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Closing the Gender Pay Gap: Case Analysis

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Abstract

The gender pay gap is a worldwide concern that has been around for eras. Several years after the International Labour Organization Convention on equal payment, the gender pay gap issue persists in different countries and sectors, and law makers continue discussing on the solutions of closing the gap. Women have been participating continuously in a variety of occupations without getting the expected rewards for their contribution. This study focuses on the issues that cause this pay gap and emphasize on the improvement of the value of women's efforts through solidification of legal regulations by developing opportunities for women in

female-dominant jobs. The four key issues have been discussed in this study that have been considered as leading factor to cause a pay gap. Moreover, this article states and analyze some significant resolutions that can be implemented to reduce the pay gap or to eliminate it altogether. Even though it is a slow process, it can be narrowed down by the introduction of new policies, increased awareness of the rights through education and the use of modern media and technology which will encourage social integrity and government support for working women.

Keywords: Disparity, Pay Gap, Women, Discrimination

1. Introduction

This article discusses the disparity between men and women in the workplace regarding inequality, with the prime focus on the gender pay gap as an issue. A pay gap arises when there is a significant and obvious distinction in the pay that one employee is given compared to another, particularly when the jobs are of similar value and status and such differences should not exist (Bishu & Alkadry, 2016) ^[6]. There are many reasons besides gender for why pay gaps exist within companies – most of which are discriminatory and unethical – such as age, race, ethnicity, and such demographic attributes. This study, however, focuses on the gender pay gap as the prominent issue. Even in the modern day, unethical practices to discriminate against women are carried out in many companies across the world (Blau & Kahn, 2017) ^[7]. This unjust treatment does not end at the pay gap; women in the workplace tend to experience far worse events concerning harassment and abuse as well. Women are beginning to voice their concerns about workplace behavior, demanding to be treated with respect and be given equal pay (Iwasaki & Ma, 2020) ^[11]. This study discusses four key issues as to why pay gaps may exist, as well as the strategies that companies can put in place to eradicate this problem and diminish the gap.

Total Rewards is a combination of the various compensation, benefits and rewards that an organization presents to its employees. The goal of providing compensation – direct and indirect – is to attract, retain and motivate employees. When employees are being recognized and rewarded for their work, they will continue to strive to perform with their highest ability, thus being an asset to the company (Toczek *et al.*, 2021) ^[13]. Direct compensation refers to the rewards provided directly in cash form as Fixed Pay (basic salary/wages) or Variable Pay (pay for performance). The study at hand will take into account how employers can be equitable when distributing compensation among employees, particularly among workplace minorities such as women compared to men.

2. Problem statement

This study presents a greatly discriminatory and toxic situation towards women in the workplace. Women are being less valued than men at their jobs, along with facing workplace harassment (ranging from verbal to physical abuse). It is the Human Resources (HR) Department’s role to ensure that employees have the right to fair treatment (Abendroth *et al.*, 2016) [1]. According to Abendroth *et al.*, (2016) [1] this includes the right to work in a safe and harassment-free environment – this right is being commonly neglected to many women in the workforce. As a result, the women may retaliate against the company with methods such as lawsuits, therefore harming the company’s reputation and costing them greatly.

The gender pay gap presents the greater issue at workplace. The situation lacks the basic law of having pay equity in a company. Pay equity means giving equal pay for work of equal value. Even though a woman may be doing the same job as a man, the organization may show bias and grant the male employee with a higher pay (Bishu & Alkadry, 2016) [6]. This is unethical and lacks individual equity standards where employees perceive their pay as fair compared to those doing the same or similar work as them. Equity is a basic consideration that needs to be made when determining compensation, and lack of doing so is highly immoral and unjust and would eventually drive out the affected female talent out of working for that organization (Toczek *et al.*, 2021) [13].

