

Equal Pay for Equal Work? A Look at the Pay Gap between Men and Women in Jordan

Executive summary

This study analyses the results of an Employment Survey conducted by the Jordan Department of Statistics (DOS) in 2011. It leads to the unambiguous conclusion that the differences in the compensation of men and women are the result of multiple socioeconomic and cultural factors. Explanatory reasons for gender pay include differences in occupation, feminized economic activities, education, sectors of workplace, and hours worked per month. It is worth mentioning that not all of the pay gap can be explained by certain measurable factors such as the ones mentioned before but there are other forces at work that are difficult to quantify: gender stereotypes, discrimination, professional networks that are more robust for men than for women, and hesitancy on the part of women to aggressively negotiate for raises and promotions. "In fact," studies show that even when all relevant career and family attributes are taken into account, there is still a significant, unexplained gap in men's and women's earnings. Experts suggest that these factors may account for anywhere from 20% to 40% of the earnings gap¹.

Aggregate data from DOS confirm the widely held perception of a pay gap between employed men and women. Across Jordan, women in 2011 make up 14.7 percent of the workforce but they make 88.3 cents for every one Jordanian Dinar a man earns. The 11.7 percent pay gap is simply the difference between the average monthly earnings of employed women and men. The monthly gender pay gap has narrowed in recent years and was lower in 2011 for earnings than in any previous year (over the past 19 years, the pay gap declined by almost eight percentage points). The unequal treatment in terms of employed women's earnings are more evident and prevalent in the private sector than in the public sector. Data show that the monthly pay gap stands at 19.5% in the private sector, but only at 10.2% in the public sector. It is noteworthy that, adjusted by the average number of working hours, the pay gap for 2011 is only 5.2% in the public sector and 9.4% in the private sector.

Gender pay gap is much wider in some occupations than in others. Among major occupational groups, the monthly gap in earnings was very high for plant and machine operators and assemblers (almost 50 per cent). This is an evidence of vertical occupational segregation. Vertical segregation also known as the glass ceiling implies that women are concentrated in lower paying echelons of the organization (this occupation is a male dominated where women

¹ The lower figure is from June E. O'Neill and Dave M. O'Neill, "What Do Wage Differentials Tell Us about Labor Market Discrimination?" Working Paper 11240, National Bureau of Economic Research, March 2005; the higher figure (which is based on full-time workers) is from Francine D. Blau and Lawrence M. Kahn, "The Gender Pay Gap: Have Women Gone as Far as They Can?" in *Academy of Management Perspectives*, February 2007.

count only one fifth of employed persons and they earn nearly half of men's earnings). Segregation on the bases of sex is economically inefficient and leads to women's lower participation in the labor force. With a Duncan index² of 0.44, Jordan displays a higher measure of occupational segregation than the average of 0.34 for the MENA region.

As for the hourly gender pay gap (GPG) by major occupational groups, data gathered by DOS through the Employment Survey indicate that employed women in elementary occupations earn per hour 16% more than employed men. This surprising finding seems to be the result of a bias inherent to the survey approach: the low hourly GPG in elementary occupations reflects the design of the Employment Survey, an enterprise-based survey that does not include data on domestic workers employed by private households as well workers working in agricultural sector. Thus, the exclusion of domestic workers as well as those who are working as laborers in Agriculture, foster and fishery from the Employment Survey leads to a significant overestimation of the average pay of women in elementary occupations.

On the other hand, taking educational attainment into account, the monthly and hourly pay gaps are larger for university graduates than it is for graduates of community colleges, high schools, or below.

Moreover, the monthly and hourly pay gaps in education sector were the lowest across feminized industrial activities such as Human Health and Social Work Activities. This gap represents a major challenge due to the high proportion of women working in this field (45.5% out of all the employed female). By contrast, figures show that the monthly and hourly pay gaps peak in the manufacturing sector despite the fact that the proportion of women employed in this sector is 13.2% of all employed female.

