



ITUC Economic and Social Policy Brief: The Gender Wage Gap



ITUC CSI IGB International Trade Union Confederation

The Gender Wage Gap

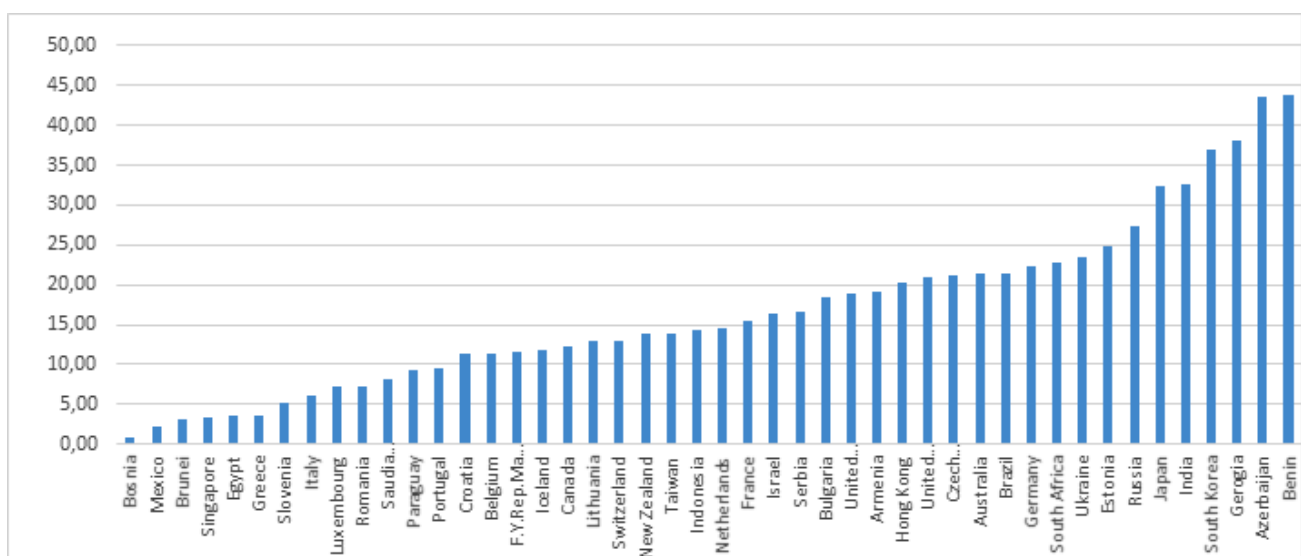
The issue...

Across the globe, women earn on average substantially less than men. The gender wage gap stands on average at 23 per cent – meaning that women earn 77 cents on every dollar earned by men for each hour worked¹. In some countries, the wage gap is substantially higher. For instance, in Japan and South Korea, women earn on average more than 30 per cent less than men for the same amount of time worked, and in Azerbaijan and Benin, the gender wage gap is greater than 40 per cent! For women of colour, disabled women, indigenous women and migrant women the pay gaps are even higher.

Women's lower pay – combined with their greater concentration in part-time, informal and precarious work as well as career breaks or job loss due to their disproportional share in taking up unpaid care work – leads to women's higher risk of poverty. It also contributes to their lower social security contributions, and in turn inadequate or even inexistent social security entitlements, leaving them especially vulnerable in old age. In the EU alone, women's pensions tend to be 37 per cent less than men's.

Despite advancements of women in the labour market across many countries, gender differences in pay are persistent, having barely changed on the aggregate level over the last 15 years². Within Latin America and the Caribbean, the pay gap has shrunk by 12 percent since 1990, however women still earn a quarter less than men in this region.³ Worldwide estimates show that at current trends, gender differences in pay will not close until 2069⁴. This rate of change is unacceptable, and there is therefore a need for accelerated action to close the gender wage gap.

Chart: Gender gap in hourly wages in selected countries



1 UN (2017) The State of World Population 2017

2 OECD (2017) The Pursuit of Gender Equality: An uphill battle

3 World Economic Forum (2016) [Closing the gender pay gap in Latin America – why is progress so slow?](#) Based on ECLAC figures

4 UN (2017) The State of World Population 2017

The drivers...

The gender wage gap is a product of numerous and interconnected factors. It is due, in part, to the fact that **women tend to be overrepresented in sectors and jobs that pay less**. Within OECD countries, women are disproportionately represented in service sector jobs (84%) particularly in areas such as health, retail and social work. Men, on the other hand, are far more represented than women within higher-paying jobs in the construction and manufacturing industries. Such sectoral segregation has numerous causes, including gender stereotypes in education and in the labour market, as well as imbalances in caring and household responsibilities between women and men that may lead women to seek occupational niches where hours are shorter or more flexible⁵. **Overall, women's work is valued less; professions that are traditionally 'feminised, generally receive a lower salary than so-called 'male jobs'.**

In addition to occupational segregation between sectors, women also tend to hold lower-level positions within enterprises. They are dramatically **underrepresented in managerial positions** – holding only 25 per cent of senior leadership positions⁶. Moreover, global estimates reveal that 34 per cent of businesses do not have any female senior managers⁷. Women also tend to be more likely to work in jobs below their skill level. The possibility of being over-qualified for jobs among university graduates is higher for women than men in many countries⁸.