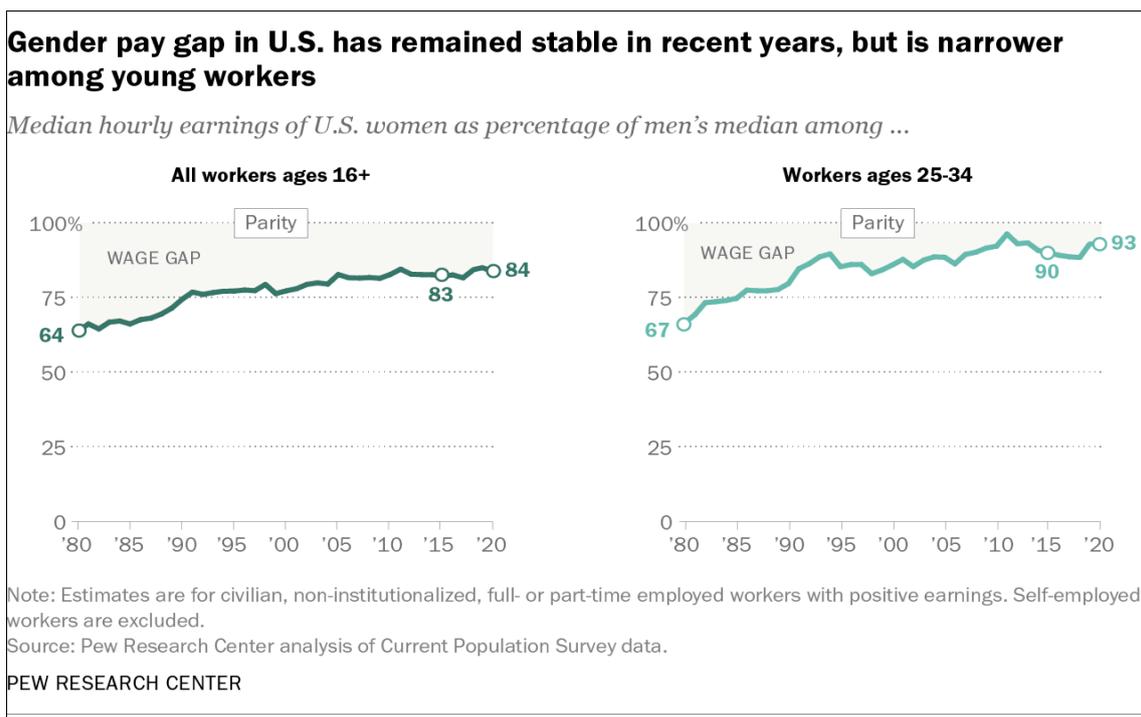
Analysis of Issues

The analysis of the issues highlighted the main potential causes of the aforementioned problems.

Pay Structures and Payroll Data

Company pay structures and payroll data may not be examined adequately or given high priority. Due to this, the indisputable pay gap may not be addressed by the

employers. This study suggests that “if the HR department is unaware of pay disparities and employees discover them” it will become a major issue (Lee & Wie, 2017) [12]. They further say that this may cause severe damage to employer-employee relations as well as the company’s reputation. It is the employer’s job to ensure a fair workplace for the employees and to maintain positive employee-employer relationships. One way to do this is to regularly check payroll data to ensure there is pay equity among all workers where equal pay is distributed among those whose work is of the same or similar value (Blau & Kahn, 2017) [7]. It is stated in Part Six – Wages – of Qatar’s Labour Law 14, under Article 65, that “the worker shall be entitled to a wage equivalent to the wage specified for work of a similar type in the establishment and otherwise in accordance with the custom applicable to the profession” (Al Meezan, 2004) [2]. Furthermore, employer obligations as per Labour Law 14 includes justly dealing with all employees, including the matter of equal pay. One key dimension of the Human Resources Department is to focus on protecting employee rights – equality in pay falls under those rights, standing as a major factor as the compensation an employee receives determines their value to the company (Toczek *et al.*, 2021) [13]. Simultaneously, the more valued an employee feels, the more motivated they would be towards achieving the company’s goals with greater quality of output. In this study, if the women are provided equality in pay, they will be more satisfied with their job and thus will proceed to apply and use their best skills and expertise in carrying out their jobs (Faulk *et al.*, 2012) [10]. Over the past 15 years, the gender pay gap has been consistently stable in the United States (Barroso & Brown, 2020) [4]. According to the Pew Research Center, in 2020, women earned 84% of what men earned. From this, they predict that women would need to work 42 extra days to earn as much now as men did in 2020 (Fig 1).



Note: Reprinted from Pew Research Center, 2020

Fig 1: Stability in gender pay gap over the past 15 years dependent on the worker’s age

Investigation of Reasons Behind Pay Gaps

Reasons for pay gaps may not be thoroughly investigated, therefore managers are unable to explain the existence of such gaps. As stated by Wrohlich & Zucco (2017) ^[15] managers should cover differences in education, experience, job duties, and other relevant criteria to explain a pay gap where it is intentionally different between men and women in the company. Another reason behind pay gaps could be that employers may act on bias by providing more development opportunities to male employees rather than female employees, which will boost the skills of the men in the workplace thus guaranteeing them to be more eligible for any promotions or raises in pay, while female employees are left behind (Wrohlich & Zucco, 2017) ^[15].