Introduction

The gender pay gap reflects inequalities that affect mainly women, notably horizontal and vertical segregation of the Jordanian labor market, traditions and stereotypes that influence the choice of education, professions and career paths as well as other discriminations against women in the labor market. A simple indicator is used in this paper to examine trends in gender pay gap - the percentage difference between the average hourly or monthly earnings of employed women and men. In addition, this paper will deal with the famous belief which states that the most

² Trends in occupational segregation are commonly measured in by the index of segregation (Duncan and Duncan). The value of the index depends on both the relative size of various occupations and the sex composition within occupations. The index may take on value between 0 and 100, where zero represents perfect integration and 100 represents complete segregation. The number tells the proportion of women (or men) that would have to be redistributed among occupations for the occupational distribution to reach complete equality between the sexes.

important step for closing the pay gap is to give up the notion that, to be paid fairly, a woman must “make it in a man’s world.”

This paper presents the latest statistical data on gender pay gaps in Jordan. It provides the background context for equality at work in this area. It also explores in detail particular factors, such as variations in the width of the gender pay gap within occupations, industries and level of education.

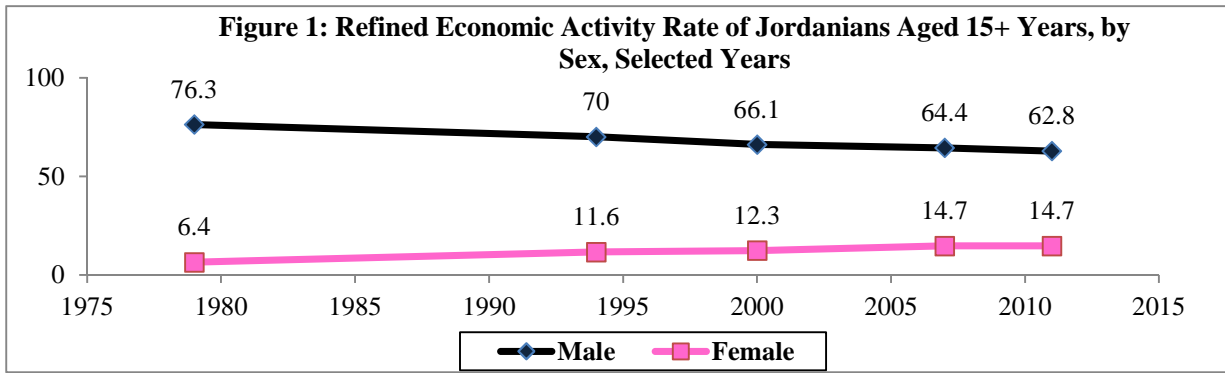
Pay data in this briefing are drawn almost entirely from the annual survey titled “Employment and Compensations of Employees” carried out by the Department of Statistics (DoS). This survey covers all establishments operating in the public sector (except for military and security establishments) and all establishments operating in the private sector regardless of the number of employees (except for agricultural sector). One of the principal aims of the survey is to provide up-to-date statistical data on the levels of compensations, cash salaries and wages paid to employees as well as regular and irregular cash allowances and remuneration regardless of the working status of the employee (full time job or part time job) - appendix illustrates a table that reflects how data are displayed. The most recent data are for 2011 and were published in May 2013.

Background information

Jordanian Women: Well Educated, Healthy, But Economically Excluded

Over the last three decades Jordan has made substantial investments in its human resources, spending more than 10 percent of GDP on health and education. Like their male counterparts, women and girls have benefitted from these policies and their quality of life has improved. Between 1980 and 2011, female life expectancy rose by 8.4 years (from 66 to 74.4 years), compared to a rise of 8.6 years (from 63 to 71.6 years) for men. Jordan has closed gender gaps in school enrollment at the primary and the secondary levels; while women now constitute the majority of enrollment at the tertiary level. However, the gains in human development have not been matched by an appropriate increase in women’s economic participation.

