

Understanding Gender Pay Gaps around the World: Guidelines for Measurement in Workplaces and Sectors

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Acknowledgement: Development of these guidelines made possible by generous support from Fairtrade International.

Overview

Gender pay gaps around the world

All around the world, women earn less than men, on average.¹ This is partly due to women having fewer opportunities for paid employment and being more likely than men to work part-time. This is also partly due to women tending to work in jobs and sectors with lower pay and having fewer opportunities for career advancement. Moreover, women are often paid at a lower rate than men for equivalent work.² When hourly wage rates for women and men employees are compared, there is an average “gender pay gap”³ of 19 percent worldwide.⁴ This gender inequality in pay, and the high incidence of low wages among working women, mean that efforts to ensure workers receive at least a living wage hold particular importance for women.

Measuring gender pay gaps in specific workplaces and sectors

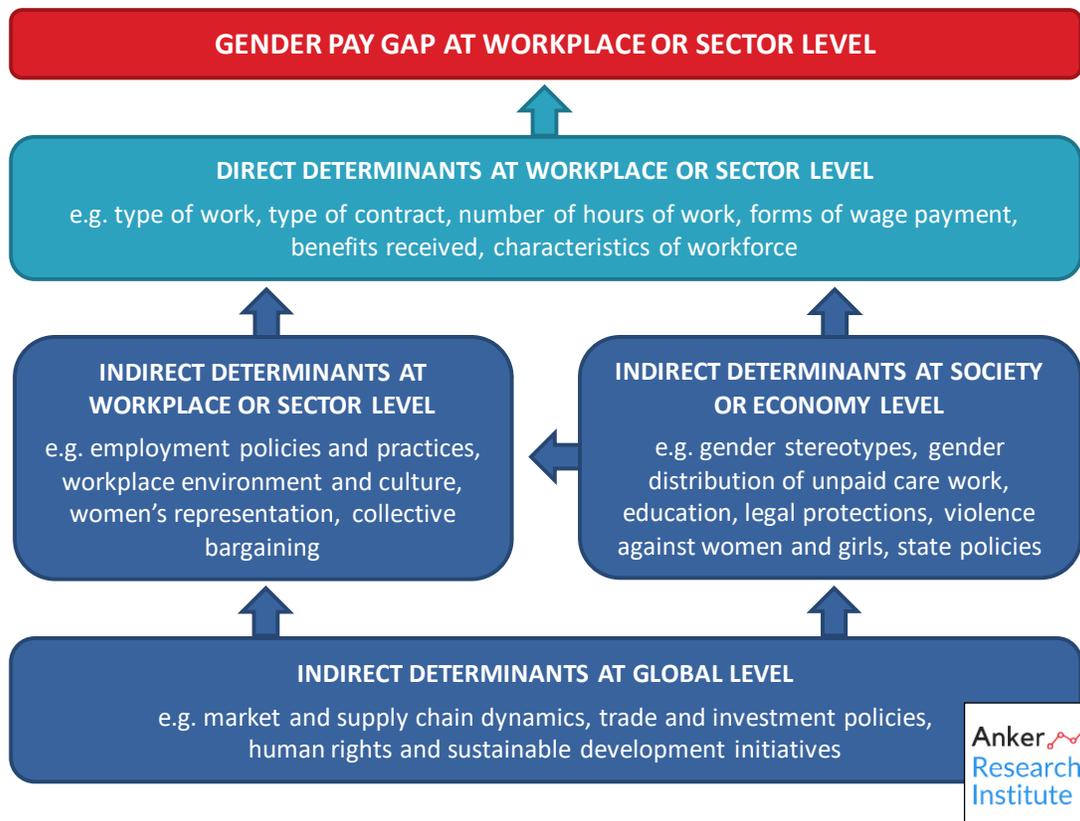
While there are many analyses of gender pay gaps at the global and country level, and increasing gender pay gap reporting by large companies, there is little analysis of gender pay gaps in workplaces and sectors that are part of global supply chains. Moreover, there is little practical guidance available on how to measure gender pay gaps for workplaces and sectors of interest.

The ‘Anker methodology’⁵ is widely accepted as a robust and credible approach to measuring living wage and assessing the gap between prevailing wages and a living wage. Over 40 in-depth living wage studies using the Anker methodology have been carried out for companies, NGOs, and public-private partnerships.⁶ Gender issues have been addressed implicitly in the way the living wage is calculated, for example, by taking unpaid work into account when estimating the cost of living and by assuming that one adult in the ‘typical’ family on which a living wage is based is in part-time employment. However, this approach is not sufficient to provide an understanding of the gender context of an industry or economic sector and identify policies and practices that would result in greater gender equity and a reduction in gender pay gaps.