If this type of discrimination occurs in a country such as Qatar, it would be a direct breach of the Employment Law of the country. Qatar's Labour Law No. 14 of 2004 states, in relation to Part Nine – Employment of Women – Article 93, that all women shall “be availed of the same (equal) opportunities of training and promotion”. If, supposedly, a company were to investigate its pay structure and find that female managers earn less than male managers due to not having spent much time managing sales and production functions, a way to address this pay gap would be to ensure that the female managers receive the appropriate encouragement which will lead them to develop their skills and abilities.

Absence of transparency in pay-related decisions

There may be a feeling of discrimination in the workplace if the company is not transparent about pay decisions. A difference in pay may simply be due to the different rank that a position holds within a company (Bamberger & Belogolovsky, 2010) ^[3]. For example, there may be more women suited to a certain position where pay is generally fixed at a certain amount which is lower than at another position where there are more male employees. According to Bamberger and Belogolovsky (2010) ^[3] this may not be for discriminatory intentions, but simply coincidental, however may be viewed negatively without 100% prior transparency and honesty from the company's side regarding the pay difference that employees may face during their time at the company; revealing the pay range for the types of job is an option the company can explore if complete transparency is not favored.

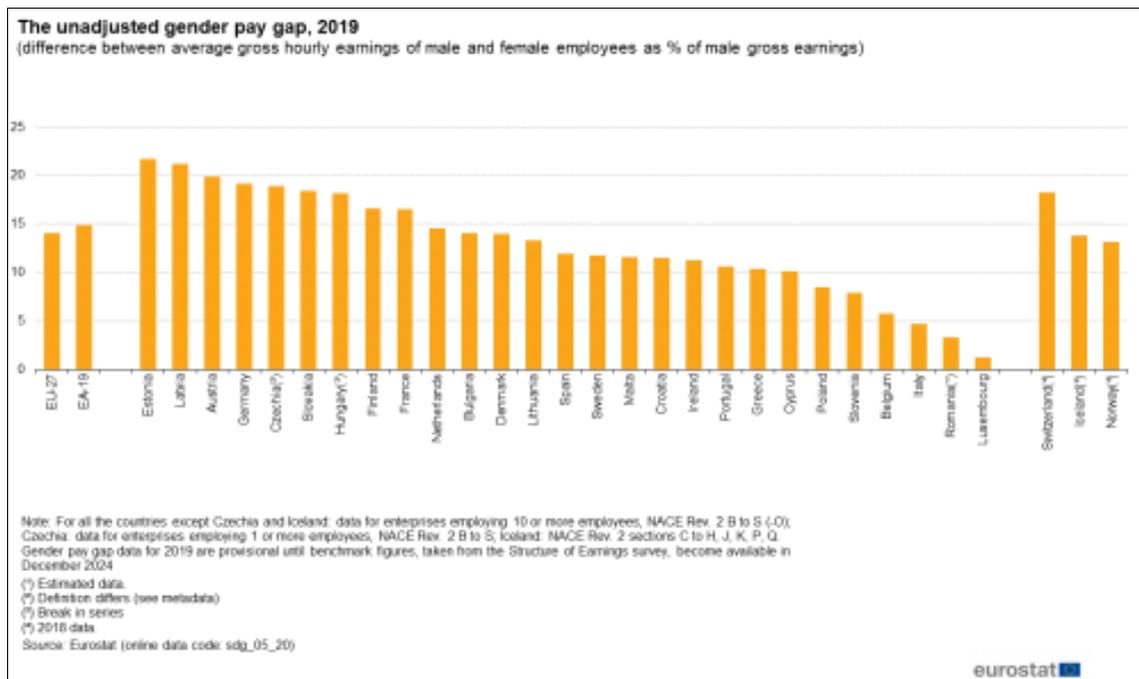
The role of HR is to make sure that all company processes are carried out ethically in a way where all parties – employers and employees alike – are satisfied. To behave in an ethical manner is to act in a way which is consistent to the fundamental principles of what is considered morally right or wrong (Abendroth *et al.*, 2016) ^[1]. Creating a disparity in pay goes against this motive. A pay gap between genders will leave the female fraction of the organization dissatisfied and discriminated against, therefore, weakening employer-employee relations (Blau & Kahn, 2017) ^[7].

Positive relations require employers to give fair and consistent treatment to all employees despite gender, race, ethnicity or age; in return they would gain a motivated, satisfied and committed workforce – this would all be sacrificed if the company continues providing men with greater compensation than women at jobs of equal value. Part Nine, Employment of Women, Article 93 of Labour Law 14, states that “a working woman shall be paid a wage equivalent to the wage payable to a man if she performs the same work”.