Furthermore, all over the world women still assume the main **responsibility for care tasks** within households. Studies show that, worldwide, women undertake 75% of all unpaid care work and spend 2.5 times more time on these care tasks than men do.⁹ **The gender wage gap has accordingly been shown to be particularly acute for parents.**¹⁰ Several studies have documented the so-called motherhood penalty – whereby mothers tend to earn less than non-mothers – as well as the 'fatherhood bonus', whereby men tend to earn more¹¹. This phenomenon is due in part to the fact that women are more likely to interrupt their careers to take care of children and old or sick relatives, leading to absences from the labour market, and are also more likely to return to work part-time than men. These gendered differences in the division of family responsibilities can in turn affect women's career progression, their opportunities to access paid work and full employment, and their pay prospects – in addition to contributing to occupational segregation, as mentioned earlier.

5 European Commission (2009) Gender segregation in the labour market: Root causes, implications and policy responses in the EU

6 Grant Thornton (2017) Women in Business

7 Ibid

8 For instance Spain, UK, Italy, Belgium, France Germany and the Netherlands, see Conde Ruiz and Marra de Artiñano (2016) Gender Gaps in the Spanish Labour Market

9 McKinsey Global Institute (2015) [The Power of Parity: How Advancing Women's Equality can add \\$12 Trillion to Global Growth](#), ILO (2016) [Non-Standard Employment Around the World: Understanding challenges, shaping prospects](#)

10 For a more detailed discussion, see ILO (2015) [The motherhood pay gap: A review of the issues, theory and international evidence](#)

11 Mandel and Shalev (2009) How Welfare States Shape the Gender Pay Gap: A Theoretical and Comparative Analysis

12 Australian Diversity Council (2017) The Economics of the Gender Pay Gap

13 European Commission (2016) [Intersectional discrimination in EU gender equality and non-discrimination law](#)

14 See for instance UK Equality and Human Rights Commission: Why equal pay matters

15 UN Women (2015) [Progress of the World's Women 2015-16: Transforming Economies, Realizing Rights](#)

16 ILO (2016) [Closing the gender pay gap: A review of the issues, policy mechanisms and international evidence](#)

17 European Commission Recommendation on strengthening the principle of equal pay between men and women through transparency (2014/124/EU)

18 European Commission (2017) [Report on the implementation of the pay transparency recommendation](#)

Finally, **Gender discrimination**, both direct (i.e., explicitly paying an employee less because of gender) as well as indirect (i.e., unconscious bias), remains a pervasive problem and major contributor to the gender wage gap. It continues to be the largest factor behind the gender pay gap in many countries – accounting, for instance, for around 38% of pay differentials in Australia¹². Intersectional discrimination further exacerbates the pay gap for women who are members of disadvantaged groups, such as ethnic minority women, women with a disability, older women and black women.¹³

Policy measures....

There are a number of policies that have been shown to have a positive effect in reducing the gender wage gap – especially when effectively combined.

First and foremost, establishing and enforcing **equal pay and anti-discrimination legislation** has been recognized as essential in order to establish a legal framework for ensuring equal pay for work of equal value as well as to provide legal recourse to victims of pay discrimination¹⁴. According to a UN report, 59 countries had passed laws stipulating equal pay for work of equal value by 2014¹⁵. Moreover, there are international labour standards in the area of equal pay and non-discrimination (see below). Still, the ILO Committee of Experts has acknowledged that while many countries have ratified ILO Convention 100 on equal remuneration for work of equal value, a smaller number of countries have actually passed implementing laws or have applied the principle of 'equal pay for work of equal value' in law and in practice.¹⁶

Some governments have also implemented in recent years measures to enhance **pay transparency**, which make it easier for workers to identify gender disparities in pay as well as make it easier for the government to identify where violations of equal pay legislation exist (some recent country case examples are highlighted below). In 2014 the European Commission issued a Recommendation on Pay Transparency Measures which urged EU Member States to put in place measures to allow employees to request information on pay levels that are broken down by gender and undertake pay audits of companies.¹⁷ Only 11 of the 28 EU Member States have such legislation in place¹⁸.

