

Making Sense of Gender-Based Pay Gap

Furqaan Ahmed Jafri

Management Student

Ahmedabad university, Ahmedabad.

furqaanahmed.j@ahduni.edu.in

Abstract:

The paper looks at the issue of 'gender-based pay gap' in organizations in India and across the world, and talks about how the issue came into mainstream discussion. The paper puts forth facts taken from multiple studies about the reality of pay gap in organizations and draws a parallel with respect to the prevalent scenario around the world and in India regarding the same. It mentions how the 'Feminist theory' and the 'Equity theory' come into picture in context of gender-based pay gap. The scope of the data is limited to the secondary sources cited in the literature review and there is no primary survey conducted to validate the secondary sources. Lastly, there is a detailed analysis of the managerial implications of 'gender-based pay gap' and the future of this practice in organizations.

Keywords: 'gender-based pay gap', 'pay equity' and '#MeToo'

Introduction:

This paper intends to highlight the issue of 'gender-based pay gap' in the organization which is seen predominantly among male and female employees. The main aim of the paper is to highlight how pay gap affects an organization and what are its implications from the stand point of Strategic Human Resource Management.

In the post #MeToo era, society as a whole has become conscious towards the plight of women and with this, major stories broke about the discrimination that women face in the corporate world almost daily. One such issue is of pay gap. Despite holding equal positions and doing equal work women across the globe don't

receive equal remunerations as their male counterparts. This has many repercussions in an organization and in the society too.

The paper puts forth practical examples of few organizations in India and around the world and discusses the phenomenon of pay gap and what is currently being done to change it. In terms of the field of Human Resource Management, the paper will give recommendations which will help make organizations a more just workplace for women and which in turn will help the organizations be more successful.

Literature Review

The Cambridge Dictionary describes pay gap as:

“The difference between the average pay of two different groups of people, for example men and women”

This paper's main focus is to critically analyze the 'gender-based pay gap' prevalent in the workplace and to understand the managerial implications of the same.

As per an in-depth analysis by Korn Ferry Fender Pay Index, it was found that men on an average are paid 16.1% more than women globally, the database constitutes of 12.3 million employees belonging to 14,284 companies across 53 countries. Thus, the sampling used by them makes their findings more accurate.

The interesting thing in their finding was, upon taking a micro overview it was found that the gap reduced. When evaluating two employees – one male and one female – working at the same level and at the same company, the gap goes down to 1.5%. And when these two factors are narrowed down to male and female employees in the same function, the gap further declines to 0.5%. This suggests that on a micro scale the disparity is relatively less as opposed to the macro scale.

Maryam Morse - Korn Ferry Senior Client Partner - says, *“The issue of male and female pay parity is very significant and real, and it is critical that it*

be addressed. While our data show women earn about 16 percent less than men globally, the gap can be closed if organizations address pay parity across the organization and continue to strive to increase the percentage of women in the best-paying parts of the labor market, including the most senior roles and functions such as engineering and finance.”(Ferry, 2018)

As per the aforementioned report the overall gap in India is equal to the overall gap across the globe – 16.1%. While the average gap at the same level in India is 4% which is below the global average of 5.3% (Please refer to the 'Table-A' in the appendix for details).

This claim has been debunked by numerous other reports, which suggest that on an average pay gap in India is higher than the global average. As per the *Global Wage Report 2018-19* by the International Labour Organization (ILO) the average pay gap disparity in India was 34.5%, highest among all the 73 countries studied in the list. Furthermore, India ranked 108th on World Economic Forum's Global Gender Gap Report (2017), this shows the alarming situation of women working in Indian organizations.

As per the *Monster Salary Index* the current gender pay gap in India is 19% where men earn Rs 242.49 on an hourly basis while women earn Rs. 196.3 on an hourly basis. As per The Economic Times, *“The data shows gender pay difference widening with higher skill level - while*

there is no gender pay gap in semi-skilled work, the gap touches 20% for skilled women and 30% for highly skilled occupations.” (Bhattacharyya, 2019)

The sectoral analysis of the report shows that the discrimination against women is prevalent in all major industries: (Bhattacharyya, 2019)

Industry	Percentage in favour of Men
IT/ITES	26
Manufacturing	24
Healthcare	21
Caring Service and Social Work	21
Financial Service, Banking and Insurance	2

(Table – I)

From the aforementioned reports one can say for sure that the Indian workplace is discriminatory towards women and the prevalent pay gap is a big concern in this era. There are a few sociological factors attached to this as well, especially in the Indian context. Here the problem is that women are underrepresented in the workplace.

