

# Wage-Gender Inequality in Labor Market: Discrimination or Others

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## Abstract

The wage-gender inequality and discrimination have been intensively examined for sustainable development goals. This paper investigates empirical potential estimation and the extent of wage-gender inequality in both traditional and contemporary analysis. Understanding the source of wage-gender discrimination and inequality gap will possibly assist HRD professionals in designing the HRD policy and implementation more manageable by analyzing the scope and patterns of the gender pay gap and identifying possible reasons for its existence. This paper emphasizes the wage-gender discrimination concepts, factors affecting wage inequality in the labor market which are heterogeneous jobs, heterogeneous workers, labor market discrimination, as well as the related psychological factors that might affect wage-gender discrimination. Moreover, the role and how HRD professionals could help to handle wage-gender discrimination and inequality will be discussed.

**Keywords:** Wage-Gender, Inequality, Discrimination, Labor Market

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# ค่าจ้างที่ไม่เท่ากันตามเพศสภាពในตลาดแรงงาน: การเลือกปฏิบัติหรือสาเหตุอื่น ๆ

នគរបាល វឌ្ឍន៍

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## บทคัดย่อ

ความไม่เท่าเทียมและการเลือกปฏิบัติด้านค่าจ้างตามเพศสภาพเป็นหนึ่งในเป้าหมายของการพัฒนาที่ยั่งยืน บทความนี้ทำการสำรวจ วิเคราะห์ และศึกษาการเลือกปฏิบัติทางเพศที่เกี่ยวข้องกับค่าจ้างทั้งในอดีตและปัจจุบัน ดังนั้น การเข้าใจที่มาของการเลือกปฏิบัติทางเพศและช่องว่างของความไม่เสมอภาคเพศจะช่วยให้ผู้เชี่ยวชาญด้านการพัฒนาทรัพยากรบุคคลสามารถออกแบบนโยบายและการปฏิบัติทางการพัฒนาทรัพยากรบุคคลได้อย่างมีประสิทธิภาพมากขึ้น โดยการวิเคราะห์ข้อบเขตและรูปแบบของช่องว่างในการจ่ายค่าจ้างตามเพศสภาพและเหตุผลเบื้องหลังการจ่ายค่าจ้าง รวมทั้งปัจจัยที่มีผลต่อความไม่เสมอภาคในตลาดแรงงาน อาทิ ความแตกต่างด้านประเภทของงาน ความแตกต่างด้านทักษะของแรงงาน การเลือกปฏิบัติในตลาดแรงงาน และปัจจัยด้านจิตวิทยาที่ส่งผลต่อความไม่เท่าเทียมกันด้านค่าจ้างตามเพศสภาพ นอกจากนี้ยังรวมถึง บทบาท และวิธีที่นักพัฒนาทรัพยากรบุคคลยังสามารถบริหารจัดการและช่วยส่งเสริมความเท่าเทียมกันด้านค่าจ้างตามเพศสภาพในองค์กรได้อย่างมีประสิทธิผล

**คำสำคัญ:** ค่าจ้างตามเพศสภาพ ความไม่เท่าเทียม การเลือกปฏิบัติ ตลาดแรงงาน

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## Introduction

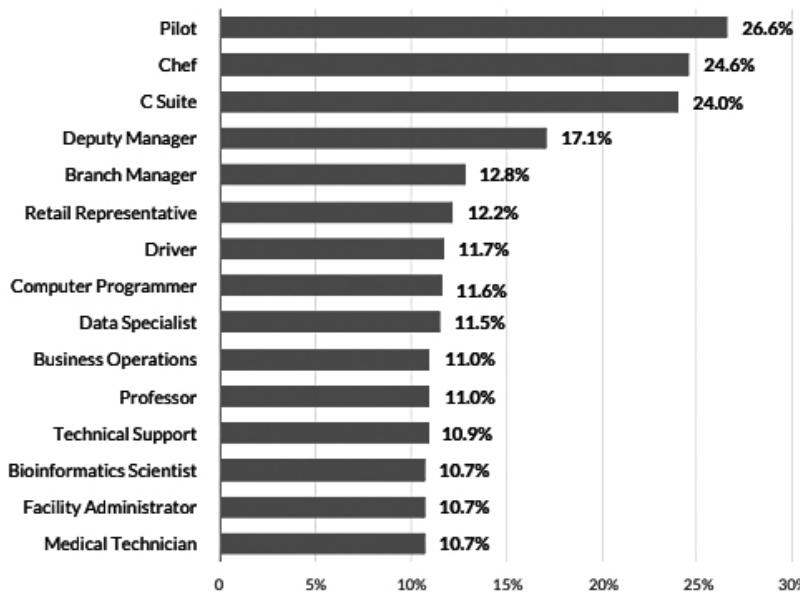
Almost all human rights agreements forbid discrimination and inequality based on gender. Although there has been a significant advancement in ensuring people's rights worldwide, countless women, girls, and LGBTQI+ still face discrimination and violence, resulting in a denial of equality, dignity, autonomy, and sometimes even the right to live (OHCHR, 2023). The term discrimination emerged in the early 17<sup>th</sup> century in English literature, Latin word is *discriminat* from the verb *discriminare*, *discrimen*, *discernere*, which means "distinguished between" (Oxford Dictionaries, 2013). Since the American Civil War the term "discrimination" generally evolved in American English usage as an understanding of the prejudicial treatment of an individual based solely on race, later generalized as membership in a certain socially undesirable group or social category. Before this sense of the word became almost universal, it was a synonym for discernment, tact and culture as in "taste and discrimination", generally a laudable attribute; to "discriminate against" is commonly disparaged (Norton, 2009; Simpson, 1989; Tardif, 1985). At present, discrimination has been broadened to several aspects not only racial, gender, age, disability, religious, national, or pregnancy discrimination but also occurs in many forms, such as socioeconomic status, education levels, or political beliefs, which all concerns some form of exclusion or rejection.

