



International  
Labour  
Organization

# Barriers to pay equality in Pakistan

The gender pay gap in the garment sector

**A Snapshot**



# Introduction

This research was commissioned by the ILO as part of its Labour Standards in Global Supply Chains Programme, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

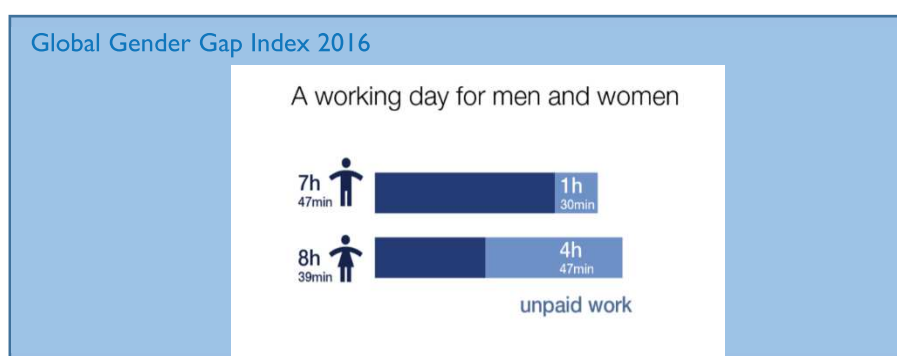
Following research by the ILO in 2015 on minimum wage processes and mechanisms in Pakistan,<sup>1</sup> stakeholders adopted a series of recommendations setting out a road map for reform. This identified a number of data gaps and the need for research on key areas, one of which was disparities in pay between men and women. As a result, in 2016 the ILO's Labour Standards in Global Supply Chains Programme commissioned the research on which this report is based.

The purpose of the research was to explore Pakistan's gender pay gap, with a focus on the garment sector. In particular, the study aims to identify:

- the scope of and factors contributing to the gender pay gap;
- the extent of the gender pay gap in the garment sector in Pakistan; and
- recommendations to address disparities in pay.

The research combines quantitative and qualitative methods and analysis. The quantitative analysis focuses on data collected through Pakistan's annual Labour Force Survey, supplemented by qualitative research in three research locations with a significant garment and textile industry: Lahore, Faisalabad and Karachi.

All around the world women earn less than men. Globally, the gender pay gap is estimated to be 22.9 per cent; in other words, women earn on average 77.1 per cent of what men earn.<sup>2</sup> The 2016 International Labour Organization (ILO) Global Wage Report revealed large variations of pay inequality around the world and also identified that inequality levels vary widely by sector. This report sets out to examine pay inequality in Pakistan and, in particular, in the country's garment sector.

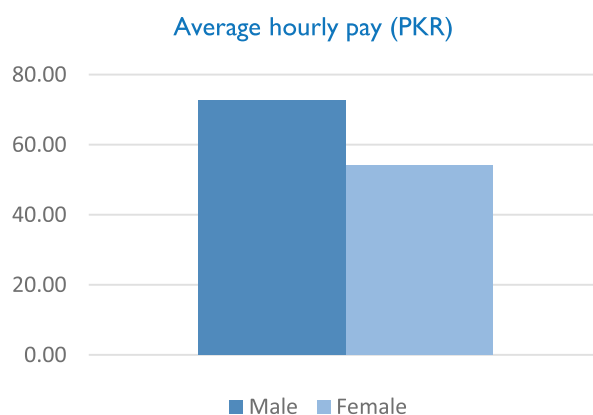


Source: Global Gender Gap Index 2016, World Economic Forum

<sup>1</sup> M. Zhou: *Minimum wage setting, implementation and working conditions in the formal and informal sectors of the garment industry in Pakistan* (Bangkok, ILO, 2016).

<sup>2</sup> ILO: *Equal Pay: An introductory guide*, (Geneva, 2013) p.12. Available at [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_216695.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_216695.pdf) [accessed 16 Nov.16].

Analysis of Pakistan's Labour Force Surveys for 2013-2014 and 2014-2015 show a gender pay gap of 26 per cent across Pakistan's workforce without taking into account differences in workers' characteristics. However, in the garment sector, Pakistan's largest manufacturing industry and a significant employer of women, it rises to 33 per cent.



