

GENDER PAY GAP AND LABOUR-MARKET INEQUALITIES IN MALAWI



Introduction

Despite progress in women's economic and political participation, formal employment and education attainment, a gender pay gap remains a pervasive labour-market feature across the world. More and more countries – both industrialized and developing – have passed laws mandating the equal treatment of women in the labour market, with the objective of reducing gender economic inequalities. The objective of this brief is to present an overview of the adjusted gender pay gap and labour-market inequalities in Malawi. It uses data from Malawi's Fifth Integrated Household Survey, 2019–2020,¹ and relies on the findings of the UN Women (2023) study titled “Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in Malawi.”

Malawi is a small landlocked country in Southeast Africa and shares borders with Mozambique, Zambia and the United Republic of Tanzania. With a population of 18.6 million,² it has enjoyed political stability since gaining independence in 1964, transitioning to multi-party elections in 1993. Agriculture plays a crucial role in the economy, employing 80 per cent of the workforce, contributing 39 per cent to the gross domestic product and accounting for 80 per cent of export earnings.³ However, Malawi faces economic challenges because of its landlocked status, lack of economic diversification, low investment, corruption issues, rapid population growth and low human capacity. These factors have led to a predominantly import-driven and consumption-based economy.

Labour-market structure

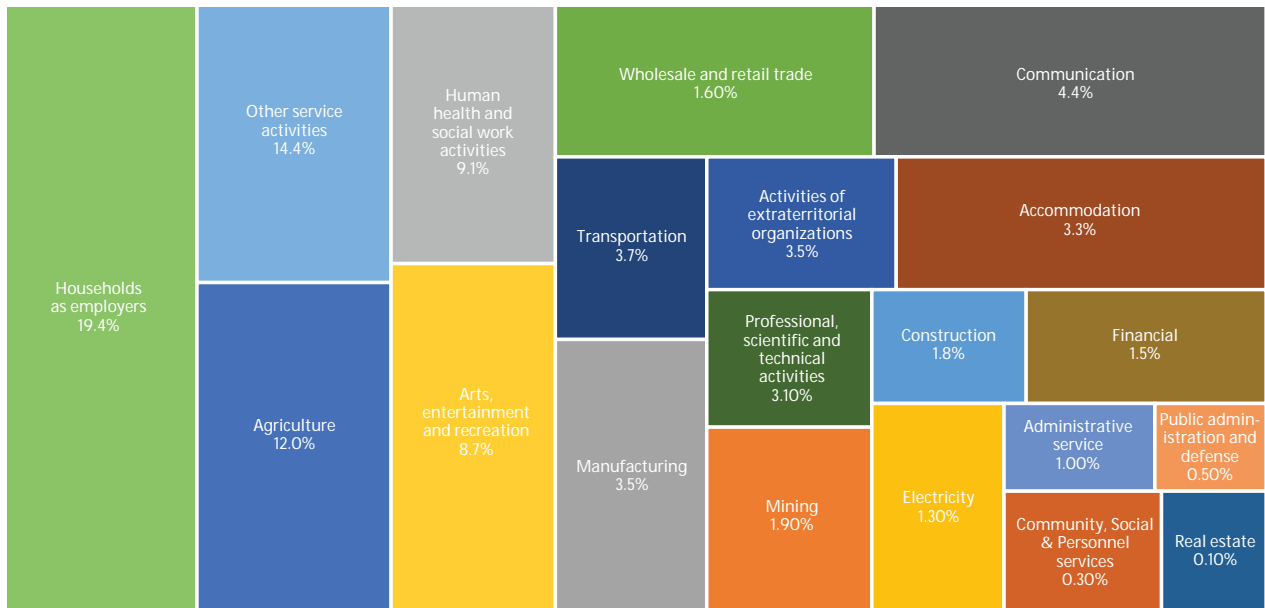
The employment rate in Malawi is 55.2 per cent for individuals aged 15–64 years. The employment rate of women is lower (48.60 per cent) than the employment rate of men (78.0 per cent).

As shown in Figure 1, the sectors that account for most women's employment, in terms of percentage

of wage employment, are agriculture, activities of households as employers and other service activities and other services. Figure 2 shows that activities of households as employers, agriculture and other service activities make up the majority of men's wage employment also.