One of the 17 sustainable development goals (SDG) was announced by the United Nations in 2015, the 5<sup>th</sup> sustainable development goal is gender equality (UNDP, 2015). The objective of Sustainable Development Goal 5 is to ensure that all genders are given equal rights and opportunities to live a life free from discrimination, including workplace discrimination and any form of violence to promote gender equality and empower all genders. 9 targets are placed which are 5.1) ending all forms of discrimination against all women and girls everywhere 5.2) ending violence and exploitation of women and girls, 5.3) eliminating harmful practices such as child, early, and forced marriage and female genital mutilation, 5.4) increasing value of unpaid care and promoting shared domestic responsibilities, 5.5) ensuring full participation of women in leadership and decision-making, 5.6) ensuring access to universal reproductive rights and health, 5.7) fostering equal rights to economic resources, property ownership and financial services for women, 5.8) promoting the empowerment of women through technology; and 5.9) adopting, strengthening policies and enforcing legislation for gender equality (Ritchie, Roser, Mispy, Ortiz-Ospina, 2018; United Nations, 2017).

The promotion of gender equality is essential to achieve fairness and sustainable progress (UN Women, 2014). This paper aims to discover and clarify the factors affecting wage-gender inequality from various aspects points of view in the labor market, in order to set the boundary of the terminology of discrimination whether the organization discriminates or just results in the imperfect labor market and other heterogeneous human capital. Examining the differences in the pay gap across various aspect categories can provide insight into the intricate and interrelated factors that play a role in gender-based wage inequality.

### **Wage-Gender Discrimination**

According to the World Health Organization (2009), gender disparities are apparent in various aspects such as educational and occupational achievements, asset ownership, and the prevalence of poverty among women. These disparities heighten the probability of violence against women. Social, political, and economic systems are structured in a way that privileges men over other genders such as women and LGBTQI+, resulting in limited opportunities and accountability for other genders, systemic subordination in the workplace, and the creation of authorities in hierarchies. This unequal power dynamic between genders is reinforced and perpetuated by societal norms that uphold male dominance, leading to various forms of inequality against other forms of genders (Farmer, Nizeye, Stulac, & Keshavjee, 2006; Dahal, Joshi, & Swahnberg, 2002; WHO, 2002). However, these issues lead to the differential in wage structure or compensating differentials in various ways where gender discrimination is placed in the workplace. The statistical analysis by Perrin and Hyland (as cited in World Bank, 2023) reveals that nearly 2.4 billion women of working age do not have access to equal economic opportunities, and 178 countries have legal barriers that prevent women from fully participating in the economy. In 86 countries, women face limitations in the type of jobs they can have, and in 95 countries, there is no guarantee of equal pay for equal work. Moreover, women have only three-quarters of the legal rights that men have, which translates to an overall score of 76.5 out of 100 for legal parity.

