

WHY WOMEN EARN LESS

GENDER PAY GAP AND LABOUR-MARKET INEQUALITIES IN SOUTH AFRICA





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UN Women is the United Nations organization dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide. UN Women supports United Nations Member States as they set global standards for achieving gender equality and works with governments and civil society organizations to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the United Nations system's work in advancing gender equality.

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INTRODUCTION

1 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. Globally, women earn only 73 cents for each US dollar earned by men.¹ The gender pay gap is a broader reflection of the work-related and economic inequality of women, including their lack of economic independence, lack of decisionmaking power both in the household (e.g. spending decisions) and in society (e.g. managerial decisions), and experience of violence. South Africa is an upper-middleincome country with a population of 59 million (as at 2022).² Since the start of the 21st century, the country has made progress towards gender equality in terms of women's economic and political participation, formal employment and education attainment. For instance, as at February 2021, 45.8 per cent of seats in parliament were held by women.³ Yet, the gender pay gap is still a pervasive labour-market feature in South Africa.

The existence and persistence of the gender pay gap has unfavourable outcomes at both the individual and societal levels. For example, the gap is more frequently connected with higher levels of poverty and inequality among women. Moreover, women's pay being lower than men's during their working years translates into women's incomes from social security and pensions after retirement, and from other social benefits such as life insurance, also being lower. The adverse effects of shorter working hours and lowpaid jobs, typically associated more with women than with men, are reflected in lower pension levels, lower seniority premiums and lower levels of other coverage related to employment contributory schemes.⁴ South Africa successfully reduced poverty rates from 28.3 per cent in 2005 to 18 per cent in 2014, based on the US\$2.15 per day poverty line.⁵ Yet, the country is the most unequal country in the world according to the World Bank's global poverty database.⁶ Thus, addressing the gender pay gap would contribute to poverty reduction and reduce inequality.

When households and society undervalue women, other severe outcomes become likely. As a result of low economic power within the household, some women may tolerate abusive and unhealthy relationships, and domestic violence. Women's families are likely to benefit when the share of household income that women control increases; for instance, women tend to invest more in their children's nutrition, health, education and housing with increased income.⁷ Overall, women's lower earnings can lead to a reduction in bargaining power and less independence, and lifetime income inequality between genders, which contributes to maintaining the lower status of women in society and ultimately contributes to lower rates of gross domestic product (GDP) and GDP growth.

The objective of the present study is to present an overview of the adjusted gender pay gap and labour-market inequalities in South Africa. This is part of a larger 2023 UN Women study titled "Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in East and Southern Africa." Understanding the gender pay gap and its determinants would raise awareness among employees, employers and policymakers; lead to actions for the mitigation of economic inequalities; support women in realizing their productive potential; and ultimately support economic growth. Therefore, the study contributes to achieving the Sustainable Development Goals (SDGs) for gender equality, within SDG 5, and for decent work and economic growth, within SDG 8. SDG 5 considers inequality more broadly than simply in terms of the gender pay gap: its ambition is to achieve gender equality in the labour market (e.g. equal access to jobs and top decision-making roles), in education (e.g. achieving gender parity in education), in access to health and in an array of other target areas, with the aims of reducing gender-based violence and discrimination, and empowering women and girls. SDG 8 also seeks to promote the collection and dissemination of sex disaggregated data on other labour-market indicators, including on employment, unemployment, informal employment and rates of those not in education, employment or training.

The report is structured as follows. Chapter 2 briefly discusses the methodology and data used in this study, chapter 3 presents the main findings of the study and, finally, chapter 4 concludes.





METHODOLOGY AND DATA

2 METHODOLOGY AND DATA

The study analyses the gender pay gap and other labour-market inequalities in the countryusing quantitative techniques from labour economics, including regression analysis, quantile regression analysis, Oaxaca–Blinder decomposition and segregation indices. These methodologies disentangle multifaceted factors contributing to the gender pay gap to understand the drivers of gender-based labour-market disparities in the country.

The **raw** or **unadjusted gender pay gap** is the difference between the average pay earned by women and men in the labour market, expressed as a percentage of the average pay for men:⁸

Such a raw gender pay gap hides important information about how personal and labourmarket characteristics affect the wage differential. Thus, the Mincerian earnings function⁹ is used to analyse wages as a function of the productive capacity of an individual. The Mincerian earnings function takes the form:

(1)

$$ln(y_t) = \alpha + \beta_1 gender_i + \sum \gamma_i * X'_t + \mathcal{E}_i$$

where $ln(y_t)$ is the log of the hourly wage of person *i*; gender, is a dummy variable, taking a value of 1 for women and 0 for men; and X'_t is a vector of other individual and labourmarket characteristics (including education, age and its square, experience, tenure, occupation and sector).¹⁰ The coefficient θ_1 measures the **adjusted** gender pay gap. If the vector of explanatory variables X'_t is not included, then θ_1 would measure the unadjusted gender pay gap, i.e. the calculation would estimate only a simple difference of logged mean wages.

Specifically, the empirical models estimated are:

$$ln(y_t) = \alpha + \beta_1 gender_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 sectors_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 occupations_i + \xi_i$$

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$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 sectors_i + \beta_7 occupations_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 sectors_i + \beta_7 occupations_i + \xi_i$$

$$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 sectors_i + \beta_7 occupations_i + \xi_i$$

$ln(y_t) = \alpha + \beta_1 gender_i + \beta_2 age_i + \beta_3 age_squares_i + \beta_4 education_i + \beta_5 marital_status_i + \beta_6 sectors_i$

+ β_{7} occupations; + β_{8} informal_job; + ε_{i}

where notations are self-explanatory.

