International Labour Organization

The Gender Pay Gap in Sri Lanka

A statistical review with policy implications

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Printed in Sri Lanka

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▶ Foreword

The persistence of the gender pay gap remains one of today's greatest social injustice and a phenomenon common to most countries and regions in the world. Tackling the gender pay gap through sound and effective policies would contribute to reducing gender inequalities in the world of work, increase the participation of women in paid labour market activities, enhance labour productivity, contribute to economic growth, and reduce overall income inequality at country level. Central to this effort is the Sustainable Development Goal (SDG) target 8.5 which calls, among other things, for equal pay for work of equal value within the framework of the United Nations 2030 Agenda for Sustainable Development. To reinforce the achievement of SDG target 8.5, the ILO, together with UN Women and the OECD, established the Equal Pay International Coalition (EPIC), an initiative to accelerate the closing of the gender pay gap across the world. In line with such objectives, the fourth edition of the Sri Lanka Decent Work Country Program (DWCP, 2018-2024) targets the pursuit of gender equality as a transversal pillar to achieve results in its four outcome areas, namely, the creation of sustainable, inclusive, and decent employment; better governance of the labour market; ensuring rights at work for all; and greater data and knowledge generation. The success of these initiatives is crucial to reduce inequalities and achieve a better and more sustainable future for all women and men in Sri Lanka.

This report provides the first in-depth quantitative and qualitative analysis of the gender pay gap in Sri Lanka with the intention to unveil not just the extent of the gender pay gap, but the nature of the gender pay gap in the country. Using labour force surveys from 2013 to 2021, this report examines gender differences on selected labour market outcomes to draw a historical perspective of women and men in the labour market that sets the context for the analysis of what lies behind the gender pay gap in Sri Lanka. Estimates and decomposition of the gender pay gap in the report follow the methodology applied in the Global Wage Report (ILO 2018). These estimates include the estimation of the classic mean and median gender pay gaps across time and between groups of labour market participants; the estimation of the factor-weighted gender pay gap, a method that allows estimating raw gender pay gaps while controlling for composition effects; the decomposition of the gender pay gap at different deciles of the hourly wage distribution to identify the unexplained component behind pay gaps at different deciles; and a review of the policy recommendations in light of the empirical findings. The empirical sections and the policy recommendations are complemented with a qualitative survey that elicits the views of key stakeholder in Sri Lanka to highlight the perceived relevance of the topic among key policy drivers in the country.

It is our hope that this report will serve as a valuable resource for policymakers, researchers, and advocates working towards gender equality in Sri Lanka. Understanding the gender pay gap is a crucial step towards creating a more equitable society where everyone, regardless of gender, has the opportunity to thrive. By illuminating the realities of the gender pay gap, we aim to stimulate informed discussions and inspire actions that will bring us closer to achieving pay equity in the workforce.

Joni Simpson
Director
ILO Country Office for Sri Lanka and the Maldives

▶ Executive summary

THE GPG IN SRI LANKA

▶ Executive summary

The persistence of the gender pay gap (GPG) in most countries around the world represents one of the clearest indications of the existence of gender inequalities in the labour market. Addressing it is vital from both a social justice perspective as well as from the perspective of economic prosperity. Indeed, in addition to generating inequalities in the labour market, the presence of a large and unexplained GPG can also create disincentives for women to enter the labour force and progress in their careers, whereas the presence of composition effects that could in part explain the GPG highlights the failure of the labour market and society at providing women and men with the same opportunities in the world of work. Tackling the GPG can thus contribute towards an inclusive and equitable labour market as well as the promotion of female empowerment and sustainable development for all.

Although the GPG has persisted across time in most countries and regions, the discussion in the political arena has taken momentum particularly in the framework of the 2030 UN Agenda, as highlighted through the United Nations Sustainable Development Goals 8 (SDG 8) which includes the objective to achieve "equal pay for work of equal value" (SDG 8, target 8.5). This is in line with the principles stated in the ILO Equal Remuneration Convention No. 100 of 1951. Additional initiatives to combat the GPG have been undertaken at the international level, including the establishment of the Equal Pay International Coalition (EPIC), a multi-stakeholder international coalition led by the ILO, UN Women, and the OECD.

This report aims to contribute to the ongoing debate, and to set a roadmap towards reducing the GPG in the case of Sri Lanka. The report undertakes a quantitative and qualitative investigation of the extent and nature of the GPG in Sri Lanka between 2013 and 2021, with a specific focus on the year 2019.[1] The quantitative findings are based on the analysis of the Labour Force Survey (LFS) data collected by the Department of Census and Statistics. The methodology follows the empirical approach adopted by the ILO to study the global, regional and country specific GPG using data from countries that cover about 80 percent of wage employees worldwide (ILO 2018). The report complements these quantitative findings through a range of qualitative perspectives from both primary and secondary sources. In particular, the report reviews the existing legal and policy framework that is present in Sri Lanka to combat the GPG. Additionally, the report summarises the results of interviews undertaken with national stakeholders on the existence and drivers of gender wage inequalities in the country.

Gender gaps in labour force participation persist in Sri Lanka...

In Sri Lanka the female labour force participation rate remains substantially lower than the male labour force participation rate. In particular, in 2019, the female labour force participation rate was 40 percentage points lower than the male labour force participation rate (i.e. 40 per cent compared to 80 per cent). The same gap existed in 2013, meaning that gender inequalities in participation has persisted in the last decade. This is consistent with the experience of many other South Asian countries as well as the historical evolution of female labour force participation in Sri Lanka. It is also important to note that gender inequalities in participation widen with age: while the difference in participation equal 18 percentage points for workers aged 15 to 24, this increases to almost 50 percentage points among older individuals. This is consistent with the fact that many women leave the labour force around the time of childbirth, in order to meet their family care responsibilities. On the other hand, the difference in participation between women and men is smaller among wage workers with higher educational attainments.

The report also analyses the distribution of male and female employees across different sectors and occupations. The results reveal that, on average, female employees have higher educational attainments than male employees. Accordingly, they are also more likely to be employed in certain mid- to high-skilled occupations, even though they are less likely than men to be employed in managerial roles. Looking at the distribution of female employment across sectors, the data reveals that women are concentrated around

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[1] The year 2019 was chosen as a focal point as it was the most recent year in which Sri Lanka experienced a degree of economic stability. In 2019, 3.1 million men and 1.6 million women in Sri Lanka were engaged in paid employment.

specific sectors such as manufacturing, education, and public administration. They are also more likely to work in the public sector and to be employed in the formal economy. However, within the framework just described, women are also more likely to be located at the lower end of the wage distribution, as opposed to occupying middle of the range job functions.

…which translate into large gender wage gaps:

When adequate account is taken for the differences in the composition of the populations of male and female employees (as discussed above), the analysis reveals that on average female hourly wages were approximately 27% lower than male hourly wages in 2019. The gap is particularly large among wage workers in the informal economy and among those with lower educational attainments. However, a large GPG is found across virtually all groups in the population. Compared to the global average of about 20 percent (see ILO, 2018) the GPG in Sri Lanka is higher than the global average, and higher than the average for lower-middle income countries.

The differences in the endowments, job functions and workplace characteristics above mentioned contribute towards the observed GPG, although to a large extent the GPG in Sri Lanka remains mostly unexplained: the report presents the results of a decomposition exercise that was conducted to understand whether the GPG in Sri Lanka can be explained by differences in observable characteristics between men and women or, alternatively, if this is rather unexplained. The results show that, based on observable characteristics, women in Sri Lanka should receive higher wages than men at all points of the wage distribution. The fact that instead they receive lower wages means that the GPG in the country is entirely unexplained by observable characteristics, and possibly driven by discrimination. This unexplained component of the GPG is particularly large at the bottom of the wage distribution, resulting into particularly large gender wage differentials among low-skilled workers.

A large set of policies is in place to combat the GPG in the country:

Sri Lanka has ratified a number of international agreements and conventions that should play a role at reducing the GPG, if effectively implemented, including the ILO Equal Remuneration Convention No. 100 of 1951. Accordingly, the Constitution includes the prohibition of discrimination based on sex, among others, and this principle is reflected repeatedly in the labour code and other pieces of legislation. Additionally, policies and action plans are in place in order to proactively promote female empowerment and participation in the labour market. However, alongside these gender-driven policies, other provisions and legal frameworks in place may in fact generate unintended consequences for women. For instance, women are not allowed to work at night in most sectors. While these protective policies are mostly set to ensure their safety, it might also limit their career opportunities. Additionally, the costs of maternity leave in Sri Lanka are required to be paid by the employer, rather than the state, and this contributes to discriminate against women in paid employment. A New Employment Bill is currently being discussed which could offer better labour market opportunity for women in the future.

Stakeholders agree on the existence and drivers of the GPG:

The report also summarises the results of interviews conducted with national stakeholders on the topic of gender labour market inequalities; these includes interviews with workers and employer's associations as well as a wide range of representatives from the public and the private sector. These interviews provide key insights that otherwise would be difficult to gather from either the analysis of the data or the reading of the legislation. All stakeholders acknowledged the existence of gender inequalities, including the existence of pay gaps between women and men, and agreed on the need to tackle such inequalities. Many stakeholders highlighted the important role of gender stereotypes and cultural norms at perpetuating gender inequalities in the labour market. This is consistent with the fact that the GPG in Sri Lanka is entirely unexplained by

observable factors, as discussed above. Stakeholders also mentioned that unsafe working conditions, gaps in social protection legislation and occupational segregation are possibly the most important factors behind the persistence of gender wage differentials in the country. Additionally, the interviews revealed a common agreement in perceiving that women seem to be under-represented in leadership roles in trade union organizations, an outcome that could in part explain why women's labour market concerns are not always prioritized in the public debate

A number of options exist to eliminate the GPG:

While the analysis has shown that the GPG in Sri Lanka remains large and is mostly unexplained by observable characteristics, a number of policy options can be considered with the objective of reducing the GPG. In particular, interventions to tackle the unexplained component of the GPG might include introducing pay transparency legislation and promoting the use of gender-neutral job evaluations at the enterprise level, to ensure that women and men receive equal pay for work of equal value. Additional interventions could be implemented to encourage female employment in high-paid and high value-added sectors, for instance by promoting their enrolment to study in the fields of Science, Technology, Engineering and Mathematics (STEM). Policies should also be put in place that help women during and after childbirth, in particular by increasing the coverage and quality of childcare services and reforming the provisions governing maternity and paternity leave.

An appropriate package of policies and interventions would represent a critical step in the right direction, although important attention should be paid to workers that are often left aside from formal arrangements. In particular, workers in the informal economy receive limited protection from labour legislation, including limited or no social security coverage. Efforts should therefore be put in place in order to ensure that policies to reduce gender inequalities benefit both workers in the formal and the informal economy. In this sense, initiatives to promote the formalization of the informal economy (e.g. through job friendly macroeconomic policies or fiscal incentives) can also indirectly contribute to the reduction of gender inequalities in the labour market. Among the policies that fall in this realm, the effective implementation of the minimum wage has a significant role to play: guaranteeing that all wage workers, whether in the formal or the informal economy, receive at least the minimum wage can help reduce the pay gap between women and men. This is because women are often overrepresented at the low end of the wage distribution which is where the minimum wage plays a significant role.

Finally, it is important to note that, beyond the regulatory role of the government, employers also have a role to play in proactively adopting anti-discriminatory policies in human resources management. Greater attention needs to be paid to diversity, equality, and inclusion, not only among the larger corporate employers, but by all employers in the Sri Lankan economy.

▶ 1. Introduction

THE GPG IN SRI LANKA

▶ 1. Introduction

The gender pay gap (GPG) represents one of the clearest indications of the persistence of gender inequalities in the labour market. The existence of the GPG has far-reaching implications on individuals, families, and societies (Goldin, 2023), for it not only perpetuates gender inequalities, but it also hampers economic growth. Addressing the GPG is thus crucial to fostering an inclusive and equitable labour markets, reducing overall inequalities, enhancing women's economic empowerment, and fully utilizing the country's human capital for sustainable and inclusive development. The reasons behind the GPG are closely related to the structure of the economy and women's position in the labour market, including their access to paid employment and the types of occupations they can access. In addition, whether and how different groups of women participate in the labour force is influenced by the gender division of unpaid household work as well as by cultural norms. The Gender Pay Gap (GPG) refers to the disparity in earnings between women and men (ILO, 2018). It is computed as the difference between male and female wages and is typically expressed as a percentage of male earnings. As illustrated by the work of 2023 Nobel Laureate Claudia Goldin, who received the Prize in Economics for "for having advanced our understanding of women's labour market outcomes", one truth rings loud and clear: the GPG is not a novel phenomenon. The research surrounding the gender wage gap is abundant and has been evolving over the past decades. Its magnitude, root causes, trends, shifts within occupations and industries, and its overall impact on societal economic growth have been the central issues of many analyses at national, regional, and global levels.

For all these reasons, the eradication of the GPG has come at the centre of the attention of policy makers around the world. The Sustainable Development Goal (SDG) 8 "Decent work and economic growth" states the objective to achieve "equal pay for work of equal value" (target 8.5). This, in turn, would contribute towards reducing the gap between "average hourly earnings of female and male employees" (indicator 8.5.1). Since 2017, the Equal Pay International Coalition (EPIC), a multi-stakeholder international coalition led by the ILO, UN Women, and the OECD, calls for a reduction of pay differences between men and women.

Despite this increased policy attention, progress in the eradication of the GPG remains limited. Around the world, women earn on average 20 percent less than men for each hour of work (ILO, 2018). Higher levels of the GPG are seen in certain regions, and also across specific groups within countries. Additionally, in most countries, the vast majority of the GPG cannot be explained by differences in observable characteristics between men and women (e.g. in terms of age, educational attainments or sectors and occupations of employment). This means that achieving a similar compositional distribution of men and women in the labour force may reduce the GPG, but it will not eliminate it. This implies that it is important not only to measure the GPG from a descriptive perspective, but also to understand the reasons behind its existence.

Against this backdrop, the purpose of this report is to provide a statistical update on the GPG in Sri Lanka and discuss possible policy options to reduce gender inequalities in the labour market. Women in Sri Lanka face challenges in accessing quality education, career advancement opportunities, and equitable remuneration, all of which potentially contribute to perpetuating the GPG.[2] In addition, cultural and societal expectations often lead to women shouldering a disproportionate burden of unpaid care work. This adds to the mistaken perception that women are not fully committed to the workforce and may contribute to discrimination against them when they reach out to participate in paid labour market activities.[3] The influence of gendered social norms and expectations is such that women themselves often seek lower paid employment that provide more flexibility to facilitate a better work-family balance.

The analysis in this report draws on data from the Sri Lanka Annual Labour Force Survey (LFS), from 2013 to 2021 with the intention to estimate both the current status of gender pay gaps in the country, and trends on

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[2]   Although more girls than boys are enrolled in secondary education, girls are underrepresented in Science, Technology, Engineering and Mathematics (STEM) subjects (and particularly in the Physical Sciences and Engineering) in secondary and tertiary education.

[3]   At present, women hold only 22% of senior, managerial and legislative roles in Sri Lanka, despite forming a closer to parity (49%) share of professional, associate professional and technical workers (DCS, 2022).

the gender pay gap in recent times.[4] However, when focusing on 'the current status', reference will be made to the 2019 data, given that the eruption of multiple crises in recent times (e.g., the COVID-19 crisis, or the recent cost-of-living crisis) makes it difficult to obtain accurate estimates on the GPG from most recent data. The methodology follows the approach adopted by the ILO (ILO, 2018). This requires, in particular, estimating the GPG using different definitions as well as a detailed analysis decomposing it between the explained component (i.e. the proportion of the GPG that can be explained by differences in observable characteristics between men and women) and the unexplained component (i.e. that cannot be explained by observable characteristics, but is likely driven by either direct or indirect discrimination).

The results reveal the importance of adopting such a comprehensive approach to measuring the GPG. In particular, hourly average wages for women are only slightly lower than hourly average wages for men in Sri Lanka. However, this is only because men and women in the labour market differ in terms of their personal characteristics (e.g. women are on average more educated than men) as well as sectors and occupations of employment. Once account is taken for these compositional differences, the results reveal that female hourly wages are, on average, 27% lower than male hourly wages. This figure has not varied much over the last decade. This means that the GPG is still high in the country and has improved relatively little over the last decade.

An analysis of the GPG for different sub-groups reveals that this is generally higher among low-educated individuals as well as among workers in the informal economy. Accordingly, the GPG is substantially higher in the lower part of the wage distribution. This pattern is common to many low- and middle-income countries, that are generally characterized by low rates of female employment and the concentration of female employees in two sections of the wage distribution: either at low-skilled jobs or at the upper end of the wage distribution where highly qualified women are more often than not employed in highly qualified jobs in the public sector. Men wage workers in these economies, on the other hand, are higher in number and far more spread across the wage distribution. Such configuration has important implications for the pay gap in these countries (ILO, 2018). Finally, the decomposition of the GPG between its explained and unexplained components reveals that gender wage differentials in Sri Lanka cannot be attributed to differences in observable characteristics between men and women (e.g. age, educational attainments, sectors or occupation of employment, among others). Rather, they are entirely unexplained and might be driven by discrimination.

The report also reviews the existing legal and policy framework to combat the GPG in this country. Sri Lanka has ratified a number of international conventions and agreements related to the promotion of gender equality in the labour market, including the ratification of ILO Equal Remuneration Convention No. 100 of 1951 on April 1st 1993. Convention No. 100 of 1951 is based on the principle that women and men have the right to receive equal remuneration for work of equal value. It means that, not only should men and women receive equal remuneration for doing the same job, but also that they should receive equal remuneration even when their job functions are different, but bring equal value to the enterprise or the institution where they work. This assessment should be based on an evaluation conducted using objective and gender-neutral criteria, particular at the level of the enterprise.

According to these principles, the Constitution in Sri Lanka establishes the principle of non-discrimination on the grounds of sex, among others, and it also allows for the introduction of special measures to promote the welfare of all citizens, regardless of sex, age and disability status. Based on these principles, there are several key national policy documents that promote gender equality and women's empowerment: for example, the Women's Charter of 1993 and the National Gender Equality and Women's Empowerment Policy introduced in 2023. Additional measures are in place to promote a safe working environment and decent working conditions. However, certain restrictions, such as the ban for women to conduct night work in most industries, might generate unintended negative consequences on female employment. Similarly, the fact that employers need to bear the cost of maternity leave might generate disincentives for the hiring of female candidates.

The report also summarizes the findings from a series of interviews that were conducted with national stakeholders in order to obtain their views on the nature and drivers of the GPG. These interviews confirm that all national stakeholders are aware of the existence of a GPG. A series of reasons were mentioned as driving

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[4]   The analysis starts in 2013 given that substantial changes in the LFS methodology were introduced in that year. The sample size of the Sri Lanka Annual LFS ranged from 25,000 housing units in 2013 to 25,750 housing units in 2021.

these gender wage differentials. These include the role of gender stereotypes and cultural norms, the lack of safe working conditions for certain jobs, gaps in the social protection legislation, occupational segregation and the lack of female representation among trade union members. Stakeholders also shared their views with respect to possible policies to tackle the GPG. While there is a general agreement over the fact that interventions should be put in place in order to reduce the GPG, the opinions differed with respect to possible specific provisions, including those included in the draft of the New Employment Bill.

Based on the empirical results, the summary of the legal and policy framework and the opinions expressed by stakeholders, the report presents possible policy recommendations on how to tackle the GPG in Sri Lanka, particular the gap due to discrimination. These include actions to reduce the unexplained component of the GPG (e.g. through pay transparency legislation or other initiatives at the enterprise level), employment and educational policies to increase the representation of female employees in all sectors and occupations (e.g. promoting female employment in STEM occupations), wage policies to tackle the GPG (e.g. through minimum wage updates or collective bargaining agreements) and policies that reduce the employment and wage penalties that are often associated with the motherhood gap (e.g. increasing the coverage and quality of childcare as well as reforming the system of parental leave). The report also calls for the collection and dissemination of better data to measure the GPG, including through the adoption of an ad-hoc module that could shed light on gender inequalities on a regular basis.

