

PAY EQUALITY

Prepared for: Commission on the Status of Women, ConnectMUN 2011
Director: Fatima Hewaidi
Chair: Sonam Rai, Michelle Ko, Chaeri Lee
Crisis Director: Sophie Yan

HISTORY

Women from all across the globe have been striving and lobbying for their rights for numerous decades. While, in a legal sense, many have successfully gained rights that allow them to be equal (through anti-discrimination legislation, mainly in the developed world) to men, there still continues to be certain informal areas where there is a significant equality gap between women and men. The gap in work payments is one of the main sources of inequality that women continue to face today.

According to the 2008 report by the International Trade Union Confederation (ITUC), women, whether they reside in New York or Shanghai, receive paychecks that hold, on average, sixteen percent less pay than their male co-workers¹. This official figure had been derived by applying a standard method in sixty-three countries (including thirty European countries and thirty-three others) throughout the world. Trade unions in a number of regions around the world, however, report the real gap to be even larger. It is important to also note that these figures do not represent the hundreds of millions of women, working in informal and unprotected fields, who originate from numerous developing countries that do not have the means to maintain national records on the world of work². The general trend shows that Europe, Oceania, and Latin America perform better, in terms of reducing the pay gap, when compared with Asia and Africa, where there is low economic participation from females as well as large informal economies (making important data difficult to capture)³.

The origins of the gender pay gap are to be found beyond any legal framework. It is evident that, despite existing legislation in many countries that theoretically grants women similar employment rights to men, this sort of inequality protrudes from other sources. They include--but are not limited to-- segregation in sectors, work patterns, access to education and training, biased evaluation systems, and stereotypes⁴. In other words, women and men are “legally equal, but they are

not economically equal”⁵. In order to learn of the determinants of these significant gaps in equality, then, it is important to explore into social and economic aspects that are not necessarily bound in some kind of legal and broadcasted framework. This search will inevitably be tied to questions regarding (a) why more women than men are only able to find part-time employment, and (b) why they, on a general global level, work predominantly in sectors where wages are the lowest⁶.

It is evident that there is a tie between gender employment disparities and gender wage disparities. According the “Employment Outlook” report by the Organization for Economic Co-operation and Development (OECD) in 2008, the gender wage gap appears to be somewhat negatively related to the gender employment gap⁷. In simpler terms, as the wage gap increases, the employment gap decreases. This implies that while the increasing employment rate amongst women is considered a good improvement, it does not essentially mean that their wages are increasing as well relative to men’s. There have been numerous studies that made a purpose of finding the reasons behind those wage gaps. This allows assessments of how much the gap is explained by observed gender differences, which can be highlighted in terms of individual productive characteristics, unobserved characteristics, and asymmetries in labour demand. Interestingly enough, the OECD has found that educational attainment and labour market experiences explain only a small or negligible portion of the gender wage gap⁸. On the other hand, the labour market structure system by occupation, contract type, as well as firms and industries explain a larger share. Still, however, it remains true that a very significant share of the wage gap’s existence is attributed not to personal characteristics of female employees, or even the structure of industries, but it is the result of ineffective policy making and lack of protective platforms and institutions.

PAST ACTION

Article twenty-three of the Universal Declaration of Human Rights asserts that:

- (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- (2) Everyone, without any discrimination, has the right to equal pay for equal work.
- (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests⁹

While this right is widely understood and recognized in various places around the world, studies show that it is not being properly adhered to, especially in the matter concerning equal pay between men and women in the work place.

A charter system, such as the Universal Declaration of Human rights, can be useful in listing out in detail the right to which one is entitled. However, in many cases, such methods are not effectively carried out in the real world. In a recent study conducted on gender equality in the European workplace, results have shown that, in general, non-legislative gender equality initiatives have appeared to be more successful in reaching the desired goal¹⁰. This is due to the fact that incentive systems, which are easier to enforce politically rather than punishment systems, have gained more popularity and motivation from leaders and individuals in a particular firm or work place¹¹. Once implemented correctly, incentive-rousing initiatives can motivate companies to undergo a process that would fundamentally change the organizational structure of an enterprise into one promoting gender equality. This happens because they represent the opportunity for enterprises to assess and improve their practices. The highlighting of positive practices, therefore, illustrates practicable solutions that have been tested and approved in the enterprises' business. The following non-legislative initiatives have been displayed in different European enterprises throughout the past few years in different European enterprises¹²

A) With clear requirements and external sources of evaluation, labels initiate sustainable organizational change and continuous improvement of the enterprise's gender-equality policy.

