

Gender Diversity and The Gender Pay Gap

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ABSTRACT:

Gender diversity is the phenomenon of placing the employees in diverse groups based on their gender. But there are some other aspects also on which the diversity is defined like age, religion, colour, religion, nationality, sexual orientation, and others. When this differentiation is practised in any organisation or workplace it is called gender diversity at workplace. Gender Diversity has been the reason for various issues at the workplace for female employees like pay gap, promotional opportunities, representation, involvement in decisions, harassment, and many others. And these issues have a direct and also indirect impact on the overall working of the company. One of the issues which will be studied in this paper is the gender pay gap; gender pay gap is the inequality in the payment which is received by male and female employees working at the same position in an organisation. This issue is prevalent at the global level even in these times; and there are many strategies being formulated by companies and experts to overcome this loophole. This paper will focus on the study of gender diversity in the workplace at different levels of the company, and the gender pay gap.

Keywords: Gender Diversity, Gender Pay Gap, Gender inequality.

INTRODUCTION:

Gender Diversity is the practice of differentiating between men and women on the basis of various factors. Gender Diversity is a global issue and is mostly experienced by individuals at their workplace, and is called Gender diversity at workplace. Some of the factors apart from gender which contribute to this inequality are age, nationality, religious beliefs, sexual orientation, ethnicity, skin colour, and others. Gender Diversity issues at the workplace can be experienced by women in the form of low representation, sexual harassment, mental harassment, glass ceiling, pay gap, and many more.

Gender pay gap which is the main element of study in this paper is the difference in the salaries of men and women working at the same position; or it can also be said that the average pay difference among males and females is termed as pay gap. Gender pay gap, less promotional opportunities, job position segregation based on gender, harassment at workplace are all connected to one another, and also all can be solved by only change in the attitudes and perspectives of the individuals both male and females.

Gender pay gap is also seen in the term of economic contribution of men and women to the overall development of the country, and therefore is a global concept studied at all levels. This paper will study the concept and the issue of gender pay gap in the Indian companies as compared to the global situation of the same.

Reports and statistical data at both global and national level have been studied with the help of graphs and tables in order to better understand the issue of gender pay gap, and its evolution during the decade, in the light of gender diversity issues at workplace. In the end suggestions and conclusions have also been given to take required steps to curb the issue from its root.

LITERATURE REVIEW:

(Blau & Kahn, 2003) Over 22 countries from the time-period of 1985-94 were studied for understanding the gender pay gap scenario. It was found that the lower gender pay gap has been influenced mainly by two factors: low female supply in the working sector, and compressed male wage structure. Also the factor of collective bargaining is negatively associated with the gender pay gap.

(Bishu & Alkadry, 2016) Over 98 peer reviewed journals were studied to understand the status of gender diversity and gender pay gap in the public sector companies. The aim of the study was to find out the theme which had a great impact on engendering gender diversity in the public sector companies and eventually to categorise them for better understanding.

(Hoff & Lee, 2021) The paper studied the gender pay gap in the medical industry, where it was seen that female doctors were paid less than their male counterparts in different fields of medicine. Total of 46 research articles since 2000 were taken for review, and it was found that women doctors across time, specialty and country have been earning thousands of dollars less than their male colleagues.

(Blau & Kahn, 1999) In this paper it was studied that the wage structure has a crucial role to play in the gender pay gap of any nation. It was also highlighted that the extent of positive effect of the human resource policies in any company is also a dependent variable on the wage structure of that company, for instance with a wage wage structure these policies might be left ineffective in the long run. Other factors also were studied in this paper related to gender pay gap which were prices set for labour in the market, and the rewards they get for the work done.

(Manning & Saidi, 2010) The researchers argue that the gender pay gap is all about the variety of attitudes and behaviour responses male and female employees have towards performance and competition. Through experimentation technique it was found out that often women tend to work less under performance pay contracts as compared to men but then also in this aspect gender pay gap is small. Also it was enunciated that there is a modest and balanced effect of performance pay on the earnings of male and female employees.