This report is structured as follows. Chapter 2 explores labour market inequalities in Sri Lanka, including key developments in the economy from the mid-twentieth century onwards and the impact of these transformations on female labour force participation. Chapter 3 presents the main results of the analysis on the GPG, presenting results obtained using different methods and definitions of the GPG, as recommended by the ILO. Chapter 4 includes an overview of Sri Lanka's policy and legal framework relating to gender equality in the context of the labour market. Chapter 5 focuses on stakeholder views regarding the GPG and their policy recommendations on how to tackle it. Chapter 6 presents a series of policy recommendations for addressing both the 'explained' and 'unexplained' components of the GPG in Sri Lanka, based on the results of the analysis as well as the experience of other countries. Chapter 7 concludes.

▶ **2. Gender gaps in labour force participation and differences in the distribution of male and female wage employment**

THE GPG IN SRI LANKA

▶ 2. Gender gaps in labour force participation and differences in the distribution of male and female wage employment

This chapter presents key indicators of labour force participation for men and women in Sri Lanka, together with an analysis of the distribution of male and female wage employment in the labour market (e.g. by sector and occupation). It is extremely useful to undertake this preliminary discussion before presenting trends in the GPG, as it helps contextualize gender differences in wage levels as part of other inequalities in paid employment.

The empirical evidence in this chapter uses data from the Sri Lankan LFS between 2013 and 2021 and follows ILO definitions of key labour market indicators using the working age population, i.e., the population aged between 15 and 64. Individuals in the working age population are considered in employment if they have worked at least one hour during the reference week, or if they were temporarily absent from work for very specific reasons (e.g. sickness) but declare to be actively employed otherwise. Individuals are instead considered unemployed if they were not working in the reference week, have been looking for a job in the past four weeks, and would be available to start a new job in the coming two weeks. Employed and unemployed individuals comprise the population of economically active individuals (i.e. also known as individuals that participate in the labour force). On the other hand, individuals in the working age population who are neither employed nor unemployed are considered as inactive (i.e. or not participating in the labour force).

These definitions are used to compute the key labour market indicators that will be presented in this chapter. In particular, the labour force participation rate is computed as the ratio between active individuals and the working age population (i.e. Labour force participation rate = (Employed + Unemployed)/Working age population). The employment rate is instead obtained by taking the ratio between employed individuals and the working age population (i.e. Employment rate = Employed/Working age population). The unemployment rate is finally obtained as the ratio between the number of unemployed individuals and those who are active in the labour force (i.e. Unemployment rate = Unemployed/(Employed + Unemployed)). Each of these indicators can be computed for the overall labour market, or separately by groups (e.g. by age groups or by sex). In this report, reference will be often made to these indicators computed separately for men and women. The difference between the two will be presented as a measure of the gender gap (e.g. gender gap in labour force participation or employment rates).

Before continuing with the presentation of the main results, a consideration needs to be made with respect to the different possible statuses of individuals who are in employment. Indeed, employed individuals do not represent a homogeneous group. Rather, the ILO distinguishes between wage or salaried workers (also referred to as dependent employees in this report) and self-employed.[5] Considering that salaried workers do not often fall into the same labour market legal framework as the self-employed, the gender pay gap is estimated considering only wage workers in the labour market.[6] Accordingly, the analysis in this Chapter focuses mainly on women and men in wage employment.

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[5]   This latter category includes three sub-categories: self-employed workers with employees (i.e. employers), self-employed workers without employees (i.e. own-account workers) and members of producers' cooperatives and contributing family workers (also known as unpaid family workers).

[6]   Wage policies, notably the minimum wage and negotiated wages through collective agreements, are designed to protect the working conditions of workers in wage employment, in particular, by protecting against unduly low pay and promoting a fair share in the total value added in production. When wage policies are well designed and take into account a gender perspective, and when these are effectively implemented, the impact is to reduce the gender pay gap. Labour market outcomes of the self-employed, on the other hand, are far less easy to regulate on matters of bringing about gender equality in the labour market. Clearly, if women find more barriers to enter the labour market as wage employees, and if the only option they have to earn income is through self-employment, then gender inequality will also be impacted by such conditions. But the remuneration that self-employed obtained from their labour activities is not negotiated and, therefore, it is not in principle subject to direct or indirect discrimination. Considering that other factors influence on the remuneration of the self-employed, the estimation of pay gaps between women and men – for matters of policy purpose – is based on women and men in wage employment.

The rest of this chapter is organized as follows. Section 2.1 presents key trends in male and female labour force participation and unemployment rates in Sri Lanka. The discussion will present data between 2013 and 2021, but then mostly focus on 2019. Data from other countries in South Asia will also be presented, together with some discussion on the long-term origins of current labour market inequalities. Section 2.2 will instead present data on the distribution of men and women in wage employment in the country. The discussion will in particular analyse the composition of male and female employees in terms of educational attainments, as well as their distribution along different dimensions such as sector, occupation and wage decile.

2.1. Gender gaps in labour force participation rates

In 2019, approximately 14.5 million Sri Lankans were of working age: 7.5 million of them were women and 7 million were men. Approximately 8.6 million Sri Lankans were in the labour force, for an overall labour force participation rate of approximately 59.3 per cent. At the same time, there were instead only 3 million women in the labour force, for a female labour force participation rate of approximately 40 per cent. Men in the labour force were instead around 5.6 million, for a male labour force participation rate of approximately 80 per cent. This means that the gender gap in labour force participation was equal to 40 percentage points in 2019 (i.e. difference between 80 and 40 per cent).

A similar picture emerges when looking at the employment rates. Employed Sri Lankans totalled 8.2 million in 2019, for an employment rate equal to 56.6 per cent. However, only 2.8 million women were employed (for a female employment rate equal to 37.3 per cent), compared to 5.4 million men (for a male employment rate equal to 77.1 per cent). Among individuals who were employed, 4.7 million were in wage employment (around 57.3 per cent of the employed population). The share of wage employment out of total employment was similar between men and women.

Trends in male and female labour force participation

At around 40 per cent, the female labour force participation rate in Sri Lanka is in line with values registered in other countries in the South-Asian region. In particular, the data shows that Sri Lanka's female labour force participation rate falls in the middle range among the selected South-Asian countries, i.e., it is lower than values registered in Bangladesh, Maldives, and Bhutan, but higher than values for Afghanistan, Pakistan, India, and Nepal (see Figure 2.1.1). It is worth noting that, in the selected South-Asian countries, the female labour force participation rate has either remained roughly constant (i.e. Afghanistan, Pakistan, Sri Lanka and the Maldives) or declined (i.e. India, and Bhutan) between 2013 and 2020. The only exceptions are Bangladesh and, to a lesser extent, Nepal, which have seen an increase in female labour force participation.

▶ **Figure 2. 1. 1: Female labour force participation rate (% of female population ages 15+) (modelled ILO estimates) in selected South-Asian countries (2013, 2017 and 2020)**
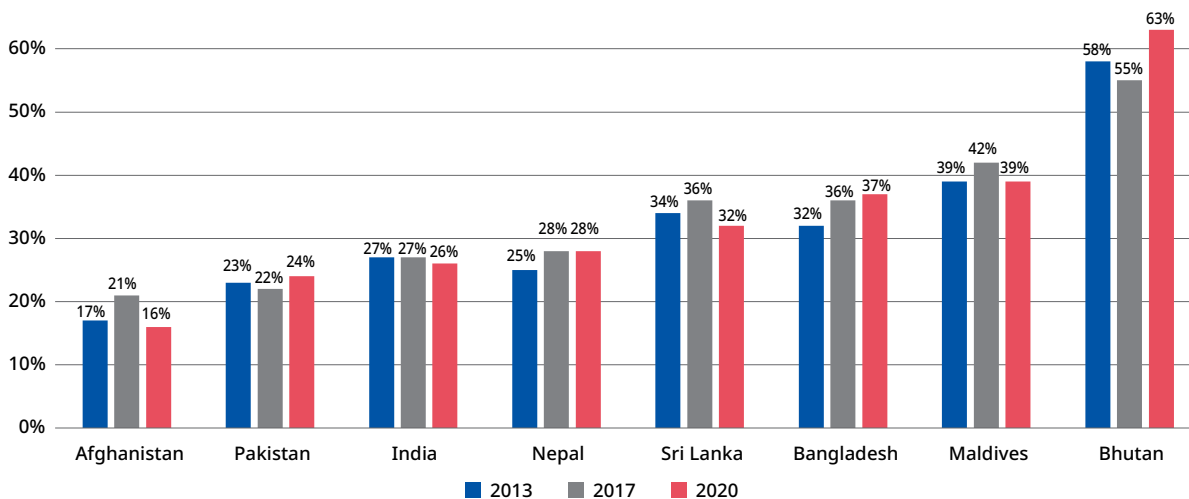
Source: ILO STAT. Note that data on the female employment rate in Sri Lanka does not exactly match the figures that will be presented below, given the different age ranges over which this is computed (15+ here, and 15-64 in the following figures).

While economic, social, and institutional barriers influencing women's participation in the labour force are largely country specific (Klasen et al, 2020), the puzzle of South Asia's low and stagnant female labour force participation has perplexed scholars for some time. Typically, an increase in economic growth, the decline in fertility rates and a rise in educational levels would be expected to increase female labour force participation. However, this has not always been the case in the South Asian region. It appears that several common factors may constraint female labour force participation in the region. In particular, norms and family status concerns have been shown to constraint female labour force participation in India (Eswaran et al., 2013). Morales et al. (2023) have found that violent conflict has a negative impact on female labour force participation in Bangladesh, Sri Lanka, India, and Pakistan. It is therefore likely that a combination of behavioural factors and social norms have offset the potentially positive effects of rising education levels and decreasing fertility, thus contributing to stagnating female labour force participation in South Asia (Sarkar et al, 2019).

▶ **Figure 2. 1. 2: Sri Lanka's male and female labour force participation rates (ages 15-64) and the gap between the male and female labour force participation rates (in percentage points)**
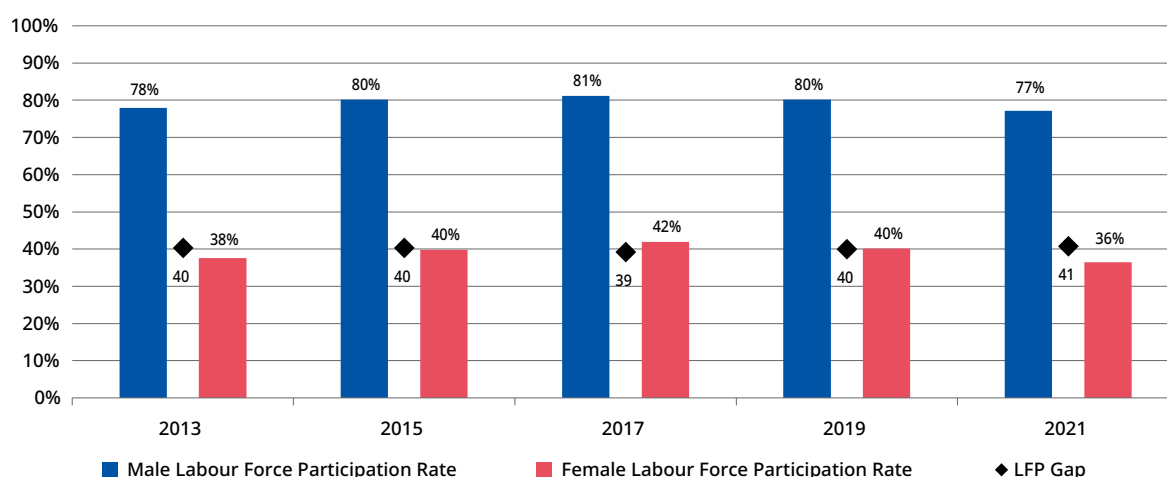
Source: Authors' calculations based on LFS data.

Looking at the evolution of the male and female labour force participation rates in Sri Lanka, it emerges that, between 2013 and 2021, they have generally followed similar trends. In particular, both the male and female labour force participation rates saw a slight rise from 2013 to 2017, followed by a decline between 2017 and 2021, a period marked by numerous economic shocks. As a result, the difference between the male and female labour force participation rates has remained roughly constant at around 40 percentage points (see figure 2.1.2). This pattern implies that, between 2013 and 2021, there has not been any notable progress in reducing gender inequalities in terms of labour force participation. This trend can be interpreted in light of the long-term variations in female labour force participation rates. In particular, over the last decades, progress in closing gender gaps in labour force participation in Sri Lanka has occurred only in specific moments of time, which were spaced out by decades in which female labour force participation has instead remained roughly constant (see Box 1 for details).

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Box 1: Female labour force participation in Sri Lanka: The long-term perspective

A historical view shows that progress in increasing female labour force participation in Sri Lanka has not followed a linear trajectory. Rather, increases in female labour force participation rates have been concentrated in specific moments in history, which were followed by years in which female labour force participation remained constant or declined.

In particular, it is possible to identify two particular moments in the twentieth century when female labour force participation increased in Sri Lanka. The first one was around the middle of the century, when female labour force participation rate increased from 22% in in 1946 to 25% in 1970 (Gunewardena et al., 2009). This increase was driven by factors related to both the supply and the demand of labour. From the supply side, there was significant progress in terms of women's literacy and educational attainments, which contributed to bringing more women into the labour market. On the demand side, the expansion of the state-dominated services sector, especially in teaching, healthcare, clerical, and finance-related occupations, not only provided new and diverse job opportunities for women, but also roles that were considered suitable for women, thereby increasing the demand for female labour (Kiribanda 1997).

Female labour force participation then remained roughly stable at 25 per cent between the 1970s and the mid-1980s, when it started increasing again, until reaching around 35% in the mid-1990s (Department of Census and Statistics, 2023). This second period of growth of female labour force participation was the result of higher economic growth following the structural changes that started with the liberalization of the economy from 1977. For instance, in the second half of the 1980s, female labour force participation recorded an annual average growth of 6%, compared to an average annual growth rate of 1.8% among men (Kiribanda 1997). Since the mid-1990s, however, there has not been any substantial increase in female labour force participation, but only small variations over time. As a result, the female labour force participation rate in 2021, at 36%, is almost equivalent to the mid-1990s values.

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(see Chapter 1 for the reasons why 2019 is taken as the reference year in the analysis). In particular, the analysis will discuss differences between the male and female labour force participation rates by (i) age groups, (ii) education and (iii) geographical areas.

Gender gaps in female labour force participation in 2019

The discussion now focuses on data from 2019, in order to provide a more detailed assessment of gender gaps in labour force participation for a relatively recent point in time

Starting with the discussion by age groups, figure 2.1.3 illustrates the male and female labour force participation rates by age groups in 2019, using ten-year age bins. The picture that emerges is that gender gaps in labour force participation rates are high for all age groups but widen significantly at an early stage. Thus, among young workers aged 15 to 24, the male labour force participation rate is equal to 39 while the female rate is equal to 21: it is important to highlight that among younger groups, the participation gap could also be explained because of a higher proportion of women vis-à-vis men are still in formal education. However, for individuals in the middle of their careers (i.e. from the age of 25 and above), when participating in formal education is no longer a factor, the labour force participation among men stands at 94-96 per cent (around 140 percent increase compared to the younger age group among men) whereas in the case of women the participation rate increases only up to 47 percent at most (i.e., a 124 percent increase compared to women in the younger age group). This means that the gender gap in labour force participation increases from a 18 percentage point difference among the young in the population to reach 49 percentage point difference during the most productive years of women's and men's careers. For older individuals in the labour market (i.e. aged between 55 and 64), the gap in labour force participation rate between women and men declines by 5 percentage points, but this is mainly because of the drop in participation among women (from 47 to 33 percent) is lower compared to that of men (from 94 to 77 percent).

▶ **Figure 2. 1. 3: Male and female labour force participation rates by age groups, 2019**
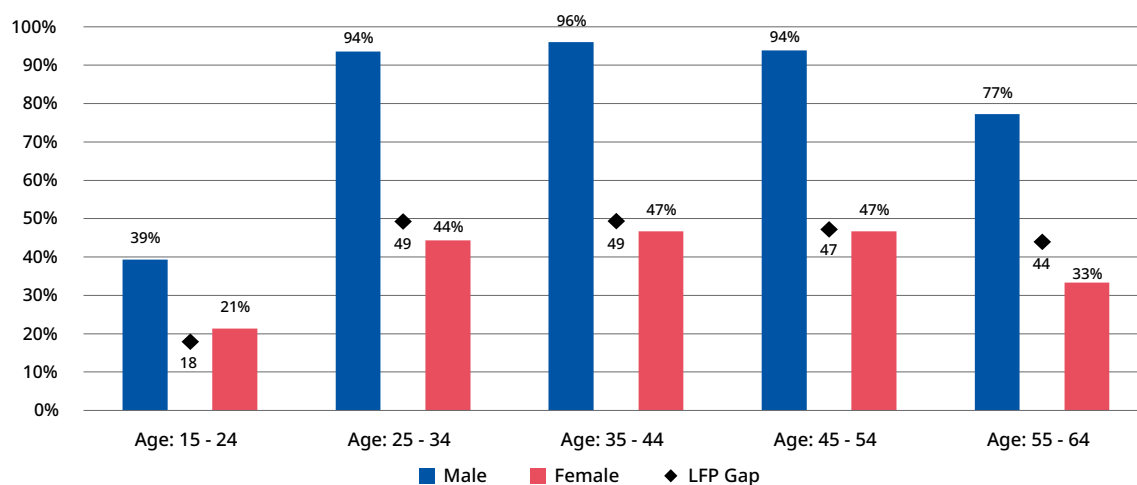
Source: Computed from LFS data

Trends in the evolution of the gender gap in Sri Lanka are common to other countries around the world, and they point to the fact that female participation in the labour market might be constrained by the presence of household responsibilities (e.g. unpaid care of children and other dependent household members) that follow disproportionately on women within the household. As women enter the years of childbearing, many of them struggle to reconcile their household responsibilities with their professional careers, and are forced to leave the labour force. Instead, the low labour force participation rates for both men and women below the age of 25 can be attributed to enrolment in secondary and tertiary education (Gunewardena, 2024).

Figure 2.1.4 presents the difference between male and female labour force participation rates by educational attainments. The picture that emerges is a gender gap in labour force participation that follows an inverted U-shape: it is higher among individuals with pre-primary, primary and pre-ordinary education, and lower at the extremes – i.e., among those with no formal education and among those with higher (tertiary) education. Although the difference in participation rate is lower at the lowest level (i.e., among those with no formal education) such difference remains rather substantial at 26 percentage points. On the other hand, among individuals with tertiary education, the difference between male and female labour force participation rate is as low as eight percentage points. This aligns with previous studies that link the rise in female labour force participation to higher education levels, which provide women with opportunities for accessing higher-paying jobs. Additionally, women with advanced education tend to postpone marriage and childbearing to stay in the workforce. (Arunatilake, 2017; Ranaraja et al., 2016). However, it is still important to note that, even among highly educated individuals (e.g. with higher education, including tertiary degree), there is still a positive gap in labour force participation favouring men over women.

▶ **Figure 2. 1. 4: Difference between male and female labour force participation rates in percentage points, by the highest level of education attained, 2019**
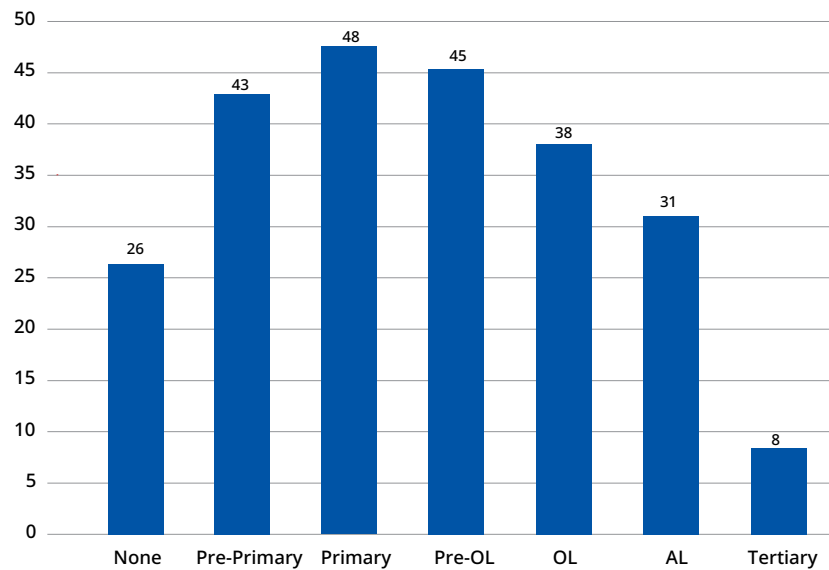
Source: Computed from LFS data
Note: The figure plots the difference between the male and the female labour force participation rates (i.e. male-female) by educational attainments. OL stands for Ordinary Level Education, while AL for Advanced Level Education.