Interview questions about candidate pay history

Companies may have a tendency to ask candidates about their pay history during the job interview. The answers they receive to this may shape what they choose to offer that candidate after they are hired at the company (Bennedson *et al.*, 2019) ^[5]. If the company is planning to offer a certain amount, but the candidate states a much lower previous pay, the company might take advantage of this and offer a pay higher than the candidate's previous one yet lower than what they would initially have offered. This is another reason prior transparency regarding pay is important and why a fixed amount should be decided at the first chance. This may be a greater disadvantage to women if they had faced low pay in their previous job, as Blau and Kahn (2017) ^[7] state that it “hinders their [women's] ability to enter salary negotiations for a chance to receive more compensation”. Providing salary ranges in job postings will help ensure that women and other candidates who have commonly been subject to discrimination are better equipped to negotiate to make sure that the compensation they are offered is based on their skills, experience and nature of the job (Blau & Kahn, 2017) ^[7].

For instance, a company could investigate its pay structures and find that female engineers earn less than male engineers despite being equally qualified because the men request higher salaries when applying for the job. The company needs to ensure that during the recruitment and selection process, such as interviews, questions about a candidate's pay history are avoided as to not result in bias and discrimination (United Nations Women, 2016) ^[14]. As well as this, the organization may divulge its pay ranges and reasoning for why an employee may fall into a certain range. This can be done in order to be upfront and transparent about what they offer so candidates are aware beforehand about whether this is acceptable to them. Compensation is a key factor in attracting new talent. If compensation is distributed unjustly and the new hires later discover this, it is most likely to deter them from continuing their work at that organization, or may demotivate them so that the quality of their work is reduced, thus becoming a cost to the company rather than an asset. A 2019 analysis in the European Union and euro area shows that women's hourly earnings were averaged at 14.1% and 14.9% below the earnings of men (Eurostat, 2021) ^[8] (Fig 2).



Note: Reprinted from Eurostat, 2021 [8]

Fig 2: The difference in average hourly earnings between male and females in the EU and euro area

Recommendations

This study suggests four main action plans that can be put in place to close the pay gap: reviewing pay structures and payroll data, investigating reasons for existing pay gaps, being transparent about pay decisions, and avoiding asking questions about candidate pay history. This study outlines three courses of action – besides the previously stated – that can be taken to eradicate the problem of the gender pay gap.

Performance Evaluations and Job Rotations

Companies should be aware of the issues within the organization and ensure appropriate methods are put in place to overcome obstacles. In the case of discrimination against women in the workplace, companies could introduce job rotations to give male and females alike the opportunity to broaden their skills. Furthermore, the employer should carry out proper performance evaluations across different tasks to ensure that everyone has equal opportunity to develop as suggested by Blau and Kahn (2017) [7]. As a result, this would ensure that both female and male employees have similar skills, abilities, and experiences of a similar value, thus being equally eligible for potential promotions and pay raises.

Government Law

Governments can take the initiative to introduce a law urging organizations to publish all company data relevant to their employees' wages and compensation. Research has proven that gender pay gaps tend to narrow when companies are obliged to make pay-related information public (Blau & Kahn, 2017) [7]. Where companies were told to publish their employee pay records, gender pay gaps were reported to shrink by 7% (from 18.9% to 11.9%), whereas the gap within firms that were not asked to disclose this information stayed unchanged at 18.9% (Bennedsen *et al.*, 2019) [5]. Therefore, it is evident that this course of action could prove to be effective in discouraging discriminatory acts involving pay towards women.

Pay Audits

Organizations can carry out pay audits to make comparisons between men and women whom are paid for doing similar work of a similar value. Doing an audit will clarify to the company how it distributes pay based on factors such as education, job performance, responsibilities, and experience (Fatma Abdel-Raouf & Buhler, 2019) [9]. This will allow the company to pick out discrepancies in compensation, as well as ensuring that employees doing similar jobs are paid the same, despite gender or any other demographic characteristic (United Nations Women, 2016) [14].

3. Conclusion

This article discussed the various reasons for the existence of a disparity in pay between males and females in the workplace, as well as evaluating some action plans that may be implemented to close this pay gap. To recall, the four key issues leading to a pay gap were: inadequate review of pay structures and data, ineffective investigations for reasons behind pay gaps, absence of transparency about pay decisions, and the tendency to ask interview questions about candidate pay history. Furthermore, this article suggested and analyzed some important solutions that can be put in place to narrow and eventually eradicate the pay gap completely. The gender pay gap is a global issue that has been around for decades, and although the eradication of it is a slow process, it is gradually being narrowed down by new policies, more women standing up for their rights, and increasing awareness of these rights through modern technology.

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