(Grybaitė, 2006) The paper takes two theories related to the gender pay gap to study as a concept in European nations. The first theory is the Human Capital Model which analyses the gender based on the qualifications, therefore women who are less qualified and less experienced than their male counterparts tend to receive a lower pay. The next model taken into consideration is the labour market discrimination model which includes discrimination by the employer, by the employee, by the customer, and statistical discrimination. These discriminations are the result of the prejudices people have for the women labour force and thus this affects their earnings in the labour market to a great extent.

TYPES OF GENDER PAY GAP:

There are mainly two types of gender pay gaps. Controlled gender pay gap and Uncontrolled gender pay gap.

1. Controlled gender pay gap: When the pay gap between males and females is studied keeping into consideration their same job role, responsibilities and qualifications.
2. Uncontrolled gender pay gap: When the pay gap between males and females is studied keeping into view the whole industry and all the jobs available in the industry. This gap is also termed as opportunity gap; as this also indicates which types of jobs are appropriate for women and which are suitable for men. And this aspect related to the work industry also indicates the value for work done by women as a whole. It can also be said that the uncontrolled gender pay gap is an indicator of value for women employees.

Of the two types of gender pay gap mentioned above the uncontrolled [ay gap is not more important than the controlled one. But if one studies the uncontrolled gender pay gap solely he or she will get deep insights into the sexism and prejudice against women and their suitable job positions which still prevails in the society. The uncontrolled gender pay gap would give a clear picture of the economic disparity between men and women wherein women are still not offered high paying high level C-Suit jobs.

Below is the controlled and uncontrolled gender pay gap record for the past few years at the global level.

GENDER PAY GAP (Relative to \$1 earned by men):

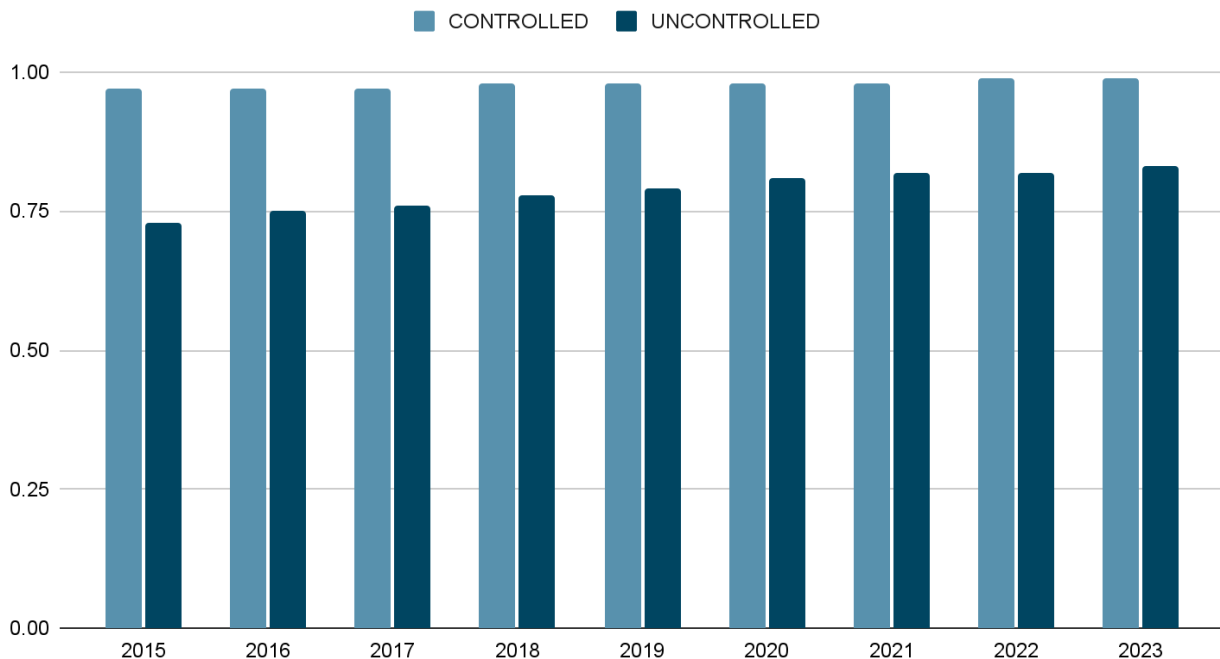


Chart 1: Gender Pay Gap over the years- Controlled and Uncontrolled:

Source: 2023 gender pay gap report (GPGR). Payscale. (2023, March 13). <https://www.payscale.com/research-and-insights/gender-pay-gap>

Lifetime earnings are estimated to be calculated as a sum of median basic pay on a 40-year career basis with an average of 3% increase every year. When this controlled and uncontrolled gender pay gap is used as a basis to estimate what would be the lifetime earnings of women as compared to men, the following is the result: It can be seen that there is a very large gap in the lifetime earnings of men and women as per the uncontrolled pay. And these lifetime earnings do not take into consideration any investments done, promotions or lost benefits Which boils down to the point that gender is the whole sole factor which plays such a large impact on the earnings of males and females at the global level..

LIFETIME EARNINGS FOR MEN AND WOMEN:

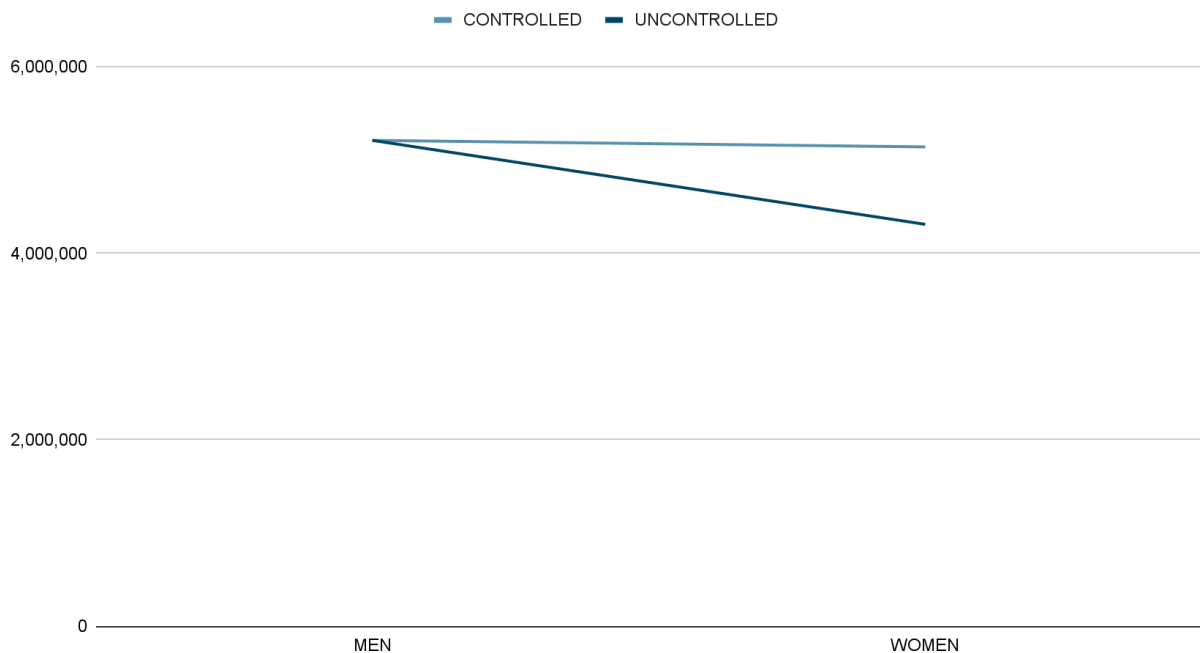


Chart 2: Lifetime earnings for men and women as per controlled and uncontrolled gender pay gap:

Source: *2023 gender pay gap report (GPGR)*. Payscale. (2023, March 13). <https://www.payscale.com/research-and-insights/gender-pay-gap>

GENDER PAY GAP: GLOBAL VIEW

Even in these modern times when technological advancements have made gender a more neutralised factor, as per the forbes report in the year 2022 women were paid 17% less than men. Some of the others astonishing facts about gender pay gap at the global level are as follows:

