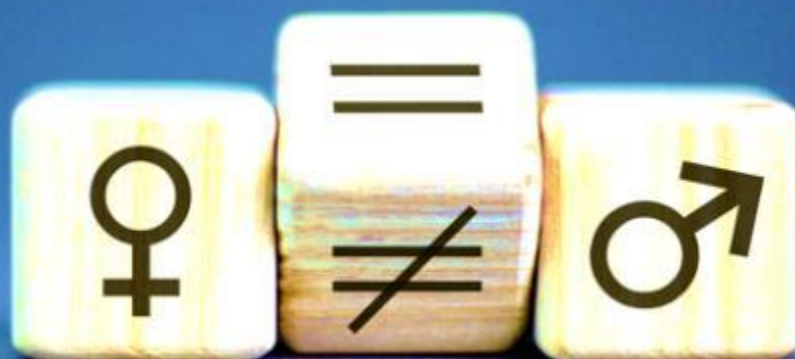


# QUICK BRIEF 2021



28 May 2021

## In Pursuit of Gender Parity: Gender Pay Gap Pilot 2021

The **National Business Initiative's (NBI)** strategy of driving social and economic transformation aims to tackle the structural barriers preventing an equitable and just society. In 2019, the NBI published a report, **Gender Equity in the Workplace**, in which we unpacked complex societal and economic inequity, and explored how these dual dynamics affect women.

There is no doubt that the COVID-19 pandemic has affected women adversely, worsening their plight economically while weakening their position in society. The latest unemployment data reflects this outcome, indicating that women are disproportionately bearing the brunt of COVID-19 related job losses amidst a scourge of rising gender-based violence.

To understand how the gender pay gap adversely impacts women, we launched the **Gender Pay Gap Pilot study** to contribute to the growing body of work on pay disparity. The study used available employee data and tested methodologies to present a fact-based analysis of the pay gap in South Africa. We partnered with the Southern Centre for Inequality Studies (SCIS) at the University of the Witwatersrand (Wits) to ensure a rigorous process, utilising relevant econometric models for the analysis. The NBI, along with four of our member companies, was pleased to participate in the pilot. This model was developed with the South African context in mind, where the pay gap exists along gendered and racial lines.

### How big is the gender pay gap in South Africa?

The data generated from the study showed that the gender pay gap across firms ranges from 9% to 35%, which results in a quantifiable amount of R72.44 to every R100.00 earned by men. It is important for companies to understand the financial aspects of closing the gender pay gap in order for them to plan in the short to medium term. This is one aspect of driving the impetus for transformation, which entails focused effort, and is a long-term project.

The unique contribution of this study to the literature on gender disparity is that it enables researchers to use actual earnings at firm level to estimate the gender pay gap.

Key insights from the **Gender Pay Gap Pilot 2021** include:

- Black employees, gender notwithstanding, earn the least among all the racial groups. White workers earn the most across all four firms, except Firm B, where Indian/Asian workers have the highest median hourly wage.
- Smaller firms are very dissimilar to large firms in a number of ways that affect wage setting. The smaller firms exhibited greater variation in wages earned, unlike the convergence seen among the larger three firms.
- In the South African labour market, an employee's type and level of education is a significant predictor of variation in wages. Occupational levels act as a proxy for experience and increasing skills. This study's analysis of the firm data reveals a positive and significant relationship, such that as skills improve, employees' wages increase as well.
- Lastly, the pilot study revealed that employees at these firms, and indeed all firms, are not homogenous, and analysis of the gender pay gap must move beyond the mean or median wages earned by male and female employees to enable a closer examination of any and all relevant differences.

The NBI will develop an online tool using the econometric methodologies from this pilot. The tool will assist companies to track and measure income disparities. The secure platform will enable companies to submit employee datasets, without limits on size or sector. Thereafter, entities will receive a quantified measure of their pay gaps. Companies' commitment to participate is crucial and the NBI encourages our member companies to take part in this important work.

**If you would like to know more about our Gender Pay Gap work or to participate, please contact Gugu McLaren-Ushewokunze (Head: Social Transformation): [GuguM@nbi.org.za](mailto:GuguM@nbi.org.za)**



*Copyright © 2021 NBI, All rights reserved.*

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.

**NBI Website: [www.nbi.org.za](http://www.nbi.org.za)**

**Email: [info@nbi.org.za](mailto:info@nbi.org.za)**

The National Business Initiative (NBI) respects your right to privacy, if you do not wish to receive any further news updates from the NBI, please click **UNSUBSCRIBE** and your name will be removed from the mailing list.