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IDS

The Global Gender Pay gap

Incomes Data Services

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This report was researched and written by Incomes Data Services (IDS), UK research partner of the WageIndicator Foundation, on behalf of the International Trade Union Confederation.

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The appendices to this report are available in English at the following internet address:
http://www.ituc-csi.org/IMG/pdf/GPG_Report_Final_21_Feb.pdf

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Appendices

The appendices to this report are available in English at the following internet address:

[insert URL of full report]

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Foreword by ITUC President Sharan Burrow

16% LESS IN THE PAY PACKET –WHY?

This report reveals in detail the extent of discrimination women face in being paid equal to men for performing the same work around the globe. The report also sets a real challenge for governments and employers to respond to union calls for a renewed effort to tackle the gender pay gap.

Despite decades of anti-discrimination legislation and changes in company rhetoric, women, whether they are in New York or Shanghai, find their pay cheque contains on average sixteen per cent less than male co-workers.

That is the official figure, derived from applying a standard method across sixty-three countries. However trade unions in a number of countries report the real gap to be even higher.

Hundreds of millions of women working in informal and unprotected work do not appear in any records, and many developing countries do not have the means, or in some cases the will, to keep national records on the world of work. This is a huge deficit in the global knowledge base, and one for which the international community as a whole must take responsibility.

Many believe education is the key to closing the gap, but on the contrary, one of the most sobering findings of this report is that more educated women often find themselves on the wrong side of an even bigger pay gap.

While globalization can sometimes appear to be narrowing the gender gap – in fact women's pay is not rising at all, instead the increasingly competitive global labour market is responsible for driving down the wages of men.

The positive news for workers around the world is that trade unions are succeeding in bridging the pay divide.

Through collective bargaining, women and men both get a better, more equal deal.

And through our campaigns about equality, unions play a vital role in educating and informing workers about gender pay issues, in the face of strong resistance from some governments and employers.

Unions are resolved to continue and strengthen this work. We must ensure women in all corners of the world, employed across different industries and performing hundreds of different jobs each day, can achieve equal pay.

Launched on 8 March 2008, the ITUC's new Decent Work – Decent Life for Women campaign takes this work to the global level, and equality for working women will be a major feature of the World Day for Decent Work, on 7 October this year.

Introduction

March 8 is International Women's Day (IWD). IWD originated from Socialist women's movements in the US and Europe at the beginning of the last century, although some historians claim that it has its roots in the US some 50 years before that. The event gained momentum from a Socialist International meeting in Copenhagen in 1910, where an International Womens' Day was proposed to 'honour the womens' rights movement and to assist in achieving universal suffrage for women'¹. During the first decades of the 20th century, the IWD movement campaigned for womens' rights to work, vote, be trained, hold public office and to end discrimination. Over the years, IWD has evolved into an internationally recognised day to pay attention to womens' rights and equal participation in all spheres of political, economic and social life.

The International Trade Union Confederation (ITUC) has decided to draw attention to the existing inequalities between male and female earnings around the world on IWD 2008. For this purpose, Incomes Data Services (IDS) was asked to research and write a report which investigates the gender pay gap, based on publicly available sources (such as Eurostat and the International Labour Organisation (ILO) statistics) and WageIndicator; a database that holds pay data collected through an international, self-reporting internet-based survey.

IDS has calculated the gender pay gap for 63 countries from the publicly available data, which includes 30 European countries and 33 countries in the rest of the world. Data from 2006 are used where possible, although sometimes the most recent figures available are from 2004, 2005 or further back, with 2001 as the cut-off point. The time series graphs illustrate the dynamics of the pay gap from 1996 until 2006 for a selected number of countries, although some did not have data available for every year. This explains the line breaks in the graphs. The WageIndicator data concentrates on 12 countries, using data collected during 2006 and the second and third quarters of 2007.

The first part of this report looks at the publicly available sources on the gender pay gap. It shows the most recent figures and time series for a number of countries and provides a short analysis of the results. The WageIndicator data complements these figures by focusing on twelve countries. For these countries, the pay gap is broken down by more specific variables, such as education, occupational sector, working hours, and trade union membership. The literature review in the next chapter provides an analytical and theoretical

¹ <http://www.internationalwomensday.com/>

framework which will set out in more detail the possibilities and limitations connected with research on the gender pay gap. The limitations of the methodologies used to calculate the gap in an internationally comparable way are explored, along with the implications this has for successful policy-making. The last chapter sets out key recommendations on how to tackle the gender pay gap.