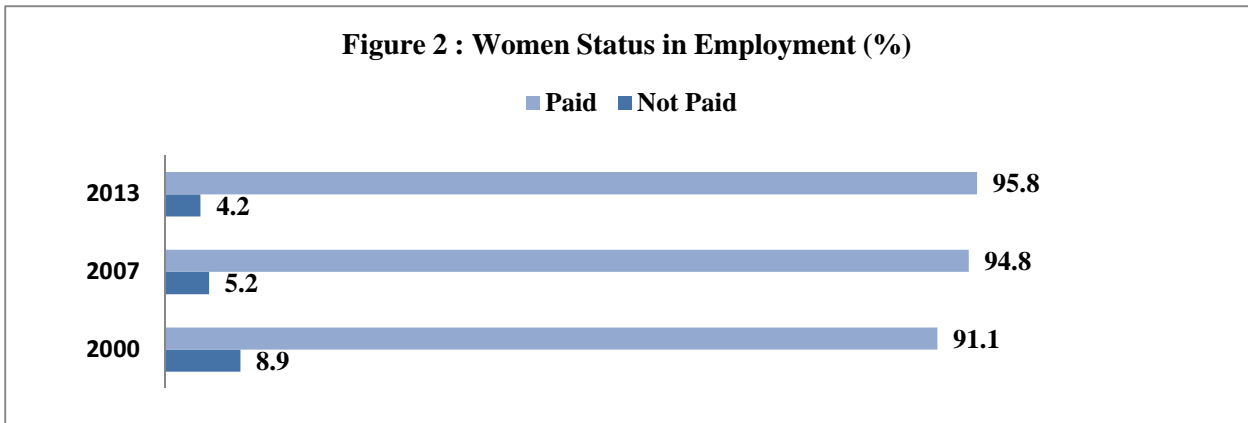
The “puzzle” of the inverted relation between impressive progress in human development indicators and excessively low economic participation rate for women - a “gender paradox” – remains a feature of the MENA region, and is even more striking in Jordan (Figure 1). In 2011, women in Jordan represented less than 20 percent of the female labor force participation. This rate lies in the bottom half, below the regional average of 25 percent. Despite many efforts by the government directed towards enhancing women’s role in the society and in the economy, there has been little actual progress in women’s economic participation. The 2010 World Economic



Forum report on Gender Gap ranks Jordan 120th among 134 countries in terms of women’s economic opportunities, well below many other middle-income countries.

Moreover, paid employment is the most common form of employment among women in Jordan. More than 90 percent of women’s employment falls in the category of paid employment for the three periods 2000, 2007, and 2011 (Figure 2). This entails a high dependence of women on paid employment.

The 2012 Jordan report’s titled “Economic Participation, Agency and Access to Justice in Jordan” emphasis the fact that; in order to boost female employment it is necessary to reduce the real and perceived “additional cost” of hiring a woman versus a man. Women in Jordan are overwhelmingly employed in the public sector. In part this can be explained by the pay gap and monetary and non-monetary incentives.



Overall Gender Pay Gap

The gender pay gap is the difference between earnings earned by men and women. The gap can be measured in various ways, but the most common method is to look at monthly earnings. It is also possible to measure the gender pay gap on the basis of hourly earnings. The most recent Statistics Jordan data (2011) shows that, the gender pay gap is 11.7 per cent for-workers having monthly earnings (regardless of their working status, part time or full time Job). This means that for every one Jordanian Dinar earned by a male worker, a female worker earns 88.3