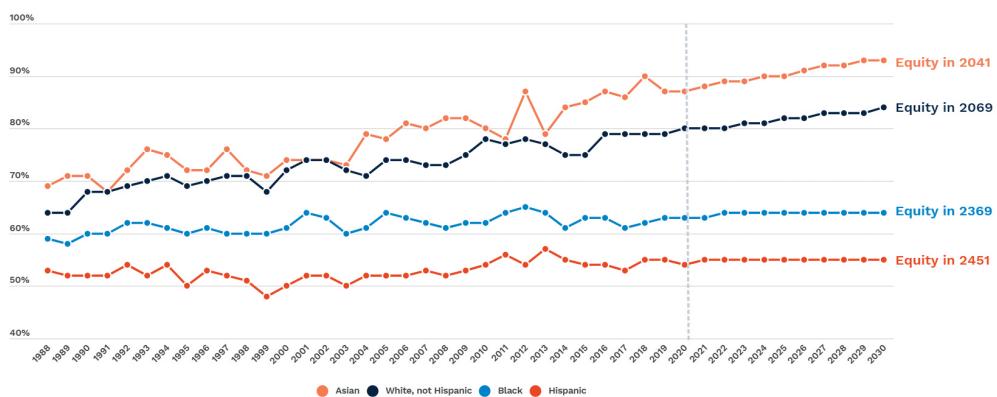


**Figure 1: Occupational Gap Pay**

Source: Glassdoor Economic Research (2019)

Figure 1 indicates the top 15 occupations in the USA. By adjusting the gender gap in base pay by a percentage higher average male pay which is controlled by age, education, experience, state, year, job title, and employer name. It found that the disparity in pay between genders varies across different professions where female pilots earn only 73 cents for every dollar earned by male pilots, which amounts to a pay gap of 26.6%. This gap is notably larger than the US adjusted gender pay gap of 4.9%. The profession with the second highest adjusted pay gap is chefs, with a gap of 24.6%, followed by C-suite executives, with a gap of 24% (Whiting, 2018). In terms of wage-gender discrimination, Haan and Reilly (2023) found that on average women earned 17% less than men in 2022, by a dollar earned by men, women earned 82 cents in the USA. However, the worldwide gender pay gap is 77 cents. Moreover, black women earned the lowest-paid in the rural by 73 cents per dollar earned by rural men while year-round full-time rural black and Hispanic women earned 56 cents compared to white and non-Hispanic men. Furthermore, non-Hispanic white men earned almost twice as much as Latinas in 2021, with Latinas earning only 54% of their pay. Similarly, Black women earned just 58% of what non-Hispanic white men earned in 2020. Native American women were paid only 60 cents for every dollar that non-Hispanic white men earned.

Solving the problem of wage gender discrimination is not a simple matter and will require a comprehensive approach. It is worth mentioning that the strategies for resolving it could differ based on the specific country, industry, and culture involved. Furthermore, a concerted effort from the government, employers, and workers will be necessary to establish a more just and fairer workplace.



**Figure 2:** The 1988-2019 Trends

Source: U.S. Census Bureau (2020)

The gender pay gap by demographic by Forbes (2023) found that other forms of discrimination such as race, ethnicity, age, motherhood educational level, and human capital also affect wage gender pay even women's retirement by the fact that women receive lower pension benefits than men intensifies the disparity in retirement savings, ultimately leading to women having less than men in three crucial retirement aspects, namely Social Security, pensions, and savings on average, white men aged over 65 earn \$44,200 per year, whereas white women over 65 have to manage with \$23,100 annually. In comparison, Black women earn \$21,900, and Latinas earn \$14,800 per year on average (American Association of University Women, 2020). Figure 2 indicated that women's median annual earnings as a % of White, non-Hispanic men for full-time, year-round workers, 1988-2019 and projections using the 1988-2019 trends. Gharehgozli and Atal (2020) reveals that a larger discrepancy between male and female unemployment rates is linked to a smaller disparity in wages between genders. Additionally, while there has been a modest reduction in the gender wage gap, there has been a decrease in the wage-income proportion of

the lowest ten percent of earners to the highest ten percent of earners within each gender. This reduction has been more pronounced for women, indicating a rise in wage inequality within each gender. Comprehending the variations in wage gender pay inequality is beneficial for HRD professionals and can aid in illuminating the intricate and interrelated factors that result in gender-based wage discrepancies.

## **Factors Affecting Wage-Gender Inequality in Labor Market**

It is important to note that factors often affecting wage-gender inequality are complex ways, making it difficult to address wage inequality through a single policy or solution. However, investing in human capital, occupational segregation, labor market imperfection, as well as psychological factors are categorized as follows.