Source: Labour Force Survey, 2013-2014 and 2014-2015

The level of women's participation in the labour force in Pakistan is low (26 per cent).<sup>3</sup> Cultural barriers and gender stereotypes valuing men as breadwinners and women as homemakers are prevalent. While this is changing in large urban centres, major obstacles to women entering the workforce persist. A major factor is the lack of safe, affordable and accessible transport facilities; these are only provided in some of the largest exporting enterprises. The lack of suitable, affordable childcare is also a major disincentive in a society that places the burden of child-rearing almost exclusively on women.

Pakistan's legislative and policy framework contains no general prohibition on pay inequality, save for in Khyber Pakhtunkhwa, where recent legislation has introduced the concept of equal pay for work of equal value. Additionally, some legislative measures designed to protect women from excessive hours and night work have the unintended consequence of making women less attractive to employers, who require a flexible workforce in an order-driven industry.

The large informal economy, including Pakistan's largely female home-based workers, is viewed as falling outside the legal protections that do exist, such as statutory minimum wages. The recent adoption by Sindh of its Home-Based Workers Policy is a huge step forward, but will require legislative follow-up and careful implementation. It is hoped that other provinces will follow this example and introduce their own policies on home-based and domestic workers.

Research showed that overall compliance levels are low. The exception is the small pool of manufacturers supplying the United States and European Union export markets, where the demand-led audit requirements of buyers and retailers have had a major impact in improving compliance. These successful examples must be leveraged further across the sector. In

<sup>3</sup> This is a bit higher than the 22 per cent reported in the Labour Force Survey Annual Report because it only includes respondents (women) aged 15 years and over rather than aged ten years and over.

addition, research indicates that enforcement mechanisms are weak and viewed as unresponsive, particularly in relation to women workers. In addition, labour inspectorates are under-resourced and the labour courts do not provide effective and accessible redress.

While the research did not reveal widespread direct pay discrimination, it did point to a number of factors that significantly influence pay disparity. Work segregation, with women channelled into the least well-remunerated roles, can be seen in the factory setting and in home-based work. Work interruptions also have a very significant effect; women experience direct discrimination in relation to marriage, pregnancy and child-rearing. Poor levels of maternity support and low levels of quality childcare facilities compound this.

Importantly, the research reveals the significant effects on pay of women's lack of access to higher levels of education and their greater dependence on off-the-job vocational training, which has a poor return in relation to pay. The research highlights the need to rethink and redesign vocational training to make it more useful to employers and enterprises.

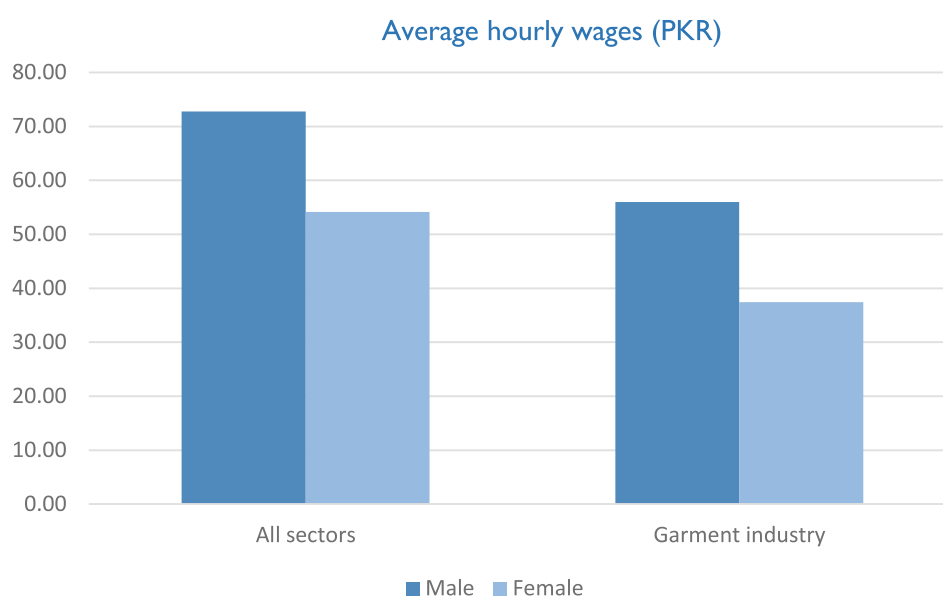
Finally, low trade union density limits women's access to collective bargaining and their ability to actively influence negotiations around pay and conditions.

The report ends with a number of detailed recommendations, formulated in conjunction with a large range of stakeholders, whose implementation would help address the disparities in pay highlighted by the research.