A regression estimate of the raw pay gap is performed using Equation 2, with gender being the only explanatory variable. In Equation 2, age and its square, and education, represented by three levels - (1) primary or lower, (2) secondary and (3) tertiary or higher - are added as individual characteristics to explain the gender pay gap. Note that information on work experience or tenure was not available from the survey used for this study. In Equation 4, marital status is added, represented by two levels: (1) married and (2) single and other individuals. In Equation 5, occupation dummies (reference category: managers) are added and occupations are defined using the one-digit International Standard Classification of Occupations (ISCO-08) classification.¹¹ In Equation 6, instead of occupation, sector dummies (reference category: agriculture) are added and sectors are defined using the one-digit Statistical Classification of Economic Activities in the European Community (NACE) Rev.2 classification.¹² In Equation 7, both sector and occupation dummies are added. Finally, in Equation 8, an indicator of whether or not a job is undertaken with or without written contract (formality status) is added. For estimation, ordinary least squares (OLS) estimates were used.

The study also estimates the gender pay gap at different percentiles of the pay distribution. The quantile regression was developed as a semi-parametric method used to analyse pay, considering pay structure and distribution.¹³ While OLS estimates report the mean effects, the quantile regression method allows for the study of the marginal effects of covariates on the dependent variable at various points in the pay distribution, not only the mean. Hence, in this work, quantile regression is used, providing estimates of the gender pay gap for each of the 10 deciles along the pay distribution, as well as for the top centile. The algorithm developed by Koenker and Bassett,¹⁴ which is based on conditional quantile regressions, is followed.

The sociologist and demographer Evelyn Kitagawa first introduced decomposition techniques in 1955.15 The standard decomposition technique, widely applied to the gender pay gap, was introduced to economics by Oaxaca¹⁶ and Blinder.¹⁷ The method enables the decomposition of the mean differences in log wages based on linear regression models in a counterfactual manner. The procedure divides the pay differential between women and men into two parts: one that is "explained" by group differences in productivity characteristics, such as education or work experience; and a residual part (the "unexplained" part) that cannot be accounted for by such differences in pay determinants. This "unexplained" part is often used as a measure of discrimination, but it also includes the effects of group differences in unobservable characteristics. More information about this methodology can be found in Fortin et al., 2011.¹⁸

Although the analysis focuses on the gender pay gaps, other indicators relating to gender inequalities in labour markets in East and Southern Africa are also used and calculated. The first part of the analysis is to observe the gender employment gap, which is the difference between the employment rates among women and men, expressed in percentage points (p.p.). Furthermore, employment shares per sector, occupation or formality status of the job are used, which

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(8)

are calculated for wage employees only. Using such indicators related to employment, the aim is to capture the differences in the attachment to the labour market by the two genders, reflecting two important ideas. The first idea is that women are usually less attached to the labour market and, hence, less frequently in employment than men because of the traditional roles that they need to undertake in the household and in taking care of children and the elderly, i.e. unpaid care work. The second idea is the fact that, when employed, women tend to be segregated into specific occupations that are frequently low status and hence lower paid.

Also calculated is the gender hours gap, which is the difference in hours worked between women and men, expressed in "hours". Capturing this difference in hours has two important roles. The first is to draw attention to the differences in gender pay gaps calculated on a monthly versus an hourly level. The basic definition of the gender pay gap uses the average hourly wages of women and men, because wages at monthly levels reflect differences in hours worked (per week or per month), in addition to differences in individual and job characteristics. This leads to the second role of this analysis. It highlights that women work shorter hours than men in paid work. This is because women invest more time in unpaid care activities, hence reducing the time they have available for paid working hours. In addition to this, hours worked are analysed by sector and occupation.

Note that negative values of gaps generally indicate a disadvantageous position for women.

Horizontal gender segregation is analysed using the Duncan Segregation Index.¹⁹ This is a measure of occupational or sectoral segregation based on gender that gauges whether or not there is a larger than expected presence of one gender over the other in a given occupation or sector. Intuitively, it shows the share of employed women and men who would need to trade places with one another across industries (occupations) for their distribution to become identical.²⁰ A Duncan Segregation Index value of 0 indicates perfect gender integration within the workforce, while a value of 1 indicates perfect gender segregation. The analysis delves deeper into the "managers" occupational group to investigate vertical segregation, where it was provided beyond the one-digit level. The shares of women and men in each sub-occupation are calculated, to obtain an indication of whether or not women are less represented than men at the very top of the occupational ladder.

This study uses data from South Africa's Labour Force Survey 2019. The survey is comprised of 80,855 households and 270,358 individuals, of whom 168,988 belong to the 15-64 age span with whom we work for the analysis of employment. A person is identified as employed or not based on the status of employment reported in the survey.

There are 47,484 wage employees, of which 96 observations with a zero wage and 218 observations for which the hours usually worked are not provided. The rest of the group is used for the analysis of wages. To arrive at the hourly wages, the period for which the wage refers to (hour, day, week, month, year) is divided with the usual hours worked per week. The final wage dataset, hence, comprises 47,170 wage employees.





RESULTS

3 RESULTS

3.1 Employment structure

The employment rate in South Africa is 42.5 per cent for individuals aged 15–64 years and 39.5 per cent for individuals aged 15 years or over. This is similar to the employment rate of the country (for individuals aged 15 years or over) of 39.5 per cent reported by the World Development Indicators for 2019. **Table 1** looks at the employment rate by gender and shows that the employment rate among women is lower than among men, with an employment gap of 11 p.p. South African women with lower educational levels and in the oldest age group face much lower employment rates than men.

Table 1

Employment rates of women and men, by age and educational level

	Women (%)	Men (%)	Gender employment gap (p.p.)
Employment rate	37.0	48.0	-11.0
	Age group	o (years)	
15–24	8.9	13.2	-4.3
25–49	49.0	62.2	-13.2
50–64	41.3	56.5	-15.2
	Educatior	nal level	
Primary or less	31.8	43.6	-11.8
Secondary	62.4	72.1	-9.7
Tertiary or more	74.9	79.6	-4.7

Source: Authors' own calculations.