### **Labor Force Participation**

The rate of participation in the workforce is determined by dividing the number of individuals in the labor force by the overall population of individuals between the ages of 15 and 64 who are capable of working. This measure is further categorized by age group and expressed as a percentage for each group (OECD, 2023). Understanding changes in women's wages is closely linked to their participation in the labor force. This is because earning wages is dependent on having a job, and women's attachment to the labor force is a major factor in explaining the gender wage gap. The participation rate of women in the workforce experienced significant growth over the fifty years. This increase was mainly due to the increasing participation of married women, and it played a key role in helping to slight the wage gender gap inequality and other labor market outcomes for women (Goldin, 2006; Blau & Kahn, 2016). This implied that the more women participate in the labor market, the more women in the recruitment and selection process in the labor market and vice versa. However, the data show that women worldwide encounter limited income opportunities compared to men, with a lower likelihood of engaging in paid work or actively seeking employment. The global rate of women's participation in the labor force is just over 50%, compared to 80% for men. Women are also less likely to secure formal employment or access avenues for career advancement or business expansion. Even when women are employed, women typically earn less than men. The latest data from household surveys indicate that the gender gaps have worsened due to the COVID-19 pandemic (Kugler et al., 2021).

## Heterogeneous Jobs

In labor market competition, employees and firms are heterogeneous and employers could not equally pay employee's wages because its differences in jobs. To understand wage inequality, wage determination in the labor market is required to comprehend. According to the perfectly competitive labor market where there are numerous firms to a specific labor filling in the identical job, as well as massive skilled laborers in identical human capital who independently offer their labor services. No single entity has manipulated the market, and factors such as information exchange, flow and labor mobility are operating optimally. So, the labor market is controlled by labor demand and supply where labor demand refers to an increase in a particular wage that leads to a decrease the employment, on the other hand, labor supply refers to the quantity of work that people are capable of and willing to offer at a specific wage rate, considering variables such as their competencies, educational background, work history, and the expense of using their time in other activities. Typically, an increase in the compensation offered for employment results in a rise in the amount of labor supplied, while a decrease in pay results in a decrease in labor supply (Blau, & Kahn, 2017; Card & Krueger, 2015). The determinations of labor demand consisted of product demand, productivity, prices and costs of other resources, number of employers, and technological advancements, where the labor supply determinations vary by nonwage income, other wage rate, preferences for work and leisure, nonwage aspects of the job, and number of qualified suppliers (McConnell, Brue, & Macpherson, 2021).

Heterogeneous and levels of jobs can impact wage gender discrimination in multiple ways. One of these is through compensating wage differentials, where jobs that require less education, skills, or experience tend to have lower wages. According to Manning (2011), compensating wage differentials are differences in wages between jobs that have varying levels of unpleasant or hazardous working conditions, such as exposure to harmful substances or hazardous equipment, and jobs that are deemed to be safer or more comfortable. Essentially, these wage differentials exist to compensate workers for taking on jobs with unpleasant or hazardous working conditions. These wage differences occur because workers demand a higher wage to compensate them for the negative aspects of their jobs. The concept of compensating wage differentials highlights the notion that individuals

are willing to exchange higher wages for non-monetary benefits, including working conditions, job security, or work hours. This can contribute to the gender wage gap if women are overrepresented in these jobs. Occupational segregation is another way in which heterogeneous jobs can affect wage gender discrimination, as some industries or occupations may be dominated by one gender, and jobs held by women are often undervalued and paid less than similar jobs held by men. Additionally, the prevalence of part-time jobs, which are commonly held by women due to caregiving responsibilities or other constraints, can further exacerbate wage gender discrimination as part-time jobs often have lower pay than full-time jobs. Furthermore, due to gender differences in occupational choices, when men and women also often occupy different levels of the job hierarchy within occupations, so executive women tend to face a glass ceiling more than men (Blau, & Kahn, 2017). It is invisible barriers that prevent women and minorities from advancing to the upper levels of an organization, particularly in the workplace. Besides the drivers of wage gender differential may result from other heterogeneities such as unions, and absolute and relative firm sizes.

### **Skill Biased Technological Change**

A radical wage gender gap might be derived from a skill-biased technological revolution. This type of technology is often associated with skill-biased technological change, which is the phenomenon where technological advances favor workers who possess higher levels of education and skill. According to Autor, Levy, and Murnane (2003) a skill-biased technological change refers to the phenomenon where technological advances favor workers who possess higher levels of education and skill, while reducing the demand for workers who possess lower levels of education and skill. In other words, new technologies are introduced, which often require workers to have a higher level of education and skill to operate and maintain them effectively. This tends to increase the demand for skilled workers and increase wages, while reducing the demand for less-skilled workers and decreasing their wages. Skill-biased technological change can exacerbate income inequality by widening the gap between the wages of skilled and less-skilled workers, and may contribute to other social and economic disparities. Besides, skill bias leads to educational background, however, at the global level, men still tend to have higher levels of educational background

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and attainment in science, technology, engineering, and mathematics (STEM) disciplines, especially in lower-income countries except for high-income countries that young female's educational level has precisely reached 56.6%, compared to only 44.1% for young men (Hewitt, 2020). Especially in mathematics, a cognitive skill, has received significant attention. Disparities between genders in terms of mathematical aptitude, as demonstrated by test results, could be linked to variations in wages and professions across genders (Blau, & Kahn, 2017).