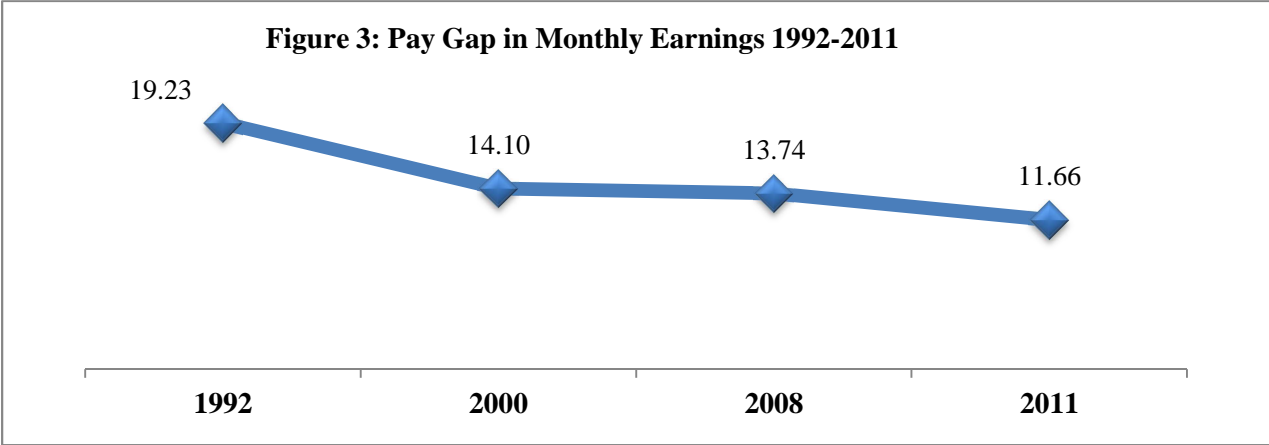
cents. The 11.7 per-cent gender pay gap is simply the difference between the average earnings of all employed men and all employed women regardless of their working status (full time or part time work). It does not account for differences in occupations, positions, education, or hours worked per month.

The gender pay gap is caused by many factors, such as:

- Women choosing or needing to leave and re-enter the workforce in order to meet family care-giving responsibilities, resulting in a loss of seniority, advancement opportunities and wages
- Occupational segregation in historically undervalued and low-paying jobs, such as childcare and clerical work
- Traditionally lower levels of education (although this is becoming less of a factor as more and more women graduate from all levels of education).
- Discrimination in hiring, promotion and compensation practices in the workplace
- Unmeasured factors that are difficult to quantify: gender stereotypes, discrimination, professional networks that are more robust for men than for women, and hesitancy on the part of women to aggressively negotiate for raises and promotions.

Overall Gender Pay Gap Trends

Although, the gender-based difference in pay has narrowed during the last two decades, it is still a major structural problem in the Jordanian labor market. During this 19-year period, the gender pay gap in Jordan fell from 19.2 per cent to 11.7 per cent. The gender pay gap, shown in Figure 3, fell by almost eight percentage points between 1992 and 2011.



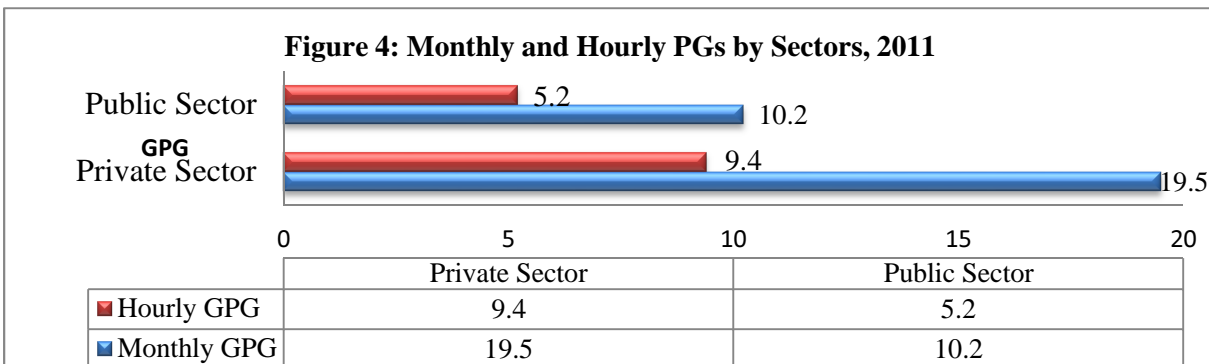
The narrowing of the gap can be attributed mainly to the rising earnings of women. Armed with more education, greater labor force participation and an increased presence in more well-paid occupations, women have seen their monthly gender pay gap decreased by 39% over the past 19 years. In 2011, 55% of university graduates having a bachelor’s degree were women, compared to 45% of men. And women are more likely than men to be enrolled in college (52% vs. 48% in 2011). As women have outpaced men in college education, their share of employment in the most skilled categories of workers has risen sharply. In 2011, 34.1% of employed workers with at least a bachelor’s degree were women, up from 17.1% in 1992. In addition, women have made inroads into higher-paying occupations (women’s employment share out of the total employment for occupation category Legislators, senior officials and managers - where the monthly earning was the highest among all occupations- increased from 9% to 23% during the period 1992 and 2011) Overall, women labor force participation was 14.7% in 2011, up from 11.7 % in 1992. The employment and earning gains made by women in recent decades are undoubtedly linked to the gains they have made in educational attainment.