As shown in **Figure 1,** the sectors that account for the majority of women's employment, in terms of women's wage employment in each sector as a percentage of women's total wage employment, are community, social and personal services (33 per cent); private households (17.5 per cent); and wholesale and retail trade (16.6 per cent). The top two of these sectors consist of care workers. Financial intermediation, insurance and retail trade (16.3 per cent); wholesale and retail trade (15.8 per cent); and community,

social and personal services (15.7 per cent) account for the majority of men's wage employment **(Figure 2). Figures 3** and **4** show women's and men's employment shares by occupation. Elementary occupations account for the majority of employment for both women and men. About 22 per cent of employed women and 27 per cent of employed men are employed in elementary jobs. In addition to this occupational class, South African women are predominantly occupied by high- and medium-skill occupations such as professionals (6.2 per cent), technical professionals (10.4 per cent) and managers (4.1 per cent) and as well as domestic workers (17.2 per cent). On the other hand, after elementary occupations, men work most often as service and sales workers (16.7 per cent), craft and related trades workers (16.5 per cent), and plant and machine operators and assemblers (15.3 per cent). There is no apparent difference in the shares of women and men in formal and informal wage employment **(Table A.1).** However, it is important to note that the feminization of informal jobs may be more apparent if data were available on contributing family members.

Figure 1

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

	Private households 17.50%	Financial intermediation; insurance; real estate 13.90%		
Community; social and personal services 33.00%		Manufacturing 7.80%		Agriculture 4.70%
	Wholesale and retail trade 16.60%		Transport;	Mining and quarrying 1.10%
		Construction 2.40% 2.40%		n Electricity Other 0.70% 0.10%

Source: Authors' own calculations.

Figure 2

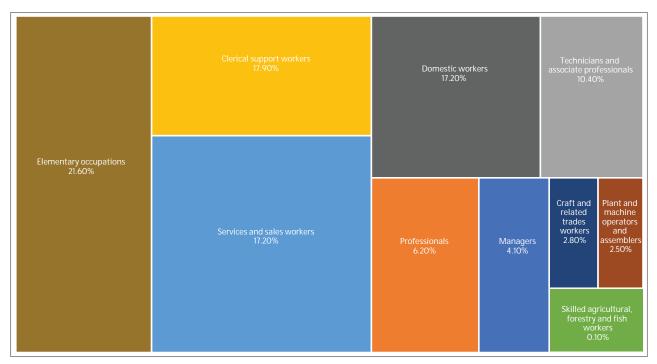
Men's share of wage employment by sector, as a percentage of men's total employment

Financial intermediation; insurance; real estate 16.30%	Community; social and personal services 15.70%	Construction 11.20%		Agriculture 8.50%
Wholesale and retail trade 15.80%	Manufacturing 13.30%	Transport; storage and communication 8.40%	Mining and quarrying 5.00%	Private households 4.20% Electricity 1.40%

Source: Authors' own calculations.

Figure 3

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



Source: Authors' own calculations.

Figure 4

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

	Services and sales workers 16.70%	Plant and machin and assen 15.309	ie operators iblers %	Managers 6.80%
Elementary occupations 26.70%	ementary occupations 26.70% Craft and related trades workers 16.50%	Technicians and	Clerical support	Professionals 4.20%
		associate professionals 6.80%	workers 5.90%	Domestic workers 0.70% Skilled agricultural, forestry and fish workers 0.40%

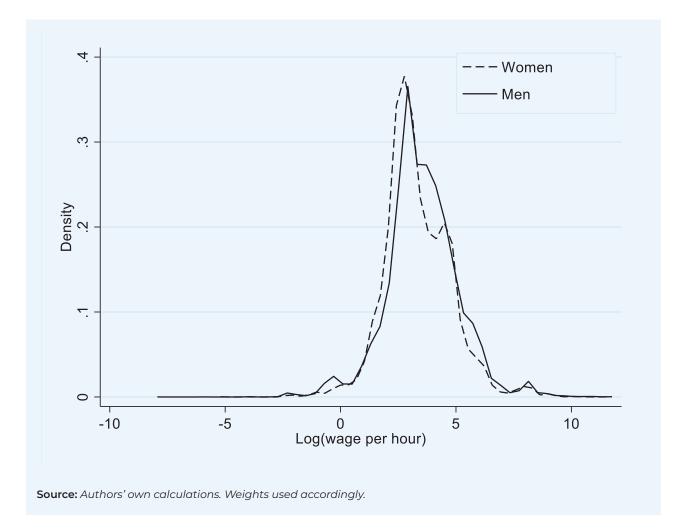
Source: Authors' own calculations.

3.2 Raw gender pay gap

Figure 5 shows the distribution of the log hourly wages of women and men. The dashed line, representing women, is to the left of the solid line, representing men, suggesting that women are more likely to earn lower wage levels than men. The peak of the women's wage distribution likewise is to the left and is slightly higher than that of the wage distribution for men.

Figure 5

Distribution of log hourly wages, by gender



The raw gender pay gaps in South Africa are 32.5 per cent, when considered at the monthly level, and 20.1 per cent, when considered at the hourly level **(Table 2).** This suggests that, on average, women work shorter hours than men. From this point onwards, only the hourly gender pay gap is considered. A gender pay gap exists for all levels of education, though it decreases with educational level. It is widest among those with only a primary educational level, at 26.2 per cent, and lowest among those with a tertiary educational level, at 5.9 per cent. The gender pay gap is also affected by marital status, being smaller for married individuals (15.1 per cent) than for single individuals (21.1 per cent).

Table 2

Log wages and raw gender	pay gaps, by education	onal level and marital status
	puj gupo, nj cuucuu	

	Men	Women	Gender pay gap (%)
Log monthly wages	8.789	8.464	-32.5
Log hourly wages	3.537	3.336	-20.1
Log wage per hou	r, by educ	ational level	
Primary or less	3.424	3.162	-26.2
Secondary	3.753	3.557	-19.6
Tertiary or above	4.412	4.353	-5.9
Log wage per ho	ur, by ma	rital status	
Single	3.442	3.231	-21.1
Married	3.623	3.472	-1.0

Source: Authors' own calculations. Weights used accordingly.

