

Gender Pay Gap: Is It Just a Gender Thing?

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ABSTRACT

The gender pay gap has always been a topic of discussion, with gender being cited as the leading cause, hence the term. Numerous studies have attempted to isolate gender, but the findings still point to unexplained causes of the gender pay gap. Therefore, this paper took several different perspectives on debunking the gender pay gap and constructing the possible reality of the gender pay gap, using systematic literature review and critical reflection. By exploring how the gender pay gap is calculated, individualizing gender and human, and learning from a cultural perspective, this paper suggests that the gender pay gap is beyond gender. This paper does not deny the existence of the gender pay gap; instead showing that the cause is beyond gender and calls for action to alleviate inequality to build healthier working environment.

KEYWORDS: *equality; gender; patriarchal; pay gap*

JEL CLASSIFICATION: *E42, J16, M12, M52*

1. INTRODUCTION

UN Women Indonesia released data back in 2020, based on average wage, women only earn 23% less than men. Even when comparing them in terms of education, in all education strata, women still earn less. Business-wise, hiring someone who can do the same job with less pay will be more profitable, as it will reduce your cost. So, why not hire all women for your business? However, at the same time, women are expected to become mothers or homemakers. Therefore, naturally comes, on average, three months of maternity leave that might cause disturbances in the business. So, why not hire all men for your business?

Gender pay gap stands for disparities in average gross wages between male and female employees. It is founded on the concept of gender segregation roles, embedding the understanding that men and women are born to do something related to their gender. This paradigm can also be translated into what they should receive (Wilson & Wisesa, 2019). The concept of gender pay gap is part of immense gender inequality. The power relation between men and women has always been unequal, where men are constantly positioned higher than women (Schaefer, 2016). Women's response to this can be summed up in the feminist movement, one of society's oldest and universally known movements. The focus is on fighting for more gender equality by ending gender discrimination (Soken-Huberty, n.d.). Along with gender inequality, the gender pay gap is also a global phenomenon, with annual equal payday celebrated worldwide.

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Women's pay discrimination has been widely explored, even in Indonesia. The researchers even took a step further, with an econometric decomposition strategy to peel the layer of the gender pay gap. Benjamin (1996) opened the discussion on the pay gap in rural and urban areas, and later explored by Utomo (2008), showing that 36% of the gender gap was unaccounted for. Sohn (2015) even constructed three groups: (1) basic demographic (ethnicity, marriage status, health status, numbers of adults and children in the household); (2) human capital (education, experience, tenure); and job characteristics (sector, firm size, union membership, industry, location, day-to-day basis job description). Even with these extensive approaches, there is still an inexplicable gap. As a result, this article poses the question: Can we isolate the causes of the gender pay gap is based only on gender? Thus, this paper aims to reveal the true meaning of the gender aspect of the gender pay gap in Indonesia.

2. METHODOLOGY

To answer the research question, this paper uses systematic literature review as a research methodology that produces unambiguous conclusions by finding current related studies, choosing and evaluating contributions, analyzing data, and reporting the finding. Its meticulous, detailed, and comprehensive research process seeks to provide answers to the research question(s) (Thomé et al., 2016). Rather than just a collection of relevant studies, a systematic literature review paper should put some analytical criticism (Okoli & Schabram, 2010) or critical reflection, both of which became the foundation for this research.

Having been defined by many scholars, critical reflection is acknowledged as one of the research methods that focuses on the evaluation of assumptions by considering the circumstances around one's actions and the effects from it (Smith, 2011). The goal of critical reflection is to look at those assumptions to see whether it is based on an accurate assessment of reality (Brookfield, 2009). A thorough identification of underlying assumptions allows one to see how narrative is interpreted and reveals contradictions. These two aspects are expected to help new and original ideas develop (Morley, 2008). Thus, using systematic literature review as the fundament and continuing with critical reflections seems appropriate to reveal the true meaning of the gender aspect of the gender pay gap in Indonesia.

3. RESULT

Adapting four alternative viewpoints is done to uncover the actual state of the gender pay gap in Indonesia. First, in-depth analysis of gender pay gap concept and studies. Second, the differentiation of men and women. Third, individualization of human will. Last, socially constructed gender stereotypes in patriarchal.

3.1 Using Univariate Analysis on Multivariate ISSUE

Women earn 82 cents for every dollar earned by men in 2021 (PayScale, 2021). Indonesian women are paid 23% less than men (UN Women Indonesia, 2020). However, how does the calculation work? According to PayScale, the number depicts the uncontrolled gender pay gap, which compares median salaries for men and women regardless of job type or employment factors. Even UN Women Indonesia took the number from Statistic Indonesia, which the gap is the average gap between the salaries being paid to men and women. Two terms have already been mentioned on uncontrolled pay gap and unexplained pay gap. Uncontrolled pay gap happens when it takes a median or average pay gap for men and women without considering job type and seniority (PayScale, 2021; WNY Foundation, 2019). Therefore, looking at the controlled pay gap with the same study of PayScale, women earn 98

cents for every dollar earned by men in 2021 (PayScale, 2021). It is still 2% less than men, but 16% more if we consider these aspects.