According to a recent report by Britton, Dearden, Erve, and Waltmann (2020) found that 85% of women who graduate from the university experience a positive net lifetime return from education, compared to only about three-quarters of men. Although women have higher levels of participation in higher education, it may not necessarily lead to greater opportunities in the workplace. On average, a university education results in a net increase in earnings of approximately 20%. However, the difference in returns between male and female graduates is significant. The estimated gain to the government per student attending higher education is around £110k for men and only £30k for women in the UK.

### **Heterogeneous Workers**

Noting that differences in job types and employers play a significant role in causing wage-gender inequality, it is also possible that heterogeneous characteristics among workers could also contribute to this disparity. Assuming that jobs are identical, employees possess different levels of human capital and preferences for work aspects. In reality, employees are not homogenous human capital. Human capital can be defined as the collection of knowledge, skills, abilities, and personal attributes that individuals possess and utilize to effectively perform in the workplace (Wuttaphan, 2017). Essentially, it encompasses the knowledge, skills, and talents that individuals acquire through education, training, and experience, which in turn enable them to generate economic value and contribute to the progress and advancement of organizations and economies (Becker, 1993; Schultz, 1961). Companies invest in human capital because it is perceived that the workforce is a valuable asset and anticipate that the investments will yield a favorable return in the future. The aim is to ensure that the resources invested in employees will generate a positive value and contribute to the organization's success in the long run (Wuttaphan, 2017). So heterogeneous workers in stock of human capital lead to wage differentials. However, in terms of training,

the International Labor Organization (2017) said that women still face training bias called “unconscious gender bias” (ILO, 2017). It refers to a type of bias that occurs unintentionally and automatically, based on an individual's mental associations regarding gender, which are shaped by cultural traditions, norms, values, and experiences. These automatic associations can influence decision-making processes by providing a rapid assessment of an individual's gender, based on gender stereotypes. It's obvious that gender discrimination is placed by not being selected for the training program, so that the women's skills, and knowledge, will not be accumulated, and leads to less likely to be promoted to a higher position in the workplace compared to males. Women may face increasing disadvantages due to having less experience compared to men.

Moreover, differences in preferences for nonwage aspects affect wage-gender inequality, which can be explained by the Hedonic theory of wages, it posits that an individual's pay is influenced not only by the job's characteristics but also by the non-monetary factors linked to it, such as job satisfaction, work environment, and other inherent aspects that affect the individual's overall work experience. This theory suggests that jobs that provide desirable non-monetary attributes tend to offer higher wages, while those that are less attractive in these aspects are compensated with lower wages. It assumes that people prefer job characteristics beyond just the financial rewards and that employers offer higher wages to retain and attract employees with specific job-related preferences. The theory is often utilized to account for wage variations between occupations that require similar levels of education and skill (Rosen, 1974; McConnell et al., 2021). Fernandes, Huber, and Vaccaro (2021) confirmed that differences in wage expectations vary across genders which fostered wage-gender inequality in the labor market. So, norms, psychological attributes, and non-cognitive skills affect wage-gender inequality (Blau, & Kahn, 2017). In terms of Norms, women's career advancement can be hindered by workplace norms, such as the prevalence of men in senior leadership positions, which reinforces the “think-manager-think male” perception. Companies should be aware of the representation of minorities and the effect it has on the stereotyping of social groups. In addition, policies such as quotas can sometimes create the impression that having a few women in visible positions is enough to achieve gender equality, which may lead to a lack of effort to address the underlying issue of gender bias (ILO, 2017).