A negative raw gender pay gap is seen in most but not all sectors **(Table 3).** In the sectors where women dominate, the gap ranges from smaller than the overall gender pay gap (of –20.1 per cent), for social and personal services (–11.4 per cent), to an astonishing –94.6 per cent, for private households. In sectors where men dominate, the raw gender pay gaps vary from a positive value of 6.7 per cent in manufacturing, i.e. indicating that women earn 6.7 per cent more than men in manufacturing, to a negative value of 85.6 per cent in construction.

Table 3

Log wages and raw gender pay gaps, by sector

Contor	Log wages	per hour	Condet pay $gap (0/)$	
Sector	Men	Women	Gender pay gap (%)	
All	3.537	3.336	-20.1	
Agriculture	3.097	3.379	28.2	
Mining and quarrying	3.593	3.682	8.9	
Manufacturing	3.631	3.698	6.7	
Electricity	3.858	3.652	-20.6	
Construction	3.838	2.982	-85.6	
Wholesale and retail trade	3.453	3.328	-12.5	
Transport; storage and communication	3.57	3.323	-24.7	

Contor	Log wages	per hour		
Sector	Men	Women	Gender pay gap (%)	
Financial intermediation; insurance; real estate	3.427	3.403	-2.4	
Community; social and personal services	3.489	3.375	-11.4	
Private households	4.005	3.059	-94.6	
Other	4.431	3.803	-62.8	

Source: Authors' own calculations. Weights used accordingly.

Table 4 presents the raw gender pay gaps by occupation. Women employed as domestic workers are paid significantly less than men (with a gap of 74.5 per cent), the widest among all occupations. On the other hand, in male-dominated occupations, namely craft workers and machine operators, the

gender pay gap is less negative or even positive. For high-skill occupations, the gap is considerably smaller, and even positive for managers (women earn 4.5 per cent more than men as managers), even though women are underrepresented as managers.

Table 4

Log wages and raw gender pay gaps, by occupation

Occuration	Log wag	ge per hour	Gender pay gap (%)
Occupation	Men	Women	Gender pay gap (%)
All	3.537	3.336	-20.1
Managers	4.473	4.518	4.5
Professionals	4.607	4.573	-3.4
Technicians and associate professionals	3.546	3.515	-3.1
Clerical support workers	3.421	3.405	-1.6
Services and sales workers	3.134	3.031	-10.3
Skilled agricultural, forestry and fish workers	3.244	2.645	-59.9
Craft and related trades workers	3.823	3.683	-14.0
Plant and machine operators and assemblers	3.335	3.582	24.7
Domestic workers	3.811	3.066	-74.5
Elementary occupations	3.345	3.005	-34.0

Source: Authors' own calculations. Weights used accordingly.

Table 5 presents the raw gender pay gaps by formality status of wage employment and reveals that women in informal employment,

although represented equally to men, face a gender pay gap that is almost three times larger than the average, at 56.1 per cent.

	Log wag	ge per hour	Conderney, sen (0/)	
	Men	Women	Gender pay gap (%)	
All	3.537	3.336	-20.1	
Formal	3.513	3.429	-8.4	
Informal	3.617	3.056	-56.1	

Table 5

Log wages and raw gender pay gaps, by formality status of wage employment

Source: Authors' own calculations. Weights used accordingly.

3.3 Adjusted gender pay gap

Table 6 shows regression estimates for log wages, corresponding to estimates derived from Equations 2–8. Row (1) reports the raw gender pay gap previously discussed. The adjusted gender pay gap in South Africa is 7.9 per cent, as shown in row (7). Observable characteristics of individuals and job characteristics explain 12.2 percentage points of the raw gender pay gap, i.e. nearly two thirds of it. The rest of the gap is considered unexplained and could be due to differences in personal and labourmarket characteristics not included in the data set, self-selection into employment and labour-market discrimination.

The rest of the coefficients are analysed group by group. Row (2) adds only personal characteristics and suggests that education offers positive returns, as a secondary educational level brings a higher wage than a primary educational level, by about 36 per cent, while a tertiary educational level leads to 109 per cent increase in wages compared with primary education **(Table A.2).** Personal characteristics cannot explain the gender pay gap, since the gender pay gap increases to 24.2 per cent with their addition. This suggests that working women have better personal characteristics than working men. Row (3) adds marital status and this reveals that, after controlling for other personal characteristics, married individuals receive a 14.5 per cent higher wage than single individuals, on average.

Row (4) adds indicators for sectors, and their addition reduces the adjusted gap to 17.9 per cent, i.e. by 2.2 p.p. Almost all sectors pay higher wages than agriculture (the reference category), while adding sectors, interestingly, increases the role of personal characteristics, which may suggest that some sectoral segregation by educational level takes place. The addition of occupations (row (5)) further reduces the adjusted gap, to 13.9 per cent. At the same time, coefficients on personal characteristics significantly decline, implying that there is some occupational segregation by educational level **(Table A.2).**

When personal characteristics, sectors and occupations are put together (row (6)), the gap reduces to 8 per cent, which indicates

that there is some sectoral/occupational segregation by educational level. Finally, on adding an indicator for informal working arrangements (row (7)), the gender pay gap reduces to 7.9 per cent. Controlling for other labour-market and personal characteristics, informal workers receive 7.7 per cent lower wages than formal workers **(Table A.2).**

Table 6

Adjusted gender pay gap (regression results for log hourly wages)

Row No.	Particular		Coefficient	Standard error
(1)	Raw/ Unad	justed GPG	-0.201***	0.015
(2)		Personal characteristics only	-0.242***	0.015
(3)		Personal + marriage	-0.225***	0.015
(4)		Personal + sector	-0.179***	0.015
(5)	Adjusted GPG	Personal + occupation	-0.139***	0.016
(6)		Personal + sector + occupation	-0.0799***	0.017
(7)		All (personal + sector + occupation + informality)	-0.0793***	0.017

Source: Authors' own calculations. Weights used accordingly.