There is a wealth of literature and data available on this topic. This report does not have the aim to present a complete systematic review of all the existing information. Rather, it seeks to give an overview of the latest trends and figures in the area of gender pay gap research.

Summary of findings

- The world average gender pay gap is 15.6 per cent according to the IDS analysis of publicly available data sources, with Europe, Oceania and Latin America generally showing more positive results than Asia and Africa, for which the data availability is limited. If we exclude Bahrain, where a positive gap of 40% is shown (due possibly to very low female participation in paid employment), the global figure is 16.5%
- The gender pay gap is unable to capture female participation in the informal economy, which particularly distorts the pay gap figures in countries where such economies are large, such as in Africa, the Middle East, South Asia and Latin America
- Research has shown that the implementation of the Equal Pay Convention 100 of the International Labour Organisation has a positive impact on a country's gender pay gap, and that economic competition may also have a positive effect, but the precise impact of this is not clear because it is often part of a wider set of policy initiatives to combat inequalities in society
- WageIndicator (<http://www.wageindicator.org>), an on-line salary survey of 12 countries covering almost 400,000 respondents, shows that the average pay gap in the participating countries ranges between 13 and 23 per cent
- The WageIndicator survey also shows that trade union membership has a positive influence on the gender pay gap, with the gap in the majority of countries being lower for unionised employees than for employees who are not a member of a trade union in the majority of countries
- WageIndicator data finds that women are often educated equally high as men, or to a higher level. Higher education of women does not necessarily lead to a smaller pay gap, however, and in some cases the gap actually increases with the level of education obtained.
- According to research by the European Commission, the pay gap in European Union member states increases with age, years of service and education.

- The pay gap tends mainly to be higher in female-dominated work environments (such as health, education and social work) than in male-dominated environments, which is probably due to the fact that managerial positions in these sectors are often held by men, and women in these sectors frequently work in the often lower-paid part-time roles
- Other sectors which consistently show a high pay gap in a number of countries are the mining industry, the utilities sector, and the financial services sector. Public administration and other community, social and personal services generally show a lower pay gap.

The figures referred to in this report are derived from different sources, such as Eurostat, ILO, WageIndicator and a selection of articles published on this topic. WageIndicator is based on individuals reporting their own salaries through an internet-based survey and as a result does not include people without access to a computer and the Internet, and those who are not computer literate. This may influence its findings. Furthermore, Eurostat and ILO base their figures on national sources that use different methodologies to calculate individual earnings. Because of this lack in consistency concerning data collection and methodology, and the data deficiencies in a number of countries, caution has to be applied when interpreting and comparing pay gap information from different sources across countries. As is argued in the conclusion of this report, international agreement on the gender pay gap definition and on the methodology used for its calculation is necessary to deal with these issues. In order to come to such an agreement, the elimination of the gender pay gap has to become a priority on the agendas of governments, trade unions and employers.

Global data

This section presents an analysis of the official figures available on the gender pay gap around the world. The findings featured below are based on the worldwide data detailing male and female earnings, from which IDS has calculated the gender pay gap. There are some issues with the quality of the data, and in some circumstances the figures quoted below may not be directly comparable since they are based on different measurements of income and have not been weighted to factor the influence of part-time employment on the gender pay gap. There have also been some difficulties in the worldwide availability of statistics on economic activity. These issues will be discussed in more detail in the methodology chapter in this report.

Data for the 30 European countries featured in this report is sourced from the European Commission (Eurostat). ILO data has been sourced for the rest of the world; see Appendix 3 **[insert URL to full report]** for the relevant reference. The International Labour Organisation collects official statistics on the labour force and its characteristics from national authorities. The individual country data series vary in the way in which they have been collected and in the detail that they contain. This inevitably has an impact on the quality of the data for global analysis purposes. Additionally the data used in this report does not capture non-formal types of economic activity and earnings. This results in the gender pay gap being either under or over-reported in official statistics, including where certain forms of predominantly-female work is either unpaid or informal.