Figure 1

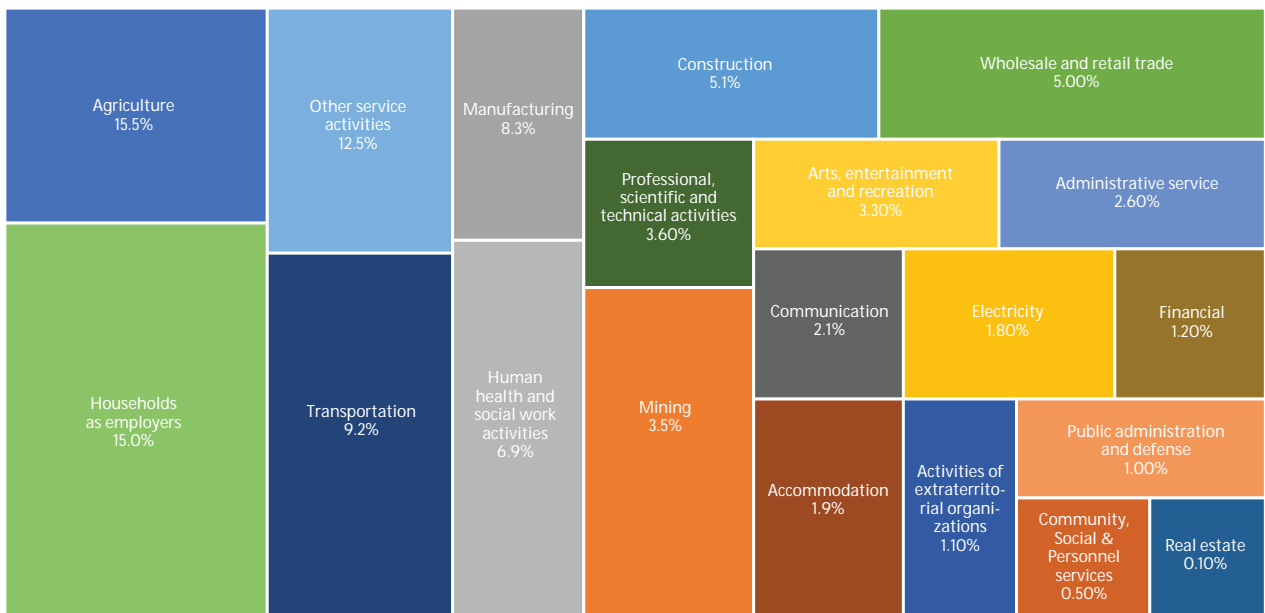
Women's share of employment by sector, as a percentage of women's total employment



Source: Authors' own calculations.

Figure 2

Men's share of wage employment by sector, as a percentage of men's total employment



Source: Authors' own calculations.

Table 1 shows that the occupational categories professionals, technical professionals, services and sales workers, and clerical support workers account for larger shares of women's employment than of men's employment. Women are overrepresented

in informal wage employment. However, it is important to note that the feminization of informal jobs may be even more apparent if data were available on contributing family members.

Table 1

Percentage of wage employment by occupation (as per the International Standard Classification of Occupations) and formality status, by gender

	Men (%)	Women (%)
Professional, technical & related workers	0.26	0.18
Administration and managerial workers	0.01	0.02
Clerical and related workers	0.05	0.04
Sales workers	0.10	0.08
Services workers	0.23	0.26
Skilled agricultural	0.09	0.11
Production and related workers	0.26	0.32
Formality status		
Formal	57.8	51.5
Informal	42.2	48.5

Source: Authors' own calculations.

Gender pay gap

The **unadjusted or raw gender pay gap** in Malawi is **11.3 per cent** when considered at the hourly level and **27.2 per cent** when considered at the monthly level. The monthly gap is larger than the hourly gap because women work fewer hours than men in paid employment. In fact, women work fewer hours in paid employment than men across all age and educational level groups. This can be attributed to various factors, including women's disproportionate responsibilities for unpaid care work, discriminatory practices prevalent in the labour market and individual preferences. For the rest of this brief, only the hourly pay gap is discussed. This average pay gap hides significant heterogeneity in various characteristics' or 'This average pay gap hides significant heterogeneity caused by various characteristics.

The gap exists for all levels of education but increases from 27.1 per cent for individuals with a primary-level education to nearly 54.2 per cent for individuals with a tertiary-level education. The gap is smaller for single individuals (0.6 per cent) than for married individuals (19.4 per cent). The unadjusted gender pay gap also varies by sector and occupation. Women are generally paid less in more feminized sectors, i.e. sectors where they constitute a large or the majority share of employment. For example, women are paid



25.3%

less than men in education,



12.3%

less in the households as employers' sector and



17.3%

less in the trade sector. Women are paid more than men in very few sectors, including mining, administrative services and public administration. The gap also exists across all occupations. Interestingly, the gender pay gap is only



1.9%

for managers, although women are underrepresented in this occupational category. By formality status, the raw gender pay gap in Malawi is almost exclusively derived from formal jobs. The gap is large, at 15.8 per cent, in the formal sector, but only



4.3%

in the informal sector.

