

# Pay Equity Policy: A Veritable Panacea to Roots of Gender Pay Gap in Nigeria

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**Abstract:** *The International Labour Organization (ILO) estimates that women on average continue to be paid about 20 per cent less than men across the world. There are large variations between countries, from a high pay of over 45 per cent to hardly any difference. Women and men do not receive equal pay for equal work. Women on average have lower incomes, lower wages and less advantageous terms of employment than men. For organization seeking to enhance gender diversity across their organizations, it is important to take stock of gender inequalities, including gender pay gaps which may be part of their organizational culture. Based on this, the paper examines gender pay gap; analysing the factors and strategies for achieving pay equity in Nigeria. The factors proposed in literature suggest principal causes such as differences in occupational segregation, direct discrimination, and motherhood penalty. The study therefore recommends that actions like education awareness and campaigns, change in workplace policies and regular pay audit be carried out to achieve pay equity.*

**Keywords:** *Nigeria, Pay equity policy, Roots of gender pay gap, Veritable panacea.*

**Keywords:** *Organization, Organizational life, Politics, Political Behavior, Power.*

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## 1. Introduction

Gender pay gap has to do with the relative differences in the average gross earnings of men and women within an economy. United Nations Development Project (2009) observes that inequality in Nigeria worsened from 0.43 to 0.49, placing the country among those with the highest inequality levels in the world. Despite its vast resources, Nigeria ranks among the most unequal countries in the world. The poverty problem in the country is partly a feature of high inequality which manifests in highly unequal income distribution and differential access to basic

infrastructure, education, training and job opportunities. In the past three decades, women in Nigeria have made notable gains in participation in the workplace including increased labour force participation, substantial gains in educational attainment, employment growth in higher paying occupations, and significant gains in real earnings. However, notwithstanding these gains, there is still pay gap between males and females across almost all occupations in favour of men.

The UNDP (2009) highlights agreement in principle on the desired path of development among independent development experts and Nigerian government officials. The declared goal of "growth with equity," is however, faced by many obstacles to its implementation. There is consensus that there is gender pay differences against females and in favour of males. Equal pay legislation was introduced in the Nigeria over 40 years ago. Gender equality legislation was further reinforced by the 2007 Gender Equality Duty applying to all public bodies and aspects of the 2010 Equality Act. However, Nigeria still has a long way to go in order to achieve equality in workplace. The UNDP (2009) indicates that Nigeria 's gender pay gap is one of the highest in the world and females are under-represented in the higher paid, more powerful positions. The lower pay for women has negative impact on the children as well as the family because of the financial instability. Employees are motivated to perform better when rewarded adequately. They set expectations about rewards to be received, if certain levels of performance are achieved and these expectations determine goals or levels of performance for the future. Organization 's pay structure must, therefore be equitable and consistent without gender discrimination. This paper seeks to explore the factors and strategies of achieving gender pay gap and equity in Nigeria.

## **2. Statement of Problem.**

The argument for or against gender inequality is a conversation that has remained in the corridor of global debate. In the past, some literatures were of the opinion that gender inequality might actually lead to an increase in economic growth (Mayoux, 1995; Worsdale and Wright, 2000). However, other authors (Falk & Hermale 2018) have revealed that gender inequality negatively impacts the economy. Gender inequality is a problematic issue as it lowers wellbeing and is regarded as a form of injustice in the very conception of equity.

Historically, in Nigeria, certain tribes treated men preferentially for economic empowerment and inheritance (Olanrewaju *et al.*, / 2005). For instance, the Igbos do not include women or girls in a will when sharing land or another asset. Women are thought to be fit for the kitchen and assist with farm duties. This makes the dependent to their male counterparts. The latest review of the Nigerian economy by the International Monetary Fund (IMF) revealed that closing the gender gap is the key to achieving higher growth in the economy. However, in Nigeria, women dominate the unpaid job sector, twice the figure of men. The economic value for females was projected to be about 30 % of the gross national product (UNDP, 2015). Like other parts of the world, women in Nigeria face several discriminations that limit their full capacity. There are several factors that account for this gap. The next section will address some of the factors that cause gender pay gap.

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### 3. Literature Review.

#### **The Concept of Pay Equity**

Pay equity refers to the concept that employees should receive proportionally fair treatment in terms of pay based on their contribution and investment in the employment relationship and on clearly-defined expectations as communicated to the employees from time to time. Reducing discrimination and unfairness based on favouritism and personal relationship is the key objective of pay equity.

Addressing the gender pay gap requires a multi-faceted approach. It requires systemic changes in workplace policies, cultural policies and societal norms to achieve gender pay equity. Several researchers have proposed various strategies for achieving pay equity. Smith, James and Ward (1999) recommend that the reduction of the gender pay gap be done through initiatives that combat occupational segregation and address women's labour market segregation. Education and awareness campaigns can contribute to changing societal norms and attitudes surrounding gender and work.