Global overview

There are 245 recognised entities in the world. IDS has been able to calculate the gender pay gap for 63 countries in total - 30 in Europe and 33 across the rest of the world (see gender pay gap maps). Based on this the world average gender pay gap using the IDS methodology was 15.6 per cent, meaning women earn on average 84.8 per cent of men's earnings. If we exclude Bahrain, where a positive gap of 40% is shown (due possibly to very low female participation in paid employment), the global figure is 16.5%. The general trend shows that Europe, Oceania and Latin America fare better when compared with Asia and Africa, where female economic participation is generally low and there are large informal economies which the official data is unable to capture.

Regional analysis

Africa

There are large informal economies across Africa and much of women's work, either informal or unpaid family work, is not sufficiently recorded. For these reasons there is little official pay data by gender obtainable for African nations. Botswana data shows a widening gender pay gap between 1998 and 2005 with the current gap at 23.2 per cent. The time series graph for Africa shows the gender pay gap in Egypt widening after 1996 and peaking at 26 per cent in 2000. After this peak, the gap between men's and women's earnings has fallen to 12.4 per cent in 2005.

Asia

The data shows a significantly wider gap between men's and women's earnings in Asia than the world average. This is more pronounced where there are transitional economies, for example in Armenia, Georgia and Kazakhstan. There is also a much wider gender pay gap for Japan and the Republic of Korea where traditionally women have been under represented in the formal labour market. The average gender pay gap in 2005 for the Asian countries featured in our analysis is 17.6 per cent (median 16.1 per cent). When we exclude the figure for Bahrain (which has an inverse pay gap of 40 per cent), the average is 21.2 per cent (median 16.4 per cent). The most variance in the gender pay gap was recorded in Asia due to the nature of the individual country labour markets. More progress has been made in the Middle East and Central Asia than in South and East Asia. The data for Mongolia, Hong Kong and Sri Lanka shows a relatively smaller gap compared with the rest of Asia. The data shows a positive gender pay gap in Bahrain. This is explained in part by the low participation of women in the workforce, but those women that do work are more likely to be highly educated, highly skilled and in higher paid jobs. Overall, the gender pay gap in South and East Asia is slowly narrowing. The data for the West Bank and Gaza Strip shows a fall in the gender pay gap driven by a growing number of women participating in the labour market, although overall the gap remains wide since women remain disproportionately represented.

Americas

The data is split between the USA and Canada and Latin America. Collection of data on the gender pay gap in the USA does not seem to have been a priority for the US Government and we were therefore unable to source time series data. The same is also true for Canada. According to the Canadian Labour Congress, women earn 72.5 cents per each dollar earned by a man, representing a gender pay gap of 27.5 per cent. For the USA, 2007 data from the US Census Bureau points out that women are paid 77.6 per cent of men's hourly earnings which indicates an average gender pay gap of 23 per cent. Figures by state vary but there is typically a gap of between 20 and 25 per cent in men's and women's earnings. According to

figures produced by the America Federation of Labor – Congress of Industrial Organisations (AFL-CIO), which are based on median weekly earnings of full-time employees as measured by the US Bureau of Statistics², the gender pay gap by occupation varies significantly. The lowest wage gap is for health aides professions (which exclude nursing) with women earning 95.2 per cent of men's median weekly earnings and the largest for physicians with women earning 58.2 per cent of men's earnings.

The data for Latin American countries shows a mixed picture with wider gaps between men and women recorded in Paraguay, Colombia and El Salvador compared to Costa Rica, Mexico and Panama. The positive gender pay gap calculated for Costa Rica is partly explained by a large informal economy where earnings for women have not been captured in the official statistics.

Europe

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

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

Transitional economies in Central and Eastern Europe, including the Baltic States, have seen a decline in economic participation for both men and women since the 1990s and also have a declining trend in the gap between men's and women's earnings. The time series graph shows a fall in the gender pay gap across Eastern Europe over the 10 year period to

² *Highlights of Women's Earnings in 2002*, September 2003, Report 972.