McKinsey Global Institute estimated that India's economy can earn an additional sum of \$700 billion to \$2.9 trillion by 2025 if Indian women could participate in the economy on par with men. (Prakash, 2019) As of now, women constitute of only 12% of the parliament and out of 100 best companies the female employees happen to be only 30.55% of the entire workforce. While this has

increased from 25.25% in 2016, it still shows that women aren't taking up jobs in the country.

The survey conducted by *Monster Salary Index* shows that 86% women out of all the women surveyed considered safety as the key parameter of choosing a job. (Bhattacharyya, 2019) With India being considered the rape capital globally due to a steady rise in crimes against women, the safety of a woman becomes an extremely imperative factor for her and her family. Many Indian families don't prefer that women work for this very reason. Also, the prevalent patriarchy dilutes the growth scope of women in general. These are some of the factors that hinder the participation of women in workforce.

The following theoretical frameworks come into play in context of gender-based pay gap:

The Feminist Theory

“Feminist theory is a major branch of theory within sociology that shifts its assumptions, analytic lens, and topical focus away from the male viewpoint and experience and toward that of women. In doing so, feminist theory shines a light on social problems, trends, and issues that are otherwise overlooked or misidentified by the historically dominant male perspective within social theory.” (Crossman, 2018)

Feminist theory focuses on gender inequality and brings into light the standpoint of women which is often overlooked in the patriarchal societies. The entire issue taken up in the #MeToo movement brought issues like 'gender-based pay gap' into mainstream discussion and with that the feminist theory as well. The major variable at play was the social consciousness and the introspection that the society as a whole did which brought about a change in the mindset of people.

Equity Theory

“Equity theory, popularly known as Adam's equity theory, aims to strike a balance between an employee's input and output in a workplace. If the employee is able to find his or her right balance it would lead to a more productive relationship with the management.” (The Economic Times, 2019)

In the context of Human Resource Management, the equity theory comes into play. The theory states that for equal amount of input there should be equal amount of output. This can be formulated as following:

$$\frac{\text{Outcomes self}}{\text{Input self}} = \frac{\text{Outcomes others}}{\text{input others}}$$

(Mello, 2017)

So, essentially the outcome one person gets from a certain amount of input should be equivalent to the outcome of any other individual giving an equivalent amount of input, the theory further divides the equity into three different areas:

- 1) Internal equity:** *“a situation in which employees who do similar jobs within a company receive similar salaries, and the amount they are paid is related in a fair way to the type of job that they do”* (Cambridge Dictionary, 2019)
- 2) External equity:** *“the situation in which employees of a company receive pay that is fair, when it is compared to the pay of employees in other companies who do the same job”* (Cambridge Dictionary, 2019)
- 3) Individual equity:** *“Considers employee perceptions of pay differentials among individuals who hold identical jobs in the same organization.”* (Mello, 2017)

The 'table-A' of the appendix makes it very clear that organizations across the globe have failed in providing all the aforementioned forms of equity to

women, and that it is a need of the hour to bring about a change there.

Real-life Examples

Indian IT Sector

The 'Table-I' mentions the industries with most amount of gender based pay-gap in India. Here the IT sector stands out, a report by the Hindu states that the gap in the Indian IT sector is as huge as 34%. The men working in the IT sector earn approximately Rs. 360.9 per hour while the women earn as low as Rs. 239.6 per hour.

One reason found for this discrimination especially in the Indian context is that women will not make work a priority once they are married. As per the

Monster.com study it was found that 46% women felt that their marriage builds a perception that they will quit working; and 46% women felt that there is a prevalent belief that women can't put the same number of hours as men.

Board of Cricket Control India (BCCI)

It is a known fact that India is a cricket crazy nation, and it is also a fact that BCCI is the richest cricket control board across the globe. Yet the pay gap disparity between male and female cricketers, to put it mildly, is enormous. The following were the tweets of BCCI on the eve of international women's day when they revised the pay structure of women cricketers.

<p style="text-align: center;">Men Players BCCI Rate as:</p> <p style="text-align: center;">Grade A+ players to receive INR 7 Cr. Each Grade A players to receive INR 5 Cr. Each Grade B players to receive INR 3 Cr. Each Grade C players to receive INR 1 Cr. Each</p> <p style="text-align: center;">Women Players BCCI Rates as:</p> <p style="text-align: center;">Grade A players to receive INR 50 lacs Each Grade B players to receive INR 30 lacs. Each Grade C players to receive INR 10 lacs. Each</p>

The rates are given as per official Tweeter handle of BCCI (Das, 2018)

As clearly seen a woman signing a grade A contract with BCCI would receive half the amount of grade C male player. Over and above this, the BCCI introduced a special 'A+' grade contract for cricketers like Virat Kohli who shall receive a sum of INR 7 crores.