#### **Pay Equity Policies**

**Provide a legal framework for judging pay equity:** Legislative measures such as equal laws and anti-discrimination policies should be given promote equal opportunities for males and females in the workplace. Government should make laws that promotes increase availability of quality, and part time work. They should introduce gender duty and ensuing career guidance that is free from gender stereotyping. Pay differences must be carefully monitored and pay measures benefitting low-paid occupations should be introduced to improve the income situation of females.

**Education and awareness campaigns:** Education and awareness campaigns should be provided to change the societal norms and attitudes surrounding gender and work. Awareness campaigns can help reduce pay inequality by highlighting disparities, educating people about the issue, and advocating for policy changes or organizational practices that promote equal pay. These campaigns raise public consciousness, mobilize support for change and put pressure on companies and policymakers to address the issue. Additionally, they may encourage individuals to negotiate for fair compensation and empower them to speak out against discrimination. Overall, awareness campaigns play a crucial role in fostering a more equitable and transparent labour market.

**Changes in workplace policy:** changes in workplace policy can significantly contribute to achieving pay equity by implementing measures that promote fairness and transparency in compensation practices. Instituting clear policies that mandate equal pay for work regardless of gender, race or demographics is crucial. This ensures that employees performing similar roles receive comparable compensation addressing disparities stemming from discrimination. Also, implementing transparent salary structures helps uncover and rectify wage gaps. When employees know the salary ranges for their positions and how their pay is determined, it reduces the likelihood of unequal pay based on biases or negotiations.

**Regular Pay Audits:** Regular pay audit are a proactive strategy for ensuring pay equity within an organization. By conducting systematic reviews of compensation practices, employers can identify and address any disparities based on gender, race and other factors. These audits involve analysing salary data, benefits and promotional opportunities to ensure fairness and compliance with equal pay.

**Unbiased Hiring and promotion practices:** unbiased hiring practices are essential for promoting pay equity within an organization. By eliminating bias from the recruitment and selection process, employers can ensure that all candidates have an equal opportunity to be hired and compensated fairly. Strategies for unbiased hiring include implementing blind resume reviews, standardized interview processes, and diversity training for hiring managers. These practices help mitigate the influence of unconscious biases such as gender, or racial stereotypes that can lead to unequal pay outcomes.

**Flexible work policies:** offering flexible work arrangements such as remote work options or flexible hours can benefit employees who may face challenges due to caregiving responsibilities or other factors. This helps to reduce the gender pay gap by accommodating diverse needs and promoting work-life balance.

**Banning the Use of Prior Salary History:** The practice of using past salaries to set current wages perpetuates the gender pay gap because it assumes that prior salaries were fairly established by previous employers. Relying on salary history allows a new employer to continue underpaying a woman who faced a pay gap and lost wages due to bias or discrimination at a previous job. Salary history questions can also introduce bias and discrimination into the recruitment process of a company that may be attempting to avoid it. Employers should prohibit the use of salary history and instead use market research to determine what the position is worth to the organization.

### **The Concept of Gender Pay Gap**

Gender pay gap refers to the relative average difference between the remuneration for men and women who are working. The gender pay gap is the difference in the average hourly earnings of women and men within a particular economy. The World Economic Forum (WEF) defines the gender pay gap as the difference between average male and female wages, divided by the average male wage.

Analysing the gender pay gap highlights the issues surrounding unequal pay for men and women who work in similar roles. Though statistics on the gender pay gap are more consistently and accurately reported in OECD nations, the WEF estimated that in sub-Saharan Africa in 2021, women received 32.7% less pay than men who held similar positions. The latest report from the World Gender Gap report 2022 reveals that Nigeria ranks 123rd with a score of 0.639 out of a total of 146 countries. The ranking on gender pay parity, uses parameters like economic, participation and opportunity, educational attainment, health and survival, political appointment and financial exclusion/wealth accumulation of the female gender in the world.

## **Roots of Gender Pay Gap.**

Gender Pay Gap is as a result of several factors which can be summarized as:

**Occupational segregation:** Occupational segregation refers to the way that some jobs are dominated by men, and other jobs by women. Women tend to be concentrated in fewer occupations compared with men. As Soetan (2002) observes, 50% of the women in Nigeria work in seven occupations only. Women tend to choose occupations that provide more flexibility for them to better manage their family and children. They tend to work in clerical occupations, sales, health care, social care and teaching professions; they are under-represented in managerial jobs, physical, mathematics, medicine, banking, information and communication technology, project management and engineering professions as well as in manual and production jobs. In the last few decades women have made great strides in narrowing the pay gap within professions and increasing their numbers within traditionally male-dominated fields.