Note: *, ** and *** represent statistical significance at the 10%, 5% and 1% levels, respectively. Results robust to heteroskedasticity. For detailed regression results, refer to Table A.2. GPG, gender pay gap.

3.4 Gender pay gap decomposition

Table 7 presents the Oaxaca–Blinder decomposition of the gender pay gap in South Africa and concludes that personal and labour-market characteristics explain only 7 p.p. of this gap. The remaining 12.2 p.p. is captured by the unexplained part and interaction between the unexplained and explained parts. The unexplained part of the gap may be driven by factors not measured in the data set, such as structural differences between women and men in bargaining power and social networks, as well as labour-market discrimination.

Table 7

Oaxaca-Blinder decomposition of the gender pay gap

	Average log hourly wages
Man	3.537***
Men	(0.011)
	3.336***
Women	(0.011)
	0.201***
Difference (raw pay gap)	(0.015)
Evaluation of post is completed by chore statistics	0.0702***
Explained part, i.e. explained by characteristics	(0.018)
	0.181***
Unexplained part	(0.028)
	-0.0499*
Interaction of the two parts	(0.030)

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.

3.5 Adjusted gender pay gap by percentile

Understanding the gender pay gap at different points of the wage distribution 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 workers, usually women, in low-paying jobs have low job mobility and face barriers to career advancement. A glass ceiling refers to impediments that prevent women from accessing top managerial and leadership positions. Figure 6 presents the adjusted pay gap through deciles (and the top centile). The gender pay gap is positive for the lowest decile, at 9.8 per cent, and smaller than average for the second lowest decile, at 3.5 per cent, suggesting no sticky floor. The gender pay gap increases up the wage ladder, to 18.7 per cent for the highest decile, revealing a strong glass ceiling effect. Interestingly, the gap is statistically insignificant for the top 1 per cent of wage earners.

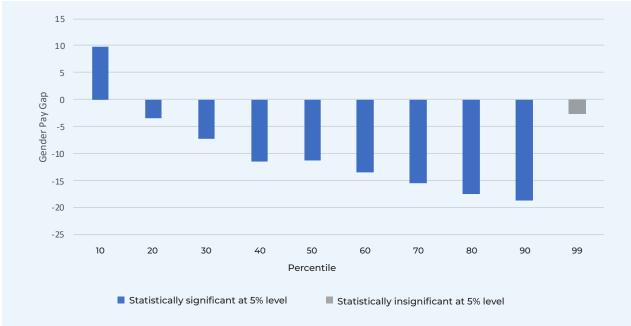


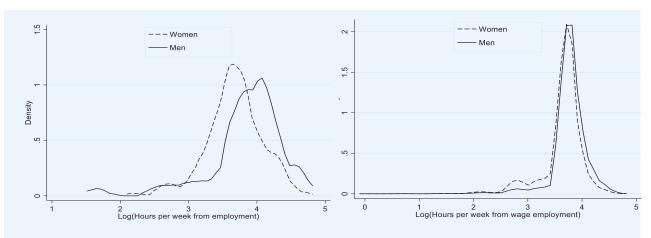
Figure 6 Adjusted gender pay gap by decile and top percentile

Source: Authors' own calculations. Weights used accordingly

3.6 Gender differences in hours worked in paid employment

Figure 7 presents a density distribution of hours worked by women and men in total employment and in only paid wage employment. Women work fewer hours than men along the entire distribution, i.e. for both short and long working hours, when total employment is considered. However, the hours gap is wider when hours from total employment are considered than when hours from only wage employment are considered, which reveals that most of the hours gap is derived from non-wage employment.

Figure 7



Hours worked by women and men in total employment (left) and in wage employment (right)

Source: Authors' own calculations. Weights used accordingly.

Figure 8 shows that women work fewer hours in total employment and wage employment than men. The gap is widest

among primary-educated individuals and individuals in the youngest age group.

60 50 40 Hours 30 20 10 0 15-24 50-64 Primary or less Secondary Tertiary or 25-49 more All Education Age groups Men Women 60 50 40 Hours 30 20 10 0 Primary or less Tertiary or more 15-24 25-49 50-64 Secondary All Education Age groups Men Women Source: Authors' own calculations. Weights used accordingly.

In the remainder of this chapter, only hours worked in wage employment are considered, as hours could be matched with sector/ occupation for wage employees only. **Table 8** shows that hours spent on paid work in each sector vary by gender. Women work shorter hours in most sectors, except in private households, a sector in which women are clearly overrepresented. The hours gap is smaller, though, in women-dominated sectors, such as social and personal services, than in men-dominated ones, such as construction and transport, where the hours gap is clearly much wider. A very similar pattern is observed by occupation. In terms of formality status, women work fewer hours in both formal and informal employment.

Hours worked by women and men weekly, by age and educational level, in total employment (top) and wage employment (bottom)

Table 8

Average hours worked per week and gender gaps in hours, by gender, sector, occupation and formality status