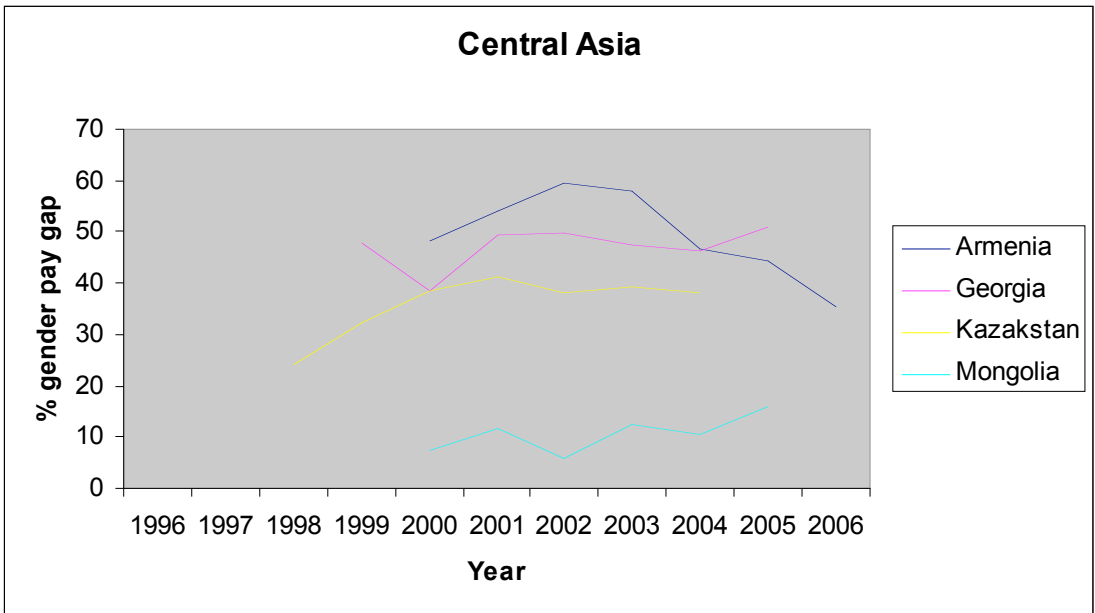
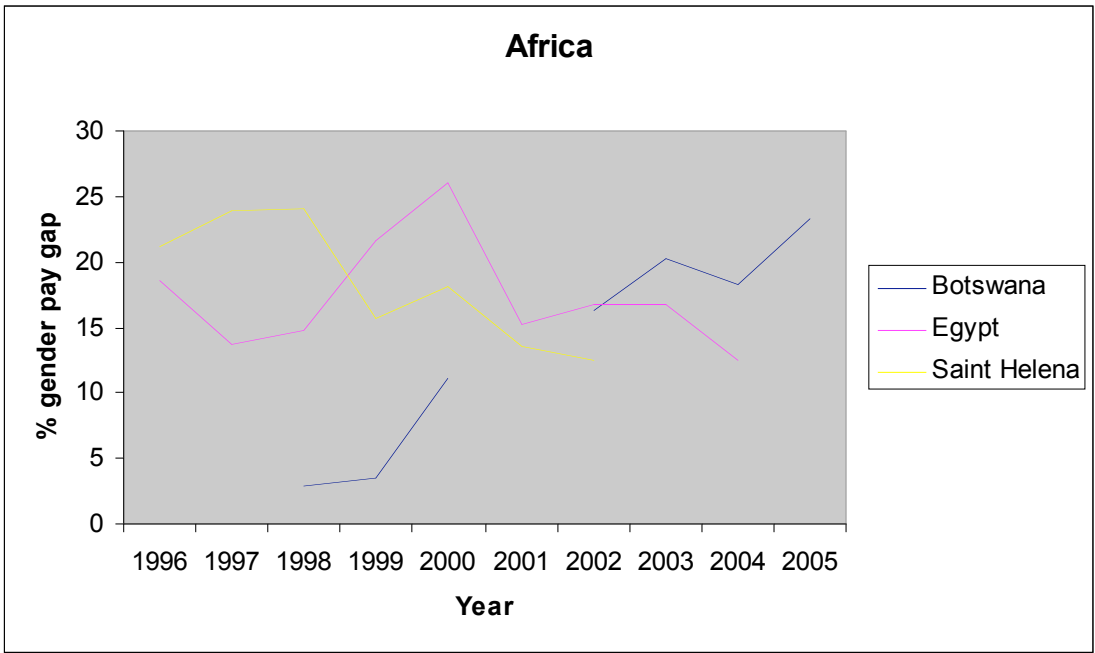
2006, with the exception of Poland where the gap had widened slightly since 2005. This is explained by a large number of male workers migrating to the UK and Ireland. This reduces the number of lower-paid male workers, typically employed in construction and plumbing work, in the Polish labour market, which in turn has a statistical effect on the gender pay gap.