Ojo (1998) asserts that occupational segregation appears to be more pronounced for low-skilled workers and for women with children. In agreement with this OECD (2009) notes that workers with higher education are found in a much larger number of occupations than less educated workers while mothers are more likely than women without children to work as service workers and sales workers. This might be the result of self-selection of mothers into occupations that are more compatible with family responsibilities or related to some employers being less likely to offer mothers career and employment opportunities. Fathers also tend to reinforce their concentration in occupations where men are over-represented, which are in general more likely to be management positions with higher earnings. Though some of the differences in occupational choices among women and men are due to different preferences others may not be. Oloko (2001), Okpara (1997) and Weaver (1998) suggest that predominantly female occupations pay less even in spite of individual and workplace characteristics.

**Gender Stereotypes:** Gender stereotypes are the driving forces behind occupational segregation because they influence men and women's educational and career decisions. These preconceived notions about the abilities and roles of men and women often lead to biased expectations and pay inequality at the workplace. For instance, In Nigeria, there are widely shared cultural beliefs that men are socially valued and competent than women at most things. Women are also associated with caregiving and men with leadership this can result in women being disproportionately steered towards lower-paying professions and hindered in career advancement.

**Direct discrimination:** Many employers in Nigeria tend to discriminate women most especially when it comes to the position they occupy in the office. Not all of the gender pay gaps can be explained by observable differences in college major, occupation, work hours, and time out of the workforce. Direct discrimination and bias against women in the workplace are also culprits in the pay gap. In fact, due to persistent sex discrimination, women are also less likely than men to reach the highest-paying leadership and executive positions. How discrimination has directly affected women's pay? Researchers look for the unexplained pay gap after statistically accounting for other factors. Other researchers have reached similar conclusions about gender discrimination and the pay gap when controlling for certain factors. For instance, a study of

medical researchers found an unexplained gap of 6 percent between comparable men and women in the field, and a recent study of the American workforce as a whole found an unexplained gap of 8 percent (Jagsi et al., 2012; Blau & Kahn, 2017).

Discrimination by employers tends to steer women into lower-paying occupations and men into higher-paying occupations. Opeke (2002) affirms that there are statistically significant pay differences between jobs defined as male and female, which implies that salary allocation is affected by gender-based discrimination, due to occupational stereotyping and the devaluation of the work typically done by women. Again, women in jobs defined as male such as science and engineering are sometimes affected by bias and outmoded institutional structures. Smith, James and Ward (1999) found evidence of differential treatment of senior women which included differences in salary among others with women receiving less despite professional accomplishments equal to those of their male colleagues. Work by men is often subjectively seen as higher-quality than objectively equal or better work by women compared to how an actual scientific review panel measured scientific competence. The Smith, James and Ward (1999) results indicates that female scientists need to be at least twice as accomplished as their male counterparts to receive equal credit.

**Motherhood Penalty:** Many working mothers also encounter a motherhood penalty,|| which extends beyond their actual time out of the workforce. Experimental studies have documented that employers are less likely to hire mothers (including mothers who never left the workforce) than they are to hire women without children, and when employers do make an offer to a mother, they offer her a lower salary than they offer to other women (Correll & Benard, 2007; Kricheli-Katz, 2012). The magnitude of the penalty for mothers in the workforce has remained steady for the past few decades or even increased slightly for some mothers after accounting for education and work experience (Lee *et al.*, 2018). Fathers, in contrast, do not suffer a penalty compared with other working men. Many fathers actually receive higher wages after having a child, known as the —fatherhood bonus|| (Killewald, 2013; Buding, 2014).

In Nigeria, The OECD (2010) indicates that there is a significant impact of children on women 's pay. Correll and Bernard (2007) found that female applicants with children were significantly less likely to get hired and if hired would be paid a lower salary than male applicants with children notwithstanding similarities in qualification, performance and other relevant characteristics. Correll and Bernard (2007), also found in another study that actual employers discriminate against mothers when making evaluations that affect hiring, promotion, and salary decisions, but not against fathers. They argue that the motherhood role exists in tension with the cultural understandings of the "ideal worker" role and this leads evaluators to expect mothers to be less competent and less committed to their jobs. Anderson, Binder and Krause (2003) report a significant motherhood penalty on pays and evaluations of workplace performance and competence even after statistically controlling for education, work experience, race, whether an individual works full- or part-time, and a broad range of other human capital and occupational variables.