Hindi Film Industry

The Hindi film industry just like

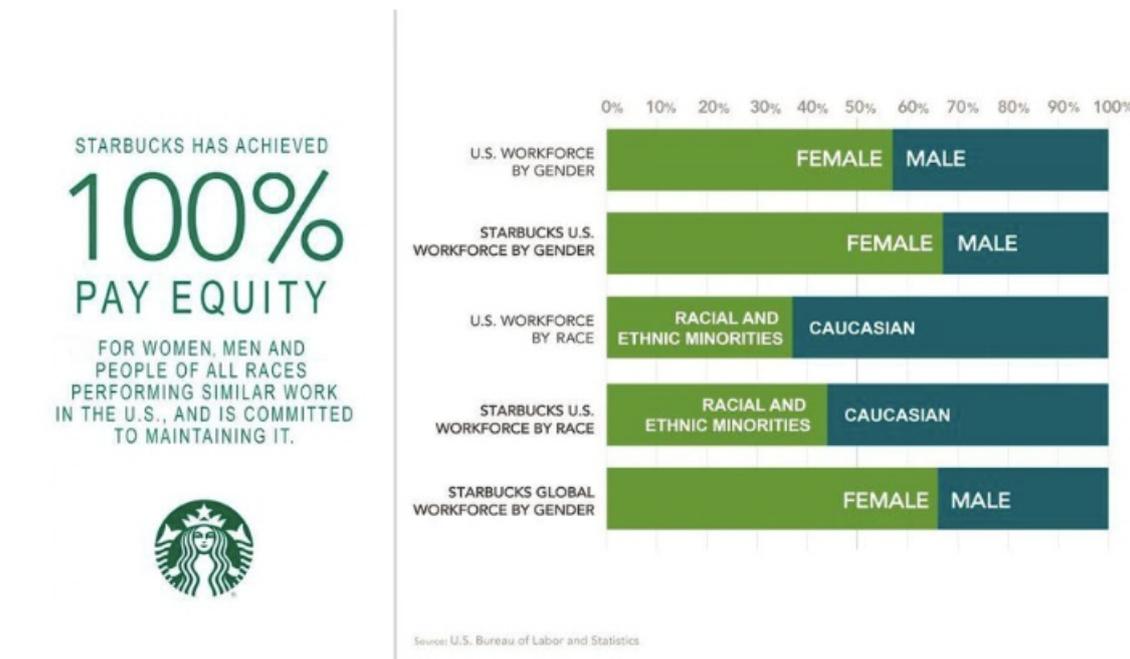
any of its western counterparts is full of glamour and big bucks. But the pay disparity there is equally gigantic. For instance, Deepika Padukone earned \$1.8 million for her role in *Padmavat* which is very less in comparison to Shah Rukh Khan who earns approximately \$5.5 million on an average per movie. Another popular incident is that in the year 2003

2003 Kareena Kapoor Khan was dropped from Karan Johar's *Kal Ho Na Ho* for demanding equal pay as her male counterpart, subsequently another actor was selected for her part. (D'Cunha, 2017)

Starbucks US

Starbucks US became one of the few companies in the world to achieve the

feat of pay equity. After ten years of intensive work, the company achieved equal pay for all the employees irrespective of race and gender in the United States of America. They released the following image highlighting their achievement.



(Tarr, 2018)

Ikea India

In an interview with *The Hindu Business Line*, Anna-Carin Månsson - the Country People & Culture manager for IKEA India – claimed that they will be bringing unique HR practices in India to keep the organization employee oriented. They shall be offering a 26 weeks parental leave for either of the parents; they shall be having a daycare Centre in the showroom itself to help working couples, and a to-and-from transport system. But most importantly they are aiming to

achieve equal pay for equal work irrespective of gender by 2020. (Gandhi, 2018)

Managerial Implications

Women constitute almost half of the world's population and a major chunk of the labour force. Having women centric approach in an organization and equity in terms of pay will not only help in increasing the efficiency of the firm but will also help develop employee loyalty. Also, creating a diverse organization allows a fresh perspective to develop in

the organization and thus increases the scope of innovation.

Tata is famous for being employee oriented, and yet it strives to make its workplace more employee friendly. In the year 2016 Tata Sons announced that it will be floating an array of women centric policies ranging from paid maternity leave of 7 months, half pay-half working day post-maternity support worth 18 months, flexible work hours and secure performance ratings during the maternity leave. NS Rajan – the group chief human resources officer at Tata Sons – upon announcing these policies said that, *“our intent is to show that we care through a deep organizational commitment towards our woman employees. Maternity, for example, has been a key focus area. By offering seven months leave followed by post-maternity support of 18 months, we are providing a viable option to mothers to be at home during the critical early childhood.”*(Bhattacharya, 2016)

This shows the priority top organizations place in valuing their Human Resource and ensuring a secure and diverse workplace for its employees. In such a time it also becomes extremely imperative to take care of the women personnel and to ensure their security and growth in the organization. Pay equity is a major part of this along with factors like equal opportunity to grow, maternity leave among others.