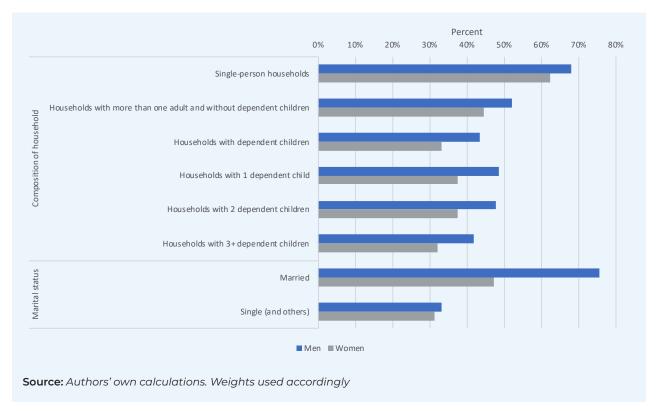
	Men	Women	Gender gap in hours
Sector			
Agriculture	46.68	43.17	-3.51
Mining and quarrying	45.71	44.53	-1.18
Manufacturing	43.9	42.95	-0.95
Electricity	42.59	41.71	-0.88
Construction	42.4	31.48	-10.92
Wholesale and retail trade	47.23	45.23	-2.0
Transport; storage and communication	52.15	43.58	-8.57
Financial intermediation; insurance; real estate	48.38	43.6	-4.78
Community; social and personal services	40.95	38.55	-2.4
Private households	32.02	35.78	3.76
Other	41.71	40.79	-0.92
Occupation			
Managers	44.81	42.95	2.63
Professionals	40.64	39.96	-1.86
Technicians and associate professionals	42.17	40.75	-0.68
Clerical support workers	43.48	42.5	-1.42
Services and sales workers	51.18	44.42	-0.98
Skilled agricultural, forestry and fish workers	48.27	43.6	-6.76
Craft and related trades workers	43.53	43.29	-4.67
Plant and machine operators and assemblers	48.78	44.15	-0.24
Domestic workers	33.02	35.65	-4.63
Elementary occupations	42.04	38.25	-3.79
Formality statu	S		
Formal	44.8	41.19	-3.61
Informal	45.77	38.31	-7.46

Source: Authors' own calculations. Weights used accordingly.

3.7 Gender inequality related to household structure and marital status

Figure 9 presents the labour-market status of both women and men by household type. For all household types, employment rates are lower among women than among men. For single-person households, the gap is smallest, at 5.6 p.p., followed by households with no children, at 7.7 p.p. The gap is largest, at 11.1 p.p., for households with two children. By marital status, the difference is stark: the gender employment gap among married individuals is 28.3 p.p., while for single individuals the gap is only 1.9 p.p.

Figure 9



Employment rates of women and men, by household type and marital status

The disaggregation of these numbers by age is shown in **Table 9**. The gender employment gap is almost zero for singleperson households in the 25–49 year age group but much wider in other age groups. The gender employment gap is largest for households with children in the 50–64 year age group, particularly for households with one child. Similarly, the gender pay gap increases with number of children in the 25-49 years age group. This suggests that dependents increase women's caring responsibilities more than men's. By marital status, the gender employment gap is larger in absolute terms among married individuals than among single individuals across all age groups. In fact, among single adults aged 50–64 years, the gender employment gap is slightly positive, i.e. in this age group, the employment rate of single women is higher than the employment rate of single men.

Table 9

Employment rates and gender employment gaps, by gender, household type, marital status and age group

	Age	d 15–24	years	Aged	25-49	years	Ageo	d 50–64	years
	Men (%)	Women (%)	Gender employment gap (p.p.)	Men (%)	Women (%)	Gender employment gap (p.p.)	Men (%)	Women (%)	Gender employment gap (p.p.)
Composition of househo	ld								
Single-person households	38.7	29.8	-8.9	74.3	74.4	0.1	59.0	53.4	-5.6
Households with more than one adult and without dependent children	19.4	12.7	-6.7	62.6	58.7	-3.9	58.1	46.3	-11.8
Households with dependent children	9.1	7.3	-1.9	60.9	45.0	-9	54.4	36.8	-17.6
Households with one dependent child	12.7	6.2	-6.5	64.5	51.7	-12.8	59.8	41.0	-18.8
Households with two dependent children	10.8	8.1	-2.7	64.5	50.5	-14.0	57.6	41.2	-16.4
Households with three or more dependent children	8.4	7.2	-1.2	59.6	43.1	-16.5	52.7	35.4	-17.3
Marital status									
Married	66.3	20.0	-46.3	81.9	51.4	-30.5	62.6	41.2	-21.4
Single (and others)	12.0	8.1	-4.0	48.6	47.0	-1.6	40.4	41.5	1.1
Total	13.2	8.9	-4.3	62.2	49.0	-13.2	56.5	41.3	-2.0

Source: Authors' own calculations. Weights used accordingly.

The gender employment gap is smaller for the secondary and tertiary educational level groups **(Table 10)**. In general, for the secondary educational level group, the gap grows with the number of children in the household, while the opposite is observed for the primary educational level group. By marital status, the gender employment gap is considerably wider among married individuals than among single individuals across all educational level groups.

Table 10

Employment rates and gender employment gaps, by gender, household type, marital status and educational level

	Prir	nary or	less	S	econda	ry	Tert	tiary or	more
	Men (%)	Women (%)	Gender employment gap (p.p.)	Men (%)	Women (%)	Gender employment gap (p.p.)	Men (%)	Women (%)	Gender employment gap (p.p.)
Composition of househo	ld					1			
Single-person households	65.5	58.8	-6.7	78.8	72.2	-6.6	86.3	81.1	-5.2
Households with more than one adult and without dependent children	48.3	38.1	-10.2	69.6	66.3	-3.3	79.4	77.0	-2.4
Households with dependent children	38.9	28.9	-10.0	74.5	59.8	-14.7	79.4	72.8	-6.6
Households with one dependent child	44.1	32.3	-11.8	75.3	65.4	-9.9	75.9	71.0	-4.9
Households with two dependent children	42.9	32.2	-10.7	76.2	64.1	-12.1	85.5	71.7	-13.8
Households with three or more dependent children	37.3	27.8	-9.5	74.0	58.2	-8	78.3	73.4	-4.9
Marital status									
Married	71.8	40.1	-31.7	86.8	70.7	-16.1	91.2	79.9	–11.3
Single (and others)	30.6	27.7	-2.9	56.3	55.1	-1.2	60.3	67.9	7.6
Total	43.6	31.8	-11.8	72.1	62.4	-9.7	79.6	74.9	-4.7

Source: Authors' own calculations. Weights used accordingly.

3.8 Segregation by gender

Table 11 presents Duncan Segregation Index values. Overall, the occupational segregation value is 0.35, while the sectoral segregation value is 0.3, reflecting modest to high levels of gender segregation in South Africa. This means that about a third of women and men employees would need to trade places across job categories and across sectors for their distributions to become identical. By educational level, the index values suggest that occupational segregation is highest among primary-educated individuals. In this group, more than a third of women and men would need to trade jobs across occupations and across sectors for their distributions to become identical.