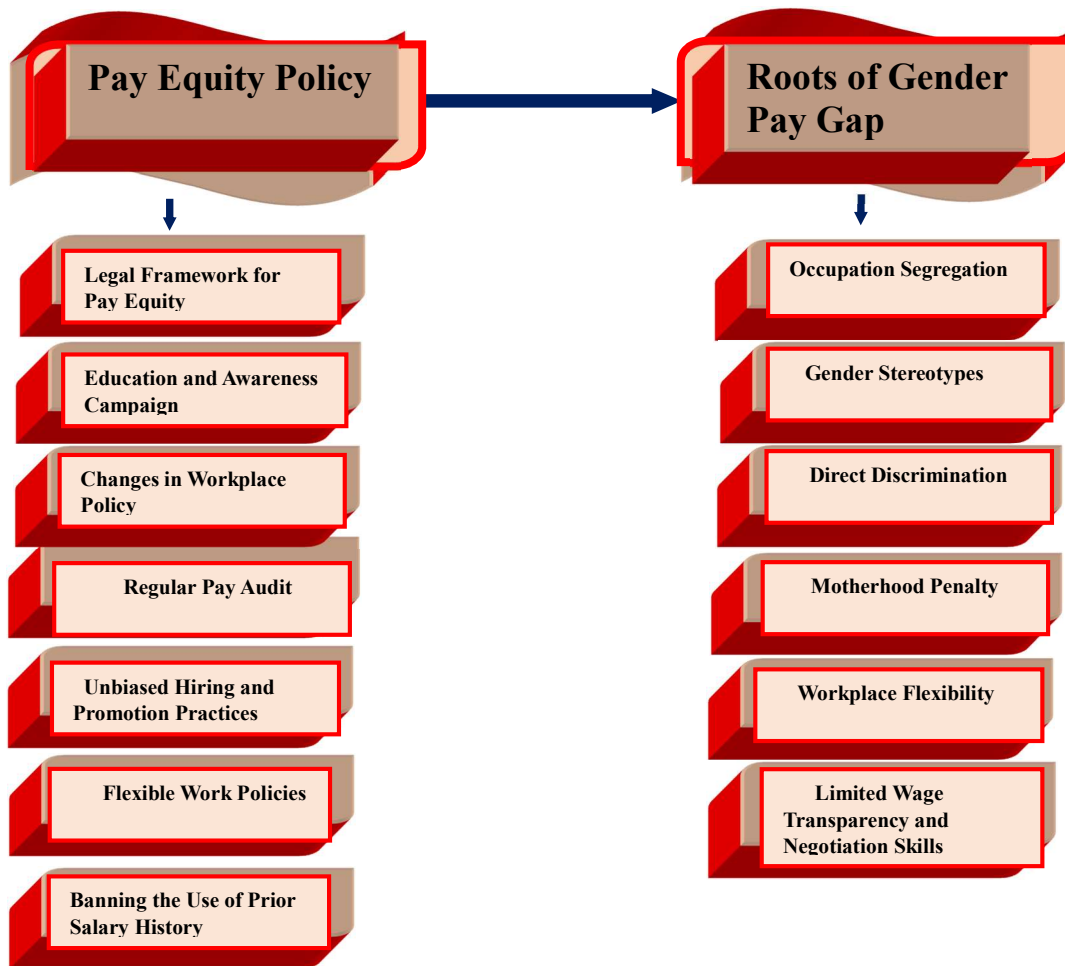
**Workplace Flexibility:** Workplace flexibility can contribute to the gender pay gap in several ways. While flexibility is often seen as a positive aspect, it can inadvertently affect women's earnings. Flexibility enables employees to balance work and personal responsibilities more effectively. For



example, women may be more likely to take advantage of flexible work arrangements such as part time or remote work to balance caregiving responsibilities. This can result in reduced working hours and consequently lower pay compared to their full-time counterparts.

**Limited wage transparency and negotiation skills:** limited negotiation skills can contribute to the gender pay gap in several ways. Historically, women have often been socialized to be less assertive and confident in negotiating their salaries compared to men. This can stem from societal expectations and stereotypes about gender roles, with women being discouraged from being too aggressive or assertive in salary negotiations. As a result, women may be less likely to negotiate for higher starting salaries to promotions, leading to them starting off at lower salary levels and potentially falling behind their male counterparts in terms of pay over time.

From the review of literature, the following conceptual framework was designed:



**Figure 1:** The Conceptual Framework of the relationship between Pay Equity Policies and Roots of Gender Pay Gap.

**Source:** Designed by the Author based on literature review, 2024.

#### 4. Conclusion

For organizations seeking to enhance gender diversity across their organizations, it is important to take stock of gender inequalities including gender pay gaps, which may be part of their organizational culture. By adopting the above strategies, organizations can proactively address pay disparities and create a more equitable and inclusive workplace where all employees are valued and compensated fairly for their contributions.

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