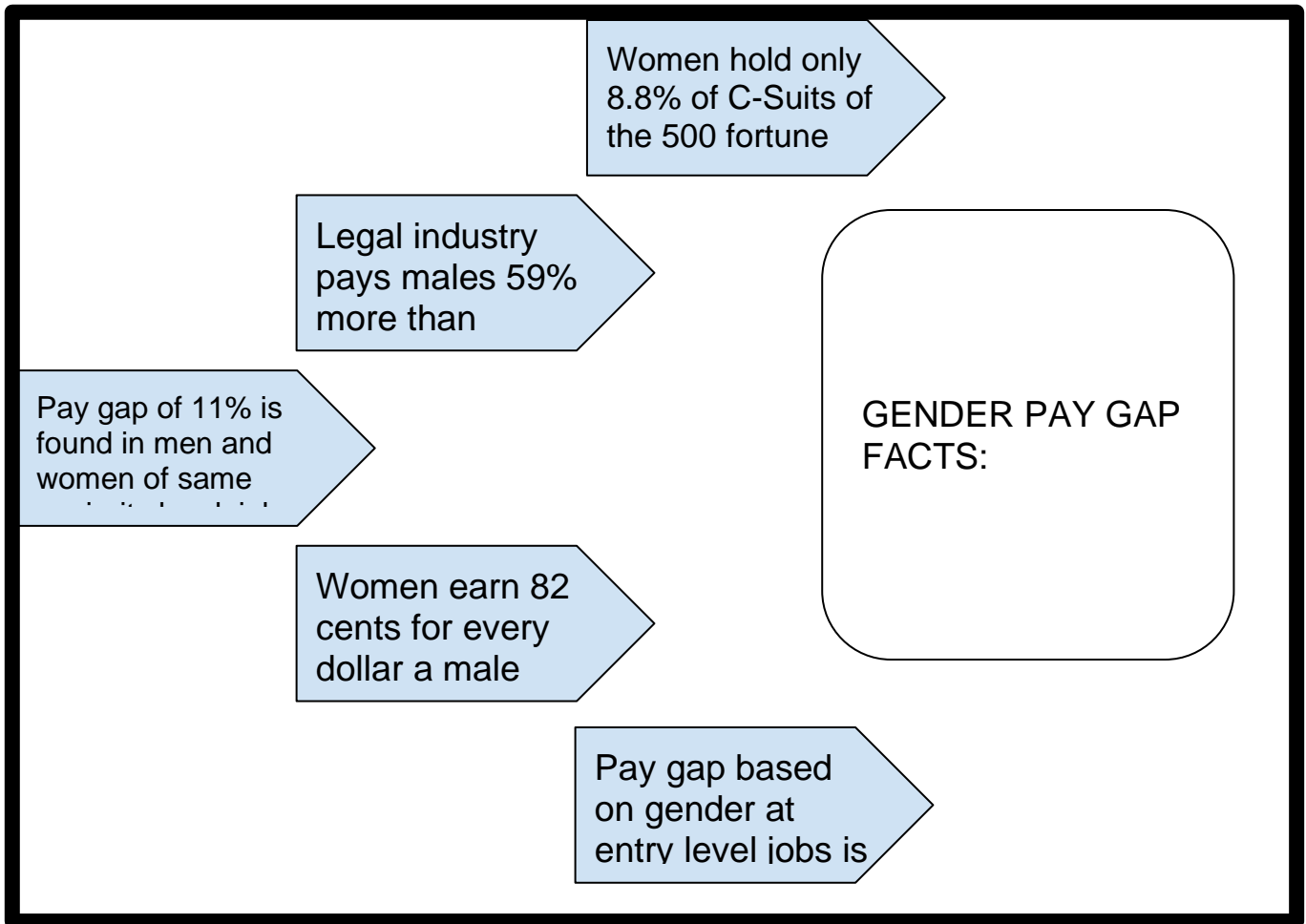


Chart3: Facts about gender pay gap at the global level.

Source: Haan, K. (2023, July 20). *Gender pay gap statistics in 2023*. Forbes. <https://www.forbes.com/advisor/business/gender-pay-gap-statistics/>

GENDER PAY GAP IN INDIA:

As of 2023 the Indian workforce stands at 50.3% of which women constitute 52.8%, but then also there is not much participation on the side of the female population. The main reason for this disparity is the societal pressure that women have to face and these end up being career gaps in their journey; thus affecting their financial independence in the long run.