This discussion highlights that personal and labour-market characteristics of individuals are important determinants of the pay gap observed from the data. Men and women have different characteristics, which can explain at least a part of the difference in their pay. A regression analysis that

adjusts for these characteristics is used to estimate what is called the adjusted gender pay gap. After accounting for age, marital status, educational level, occupation, sector and formality status, the **adjusted gender pay gap is 9.5 per cent**. This is almost half the raw gap.

Decomposition of the gender pay gap

The Oaxaca–Blinder decomposition⁴ of the gender pay gap is presented in Table 2. Personal and labour-market characteristics do not have a statistically significant explanatory power in explaining the gender pay gap, although the magnitude of the adjusted gap is large. This shows that observable characteristics explain a large percentage of the total pay gap. The unexplained part accounts for a 14.9 percentage point (p.p.) of the gender pay

gap. This suggests that factors other than the observable personal and labour-market characteristics affect the gender pay gap in Malawi. In other words, even if men and women were to have the same observable personal and labour-market characteristics, i.e. age, marital status, educational level, occupation, sector and formality status, most of the pay gap would still exist.

Table 2
Oaxaca–Blinder decomposition of the gender pay gap in Malawi

	Average log hourly wages
Men	5.989***
	(0.035)
Women	5.834***
	(0.061)
Difference (raw pay gap)	0.155**
	(0.070)
Explained part, i.e. explained by characteristics	0.112*
	(0.063)
Unexplained part	0.118
	(0.072)
Interaction of the two parts	-0.0751
	(0.064)

Source: Authors' own calculations.

Note: *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively. Standard errors given in parentheses. Results robust to heteroskedasticity.

Gender pay gap by percentile

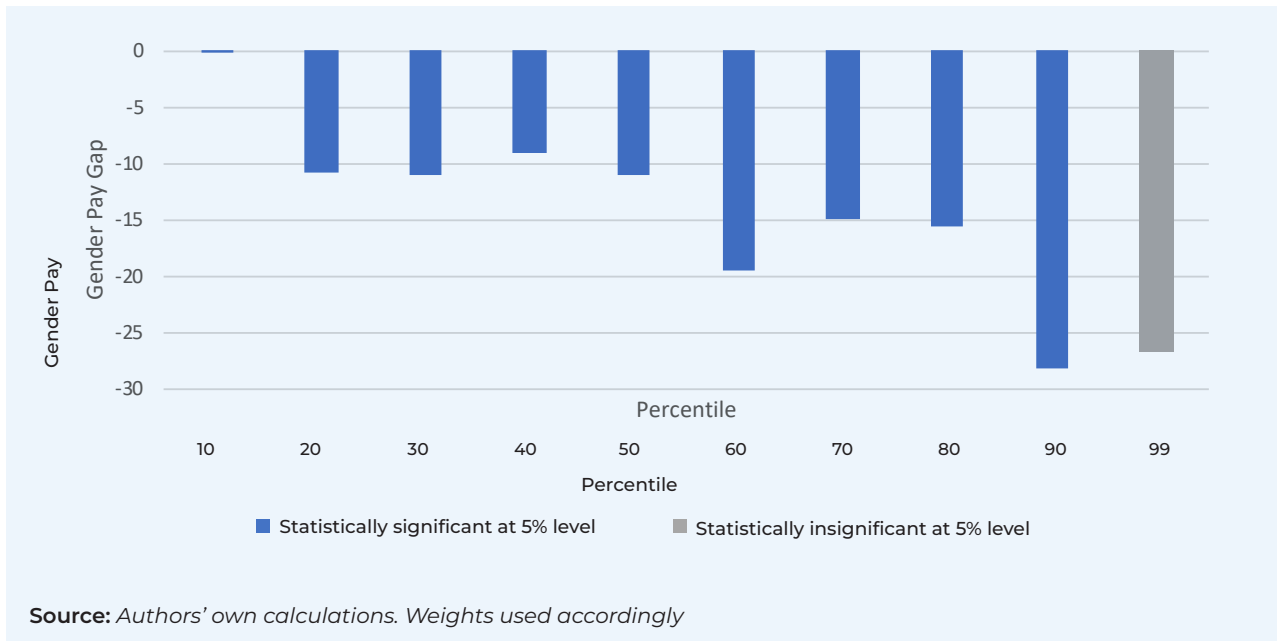
Figure 3 presents the adjusted pay gap across deciles and the top centile of the pay distribution. Such decomposition of the gender pay gap can be used to examine the prevalence of a “sticky floor” and “glass ceiling” in the economy. A “sticky floor” refers to a labour market where individuals, typically

women, in low-paying roles encounter limited job mobility and barriers to career advancement. A “glass ceiling” refers to obstacles that hinder women from reaching top managerial and leadership positions. The gender pay gap exists at all wage levels, increasing further up the wage ladder. It

is statistically insignificant for the lowest decile. Thus, there is no evidence for a “sticky floor” in Malawi. The gap is largest for the ninth decile (80th to 89th centile), at 17.9 per cent, which suggests

that women receive lower wages at the upper end of the wage distribution. This suggests that a “glass ceiling” exists in Malawi.