Gender pay gaps across sectors

The unequal treatment in terms of employed female’s pay is more evident and prevalent in the private sector than in the public sector. Figure 4 shows that, there is a greater difference in the gender pay gap between hourly and monthly earnings in the private sector than in the public sector.

The wide gender pay gap in the private sector, coupled with woman’s very low earnings, make woman tend to choose the services sector, which is often in the governmental sector. Furthermore, women’s tendency to study humanities and arts illustrates the traditional roles played by the two sexes, as well as woman’s hope for securing jobs in the public sectors in woman-friendly areas, such as teaching and administration. These two factors have impacted the low demand for employing educated woman by employers in the private sector, who mostly seek graduates with scientific and technical skills.

In addition to the above, inadequacy (or imbalance) between woman’s educational specialization



and the requirements of the labor market, as well as woman’s preference to employment in traditional activities, e.g., health and education, have led to the reduction in job opportunities that the private sector can offer to woman.

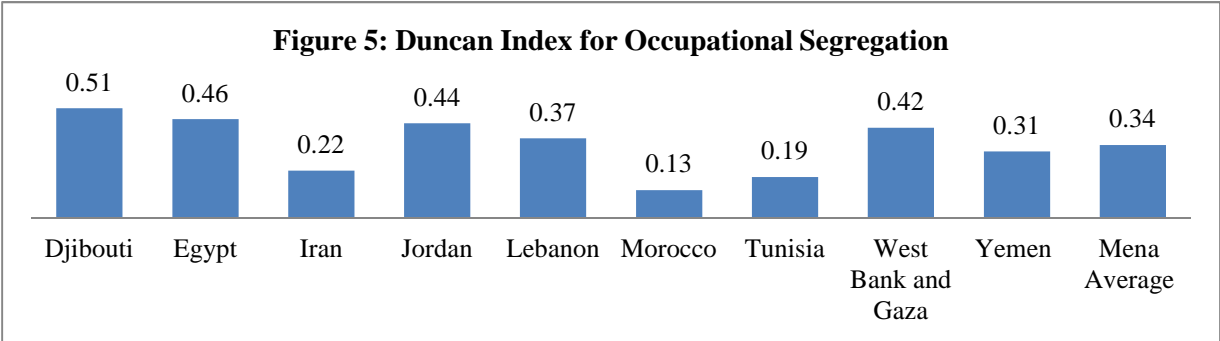
It is noteworthy that the pay gap in the public sector can be attributed to some legal provisions in Jordan’s. Civil Service legislation (Civil Service By law No. 30 of 2007), stipulates that a male employee is automatically entitled to a “family allowance”, if he is married or provider of a household. A woman employee is not entitled to this allowance unless she is a widow, her husband is unemployed, or she can prove that she is the head (provider) of the household in the first place. Hence, the situation of civil service female employees is weak in matters related to their right to receive family allowances, and they often earn lower pay for equal work.

Despite the above, the pay system is modular and less discriminatory in the public sector, in comparison with the private sector. The public sector offers relatively attractive working conditions to many women, e.g., job security, shorter working days, retirement and health-care benefits; such privileges boost the attraction of this sector as an option for woman's work.

Gender pay gaps across occupations

In all major occupational groups presented in table 1, average monthly earnings for men in 2011 were higher than for women (Occupational groups follow the International Standard Classification of Occupation 2008 (ISCO-08). However, data related to occupational group number six - skilled agriculture, forestry and fishery workers –is not collected because DoS Employment Survey is an enterprise-based survey that excludes public security, military institutions and establishments working in agricultural sector.