# Conclusions

The Labour Force Survey reveals low levels of labour participation by women and high levels of pay inequality. The field research did not identify significant evidence of direct pay discrimination – paying women less than men for the same work simply because they are women. However, there was a strong incidence of indirect discrimination against women in relation to pay and discrimination more generally in ways that impact upon pay.

The Labour Force Survey reveals a gender pay gap of 26 per cent generally and a higher gap of 33 per cent in the garment sector.



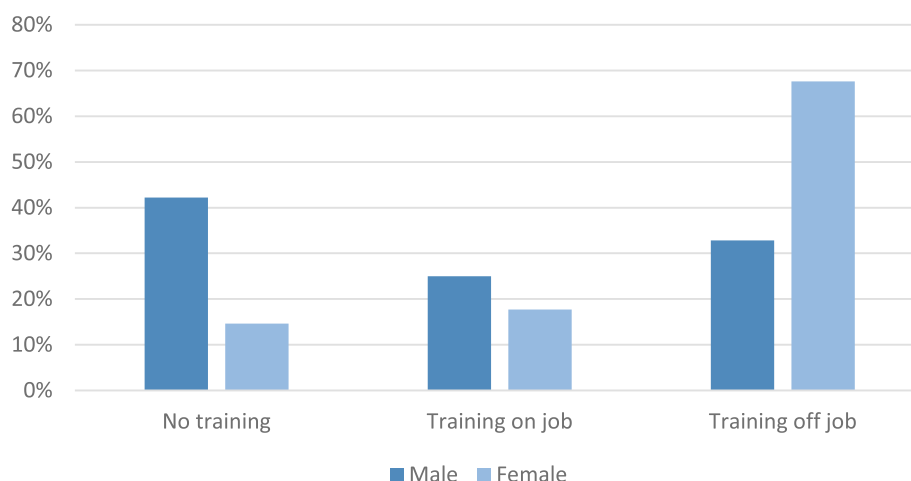
Source: Labour Force Survey, 2013-2014 and 2014-2015

Women are discouraged from entering the labour market for a range of reasons, from cultural stereotypes which see their role as in the home, to more practical barriers such as the lack of access to education, suitable training, childcare and safe transport.

In some cases, women were more likely to accept lower wages, or poorer working conditions out of deep-seated attitudes regarding gender roles, where men are seen as the primary winners and women as homemakers. Women see themselves as secondary earners and therefore perceive their work as intrinsically less important and less valuable than that of men. Women appear to believe in this gender division of roles just as strongly as men.

The lack of relevant training also significantly impedes a woman's ability to access many types of work, particularly better-paid work. The analysis of the Labour Force Survey revealed a lack of correlation between off-the-job skills training and the practical skills required by enterprises, resulting in low returns on skills learned off the job.

### Vocational training in the garment industry



Source: Labour Force Survey, 2013-2014 and 2014-2015

In the workplace women are stereotyped by employers, which can work both to their advantage and disadvantage. Some employers prefer to employ women as they are seen as docile, harder working, more loyal and less likely to create trouble. The flip-side to this is that they are more easily intimidated and less likely to question their pay and working conditions. In home-based work and in some cases in factory work, women were often intimidated with the threat that if they complained the employer, middleman or contractor would easily find someone to replace them.

Gender segregation, corralling women into types of work providing limited pay and career development is a clear factor in Pakistan's garment sector. This is evident in both factory work, in which women are excluded from many roles, and in home-based work. Investment in women as workers is also lacking, due to belief that women will stop working after marriage or during pregnancy, which is, indeed, often the case. While over time increased urbanization may be driving many women into the workplace to supplement family incomes, it is clear that the industrial workplace remains hostile to women.

There was evidence of discrimination against married women, in terms of job hiring or skills investment once employed. Explicit policies excluding married women from the workforce were openly discussed by some employers, despite the fact that the research showed that they had more years of work experience than their younger, unmarried counterparts and less likely to leave or change jobs. This attitude was less prevalent in Karachi where, perhaps, increased urbanization has increased the need for and supply of female workers. The lack of state support in terms of maternity benefits was also evident as a disincentive to employ and retain female staff.

Both women and men are affected by the widespread use of third-party contract labour and the low number of enterprises operating in the formal sector, and thus providing legal protections. However, it appears the impact is more significant for women, who are often in a minority in the largely male workforce and are particularly vulnerable due to their limited skills.