Table 11

Horizontal gender segregation index values, by occupation and sector

		Edu	icational level	
	All	Primary or less	Secondary	Tertiary or above
Occupation	0.346	0.355	0.249	0.176
Sector	0.313	0.320	0.386	0.180

Source: Authors' own calculations. Weights used accordingly.

Table 12 dives into the composition of occupational group 1, legislators and managerial workers, which is considered the highest-skill occupational group as per ISCO-08. Women are underrepresented in this occupational group: women are represented less than men as legislators and corporate managers, and even less as general managers. For the managers occupational group, the raw gender pay gap is positive, i.e. women in this group receive higher wages (by 4.5 per cent) than

men **(Table 4).** In addition, the gender pay gap was insignificant among the top l per cent of earners, although it was found to be largest among the top 10 per cent of earners, suggesting a glass ceiling effect **(Table 9).** Overall, the underrepresentation of women and large gender pay gap in the highest-skill occupational group and the evidence of a glass ceiling among the top decile of earners provide evidence for a significant degree of vertical segregation in South Africa.

Table 12

Proportion of employment in the highest-skill occupational group, by gender

	Men (%)	Women (%)
Legislators and senior officials	62.0	38.0
Corporate managers	66.8	33.2
General managers	76.1	23.9

Source: Authors' own calculations. Weights used accordingly.



CONCLUSION AND POLICY RECOMMENDATIONS

4 CONCLUSION AND POLICY RECOMMENDATIONS

The objective of this study was to calculate and shed light on the gender pay gap and other labour-market inequalities in South Africa. Strikingly, there is an 11 p.p. employment gap between women and men, with women facing low employment rates, particularly those with lower levels of education and in the older age group. Among the employed population, women consistently work fewer hours than men. The raw gender pay gaps in South Africa are 32.5 per cent at the monthly level and 20.1 per cent at the hourly level, highlighting differences in working hours. These unadjusted gender pay gaps are seen across all educational levels; it is widest among primary-educated individuals and narrowest for tertiary-educated individuals. In terms of marital status, the gender pay gap is notably smaller among married individuals than among single individuals. After accounting for individual and labourmarket characteristics, the adjusted gender pay gap reduces to 7.9 per cent.

A significant portion of the raw gender pay gap (12.2 p.p.) is not explained by personal and labour-market characteristic, indicating that unmeasured factors such as differences in motivation, bargaining power, social networks and labour-market discrimination affect the gender pay gap in South Africa. Occupational and sectoral horizontal segregation levels are moderate to high, and about one third of women and men would need to switch job categories and sectors for distributions to become equal. Notably, occupational segregation is most pronounced among primary-educated individuals. The gender pay gap varies across different wage deciles, revealing a pronounced glass ceiling effect in the highest decile. Women are also underrepresented in high-skill occupational groups, particularly in leadership and managerial positions, indicating the presence of vertical segregation in South Africa's labour market.

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.

The South African Government could strengthen existing legislation to ensure that women and men are entitled to equal remuneration for work of equal value. This includes effectively enforcing measures such as transparency in the recruitment process, for example by disallowing the collection of personal information (e.g. marital status) while hiring, prohibiting pay discrimination based on gender and promoting pay equity by making pay scales publicly available in the public and private sectors. Employers could also promote transparency in pay structures within organizations, ensuring that salary ranges, pay scales and benefits are clearly defined and communicated. Accessible and responsive complaint mechanisms could also be put in place, so that violations of the law or company policies and any discrimination can be reported.

Social protection policies, such as minimum wage legislation and social security benefits, can be effective if they consider the specific needs and vulnerabilities faced by women in the labour market. For instance, since its inception, the minimum wage law in South Africa has been effective in addressing pay differences for earners in the lowest deciles of the earnings distribution. In fact, this might explain the lack of evidence for a sticky floor in the country. However, enforcement and compliance remain major challenges. There are also some concerns that minimum wage laws exacerbate unemployment, particularly for the young, and this remains an active area of research. More research is required in the South African context to understand the effects of minimum wage legislation. Nevertheless, policies to increase employment formalization, supporting workers' unions and social protection programmes, are also important for complementing minimum wage legislation.

Substantial sectoral and occupational segregation, as observed in South Africa, can be challenging to tackle directly. An economywide approach needs to be taken to encourage the breaking down of gender segregation by promoting women's participation in nontraditional fields and sectors, where they are underrepresented. This can be done through targeted recruitment, training programmes, addressing discriminatory practices and making workplaces safer for women in traditionally "masculine" sectors. Governments and employers can also support the reintegration of women into the labour force after periods of absence, for example after maternity leave. Reintegration policies

may include training programmes, upskilling opportunities and support for continuing education, enabling women to update their skills and stay competitive in the job market. This would reduce occupational segregation, wherein women are underrepresented in high-paying and competitive jobs, and minimize the negative impact of career breaks.

For an optimal result, these changes should go hand in hand with policies to recognize, redistribute and reduce women's unpaid care work responsibilities. Research has shown that unpaid care work affects women's labour-market inputs not only in terms of time spent in paid employment but also in terms of how women enter and remain in paid work. It affects their occupation selection, the quality of their jobs and their job-market attachment.²¹ Policies that support work-life balance, such as flexible working arrangements, setting an upper limit to the number of working hours in the week, parental leave (where both parents are encouraged to take time off), and affordable and good-quality childcare, care for people with disabilities and elderly care, can encourage women to fully participate in the labour market. This would help to reduce the gender pay gap while also ensuring that household and caregiving responsibilities can be redistributed more equitably between men and women.

Ultimately, it is important to promote societal norms that encourage gender balance. Societal norms often assign specific gender roles and expectations, leading to the perpetuation of gender inequalities in the labour market. Thus, they affect how women and households make decisions regarding education, occupations, sectors and working hours. Societal norms can also contribute to discriminatory practices and unconscious biases that affect hiring, promotion and pay decisions. By shifting societal norms and challenging discriminatory beliefs, labour markets can become more inclusive, valuing skills and contributions over gender stereotypes.

