

WHY WOMEN EARN LESS

GENDER PAY GAP AND LABOUR-MARKET INEQUALITIES IN EAST AND SOUTHERN AFRICA

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 gender pay gap is a broader reflection of the work-related and economic inequality of women in the labour market, including their lack of economic independence, lack of decision-making power both in the household (e.g. spending decisions) and in society (e.g. managerial decisions), and experience of violence. 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.

The objective of this policy brief is to present an overview of the gender pay gap and labour-

market inequalities in 10 countries of East and Southern Africa (ESA). It also presents policy recommendations for reducing the pay disparities among women and men in the region. The policy brief is based on findings of the UN Women (2023) study "Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in East and Southern Africa".

The study analyses the gender pay gap and other labour-market inequalities in the region using quantitative techniques from labour economics, including the Mincerian earnings function using ordinary least squares and quantile regression estimates, whereby wages are a function of education, age, sector and occupation, job informality status and gender. The estimates are then used to conduct an Oaxaca–Blinder decomposition to determine how much of the wage differential could be explained by the observable differences in the characteristics of women and men. Likewise, several related measures are estimated to explore other labour-market inequalities by gender, including employment gaps and, using the Duncan Segregation Index, horizontal gender segregation.



Structural factors explaining the gender pay gap in East and Southern Africa

Women in ESA earn only about 81 cents for every US dollar earned by men, on an hourly basis. This means that the raw (or unadjusted) gender pay gap in ESA is 18.8 per cent, which is slightly lower than the global estimate for 2019 of 20 per cent. This leads to lifetime income inequality between women and men, and further contributes to higher levels of poverty among women. The raw gender pay gap does not reflect the personal or labour-market characteristics of individuals, which are important determinants of the pay gap. Hence, the gender pay gap may exist simply because individuals differ in, for example, educational level, experience or age, or it may exist because of discrimination (e.g. because employers think that women are less productive than men). If other factors that determine pay, such as age, education and type of job, are considered, **women earn 92 cents for every US dollar that men earn per hour**. Thus, when the pay gap is adjusted for individual and labour-market characteristics, it reduces for the whole region to 8.2 per cent, 10.6 percentage points lower than the raw pay gap.

Observable characteristics explain significant portions of the gender pay gaps in Ethiopia, Malawi, Rwanda, South Africa and the United Republic of Tanzania. In Mozambique and Tanzania, the gap is statistically insignificant when adjusted. In Mauritius and Namibia, the gender pay gaps increase when adjusted, by 3.8 percentage points and 5.3 percentage points, respectively, revealing that working women in these countries have better personal and job characteristics than working men and hence that observable characteristics cannot explain the gap but rather amplify it.

On a monthly basis, women earn about 72 cents for every US dollar that men earn. In other words, the raw monthly gender pay gap is 27.6 per cent, compared with the raw hourly gender pay gap of 18.8 per cent. This difference arises because women spend fewer hours in paid work every week than men: women spend 42 hours per week in paid jobs, while men spend 47 hours per week in paid work. This explains different portions of the monthly pay gap in its entirety in Mozambique to explaining only 3.5 percentage points of the gap in Malawi. Women's disproportionate unpaid care work

responsibilities, compared with men's, limit the time they can spend in paid work.

Education pays off

The gender pay gap is smaller among individuals with a tertiary-level education than among those with only a primary-level education. Women with a tertiary-level education earn 18 per cent less than men with the same level of education, while women with a primary-level education earn 31 per cent less than men with the same level of education. The fact that the gender pay gap is larger among those with a primary-level education suggests that women in ESA with lower educational levels suffer more in terms of low remuneration compared with men in the same educational groups than women with higher educational levels.

A lower share of women than of men in ESA are employed in the highest-skilled managerial occupations, **lending some support to the existence of a glass ceiling effect, preventing women from climbing the occupational ladder.** Likewise, the gender pay gap among the top 10 per cent of earners is generally larger than the average gender pay gap, i.e. in the highest-paid positions, women are more disadvantaged in terms of pay than the average woman. This indicates that impediments prevent women from accessing top managerial and leadership positions. Various invisible barriers under the broad category of discrimination and cultural norms about women's role in society as primary caregivers may prevent women from easily climbing to the highest-ranked positions and from earning the highest wages.

Sectoral and occupational segregation in ESA is striking, with women being overrepresented in low-pay and low-status sectors and occupational categories. Duncan Segregation Index values show that 31 per cent of men and women would need to switch sectors and 24 per cent of men and women would need to switch occupations to achieve no segregation. In addition, only 2 per cent of working women have high-paying and high-status managerial jobs, while 3 per cent of working men have these jobs.

Furthermore, **in ESA countries in which the overall employment rate among women is low and much lower than the employment**

rate among men, the gender pay gap is significantly wider. The gender employment gaps for households with or without dependent children are similar in ESA, hence not lending strong support to the notion that the presence of children in a household strongly affects the labour-market decisions of women. **However, the gender employment gap among married individuals is significantly wider than among single individuals**, suggesting that marriage can lead to women taking on more household and care duties and to a lack of economic independence and decision-making power in the household.



Pathways to achieving gender parity: policy recommendations

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. Allowing women to use their skills and talents optimally will also benefit the economy by reducing poverty and inequality, promoting innovation and entrepreneurship, and supporting economic growth. 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.

Governments could **strengthen existing legislation or introduce new laws to ensure that women and men are entitled to equal remuneration for work of equal value**. This includes 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. Minimum wage laws in particular address pay differences and lead to higher wages for earners in the lowest deciles of the earnings distribution. Sector-specific minimum wage legislation can help to reduce gender pay gaps across sectors. However, typically, minimum wage laws do not apply to informal employment and, even if they do, enforcement is a challenge. Minimum wages can have an indirect effect on informal sector wages and employment, though, as seen in Argentina, where minimum wage legislation led to an increase in informal wages. However, more country-level research is required to understand the implications of minimum wages in the context of ESA. Nevertheless, policies to increase employment formalization and support workers' unions and social protection programmes are important for complementing minimum wage legislation.

Sectoral and occupational segregation is a large contributor to the gender pay gap and can be challenging to tackle directly. An economy-wide approach needs to be taken to encourage the breaking down of gender segregation by promoting women's participation in non-traditional 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. **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.

Better data are also required on the distribution of pay in all countries covered in the study and other countries in the region. For instance, most available data sets exclude non-wage earners, which makes it impossible to understand how they are compensated. In addition, data on relationships in the household are lacking. Most surveys ask respondents to declare who lives in a household and their relationship to the household head. However, information on other relationships within the household is not usually requested, which restricts the identification of mothers and fathers. Several studies in other contexts have found evidence for the “motherhood penalty” and “fatherhood premium”, i.e. women being paid less and men being paid more after having a child. While this study explores the effect of children in the household, it was not possible to ascertain the impact of parenthood directly from the available data.

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. This could explain the evidence for a glass ceiling effect that is observed in ESA. Individual and labour-market characteristics explain only a small part or none of the observed pay gap in most ESA countries, indicating that discriminatory beliefs might play a substantial role in the region. Thus, all stakeholders have a role to play in promoting gender equality in all spheres of society and in encouraging men’s active involvement in unpaid care work. 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, ESA countries can unlock the full potential of their workforce, fostering socioeconomic advancement, innovation and sustainable economic growth.

References

1. UN Women (2023). *Why Women Earn Less: Gender Pay Gap and Labour Market Inequalities in East and Southern Africa*: UN Women.
2. ILO (International Labour Organization) (2018). *Global Wage Report 2018/19: What Lies Behind Gender Pay Gaps*. Geneva: ILO.

