

GENDER WAGE INEQUALITY IN SRI LANKA: GLASS CEILINGS OR STICKY FLOORS?

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Despite Sri Lanka's considerable achievements in improving living standards for women, they are still treated unequally in the labour market. This study analyses gender wage gaps by sector and across the wage distribution in Sri Lanka using Quarterly Labour Force Survey data from 1996-2004 and counterfactual decomposition techniques. This study differs from previous studies in Sri Lanka in that it goes beyond average wage gaps and analyses gender wage differentials throughout the wage distribution. This is done by using counterfactual decomposition techniques based on quantile regressions. A widening gender wage gap (conditional on convariates) at the top of the distribution denotes "glass ceilings" while large pay gaps at the bottom of the distribution are defined as 'sticky floor'. The primary objective of this study was to examine whether the Sri Lankan labour market is characterized by "sticky floors" and/or "glass ceiling", as defined above. Secondary objectives are to examine if these wage gaps (1) differ by sector, (2) change over time, and (3) change when occupation, industry and part-time status are controlled for.

The study distinguishes between raw gaps and "estimated gaps" Raw wage gaps calculate "raw" or "uncontrolled" differentials between male and female wages, while estimated wage gaps are based on counterfactuals, controlling for productivity-related and other characteristics, such as education, occupational experience, training, age, material status, ethnicity and region (provinces). Counterfactuals provide answers to questions like "how much would the wage gap be if women had identical characteristics as males, but were still paid like females?" Counterfactual distributions for the entire distribution are generated using estimates from quantile regressions.

The exercise is conducted for the public and private sectors separately, as well as for the entire sample. We find that differences in the way similar men and women are rewarded in the labour market more than account for the difference in wages throughout the distribution. We find some evidence that females choose occupations where their characteristics are rewarded better. We also find widespread evidence of wider wage gaps at the bottom of the distribution in both sectors (indicative of "sticky floors"), but less evidence of widening gaps at the top of the distribution ("glass ceilings).

The results of the study indicate that policies that address gender bias in wage setting, especially in the low and unskilled occupations, are necessary. Policies that address gender bias in hiring and in workplace practices are likely to be more appropriate than policies that seek to improve womens' productivity-enhancing characteristics in reducing the gender wage gap.

Financial assistance by IDRC through the Poverty and Economic Policy (PEP) Research Network is gratefully acknowledged.