Table 1. Comparison of factors of gender pay gap studies

	Job level/ position	Race, ethnicities	Age	Experience	Tenure	Marital, child status	Education	Work duration	Job characteristics	Union membership	Location of residence	COVID-19	Health status	#Household member	Contract boundaries	Job search duration	Year of graduation
Oaxaca (1973)	√			√		√	√		√		√		√				
Reimer & Schröder (2006)			√	√		√	√	√	√							√	√
Sohn (2015)		√		√	√	√	√		√	√	√		√	√	√		
Gould et al. (2016)	√	√	√	√	√	√	√		√	√	√						
Blau & Khan (2017)				√			√	√	√								
Payscale (2021)	√	√	√				√		√			√					

Source: adapted from multiple sources

Table 1 shows that many metrics, yet scattered, have been used to study the gender pay gap. Oaxaca (1973) introduced the econometric decomposition technique to break down the factors to explain the gender pay gap. After conducting his research, incorporating those controlled variables that were later named explained gap, there is still a gap that cannot be explained. The unexplained pay gap (residual pay gap) occurs when men and women seem identical, and other controllable factors have been included (Gould et al., 2016). Some might see this as discrimination against gender, but so many factors and approaches must be taken into account to prove the issue only resides in gender. From Table 1, at least seventeen factors must be controlled to prove that gender is the sole contributor to the gender pay gap. The time it is being studied also determines what factors should be controlled. For example, in 2021, COVID-19 is being analyzed by PayScale as one of the factors contributing to the gender pay gap. The next question is whether we add, for example, age to the equation. Is age itself another form of inequality?

Aside from taking controlled variables, comparing approaches may also induce different results. Several studies such as PayScale and UN Women Indonesia only reckon gender and one other factor (e.g., education, racial, or job characteristics). Some are comparing different stages of factors and gender. For example, Karnadi (2019), in his study, stated two findings: (1) gender has no bearing on their earning potential in general when taking education and experience into account; however, (2) for women below 30, gender might be a predictor of the pay gap. Sohn (2015), with the decomposed factors, tried to analyze the unexplained gap using three groupings (basic demographic, human capital, and job characteristics) and comparing it between self-employed and paid employees. When the unexplained gap is

dissected in the mean, none of the individual groupings has a substantial impact. However, when those groupings are combined, the gap is significant. The main finding is that the factors may interact (amplify, lessen, or even change the direction). These three approaches indicate that there is no standard way to measure gender influence on gender pay gap, putting the question of whether gender is the sole contributor to the concept of the gender pay gap.

3.2 Men and Women are Just Different

Men and women are different, according to the Big Five personality. The Big Five personality is universally known human personality variations, which covers: (1) agreeableness (cooperative vs competitive/ manipulative); (2) openness (adventurous/ creative vs traditional); (3) conscientiousness (organized vs disorganized); (4) extraversion (outgoing/ social vs reserved); and (5) neuroticism (mood swing/ emotional instability vs stable/ resilient) (Budaev, 1999; Cherry, 2021). Women tend to be more neurotic, have agreeableness, warmth (a facet of extraversion), and openness to feelings. On the other hand, men tend to be more assertive (a facet of extraversion) and open to new ideas (Costa et al., 2001). These personalities are influenced by biological and environmental factors (Jang et al., 1996), aside from being replicable across cultures; hence, it is universal (Costa et al., 2001).

Studies have been conducted to see the relation between gender, personality, and success in career, including earnings. Across all studies, the most common findings are conscientiousness and agreeableness tend to appear as solid indicators of income among the Big Five personality characteristics (Risse et al., 2018). Men have higher psychological qualities that indicate greater confidence in their talents and a greater concentration on their agenda: higher hope for success, lower agreeableness, and lower fear of failure. All of these characteristics are linked to higher pay. Women's greater conscientiousness is the only feature identified to provide them a pay advantage, suggesting that women rely on showing their skill in their current employment roles, even climbing the corporate ladder (Risse et al., 2018). However, in today's economy, where there is increased demand in the service industry, women's warmth is argued to be more advantageous than men's (Schaefer, 2016).

Can we equip women and men with the personalities required personalities to even the playing field? Hudson et al. (2019) conducted an experimental study on changing personalities with two main findings: (1) people want to change their emotional instability, followed by their extraversion and conscientiousness, openness, and agreeableness; and (2) agreeableness shows the most significant difference, followed by emotional instability, extraversion, and conscientiousness (openness shows a negative impact). Stieger et al. (2021) conducted multiple interventions to alter personality traits, concluding with a similar result to Hudson's. With a 12-year longitudinal study, personality building and alteration positively influence income. Emotional stability, extraversion, and consciousness are the strongest associated with income (Hoff et al., 2020). The main idea is not "making women more like men" or vice versa, but equipping both women and men to achieve equality of opportunity.

