

## INSIDE THE GENDER PAY GAP: WHAT EXPLAINS DISPARITIES IN GENDER PAY IN NAMIBIA?

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Despite major advances in both educational attainment and workforce participation, Namibian women still earn less than their male counterparts. The gender pay gap (GPG) - the amount by which women's salaries fall below or exceed men's salaries - remains a permanent fixture of the Namibian labour market and currently stands at 11.4 percent per annum.<sup>1</sup> On average, this implies that women would have to work an additional 47 days per year in order for their annual earnings to equal that of their male counterparts. The gap has narrowed improved as compared to 20.4 percent recorded in 2012. Despite the improvements, the gap is still higher as compared to Sub-Sahara Africa (SSA) countries of Burundi (-31.6%) and Rwanda (10.3 %).<sup>2</sup>

The persistence of the gender pay gap in Namibia is surprising given the advancements women have made in education, particularly among younger generations. Namibian women have achieved parity with men in education and health according to the Global Gender Gap Index, but do not fare as well in economic participation and opportunity or political empowerment. Women also currently outnumber men at universities and achieve higher marks across the board throughout their schooling years (EMIS 2011).

Numerous initiatives have been implemented by government and other organisations to redress the gender equality. Legislation has been enacted to prohibit discrimination based on gender, government policies have sought to support women's participation in the paid labour force through childcare and social transfers, and numerous organisation have continued to advocate for gender equity within the workplace.

In 1998, the Affirmative Action Act establishes the establishment of the Employment Equity Commission, legislated to promote and improve female participation in Namibian workplaces. The Act requires that designated groups enjoy equal employment opportunities at all levels of employment and are equally represented in organisations. The Employment Equity Commission through the Affirmative Action Act requires organisations to report annually according to the number of vacancies filled, remuneration and gender equity. Labour Act of 2007 and the Social Security Act (1994) have also been enacted to boost economic and employment inequalities between men and women. Despite this, Namibia's gender pay gap remains.

This brief seeks to add to, and strengthen, the evidence of gender pay gaps in Namibian workplaces. Using data from the Namibia Statistics Agency (NSA)'s Namibia Labour Force Survey (NLFS 2014), this brief investigates the nature and extent of Namibia's gender pay gap. In addition, gender pay gaps across employment and industry sectors are compared and the potential causes of these gender pay gaps are explored.

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<sup>1</sup> The gender pay gap expresses the average difference between male and female earnings as a percentage of average male earnings and is usually based on gross hourly earnings among employed individuals (Publications Office of the European Union, 2014). If the gender pay gap is positive, it indicates that women's salaries are on average lower than men's salaries, with the opposite holding true if the gender pay gap is negative.

<sup>2</sup> The gap was computed using The Global Gender Gap report 2017 countries estimated earned income.

## KEY FINDINGS

**Women work fewer hours and are less-likely to be full-time employed than men:** Employed women in Namibia work 42 hours per week, on average. By contrast, employed men work nearly 48 hours per week, on average. Women are also less likely to be engaged in full-time work than men. While 82 percent of male workers are full-time employed, the figure for employed women is only 72 percent<sup>3</sup>. These differences imply that men could be expected to have higher monthly earnings, on average, based purely on the fact that they generally work more hours per month than women.

**Men earn more per hour than women and have significantly higher monthly earnings, on average:** Table 1 shows that men have marginally higher average hourly earnings rates than women, with women earning 1.7 percent less per hour on average than men. However, because of the aforementioned differences in the average number of hours worked per month, men have significantly higher average monthly earnings than women.

**Table 1 - Gender pay gap in Namibia**

	Women	Men	Gender Pay Gap (%)
Hourly earnings (N\$)	36.0	36.6	1.7
Monthly earnings (N\$)	6 164	6 962	11.4

Source: Author's own calculations based on the NLFS 2014

**Men earn more than women in key sectors of the economy:** Table 2 shows that men earn more than women in four out of six employment sectors. Notably, these four sectors account for 71 percent of all employment in Namibia. The government sector is the only major employer to record a negative gender pay gap.

**Table 2 - Average hourly earnings (N\$) by gender and sector**

	Female	Male	Gender Pay Gap (%)
Government	64.0	63.5	-0.8 <sup>4</sup>
Parastatal	65.1	115.8	43.8 <sup>5</sup>
Private Enterprises	28.6	30.5	6.1
NGOs	15.6	36.2	56.8
Subsistence/Commercial	4.1	6.0	31.2
Other	13.8	13.3	-3.7

Source: Author's own calculations based on the NLFS 2014

**The Labour Force Participation Rate (LFPR) of females is lower than that of males in Namibia and fewer women are engaged in the formal sector** (Table 2.1). Thus whereas 48 percent of women are in the labour force almost 52 percent of males are. More women have left the labour force. The LFPR of women declined from 68.8 percent in 2013 to 66.6 in 2016. The steady decline in female labour force participation contrasts with the gradual increase of male participation over the past three years. Inequality in the labour force participation results in inequality of earnings between sexes, thus creating and exacerbating income inequality. In Namibia, poverty is more prevalent in female-headed households (11.13 percent) as compared to male-headed households (8.53 percent). Labour force activities are divided into formal and informal sectors<sup>6</sup>. As can be seen in Table 2.1, 44 percent of employed males are in the formal sector whereas only 31 percent of employed women are in the formal sector. On the other hand 11.5 (13.5) percent of employed women (Men) are in informal sector.

