



Gender Pay Gap In Georgia

Economic Outlook and Indicators

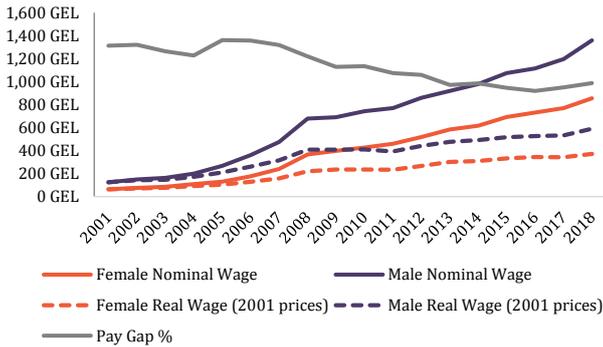
Delivering Progress

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Gender pay gap has become a prominent issue across the world. Indeed, women on average earn 25% less than men in a number of Western countries¹. This gap has negative effects not only on society as a whole, but also on economic growth. According to McKinsey & Company, achieving gender parity could increase the economy by two digit percentage points².

The aim of this newsletter is to briefly examine the roots of the gender pay gap³ in Georgia, to reveal the differences of average wage in various sectors, distributions of labour force according to gender and hourly wages for males and females. Due to data limitations, only the wages of hired employees are considered.

Average Wages & Gender Pay Gap

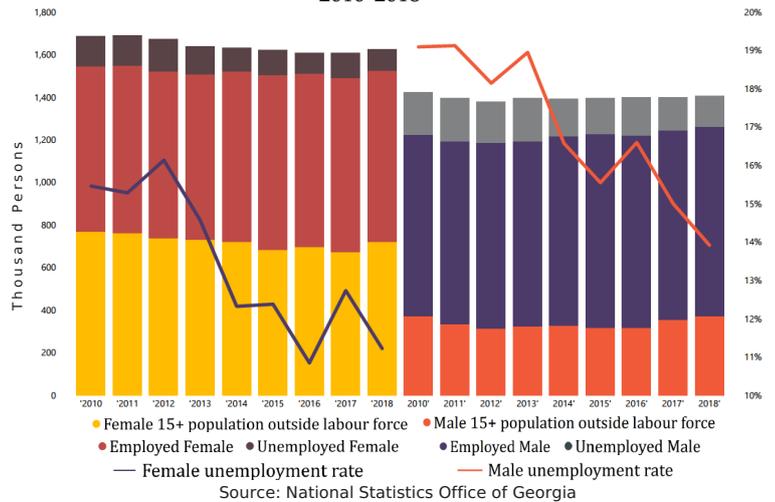


Source: National Statistics Office of Georgia

Currently, the average wage⁴ for men in Georgia is 1360.5 Lari and for women it is 856.2, meaning the gender pay gap of 37.07%. The gap can be traced back to 2001, when the average female worker's wage was nearly half of the average man's and the gap was 49%. In spite of the fact that absolute differences between wages have been rising, the percentage has been steadily declining since 2005. Between 2005 and 2013, the pay gap fell from 51.06% to 36.43%, before gradually rising to 37.07% today. If the aforementioned trends of the last 10 years continue, it would take 30 years to completely eradicate the gap. But with the past 5 year trends, women's and men's average wages will never converge.

In 2018, the working age population of Georgia, (those aged 15 and above), was 3.034 million. Women accounted for 53.6% of the working age population, but made up only 46.6% of the labour force, which means that far more women choose to stay out of the labour force. Female labour participation rate, which is equal to labour force divided by working age population, has increased from 54.4% in 2010, to 55.6% in 2018. This slight increase could be attributed to the shrinking population, as the actual labour force has decreased. The current female participation rate of 55.6% seems modest, especially when compared to the 73.6% participation rate for men. Even when the pensioners deducted from both genders' working age populations, women's participation rate is 77.8%, while for men it is still higher and is equal to 86.2%. This difference could be explained by various cultural stereotypes and, according to the empirical evidence, the lower female participation rate directly contributes to the pay gap⁵.

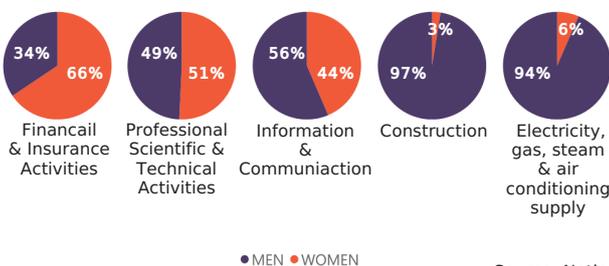
Distribution of the working age population in Georgia 2010-2018



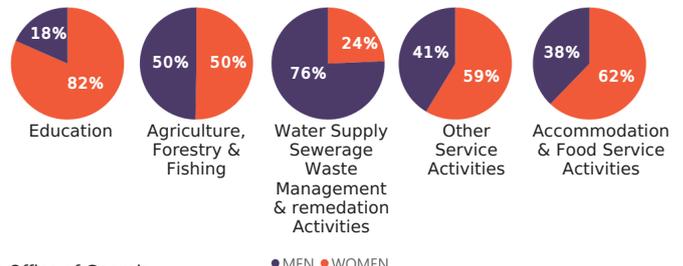
Source: National Statistics Office of Georgia

One of the drivers of the gender pay gap is the different gender distributions across different sectors, as women mostly work in low-paying sectors. Of the five sectors with the highest average wages, only one is significantly dominated by women, whereas three of the five sectors with the lowest average wages are dominated by women. In particular, men heavily outnumber women in *Construction* sector and *Electricity, gas, steam and air conditioning supply* sector, where they account for more than 97% and 94% of the workforce. The average wage in the *Construction* sector & *Electricity, gas, steam and air conditioning* sector is 1757 and 1513 Lari respectively, making them fourth and fifth highest-paying sectors. For purpose of comparison, bear in mind that women make up about 82% of the *Education* sector, where the average for both genders is 600 Lari, making it the lowest-paying sector.