The last two figures in this sub-section complement the previous ones by looking at the evolution of the gender gap in labour force participation by comparing urban, rural and estate areas (Figure 2.1.5) and then by geographical provinces (Figure 2.1.6). [7] The two figures show that women's participation rate, compared to men, is lower in urban areas when compared to rural zones and Estates. These differences could be driven by a series of factors, including the different sectorial composition in the labour market in urban, rural and estate areas. For instance, the lower gender gap in labour force participation in the estate sector may be a result of the integral role that women play in estate work (Kotikula et. al., 2006).

▶ **Figure 2. 1. 5: Difference between male and female labour force participation rates by area of residence, 2019**
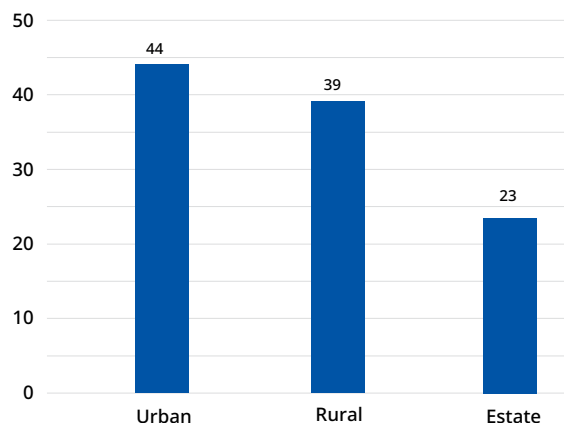
Source: Computed from LFS data

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[7]   Sri Lanka uses a three-fold categorisation of geographical areas: urban, rural and estate. The official definition of an urban area in Sri Lanka is one that is administered by a Municipal or an Urban Council. This definition remains contested, since its introduction in 1987 as it excludes several economically dynamic and "metropolitan" areas (Chandana, 2022). The estate sector is defined as plantations (e.g. tea, rubber) which are more than 20 acres and have no less than 10 residential labourers. The rural sector is defined as areas that do not fall into the category of urban or estate (Weeraratne, 2016).

Differences in labour force participation rates between urban, rural and estate areas are also reflected in the observed differences by provinces. Figure 2.1.6 shows differences by provinces in male and female labour force participation rates. For instance, the fact that a large share of the urban population lives in Western districts explains the higher gender gaps in labour force participation rates within these provinces. Similarly, the estate sector is predominantly located in the Central and Southern provinces of Sri Lanka, where tea plantations make up a large portion of the composition of this sector, and this could be behind the lower gender gap in labour force participation rates in these provinces. Indeed, provinces with a large estate sector and a large share of GDP from agricultural activities generally see higher levels of female employment in Sri Lanka (Samarakoon & Mayadunne, 2018).These differences could also reflect the influence of geography, wealth, economic activity, and ethnocultural norms. The Eastern and Northern provinces, which include a greater proportion of Tamil and Muslim ethnic communities, had the largest gender gaps in labour force participation rates. An increase in the share of employed men in households in the Northern province also contributed significantly to a lower prevalence of woman participating in active paid employment (Gunatilaka & Vithanagama, 2021). This further suggests that cultural norms may play a strong role in keeping women out of the labour force in these provinces.

Figure 2.2.1 shows that during the period under consideration women's unemployment rate is around twice as high as that of men's. The unemployment gap between women and men has remained constant since the 1990s, even though the unemployment rate (for both men and women) has decreased considerably since then. This means that improvements in labour market performances have not contributed to reduce gender inequalities in the labour market, including with respect to unemployment. Additionally, the gender gap in unemployment is even higher among individuals with secondary school completion and higher education (DCS, 2023).

▶ **Figure 2. 1. 6: Difference between male and female labour force participation rates by province, 2019**
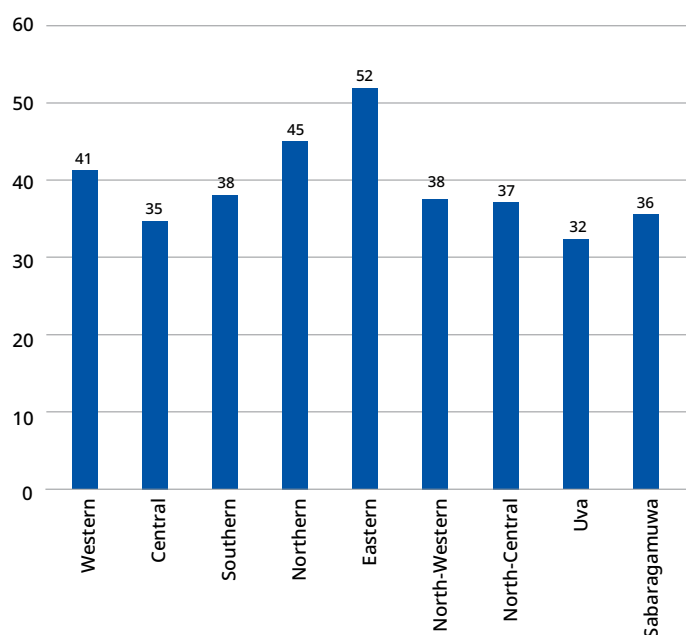
The discussion presented so far indicates that women's participating in the labour market is the result of a complex process that depends on both individual characteristics and sociodemographic factors. Improving women's endowments (e.g. educational attainments in line with the needs of the labour market) may improve a woman's access to decent work, thereby increasing the likelihood of employment. However, socio-demographic factors and cultural norms may limit women's choices in the labour force. In any case, the results also reveal that, on average, the female labour force participation rate is around 40 percentage points lower than the male labour force participation rate, a gap has not changed significantly over the last decade.

Before moving to the discussion on the distribution of male and female employees in the labour market, the estimates below present differences between the male and the female unemployment rates in Sri Lanka between 2013 and 2021. As a reminder, the unemployment rate is computed as the ratio between the number of unemployed individuals as percentage of the labour force, where the latter is the sum of the employed and the unemployed (ILO, 2011)[8].

▶ **Figure 2. 1. 7: Male and female unemployment rates, 2013-2021**
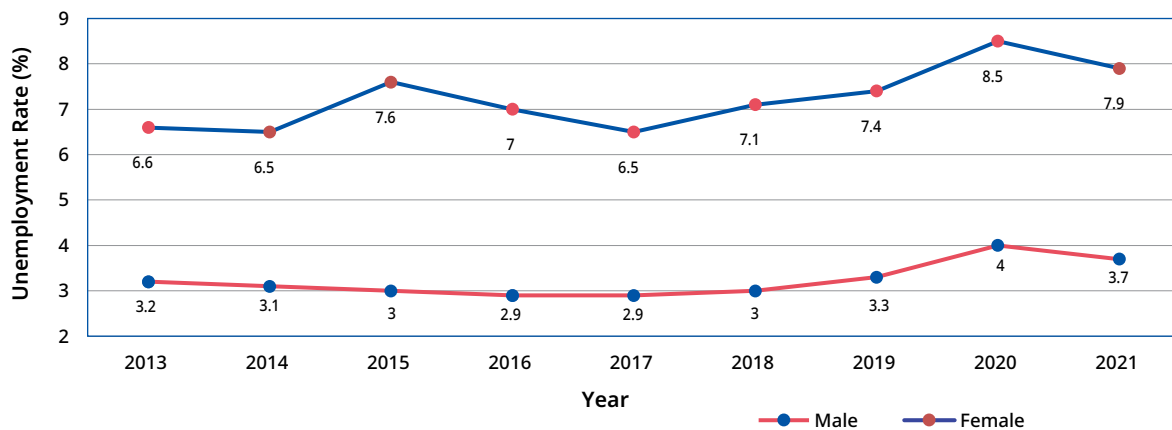
Source: LFS Annual Reports (2020 - 2021)

2.2. The distribution of male and female wage employment and the 'missing middle' in female employment

While the discussion above has highlighted that women face severe obstacles in accessing employment in Sri Lanka, the analysis now investigates the differences between women and men in paid employment, a particularly important focus considering that different types of jobs (e.g. by sector or occupations) are associated with different working conditions, including wages.

The evolution of the Sri Lankan economy over the past five decades, coupled with societal norms and attitudes towards gender roles, has shaped women's labour force participation patterns, which in turn have resulted in a clustering of women in specific occupations and wage groups.

Starting from the 1990s, the manufacturing sector saw a surge in female employment, particularly in enterprises focused on export-based manufacturing (Karunaratne, 2012). Although these jobs initially offered higher wages, they were also vulnerable to fluctuations in global apparel prices. Concurrently, the service sector expanded due to the growth of urban services, although a large proportion of the employment that was generated was informal (Karunaratne, 2012). In the public and private sectors, employment trends varied. The private sector primarily employed individuals in low-skilled jobs in its extensive informal economy (Gunatilaka, 2008). In contrast, the public sector had a higher proportion of professional, technical, and clerical workers (Gunatilaka, 2008). However, between 1990 and 2005, there was a contraction in public sector employment, largely due to the privatization of state-owned enterprises (Karunaratne, 2012).

The outcomes in the late 1990s and early 2000's have left a legacy that continues to have an impact in the current distribution of male and female employees in the labour market.[9] Figure 2.2.1 presents the share of

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[8]   KILM 3 (ilo.org)

[9]   As mentioned above, in this section the discussion will focus specifically on wage employees, thus disregarding self-employed individuals. This is because the GPG is computed only for wage employees.

male and female employees in the different deciles of the wage distribution[10], obtained using hourly wages. The picture that emerges is that women are more likely to be represented in deciles both at the bottom and at the top of the wage distribution. Instead, women are less likely to be employed in jobs that pay wages in the middle of the wage distribution (e.g. from decile 5 to 7 included). The distribution of male employment follows a different trajectory, as it increases gradually from the first to the fifth decile, before remaining roughly constant until the top of the wage distribution.

To summarise, among low-paid jobs, women are over-represented compared to men. In contrast, men are more likely than women to be employed in the middle of the wage distribution. Finally, the two groups have a roughly similar distribution in the top of the distribution.

▶ **Figure 2. 2. 1: Distribution of male and female paid employees by hourly wage decile, 2019**
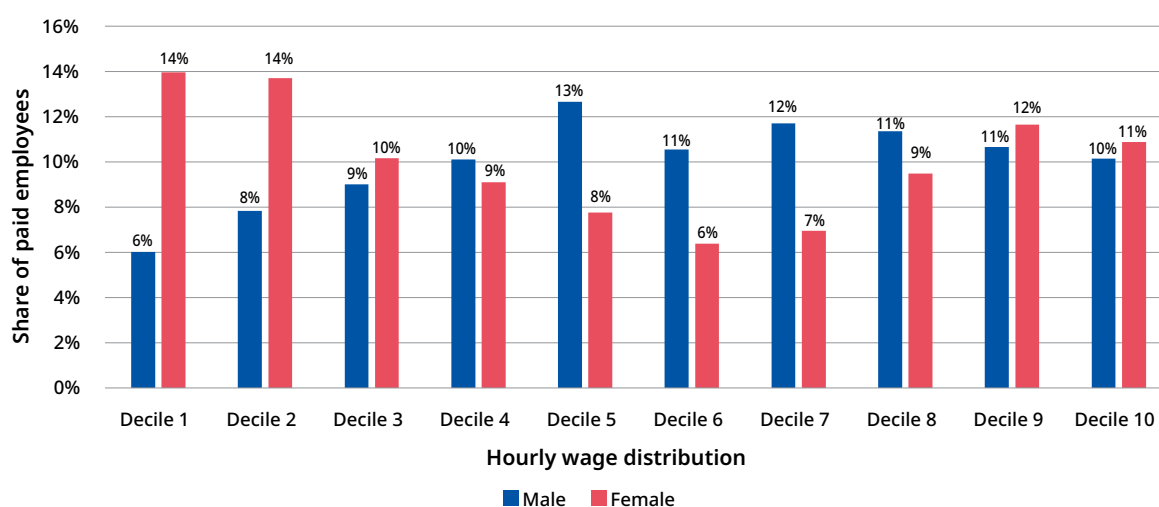
Source: Computed from LFS data

The higher representation of women in jobs at the lowest deciles of the hourly wage distribution happens despite the fact that, on average, female employees have higher educational attainments compared to male employees. Figure 2.2.2 presents the distribution of male and female employees by educational attainments.

It shows that a roughly equal share of male and female employees has no or very low educational attainments (i.e. Pre-primary and Primary). Instead, there is a higher share of male employees with Pre-OL and OL education. This is because female employees are instead more likely to have higher educational attainments (i.e. AL and Tertiary education).

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10   However, note that their over-representation at the two extremes of the distribution is not symmetric. In particular, the two lowest deciles employ around 28% of all female employees, while the two highest deciles only 23%.

▶ **Figure 2. 2. 2: Distribution of male and female paid employees by education, 2019**
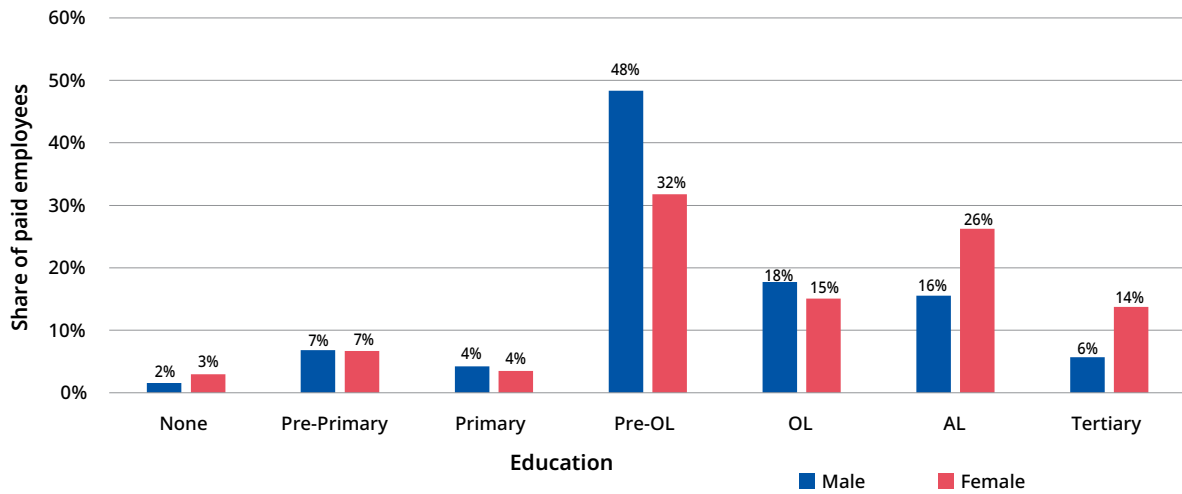
Source: Computed from LFS data

These differences in educational attainments between male and female wage employees are also reflected in differences in their distribution across occupations (figure 2.2.3). In particular, men and women in wage employment in Sri Lanka have approximately the same likelihood of working in the low-skilled "Elementary occupations". Moving towards mid-skilled occupations, men are more likely to be employed as "Plant and Machinery Operators and Assemblers", "Crafts and related trades workers", "Skilled Agricultural and Fishery Workers" and "Service and Sales Workers". However, moving further up in the occupational ladder, women are more likely than men to be employed as "Clerical Support Workers", "Technical and Associate Professionals" as well as "Professionals". At the top of the occupational categories (i.e. with the group of "Managers"), women are again less likely than men to be employed. The higher representation of women in mid- to high-skilled occupations can potentially reflect their higher educational attainments. At the same time, their lower likelihood of employment in managerial and supervisory roles can result from barriers to female promotion and the presence of a glass ceiling in the labour market.

▶ **Figure 2. 2. 3: Distribution of male and female paid employees by occupation, 2019**
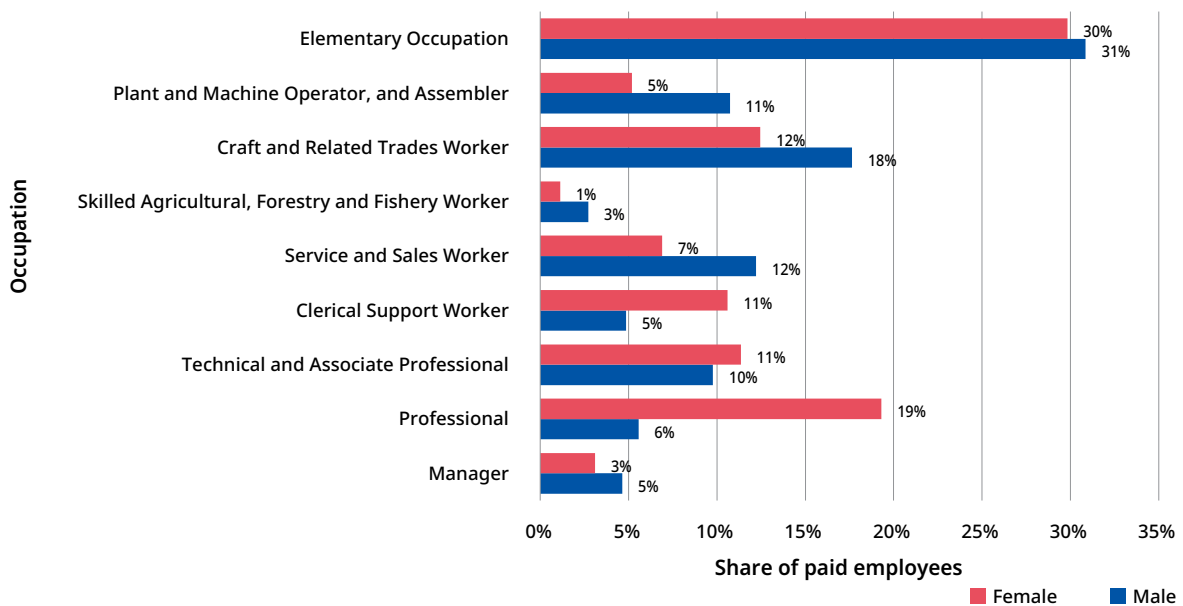
Source: Computed from LFS data

Differences in the distribution of employment by occupation can also be explained by differences in the distribution of male and female employment by sector of economic activity (figure 2.2.4).[11] In particular, the higher likelihood of female employees to be employed in mid- to high-skilled occupational categories largely results from their higher likelihood of employment in some service sectors such as "Health", "Education" and the "Public Administration" (Gunewardena et al., 2009; Seneviratne, 2020). At the same time, men are more likely to be employed in traditionally male-dominated industries such as "Mining", "Construction" and "Transport and Storage". This explains their higher likelihood of being represented in low-skilled occupational categories, as discussed above. Instead, the high shares of female employment in "Elementary occupations" might derive from the relatively high share of female employment in "Agriculture", "Household Activities" and "Manufacturing". Many of these employment opportunities were created during the 1980s, focusing on agricultural work in settler areas and export-oriented manufacturing work in the urban sector (Kiribanda, 1997), and in domestic services: female jobs in these sectors were focused on semi-skilled, unskilled, or trainee work, which is likely to have put these women at the lower end of the wage distribution (Gunewardena et. al., 2009).

