

# Why there is still a gender pay gap in Singapore

Recent research shows that Singapore has an adjusted gender median pay gap of 6 per cent, lower than in the US and Canada, but still reason to look at how social norms and policies can change to reduce the gap

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Every now and then, the gender pay gap captures the public's attention. The gender pay gaps between news anchors; athletes; and even celebrities sometimes provoke public indignation, with some quick to point out the "injustice" and call for it to be eliminated. However, this could be too simplistic a view to take, and may not be necessarily appropriate in the context of Singapore's labour market.

To understand why pay gaps remain in Singapore's labour market, we should first look at the remarkable progress that women have made so far.

Over the past few decades, women have made great strides in terms of education, employment and earnings. The average woman in Singapore is now more highly educated compared with the past. In fact, there are more women among the latest cohorts of university graduates than men.

The female employment rate has increased over the past decade, and with that, so have their earnings. These developments, which are common to many developed countries around the world, are due to a combination of factors, such as more widespread use of technology in homes to make household chores easier (for example, household appliances), medical advances (for example, improvements in contraception and maternal health), labour demand shifts that have favoured women (for example, more demand for service-related goods) and stronger regulations against gender-based discrimination. These changes have enabled women to depart from traditionally gendered roles within the household, and take on paid employment.

Nevertheless, despite the converging roles of men and women in society, the gender pay gap

remains stubbornly persistent in many countries around the world.

A simple comparison of the median pay of women and men working full-time in Singapore in 2018 reveals that women across the board earn 16.3 per cent less than men. This statistic, however, does not tell us if men and women of similar backgrounds (age and education, for example) are paid equally for doing similar work. A more like-for-like comparison would be to look at the adjusted gender pay gap.

## SINGAPORE'S ADJUSTED GENDER PAY GAP

The adjusted gender pay gap is statistically adjusted for measurable factors, such as age, education, hours worked, occupation and industry – all of which may account for differences in pay between genders.

Around 10.3 percentage points of the 16.3 per cent pay gap are explained by these factors, leaving us with an adjusted median gender pay gap of 6.0 per cent – lower than in the United States and Canada at around 8.0 per cent. We have also improved over time; Singapore's adjusted gender pay gap was 8.8 per cent in 2002.

## OCCUPATIONAL SEGREGATION

Among these measurable factors, the most significant is occupation, that is, there are pay differences because men and women tend to be in different jobs, which offer different pay. This is also known as occupational segregation, which stems from the different choices women and men tend to make regarding education and career.

One key reason for occupational segregation in Singapore is that women remain primary caregivers within households today; they may find it difficult to fulfil both work and family commitments in certain occupations that have long and inflexible hours. This may lead some women to gravitate towards lower-paying jobs that offer shorter or more flexible hours.

Occupational choices may also

reflect gender differences in preferences – for example, women may prefer less competitive or less risky jobs, or occupations that are more people-oriented. Moreover, occupational segregation as a factor may still affect the adjusted gender pay gap, as the model is not able to fully take into account other unmeasured job-related factors such as differences in seniority, job tasks, or company size.

## OTHER CONTRIBUTING FACTORS

Current academic research on this topic suggests that most of the remaining gender differences in the labour market is likely due to family, motherhood and persistent gender norms – despite the progress women have made in the past few decades.

Recent studies have examined the effect of motherhood on earnings in various countries. The patterns are remarkably similar – men's and women's earnings evolve in parallel until the birth of their first child, diverge (in men's favour) sharply immediately after parenthood, and do not converge even 10 years later.

The "motherhood earnings penalty" likely results from the loss

in work experience and slower career progression, as women are more likely to leave the workforce or switch to more family-friendly career tracks.

The size of the motherhood earnings penalty ranges from 20 per cent to 44 per cent – in Denmark and the US, respectively. As many women today are as educated (or sometimes more educated) than their spouses, these earnings penalties likely reflect broader social norms and gender roles that indicate that women remain the dominant caregivers within the household. These findings suggest that the adjusted gender pay gap is not necessarily a measure of pay discrimination or "unequal pay for equal work".

Instead, it reflects the broader constraints that women (and men) face in combining work and family effectively. With technological change and globalisation, workplaces increasingly require that workers are always available and willing to put in more time into the job.

Job flexibility and interruptions come at a cost, and within a household, women are more likely to pay this price. To add to this, with

increasingly competitive education systems, parents, especially mothers, find themselves having to invest more time and energy in their children. Women's progress in the labour market, it seems, may have been further stifled by such developments.

## POLICY OPTIONS

To address the remaining gender pay gap, there are a few options for public and corporate policies, each with its set of trade-offs.

For instance, governments could oblige employers to provide more parental leave. While this may help attract and retain women in the workforce, such policies also tend to increase the cost for employers to hire parents who are the primary caregivers, which could in turn hurt their employability.

Moreover, longer work interruptions may hinder women's career advancement. Recent studies on maternity leave expansions in Germany and the US find little evidence that these policies improve mothers' labour market outcomes and, in some cases, may have even contributed to widening the gender pay gap.

Some countries have mandated

gender quotas in top corporate jobs, in the hope that there will be positive spillover effects on other women in the company. However, such effects seem muted thus far.

Other countries have mandated that companies report their gender pay gap; studies have shown that while it narrows the gap to an extent, there may be some unintended consequences. For example, to avoid widening their gender pay gap, companies may avoid employing lower-wage women.

In my opinion, to effect real change, the gender pay gap should not be viewed as a "women's issue".

Rather, it is about changing social norms to help both men and women achieve greater parity in their roles – both at home and in the workplace. Policies that aim to narrow the gender pay gap should help both men and women balance their work and family responsibilities, and encourage a more balanced share of family caregiving responsibilities.

Policies that encourage job redesign to promote greater control over working time have significant potential to help address the gender pay gap. If jobs can be restructured in a way that removes the earnings penalties from flexible work (without any productivity losses), both women and men stand to gain.

It is important that men also have access to similar flexible work arrangements and opportunities to engage in childcare. Often, even in countries that offer paternity leave benefits, men are more reluctant to take it for fear of stigma and workplace sanctions. Promoting gender parity in this regard requires a significant change in our culture and expectation that balancing both work and family is a woman's issue.

Nevertheless, women have made much progress in Singapore. We are increasingly educated and have increased our contributions to the nation's economy.

Work-family trade-offs are likely to be the main explanation for continued gender differences in the labour market. To meaningfully address the gender pay gap, all workers, and not just women, should continue to be given the choice to pursue their career and family aspirations.

Government and corporate support for both genders to access childcare and workplace flexibility is key. These initiatives help to attract and retain workers, so that those with high earnings potential do not feel the need to leave the workforce for childcare or family responsibilities. These have to go hand-in-hand with policies that promote more progressive family norms and encourage shared parental responsibilities. Only with these changes will we be able to fully transition towards a society that fully embraces the talents of both men and women.

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