

Gender Pay Gap

Even though women worldwide have taken important steps towards achieving a more equal status with men, economic inequality still remains one of the most pervasive and flagrant aspects of gender inequality. The persisting lifetime income gap between men and women is determined by many factors. For example, women still have more limited access to economic resources, including paid jobs; they are paid less than their male counterparts in the labour market; and they are far more often responsible for unpaid household labour and care work. The gender pay gap is one of the major causes of economic inequality between men and women.

What is the Pay (Wage) Gap?

The gender pay (or wage) gap is a measure of the difference in pay between women and men wage employees. The difference is commonly represented as a percentage of men's wages. For the sake of illustration, let's assume that men's average wage is 1,000 units and women's average wage is 800 units. The difference is 200 units, which is 20 per cent of men's wage. So the gender pay gap is 20 per cent.

Monthly or Hourly?

The simplest way to calculate the gender pay gap is to look at the monthly wages of men and women. Based on the monthly wages reported in the Labour Force Survey, Georgia's gender pay gap was **37.2 per cent**² in 2017, which means that employed women, on average, earned 62.8 per cent of employed men's monthly earnings. This is called the **raw monthly gender pay gap**¹.

The raw monthly pay gap reflects the accumulated effect of various factors and is an important indicator to explain gender inequality in income, although it does not pinpoint gender inequality in pay as such. As it turns out, women, on average, spend fewer hours on paid work each month than men. While this fact alone can be explained by a combination of different causes – especially women's burden of unpaid household work – it should also be taken into account when we talk about the pay gap as an indicator of gender inequality in pay. Therefore, a more accurate way to calculate the gender pay gap is to look at what men and women are paid per hour. This would yield a **raw hourly gender pay gap**. In Georgia, it was **17.7 per cent** in 2017.³

2017	Hourly (LFS)	Monthly (LFS)
Raw Pay Gap	17.7%	37.2%

Raw or Adjusted?

Both figures discussed above are “**raw**” because they do not reflect possible differences in education, experience and other personal characteristics between women and men involved in paid work. It can be the case that in different societies or job sectors, men and women performing paid work have different educational attainments and professional experiences. Therefore, a more precise indicator – **the adjusted pay gap** – takes these differences into account to assess gender inequality in respect of the ideal of equal pay for work of equal value. Since calculating the adjusted gender pay gap requires the characteristics of individual employees, the Labour Force Survey is used to calculate it.

¹ UN Women, 2020. *Analysis of the Gender Pay Gap and Gender Inequality in the Labor Market in Georgia*.

² These calculations are based on the Labor Force Survey data collected by GEOSTAT in 2017.

³ UN Women, 2020. *Analysis of the Gender Pay Gap and Gender Inequality in the Labor Market in Georgia*.

The adjusted hourly gender pay gap in Georgia was **24.8 per cent** in 2017, even wider than the raw gender pay gap⁴. This means that women involved in paid work not only earn less per hour than men but also have better professional characteristics (i.e. education and professional experience). To put it another way, if we randomly pick a woman and a man with equal professional characteristics, the woman is likely to be paid around three quarters of what the man is paid for their respective hour's work.

2017	Hourly (LFS)
Raw Pay Gap	17.7%
Adjusted Pay Gap	24.8%

Summary Highlights

The difference between the raw monthly and raw hourly gender pay gaps (37.2 per cent versus 17.7 per cent, respectively) reflects the fact that women and men differ significantly in respect of time spent on paid work. For example, part-time work is more prevalent among women than men. This does not mean that women work less but only that they work less for remuneration, which is greatly precipitated by the gender division of household labour.

The difference between the raw and adjusted hourly gender pay gaps (17.7 per cent versus 24.8 per cent, respectively) reflects the fact that employed women have better labour-market characteristics and earn lower wages than employed men in Georgia. That is, the pay gap between men and women with comparable job qualifications is even greater than the gender pay gap calculated without considering these characteristics.

Further Points

Figures presented here are somewhat different from those published by the National Statistics Office of Georgia (GEOSTAT). According to their estimate, the raw monthly gender pay gap was 35.7 per cent in 2017. The difference is explained by the fact that GEOSTAT relies on the Establishment Survey, which is a company-level survey and thus does not cover informal employment. The pay gap estimates presented here, however, are calculated based on the Labour Force Survey, which does include both the formal and the informal sector.

The gender pay gap, especially the raw gender pay gap, significantly varies from sector to sector. For example, in the male-dominated construction sector, the raw gender pay gap is in favour of women, which is explained by the fact that the small share of women employed in this sector mainly perform administrative jobs that are generally paid better than the majority of jobs in this sector, overwhelmingly performed by men.

An important factor determining the gender pay gap is the fact that sectors and occupations that are highly feminized (so-called horizontal segregation by gender) offer lower wages than those that are male-dominated.

The inadequate minimum wage standard in formal employment is one of the factors negatively affecting women's wages since women are concentrated in feminized occupational sectors, which, in turn, are the lowest paying and lowest status jobs. In addition, the existing minimum wage coverage does not extend to the women employed in the informal economy. A more reasonable and binding minimum wage may increase women's wages, especially in feminized sectors.

Gender inequality in economic opportunities and labour markets has other important dimensions beyond those reflected in gender pay gap indicators. For example, women's disproportionate burden of unpaid household and care work has consequences not only for wage equality but also for women's participation in the labour market. For example, in Georgia, 44.4 per cent of women over the age of 15 are economically inactive (i.e. neither employed nor seeking employment) compared to 26.4 per cent of men in the same age cohort (2018 data)⁶. On the other hand, gender inequality in pay itself limits the possibility of individual families changing their domestic division of labour towards more equitable patterns.

⁴ UN Women. 2020. *Analysis of the Gender Pay Gap and Gender Inequality in the Labor Market in Georgia*.

⁵ National Statistics Office of Georgia. 2018. Establishment Survey, 2017. "Women and Men in Georgia." p.65.

⁶ GEOSTAT. 2018. Labour Force Survey. Letter #7-3382 from the National Statistics Office of Georgia. 15.11.2019.