► **Figure 2. 2. 4: Distribution of male and female paid employees by sector of economic activity, 2019.**
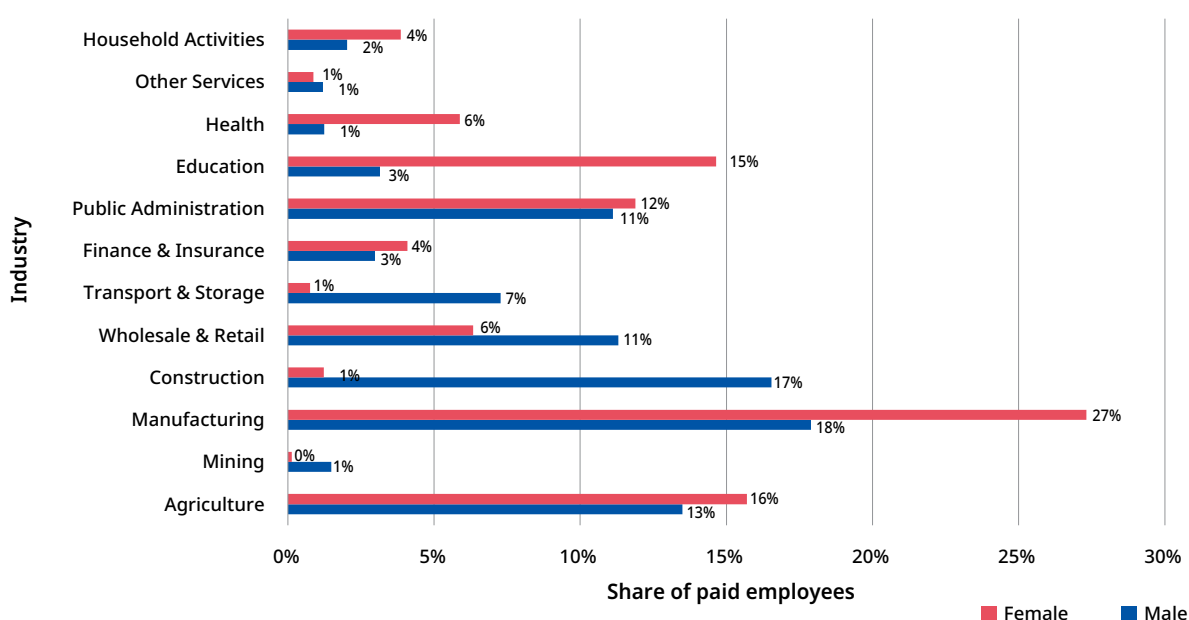
Source: Computed from LFS data

The chapter ends by looking at the distribution of male and female wage employment between the public and the private sectors (figure 2.2.5) as well as between the formal and the informal economies (figure 2.2.6). The data reveals that women are more likely than men to be employed in the public sector. This is a result of high female participation in the education and health care sectors, which are predominantly in the public sector (Gunatilaka, 2013; Seneviratne, 2020). Additionally, lower wage inequality in the public sector has been identified among the potential reasons for women preferring public sector jobs (ILO, 2016, Gunewardena et. al., 2009). Public sector work consists mostly of formal employment: while the majority of male employees in Sri Lanka work in the informal economy, employment in the informal economy accounts for 34 percent among female wage employees. Informal employment among women is mostly confined to agricultural work and other elementary occupations such as domestic work.

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[11]   Wage employees who had no permanent employer or whose employer did not make social security (Employers' Provident Fund) contributions on their behalf were considered to be informal employees.

▶ **Figure 2. 2. 5: Distribution of male and female paid employees by private vs public sector, 2019**
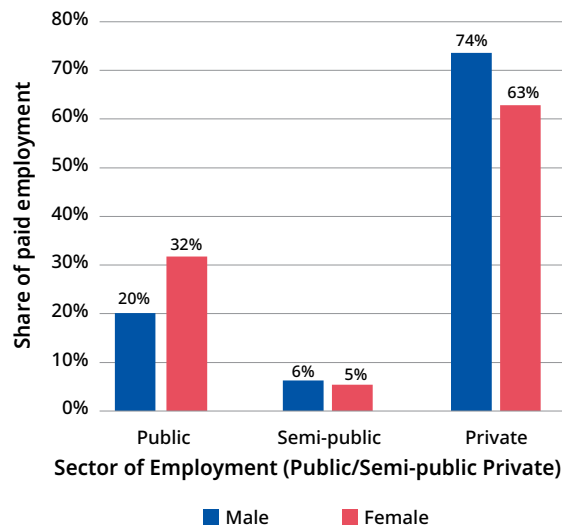
Source: Computed from LFS data

Note: The Sri Lanka Labour Force Survey distinguishes between public, semi-public and private sectors. While the public sector includes government ministries, departments, the courts, most state schools and state hospitals, the semi-public sector includes public enterprises and corporations, as well as state universities, some state schools and some state institutes.

▶ **Figure 2. 2. 6: Distribution of male and female paid employees by formal and informal nature of employment, 2019.**
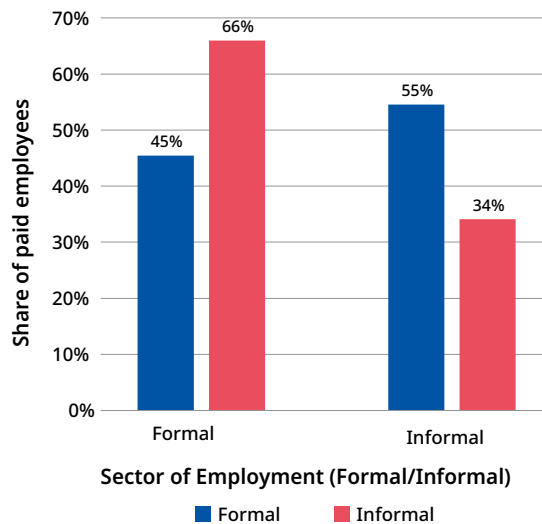
Source: Computed from LFS data

► 3. The gender pay gap in Sri Lanka: Main trends and determinants

THE GPG IN SRI LANKA

▶ 3. The gender pay gap in Sri Lanka: Main trends and determinants

The preceding chapter established that Sri Lanka's female labour force participation, like that of many other South Asian countries, is low and has remained stagnant in the last decade. An examination of the patterns of women's wage employment identified gender clustering in specific occupations and industries. This composition effect is related to the manner in which women's employment in Sri Lanka expanded since the middle of the twentieth century, in response to education policies, public sector expansion and structural economic change.

The aim of this chapter is to present key trends on the GPG in Sri Lanka, and to discuss the main drivers behind gender wage differentials. The methodology and definitions used in the analysis follow the ILO publication "Global Wage Report 2018-2019: What lies behind gender pay gaps" (ILO, 2018), unless stated otherwise. In particular, the analysis will present three different measures of gender wage disparities: the so-called "raw" GPG, the "factor-weighted" GPG and the decomposition of the GPG between an explained and an unexplained component. The definitions and steps followed to compute these different indicators will be detailed below in this chapter. However, certain methodological definitions and approaches are common to the three measures of the GPG mentioned above. These refer to definition of the sample for which the GPG is computed, the decision on what to include as part of wages when computing the GPG, and the different points within the wage distribution where to compute the GPG.

▶ *Sample definition:* The GPG is computed on the sample of wage (or dependent) employees. This means that, when computing the GPG, the self-employed (i.e. own account workers, employers, and contributing family workers) are excluded. This is because, for wage employees, earnings are dependent on the decisions of employers and, as a result, earnings differentials between men and women can reflect discriminatory practices. However, and while the GPG is computed only for the population of wage employees, all types of wage employees are included when estimating the GPG. These include both (i) wage employees in the formal and the informal economy, (ii) employees with fixed-term and open-ended contract, as well as (iii) full-time and part-time employees.

▶ *Wage definition:* The GPG can be computed using either hourly or monthly wages. In general, the GPG is estimated with hourly wages to provide information of how much women and men earn while controlling for the time spent in employment, a factor that impacts on the total amount earned in employment. Additionally, men and women might have different preferences and/or constraints in terms of work-life balance, which might lead them to work a different number of hours. For these reasons, when setting the goal of eliminating the GPG, the SDG indicator 8.5.1 uses the definition based on hourly wages. This is also the main definition that will be used in this Report.[12] In general, in most countries, women tend to work fewer hours than men, particularly due to the constraints women face in terms of work-life balance vis-à-vis men. This means that the GPG is generally higher when it is computed using monthly wages, compared to when it is estimated using hourly wages. In all cases, all types of wages, both in-kind and in-cash, should be included in the determination of the GPG.

▶ *Points of the distribution:* The GPG is generally computed at the mean and at the median of the wage distribution. The mean GPG is computed by comparing the average wage of all men and women in paid employment. The median GPG is instead computed by comparing the value located in the middle of the women's wage distribution and the value located in the middle of the men's wage distribution. The two

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[12]   The Sri Lanka labour force survey does not directly ask respondents information about their hourly wages. Rather, hourly wages are calculated by the authors by dividing each paid employee's monthly or daily wage by the usual number of hours worked in the same period. The labour force survey reports information on the usual number of hours worked per week, and this was scaled appropriately to monthly or daily hours, according to whether the respondent reported daily or monthly wages. In order to reduce the effect of outliers and data errors, observations with zero wages, and those reporting hours worked beyond the physically feasible maximum were removed. Additionally, the top 1% and the bottom 1% of the hourly wage distribution were trimmed. There is a concern that trimming reduces overall inequality (including gender inequality). However, this is a standard procedure for addressing issues with extreme values (Cowell and Victoria-Feser, 2006), and the resulting effect is very small.

measures of the GPG are generally quite similar. However, they can also differ, especially in countries where mean and median wages are far from each other (e.g. due to high wage inequality). The GPG can also be computed at each quantile of the wage distribution. In this report, the GPG is estimated and reviewed at different deciles and with respect to different quantile estimates across the wage scale. Whereas a decile is one of nine values that divide the (men's and women's) wage distribution into ten equal parts, a quantile is an estimate that measures different equal-distant locations across the wage distribution. Most of the measures in this report refer to deciles. Analysing the GPG at different deciles and/or quantiles provides an analysis of the GPG across the entire scale of wages in the population.

While these definitions and methodological approaches apply to all measures of the GPG, the three GPG definitions mentioned above are obtained following different steps. They also rely on different assumptions, which can justify some differences in the results they generate. The rest of this chapter will look in detail into these three different definitions. The discussion will first present the simple measure of the raw GPG (Section 3.1), before moving to the factor-weighted GPG (Section 3.2). Finally, the discussion will present the results of the decomposition exercise of the GPG between its explained and unexplained components (Section 3.3). In each section, the discussion will first introduce the definition of the relevant GPG measure and the methodology used to compute it, before presenting the main results obtained with it.

3.1. The raw gender pay gap

Definition and methodology

The raw GPG is computed as the difference between male and female wages, expressed as a share of male wages. For example, if men's pay is on average equal to LKR 100 and women's pay is on average equal to LKR 80, the raw GPG at the mean is said to be 20 percent (i.e. (100-80)/100). From this definition, it follows that a raw GPG of zero indicates that there is no wage difference between men and women. A positive raw GPG indicates instead that men earn more than women, while a negative raw GPG indicates that women earn more than men.

Main results

Figure 3.1.1 presents the estimates of the raw GPG at the mean and at the median of the wage distribution between 2013 and 2021. For ease of exposition, the narrative starts by discussing trends between 2013 and 2019 before presenting estimates for the latest period, i.e., between 2020 and 201. The reason for that is the fact that, as mentioned above, several crises hit the Sri Lanka economy from 2020 onwards and data on the GPG for these years might have been impacted by them.

▶ Figure 3. 1. 1: Raw mean and median hourly GPG, 2013-2021
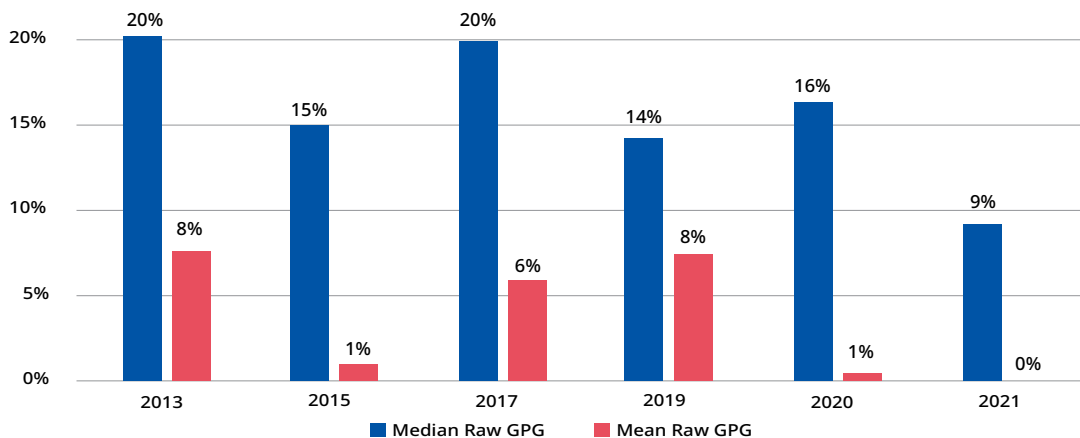
Source: Authors' calculations based on LFS data.

Looking at the data between 2013 and 2019, two main considerations emerge. The first one is that the raw GPG is considerably higher when estimated at the median rather than at the mean; using the median, the raw GPG fluctuated between 20 and 14 percent between 2013 and 2019 compared to between 8 and 1 percent when using the mean raw GPG. The second consideration is that year-to-year variations in the raw GPG are much larger when this is computed at the mean, compared to when this is computed at the median: the mean is more sensitive to the effect of outliers at the upper end, which could explain such volatility in estimation.

Estimates for 2020 and (especially) 2021 show that the raw GPG has substantially decreased. For these years, the raw GPG at the mean has almost entirely closed. However, data during the COVID-19 pandemic, and shortly thereafter, has to be used with caution, as well as any results that emanate from such a source. During those years, many women earning low wages in the informal economy lost their jobs, whereas women at in the middle and upper end of the wage distribution, most likely in formal wage employment, retained their jobs. As a result of these compositional changes in female employment, mean and median female wages increased more than male wages, thus reducing the GPG. In conclusion, this trend reflects disproportionately large job losses among low-paid female employees, rather than an advancement in women's conditions in the labour market. This temporary effect could in fact revert back as the impact of the COVID-19 pandemic dissipates and women that lost their jobs during 2020-21 (particularly those in low-skilled occupations) return to paid employment. For these reasons, in the continuation of the analysis, data on the GPG will always refer to 2019, unless stated otherwise. Although 2019 may not necessarily be a true reflection of labour market outcomes in most recent times (i.e., as of 2022) the latest edition of the Global Wage Report (ILO, 2022) showed that for countries with data for periods after the COVID-19, labour market outcomes in the first two quarters of 2022 were not too far from those observed before the COVID-19 pandemic. The absence of data for 2023 in the case of Sri Lanka would justify analysing the GPG in Sri Lanka using 2019 data for the purpose of policy recommendation at the time of printing this report.

Figure 3.1.2 shows the raw GPG separating by institutional sectors (i.e., public and private sector), economic sectors and occupations.[13] Several noteworthy features emerge. First, the raw GPG is negative in the public sector (i.e. other things being equal, women earn more than men, both at the mean and at the median of the distribution), it is positive but small in the semi-public sector and it is instead significantly larger in the public sector. This trend can be explained by the fact that (i) women are more likely than men to be employed in the public sector (see discussion in Chapter 2 for details), and (ii) pay levels in the public sector are often determined using standardized wages and transparent pay scales. Given that women are also more likely to be employed in mid- to high-skilled occupations in the public sector (see again discussion in Chapter 2), this translates into higher wages 'on average' for female public sector wage employees. By contrast, most female wage employment in the private sector occurs in agriculture, where informal wage employment dominates, as well as in the formal export manufacturing sector and financial services sector. Many of these jobs are associated with lower wages, which explains in part the higher estimated raw GPG in the private sector: this is equal to 30 percent when computed at the median, and 27 percent when computed at the mean. It is worth noting that the raw GPG is substantially higher in the informal economy (37%), compared to that in the formal one (5%) (see annex 1).

The analysis next moves to looking at the raw GPG by occupations (Figure 3.1.3). The data shows that the raw GPG is larger in low-skilled occupations. In particular, the largest levels of the raw GPG are observed among "Skilled agriculture, forestry, and fisheries workers"; "Craft workers" and in "Elementary occupations". These groups include occupations in the agriculture and export-oriented manufacturing sectors. Once again, this is in line with the fact that the GPG is larger among wage workers in the informal economy and among those in low-skilled occupations

Finally, Figure 3.1.4 illustrates the raw GPG in selected industries with high levels of female participation. The results show that the raw GPG across industries was highest in those sectors that required low skills, particularly in "Household activities", "Agriculture", and "Manufacturing". However, large values of the raw GPG are also found in more high-skilled sectors such as "Information and communication" as well as "Finance and insurance." The GPG was instead lower across some industries, such as "Health, education and the public administration", as expected and for reasons previously mentioned. Finally, the negative raw GPG (i.e.

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[13] Annex Table 2 provides information on the GPG separately for additional groups, including by age, education levels and whether employment is formal or informal.

suggesting that women earn more than men) in certain sectors such as "Electricity, Transport and Mining" mostly reflects differences in the composition of male and female employment in these sectors: most women in these industries work in white-collar jobs, while men are employed in a wide range of occupations, including in low-skilled jobs. The results can also be due to small sample bias: in these sectors, where women are significantly under-represented, surveys are likely to pick information from very few women, if any, that participates in the sector: when these are outliers with respect to the true underlying wage scale of women in male-dominated sectors, the resulting estimate of the GPG cannot be representative of the true underlying pay difference between women and men in such sectors.

▶ **Figure 3. 1. 2: Raw mean and median GPG in the public and private sectors, 2019**
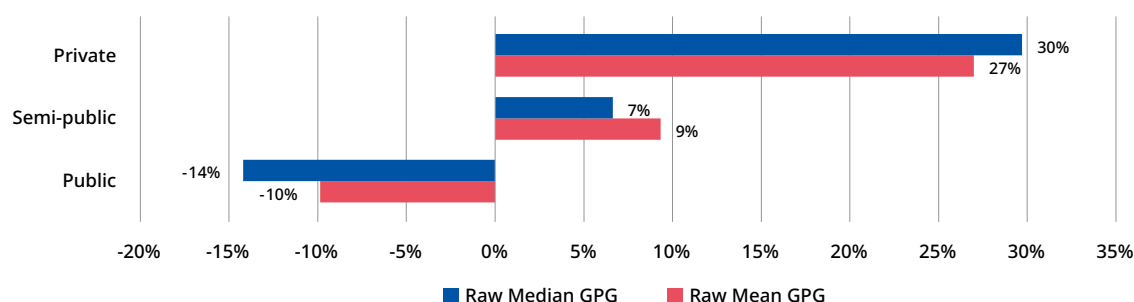
Source: Computed from LFS data

Note: The Sri Lanka Labour Force Survey distinguishes between public, semi-public and private sectors. While the public sector includes government ministries, departments, the courts, most state schools and state hospitals, the semi-public sector includes public enterprises and corporations, as well as state universities, some state schools and some state institutes.