Highest Paying Sectors By Ratio Of Genders 2018



Lowest Paying Sectors By Ratio Of Genders 2018



Source: National Statistics Office of Georgia

The disparity in wages can also be explained by differences in working hours. As the data shows, women on average work fewer hours compared to men. For convenience, data is adjusted with the eight-hour workday taken as standard for every gender in every sector, thus the bias of hours worked is mostly omitted. It is important to point out that after adjusting the data, the adjusted pay gaps⁶ have decreased in every sector except the *Arts, entertainment and recreation* sector. Interestingly, in the *Public administration and defence, compulsory and social security* as well as in *Education* sectors the pay gap has been reversed whereby women now earn more on average than men.

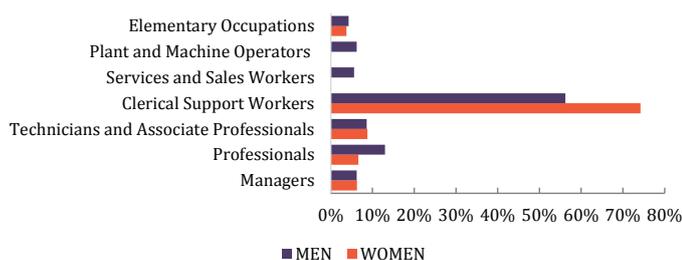
Average wage in GEL by sector, gender and respective actual and adjusted pay gaps (2018)

Sectors	Women's Monthly Wage	Men's Monthly Wage	Actual Pay Gap	Womens's Hourly wage	Men's Hourly Wage	Adjusted Pay Gap
Agriculture, forestry and fishing	777	718	-8.10%	7.58	5.72	-32.53%
Human health and social work activities	884	1313	32.65%	4.95	6.82	27.47%
Construction	1328	1802	26.35%	7.34	8.41	12.78%
Wholesale and retail trade	784	1271	38.32%	3.78	6.01	37.07%
Transportation and storage	1047	1452	27.84%	5.77	7.10	18.72%
Accommodation and food service activities	781	1038	24.78%	3.61	4.36	17.10%
Information and communication	1446	1986	27.17%	8.59	10.22	15.96%
Financial and insurance activities	1499	3461	56.70%	8.32	18.36	54.66%
Real estate activities	793	1267	37.39%	4.69	6.50	27.85%
Professional, scientific and technical activities	1421	2355	39.66%	8.94	12.98	31.08%
Administrative and support service activities	1073	969	-10.74%	5.92	4.29	-37.98%
Public administration and defence	1178	1307	9.86%	6.61	5.89	-12.15%
Education	582	665	12.49%	4.77	4.34	-9.75%
Arts, entertainment and recreation	865	1134	23.75%	5.11	6.72	24.02%

Source: National Statistics Office of Georgia & Author's calculations

Another factor which contributes to the gender pay gap is differences in the nature of work performed. Notably, in *Financial and insurance activities*, where the gap is the most noticeable, 74.2% of women work in clerical support roles, while only 56.2% of men in the same sector occupy the same low-paid roles. However, when it comes to high-paying jobs, 6.6% of women are designated as Professionals, while men outnumber women by 2 to 1 in this sector, by ratio.

Occupations of women and men working in Financial and Insurance Activities 2018



Source: National Statistics Office of Georgia

Unfortunately, it is impossible to determine what the gender pay gap would be with the above-mentioned factor taken into account, as there is no precise data available on wages for different occupations. Yet, it might be regarded with certainty that significant part of the pay gap is caused by different amount of hours spent at work by men and women and different career choices made by boys and girls. It is of note that even with the adjusted hourly wages (accounting for the differences in the hours worked), the pay gap still persists. The analysis of factors contributing to these differences which eventually result in the gender wage gap is beyond the scope of this newsletter and requires a more qualitative approach to the matter.

¹ World Economic Forum: The global gender gap report 2018.

² McKinsey Global Institute: The Power of Parity, September 2015.

³ The gender pay gap, or the gender wage gap, is the mean average difference between the remuneration of working men and women. Here, it is presented as a percentage representing the difference between average gross monthly earnings of male and female employees, as a percentage of male gross earnings. Eurostat 2019.

⁴ Wage data of 2018 is preliminary.

⁵ Gender Equality and Development; World Bank Report 2012.

⁶ Because of the data insufficiency, it is not possible to derive the adjusted pay gap for the following six sectors: Mining and quarrying sector; Manufacturing; Electricity, gas, steam and air conditioning supply sector; Water supply, sewerage, waste management and remediation activities sector; Industry sector and "Other service activities".

Basic Economic Indicators	2014	2015	2016	2017	2018
Nominal GDP (mIn USD)	16507.8	13988.1	14377.9	15086.5	16207.1*
GDP per Capita (USD)	4438.3	3754.9	3857.3	4046.8	4345.5*
GDP Real Growth (%)	4.6%	2.9%	2.8%	4.8%	4.7%*
Inflation	3.1%	4.0%	2.1%	6.0%	2.6%
FDI (mIn USD)	1,817.7	1,665.6	1,565.8	1,894.5	1,232.4*
Unemployment Rate (%)	14.6%	14.1%	14.0%	13.9%	12.7%
External Debt (mIn USD)	4,199.8	4,314.9	4,515.7	5,177.4	5,434
Poverty Rate (relative)	21.4%	20.2%	21.0%	22.3%	20.1%

*Preliminary data