These factors link also to the low levels of union density in Pakistan, which leaves many workers vulnerable and unable to access collective bargaining. This, too, impacts disproportionately upon women who are the most at risk from precarious employment and who do not see unions as women-friendly.

Overall, safe transport emerged as one of the most crucial factors enabling women to access work. Only large factories provided this facility. However, even if transport was available, some women, though they were happy with the work and facilities, were not able to continue working at the factory if the commute was too long and they could not manage their household work as a result. Generally, the lack of safe public transport, and limited personal mobility, lead women to choose to work in close proximity to their homes, sometimes settling for lower paying jobs or poorer working conditions as long as they do not have to travel far.

Achieving equal pay between men and women requires a range of actions including effective policies on maternity, paternity and parental leave, advocacy for better sharing of family responsibilities,<sup>4</sup> infrastructure that helps women access and remain in work, effective social protection and, perhaps above all, action to overcome stereotyped attitudes about women and work and to ensure better recognition of the true value of their contribution.

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<sup>4</sup> ILO: *Global Wage Report 2014/15*.

# Recommendations to address the gender pay gap

The research has shown the multi-faceted, interconnected nature of the elements that contribute to the gender pay gap in the ready-made garments sector. These issues, and the corresponding recommendations to address them, can be examined at three levels of implementation: the meta level, which looks at the wider environment; the macro level, which is concerned with policies and laws; and the meso level, which looks at workplaces and institutions.

These recommendations were discussed with a broad range of stakeholders, across federal and provincial government, employers and employers' representatives, trade unions, civil society, academia and sectoral experts. Their contributions have been valuable in framing the recommendations outlined below.

## Meta-level recommendations

### Transport

Safe, affordable and easily accessible public and private transport should be provided to allow women to access work opportunities.

The lack of safe, reliable, and well-connected public transport greatly limits the training and employment opportunities women can access. Safety, especially on the journey to and from work, is a major factor behind the reluctance of women to work outside the home. Currently, safe transport is provided only by the larger, private sector factories for their own workforces.

There have been several, small-scale initiatives to improve public transport for women including Women on Wheels, where the Punjab Chief Minister's Special Monitoring Unit on Law and Order and City Traffic Police jointly trained women to drive motorbikes, followed by the distribution of 1,000 pink scooters for working women and students at a 50 per cent subsidized rate.<sup>5</sup> There is also a private sector "pink rickshaw" scheme in Lahore aimed at female passengers and drivers. These examples should be expanded.

### Improved childcare facilities

Improved childcare facilities should be required and provided in order to increase women's access to the workplace.

Caring for children is an important social responsibility. State institutions should promote high-quality, low-cost childcare facilities, such as those supported by the Punjab Daycare Fund, which promotes the establishment of facilities based on international best practice. Low-cost models of childcare should be piloted and expanded.

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<sup>5</sup> Dawn, "Women on Wheels Hit the Road in Lahore", 13 July 2016. Available at <http://www.dawn.com/news/1232091> [accessed 15 Nov.16].



## **Impact assessments and research**

Gendered impact analyses should be conducted of both legislative provisions and policies impacting on women's access to the labour market.

Provisions designed to protect women in the workplace do not always achieve the desired effect. It will be important to monitor and assess measures such as the legislative provisions on prohibiting sexual harassment and those limiting night work, which may prove ineffective or have unexpected adverse impacts.

## **Challenging stereotypes and utilising the media for development messaging**

Stereotypes limiting women and their roles should be challenged. Journalists and media officials should be trained on gender-responsive reporting to avoid overt and covert reinforcement of gender stereotypes.

To improve Pakistan's competitiveness it will be vital to increase women's participation in the workplace. A limiting factor is gender stereotyping which sees women as homemakers and as short-term contributors to the world of work. All stakeholders acknowledge that they have a role in challenging the limited gender roles currently restricting women and girls. The media also has a role in creating an enabling environment for challenges to gender stereotypes.

## **Macro-level recommendations**

### **International labour standards**

Pakistan should ratify and implement a broader range of ILO Conventions in order to promote women in the world of work. Rights and protections should be extended to those in the informal sector.

The informal sector is a significant part of Pakistan's employment and economic profile; the government should consider ratifying and implementing the Home Work Convention, 1996 (No. 177) and take guidance from the Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy. The Maternity Protection Convention, 2000 (No. 183) is particularly important for female workers in Pakistan who commonly face discrimination and termination of employment because of pregnancy and child-rearing. Further on this continuum lies the Workers with Family Responsibilities Convention, 1981 (No. 156) which recognizes that the problems of workers with family responsibilities are aspects of wider issues regarding the family and society which should be taken into account in national policies.