3.3 Freewill: Humanizing Human

Humans are unique. Two metrics that need to be considered are that humans have free will and that no one has the same goal when they select where they want to build their career. Take the example of generations. Traditionalist wants monetary reward and respect; baby boomer wishes monetary reward and retirement plan; generation X wants bonuses, stock, and work flexibility; generation Y aims stock and constant feedback; and generation Z focuses on mentorship rather than monetary rewards (Gurchiek, 2016). Women and men also have different priorities. Women target work-life balance, job stability, non-monetary rewards, and

people-oriented jobs. Studies show that men target more financial rewards while women are more into work-life balance and job stability (Su et al., 2009; Wiswall & Zafar, 2016). This correlates with occupational segregation and discrimination, where both cannot be separated from the gender pay gap. Preference for doing specific jobs might pool certain generations or certain gender into that job, creating a cycle of “male-or female-dominated jobs.” However, a recent study found that gender pay gap and occupational segregation do not have a strong relationship (Dolado et al., 2002).

3.4 Interpretation of Patriarchal in Gender Pay Gap

Patriarchal, the embodiment of the patriarchy social system, represents men's dominance over women in every aspect of society (Murtiningsih et al., 2017; Stopler, 2008). This can be translated into the perfect figure of women who belong at home, becoming wives and mothers (Anggahegari & Lantu, 2014). However, nowadays, women enter the workplace to support their family economy, and some sit in leadership positions (Bennet, 2012; Yulindrasari & McGregor, 2011). Therefore, around 60% of women are working mothers (YouGov, 2015), balancing domestic and professional responsibilities. This has repercussions for women, known as role strains, where both duties collide due to these socially constructed gender roles (Rushing & Powell, 2015).

Forty percent of women quit their job after giving birth, as they believe men are the primary breadwinner and women should take care of the children (Sitepu, 2017). This patriarchal is embedded in society with the expected gender roles of women that belong at home. Returning to the idea that people have free will, there is nothing wrong with women willing to leave their jobs to prioritize their families. However, it is concerning when society forces them to give up their work unwillingly. Alternatively, when women's performance in the workplace is not the measurement of their career progression. Gatrell et al. (2017) showed that women's career progression (along with their pay) in the workplace is affected by their gender stereotype of being a woman. Women may cause disturbances due to absence from maternity leave, irrational judgment due to hormonal imbalance, and the belief that women should belong at home. This notion goes along with the premise that women are not preferred as leaders (Hudson et al., 2020). Thus, breaking gender stereotypes and socially constructed gender roles need to be prioritized in seeing gender pay gap in patriarchal.

4. DISCUSSION

This paper is not disputing the gender pay gap but rather demonstrating that the problem is more significant than that, necessitating adequate remedial action - to reduce inequality. A concept called the matrix of domination serves as the medium to see multidimensional discrimination and how someone sees their social standing. It aims to understand the perspective on oppression based on the intersections of gender, race, class, and other social identities and how they interact (Schaefer, 2016). In the gender pay gap, the issue is far more than simply women being oppressed because they are women (or men). Whether discussing or creating a solution to bring more equality to the gender pay gap should be considered.

The argument is that the gender pay gap is not only because they are women (or men) but also brings hope to bring more equality. Women (or men) are not stuck in the loop of the pay gap because of their sex or gender role expectation. Yes, some of sex innate characteristics shaping women's personalities may not be as beneficial as men's in the labor market. However, not every industry favors the same characteristics or personalities. This must be taken into account where personality can be altered, not making everyone the “idolized men

characteristics”, but equipping them where they want to be – to even the playing field – bringing more equality with gender equity as a tactic.

Equality and equity are not interchangeable, although they are commonly known as similar. Equity sits in terms of the principle of fairness of opportunity and outcome based on the requirements of each individual (Arsel et al., 2022), and equality denotes that all parties in a relationship are equally valued to maintain mutual self-esteem (Kabanoff, 1991). Thus, talking about equity brings up that everyone has personal preferences and should be exempt from preconceptions (including gender stereotypes), which ultimately creates an equal workplace environment for both men and women.

Occupational segregation and the preference for doing specific jobs might be related, creating a loop where there might be the concept of “male-or female-dominated jobs”. Studies show that men target more financial rewards, while women are more into work-life balance and job stability. Therefore, when the only measure of gender occupational gap is pay, that is understandable why men are being positioned to have higher pay than women, especially if using uncontrollable pay gap, which is more frequently used and known. However, it is critical and must be brought to attention when specific gender, men or women, are prohibited from entering specific jobs or careers strictly due to their gender. In the end, seeing the output of equality solely on monetary payment can be extended, as human beings have free will in choosing their job.

5. CONCLUSIONS

In conclusion, the gender pay gap might appear concerning at a glance. However, it is affected by many factors rather than being determined solely by gender alone. Our real focus should be shifted toward tackling the bias and stereotype of gender at work to enable a healthier working environment primarily for women in their socially constructed dual roles in patriarchal culture.

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