As table 1 shows, the size of the monthly gender pay gap varied considerably between occupations. Among the eight major occupational groups, the monthly gap was particularly high for Plant and machine operators and assemblers (almost 50 per cent). This occupation is characterized by a high share of men and a lower proportion of women (only one fifth of employed persons are women and they earn nearly half of men’s earning). It is worth noting that the high pay gap in this occupation may be due to vertical occupational segregation which



represents a significantly prevalent problem in Jordan. Segregation on the basis of sex is economically inefficient and leads to women’s lower participation in the labor force. Data in Figure five indicates that Jordan displays a higher measure of occupational segregation than the average of 0.34 for the MENA region (Jordan’s Duncan index was 0.44).

While such segregation is not a phenomenon specific to Jordan, the question is: why is it higher than many countries in the MENA region? Reducing barriers for women to enter a wider range of professions is a way to increase efficiency, promote gender equality, and generate changes in social norms. On the other hand, the monthly gender pay gap was relatively high for Group 1 (Legislators, senior officials and managers) where monthly earnings of both women and men were the highest and where only 23% of employed persons are females. One potential contributor for these findings might be the less opportunity for training for women than for men. According to the Civil Service Bureau’s data for year 2011, the share of employed women who benefited from local training opportunities was 16 percent where as this percentage reached 84 for men. In addition, The percentage of employed women who benefited from international training opportunities did not exceed 9 percent compered to 91 percent among men

Conversely, the monthly gap was particularly narrow for Service workers, shop and market sales workers (less than one per cent) where monthly pay of women and men are almost the same.

Table 1: Monthly Earnings and Monthly Pay Gap across Occupations, 2011

Major occupational groups (*)	Monthly GPG (in %**)	Average Monthly Earnings (in JD)	
		Men	Women
Legislators, senior officials and managers	39.1	1,390	846
Professionals	32.6	647	436
Technicians and associate professionals	21.1	455	359
Clerks	21.2	401	316
Service workers, shop and market sales workers	0.8	250	248
Craft and related trade workers	45.0	322	177
Plant and machine operators and assemblers	49.7	298	150
Elementary occupations	4.7	258	246

(*) ISCO, 2008

(**) JD: Jordanian Dinar (equivalent to XX US\$)

Consequently, when assessing the monthly pay gap in Jordan by occupation, we need to notice that although almost half of the professionals are women, their monthly earnings are 32.6% less than men (table 2).

Table 2: Major occupational groups by Sex, Monthly Working Hours and Share of Employment

Major occupational groups	Working Hours		Share of Employment	
	Men	Women	Men	Women
Legislators, senior officials and managers	197	175	77.2	22.8
Professionals	182	169	52.5	47.5
Technicians and associate professionals	195	185	66.6	33.4
Clerks	200	181	69.0	31.0
Service workers, shop and market sales workers	234	214	89.1	10.9
Craft and related trade workers	223	207	95.3	4.7
Plant and machine operators and assemblers	210	215	80.6	19.4
Elementary occupations	211	174	89.9	10.1

Table 3 shows the hourly gender pay gap by major occupational group. A comparison of Tables 3 and 1 reveals a substantial difference between the hourly and monthly gender pay gaps in Elementary occupations. Data indicate that an employed woman in Elementary occupations earns per hour 16% more than an employed man. It is worth noting that the low hourly GPG in elementary occupations reflects the nature of DoS Employment Survey, an enterprise-based survey that does not include data on domestic workers employed by private households or workers working in agricultural sector. Thus, the exclusion of domestic workers from the Employment Survey leads to a significant overestimation of the average pay of women in elementary occupations

Table 3: Hourly Earnings and Hourly Gender Pay Gap across Occupations, 2011

Occupational Level	Hourly GPG (%)	Average Hourly Earnings (JD)	
		Men	Women
Legislators, senior officials and managers	31.5	7.06	4.83
Professionals	27.4	3.55	2.58
Technicians and associate professionals	16.8	2.33	1.94
Clerks	12.9	2.01	1.75
Service workers, shop and market sales workers	-8.5	1.07	1.16
Craft and related trade workers	40.8	1.44	0.86
Plant and machine operators and assemblers	50.8	1.42	0.70
Elementary occupations	-15.6	1.22	1.41