▶ **Figure 3. 1. 3: Raw mean and median GPG by occupation, 2019**
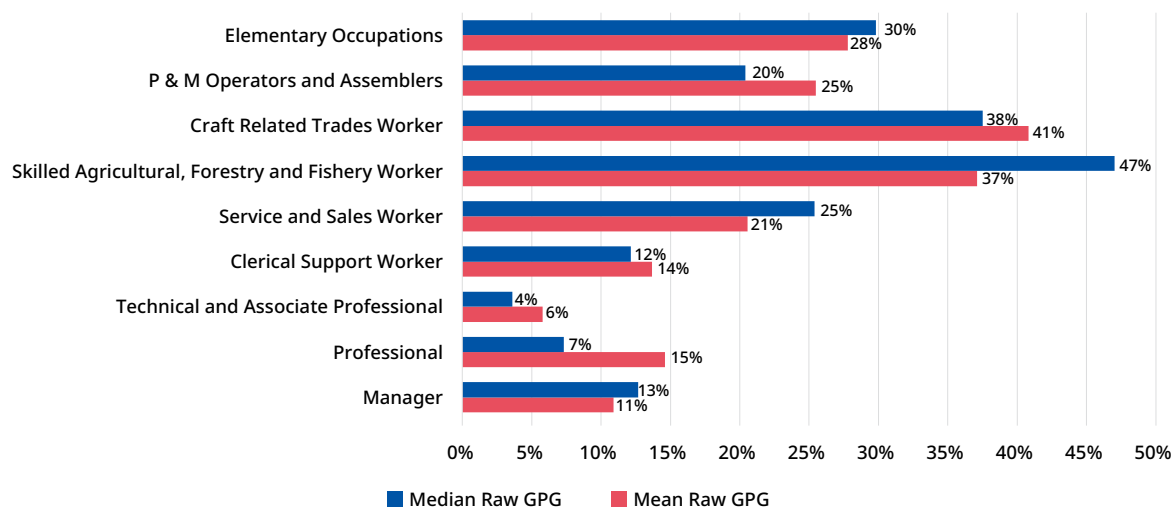
Source: Computed from LFS data

▶ **Figure 3. 1. 4: Raw mean and median raw GPG by industry, 2019**
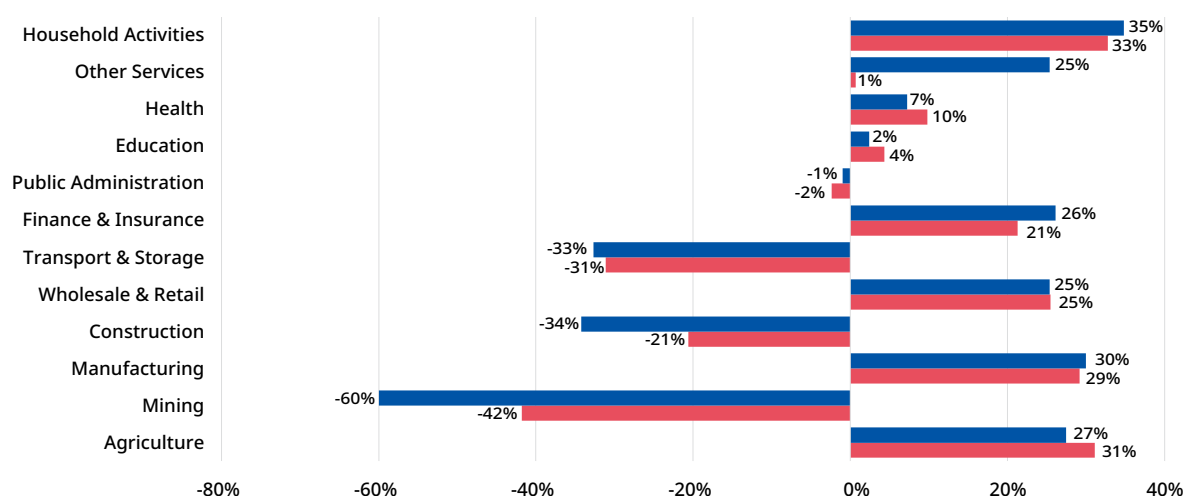
Source: Computed from LFS data

3.2. The factor-weighted gender pay gap

Definition and methodology

The discussion presented so far has highlighted that the raw GPG can largely differ based on some methodological decisions (e.g. whether to compute it at the mean or at the median of the wage distribution), and it can also vary significantly across groups in the population (e.g. by occupation of sector of employment), potentially reflecting differences in the characteristics of women and men in the labour market. This calls for the identification of a measure of pay difference between groups (in this case between women and men) that is able to account for these compositional differences in the population of male and female wage employees, and can compare the wages of "similar" men and women in employment. In doing so, this measure of the GPG might also deliver results that are less sensitive to the choice of a particular measurement tool. These concerns are particularly relevant in countries in which women and men are clustered in specific sectors and occupations, rather than being employed uniformly across different job types. This is often seen in instances where the participation of women in paid employment is low, which is the case in Sri Lanka, as reviewed in Chapter 2.

The factor-weighted GPG aims at obtaining exactly this result. The first step in the computation of the factor-weighted GPG is to divide the sample of male and female employees into subgroups that are as homogeneous as possible with respect to variables that are key factors in the wage determination process. Gender wage differentials are then estimated separately within each of these subgroups. The overall factor-weighted GPG for a given wage distribution is then obtained by taking a weighted average of all subgroups where each subgroup's weight is their size relative to the total number of wage employees in the population.[14]

When computing the factor-weighted GPG, a key decision concerns the identification of the variables to be used for defining the different subgroups in the population. Here, a trade-off exists between identifying too many or too few subgroups. On the one hand, selecting many different variables will increase the comparability of the male and female employees that enter a given cell (e.g. it is possible to compare male and female individuals with similar age, with the same educational level and working in the same industry and occupation). At the same time, the identification of too many subgroups might mean that certain cells contain only very few (male or female) observations, increasing the risk of measurement error due to small sample size bias. A balance between these competing needs has to be found, and the final decision will depend on

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[14] The factor weighted GPG was developed by ILO in 2018 and it appears for the first time in the ILO Global Wage Report 2018/19: what lies behind the gender pay gap?.

country-level considerations, including the rate of female employment, the distribution of male and female employees across sectors or occupations, as well as the sample size of the survey.

For the purpose of the present analysis, groups have been defined based on age (three groups), educational attainments (four groups) and whether individuals are employed in the formal or informal economy. This leads to the definition of a maximum of 24 different cells. The selection of these characteristics follows the methodology for the computation of the factor-weighted GPG as detailed in ILO (2018), with a few adjustments to apply it to the national context.

In particular, the inclusion of age and education follows the human capital framework to include education and experience as employee's productivity enhancing characteristics (Mincer, 1974). Age is used as a proxy for experience, as is common practice. In determining which labour market characteristics to use to define subgroups for the factor weighted wage gap, the division between wage workers in the formal and informal economy was considered, as well as between public and private sector employment. Selecting the distinction between the formal and the informal economy was justified because the private sector in Sri Lanka includes wage employees in the two sides of the dual economy, whereas the public sector is mostly made up of wage workers with formal arrangements[15]   The size of the sample limits the number of factors that could be selected to construct the subgroups; increasing the number of factors to include more than three would have increased the problem of small sample bias in estimation.[16]

Main results[17]

Figure 3.2.1 presents the mean and median factor weighted GPG between 2013 and 2021.In order to compare results, the figure includes the estimates of the mean and median raw GPG, reproducing the results presented in Figure 3.1.1

▶ **Figure 3. 2. 1: The factor-weighted GPG in Sri Lanka, 2013-2021**
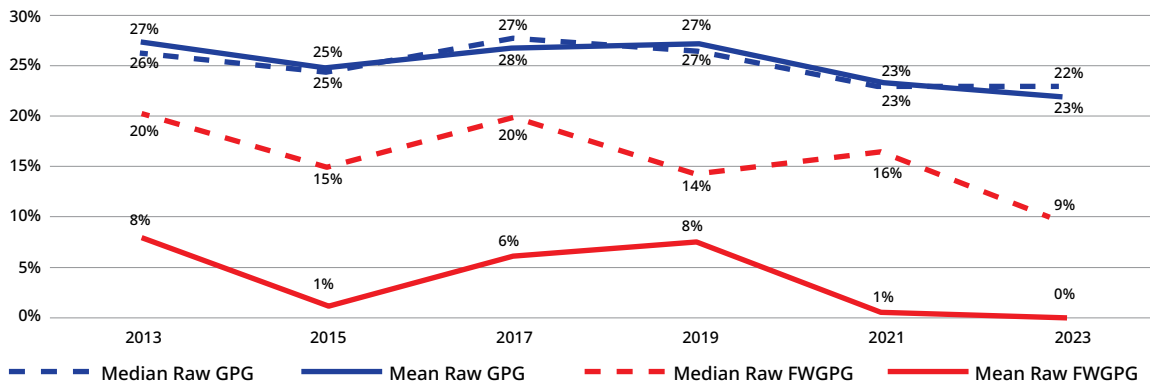
Source: Computed from LFS data

Three key results emerge. First, the factor-weighted GPG is considerably higher than the raw GPG in Sri Lanka. This is true irrespective of whether the gap is computed at the mean or at the median of the wage distribution, and irrespective of the year considered in the analysis. Second, the values of the factor-weighted GPG are very similar when estimated at the median or at the mean, differently than what it is observed when using raw GPG

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15   Wage employees who had no permanent employer or whose employer did not make social security (Employers' Provident Fund) contributions on their behalf were considered to be informal employees.

16   The same considerations motivated why we did not include certain characteristics (e.g. sector or occupation), which are important in defining the distribution of male and female employees in Sri Lanka, but would results in identifying too narrow groups of employees.

17   Annex Table 2 provides data on sample sizes, mean and median group-specific GPGs and the shares for each of the 24 subgroups. In the last two columns, it presents the contribution of each subgroup to the overall factor-weighted GPG. The last row of the Table presents the overall value of the factor-weighted GPG in 2019 at the mean and at the median.

estimates. Third, the factor-weighted GPG (both at the mean and at the median) varies over time substantially less than the raw GPG.

These results would point to the factor-weighted GPG as a more robust measure of gender wage differentials between groups, in this case, between women and men wage workers in Sri Lanka. The fact is that the factor-weighted GPG accounts for compositional differences between the population of male and female employees, and in particular for the fact that women and men tend to be employed in different sectors and occupations. When these differences are accounted for, the GPG in Sri Lanka substantially increases and its evolution over time is roughly stable.

An interesting exercise is to compare the GPG in Sri Lanka with values estimated in other countries. These cross-country comparisons normally need to be interpreted with caution, as data availability and types of data sources might differ across countries. However, ILO (2018) presents comparable estimates of the GPG obtained with the same methodology and using similar data sources. Based on the raw GPG the estimates for Sri Lanka seem to compare rather well with other countries. In particular, the median and mean values for 2019 (equal to 14 and 8%) are below both the global average as well as the average value for lower-middle income countries. However, when using the factor-weighted GPG the mean and median estimates for Sri Lanka (27 percent in each case, 2019) are higher than both the global average and the average for lower-middle income countries. Sri Lanka's factor-weighted GPG for 2019 lies very close to that of Armenia (26% mean, 27% median), Brazil (26%, 22%), South Africa (29% for both) and the Russian Federation (25%, 26%).

Figure 3.2.2 provides a visual map to show the contribution of the different population subgroups that have contributed towards the overall estimate of the factor-weighted GPG. In this figure, the overall size of the rectangle equals the overall value of the factor-weighted GPG in the economy (i.e. computed at the mean and equal to 27% as discussed above), while the size of each inner rectangle represents the contribution of each specific subgroup to the overall mean factor weighted GPG. This is obtained by multiplying the mean GPG within each subgroup by the share of the subgroup within all wage employees. The raw mean GPG within each subgroup also determines the colour of each rectangle, with darker shades indicating larger subgroup-specific raw GPGs. Intuitively, larger subgroups in the populations or subgroups with higher values of the raw GPG will contribute more to the overall level of the factor-weighted GPG for the entire economy.

Out of the possible 24 subgroups identified in the analysis, the visualization presents 22 inner rectangles; (i.e. two subgroups with population shares less than 0.1% are omitted from the visualization. The picture that emerges is that, out of the 22 subgroups presented, 21 groups contributed positively to the factor-weighted GPG (i.e. they had gender wage differentials favouring men over women).[18] This means that gender wage differentials are widespread in the economy, rather than being concentrated among specific groups.

The largest values of the group-specific GPGs were found among low-educated informal workers, where the group-specific GPG ranged from between 36 to 41% (see annex, table 2). Given that these subgroups also represent a large share of the overall population of wage employees, they contribute greatly to the overall factor-weighted GPG for the entire economy (see rectangles on the left in Figure 3.2.2). By contrast, group-specific GPGs were smaller (13 to 22%) among formal wage employees with medium to high education (secondary education ended at OL, completed AL, or completed tertiary education), suggesting that women with high human capital who had access to decent work and formal employment, are more likely to be paid a similar wage compared to men with similar endowments. Finally, the estimates show that age generally reduces the GPG among formal employees. However, the opposite happens among wage workers in the informal economy. This could be due to a lack of clear career paths among those that work in the informal economy, with gender segregation prevailing more in the informal than the formal economy as wage workers progress similarly with age and experience.

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[18]   The subgroup that had a negative (female favouring) GPG is paid employees 45-54 years who are in formal employment and have completed secondary education at the Advanced Level.

▲ **Figure 3. 2. 2: The contribution of different groups to the FW GPG ordered by population share, 2019**

Low Education Informal 45 - 64 Years: 6.1%	Low Education Formal 35 - 44 Years: 1.4%	Low Education Formal 35 - 44 Years: 1.7%	AL Education Formal 15 - 34 Years: 1.2%		
		OL Education Informal 45 - 64 Years: 0.7%	Tertiary Education Formal 15 - 34 Years: 0.7%		
	OL Education Informal 15 - 34 Years: 1.0%				
Low Education Informal 35 - 44 Years: 3.7%		Tertiary Education Formal 35 - 44 Years: 0.7%	OL Education Informal 35 - 44 Years: 0.6%		
	OL Education Formal 15 - 34 Years: 0.9%	AL Education Formal 35 - 44 Years: 0.5%	OL Educatiaon Formal 45 - 64 Years: 0.4%	Tertiary Educatiaon Formal 45 - 64 Years: 0.3%	
Low Education Informal 15 - 34 Years: 4.1%	Low Education Formal 45 - 64 Years: 2.0%	AL Education Informal 15 - 34 Years: 0.8%	OL Education Formal 35 - 44 Years: 0.5%	AL Educatiaon Informal 45 - 64 Years: 0.3%	a) 0.2%
					b) 0.1%
					c)

Source: Computed from LFS data

Note: The figure is based on Annex Table 1. The magnitude of the outer rectangle represents the total factor-weighted mean GPG for the entire economy (i.e. equal to 27.1%) while the size of each inner rectangle is the contribution of each subgroup to this overall value. Colours reflect the value of subgroup-specific raw mean GPG, with darker colours representing larger pay gaps and lighter colours representing smaller pay gaps. Among the smallest three boxes in the figure, a) refers to the subgroup with an Advanced Level education in the informal economy aged 35 to 44 years, b) to the subgroup with a tertiary education in the informal economy aged 15 to 34 years, and c) to the subgroup with a tertiary education in the informal economy aged 35 to 44 years. The subgroup name for these three boxes has been replaced with their subgroup factor-weighted mean GPG where there is space to do so.

3.3. The decomposition of the gender pay gap

Definition and methodology

The differences in the raw and the factor-weighted GPG highlight the importance of considering separately different subgroups when computing and analysing the GPG. While the factor-weighted GPG was effective in controlling for composition effects between women and men wage employees, neither the factor-weighted or the raw GPG estimates provide an explanation of what lies behind the gender pay gap, that is, what factors – if any – would explain the phenomenon by which women are paid significantly less than men per hour worked.

Decomposing the gender pay gap can help unveil the importance that some key labour market factors (e.g., personal characteristics, the characteristics of job functions, or those of the workplace) play in determining wage gaps between women and men. Decomposing the GPG isolates the proportion of the GPG that can be attributed to observed factors (e.g. labour market characteristics and individual endowments) and the share that instead comes from structural differences that cannot be explained by observables (including the possible the role of discrimination). This decomposition follows the procedure proposed by Fortin, Firpo and Lemieux, (2011). This exercise proceeds in three steps. The first step consists in selecting the set of attributes and characteristics that are expected to explain differences in wages between individuals. Using these characteristics, the second step involves estimating a "counterfactual" distribution of female wages: these are the wages that women would have received if they were obtaining the same returns as men to their labour market characteristics. The third step involves using the counterfactual wage distribution for women to decompose the overall GPG into what can be explained by the observable attributes and characteristics, and what remains unexplained.[19]

The decomposition process uses regression analysis (unconditional quantile regression) where a multivariate framework allows for several factors to capture the difference between women and men wage employees. Following Seneviratne, 2020, Gunewardena et al., 2009, the decomposition process is performed allowing for a set of variables that includes age and education, as well as key labour market characteristics such as occupation, economic sector, institutional sector and a binary outcome that captures if wage workers operate in the formal or the informal economy.

Before looking at the results of this decomposition exercise, two considerations are worth mentioning. The first one is that the terms "explained" and "unexplained" should not be interpreted in absolute terms, but rather with respect to the specific analysis that is conducted. In particular, everything that is included in the regression analysis (i.e. in this case, age, education, occupation, industry, sector and formal nature of the job) will contribute to the explained component of the GPG, whereas the 'unexplained' part of the gender pay gap is that which remains as residual once the objectively observed differences are taken into account. In practice, this means that unobserved differences that would objectively mark an 'explained' difference between women and men cannot be considered if such differences are not identified with variables in the dataset; the variables included in the explained components amount, therefore, to an assumption in estimation.

The second consideration is that, stating that part of the GPG is explained by individual or labour market characteristics does not necessarily mean that it justifiable or acceptable. Rather, this might result from differences in educational attainments between men and women that are, by themselves, reflecting discrimination in access to education. Similarly, the different distribution of men and women across sectors or occupation might reflect women's obstacles in accessing high-paid jobs (e.g. they are often more likely to be employed in low-skilled occupations or in feminized sectors that offer lower wages) and this is also, in itself, a form of discrimination. For these reasons, the unexplained component of the GPG is often thought as providing a lower bound estimate of the value of discrimination in explaining gender wage differentials.

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[19]   For more details, see ILO (2018, Box 4 and Appendix IV), Fortin et al. (2011, 2018) and Chi and Li (2008).

Main results

Figure 3.3.1 shows the decomposition of the GPG at each decile of the hourly wage distribution highlighting the part of the explained component attributed to education (in orange) and letting all other components to be gather into the rest of the explained part (in green). The remaining of the gap at each decile in the unexplained component (in blue). In general, the results should be interpreted as follows: when the explained part is positive at any decile, it means the part is explained by men holding better (or more) of that endowment compared to women; however, if the explained part is negative it means that women are underpaid for their endowments in that deciles. When the unexplained part is positive it means that part of the gender pay gap in a given decile cannot be explained by observed endowments with the proportion of the unexplained part providing a lower bound to pay discrimination at any given decile. The sum of all the different components gives the overall value of the GPG for each decile as shown with the dashed blue line in figure 3.3.1

▶ **Figure 3. 3. 1: Gender wage gap decomposition by wage decile, 2019**
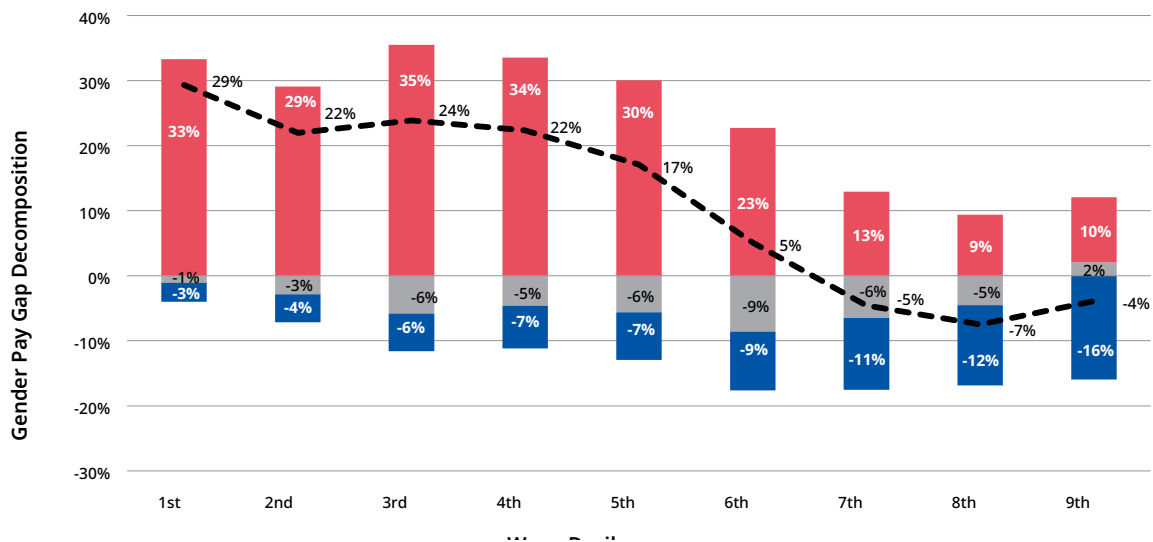
Source: Computed from LFS data

The results shown in figure 3.3.1 are consistent with previous results for Sri Lanka, including Seneviratne (2020).[20] The key finding is that, at all deciles of the wage distribution, the explained components of the GPG in Sri Lanka are negative: this means that across deciles, when compared to men, women are underpaid for the human capital endowments, job functions and in relation to the workplace characteristics. In this respect, the 'actual' estimate at each decile represents an underestimation of the true underlying gender pay gap. For example, taking the first decile shows that the gap due to education (other observed components) equals minus 3 percent (minus one percent), that is, at this first decile, women have better educational outcomes (better or higher amount of other observed factors) when compared to men, so considering only 'observed factors', women are paid, four percent more than men. However, the structural (or unexplained component) unveils pay discrimination such that women are paid 33 percent less than men for reasons that cannot be explained due to observed difference in endowments, job functions or workplace characteristics. It is noticeable, therefore, that the decomposition unveils a 'true' gender pay gap (33 percent) that is undermined by the 'actual' estimated pay gap (29 percent). At the 9th decile a similar reasoning applies: at this top decile, on average, women are bound to have better (or more) education and so they are paid 16 percent more per hour worked compared to men; likewise because men seem to be doing better in terms of other factors (e.g., more experience, better occupational category, participation in more productive sectors, or being employed with formal arrangements) men are paid two percent more per hour worked compared to women. The result is that purely due to the explained components women in the top decile would have to be paid, 14 percent

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[20]   Gunewardena et al., (2009) decompose wage gaps for Sri Lanka between 1996 and 2004 using the Machado-Mata (Machado and Mata, 2005) decomposition and King and Gunewardena (2022) do the same for 2012, using the Chernozhukov-Fernandez-Val-Melly method (Chernozhukov et al., 2013) and obtain similar results.

more than men per hour worked. However, once the estimation process controls for all observable factors this reveals a structural difference in pay in favour of men equal to 10 percent per hour worked, i.e., despite the fact that women are better educated than men at the top decile – for which they should be paid at least 14 percent more than men after controlling for other observed factors – pay discrimination reduces this so that women are paid only four percent more than men in such decile. These two examples show the importance of the decomposing the gender pay gap from a policy point of view: even when the pay gap is negative, as it happens to be at the top decile of the hourly wage distribution, the decomposition unveils that pay discrimination can play a role at determining wage penalties for women that seemingly are getting a greater return from their human capital compared to men.

