

Gender pay gap in global trade: How pervasive is gendered labour inequality?

Topic: Gender and inequality

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To help address the increasingly recognised issue of gender inequality, as underscored in the 5th Sustainable Development Goal (SDG) of the UN, we investigate the extent of women underpayment and their underrepresentation in employment. We provide a quantitative response to the question: How pervasive is the gendered labour inequality in global trade in terms of pay gap? Using the multi-region input-output (MRIO) framework, we calculate gender pay gap footprint that embodies the cost avoided by producers for paying female workers less than the males. In this work, we examine gendered wage-unfairness at the meso and macro level, i.e., sector and country levels. First of its kind, we combine and harmonise gender pay gap data and pay gap-related information from the International Labour Organization (ILO), Eurostat, country statistical agencies and reports, the World Economic Forum's The Global Gender Gap Report and the African Development Bank's Country Policy and Institutional Assessment report, as well as labour data from the ILO, with Eora's MRIO model to trace gender pay gap throughout the global supply chains and reveal the pay disparities implicated by consumption of commodities in distant regions. We find substantial aggregated pay differences to be attributable to large-producing, large-consuming, high-income countries [e.g., USA (imports and exports of wholesale and retail goods), Japan (wholesale trade exports) and Germany (machine exports)] and the services sector to have the highest nominal pay gap in total. Greater per capita net trade of pay gap and pay gap per worker are also primarily observed among developed countries since they remunerate workers at relatively higher rates than developing countries. But with the ultimate metric of gender pay gap footprint, the ratio of female underpayment relative to male earnings, the typically observed rich country/poor country divide found in previous environmental and social assessments does not appear to hold true (e.g., Pakistan and South Korea as net exporters, Bangladesh and Sweden as net importers). We also find that whilst in many cases a high-gap/low-female employment situation occurs in the producing economy, low wage gaps in some instances mask gendered labour inequality for countries that employ very few women. We suggest that our work is valuable in informing the fair-trade agenda as well as global action and policy on gender equality to speed up the process for women to attain economic parity.