## Psychological Factors

Psychological factors, numerous research found that psychological traits have both direct and indirect impacts on the gender pay gap. (Nyhus & Pons 2011; Cattan 2013). Mueller and Plug (2006) found that extroversion, agreeableness, conscientiousness, neuroticism, and openness affect the wage-gender gap by 7.3 - 16.2% (Semykina & Linz, 2007). Moreover, locus of control, challenge and affiliation in 3.0-8.4%, self-esteem, work, and family important in 4.4-14.5% (Cattan, 2013; Fortin, 2008), risk, competitiveness, and career orientation in 2.5-27.6% (Manning & Swafford, 2008), time preference in 11.5-14.1% (Nyhus & Pons, 2011), taste for competition 8.4-10.1% (Reuben, Sapienza, & Zingales, 2015). The gender pay gap can be attributed to the difference in agreeableness between men and women, as men tend to be more disagreeable than women. So, men are often rewarded for exhibiting this trait, while women are not. Finally, in non-cognitive skills, especially negotiation skills, studies have indicated that men and women differ in the likelihood to negotiate, with women being less likely to do it compared to men. This disparity in negotiating over salaries, promotions, and raises may contribute to women being paid less than men. The discrepancy in negotiation behavior between genders might be a result of social factors, such as women being taught that negotiation is aggressive or not feminine (Blau, & Kahn, 2017; Bertrand, 2011; Croson & Gneezy, 2009). Competition, in general, men tend to be more competitive than women. Research has found that men who perform poorly tend to be more competitive than women who perform well. Women who excel in their performance often miss out on financial benefits by avoiding competition, while men who perform poorly tend to engage in excessive competition to maximize the payoff. The distinction in competitive inclinations between genders (Blau & Kahn, 2017; Bertrand, 2011). In terms of risk aversion, women tend to be more risk-averse than men. This implies that occupations with variable earnings are expected to pay more to attract workers willing to take on higher levels of risk. As a result, women may earn less than men if women avoid jobs due to a greater risk aversion. Additionally, risk aversion may impact job performance in certain occupations, such as compensation management (Croson & Gneezy, 2009).

## Wage-Gender Discrimination

The gender wage gap can be primarily attributed to heterogeneity, but it may also arise due to imperfections in the labor market, such as discrimination, gender biases, and imperfect information. These factors contribute to labor market discrimination, which in turn affects wage-gender inequality. McConnell et al. (2021) confirmed that other factors that affect wage differential are labor immobility, *“an impediment to the movement of labor”* (p.269), which is classified as geographic immobility, institutional immobility, and labor market race and gender discrimination as sociological immobility. It seems that women are concentrated in specific types of jobs, which leads to a decrease in pay for those jobs while increasing pay in other occupations. If obstacles are preventing skilled women from transitioning from lower-paying jobs to higher-paying ones, then there may be persistent wage gaps between men and women. The categories of wage-gender discrimination are divided into pre-market, and post-market, which pre-market occurs when a female is discriminated before entering the labor market by the process of its market during the HRM process of recruitment and selection. On the other hand, post-market discrimination occurs when females encounter discrimination after entering the labor market such as training biases.

According to Gary Becker (1957), a classical book on the Economics of discrimination summarized three types of discrimination models through labor economics aspects, which are 1) the taste for discrimination model, 2) statistical discrimination, and 3) the crowding model. Where the taste for discrimination model “envisioned discrimination as a preference or ‘taste’ for which the discriminator is willing to pay” (McConnell et al., 2021, p. 435). This idea is based on the notion that some employers and their workers desire to keep a distance, either physical or social, from certain groups. For instance, a group of white male employers and employees might not wish to socialize with female employees who are black. As a result, these employers may opt not to hire black women, as they and their employees prefer not to work with them. Assuming that there is no discrimination among the workers, employers will view workers as substitutable and will hire them randomly with identical wages but employers who discriminate will only hire women if they can pay them less than men to compensate for the perceived difficulties of employing women. Male workers who hold discriminatory beliefs will demand a higher wage to work with women, resulting