It is with this in mind that the Anker Research Institute has developed guidelines for measuring gender pay gaps in workplaces and sectors. The aim is to provide robust, credible information on the size of gender pay gaps and, more importantly, the direct and indirect determinants of those gaps:

- **Direct determinants** of gender pay gaps include gender differences in work activities, supervisory responsibilities, working hours, types of contracts, etc. that affect the wages of male and female workers.
- **Indirect determinants** include social, cultural, legal, economic, political, and institutional aspects at workplace, sector, economy, society, and global levels. These include: social norms and attitudes regarding women’s and men’s work; employment policies and practices for recruitment, remuneration, and promotion in workplaces and sectors; legal protections for women workers, low wage workers, and workers in non-standard forms of employment; representation of women in trade unions and in industry and employer associations; global market dynamics and buyers’ purchasing practices; and macroeconomic, trade, and investment policies.

Figure 1. Simplified framework for measuring and understanding gender pay gaps in specific sectors and workplaces



Source: Adapted from Sally Smith, Richard Anker and Martha Anker (forthcoming), *Gender pay gaps around the world: Guidelines for measurement in workplaces and sectors*, Anker Living Wage and Income Research Institute.

Gender and living wage estimates

The guidelines also describe how a gender perspective is incorporated when estimating a living wage using the Anker methodology and provide guidance on investigating how living costs vary for lone parent households. The aim is to raise awareness of how gender issues can affect living costs (and therefore a living wage) and to draw attention to the possible need to develop targeted policies and strategies to support lone parent households in study locations where these types of households are common and are particularly vulnerable to poverty.

Use of the guidelines

The guidelines are designed to allow for flexibility in how they are used. They can be used as part of a new Anker living wage benchmark study or to assess gender pay gaps in a sector or workplace where a living wage study has already been completed. They can also be used outside the context of living wage studies for a standalone study on gender pay gaps.

Studies can be commissioned by a range of entities: employers and their parent companies, global buying companies, sustainability standards organizations, international and national trade unions, women's rights organizations, international organizations and foundations, and others. Depending on the commissioning entity and purpose of the study, the focus may be on a single workplace, an entire sector, or on workplaces linked to a particular scheme or buyer.

Studies using the guidelines should be led by qualified researchers with knowledge and experience in gender issues and issues related to employment and wages. In order for the research to be considered credible and unbiased, researchers should be independent and not have a direct stake in the outcome of the research.

Data and information required for a study using the guidelines

The measurement of gender pay gaps involves gathering and analyzing information from employers, workers, trade unions, and other relevant organizations and key informants for the sector or workplace(s) of interest.

Cooperating employers are asked to provide detailed information on relevant employment policies and on the size and structure of the workforce and remuneration for women and men workers in different occupations, grades, and job categories from entry level to management. This includes information on basic wages, overtime pay, performance-related bonuses, other cash payments and bonuses, and in-kind benefits and how these differ for women and men workers, as well as other aspects of employment that affect wages such as type of contract and employment relationship, and amount of time worked over the week, month, season, and year. If possible, researchers are given access to payroll data for different periods in the annual production cycle so they can carry out statistical analysis of wage data by gender.

Further information on the workforce, wages, and gender issues is collected from workers, trade unions, and other relevant entities such as industry associations and women's rights organizations, as well as drawing on available secondary sources such as national household surveys and enterprise surveys.

Use of study findings

Study findings can be used by stakeholders and relevant organizations to identify appropriate policies and interventions to close the gender pay gap as well as gaps to a living wage. The

findings can also serve as a baseline for assessing the effectiveness of actions to reduce the gender pay gap.

The use and possible publication of study findings is agreed with the commissioning entity prior to undertaking the study and is made clear to employers when seeking their cooperation. Information and wage data specific to individual employers and workers are treated as confidential and the identity of participating employers and workers is not revealed without their permission.

For further information, please contact: inquiries@ankerinstitute.org

¹ As measured by (i) the ratio of male-to-female earned income and (ii) a qualitative indicator on wage equality for similar work. World Economic Forum (2019), *The Global Gender Gap Report 2018*, <https://www.weforum.org/reports/the-global-gender-gap-report-2018>.

² ILO (2018), *Global Wage Report 2018/19: What lies behind gender pay gaps*, <https://www.ilo.org/global/research/global-reports/global-wage-report/2018/lang--en/index.htm>

³ The term “gender pay gap” refers to the difference in earnings for female and male wage employees, usually expressed as the margin by which women’s pay falls short of men’s pay.

⁴ ILO (2018), op cit.

⁵ The Anker methodology, developed by Richard Anker and Martha Anker, is described in the book, *Living Wages Around the World: Manual for Measurement* (available online from Edward Elgar Publishing: <https://www.elgar.com/shop/gbp/living-wages-around-the-world-9781786431479.html>). The manual provides detailed guidance on how to measure living wage, as well as providing an historical and theoretical background to the living wage concept and principles.

⁶ Most of these studies are available on the Global Living Wage Coalition (GLWC) website: www.globallivingwagecoalition.org.