Besides the above exercise that shows the interpretation of the explained and unexplained components of the gender pay gap by decile, two main finding emerge from the decomposition in figure 3.3.1.

The first one is that the GPG is substantially higher up to the bottom 40 percent of the hourly wage distribution and starts to decline substantially among those at the top 30 percent, particularly at the top decile. This suggests the presence of a "sticky floor", which is common to many other developing and emerging countries (ILO, 2018). In the context of India, Khanna (2012) suggests that the tendency to observe a "sticky floor" rather than a "glass ceiling" pattern (i.e.: larger wage gaps at the bottom of the wage distribution rather than at the top) might be attributed to two factors. First, women in higher paid positions are more likely to be able to seek action against discrimination, given their attributes and background. Second, higher paid positions are more likely to be structured according to defined contracts and relative clauses, as is the case in the public sector. Therefore, providing women and men across the wage distribution with means that promotes formal employment – and this includes correct and lawful employment documentation – is a crucial step for ensuring the legal coverage and the formalization of informal employment for all wage workers, particularly those in need of more protection such as those located at the low end of the wage distribution where women are overrepresented. In Sri Lanka, it is not a mandatory legal requirement to be provided a letter of appointment/contract, to establish an employer-employee relationship. It is only employees that fall under the Shop and Office Employees Act that will be provided with a letter of appointment. However, not all employees are within the mandate of the Shops and Office Employees Act (Sarveswaran, 2022).[21]

The second main finding that emerges from the decomposition exercise is that the GPG cannot be explained by differences in observable characteristics between men and women. This is also consistent with the evidence from many other countries at different levels of economic development, where the vast majority of the GPG is driven by the unexplained component at all deciles of the wage distribution (ILO, 2018). This indicates that the GPG cannot be explained by differences in male and female characteristics such as education, informal employment, occupation, and industry of employment. Biases and discriminatory practices are instead likely to play a larger role in the determination of the GPG, especially at the middle and bottom of the wage distribution. Policies to address these biases are discussed in the ensuing chapters.

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[21]   For instance, an employee working at an office situated in the premises of a tea factory would fall under the ambit of the Shops and Office Employees Act while a tea-plucker of the same factory would not.

▶ **4. Review of policies to combat the gender pay gap**

THE GPG IN SRI LANKA

▶ 4. Review of policies to combat the gender pay gap

The discussion presented in the previous chapters has shown that significant gaps still exist in Sri Lanka in the extent to which women are able to access employment as well as the types of jobs that they find. Additionally, the evidence shows that, after controlling for differences in the composition of the population of male and female employees, a large GPG still exists. This gender wage differentials persist even though, at each decile of the hourly wage distribution, women show equal or better labour market attributes than men. This means that almost the entirety of the GPG is unexplained by observable factors, and potentially driven by the presence of discriminatory practices.

The attention now focuses on what can be done to address these structural inequalities in the labour market. However, and before presenting possible policy recommendations, it is necessary to understand what policies and institutions are already in place to combat gender inequalities in the country. The purpose of this chapter is exactly to conduct this exercise, by reviewing the existing policy and legal framework. The next chapter will instead summarise the opinions of national stakeholders on the drivers behind the existence of the GPG in the country and possible policy solutions. Based on this assessment, the final chapter of the Report will identify policy gaps and propose possible policy recommendations, also based on international best practices.

Before starting the discussion, two considerations are worth mentioning. The first one is that the GPG can be influenced by a broad range of interventions, even if these are not explicitly aimed at reducing the GPG. For instance, labour market or social protection policies can reduce gender wage differentials by promoting higher female employment. For these reasons, the range of policies reviewed in this chapter will not be restricted only to wage policies to combat the GPG. Rather, the discussion will cover a rather broad range of interventions that can have either direct or indirect effects on the GPG.

The second consideration is that, while the presence of policies and institutions to combat the GPG is a first necessary step to reduce gender wage differentials, this does not guarantee in itself the elimination of the GPG. Rather, compliance with the legislation and implementation of the policies are also crucial to guarantee their effectiveness. This is particularly true in contexts, like the one in Sri Lanka, where a large share of the population works in the informal economy, which falls outside the scope of the labour legislation.

Equally important is to note that Sri Lanka is signatory to several international conventions and treaties that are committed to combatting any form of discrimination and promoting Fundamental Rights at Work; in this context Sri Lanka has ratified several international conventions that promote specifically gender equality and women's empowerment, including key ILO Conventions. These include the UN Convention on the Elimination of All Forms of Discrimination Against Women (ratified in 1981); the Vienna Declaration on the Elimination of Violence Against Women (ratified in 1993) (UNFPA Sri Lanka, 2023); the ILO Equal Remuneration Convention No. 100 of 1951 and the Discrimination (Employment and Occupation) Convention No. 111 of 1958. These ratifications imply that the country has an obligation to implement their provisions in its national legislation.

Policies to promote gender equality

The country's commitment to equality is reflected in all the main legislative and policy documents defined at the country level and backed up by the country's willingness to be signatory to the various international standards as mentioned above. Starting with the Constitution, Article 12 (2) establishes the principle of non-discrimination on the grounds of sex (UNFPA Sri Lanka, 2023). The Constitution also guarantees equality before the law and equal protection for all persons, and it ensures non-discrimination of all citizens regardless of race, religion, language, caste, sex, political opinion, and place of birth. Article 12 (4) of the Constitution allows for the creation of special measures through laws, rules and executive actions to advance the welfare of women, children or individuals with disabilities. This principle is based on the understanding that, unless specific measures to address inequalities are undertaken, equality will not be achieved through a purely non-discriminatory approach. For these reasons, affirmative actions and proactive policy interventions are justifiable and can be implemented if such actions promote equality for groups that suffer from discrimination

or are vulnerable in terms of labour market outcomes. The estimates in section 3 show that women fall under such definition.

Based on these principles, there are several key national policy documents which promote gender equality and women's empowerment. These include the Women's Charter, adopted in 1993, which recognizes gender equality and freedom from gender-based discrimination as a fundamental right and provides for its legal enforcement (Women's Charter, n.d.). The Women's Charter is recognized as the key policy document that addresses gender equality and women's empowerment (Dissanayake et. al., 2019). Provisions within this document include the commitment to removing all forms of discrimination against women and addressing crucial concerns in terms of gender inequality. Moreover, the Charter pays attention to the gender-based stereotyping and institutionalized discrimination.

Additionally, the National Plan of Action on Women (1996), the Policy Framework and the National Plan of Action to address Sexual and Gender-based Violence in Sri Lanka (2016), the Plan of Action supporting the Prevention of Domestic Violence Act (2005), and Chapter on Women's Rights in the National Human rights Action Plan (2017-2021) are among the policies which explicitly promote women's rights both inside and outside of the labour market. In addition, there are key policies that also contribute to promoting gender equality and women's empowerment, including the National Policy on Decent Work in Sri Lanka (2006), the National Labour Migration Policy (2009) and the Legal Aid Policy (2016). The National Policy on Gender Equality and Women's Empowerment provides a comprehensive framework for policy commitments over a span of ten years, starting from 2023. This framework establishes immediate, intermediate, and long-term objectives aimed at achieving progress across eight thematic areas: i. Identity and autonomy; ii. Economic empowerment and productive employment; iii. Social equality and empowerment; iv. Environment and disaster management; v. Equality in decision making; vi. Access to justice, peace, and security; vii. Freedom from gender-based violence; viii. Children. This approach follows from the understanding that women face different sources of discrimination, and that coordinated interventions across multiple policy domains are required in order to break structural inequalities.

Despite the fact that Sri Lanka seems to possess a well-defined legal framework to tackle inequalities in the labour market, including inequalities between women and men, in practice these policies do not seem to be working towards reducing inequalities: the estimates in chapters 2 and 3 clearly demonstrate that action is necessary to achieve an effective implementation of the already existing legal framework.

Policies to promote gender equality in the labour market

Moving to the analysis of the policies to promote gender equality in the labour market, it is important to start by noting that Sri Lanka's legal framework contains legislation on wage policies that "implicitly" promote gender pay equality. The wage systems in Sri Lanka are governed by the National Minimum Wage of Workers Act No.16 of 2021 and the Wages Boards Ordinance No.27 of 1941. Such legislation serves multiple purposes: to establish fair compensation, reduce poverty, uphold worker dignity, and minimize exploitation of vulnerable workers, such as low skilled and low wage earners. The National Minimum Wage of Workers Act No.16 of 2021 enables a mandatory minimum payment to all workers which supersedes the minimum wages of all wages boards decisions, although there may be gaps in implementation. It is important to highlight that minimum wage policies are one of the most effective tools to reduce pay gaps among wage employees considering that women are often overrepresented at the low end of the wage distribution.

Additionally, the Factories Ordinance No. 45 of 1942 concerns the safety and welfare of employees working in factories. This ordinance stipulates specific restrictions on women using specific types of machinery. Moreover, the National Labour Migration Policy provides for women's possibility to engage in migration for safe and productive employment. In addition to this, the policy includes measures for the promotion of women's welfare in the labour market.

Always in the area of migration, until recently, women's possibility to migrate for economic reasons was restricted under certain circumstances. In particular, the Family Background Report requirement was introduced in 2013, restricting migration for employment for women with young children (under five years) and discouraging the same in the case of women with older children. The policy requirement was introduced

despite any clear evidence as to whether a mother's departure had negative consequences on the wellbeing of her children, holding constant other circumstances. On the other hand, there is ample evidence that, while the policy restricted the migration of women for domestic work, it also led to unintended consequences such as female migration outside the legal framework and resultant greater vulnerability for women migrating through such channels (IPS, 2022). Due to these concerns, the Family Background Report requirement was removed in June 2022.

In terms of employment terms and conditions, the Wages Board Ordinance No. 27 of 1941 regulates fundamental working conditions. These include working time, annual leave, and wages for specific trades. The Shop and Office Employees Act No. 19 of 1954 regulates employment conditions and remuneration of workers engaged in shops and offices. However, such Ordinance may in fact play an adverse role when it comes down to reducing gender inequalities in the labour market: the Shop and Office Employees Act No. 19 of 1954 and The Employment of Women, Young Persons and Children Act No. 47 of 1956 regulate night work for women. Specifically, the Shop and Office Employees Act No. 19 of 1954 permits women who are 18 and above to work only until 8 PM (ILO, 2016), with exceptions granted to women employed in selected industries. While these provisions are meant to safeguard women in the labour market, they might also hinder their employment opportunities and career progressions. The Payment of Gratuity Act No. 12 of 1983 details instead social security schemes accessible to workers.

Another area of gender-specific interventions includes social policies. The Maternity Benefits Ordinance No. 32 of 1939 provides women with maternity leave. According to this legislation, a working mother is entitled to take maternity leave for childbirth, for caring for the new born and for recuperating from the delivery process. In particular, Sri Lanka's family leave policies include 84 days of mandated paid maternity leave, but no mandated paternity leave (IFC 2018; Women, Business and Law database, n.d). Further provisions ensure the preservation of her job during her absence and offer financial assistance until she resumes employment. However, it is important to note that employers, rather than the state, bear the costs associated with the provision of maternity leave. A subsection was added in 2006 to Chapter XII of the Establishments Code of 1972 to provide three working days leave to fathers in the public sector [22], but there is no legal provision for paternity leave outside the public sector.

Additionally, the 1993 Maternity Benefits Ordinance No. 32 includes a requirement for employers that employ more than a prescribed number of female employees to support childcare. However, the law refrains from specifying the specific threshold number of female employees that activates this requirement. As a result, there is no legal obligation for employers to respond to this provision (IFC 2018). Finally, there is no separate legislation on employer-provided childcare in Sri Lanka, and no tax or non-tax benefits are provided to employers to support childcare. While there are regulations in place to govern the quality of private childcare services, there are no penalties for non-compliance with the law (IFC 2018). A national policy for child day-care centres has been drafted, which outlines the responsibilities of the state and other stakeholders.

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[22]   Public Administration Circular No 03/2006, introduces paternal leave in Subsection No: 18:11, Section 18, Chapter XII, Volume I of the Establishments Code.

▶ 5. Stakeholders' perspectives on gender inequalities in the labour market and the gender pay gap

THE GPG IN SRI LANKA

▶ 5. Stakeholders' perspectives on gender inequalities in the labour market and the gender pay gap

Chapters 2 and 3 have presented empirical evidence on gender inequalities in the Sri Lankan labour market, whereas Chapter 4 provides a review of existing policy and legal frameworks that should serve to combat gender inequalities in the country. Equally important, is to consider an account of stakeholders' opinions on the nature and drivers of gender inequalities in the labour market. This is important for three reasons; first, it provides a check to help identify if thus far the report has missed some important elements that should be taken into account when designing policy interventions. Secondly, a review of stakeholder's views should help identify the extent to which these are aligned with the empirical findings from Chapters 2 and 3. The fact is that qualitative information can complement the evidence coming from the quantitative analysis. Finally, the opinions from key stakeholders should be taken into consideration to raise awareness and promote a sense of ownership when combatting gender inequalities in the labour market.

To this end, a series of consultations were held with a selection of representative stakeholders, and a summary of their views on the topic is included in this chapter. The primary data that this chapter draws upon was gathered through nine Key Informant Interviews (KIIs) and one Focus Group Discussion (FGD). Participants in these interviews were stakeholders representing the government, the private sector, trade unions, and international non-governmental organizations (INGOs). More specifically, the representative organisations included: (i) government entities, such as the Ministry of Labour, National Institute of Labour Studies (NILS) and Department of Census and Statistics (DCS); (ii) trade unions, including the Ceylon Workers Congress (CWC), Ceylon Federation of Trade Unions (CFTU), Sri Lanka Nidahas Sevaka Sangamaya (SLNSS), Free Trade Zones and General Services Employees Union (FTZ and GSEU), and Sri Lanka Association of Software and Services Companies (SLASSCOM), (iii) employers confederations represented by the Employers Federation of Ceylon (EFC); and (iv) representation from the United Nations Development Programme (UNDP), United Nations Women (UN Women) and the International Labour Organization (ILO).

The interviews were conducted in a semi-structured format, which allowed for the in-depth exploration of key issues. The participant's explicit consent was obtained prior to recording the interviews. In cases where interviewees did not consent to be recorded, their views were written down by the interviewer. Additionally, explicit permission was obtained prior to the use of direct quotations (i.e., without anonymization).

Discussions with this diverse group of stakeholders provided useful insights into the specific issue of the GPG in Sri Lanka, while also highlighting different policy options that could be considered to combat gender wage differentials. Therefore, this chapter first analyses stakeholder perspectives on the presence of gender gaps in labour force participation and the GPG (Section 5.1), before examining stakeholders' perspectives on the outlook for female labour force participation and the GPG in the face of upcoming reforms in Sri Lanka (Section 5.2).

5.1. Stakeholders' perspective on labour market gender inequalities in Sri Lanka

Discussions with stakeholders broadly pointed to the following conclusions. Most stakeholders acknowledged the presence of a GPG. According to most stakeholders, female labour force participation and female working conditions are constrained by gender stereotypes and cultural norms, unsafe working conditions and lack of adequate social protection policies and job segregation in the labour market. Finally, there was a broad understanding on the lack of female representation in leadership roles in trade unions and employers' confederations, which potentially limits the possibility of achieving further progress in the elimination of the GPG.

The existence of the GPG and its distribution across sectors and occupations

Due to the lack of previous research on the topic, stakeholders were unaware of the exact magnitude of the GPG in Sri Lanka. However, a majority of interviewees (both in the KIIs and the FGD) acknowledged the presence of a GPG in Sri Lanka. As stated by the one of the discussants:

Even though ILO Convention No. 100 emphasizes equal remuneration, there is [a] little doubt [about whether] it is being implemented. [Or else], we would not be having this conversation. (Trade Union, Apparel Sector)

In any case, there were varying degrees of awareness regarding the existence of the GPG as well as its causes. For example, most trade union representatives that were surveyed doubted the existence of gender-based discrimination leading to pay inequalities, job segregation, or career advancement difficulties for women in the Sri Lankan workforce.[23] Respondents from the EFC, representing employers in the private sector, noted that the possibilities of isolated cases of pay inequalities cannot be ruled out.

The discussants' perceptions on the size of the GPG in different industries also offered several key insights. First, the GPG is believed to be more prevalent in sectors and occupations where a large number of female workers are employed, such as the plantations and apparel sectors, as well as in sectors and occupations which predominantly hire female daily wage earners. Second, the GPG is believed to be less prevalent in sectors and occupations where wages are based on competency, such as the public sector, the information technology industry, as well as in the senior-level management positions in the private sector. Third, the level of the GPG differs across different job roles within the same industry. Taking the apparel and plantations sectors as examples, it was observed by several discussants that, in these industries, low-skilled jobs that are dominated by women indicate no notable GPG. However, a woman entering higher skilled jobs or higher management positions, which are traditionally male dominated, tends to be paid less than a man.

The role of gender roles and stereotypes

Interviewed participants also identified gender stereotypes as a key factor that deterred women's entry, retention, and career advancement in the labour force. Following cultural stereotypes, women are expected to prioritize their household responsibilities over their professional careers. Therefore, as the EFC highlighted, even if women prefer to work overtime, their ability to do so is limited due to their household responsibilities, and many women tend to not work overtime or engage in additional work that may delay their return at home. As such, representatives from both the EFC and NILS identified the lack of flexible working hours as a key deterrent in retaining women in the workforce. This also limits the opportunities of career advancements. As women are unable to put in more hours, they are ineligible for the bonuses and advancements to which they would otherwise be entitled. These sentiments were also shared through the information provided by the trade unions representing FTZ and GSEU, further emphasizing the need for legislation and policy focusing on flexible work hours for women.

The discussants also observed that certain positions are titled through a gendered lens which reinforces gendered stereotypes associated with such roles:

Society has given different names for the same job. For females it's called a "flight attendant" while for a male it's called a "male steward." There is a stereotyping thinking pattern here. (Trade Union, FTZ and GSEU)

There was also a generational difference in perspectives around gender roles. The more senior representatives expressed the opinion that women had two defined roles: their jobs at the office and their jobs at home. In contrast, the more junior participants argued that these gender stereotypes need to be overcome to ensure female participation in the workforce. Further, with relation to the information technology sector, the representative observed that, even among female employees, there were generational differences: compared

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23   These views were challenged by the sole female trade union representative (quoted above), who discussed cases where job segregation have led to the emergence of the GPG, particularly in the apparel and plantations sectors.

to their older counterparts, younger employees preferred flexible work hours, shorter working weeks, and equitable pay.

The importance of guaranteeing safe working conditions

An additional element that was mentioned as limiting female labour force participation and women's full engagement in the labour market was the absence of safe working conditions. This issue seems to affect in particular certain sectors or occupations. The case of women working in trade zones and the apparel sector was highlighted as an example:

> *[In the trade zones at night], people come in their motorbikes, smash the lights, and come and harass the girls who are going home. Those safeguards are not there. (Trade Union, FTZ and GSEU)*

This comment highlights that most women who engage in night work or work overtime do not have safe means to travel back home. The public transport system was deemed unsafe for women to travel in the late hours as well as not sufficiently available or reliable at night. Furthermore, it was highlighted that industries represented by the FTZ and GSEU do not provide adequate transport facilities for women to commute. The discussants agreed that it would be challenging to increase night work opportunities for women, unless safety related issues are not adequately addressed. Supporting this claim was the stance of the EFC, stating that costs related to transportation facilities are too high to be borne solely by employers. Naturally, this generates a twofold impact on female labour force participation. Firstly, it discourages the recruitment of women as there is an expectation for employers to provide such services. Second, it discourages female employees from entering such fields of work due to the lack of services provided.