<sup>3</sup> Individuals who work fewer than 35 hours per week are considered to be part-time employed.

<sup>4</sup> Women account for a much higher share of government sector compared to men. There are 51 972 (43 901) women (men) employed in the public sector. The differences in the gap could be attributed by the female dominating the aforementioned sector. The brief also concluded that female lawyer earned four (4) times more as compared to their counterparts. It is also evident that all the pharmacists, Education Method Specialists, Economists, Civil & Mechanical Engineering Technicians and Stenographers, Typists, Word processor employed in the aforementioned sector are all female.

<sup>5</sup> In parastatals, male average hourly rate is eighteen times more as compared to female in the Finance and Sale Associate Profession occupation. The differential has contributed to the widening of the gender pay gap in the parastatal sector.

<sup>6</sup> Formal sector are those sanctioned by government whereas informal refers to transactions sometimes involving cash, which lie outside regular employment. Such transactions definitely bypass policies, rules and regulations of government.

**Table 2.1: Labour force participation and type of employment (%)**

	Women	Men	Total
<b>Labour force participation</b>	66.8	71.7	69.2
Employed as % of employed labour force	48.0	52.0	72.1
unemployed as % of unemployed labour force	57.4	42.6	27.9
<b>Formal sector as % employed</b>	31.0	44.0	75.0
Government	10.8	9.2	20.0
Parastatal	2.7	4.1	6.9
A private enterprise (formal)	16.3	26.0	42.2
Private household (commercial farm)	1.1	4.8	5.9
<b>Informal sector as % employed</b>	11.5	13.5	25.0
A private enterprise (informal)	2.9	4.6	7.5
Non-profit organization	0.2	0.5	0.7
Cooperative	0.2	0.5	0.7
Private household (subsistence farm)	2.1	5.7	7.7
Private household (non-farm)	5.9	2.0	7.9
Other reason, specify	0.1	0.1	0.2
Don't know	0.1	0.1	0.2

Source: Author's own calculations using the NLFS 2014

Among the people in the labour force the most common occupation, regardless of gender, is skilled agriculture, followed by Elementary occupations and Services shops & market sales workers (Table3). Very few women work as Craft trade workers, Plant and Machine operators and Armed forces. Thus only 17.3 percent of the 136,418 people working in these occupations are women. The situation is more balanced among those working as professionals, technicians and associate professionals. Thus 4.2 percent of professionals and 2.9 percent of technicians and associate professionals in Namibia are women. This is not surprising as professionals and associate professionals include nurses and teachers. Women clearly dominate as clerks 3.3 percent and service shops and market sales workers 8.3 percent. On the other hand, women dominate in skilled agriculture & fishery workers.

**Table 3: Occupation type in the labour force by gender**

	Female	Male	Total
Legislators and managers	1.4	1.7	3.1
Professionals	4.2	3.0	7.2
Technicians and associate professionals	2.9	2.4	5.4
Clerks	3.3	1.3	4.6
Services shops & market sales workers	8.3	6.3	14.6
Skilled agriculture & fishery workers	12.4	10.8	23.2
Craft trade workers	2.8	10.5	13.4
Plant and machine Operators and assemblers	0.2	4.4	4.6
Elementary occupations	12.4	10.5	22.9
Armed forces	0.3	0.9	1.2
<b>TOTAL</b>	<b>48.1</b>	<b>51.9</b>	<b>100</b>

Source: Author's own calculations using the NLFS 2014

**Men earn more than their female counterparts in most industries.** Out of a total of 21 industries in Namibia, 14 have a gender pay gap in favour of men (Table 3.1). Evidence from the World Bank Development Report 2012 suggests that gender pay gap disparities are likely to be prevalent in industries that are either female or male-dominated. However, this does not seem to be the case in Namibia where men earn more than women in most industries, not just those traditionally dominated by men.