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in higher relative wages for men. Discriminatory clients or customers who are reluctant to buy goods or services from women will reduce the productivity of female workers in terms of revenue generated, leading to lower relative wages for women (McConnell et al., 2021; Blau, & Kahn, 2017). To extend this, if an employer is not prejudiced, the cost of hiring a male employee would simply be the wage rate of a female. If the wage of a male is  $W_m$  and the wage rate of the female is  $W_f$ , and if the employer is prejudiced, the cost of hiring a female employee would be calculated as the female worker's wage,  $W_f$ , plus the monetary value of the discrimination coefficient, denoted as " $d$ ", it refers to a situation where an employer perceives the cost of hiring labor from a particular group to be higher than the cost of hiring labor from another group. This coefficient is denoted as " $d$ ", resulting in a total cost of  $W_f + d$ . For a prejudiced employer to be indifferent between hiring a male or female worker, the total cost of hiring each worker would need to be the same at  $W_m = W_f + d$ , therefore, a prejudiced employer would only hire a female worker if their wage rate is lower than that of a male worker. To hire a female employee ( $W_{\text{hen}}$ ,  $W_f = W_m - d$ ), a prejudiced employer must offer a lower wage than what they would offer a male employee, and this difference in wages must be equivalent to the discrimination coefficient. For example, if the wage of a male is 300 Bath, and the monetary value of the psychic costs the employer attaches to hiring a female is 20 Bath ( $d = 20$ ), then that employer will be neutral on employee male or female only when the female wage is 280 ( $W_f = W_m - d$  or  $300 - 20$ ). However, if the male requires a wage rate too high, an employer will hire a female to control the labor costs. The concern about the size of " $d$ " depends on the change in social attitude and antidiscrimination legislation, as well as variables associated with the supply of female and male workers. 2) Statistical discrimination, means that employers frequently make the mistake of evaluating individuals based on the average traits of the group to which they belong, rather than assessing them based on their own unique personal attributes including physical strength, for example, married females are more likely to quit the job than a male for pregnancy, or the insurance rate of hiring males will be higher than the female because the male is more likely to commit in an accident more than females, so males are discriminated in some occupations. And 3) the crowding model, assumes that the human capital of males and females are

equally productive, the crowding model suggests that discrimination towards specific groups like women or minorities can lead to individuals being confined to particular occupations. This is due to the biased perceptions that employers may have about certain groups, which can restrict their job options. Consequently, people from these groups may end up in lower-paying jobs that are overrepresented, resulting in wage inequality between different groups. The crowding model is frequently utilized to explain the unequal representation of specific groups in certain occupations, as well as the existence of wage gaps between various groups (McConnell et al., 2021; Tomaskovic-Devey & Skaggs, 1999; England, 1992; Reskin, & Roos, 1990). This wage-gender discrimination generates a dilemma for the business, one for the rational choice and one for dealing with the discrimination as a cause. The economic disadvantages of women such as anticipated marriage, motherhood, and childbearing are the essential rational point of view by many employers. Moreover, the other concerns of whether to discriminate or not might depend on the individual motivation, quantitative skills, the subject of study at school, cognitive skills, type of training and training quality, and etcetera. While it is not possible to provide an exact calculation of how much of the wage gap is caused by discrimination, based on statistical evidence, it is confidently concluded that discrimination is a significant factor in the labor market that organizations are urged to diminish.

### How HRD Professionals can Help?

HR professionals can contribute significantly to reducing wage inequality within organizations and promoting an equitable work environment by implementing, 1) conducting gender pay equity analyses to identify any wage gaps across gender within the organization. This involves comparing the salaries of employees in similar roles, considering factors such as experience, skills, and performance. By identifying any disparities, HR can take steps to rectify the imbalances. According to Fryer, Pager, and Spenkuch (2013) found that conducting pay equity reviews facilitated diminished wage disparities in a large organization. Moreover setting occupations, job and position proportions and percentages across gender by determining the index of segregation (Macpherson & Hirsch, 1995). The Segregation Index is a tool for assessing occupational gender segregation initiated by Duncan (1961).

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The Duncan Segregation Index assesses occupational segregation by gender and determines if there is an overrepresentation of one gender compared to the other in a particular occupation or labor force. It quantifies the percentage of employed women (or men) who would need to switch occupations to achieve gender equality in the distribution of occupations. A value of 0 on the Duncan Segregation Index signifies complete gender integration, where the proportion of women in each occupation matches their overall employment share. On the other hand, a value of 1 indicates absolute gender segregation, implying that men and women are completely separated in the workforce.

**Table 1:** A Sample of the Index of Segregation

Jobs/positions	Male (%)	Female (%)	Differences (%)
A	60	40	20
B	20	20	0
C	10	20	10
D	10	20	10
	100%	100%	40

According to table 1, the Segregation Index equals 40 percent divided by 2, it equals 0.02, which indicates a high level of gender integration or a low level of gender segregation. 2) establishing transparent compensation policies, however, HR professionals are required to work as a strategic partner, and be change agents that work closely with management in order to develop clear and transparent compensation policies by outlining the criteria or principles for determining compensation mixes. Transparent policies play a crucial role in promoting fairness and mitigating the risk of bias or discrimination in making compensation decisions. In accordance with a study of Bamberger, Biron, and Meshoulam (2014) confirmed that transparent compensation policies positively influenced employees' perceptions of fairness. 3) Implementing clear salary ranges and bands for different job positions within the firm by setting upper and lower bounds in salary ranges for each job role based on market rates and job specifications. It helps create consistency in pay and reduces the potential for gender wage discrimination. 4) Review and revise job descriptions to accurately reflect the responsibilities and requirements of each position.