Job characteristics of the workforce also play in role in influencing the gap between men's and women's earnings – where the jobs mainly undertaken by women are more similar to those typically done by men, the gap tends to be smaller. In the UK occupational segregation by gender is more pronounced and the gender pay gap is wider at 20 per cent than many of its European comparators. The Commission of the European Communities³ states that 'a high pay gap is usually characteristic of a labour market which is highly segregated (eg Cyprus, Estonia, Slovakia, Finland) or in which a significant proportion of women work part-time (eg Denmark, UK, the Netherlands, Austria, Sweden). Institutional mechanisms and systems on wage setting can also influence the pay gap'.

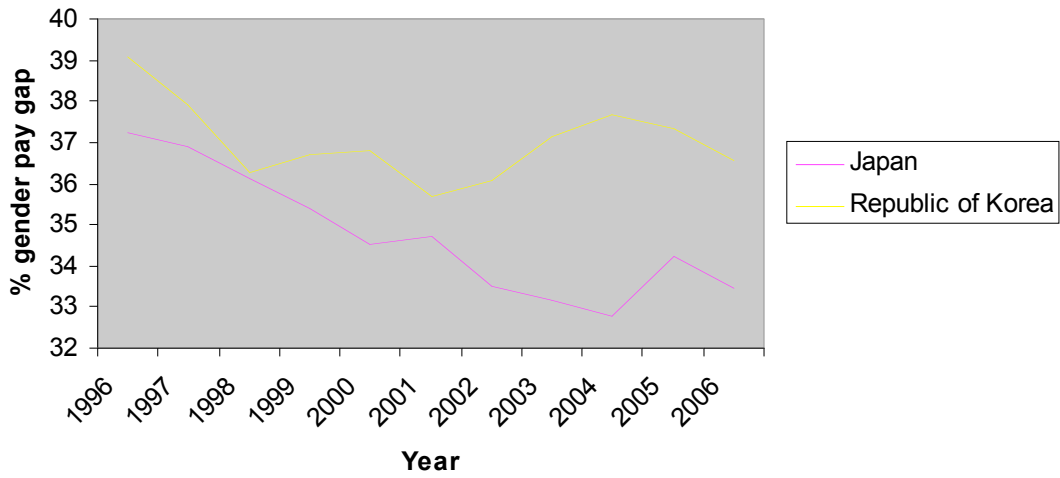
Oceania

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

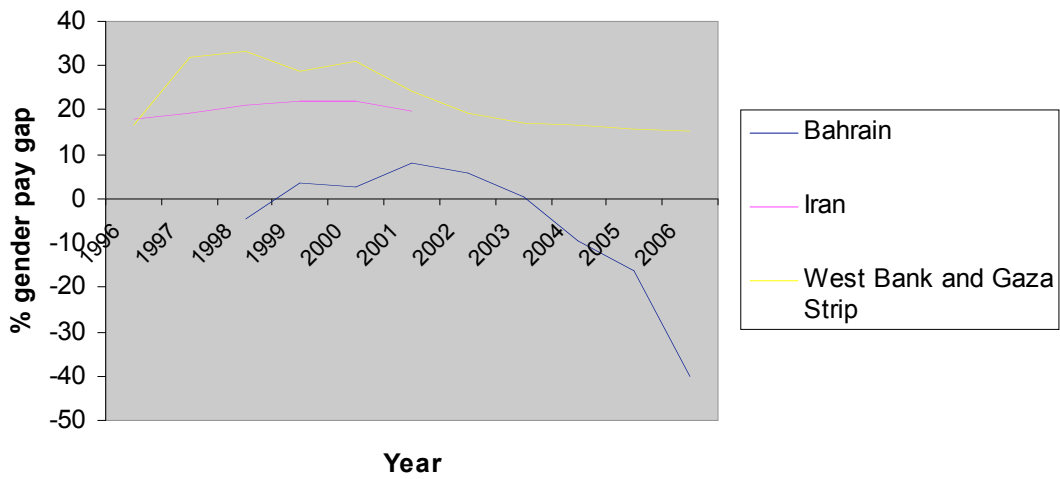
³ Communication from the European Commission (2007), *Tackling the Pay Gap between Women and Men*, p.4.

