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Gender Pay Gap Pilot Launch: Closing the Pay Gap in the South African Private Sector

The **National Business Initiative's (NBI's)** strategy of driving social and economic transformation aims to address the structural barriers to an equitable and just society. The COVID-19 pandemic and the attendant lockdowns have adversely impacted women from a socio-economic perspective. Women are disproportionately bearing the brunt of the resultant economic downturn in terms of job losses while also facing the scourge of rising gender-based violence.

Our Social Transformation team set out to interrogate growing gender inequality, partnering with the **Southern Centre for Inequality Studies (SCIS)** at the **University of the Witwatersrand** to explore the gender pay gap, with support from the **South African Rewards Association**. Through the Gender Pay Gap Pilot study, a rigorous and fact-based analysis of the pay gap was implemented, utilising relevant econometric models to explore the pay gap within five firms. The Report from the pilot study was officially launched on 12 March 2021.

Key Findings from the Gender Pay Gap Report

The study revealed several salient points which are worth highlighting:

- On average, male employees earned more than their female colleagues. The gender pay gap across the five firms ranged from 9% to 35%, which results in a quantifiable amount of R72.44 to every R100.00 earned by men. This is an important finding as closing the gender pay gap requires understanding the financial implications in the short to medium term.
- Overall, White men were the highest earners followed by Indian and Asian men. Black employees, gender notwithstanding, earned the least among all the racial groups. This not only points to the gendered nature of work and pay in South Africa's private sector, but also its racialised reality.

- Regardless of race, males constituted the majority of employees across all skills levels, except the unskilled employee category.
- Unskilled employees were predominantly Black and female, top management was mostly White and male. White and Indian employees were overrepresented in the top four skills levels – junior, middle, senior and top management – while Black employees were classified as mostly semi-skilled and unskilled.
- Wages increased with age, a proxy for experience. For most individuals, wages peaked at between 45-54. Education levels and skills are significant determinants of earnings in South Africa.

Developing the Gender Pay Gap Online Tool & Closing the Gap

The information garnered from this study provides a pragmatic tool that companies can use to address gender inequality in their workplaces. The NBI will now be developing an online tool, using the econometric methodologies from this pilot, to assist companies to track and measure income disparities. The secure platform will enable companies to submit employee datasets, without limits on size or sector. The tool will also outline the social and economic importance of closing the gender pay gap, as well as underscore the social factors permitting this issue to persist. Companies will receive a quantified measure of their pay gaps, which will enable organisations to track their progress in addressing the disparity.

Taking proactive and corrective action will ensure meaningful socio-economic benefits. Companies have a direct responsibility to address transformation in the workplace by interrogating the patterns that lead to income disparities in South Africa. The NBI will be embarking on a journey to engage member companies about the social and economic benefits of **Closing the Gap** by 2030. We invite all companies to join us in this important work.

Companies interested in learning more about our Gender pay Gap Pilot work are encouraged to contact Khanyisa Nomoyi: KhanyisaN@nbi.org.za.



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela.

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