GENDER GAP PAY IN INDIA 2022-23

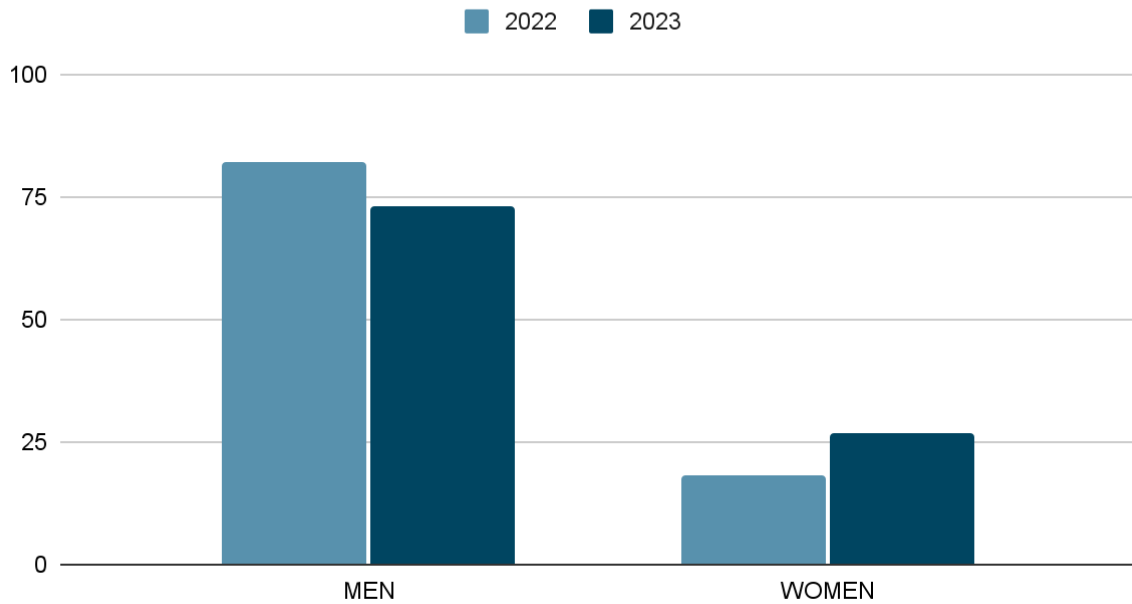


Chart4: Gender Pay Gap in India 2023

Source: Singh, S. (n.d.). *Women have unique monetary needs. here’s how to bridge the gap in financial equity.* OnManorama. <https://www.onmanorama.com/lifestyle/women/2023/03/18/gender-financial-equity-women-financial-needs-preferences.html> and Sonali, S. (2023, May 10). *Understanding the widening gender pay gap in India.* InHunt World. <https://inhuntworld.com/understanding-the-widening-gender-pay-gap-in-india/>

CAUSES OF GENDER PAY WAR IN INDIA:

Various factors add on to gender pay discrimination at the national level. Some of the factors are discussed herein below:

1. **INDUSTRIAL DISPARITY:** there are many industries which pay men more as they assume themselves to be a male centric sector. And the same can be seen in levels of management wherein fewer females are seen in the boardroom as compared to men.
2. **NUMBER OF YEARS:** Usually women have less experience as compared to men due to many unsaid obligations they have towards their family, children etc. But this aspect proves to be a hurdle for their career as this resume gap is not taken in a positive sense by many companies.
3. **DISCRIMINATION:** Workplace unfair practices are the major players in this gender pay gap scenario. Companies usually pay women less than men based on their previous CTC even if the female is highly qualified and deserving.

STEPS TOWARDS GENDER PAY PARITY:

From the very beginning India took steps at its legislative front to solve the issue of gender pay gap through its Minimum Wages Act 1948, followed by Equal Remuneration Act in 1976. In 2005, MGNREGA, Mahatma Gandhi National Rural Employment Guarantee Act benefited the gender pay gap both directly

and indirectly. Coming to 2017, the Indian Government amended the Maternity Benefit Act 1961; this led to an increase in the number of leaves as per the maternity Act from 12 to 26 weeks.

The Indian government also took initiative in the form of skill India mission to make more and more females capable of employment and thus contributing towards their equal pay.

Apart from the government intervention at individual and society level, people also should work towards changing their perception and attitude towards the female working class and then only the country as a whole would take a step towards eliminating the gender pay gap.

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