The role of social protection policies

Another constraint to female labour force participation and career progression was identified in the insufficiency of existing social protection provisions, particularly relating to maternity benefits and childcare facilities. The EFC highlighted that providing maternity benefits and improving the availability of childcare facilities should be included as part of a public policy strategy aimed at developing a holistic approach to promote female labour force participation. The Ministry of Labour also agreed that improving maternity leave benefits is helpful in order to retain women in the workforce. While there was consensus between the Ministry of Labour and the EFC on this issue, there were differences in opinions regarding the specific provision of these benefits. On this topic, the EFC expressed the need for state intervention:

> *We are talking [about] female [labour force] participation without addressing the issue of the state undertaking maternity benefits (Employers Federation of Ceylon)*

The EFC was of the opinion that that, in a country that has ratified relevant ILO conventions such as the Maternity Protection Convention No. 183 of 1952, it is the responsibility of the state to provide maternity benefits. Transferring this burden to the employers would instead disincentivize the hiring of female applicants, suggested the EFC. The Ministry of Labour, on the other hand, expressed the view that employers should also have a role in providing maternity benefits. However, the Ministry of Labour is currently in the process of designing a social security scheme, which will include maternity benefits and is expected to cover both formal and informal workers. This is aimed at reducing the potential cost to an employer of hiring women.

The role of occupational segregation in driving the GPG

Participants also mentioned that occupational segregation in the labour market might limit women's employment opportunities, and contribute to the GPG. [24] One example that arose in the discussions was

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[24]   Occupational segregation can materialize in the form of either vertical or horizontal segregation. Vertical segregation refers to a situation whereby women are employed in occupations that offer lower pay levels, poorer working conditions and fewer opportunities of career advancement. Horizontal segregation refers instead to a situation in which women are concentrated in certain fields or sectors of economic activity.

regarding the apparel industry. The sewing machine operator jobs require relatively less skill. These jobs are held mostly by women and no GPG is observed. In contrast, mechanical worker jobs (e.g., in the packaging division) require more skills and are held mostly by men. However, a woman who becomes a mechanical worker tends to be paid less than a man. According to the trade union representative from the apparel sector, these wage differentials arise because of the employer's mindset – that in completing these tasks, a man can deliver more than a woman and so should be paid more than a woman. While these stereotypes also exist in favour of women in certain occupations (e.g. in the care economy), these do not translate into higher wages for women:

Females are complimented for their nature, their calm and collective way of working. If they are complimented, why can't they compliment it with the wage? (Trade Union, Apparel sector)

Instead, the prevalent gender stereotypes have served to confine women within low-skilled, low-paying jobs, whilst disincentivizing women from acquiring the skills required for accessing better paying jobs in these industries.

Additionally, the discussions revealed gender discrimination in access to opportunities in the workplace. Receiving career related incentives seems to vary between male and female employees, despite equal levels of subject knowledge and capabilities. Female employees are not often provided such opportunities due to gender based discriminatory hiring and promotion practices, which have a detrimental impact on the experience acquired by female employees. This stems from a lack of structural and organizational policies to facilitate female career progression and female labour market retention. As explained by a labour law expert in an interview:

What is discriminatory is the discretionary elements of bonuses and allowances which are rarely challenged (Labour law expert)

Lack of female representation in trade union leadership roles

Gender stereotypes have also contributed to limiting women's participation in leadership positions in the workplace, as highlighted by the trade unions, the EFC and the NILS. As noted by the CFTU, there are very few trade unions led by women. However, all trade unions collectively agreed that female representation was welcomed and that it was lacking, and that there is no discrimination in terms of allowing women to access leadership roles. Yet, it appeared that there was no visible solution in place to address the lack of female representation in trade unions. Moreover, the lack of female representation in conversations with the trade unions was identified as a reason for the lack of prioritization of issues relating to women. These sentiments were also shared by the EFC. As an organisation representing employers, the EFC stated that, at higher management positions, there is a lack of female representation.

The lack of women's participation in leadership roles within trade unions was also ascribed to societal and gender norms. According to CFTU, societal and gender norms have resulted in a lack of enthusiasm among women to pursue higher roles within the trade unions. The representative stated further that, even in situations where women are proposed as leaders within the trade unions, the tendency among women is to decline these positions:

Our understanding is that if somebody proposes a name of a women for some position, she gets up and says, 'No I can't.' So, we do not dominate, that we don't. That's the real situation. (Ceylon Federation of Trade Unions)

All these higher...hierarchical positions are not held by females, right? So, the leadership role is given or compelled to be given to a male (Trade Union, FTZ and GSEU)

Women's lack of enthusiasm for leadership roles was also ascribed to their household burden which limited the time they could devote to trade union activities. As one discussant pointed out, being in a trade union is similar to having a second job, and women may have limited capacity to devote their time to trade union activities.

Females are complimented for their nature, their calm and collective way of working. If they are complimented, why can't they compliment it with the wage? (Trade

5.2. Stakeholders' perspective on the policy outlook and way forward

Moving to the stakeholders' views on the possible way forward, all participants agreed on the need for a shift in attitudes coupled with legislative reforms. Discussions evolved around three main topics: (i) the legislative changes included in the draft New Employment Bill, (ii) other legislative changes that can also contribute to the reduction of gender inequalities in the labour market, and (iii) the role of initiatives by non-state stakeholders.

Stakeholders' perspectives on draft legislative changes

When discussing the legislative framework to eliminate the GPG, the starting point of the discussions was the preliminary draft of the New Employment Bill, which incorporates provisions of various employment related Acts and Ordinances. This Bill aims to facilitate flexible working conditions. It covers sectors such as Knowledge Process Outsourcing (KPO), Business Process Outsourcing (BPO), and Information Technology (ICT) Enabling Services. Additionally, by making provisions for upholding the rights of female employees, the Bill is expected to increase female labour force participation. Among the provisions of the Bill, there are norms for enabling night work for women, ensuring the availability of safe infrastructure (particularly for women engaged in night work), and guaranteeing the respect of the principle of equal pay for work of equal value. The Bill further proposes to classify domestic workers as formal workers (New labour laws: 34 key points from proposed Employment Act, 2023).

These proposed changes to the legislation have received contradictory reviews from the various stakeholders. The EFC found these reforms to be a "step in the right direction." However, the trade unions expressed concerns regarding some of these provisions. For instance, the trade unions emphasized the need of guaranteeing a safe work environment as a pre-condition for allowing women to engage in night work. It was also the opinion of the CFTU and SLNSS that lengthy work hours would hinder women's work life balances, as they would still have to manage their responsibilities at home, in addition to working longer hours.

It was the view of the Ministry of Labour that women's organisations were in support of the proposals presented through the new labour code:

You should know when we had consultations, there were a lot of women organisations present. With regards to night work, Trade Unions are objecting it, but women organisations were saying 'No we want this night work.' (Ministry of Labour and Foreign Employment)

In discussing these upcoming proposals, the Ministry of Labour also highlighted the need for greater collaboration to ensure effective reforms:

This draft was shared with the trade unions two months [ago]... Some employers, organizations, researchers, have sent comments. But the trade unions have not sent [comments]. We don't know what they want. We want trade unions to send comments and construct the linkage in this process. (Ministry of Labour and Foreign Employment)

According to the Ministry of Labour, discussion and common consensus regarding the proposed reforms are needed to ensure holistic solutions that are capable of addressing the issues raised by all stakeholders. The need for collaborative action was also highlighted by the EFC, that emphasized the need for the government to share the responsibility in encouraging female labour force participation, in order to avoid that the brunt is borne solely by employers. Nevertheless, the upcoming reforms to the labour law offer scope for addressing the GPG through the focus on eliminating gender based discriminatory policies. As noted by a labour law expert, the most effective method to address GPG is through labour law reforms.

Other proposed legislative interventions

While the presence of legal provisions that prohibit discriminatory policies are necessary steps to enabling discrimination-free work environments, ensuring compliance and developing mechanisms to certify the successful implementation of these provisions within the workplace should be given attention and considered equally important. In this respect, discussions highlighted the existing mechanism for women to put forth issues related to discrimination at the workplace. The Ministry of Labour and NILS identified the Department of Labour as the place for any employee to file a complaint in the face of any discrimination in the workplace. The Ministry of Labour assured that serious consideration is given to all these complaints. However, while this mechanism is available, it may be necessary to investigate its effectiveness. According to the legal expert, employees' awareness of this mechanism appears to be lacking. Furthermore, the legal expert drew attention to the need to explore the efficiency with which the lodged complaints are addressed by the Department of Labour.

Several stakeholders also identified that, in addition to labour law reforms, there is also a need for reforms in the education sector. In particular, it is important to improve the alignment between the school syllabus content and the labour market demands, in order to ensure the development of both soft and technical skills. This can also contribute to the elimination of gender inequalities in the labour market, including the eradication of the GPG.

The role of non-state stakeholders

Finally, stakeholders identified that there is also room for policy initiatives by non-state stakeholders in order to advance in the elimination of the GPG. In this vein, the EFC already adopted initiatives to encourage women's participation in administrative roles, and to address normative barriers that are holding back women in the workplace (e.g. Women go Beyond initiative). These programmes are aimed at improving knowledge of the value of women in the workplace and providing women with leadership training. According to the EFC, currently many women manage to progress from low- to mid-level occupations. However, there are fewer opportunities for women to progress to higher levels. Through these initiatives, the EFC expects to increase women's access to managerial roles and contribute towards empowering women in the workplace. The EFC has also established an HR solutions unit focused on developing policies that are required for workplace equity, and it advocates for women's empowerment policies at the national level. Additionally, the EFC aims to address other issues that women face in the workplace, such as gender-based discrimination and sexual harassment.

While normative and attitudinal transformations take time, as a majority of the stakeholders observed, economic stability and political commitment have a role to play in addressing gender wage inequalities and promote female labour force participation.

▶ 6. Policy recommendations

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▶ 6. Policy recommendations

The promotion of gender equality in the labour market has become the focus of attention of policy makers in many countries around the world. To achieve this, combating the GPG is vital. Indeed, the existence of gender wage differentials represents one of the clearest indications of the persistence of gender inequalities in the world of work. Addressing the GPG can in particular contribute to fostering an inclusive and equitable labour market, enhancing women's economic empowerment, and fully utilizing human capital for sustainable development. This will lead to important gains both in terms of economic growth and the reduction of inequalities.

The report has aimed at making a contribution in this direction by providing updated estimates on the GPG in Sri Lanka following different definitions of the GPG, as recommended by the ILO (ILO, 2018). The picture that emerges is that, when taking into account differences in the composition of the populations of male and female employees, the GPG is still high in the country (at around 27 per cent in 2019) and it has varied little in the last decade. Even higher levels of the GPG are found among low-skilled workers, employees in the informal economy and at the bottom of the wage distribution. Additionally, the decomposition exercise shows that the GPG cannot be explained by differences in observable characteristics between men and women. Rather, the entire GPG is unexplained and likely driven by discrimination in the labour market.

The report has also reviewed the existing legal and policy framework currently in place to combat the GPG in Sri Lanka. This includes measures that are directly aimed at avoiding any form of pay discrimination, but also broader interventions to promote gender equality inside and outside of the labour market. Interventions in these areas include, among others, social protection, measures to promote safety and health in the workplace, migration policies as well as interventions to combat gender-based stereotyping and institutionalized discrimination. An holistic approach to promote gender equality needs to be adopted, with interventions across different policy domains, in order to tackle the deep roots behind gender inequality.

The report has finally reviewed stakeholders' opinions on the nature and drivers of the GPG. The interviews with stakeholders shed light on important aspects that could be behind the presence of gender inequalities in the labour market. These include the role of gender roles and stereotypes, the lack of safe working conditions for many women (e.g. working at night), occupational segregation as well as gaps in social protection policies. Stakeholders also expressed their views on possible policy interventions that could be considered to combat the GPG, starting from the provisions included in the draft of the New Employment Bill. Discussions around the possibility of allowing women to do night work as well as the coverage and financing of maternity leave have been raised as of critical importance by multiple stakeholders.

With this in mind, this final chapter aims to provide some possible considerations on the way forward on how to tackle the GPG. These policy considerations are informed by the evidence presented in this report, as well as the knowledge on successful policy interventions that have been implemented in other countries around the world. The policy recommendations will be structured around the following thematic areas: (i) tackling the unexplained component of the GPG, (ii) education and labour market policies for empowering women in the labour force, (iii) minimum wage and collective bargaining policies, (iv) tackling the motherhood pay gap, and (v) the need of better data and analysis on gender wage differentials.

While these policy proposals will be presented in separate thematic areas, they should be regarded as part of a comprehensive approach to tackle gender inequalities in the labour market. Indeed, positive spillover effects exist across policy areas, such that the implementation of these interventions in a coordinated manner will increase their overall effectiveness.

Before presenting the detailed policy recommendations, two considerations are worth mentioning. The first one is that, while macroeconomic and job friendly policies will not be discussed in this chapter, they are also likely to positively contribute to the eradication of the GPG. This is particularly true in Sri Lanka, given that the GPG is higher at the bottom of the wage distribution and in the informal economy. In this context, policies that are not necessarily gender-specific, but that increase economic growth, the demand for labour and opportunities for decent work, are also likely to reduce the GPG.

The second consideration refers instead to the need of ensuring the implementation of policies as well as compliance with the legislation. This is particularly important given that a large share of employment in Sri Lanka takes place in the informal economy. There, women in are exposed to scarce legal protections from discriminatory labour practices (Seneviratne 2019, Seneviratne, 2020), which places them in a vulnerable position. [25] This calls for the importance of ensuring that policies and institutions also cover workers in the informal economy. Additionally, efforts should be put in place to promote the formalization of the informal economy.

Tackling the unexplained component of the GPG

The results of the analysis have shown that the GPG in Sri Lanka cannot be explained by differences in observable characteristics between male and female employees, but it is rather entirely unexplained. This means that policies to tackle the GPG should primarily aim to address the root causes behind a large unexplained GPG.

Very often, a large unexplained component of the GPG is driven by discrimination. Discrimination can be defined as those cases in which women are paid less than men for the same work or for work of equal value. This, in turn, can be driven by direct or indirect wage discrimination. Direct wage discrimination can materialize, for instance, in cases in which two jobs that are the same are given two different titles, depending on the gender of the person performing the job. Examples include the use of the title of "chef" for men, compared to the use of "cook" for women. Indirect wage discrimination is instead more subtle to detect and can take different forms. For instance, if pay levels are associated with bonuses that reward long hours of work, this can indirectly discriminate against women, who very often cannot work during long hours due to their family care responsibilities. In this situation, even if the normative framework does not explicitly discriminate against women, it will generate a disadvantage for women compared to men.

A number of initiatives can be implemented in order to tackle direct and indirect wage discrimination. For example, pay transparency policies have been shown to reduce wage discrimination and contribute to lowering the GPG. This is because pay transparency laws allow for addressing information asymmetries, providing employees access to information on payments, and open space for negotiation on payment scales. Research indicates that after pay transparency is implemented, the GPG decreases. Policies of this nature would enable female employees across the income distribution (belonging to both low-pay/low-skill and high-pay/high-skill occupations) to challenge gender-based pay discrimination (Bennedsen et al., 2022; Castilla, 2015). Many European countries have enacted legislation that requires firms above a certain threshold (e.g. 250 employees) to regularly report on the composition of their workforce as well as the pay levels of men and women in the enterprise.

In addition to legislation, governments can use other types of incentives and proactive interventions. For example, under the revised Gender Equality Act, since 2020, the Swiss government requires that all employers with 100 or more employees to carry out an equal pay analysis, which is then audited by an independent body. In addition, it only allows for public procurement through companies that respect equal pay between women and men. A freely accessible web tool has also been developed to enable companies to conduct objective analyses easily, in order to identify and address gender-based inequalities. This is supplemented with regular checks by the federal government to ensure tenderers for public procurement abide by the law (EPIC, 2023). EPIC can support governments, employers' and workers' organizations and other stakeholders in these efforts. This includes providing support to improve legislation, build capacity and strengthen monitoring and enforcement mechanisms. Relevant Sri Lankan government entities and stakeholder organizations would benefit from joining EPIC.

While national level policies and legislation are stepping stones to improving gender pay equality, it is also essential that private organizations proactively adopt non-discriminatory practices in the process of hiring, retaining, and promoting employees. This may take the form of regulations regarding hiring processes, including gender-neutrality in advertising vacancies, gender-sensitivity in interview questions, gender blind CV requirements, or blind auditions, which have been proven to be an effective alternative to traditional face-to-face interviews between a candidate and a hiring committee (Goldin and Rouse, 2000; Bertrand and

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[25]   Moreover, much of the employment that generated opportunities for women in the late 1980s and 1990s offered working conditions (and salaries) that were unregulated (Gunewardena et al, 2009).

Mullainathan 2004). Organizations should prioritize incorporating gender inclusivity and gender equality among their core values in accordance with international best practices. This fosters the space for advocating national level policies and legislation. International best practices that can guide these efforts include the Title IX legislation of the United States[26], and the Equal Pay Act of the United Kingdom.[27] A more challenging task lies in tackling the gender bias that features at the top-most deciles of the wage distribution – in other words, addressing the so called "glass ceiling". Having a formal gender diversity policy has been shown to increase the likelihood of women in leadership positions, much like gender quotas (Azmat and Boring, 2020).

Education and labour market policies

While the analysis has shown that the GPG cannot be explained by differences between men and women in terms of observable characteristics, there could still be benefits from improving women's labour market endowments. First, this is because the GPG has been shown to be smaller among highly-educated individuals. If more women acquire additional education and work in high-skilled occupation, this is expected to reduce the GPG. Second, this will contribute to promoting women in leadership and managerial positions, thereby challenging gender cultural norms and stereotypes. In this way, this can reduce the unexplained component of the GPG.

An important area of intervention here refers to combating female occupational or sectorial segregation. This refers to a situation in which women are clustered in specific sector or occupations, which are associated with lower wages. In particular, the evidence in the report has shown that women are more likely to work in specific sectors, such as Education, Health and the Public Administration. This can result from different choices. For instance, women are less likely than men to undertake studies in science, technology, engineering and mathematics (STEM).

This is true also in Sri Lanka. In particular, and despite their higher overall educational achievements, Sri Lankan women are underrepresented in certain STEM fields, both in senior secondary education and in undergraduate programs and in the completion of tertiary education. This underrepresentation is particularly evident in engineering, architecture, and technology (University Grants Commission, 2022).[28] In contrast, women significantly outnumber men in non-STEM fields such as the Arts, Education, and Management.[29] Studies in China, Switzerland and the United States suggest that exposure to male peers who have high ability in math lowers girls' likelihood of choosing or succeeding in STEM fields, while exposure to high-ability female peers has a positive effect on girls, with little or no effect on boys (Mouganie and Wang, 2020; Balestra, Sallin and Wolter, 2021; Cools, Fernández and Patacchini, 2019; Fischer, 2017). Studies in many countries, including India, China, South Korea, and in francophone Africa show that teacher-gender has a significant impact on girls' math and science scores (Muralidharan and Sheth, 2015; Xu and Li, 2018; Eble and Hu, 2020; Lee, Rhee and Rudolf, 2018; Park, Behrman and Choi, 2018; Dustmann, Ku and Kwak, 2018; Sohn, 2016). Given this empirical evidence, there is a need to understand and address the barriers that may hinder women's participation and performance in STEM education in the case of Sri Lanka, and act accordingly.

Minimum and collective bargaining

Wage policies can play an important role in reducing the GPG. Minimum wages, by introducing a wage floor and reducing wage dispersion at the bottom of the wage distribution, can reduce all forms of wage

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[26]   Title IX of the Education Amendments of 1972

[27]   Equal Pay Act 1940 Chapter 41

[28]   In Sri Lanka, Annual School Census figures on government school enrolments for Advance Level education in 2021 indicate that the share of female students is high in the biological science stream (72%) but is significantly lower in the physical sciences (38%) and technology streams (25%) (Ministry of Education, 2021).