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, South Africa can unlock the full potential of its workforce, fostering socioeconomic advancement, innovation and sustainable economic growth.

ANNEX

Table A.1

Women's and men's shares in wage employment, by sector, occupation and formality status

	Men (%)	Women (%)
Sector		
Agriculture	8.5	4.7
Mining and quarrying	5.0	1.1
Manufacturing	13.3	7.8
Electricity	1.4	0.7
Construction	11.2	2.4
Wholesale and retail trade	15.8	16.6
Transport; storage and communication	8.4	2.4
Financial intermediation; insurance; real estate	16.3	13.9
Community; social and personal services	15.7	33.0
Private households	4.2	17.5
Other	0.0	0.1
Occupation		
Managers	6.8	4.1
Professionals	4.2	6.2
Technicians and associate professionals	6.8	10.4
Clerical support workers	5.9	17.9
Services and sales workers	16.7	17.2
Skilled agricultural, forestry and fish workers	0.4	0.1
Craft and related trades workers	16.5	2.8
Plant and machine operators and assemblers	15.3	2.5
Domestic workers	0.7	17.2
Elementary occupations	26.7	21.6
Formality status		
Formal	76.5	75.1
Informal	23.5	24.9

Source: Authors' own calculations.

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				Adjusted GPG			
	Raw/ Unad- justed GPG	Personal characteris- tics only	Person- al + marriage	Person- al + sector	Personal + oc- cupation	Personal + sec- tor + occupa- tion	AII
Dependent variable: log hourly wages	vages						
	(1)	(2)	(3)	(4)	(5)	(9)	(7)
	-0.201***	-0.242***	-0.225***	-0.179***	-0.139***	-0.0799***	-0.0793***
Genaer (I = lemale)	(0.015)	(0.015)	(0.015)	(0.015)	(0.016)	(0.017)	(0.017)
		0.360***	0.349***	0.429***	0.143***	0.176***	0.182***
secondary		(0.022)	(0.022)	(0.021)	(0.024)	(0.025)	(0.025)
		1.090***	1.068***	1.160***	0.383***	0.427***	0.432***
ler uary or above		(0.026)	(0.026)	(0.025)	(0.035)	(0.035)	(0.035)
(0.000939	-0.00782	-0.00804*	-0.00441	-0.00323	-0.00248
Age		(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
		1.39E-05	9.76E-05	0.000101*	4.63E-05	4.25E-05	3.58E-05
Age squared		(0000)	(0000)	(0000)	(0.000)	(0000)	(0000)
			0.145***	0.130***	0.0897***	0.0896***	0.0921***
Mantal Status (I – marneu)			(0.016)	(0.014)	(0.015)	(0.015)	(0.015)
				0.259***		0.168***	0.190***
				(0.045)		(0.050)	(0.050)
				0.356***		0.176***	0.191***
				(0.036)		(0.040)	(0.041)
				0.166**		0.0713	0.0866
Electricity				(0.072)		(0.075)	(0.076)
				0.396***		0.182***	0.177***
				(0.039)		(0.044)	(0.044)
				0.181***		0.0614*	0.0681*
CONSTRUCTION				(0.033)		(0.037)	(0.037)

				Adjusted GPG	σ		
	Raw/ Unad- justed GPG	Personal characteris- tics only	Person- al + marriage	Person- al + sector	Personal + oc- cupation	Personal + sec- tor + occupa- tion	AII
Wholesale and retail trade				0.206***		0.0956**	0.0917**
				(0:040)		(0.045)	(0.045)
Transnortation and storado				0.0315		-0.0751**	-0.0623*
				(0.033)		(0.036)	(0.037)
Accommodation and food				-0.0652**		-0.158***	-0.149***
service activities				(0.031)		(0.035)	(0.035)
Information and				0.165***		0.789***	0.748***
communication				(0.037)		(0.070)	(170.0)
Financial and insurance				0.430**		0.229	0.243
activities				(0.206)		(0.265)	(0.266)
					-0.0301	0.0501	0.049
PLOIESSIOLIAIS					(0.043)	(0.044)	(0.044)
Technicians and associate					-0.873***	-0.811***	-0.813***
professionals					(0.039)	(0.040)	(0.040)
					-0.898***	-0.884***	-0.883***
Cierical support workers					(0.037)	(0.037)	(0.037)
Sarvirae and calae workare					-1.223***	-1.159***	-1.169***
					(0.035)	(0.036)	(0.036)
Skilled agricultural, forestry and					-1.186***	-1.149***	-1.164***
fish workers					(0.142)	(0.145)	(0.145)
					-0.557***	-0.650***	-0.664***
					(0.039)	(0.041)	(0.041)
Plant and machine operators					-0.989***	-1.052***	-1.063***
and assemblers					(0.041)	(0.042)	(0.043)
					-1.089***	-1.136***	-1.145***
Elementary occupations					(0.035)	(0.036)	(0.036)

				Adjusted GPG	U		
	Raw/ Unad- justed GPG	Personal characteris- tics only	Person- al + marriage	Person- al + sector	Personal + oc- cupation	Personal + sec- tor + occupa- tion	All
					-1.115***	-1.914***	-1.917***
Domestic workers					(0.042)	(0.079)	(0.079)
							0.0767***
							(0.020)
	3.537***	3.357***	3.487***	3.322***	4.406***	4.316***	4.280***
Constant	(110.0)	(0.102)	(0.103)	(0.098)	(0.107)	(0.112)	(0.112)
Observations	47,170	47,170	47,170	47,170	47,170	47,170	47,170
R-squared	0.004	0.048	0.05	0.056	0.089	0.098	0.098
Source: Authors' own calculations. Weights used accordinaly	ts used accordinaly						

Source: Authors' own calculations. Weights used accordingly.

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

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