example, the provision of childcare infrastructure and services in Finland eliminates the barriers that divert women’s talents and potential away from the paid productive sector, enabling women’s participation at work and enhancing their economic agency through earning and spending potentials. However, as we will see below, this is unique to the very specific cases of these Nordic social democracies whose economies are rich, strongly anchored in sizeable social protection and child care services and driven by high-taxation fiscal regimes. And, although it works in some global south countries like Chile and Uruguay, informed caution must be taken when considering extrapolating these examples for application in other economic configurations (see Figure 6 further below).

The fourth reason lies in the observed national trends that suggest workplace discrimination can be a factor explaining the GPG. For example, Figure 5 below demonstrates how gendered perceptions suppress pays as women enter the labour force in Europe. This supports Hori (2009)¹⁸ who, by analyzing occupational segregation using survey data in Japan, finds that pays in a particular occupation decline with the increasing share of women into the specific job market.

Figure 5: Hourly pay by degree of feminization in Europe, 2014



Source: ILO Global Pay Report 2018/19

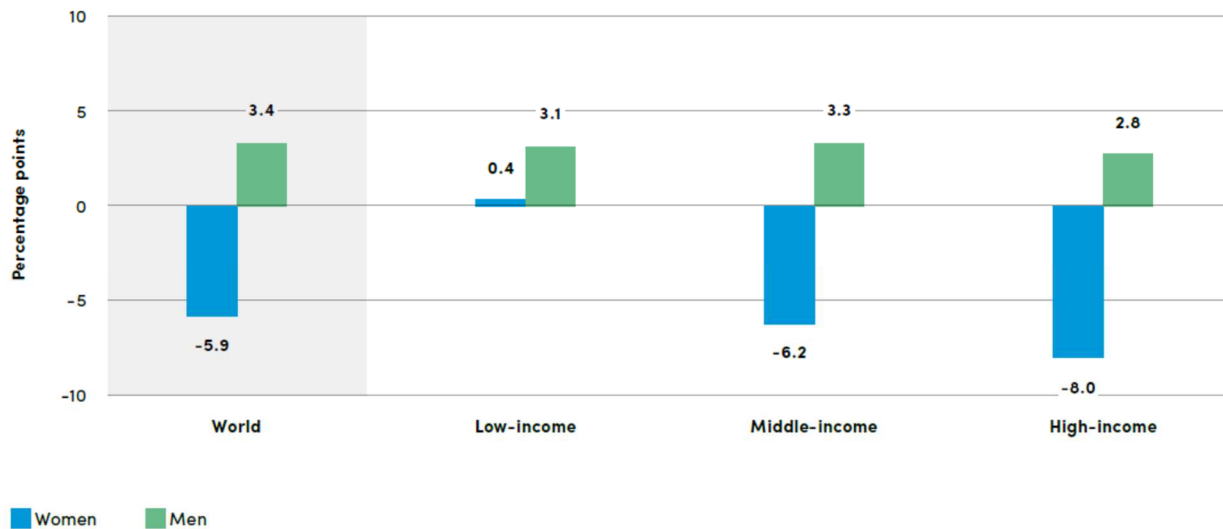
As this paper also argues, the fifth reason why the GPG is important is because the GPG expresses the lost potential of women to contribution to the growth of industries and economies. Despite the *u-shaped* correlation between LFPR and GDP growth, empirical analysis that controls for country effects is likely to be a valuable input into the formulation of policy in low- and high-income countries where the data supports a positive correlation. This implies that higher female LFPR bears potential for the production of wider welfare benefits for society as a whole. The unmet economic potential due to women’s non- or limited participation in formal, paid production activities implies that unregulated [free] market economies are incapable of collecting adequate revenues that support social services critical to human capital development such as the provision of quality healthcare, education, social care and social protection.

¹⁸ Hori, Haruhiko. 2009. “Labor Market Segmentation and the Gender Pay Gap,” *Japan Labor Review*, Vol. 4

Gender Pay Gaps across Country Income Classification

In this paper, it is worth pointing out that although the GPG remains high globally, evidence across countries in different income brackets shows that higher income countries are more likely to experience higher gender pay gaps than poorer countries. This is because, in richer countries, alternative sources of income, including universal social transfer systems, are relatively more available than in poorer countries that do not have strong social support systems. However, in high- and higher-income economies like Australia, Canada, Ireland, the United Kingdom and the United States, as well as Central and Eastern European countries, which have market-based solutions for the reconciliation of work and family, fewer women will have an income of their own¹⁹.