### **Strengthened legislation on pay and gender equality**

The provinces should legislate for pay equality.

Currently only Khyber Pakhtunkhwa has legislated to require equal pay for work of equal value. Gender equality in relation to the provision of minimum wages is insufficient to provide for pay equality.

### **Policies and legislative protections for home-based workers and the informal economy**

The provincial governments should adopt policies and legislative provisions that protect and regulate the informal economy and, in particular, home-based work.

The Government of Sindh approved the Home-Based Workers' Policy in November 2016 and the Government of Punjab is also considering its own draft policy. All provinces should adopt clear policies and legislation extending legal protections to home-based workers. Policies should be debated in relation to the widening of legislative frameworks to informal economy enterprises and the regulation of third-party contracts.

### **Improved implementation**

Existing legal frameworks should be implemented and properly enforced.

As outlined, significant legislative protections and regulations are already in place to improve female participation in the workplace and to regulate minimum levels of pay and working conditions, such as childcare provision. However, implementation is acknowledged to be weak.

Stakeholders should work together to ensure better implementation, regulation and monitoring. Tripartite stakeholders should, where possible, work to assist the Labour Departments in achieving effective implementation. The performance of the labour inspectorates and labour courts should be enhanced and monitored, particularly in those areas directly affecting women, their pay and gender discrimination in the workplace.

### **A wider pool of compliant manufacturers and increased gendered audit requirements**

The number of compliant suppliers able to supply to the United States and European Union export markets should be increased.

It is clear from the research that demand-led pressure from the United States and European markets has led to improvements in compliance among those supplying to these export markets. This currently small pool should be expanded by enhancing the compliance of second-tier enterprises. Buyers, retailers and development partners should work together to expand compliance, through the promotion of business cases demonstrating the benefits of compliance and linking improved compliance to increased productivity.

Private regulation of buyers' codes of conduct should be expanded in scope to influence positive changes in relation to gender, such as minimum requirements for the proportion of female workers at various levels of enterprises and improved childcare provision and maternity benefits. The current scope of awards to enterprises furthering gender equality should be expanded.

### **Strengthened Labour Force Survey**

The Labour Force Survey should be amended to incorporate additional questions and should be supplemented by specific surveys collecting more specific information on gender and impacts.

Questions should be designed to more fully capture information on the female workforce and, in particular, the informal sector. Questions should be designed to capture information on work experience, work interruptions and home-based work. Questions should also be added to capture the presence of trade unions in firms and workers' participation.

## Meso-level recommendations

### Demand-oriented training

Vocational training should be designed to meet the requirements of the industry.

The research identifies a clear mismatch between vocational training and its utility in the workplace, with resulting impacts on pay. Vocational training facilities should more actively collaborate with industry on the curriculum, skills and machinery available for training.

Career guidance in schools and colleges and human resource development in firms, should encourage women to train for and join a wider range of professions in the ready-made garments sector such as in merchandising, sampling and computer-aided design, which attract higher levels of pay.

### Community-based training and production centres

Work opportunities for women should be provided in communities.

Given the prevailing gender stereotypes, the disproportionate burden of domestic work falling on women and the lack of women-friendly infrastructure, where possible community-based training and production centres should be provided to ensure that women are provided access to the world of work safely and with appropriate vocational skills. This training must impart relevant skills to meet job needs, in order to provide suitable returns on trainings.

### Trade unions and female participation

Trade union recognition and the ability to collectively bargain should be simplified and strengthened. Provincial labour departments should be encouraged to seek amendment of existing industrial relations legislation, facilitating the establishment and registration of trade unions. The extension of the right to associate to currently excluded groups, particularly those in the informal economy, should be encouraged.

Trade unions should actively seek to support women members and to encourage women to take up positions of responsibility within trade union structures.

Given the vulnerability of many women workers and the clear disparities in pay equality, trade unions should do more to increase female membership and participation and actively seek to further the interests of women in the world of work.

### Peer learning programmes

Skilled women trainers should be utilized in the workplace.

Male workers benefit from peer-to-peer learning on the factory floor. Women are unable to access similar learning from men due to social norms. Enterprises should identify women workers with specific skills to mentor fellow female workers in order to increase their skills base.

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