Accurate job descriptions can help eliminate biases and address wage disparities including gender-specific wording in job advertisements can influence the perceived value and salary potential of the position (Hersch & Shinall, 2018). Comprehensive and explicit job descriptions ensure accurate employee classification, which in turn impacts their compensation. This prevents the underestimation of specific roles and contributes to resolving wage disparities. 5) Promote diversity and inclusion. Human resource professionals have a pivotal role in actively advocating for diversity and inclusion within the organization. By cultivating a diverse workforce, companies can nurture a wide range of perspectives and experiences, facilitating the identification and resolution of wage-gender inequalities. HR can implement inclusive blended-recruitment practices in job application until the interview process, diverse talent development programs, and impartial performance evaluations as part of their efforts to achieve this objective. McKinsey (2020) showed that companies with diverse executive teams outperformed their peers and were more likely to have gender and ethnic diversity in their workforce. 6) Provide training and education. Determine the inequality and discrimination clearly what is and what is not for avoiding the misconception, and misunderstandings. Training and education programs can help managers and employees with fair compensation practices, unconscious bias, and equal employment opportunities. By increasing awareness and understanding of wage gender inequality issues, HR can work towards creating a culture that values fairness and equity. 7) Supporting career development and advancement by providing training, mentoring programs, and clear pathways for sustainable development, the company can help employees acquire the skills and experiences needed for higher-paying roles, thereby reducing wage disparities across time. A study by Shaw and Bryant (2019) highlighted the importance of career development programs in reducing gender pay gaps. 8) Review the performance management especially the OKR (Objective key results) and appraise employees according to their performance. 9) Regularly review and update compensation practices by adjusting the compensation structure annually. It is crucial for HR professionals to regularly assess and revise compensation practices to ensure alignment with industry norms, dynamic market conditions, and evolving employee expectations. By conducting regular wage-gender compensation package reviews, organizations can maintain

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competitive pay structures and minimize the occurrence of wage-gender inequalities. 9) Encouraging employee feedback and engagement by creating mechanisms for employees to provide feedback on compensation and raise concerns related to wage inequality including open communication channels and engagement surveys can help identify potential issues and allow HR to take appropriate actions throughout the diversity management. And 10) advocating for wage-gender pay equity initiatives. HR professionals can collaborate with management and leadership to champion pay equity initiatives both internally and externally. This can include supporting legislative measures, engaging in industry dialogues, or partnering with fellow HR professionals to exchange effective strategies for addressing wage inequality (Guillaume et al, 2017). However, when implementing such strategies, the organization is required to review its organization's cultural styles, as well as carefully calculate the index of segregation, and the participation of employees is truly recommended. In addition, the new challenge in the future of the wage-gender discrimination issues will be replaced by technological advancement such as artificial intelligence (AI) that affects individual wages and the stability of employment for all genders by initiating a mathematical equation to calculate the score of wage that a particular worker will be gained. A suitable system is required to reduce wage-gender inequality.

### Conclusion

The gender pay gap is a complex issue that is influenced by various factors. These factors include discrimination, age, work hours, parenthood (including time taken away from work), occupational segregation, and preference for flexible work arrangements, education levels, and the types of occupations that men and women typically hold. It is important to note that women often face limitations in taking on overtime or irregular shifts due to outside responsibilities, which can contribute to lower wages. Furthermore, the discontinuity in work experience resulting from taking time off during childbearing years can also contribute to lower wages for women. Another contributing factor is the reliance of employers on past salary history when determining compensation, which can perpetuate wage discrimination as women move from one job to another. (Blau, & Kahn, 2017; Goldin, 2014).

Analyzing the gender pay gap from different perspectives within the labor market can help differentiate between discrimination by the organization and the impact of an imperfect labor market. Examining the pay gap across various categories, including heterogeneous jobs occupations, human capital, education, and work experience. Organizations could be advantaged by a better understanding of the complex and interconnected factors that contribute to gender-based wage inequality. Theoretically, if entire employees and jobs are homogenous and the labor market is perfectly competitive, in an ideal scenario, workers would transition between different jobs until wages across all markets became equal. Before HRD addresses whether it is discrimination or others, several aspects of nonwage such as the danger of job injury and deaths, fringe benefits, job characteristics, locations, as well as the regularity of incomes or the prospect for wage development including psychological factors will be carefully determined. However, this is an initial assumption of wage-gender discrimination. This paper explored the possible wage-gender discrimination that might affect the organization's diversity management in the era of sustainable development. So, there are still many issues both visible and invisible affect wage-gender discrimination that need to be further studied.

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