Figure 6: Impact of the Presence of Children under 6 Years of Age in the Household on Labour Force Participation, by Sex and Income Classification, Latest Available Year



Source: ILO 2018a

Figure 6 above shows that, in low-income economies, a woman is more likely to re-enter the labour market quicker after having a baby than her counterpart in higher-income economies due to the inadequate or lack of alternative sources of income to support their growing families. So, new mothers are more likely to seek employment or set up businesses in spite of the growing demands for unpaid care and domestic work at home. This either multiplies their work burdens or leads to the transferring of these burdens to other women at a lower-than-market price when they need to meet both their paid productive and unpaid reproductive work requirements are met.

This phenomenon raises an important consideration for global initiatives undertaken to close the gender pay gap. The income status paradox highlighted above means that the income status of a country must be seriously considered in national macroeconomic models designed to reduce or close the GPG.

Conclusions and Policy Recommendations

¹⁹ Ibid. UN Women p.117

Closing the gender pay gap is critical to the realization of gender equality and women's empowerment. The policy tools at the disposal of governments and policy advocates must, as this paper has attempted to highlight, address the underlying social and economic structures designed to sustain economic growth. Macroeconomic, microeconomic and development policies need to regulate the redistributive behavior of [free] markets so that the mechanisms through which the transfer of income takes place, i.e., labour markets and enterprise, overcomes gender discrimination.

This paper identifies a few policy proposals that are recommended for countries in order to address the gender pay gap. More specifically, it proposes policy solutions believed to have far-reaching implications for women's economic justice as an important channel through which gender equality and women's empowerment can be realized. In order to be successful, these policy recommendations must be designed to systematically tackle workplace discriminations that favour men over women but also the macroeconomic and social factors that form gender-based segmentations of labour markets.

More specifically, actors at the global and national levels are encouraged to:

1. Eliminate occupational segregation by addressing structural barriers, gender stereotypes and negative social norms, promoting women's equal access to and participation in labour markets and in education and training, supporting women so as to diversify their educational and occupational choices in emerging fields and growing economic sectors, such as science, technology, engineering and mathematics and information and communications technology, recognizing the value of sectors that have large numbers of women workers²⁰;
2. Implement the principle of equal pay for work of equal value and extend equal pay legislation to allow for comparisons across organisations. This must be buttressed with extending employer responsibilities to undertake compulsory gender pay audits and develop action plans to eradicate unfair pay practices, with involvement from trade unions^{21,22} ;
3. Integrate systems that provide a continuum of care for preschool children and are sensitive to the needs of both children and working parents. This can be met by ensuring adequate public investments in infrastructure and service operation that are paramount for rights-based universal access²³;
4. Support care, as a 'public good', with cash, time and public services. Social transfers and paid leaves enable parents to take time off work for children's care. Greater public investment is needed in early childhood education and care services; long-term care services for older persons and those with disabilities; and basic infrastructure to support care work²⁴;
5. Invest in universal social protection and affordable care services, and sharing of unpaid responsibilities between women and men, to reduce the 'motherhood penalties' that women often experience. In order for policies to effectively reach all families, and the individuals within them, the diversity of living arrangements must be fully recognized²⁵;
6. Create and/or adopt locally designed policy interventions that are anchored in the specific behavior of local economies in which gender-based segmentations of labour markets take place. This ensures that, while countries adhere to international labour standards and commitments in closing the gender pay

²⁰ Agreed Conclusions of the sixty-first session of the Commission on the Status of Women, 2017; <https://www.unwomen.org/-/media/headquarters/attachments/sections/csw/61/csw-conclusions-61-web.pdf?la=en&vs=5452>

²¹ Rubery, J. 2016. Tackling the Gender Wage Gap. Policy Brief No.6, UN Women, New York.:

<https://www.unwomen.org/en/digital-library/publications/2016/3/the-persistence-of-the-gender-wage-gap>

²² *Women in Development: Report of the Secretary General*, A/74/279, United Nations: New York

²³ UN Women Policy Brief No. 2: <https://www.unwomen.org/en/digital-library/publications/2015/12/gender-equality-child-development-job-creation>

²⁴ Ibid.

²⁵ UN Women. 2019. *Progress of the World's Women 2018 – 2020; Families in a Changing World*, New York.

gap, policies and programmes respond to the specific dynamics at the root of income distribution systems at the national level.