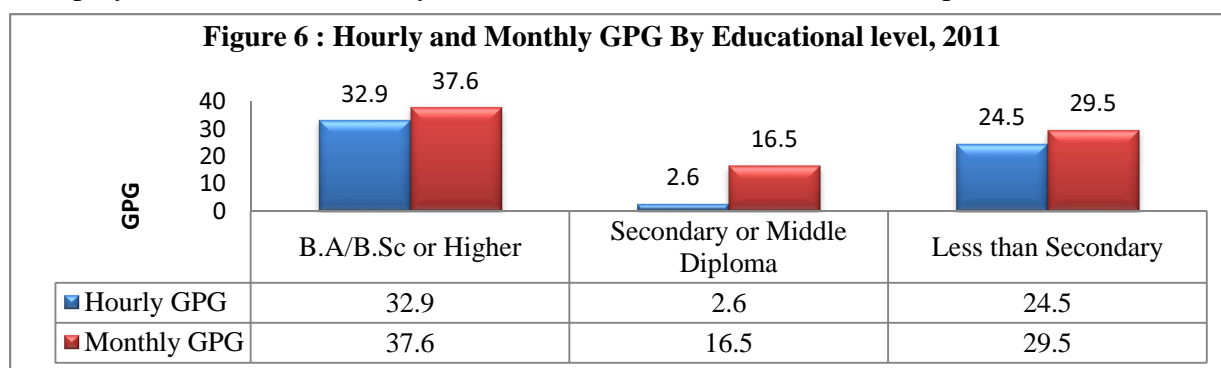
Another substantial difference between the hourly gender pay gap and monthly gender pay gap was shown in Service workers, shop and market sales occupation where an employed woman earns 8.5 % more than an employed man per hour. This result can be attributed to the same reason mentioned earlier that is related to the nature of the DoS Employment Survey, an enterprise-based survey that does not include data on workers employed in the informal sector. Employed women in the Service, shop and market sales group make up around nearly half of

women employed in the informal sector of Jordan and tend to earn less (based on a survey titled “Economic participation of women in the informal sector in Jordan”).

Gender Pay Gaps across Educational levels

In Jordan, women are more likely to find a job (or to be hired) only if they have higher education than a man, and there is evidence from past research³ that this is true even for a similar job. This could indicate job discrimination effects, leading to lower expected remuneration, which may also discourage women from entering the labor force altogether. Aggregate data from DOS confirm the widely held perception of pay gap between men and women workers. Taking educational attainment into account, the monthly and hourly pay gaps are larger for university graduates than it is for graduates of community colleges, high school, or below (Figure 6).

As a result of the gap in compensation, women are prepared to remain unemployed in the hope of eventually finding a job in the public sector, leading to a phenomenon called ‘wait unemployment’. This is partly responsible for the extremely high unemployment rates which are most pronounced among more educated women. This is especially true for women with intermediate or higher education who face the highest levels of unemployment. (The unemployment rate for women graduates with higher education in 2011 was 64.7 percent; while it was 20.3 percent for women graduates with intermediate education. However, the unemployment rate for secondary education and less did not exceed 14.9 percent).



Gender Pay Gap across the Feminized Industrial Activities

Women in Jordan tend to work in a narrow set of jobs, hinting at sharp gender differences in women’s preferences over or access to jobs. An analysis of the Employment and Unemployment Survey data gives a picture of clustering around very few sectors, the most dominant being education (by far the likeliest destination sector), manufacturing and human health/social work activities. The labor force participation of women was 14.7 percent in 2011. Thus, if we convene

³ Jordan Labor Market Panel Survey 2010

that a sector with female employment share above 20 percent is considered “female employment intensive”, nearly half the industrial sectors (21 industrial sectors) have minimal (less than 10 percent) female presence. Very few sectors such as education, health and manufacturing have above female employment intensity.

