

Analyzing Gender Differences in Pay in the Pakistani Labor Market

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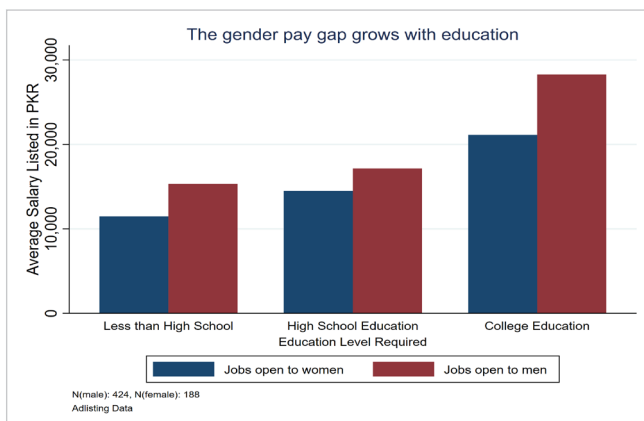


How do different factors influence the
#genderpaygap in #Pakistan? Read this
#policybrief to find out!!

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Topic at a Glance

In recent years, policy changes have enabled women to enter the workforce in increasing numbers. Despite this, global female labor force participation remains low at 49%, 27 percentage points lower than the rate for men. However, even women that do manage to work get paid lower than men working in similar jobs; with women paid approximately 20% less than men globally. In this policy brief, we use data from a job search platform in Pakistan, to examine patterns of gender wage disparity, and explore the reasons influencing these patterns. This platform, called Job Talash, was created by researchers at the Center for Economic Research in Pakistan, and generates data for over 10,000 jobseekers and 1,200 firms in Lahore. Using Job Talash, we are conducting a series of experimental research studies on labor market frictions in urban Pakistan; unlike other studies using labor force surveys, this data helps us observe each step of the job search process, from the jobseeker and employer side. This helps shed light on the various supply and demand side factors affecting labor market outcomes.



Caption: The gender pay gap grows with education. The gender pay gap is the highest for jobs requiring college educated candidates: job ads posted for male graduates advertise a 33% higher salary than those posted for women.

New Insights

The sample for the Job Talash service is drawn from Lahore, Pakistan, a metropolis of over 10 million. For initial enrolment of jobseekers into Job Talash, we listed approximately 50,000 households in a clustered random sample of households across metropolitan Lahore. For each household member, the enumerator asked if s/he was interested in signing up for Job Talash. For individuals who were interested, detailed information was gathered on their education, work experience and job search preferences.

To enroll firms, we listed a representative sample of firms across Lahore. Enumerators presented the Job Talash service to firms, offering them the opportunity to enroll into the service and list vacancies with it. This included both large, formal firms and small, informal firms. For each new vacancy listed on Job Talash, the team identified matching applicants, informed applicants about vacancies and then sent CVs of interested applicants to the firm. Later, follow up data was collected from firms on applicant interviews and placement. To date, the system has generated data on over 1,000,000 potential job matches sent to applicants.

From this data, we have found the following insights regarding salaries and how they vary across gender:

- Women set their expectations for salary much lower than men. For instance, 32% of women set their salary expectations below PKR 20,000 (~ USD 125) per month, which is just over the minimum wage for Pakistan (PKR17,500). On the other hand, only 16% of men have salary expectations below 20,000.

- Salary expectations increase with greater education, but a gender gap persists. We find that jobseekers with higher education levels expect higher salaries regardless of gender. However, at all education levels, men expected higher salaries than women. The gap between the average salary expectations of men and women increases with education. At the highest education levels, we find that the average salary expected by men is 27% higher than the salary expected by women with the same education.

- Regardless of gender, job seekers' salary expectations are higher than those of employers. On comparing salary expectations of jobseekers with salaries listed by employers, we find that for both genders, salaries expected by job seekers were higher than salaries listed by firms in advertisements. The distributions of both salaries for jobs posted for men and women peak between 10,000-15,000 PKR (60-90 USD), whereas on the jobseeker side, the distributions peak between 20,000-30,000 PKR (125-185 USD). For jobs ads with no indicated gender preference, average salaries listed are slightly higher, peaking between 20,000-30,000 PKR as well.

- Differences in occupation do not explain the gender gap in posted salaries. We compared how the average salaries listed for men and women varied across the same occupation. We found that for around 62% of the occupations, men were paid more than women.

- Larger firms offer higher salaries, but have a larger gender gap in salaries posted. We find that as the firm size increases, the average salaries offered for jobs open to both male and female candidates increase and the gender gap also increases. Regardless of the firm size, the average salary listed in job advertisements for a man is always greater than the average salary for a woman.

- Mixed-gender firms offer higher salaries than male or female-dominated firms. We analysed the average salary listed by firms in three different gender ratio categories: completely or mostly female, mixed, completely or mostly male. Average salaries listed by firms with mixed gender workplaces are higher than those listed by firms that are male or female-dominant. Within male-dominated and female-dominated firms, the average salary listed is comparatively higher for male-dominated ones. This is consistent with the evidence that posted salaries are higher on average for jobs with no gender preference and jobs with a female preference tend to have lower average salaries.

Policy Recommendations

The evidence above demonstrates that the gender pay gap is not explained away only by differences in men's and women's education. This is evident not only from job postings listed by firms but also from salary expectations listed by jobseekers. This suggests the need for more research to test the effectiveness of specific policies that might serve to reduce the differential in pay between men and women in the context of Pakistan. In addition, the brief also demonstrates that mixed gender employers are most likely to pay women and men equally, which suggests that further research is also needed on policies that encourage and facilitate employers to create more gender diverse workplaces.

Researchers at Duke University and CERP are currently conducting several RCT experiments using the Job Talash infrastructure to explore the constraints faced by jobseekers and firms. In one RCT, we quantify the costs and benefits of transport on women's mobility and labour force participation by offering door-to-door pick and drop services from home to places of employment for Job Talash subscribers (see here for more information). We are also conducting an auditing experiment to measure the extent of misreporting of work experience by job applicants on jobseekers and firms; and to understand how encouragement can bring people who are not otherwise searching into job search and employment. All the studies will analyze how effects differ for male and female jobseekers, thus helping to identify contributors to gender disparities in labor market outcomes. This can help us inform labor market policies that improve equity in these outcomes.

Limitations

From our survey of firms in Lahore, we know that the most common recruitment method used by employers to hire candidates is through networks. Data from our survey of jobseekers also reveals that the most common job search method used by jobseekers is searching through networks. In light of this, it is important to capture and analyze data from job search activity undertaken by jobseekers beyond the Job Talash platform as well. The findings from this brief are based on descriptive analysis of data from the Job Talash platform. Comparing data from on-platform search with off platform search will provide a more robust picture of how various factors influence decisions around salary for jobseekers and employers. As part of the RCT studies mentioned above, we are currently in the process of collecting data about off-platform search from employers and jobseekers through surveys. Using results from these surveys, we will be able to address this limitation and further build on the findings from this brief.

Read more → g2lm-lic.iza.org/projects/ta3/398/

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