Figure 3
Adjusted gender pay gap by decile and top percentile



Occupational and sectoral segregation by gender

Women and men are distributed unevenly across sectors and occupations in the economy and such horizontal segregation is a big driver of the gender pay gap. To examine this segregation further, Table 3 presents Duncan Segregation Index values⁵ in Malawi. The overall occupational segregation value is 0.26, which shows that about 26 per cent of

employed women or men would need to change their occupation for the occupational distribution of women and men to become equal. The overall sectoral segregation index value is 0.31, which shows that about 31 per cent of women and men would need to change sectors to achieve the same sectoral distribution.

Table 3
Horizontal gender segregation index values, by occupation and sector

	All	Educational level		
		Primary or less	Secondary	Tertiary or above
Occupation	0.104	0.060	0.269	0.221
Sector	0.215	0.207	0.333	0.375

Source: Authors' own calculations. Weights used accordingly.

Conclusion

There is an 8.4 p.p. employment gap between women and men in Malawi, with women facing lower employment rates, particularly those with no more than a secondary level of education and aged 25-49 years. Among the employed population, women consistently work fewer hours than men. The unadjusted gender pay gap in Malawi is 27.2 per cent at the monthly level and 11.3 per cent at the hourly level, highlighting differences in working hours. This pay gap persists across all educational levels, being widest among primary-educated individuals and narrowest among tertiary-educated individuals.

Closing the gender pay gap and addressing other labour-market inequalities is important for improving women's socioeconomic position and achieving social justice for more than half of the world's population. However, as this study highlights, the gender pay gap and other labour-market inequalities are complex issues influenced by various factors, such as occupational segregation, differences in education and care responsibilities, discrimination and societal norms. Addressing these issues, therefore, requires a comprehensive approach that involves multiple stakeholders, including governments, employers, civil society organizations and individuals.

In conclusion, achieving gender pay equality and addressing labour-market inequalities require a multifaceted approach involving various stakeholders across the economy. Better data on the pay distribution, collected at frequent intervals, would enable a better understanding of the gender pay gap in the region and inform work to advocate for policies to address it. Public policy efforts to tackle the “explained” part of the gender pay gap could prioritize enhancing educational opportunities for women and girls, promoting women's participation in high-paying and traditionally “masculine” occupations and sectors, supporting women's labour force reintegration after career breaks and providing a robust social protection system. Tackling the “unexplained” part of the gender pay gap requires regulating the private sector, to ensure that equal compensation and equal opportunities are provided to women and introducing interventions to break down gendered cultural norms. Policies to recognize, reduce and redistribute women's and girls' unpaid care work responsibilities would complement all policy efforts to reduce the gender pay gap. In this way, Malawi can unlock the full potential of its workforce, fostering socioeconomic advancement, innovation and sustainable economic growth.

References

1. This brief uses data from Malawi's Fifth Integrated Household Survey, 2019–2020. This survey comprises 11,343 households and 50,476 individuals, of whom 26,296 individuals are of working age, i.e. between the ages of 15 and 64 years. A person is considered employed if that person worked in household farming, livestock or fishing activities; ran or helped with any kind of non-farm business; did any work for a wage, salary, commission or any payment in kind, excluding temporary work; engaged in an unpaid apprenticeship; engaged in casual, part-time/ganuyu labour; and had a job, business or other economic or crop farming/livestock/fishing activity that they would be returning to within the next three months. To align with international definitions, work must have been done in the past seven days. Wage data are based on the last 12 months of employment. After cleaning the data to remove individuals for whom all relevant variables are available, the sample size is 2,689.
2. World Bank (2021). "The World Bank in Malawi." Accessed 12 October 2021. <https://www.worldbank.org/en/country/malawi/overview#1>.
3. Japanese International Cooperation Agency. "JICA in Malawi." Accessed 12 October 2021. <https://www.jica.go.jp/malawi/english/activities/activity01.html>.
4. Please refer to Fortin et al. (2011) for a detailed discussion of the methodology.
5. The Duncan Segregation Index is a measure of occupational/sectoral segregation based on gender that gauges whether there is a larger than expected presence of one gender over the other in a given occupation or sector. A Duncan Segregation Index value of 0 indicates perfect gender integration within the workforce, while a value of 1 indicates complete gender segregation.