Table 4 shows that the width of the monthly and hourly gaps vary across the three feminized industrial sectors; thus the monthly and hourly pay gaps were much wider in manufacturing industry compared with education and health.

While it is important that sectors that employ mostly women grow at a sustained speed, it is even more important to move away from the notion that most sectors are inherently not suitable for the expansion of women’s employment. The “revealed” preferences for hiring women in some sectors rather than others (such as in the garment industry) show in fact the presence of costing factors that prevent businessmen and businesswomen from hiring female workers. Women might become worth hiring only when their actual productivity and efficiency is much higher than their male counterparts.

These costs, related mostly to compliance to the law in terms of maternity benefits or flexible hours, do indeed infer economic burden to the firm. The recently adopted Social Security Law represents a step forward in this sense as it provides for maternity benefits through a 0.75 percent payroll contribution paid by the employer on behalf of both male and female employees. Distributing the cost across males and females reduces the “per head” cost and effectively “socializes” the cost across genders and reduces incentives to discriminate in hiring decision.

Table 4: Hourly and Monthly Pay Gap across Feminized Industrial Activities and the Share of Employment out of the Total Employment of Women

Feminized Economic Activities	Monthly GPG (%)	Hourly GPG (%)	Share of Employment (%)
Manufacturing	38.9	36.1	13.2
Education	23.6	22.2	45.4
Human Health and Social Work Activities	30.1	25.9	12.8

Conclusions

This paper has presented a detailed picture of the gender pay gap in Jordan. It has revealed that while the long-term trend is towards narrowing overall gender pay gap, it has certainly not been eliminated and remains particularly significant in some occupations, industries. Although education and employment factors explain a substantial part of the pay gap they do not explain it entirely. This drives us to an important question: Are these pay gaps due to choices women make

in the workplace or to choices made FOR women in the workplace? Employment is still a gendered affair with women suffering from the glass ceiling and ending up being employed at historically "female" jobs. Length of time at the workplace for women can be shortened by having to leave for maternity leave, something men don't have to do. All this shows among other things that the workplace culture prevents woman from advancing as easily as men. It means women aren't promoted to higher positions at the same rate that men are. This doesn't minimize the impact of pay discrimination; it is just another result of treating female employees differently.

Consequently, the important question that needs to be answered: **Could the gender pay gap turn out to be zero?** Probably not. Statistical data correctly highlight that there is still evidence of residual bias? against women in the workplace.

If someone is looking for a reason (other than simple fairness) why we should work to close the gap, the 2010 OECD report has an answer which states that trimming the workplace gender gap by half could significantly lift GDP growth rates. Moreover the 2010 OECD report has also stated "Investment in gender equality yields the highest returns of all development investments and gender inequality means not only forgoing the important contributions that women make to the economy, but also wasting years of investment in educating girls and young women".

Eventually, the issue is not only about pay or rely on the famous belief which states that: the most important step in closing the pay gap is to give up the notion that, to be paid fairly, a woman must "make it in a man's world" but it is rather about the opportunities for advancement and promotion that bring higher earnings.

Appendix

Paid Employees in the Public and Private Sectors Establishments by Major Occupation Groups, Sex, Average Work Hours and Average Monthly Earning per Employee									
During the Reference Month, 2011									
Major occupation groups	Average monthly earning per employee in J.D.⁽¹⁾			Average work hours per employee⁽¹⁾			Total employees		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Legislators, senior officials and managers	1,282	879	1,407	194	178	199	39,175	9,295	29,880
Professionals	563	460	657	177	170	184	259,149	124,120	135,029
Technicians and associate professionals	453	369	499	196	192	199	86,098	30,635	55,463
Clerks	404	346	431	194	184	199	78,476	25,081	53,395
Service workers, shop and market sales workers	276	272	277	233	216	235	117,818	12,274	105,544
Craft and related trades workers	319	202	324	219	202	219	105,381	3,664	101,717
Plant and machine operators and assemblers	292	186	315	209	216	208	102,673	18,506	84,167
Elementary occupations	272	244	275	206	180	209	109,913	11,533	98,380
Total	437	406	448	201	182	207	898,683	235,108	663,575