**Table 3.1 - Average hourly earnings (N\$) by gender and industry**

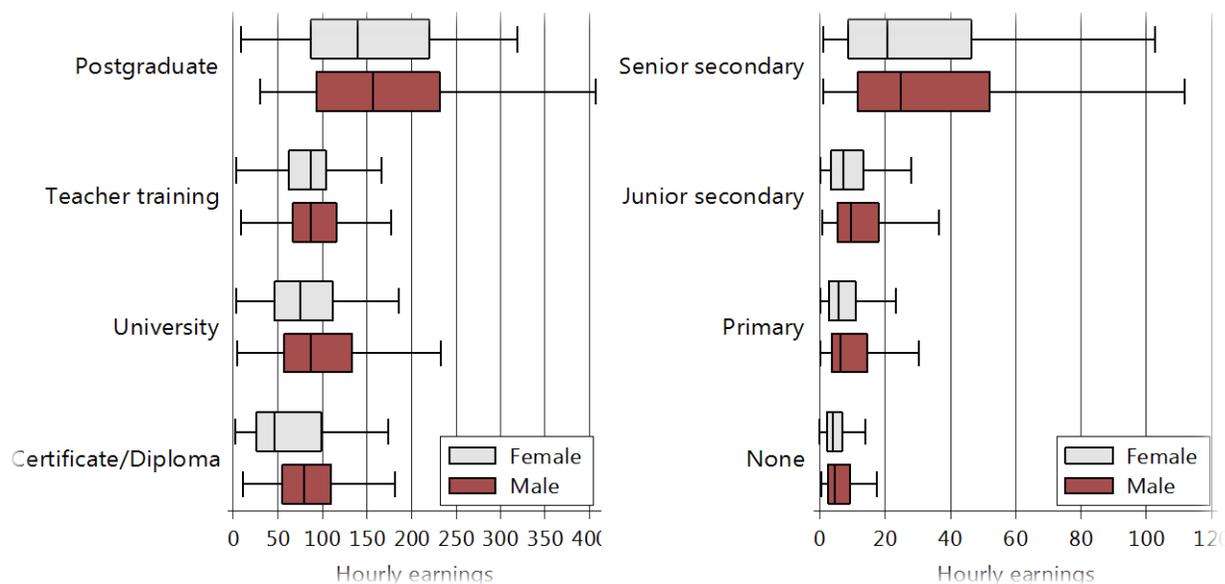
	Women	Men	Gender Pay Gap (%)
Agriculture forestry and fishing	12.2	10.2	-19.9
Mining and quarrying	47.8	128.8	62.9
Manufacturing	26.0	35.4	26.8
Electricity and related industries	42.1	109.7	61.7
Water supply and related industries	39.2	49.2	20.2
Construction <sup>7</sup>	25.1	21.0	<b>-19.8</b>
Wholesale and retail trade	19.2	25.1	23.6
Transport, and communication	34.0	36.0	5.7
Accommodation and food service activities	13.6	16.4	16.9
Information and communication	85.4	68.9	-24.1
Financial and insurance services	75.9	97.8	22.4
Real estate activities	36.2	73.7	50.9
Professional, scientific and technical activities	61.8	85.6	27.8
Administrative and support service activities	23.0	22.2	-3.6
Public administration, defence, compulsory social security	56.9	46.1	-23.5
Education	67.5	88.7	23.9
Human health and social work activities	87.5	142.3	38.5
Art, entertainment and recreation	14.0	32.4	56.6
Other services activities	26.5	29.9	11.4
Private household	9.5	5.5	-73.1
Extraterritorial organization and bodies	15.7	6.5	-143.3

Source: Author's own calculations using the NLFS 2014

**Men earn significantly more than women, even after accounting for differences in educational attainment, type of employment and occupation:** Figure 1 compares the hourly earnings distributions for men and women with different levels of education in Namibia. It is evident from the figure that men tend to have higher hourly earnings than women across all levels of educational attainment. More generally, the results from multivariate analysis show that men earn 24 percent more per hour and 30 percent more per month than women, on average, after differences in factors such as educational attainment, age, regional location, employment sector and industry and occupation have been taken into account. These findings imply that Namibia's gender pay gap is unlikely to be the result of productive differences or differences in the nature of employment for men and women. In fact, the gender pay gap appears to be even larger when one compares men and women who have comparatively similar characteristics and who could, in theory, therefore be expected to receive similar levels of remuneration.

<sup>7</sup>Construction industry remains one of the most male-dominated sectors. However, if you compare the hourly earnings of women to male, women take larger portion. Women employed in the construction are either in Legislators & Managers and Professionals, occupations e.g Quantity Surveyors employed in the construction sector are all women. The gap is also largely attributed by the women civil engineers who earned third time more as compared to their counterparts.

**Figure 1 - Hourly earnings distributions by gender and educational attainment**



Source: Author's own estimates using the 2014 Namibian Labour Force Survey.

## CONCLUSIONS AND POLICY RECOMMENDATION

The existence of a gender pay gap in Namibia is self-evident from the available labour market data and is clearly discernible across most sectors and industries. What is of particular concern is that the gender pay gap appears to be much larger once differences in productive characteristics and employment type have been accounted for. The extent and the nature of this gender pay gap have at least three important policy implications.

First, on the basis that there is little evidence to support the notion that a gender pay gap is justified by differences in observable characteristics between men and women, there is a strong case to be made for wage differences to be addressed directly by explicitly reducing the gender pay differential within most sectors and industries. This could be done encouraging more gender-aware career counselling especially in the male-dominated industry to enable increase women labour force participation and reduce poverty in the household headed by female. Second, in order to reduce the gender pay gap in the parastatal sector, there is a need to develop detail national wage statistics to be made available to the public. This would be made possible if confidentiality clauses in employment contracts should be made illegal or employers should be obligated to make wages data public. Third, males have greater endowment in terms of the number of hours of work; contributing to females to have fewer returns on hours worked. We therefore recommend policies that will increase female participation rate in the labour market, such as providing females with greater incentives in order to reduce time spent on household activities.

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