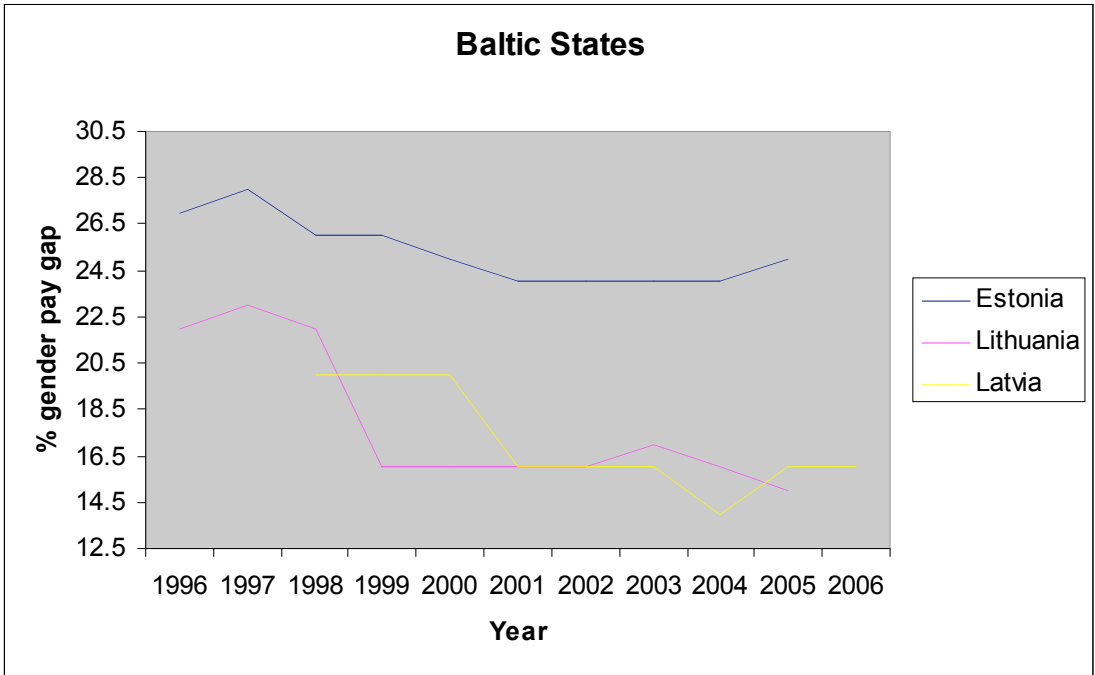
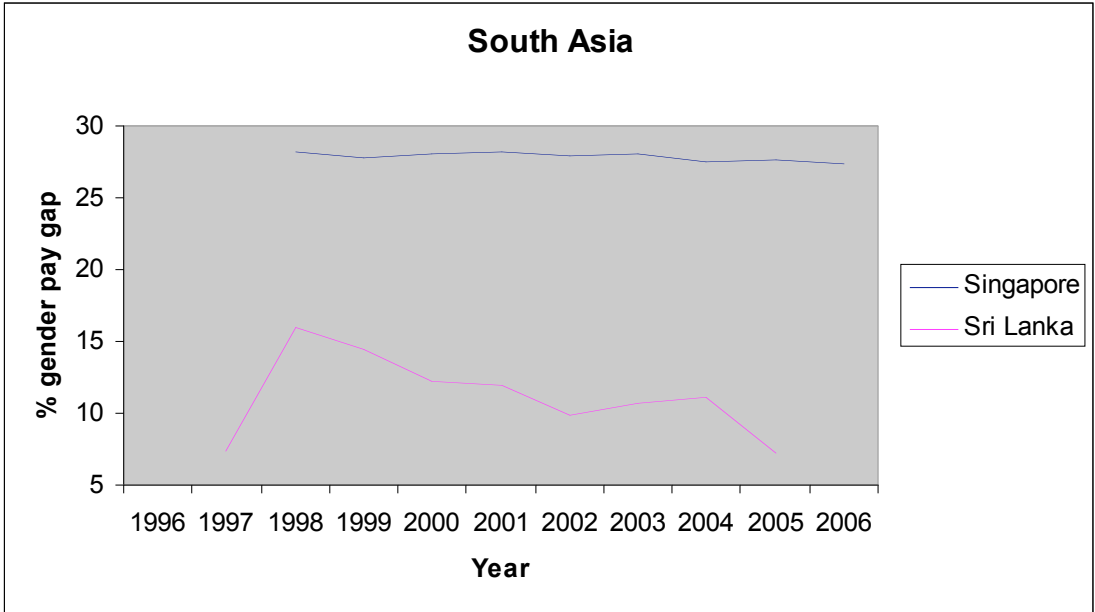