Measures to **tackle gender segregation in occupations** are also important. In this respect, education policy can

play a role in removing the gender bias in curricula and raising awareness of the likely consequences of male and female choices of fields of study in their careers and earnings¹⁹. Deliberate policies to recruit and retrain women in under-represented fields such as STEM can also be helpful, as well as policies that encourage men to move into female dominated occupations. Social partners have an important role to play in this respect. For example, the UK Communication Workers Union (CWU) was involved in a joint initiative with British Telecom to target and recruit more female engineers²⁰.

Policies to address **women's underrepresentation in management positions** can also have significant effects. Some governments have introduced **gender quotas** in this respect – including Norway, France and Belgium²¹. Rwanda has also introduced a 30% quota for women in public decision-making bodies, which has contributed to it having the highest levels of women in leadership in the world (see country-case example below). Moreover, setting **gender-neutral job evaluation and classification systems** can also help to address indirect discrimination in the promotion and pay of women²².

Family-friendly policies can help to reduce gender disparities in employment and in turn earnings. They can reduce gaps in women's careers due to care and prevent them from being forced to leave the labour market altogether. Improving access to affordable childcare services and care services for elderly/dependent relatives has been shown to be essential tools in boosting women's participation in the labour market after having children²³. Promoting a more gender-balanced use of family leave has also been shown to promote women's faster return to the labour market after having children, reduce employers' discrimination among women of childbearing age, and supports women's improved career prospects and higher pay²⁴. It also helps challenge social norms around women's reproductive roles, as men are encouraged to share caring responsibilities.

Living minimum wages can also help to reduce pay disparities between women and men – particularly for low-income workers²⁵. As women tend to be overly represented in low-wage work compared to men, increasing the minimum wage can help to push up their wages relative to men's. Raising the minimum wage is also, more generally, an effective tool in reducing in-work poverty and ensuring decent livelihoods for all workers –women and men.²⁶ Adequate universal social protection systems in line with ILO Convention 102 and Recommendation 202 are also essential in this regard.

Finally, ensuring that workers have freedom of association, **the right to organize and bargain collectively**, as well as the ability to collectively raise grievances have all been shown to reduce the gender wage gap. By setting clear pay standards, collective bargaining agreements (CBAs) reduce the amount of discretion employers have to pay workers. In the United States, the wage gap between men and women is 11 per cent for unionised women, compared to 22 per cent on average²⁷. In the United Kingdom, the wages of women union members are on average 30 per cent higher than those of non-unionised women²⁸. Evidence also shows that labour markets with coordinated and centralised bargaining structures have by and large delivered more egalitarian wage structures which favour more gender equality²⁹. That being said, many governments have taken measures to weaken trade unions³⁰ and reduce collective bargaining coverage in recent years³¹, which is having devastating impacts to workers' rights and is contributing to increased wage inequality³².

19 See OECD (2012) Closing the Gender Gap

20 Close the Gap (2013) [Shifting the balance? Exploring the trade union responses to tackling gendered occupational segregation](#)

21 European Commission (2016) [Gender balance on corporate boards: Europe is cracking the glass ceiling](#)

22 See UK Equality and Human Rights Commission (2014) [Gender-Neutral Job Evaluation Schemes: An Introductory Guide](#)

23 See for instance ITUC reports on [investing in the care economy](#)

24 See for instance OECD (2017) [Paid Parental Leave, where are the fathers?](#)

25 ILO Global Wage Report 2016/2017; Rubery and Grimshaw (2011) Gender and the minimum wage in regulating for decent work

26 See L20 policy brief (2018) [The case for wage-led growth](#)

27 Institute for Women's Policy Research (2016) [The Union Advantage for Women](#)

28 UK Government Statistics (2014) [Trade Union Statistics 2014](#)

29 See ILO (2016) Closing the Gender Pay Gap and Rubery and Grimshaw (2011) Gender and the minimum wage in regulating for decent work

30 See [ITUC global rights index 2018](#)

31 See L20 policy brief (2018) [The case for wage-led growth](#)

32 See for instance Bosch (2015) Shrinking collective bargaining coverage, increasing income inequality: A comparison of five EU countries

International labour standards relevant to addressing the gender wage gap

The Equal Remuneration Convention (C100) sets out that signatories must promote and ensure equal remuneration for men and women workers for work of equal value.

The Discrimination (Employment and Occupation) Convention (C111) sets out that signatories should promote equal opportunities with respect to employment and eliminate discrimination on the basis of race, colour, sex, religion, political opinion, national extraction or social origin.

The Workers with Family Responsibilities Convention (C156) sets out that signatories should aim to enable persons with family responsibilities to exercise their right to employment without being subject to discrimination and, to the extent possible, without conflict between their employment and family responsibilities. Its accompanying Recommendation (R165) moreover sets out that measures should be taken to develop or promote affordable childcare, home-help and home-care services, and other family services.