B) Recognition Systems can grant an enterprise the positive media attention it constantly strives for. Improving payment equality amongst the genders is, therefore, an important way of allowing that to happen,

C) Rankings are ideally based on "hard facts" and qualitative data, thus granting an air of neutrality and leading to a pressure system that drives companies to avoid committing actions that would taint their reputation.

D) A compendium of good practice is a descriptive way of showing possible ways of promoting gender equality at the work place.

It is clear that an incentive-based system, one that causes companies to want to catalyze their own change, is the system that needs to be referred to when searching for the solution to the wage gap between men and women. While the aforementioned measures have been lucrative in a number of companies and work sites, implementing them can be quite costly, therefore limiting their ability to reach out to a larger number of participants. This is where the government can play a role by supplying certain funds that would generate successful results in achieving those goals. It is difficult, however, to attempt such measures when examining how numerous developing countries have large numbers of employees performing informal work- making national records nearly impossible to obtain and, consequently, evaluation systems difficult to implement.

POSITIONS

It has turned quite clear that the causes of the wide pay gap between genders is a very complex issue to tackle due to its indirect sense of harm infliction. It is a result of indirect discrimination, greater difficulties for women in balancing work and private life, segregation of the labour market, and stereotypes that influence the evaluation of education and occupation undertaken by men and women¹³. The following regional analysis conducted by the International Trade Union Confederation (ITUC) shows just how deeply these difficulties affect different areas throughout the world, and what kind of position these areas are placed in¹⁴:

AFRICA:

As mentioned earlier, there are large informal economies across Africa, rendering much of women's work as insufficiently--if at all-- recorded. For this reason there is very little official pay data by gender within reach by African nations. Research conducted in Botswana between 1998 and 2005 conveyed a widening gender pay gap, with the current gap being at 23.2 percent. In Egypt, the ever-widening pay gap reached its peak in 2000 revealing a pay gap of 26 percent. After this peak, however, the gap has fallen to 12.4 percent in 2005. The figures revealed from these two countries can generate a helpful comparison that allows the prediction of pay gaps in other nations in Africa.

ASIA:

In Asia, the data shows a significantly wider gap between men's and women's earnings than world average. This is very evident especially in countries where there are transitional economies, like Armenia and Kazakhstan. In countries like Japan and the Republic of Korea, where there is a history of women being under

represented in the formal labour market, there is also a much wider pay gap. In 2005, the average gender pay gap in Asia was 17.6 percent. Compared with rest of Asia, the data for Mongolia, Hong Kong and Sri Lanka shows a relatively smaller gap. The data shows a wide gender pay gap (forty percent) in Bahrain. This is explained in part by the low participation of women in the workforce, but those women that do work are more likely to be highly educated, highly skilled and in higher paid jobs. Overall, the gender pay gap in South and East Asia is slowly narrowing.

NORTH AND SOUTH AMERICA:

According to the Canadian Labour Congress, women earn 72.5 cents per each dollar earned by a man, representing a gender pay gap of 27.5 per cent. For the USA, 2007 data from the US Census Bureau points out that women are paid 77.6 per cent of men's hourly earnings which indicates an average gender pay gap of 23 per cent. Figures by state vary but there is typically a gap of between 20 and 25 per cent in men's and women's earnings. The data for Latin American countries shows a mixed picture with wider gaps between men and women recorded in Paraguay, Colombia and El Salvador compared to Costa Rica, Mexico and Panama. The positive gender pay gap calculated for Costa Rica is partly explained by a large informal economy where earnings for women have not been captured in the official statistics

EUROPE:

The average gender pay gap in 2006 for the 30 European countries featured in this report is 14.5 per cent. The data for Europe is directly comparable since all the figures are based on gross average hourly earnings. Generally the data shows a reduction in the gender pay gap over the last 10 years. The most notable decreases have been recorded in Ireland, Hungary and Romania. The fall in Ireland is explained in part by rising female participation in the economy, falling unemployment and an increase in total employment. The low gender pay gap for Hungary is due to the nature of their official statistics, namely that they contain a public-sector bias and they exclude small businesses employing up to 6 persons, where the gender pay gap tends to be wider.

The least change was recorded for the Nordic states, with the gender pay gap either remaining the same or increasing slightly over the period. Western Europe has also fallen less when compared to the other European nations. The strong increase in the pay gap for Spain in 2002 is explained by a change in data collection methodology in that year. We therefore can not interpret the increase shown in the time series as a 'real' change in the wage gap.