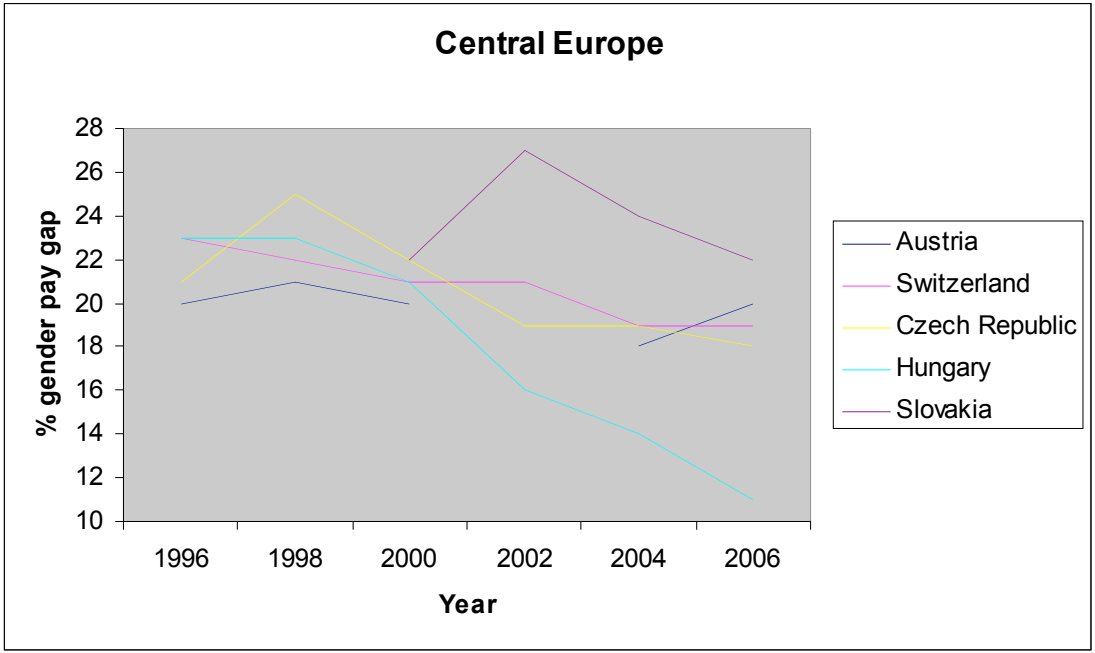
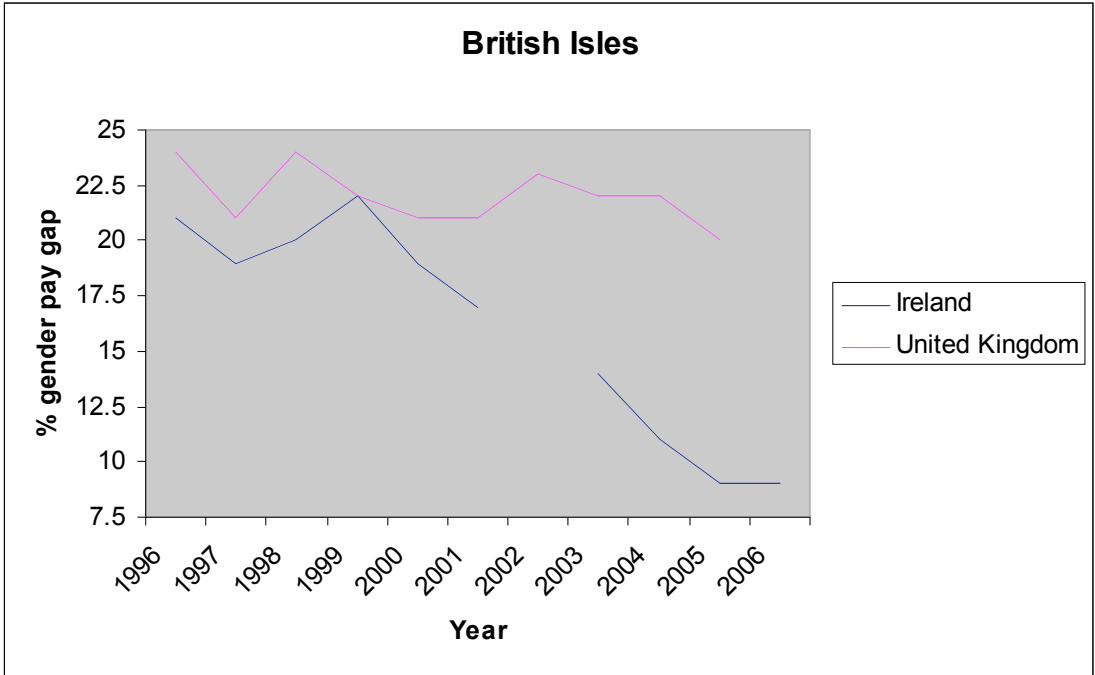
Eastern Asia