The Maternity Protection Convention (C183) sets out that signatories should guarantee women the right to return to an equivalent job, with equivalent remuneration after maternity leave. They should also ensure that pregnancy and maternity do not constitute a reason for discrimination or the termination of employment.

The Minimum Wage Fixing Convention (C130) sets out the criteria that should be taken into account when fixing the minimum wage, notably the needs of workers and their families, as well as the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups, and economic factors. It sets out that they should be developed together with social partners and be enforced through adequate labour inspectorates and sanctions for non-compliance.

Freedom of Association and Protection of the Right to Organise Convention (C87), the Right to Organise and Collective Bargaining Convention (C98) and the Collective Bargaining Convention (C154) protect workers' rights to organizing and collective bargaining.

Union demands...

Concerted action is needed on the part of governments and social partners to address the gender pay gap. In this regard, unions are calling for a combination of measures:

- Governments should have in place strong **equal pay and anti-discrimination** legislation that upholds the principle of equal remuneration for work of equal value, with robust enforcement mechanisms, grievance procedures and access to remedy in line with international labour standards and good practice.
- Employers should make use of **gender-neutral job evaluations and classifications** in order to avoid bias in the recruitment and promotion of women, as well as **make transparent all criteria and decisions concerning pay** and collect and regularly publish data on wage levels for all categories of employment disaggregated by gender.
- Governments and social partners should take **measures to tackle gender segregation** across sectors and job categories, for instance through setting quotas and/or establishing targeted initiatives to train, recruit and retain women in underrepresented sectors and jobs.
- Along with other measures to support the reconciliation of work and family responsibilities, including **paid family leave for both women and men**, governments should invest in **affordable, quality public formal care services** for children and dependent relatives, the creation of decent care jobs and in the formalisation of informal care jobs.
- Governments must ensure **minimum living wages**, based on the cost of living, covering all workers, and developed with full involvement of social partners – in addition to adequate, universal social protection systems.
- Social partners should undertake **collective bargaining** on wages, which should be promoted by governments. Collective agreements should have wide coverage and be legally binding. Government reforms to weaken collective bargaining must be immediately reconsidered.

Country examples of tackling the gender wage gap

Chile: Several measures have been introduced in the last decade with a positive effect on the gender pay gap. These include the expansion of childcare coverage to facilitate female employment, a reform to maternity leave extending it to 24 weeks and introducing the possibility to transfer part of this entitlement to fathers, the adoption of a Law on Gender Equality and the set-up of a Gender Equality Service¹.

France: In March 2018, the French government announced plans to require companies with more than 50 employees to install software that checks their payroll systems for unjustified pay gaps. Companies would be required to publish information about their pay gaps online and if they fail to close these gaps within three years, they would face fines of up to 1 per cent of the firm's wage bill.²

Iceland: As of January 2018, companies with 25 employees or more are now required to demonstrate that they pay male and female employees fairly without gender discrimination, or risk facing daily fines.

Germany: In 2015, Germany introduced a national minimum wage, which had a significant effect on boosting the wages of female workers who were disproportionately concentrated in low-paid jobs. This policy followed recent reforms to make paid parental leave more accessible to men and introducing a bonus if both parents made use of their leave entitlements, as well as reforms to enhance access to formal childcare services.

Rwanda: The country's constitution of 2003 set out the principles of gender equality and elimination of all forms of discrimination against women and sets out a policy of gender mainstreaming in all sectors. It also established that at least 30% of positions in decision making bodies at national, regional and local levels are held by women. To date, there are 53 policies and other enabling frameworks to support gender equality in access to resources, education, health, social and economic matters and women agency³.

¹ See OECD (2012) Closing the Gender Pay Gap as well as UN Human Rights Council (2018) Committee on the Elimination of Discrimination against Women examines the report of Chile

² Reuters (2018) France to fine companies if gender pay gaps not erased

³ For more information see: <https://owid.net/sites/default/files/National%20Assessment%20on%20Gender%20and%20STI%20-%20Rwanda.pdf>

Further Reading and useful links...

Economic Policy Institute (2016) [What is the gender pay gap and is it real?](#)

European Institute for Gender Equality (2017) [Gender Equality Index](#)

ILO (2016) [Closing the gender pay gap: A review of the issues, policy mechanisms and international evidence](#)

ILO (2016) [Women at Work Trends 2016](#)

ITUC (2017) [Building Women Workers' Power](#). Report prepared for the 3rd ITUC World Women's Conference.

ITUC (2017) [Investing in the Care Economy: Simulating employment effects by gender in countries in emerging economies](#)

ITUC (2016) [Investing in the Care Economy: - A gender analysis of employment stimulus in seven OECD countries](#)

OECD (2017) [The Pursuit of Gender Equality: An uphill battle](#)

World Economic Forum (2017) [The Global Gender Gap Report](#)