The trend to achieve pay equity is now becoming a global phenomenon. As

mentioned above, Starbucks US has achieved pay equity in its organization and has created a more just workplace for its employees. Adobe, Apple, Intel and Salesforce too followed suit and have declared that their organizations have achieved pay equity.

Adobe announced that besides US it has also achieved pay equity in India and is now striving to close the pay gap in its 80% of the global work force. Apple announced in its 'inclusion and diversity page' that *“Pay equity is simply the right thing to do, and it is something we are deeply committed to.”*(Connley, 2018)

This proves that pay equity is the key area of Human Resource Management especially in the post #MeToo era, leading organizations have already implemented it or are committed to the cause. Its impact will lead to a betterment of society at large and will also ensure development in organizations.

Conclusion

It is clear from the points mentioned that pay equity is something each organization should look out for. Ideally, certain frameworks should be set in to ensure that pay gap doesn't become a form of concern for an employee of any race, caste, religion or gender in an organization.

Having policies that ensure equal pay for equal work, and a policy to higher gender and other minorities will also ensure in proper implementation of pay equity. As discussed in the paper, one of .

the reasons for gender-based pay gap is lack of representation of women in organizations, while the social construct does play a role in this – especially in the Indian context – factors like power dynamics, casting couches and issues of harassment are major reasons women don't prefer to work. By ensuring their safety through proper mechanisms and strong penalties the organization can achieve this feat.

Certain companies do have paid maternity leaves for their women employees it could be of 12 weeks or 24 weeks as per the laws of the land and the policies of the company. Here, the clients of the woman employee are assigned to her peers and they handle them during the period of her absence. The major drawback that comes here is that when an employee isn't on work for such a long duration, s/he takes time adjusting to the changes that have taken place during her/his absence. Women often face bullying and betrayal when they return to work, they don't get their clients back. As per a report by *the guardian* each year 54000 women are forced out of work just after they have a baby, the '*pregnant then screwed*' campaign got fueled to battle this. (Minter, 2015)

As discussed above if proper mechanisms are implemented to take care of such categorical discrimination, it will not only be beneficial to the organizations but also to the society at large.

This thought can be extended to

various fields, especially sports. All sports across the world have a big disparity with regards to the pay gap of male and female athletes. In most sports women and men contribute equal amount of time on field and yet they don't receive the same remuneration. Though this issue has been brought to light recently there hasn't been much done to change the situation at hand.

While the fact remains that remuneration and pay depends on the commercial appeal in sports, there are strong sociological factors at hand when we consider the reasons female athletes aren't able to pull a huge crowd like male athletes do. It is the general disregard for women led sports and the inherent patriarchy in the society that despite putting forth equal efforts women aren't able to pull the same amount of audience. Another reason is that sports in general has been a male dominated field. Women entered major sports like Cricket, Football and Wrestling decades after they had become established male dominated sports that is why women faced a handicap when it came to the viewers.

Entertainment and fashion industries are other areas besides the corporate world where pay gap is huge.

On the other hand we may easily see that many popular players, famous business typhoons, popular faces are occupying their dominant and appear firmly on the cover pages of magazine and if any women occupy this page it become the news line. Same things are prevailing

with the many popular brand male players are endorsing any relevant or irrelevant products while we can see very few female players are endorsing brands here also players are earning handsome earnings and we can identically differentiate Pay Gap.

I think it's only fair that the paper ends stating the ground reality with the words of a woman:

"Imagine you're a little girl. You're growing up. You practice as hard as you can, with girls, with boys. You have a dream. You fight, you work, you sacrifice to get to this stage. You work as hard as anyone you know. And then you get to this stage, and you're told you're not the same as a boy. Almost as good, but not quite the same. Think how devastating and demoralizing that could be." – Venus Williams

(Calkins, 2018)

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Appendix

Country	Overall Gap	Same level	same level, same company	same level, same company, same function
Average across globe	16.1%	5.3%	1.5%	0.5%
Brazil	26.2%	15%	5.5%	1.9%
China	12.7%	5.8%	1%	0.3%
France	14.1%	3.2%	3%	2.2%
Germany	16.8%	4.3%	3.2%	2.3%
India	16.1%	4%	0.4%	0.2%
U.K.	23.8%	8.3%	2.6%	1.3%
U.S.	17.6%	7%	2.6%	0.9%

Table - A
(Ferry, 2018)