[29]   For instance, in 2022, of those who completed their graduate degree in Engineering, 29% were female. This is in contrast to non-STEM fields where the female share was significantly higher: Arts (83%), Education (84%), Management (69%) (University Grants Commission, 2023).

inequalities, including the GPG. This is especially the case in countries, like Sri Lanka, where the GPG is higher in the first deciles of the distribution.

The National Minimum Wage of Workers Act No.16 of 2021 ensures a mandatory minimum payment to all workers which supersedes the minimum wages of all wages boards decisions. However, the National Minimum Wage is currently set at a monthly minimum wage of LKR 12,500 (with additional budgetary relief grants, the total minimum earnings are LKR 16,000). This is a very low wage considering the poverty line of LKR 13,777 (per person per month) in December 2022 (Department of Census and Statistics, 2022). A single individual earning the national minimum wage would barely meet their basic consumption cost, let alone the needs of a family. Introducing regulations that require the regular revision of Sri Lanka's national minimum wage and complementing this measure with widespread information dissemination and legal implementation measures, could increase wages for women in the lower deciles.

At the same time, for minimum wages to effectively contribute to the reduction of the GPG, it is also important to ensure that they do not discriminate, even indirectly, against women. This might happen if, for instance, the minimum wage does not apply to certain categories of workers, such as domestic workers, where women are more likely than men to be employed.

Another important wage policy to combat the GPG is represented by collective bargaining. Even in this case, the main rationale behind the use of this policy instrument is that collective bargaining has been shown to reduce different forms of wage inequalities. This can include the reduction of gender wage inequalities, especially if collective bargaining explicitly aims to tackle the drivers behind the existence of the GPG (e.g. work-life balance, occupational segregation).

In this respect, the level at which collective bargaining takes place seems to play a crucial role. In particular, evidence shows that more centralized collective bargaining is more effective than decentralized collective bargaining in reducing the GPG (ILO, 2018). This means that, in instances when collective bargaining predominantly takes place at a decentralized level, it might be sensible for the social partners to set common guidelines on how to address gender-specific issues. Additionally, it is important to ensure that the attention towards gender topics is not diluted when other competing needs arise (e.g. the need to preserve jobs during a recession).

All this points to the importance of guaranteeing that women are represented in leadership roles among both trade unions and employers' confederations. The evidence collected during consultations with stakeholders suggests that this might be an issue in Sri Lanka. In particular, very few trade unions leaders are women. The absence of female held positions within the unions has also led to a lack of engagement with female employee concerns more broadly, not solely pertaining to wages but also regarding employment terms and workplace conditions. Kittilson (2008) shows that higher representation of women in policy debating bodies results in better work environment policies. There is therefore a need for greater female representation in collective bargaining bodies, including trade unions and other industry lobbying bodies.

Tackling the motherhood pay gap

In many countries around the world, the GPG can at least partially be connected to the so-called motherhood pay gap. This means that gender wage differentials against women arise because of their higher share of family care responsibilities that arise around the time of childbirth. Indeed, the birth of a child in the household has been shown to generate large and persistent wage and employment penalties for the mothers, but not for the fathers.

Even in this case, a range of policies can be put in place in order to reduce the wage penalty that can be associated with motherhood. These include interventions to (i) ensure adequate and evenly distributed parental leave, (ii) increasing the coverage and quality of childcare services, and (iii) promoting the use of more flexible work arrangements such as part-time work.

Starting from parental leave, the Maternity Leave Benefits Ordinance entitles a female employee to 12 weeks (84 days) of maternity leave for the birth of a child. In terms of maternity leave benefits, the Shop and Office Employees Act allows for an employee on maternity leave to be fully paid, while under the Maternity Benefits

Ordinance the employee is eligible for 6/7th of her wages during the period of maternity leave. Employers in Sri Lanka's private sector bear the responsibility of maternity leave. In terms of paternity leave, the public sector mandates a special paternity leave of 3 days, while there is no such obligation in the private sector. Several large companies in Sri Lanka have introduced paternity leave of equivalent duration to maternity leave on a use-it-or-lose-it basis (John Keells, 2022).

In this context, there is a risk that this organization of parental leave generates unintended disadvantages on women. In particular, the fact that women are entitled to longer leave periods than men and that the cost of maternity leave falls entirely on employers might discourage firms to hire women, in this way perpetuating traditional social norms and reinforcing the glass ceilings (Mandel and Semyonov, 2005; Datta Gupta, Smith and Verner, 2008; Corekcioglu, Francesconi and Kunze, 2020). Research indicates the provision of state-funded maternity leave coverage for all women outside the public sector can be undertaken without a massive cost to the state (Verité Research, 2020). This will reduce the cost of hiring women, as compared to men.

To make further progress on this front, it could also be considered to introduce mandatory paternal leave policies. Paternity leave policies have been successful in some countries in increasing mothers' wages, reducing intra-household GPGs, and increasing total household wage incomes (Andersen, 2018). To be effective, these leave entitlements need to have universal coverage, be adequately compensated, and include a "use it or leave it" clause. This will contribute to equalising the costs to employers of hiring men and women, while challenging the gendered perception that women should assume childcaring responsibilities/roles (Sevilla, 2020).

In addition to improving parental leave policies, it is also important to increase both the coverage and quality of childcare services. Indeed, this will allow women to more rapidly return to the labour market after childbirth, if they wish to do so, and avoid the emergence of large gender career gaps that can last for the continuation of an individual's career.

Women bear the burden of unpaid care work in Sri Lanka, much like in the rest of the world. According to a survey conducted by the Department of Census and Statistics in 2017, 87.3 percent of women carried out the unpaid care and unpaid domestic work within a household (DCS, 2020). Many countries have successfully implemented gender-specific policies aimed at reducing women's unpaid care burden as a means of encouraging women to remain in the labour market. These include family leave provisions, childcare policies, and flexible working arrangements.

Evidence indicates that the availability of childcare services is associated with a reduction in the GPG (Borck, 2014). Therefore, policies targeting enhanced access to childcare services can enable women to effectively balance the professional and personal aspects of their lives, ensuring continued participation in the workforce and financial independence. Such initiatives may include government-funded childcare facilities, community-based childcare programs such as those piloted in Bolivia (Behrman et al., 2001) and Vietnam (Watanabe et al., 2005), or employer-sponsored childcare facilities, as evidenced by a comprehensive series of case studies conducted in Sri Lanka (International Finance Corporation, 2018).

In addition to guaranteeing access to childcare, an important aspect is affordability of the services provided. In this regard, UNICEF (Waidler et. al., 2021) recommends establishing a network of high- quality publicly funded preschools managed by municipal councils or Pradeshiya Sabhas for children living in low-income families.

A final area of intervention to reduce the motherhood pay gap refers to promoting the use of flexible working arrangements. Implementing flexible work arrangements, including work-life balance policies, can effectively address work-life conflicts and alleviate the double burden of work often experienced by women. Evidence shows that in countries such as Canada, mothers who had completed their tertiary education derived benefits from flexible working schedules, thus mitigating barriers that they face in accessing well-paying occupations (Fuller & Hirsh, 2018).

Encouraging part-time work is another way in which female labour force participation can be increased. This has had much success in European countries, leading to an increase in women's employment rates. Specifically, the Netherlands has observed an improvement in employment return rates among pregnant women due to the provision of the right to work part-time through the Adjustment of Working Hours Act (Barbieri et. al.,

2019). In the case of Sri Lanka, the World Bank reports that the percentage of women in part-time work is 11 percentage points greater than men 2020. However, Sri Lanka's labour laws have no reference to the concept of part-time work, which is a gap in policy that needs to be addressed.

Finally, existing legislation in Sri Lanka restricts night work for women while there are no restrictions for night work on men. [30] Although these provisions are intended to protect women, they effectively discriminate against women by restricting their employment opportunities. While these provisions do not cover all sectors, they still apply to the information technology and business process outsourcing sectors, although the nature of work in these sectors requires employees to work also at night to meet demands from international clients. The exceptions also do not include women in the tourism sector, which possibly explains why women represent less than 10 percent of the tourism industry (Ministry of Tourism and Hospitality, 2018).

A bill to amend the Shop and Office Employees (regulation of employment and remuneration) Act to allow women working in information technology companies, knowledge outsourcing, BPO, and offices performing accounts administration to work beyond the stipulated hours has been gazetted for enactment by Parliament (Island, 2023).

Better data and analysis

The analysis presented in this report has used data from the Sri Lanka's LFS. Labour force and household surveys are frequently used to compute gender wage differentials in different countries around the world. Indeed, they allow to obtain a comprehensive picture on the extent of the GPG as well as its different distribution across groups in the labour market (e.g. by sector or occupation). Additionally, applying the decomposition exercise mentioned in this paper, it is also possible to understand what share of the GPG is explained by observable characteristics, and what proportion is instead unexplained.

However, it is very often difficult to understand, using traditional survey data, what are the root causes behind the existence of gender wage differentials. In particular, labour force or household surveys often lack information on aspects such as the division of care work in the household, individuals' preferences over work-life balance, cultural norms, and constraints to labour force participation. Additionally, it is often not possible from labour force or household surveys to reconstruct the full family structure (e.g. if an individual has children and eventually how many of them, including both those living in the household and those who might have already left the household). To fill these gaps, it might be sensible to introduce specific modules aimed at better understanding the extent and drivers of gender inequalities. These ad-hoc modules do not necessarily need to be repeated every year, as the root causes behind gender inequalities are likely rather stable over time. This means that their inclusion in standard surveys would come with limited costs for public finances, while allowing to gather very useful information.

Always in terms of data availability, it could be considered to introduce surveys of longitudinal nature (i.e. tracking the same individuals over time). This will allow to follow men's and women's employment and life trajectories over time, including around the time of childbirth or other critical life events. This will allow to better understand the causes behind the emergence of the GPG (e.g. how the GPG evolves after a woman has a child).

A final consideration refers to the importance of correctly interpreting the findings of the analysis. As this Report has made clear, different definitions and measures of the GPG can lead to different results. For instance, in Sri Lanka the GPG is rather low if estimated using the raw measure (especially at the mean of the wage distribution, where it was equal to 8% in 2019), while it is substantially higher if taking the factor-weighted measure of the GPG (which was equal to 27% in the same year). Of course, results that are so different can lead to very different interpretations and would imply different policy recommendations. For these reasons, it is important to always clarify what definition of the GPG is being used and what assumptions lie behind it.

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[30]   The Shop and Office Employees Act No. 19 of 1954, The Factories Ordinance No. 45 of 1942 and the Employment of Women, Young Persons and Children Act No. 47 of 1956.

▶ 7. Conclusions

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▶ 7. Conclusions

Gender inequalities persist in the labour markets of most countries around the world. These include differences between men and women in the probability of accessing employment, as well as in the quality of the jobs they occupy. This report has focused specifically on one form of inequality, which corresponds to pay inequalities between women and men in wage employment. The persistence of the GPG across countries, region and global is nowadays considered one of the most outstanding forms of social injustice and increasing attention has been paid by policy makers around the world to tackle unjustified pay gaps between women and men. SDG 8 "Decent work and economic growth" includes the objective to achieve "equal pay for work of equal value" (target 8.5) as one of the most sought after goals in the 2030 UN Agenda. This would contribute towards reducing the gap between "average hourly earnings of female and male employees" (indicator 8.5.1).

Against this backdrop, this report has presented updated estimates on the GPG in Sri Lanka providing not just an estimate of the gap but an in-depth analysis that unveils the factors behind the gap. The picture that emerges is that, when taking into account differences in the composition of the population of male and female employees, the GPG in Sri Lanka is still quite high and it has not substantially decreased over the last decade. The GPG is particularly high among low-educated individuals and informal workers. Accordingly, higher levels of the GPG are found at the bottom of the wage distribution. Conducting the decomposition exercise shows that the GPG in Sri Lanka cannot be explained by differences in observable characteristics between men and women. Rather, this is likely driven by either direct or indirect discrimination.

These results point to the importance of implementing interventions to reduce the GPG. Hence, the report includes a review of existing policy and legislative framework to combat gender inequalities in the labour market and summarised stakeholders' opinions on the drivers behind the GPG as well as the possible way forward. The current legislative framework prohibits any form of discrimination based on gender, but the empirical evidence shows that more needs to be done in order to make such policies and legal framework an effective machinery against pay discrimination. Currently, proactive interventions are in place to promote female employment and to help improve their working conditions. However, additional efforts could be implemented; these include, in particular, efforts to eradicate the unexplained component of the GPG. This could be done, for instance, by promoting pay transparency at the enterprise level, incentivizing firms to uphold the principle of equal pay for work of equal value through the use of gender neutral job evaluations or procurement policies that are gender sensitive. The motherhood gap continues to be an important hurdle at reducing pay gaps between women and men: the evidence in Chapter 3 show this to be one important factor in the case of Sri Lanka. Thus, additional policies could be implemented to reduce the motherhood penalty, including compulsory leave for fathers that leverages the perceived cost of women in child-raring age vis-à-vis men, increasing access to childcare services including through the public sector or provided at the level of the enterprise, improving the provisions with respect to parental leave for both mothers and fathers, and investigate the use flexible work arrangements as a possible tool to increase the participation of women in paid employment across all economic sectors

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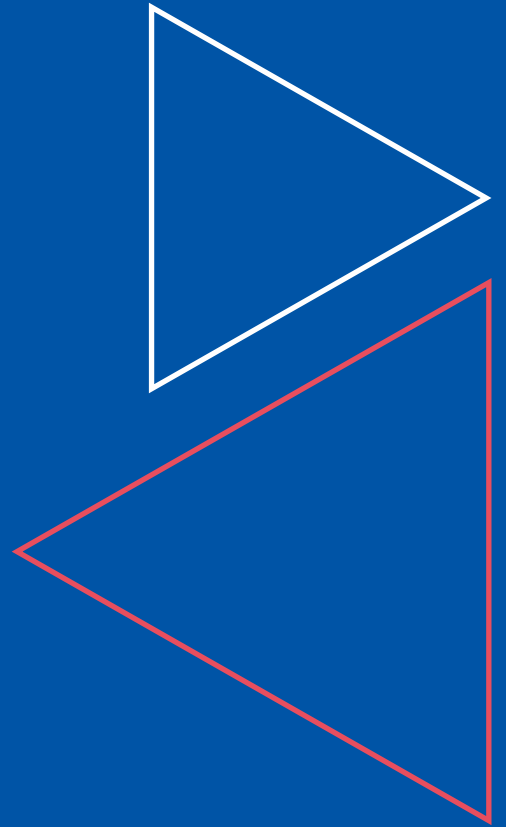
▶ Annex

Annex Table 1: Detailed breakdown of mean wages, median wages and the raw Gender Pay Gap (GPG)

	Mean Wage (LKR)		Median Wage (LKR)		Raw Mean GPG	Raw Median GPG
	Male	Female	Male	Female		
Overall	172	159	146	124	8%	14%
Technical and Associate Professional	207	195	194	187	6%	4%
Professional	301	257	273	253	15%	7%
Clerical Support Worker	190	164	181	159	14%	12%
Manager	330	294	292	255	11%	13%
P & M Operators and Assemblers	157	117	147	117	25%	20%
Service and Sales Worker	146	116	130	97	21%	25%
Elementary Occupations	126	91	114	80	28%	30%
Craft Worker	169	100	152	95	41%	38%
Skilled Worker	132	83	117	62	37%	47%
Mining	110	156	95	152	-42%	-60%
Construction	170	205	152	204	-21%	-34%
Transport & Storage	167	219	156	207	-31%	-33%
Electricity	237	254	198	233	-7%	-18%
Arts	194	207	173	187	-7%	-8%
Public Administration	213	218	202	204	-2%	-1%
Education	254	243	251	245	4%	2%
Professional & Scientific	215	191	194	187	11%	4%
Health	245	221	207	192	10%	7%
ETOs	325	302	250	227	7%	9%
Administrative Services	162	146	146	122	10%	16%
Accommodation & Food Storage	154	123	136	104	20%	24%
Wholesale & Retail	157	117	130	97	25%	25%
Other Services	143	142	130	97	1%	25%
Finance & Insurance	268	211	222	164	21%	26%
Agriculture	119	82	102	74	31%	27%
Manufacturing	161	114	140	98	29%	30%
Information & Communication	300	236	255	167	21%	35%
Household Activities	122	82	112	73	33%	35%
Water Supply	194	169	181	112	13%	38%
Real Estate	167	93	151	56	44%	63%
Age: 24 and below	129	111	117	102	14%	13%
Age: 25 - 34	177	173	151	156	2%	-3%
Age: 35 - 44	186	169	161	146	9%	9%
Age: 45 - 54	181	167	156	122	8%	22%
Age: 55 and above	162	143	138	93	12%	33%
None	120	80	104	73	33%	30%
Pre-Primary	130	76	112	70	42%	38%
Primary	122	85	109	79	30%	28%
Pre-OL	142	97	130	86	32%	34%
OL	174	136	158	119	22%	25%
AL	224	199	204	188	11%	8%
Tertiary	347	279	292	251	20%	14%
Public	223	245	204	233	-10%	-14%
Semi-public	225	204	196	183	9%	7%
Private	163	119	138	97	27%	30%
Formal	212	195	187	178	8%	5%
Informal	139	90	124	78	35%	37%

Annex Table 2: Factor Weighted Gender Pay Gap (FWGPG) – detailed breakdown

FWGPG Categorization	Sample Size	Male		Female		Mean GPG	Median GPG	Popu-lation Share	Mean GPG Weighted Share	Median GPG Weighted Share
		Mean Wage	Median Wage	Mean Wage	Median Wage					
Low Education Informal 15 - 34 Years	1981	132	117	84	77	36%	34%	11.2%	4.1%	3.8%
Low Education Informal 35 - 44 Years	1553	147	136	87	76	41%	44%	9.0%	3.7%	4.0%
Low Education Informal 45 - 64 Years	3117	134	117	82	70	39%	40%	15.7%	6.1%	6.3%
Low Education Formal 15 - 34 Years	851	137	128	106	97	23%	24%	5.1%	1.2%	1.2%
Low Education Formal 35 - 44 Years	799	148	142	104	97	30%	32%	4.9%	1.4%	1.5%
Low Education Formal 45 - 64 Years	1042	150	137	101	87	33%	36%	6.0%	2.0%	2.2%
OL Education Informal 15 - 34 Years	598	133	121	95	86	29%	29%	3.6%	1.0%	1.0%
OL Education Informal 35 - 44 Years	261	155	131	101	83	35%	37%	1.7%	0.6%	0.6%
OL Education Informal 45 - 64 Years	342	150	131	92	72	39%	45%	1.9%	0.7%	0.9%
OL Education Formal 15 - 34 Years	624	186	171	145	134	22%	22%	4.0%	0.9%	0.9%
OL Education Formal 35 - 44 Years	436	208	194	168	159	19%	18%	2.7%	0.5%	0.5%
OL Education Formal 45 - 64 Years	539	205	192	179	165	13%	14%	3.2%	0.4%	0.5%
AL Education Informal 15 - 34 Years	456	140	122	101	88	28%	28%	2.8%	0.8%	0.8%
AL Education Informal 35 - 44 Years	110	168	170	123	97	27%	43%	0.7%	0.2%	0.3%
AL Education Informal 45 - 64 Years	131	179	156	121	93	32%	40%	0.8%	0.3%	0.3%
AL Education Formal 15 - 34 Years	1180	214	194	180	170	16%	12%	7.3%	1.2%	0.9%
AL Education Formal 35 - 44 Years	711	261	233	230	219	12%	6%	4.5%	0.5%	0.3%
AL Education Formal 45 - 64 Years	871	261	233	267	255	-2%	-9%	5.4%	-0.1%	-0.5%
Tertiary Education Informal 15 - 34 Years	59	164	117	135	117	18%	0%	0.3%	0.1%	0.0%
Tertiary Education Informal 35 - 44 Years	12	266	194	225	133	15%	31%	0.1%	0.0%	0.0%
Tertiary Education Informal 45 - 64 Years	21	0	0	0	0	0%	0%	0.1%	0.0%	0.0%
Tertiary Education Formal 15 - 34 Years	541	328	272	260	233	21%	14%	3.4%	0.7%	0.5%
Tertiary Education Formal 35 - 44 Years	515	353	280	278	251	21%	10%	3.2%	0.7%	0.3%
Tertiary Education Formal 45 - 64 Years	426	388	350	336	304	13%	13%	2.6%	0.3%	0.3%
FWGPG						27%	27%	100.0%	27.1%	26.6%

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