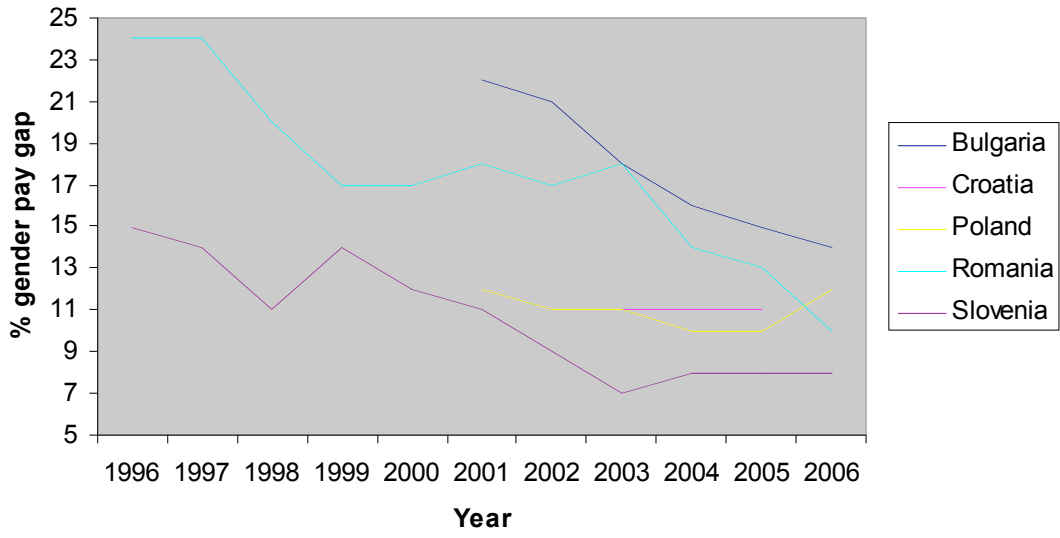
Middle East







Eastern Europe



Iberian Peninsula