Transitional economies in Central and Eastern Europe, including the Baltic States, have seen a decline in economic participation for both men and women

since the 1990s and also have a declining trend in the gap between men's and women's earnings. The time series graph shows a fall in the gender pay gap across Eastern Europe over the 10 year period to 2006, with the exception of Poland where the gap had widened slightly since 2005. This is explained by a large number of male workers migrating to the UK and Ireland. This reduces the number of lower-paid male workers, typically employed in construction and plumbing work, in the Polish labour market, which in turn has a statistical effect on the gender pay gap.

OCEANIA:

The gender pay gap in New Zealand has been steadily declining, falling from 18 per cent in 1996 to 12.8 per cent in 2005. There is also a fairly good proportion of females employed in the economy. The data collected by the ILO for Australia is collected on a bi-annual basis, however the trend suggests that the gender pay gap has widened. This is explained by a change in policy. The data featured in the time series graph charts the gender pay gap in Australia until 2004. More recent data from the Employee Earnings and Hours Survey (Australian Bureau of Statistics) shows that between 2004 and 2006 the gap has widened, rising from women earning 87 cents for each AUD\$1 earned by men to 84 cents in 2006. This represents a widening of the gender pay gap from 13 to 16 per cent. A possible explanation of this is the introduction of 'WorkChoices', the previous Government's workplace relations system, which restricted trade union rights and reduced the number of employees covered under collective agreements. This had more of an impact on disadvantaged workers, which include lower paid and part-time workers, who are more likely to be women.

QUESTIONS TO CONSIDER

- 1) What actions can be taken by the CSW to effectively lobby for changes that grant pay equality between men and women in the work force?
- 2) What is your country's situation with regards to the issue at hand? What attempts have been made to solve the problem?
- 3) What can be done to overcome the obstacles that arise when dealing with the complexity regarding discrimination at the work place?
- 4) Which groups and institutions have the ability to play a large part in insinuating change?
- 5) What steps should the CSW take to construct a detailed plan that can combat the different sources of inequality that cause the gap in wages?
- 6) What are the criteria for "equality?"

Physical effort needed for job? "Experience," education (grades, etc), tenure,

physical skills, emotional capacity, appearances (aesthetics). To what extent do two applicants need to be identical for employees to take employers to court?

HELPFUL SOURCES

- 1) Reports on Equality Between Men and Women. European Commission. http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7
- 2) “The Price of Prejudice: Labour Market Discrimination on the Grounds of Gender and Ethnicity”. OECD 2008. <http://www.oecd.org/dataoecd/36/17/43244511.pdf>
- 3) “The Global Gender Pay Gap”. ITUC Report 2008. <http://www.ituc-csi.org/IMG/pdf/gap-1.pdf>

SOURCES CITED

- ¹ <http://www.ituc-csi.org/IMG/pdf/gap-1.pdf> (pg 7)
- ² <http://www.ituc-csi.org/IMG/pdf/gap-1.pdf> (pg 7)
- ³ <http://www.ituc-csi.org/IMG/pdf/gap-1.pdf> (pg 12)
- ⁴ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“The Gender Pay Gap: Origins and Policy Responses”. pg 5)
- ⁵ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“The Gender Pay Gap: Origins and Policy Responses”. pg 5)
- ⁶ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“The Gender Pay Gap: Origins and Policy Responses”. pg 5)
- ⁷ <http://www.oecd.org/dataoecd/36/17/43244511.pdf> (pg 145)
- ⁸ <http://www.oecd.org/dataoecd/36/17/43244511.pdf> (pg 145)
- ⁹ [http://webcache.googleusercontent.com/search?q=cache:YVxxmfD9WBIJ:www.un.org/en/documents/udhr/+Determinants+of+pay+equality+\(UN\)&cd=1&hl=en&ct=clnk&gl=ca](http://webcache.googleusercontent.com/search?q=cache:YVxxmfD9WBIJ:www.un.org/en/documents/udhr/+Determinants+of+pay+equality+(UN)&cd=1&hl=en&ct=clnk&gl=ca)
- ¹⁰ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“Study on Non-legislative Initiatives for Companies to Promote Gender Equality at the Work Place”. pg 13)
- ¹¹ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“Study on Non-legislative Initiatives for Companies to Promote Gender Equality at the Work Place” pg 13)
- ¹² http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“Study on Non-legislative Initiatives for Companies to Promote Gender Equality at the Work Place”. pg 13)
- ¹³ http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7 (“The Gender Pay Gap in Europe from a Legal Perspective”. pg 5)

¹⁴ <http://www.ituc-csi.org/IMG/pdf/gap-1.pdf> (pg 12-15)

