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## Gender pay gap in India: Unskilled labors

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### Abstract

This examines the extent of gender wage gap and its determinants in urban labor market in India. The study finds that women's work is undervalued even in regular salaried jobs in India's urban labor market and female workers are getting substantially lower wages than their male counterpart in almost all sectors and occupations sub-categories despite controlling for differences in experience, education, geographical differences and other individual characteristics. When we disentangled the gender pay gap, we found that around two-thirds of the pay gap is attributed to pure labor market discrimination and only one-third is attributed to endowment difference. The pay gap steadily declines towards higher end of wage distribution. This clearly indicates that there exists 'sticky floor' in India's urban labor market. Such persist tent and high level of gender pay gap may pose a serious challenge on India's path to inclusive growth and achieving decent working conditions.

**Keywords:** Salary, workplace, gender bias, age

### Introduction

The income security dimension of work is considered to be most fundamental characteristics of work. This dimension of work is considered to be best indicator for quality of work as it is often linked with productivity and ensures economic well-being of a person and their family (Deshingkar, 2009) <sup>[1]</sup>. Access to productive job and income security can be measured indirectly and directly through various indicators. Hours of work, time-related unemployment rate, earnings below poverty line are indirect indicators, while average daily earnings across sectors and occupation, inequality in earnings by gender class and caste are considered to be direct indicators (Anker, 1998) <sup>[2]</sup>. Since data on indirect indicators are not available in the Employment and Unemployment Survey (EUS) of the National Sample Survey Office (NSSO) and in Periodic Labor Force Survey (PLFS) data, therefore we will assess the income security dimension of work available to female workers by direct measures. (Mitra *et al.* (2011) <sup>[13]</sup> urban areas contribute almost 70 per cent of total GDP and around 83 percent of non-agricultural GDP (Mitra *et al.* 2011) <sup>[13]</sup>. Besides this, urban female workers are more educated and skilled and are engaged in non-agriculture activities compared to rural females who are highly concentrated in agriculture and unpaid activities. Therefore, it is believed that an analysis of wage gap in urban areas would provide better understanding into nature and severity of challenges in bridging gender pay gap in India. Further, it is believed that gender stereotyping is less rigid in urban areas and females are also aware of their rights. Therefore, it is expected that pure labor market discrimination would not have any role in deter- mining gender pay gap.

### Review of literature

#### Gender Bias in India's Unskilled Labor Sector

Gender bias is a pervasive and persistent issue in various sectors, including the unskilled labor sector in India. Numerous studies have explored the low and declining participation of females in the labor force in India, highlighting the dynamics of changing work status within the neo-liberal development framework (Singh & Pattanaik, 2019) <sup>[3]</sup>. Despite efforts to promote gender equality, discrimination based on gender remains a significant barrier for women in the unskilled labor sector. These studies emphasize the need for interventions to address the gender disparity in education and challenge cultural values and beliefs that perpetuate gender bias.

Additionally, research (Jadhav, 2023) <sup>[4]</sup> indicates that the use of educational technology has not effectively eradicated biases within the educational setting, but rather has translated them into a new form that may have further undermined efforts to eliminate gender bias in classrooms. Furthermore, the review underscores the importance of understanding the consequences of the increase in unpaid work on poverty, which has often been overlooked in previous studies (Singh & Pattanaik, 2019) <sup>[3]</sup>. The review of literature on gender bias in the unskilled sector of India reveals that gender-based exclusion and discrimination persist in various aspects, including education, vocational education and training experiences, occupational choices, skill formation and attribution. These biases have been influenced by cultural values and beliefs, as well as the power imbalance between developed and developing countries. They have also been perpetuated through the use of educational technology. The literature review on gender bias in the unskilled sector of India indicates that gender-based exclusion and discrimination are prevalent in various aspects, including education policies, vocational education and training experiences, occupational choices, and skill formation and attribution (Evans, 2006) <sup>[6]</sup>. Furthermore, according to the authors emphasizes the need for interventions to address these biases and challenges cultural values and beliefs that perpetuate gender bias. The literature review on gender bias in the unskilled sector of India underscores the need for interventions to address gender-based exclusion and discrimination. It highlights the consequences of gender bias on the participation of female labor force, particularly in the context of neo-liberal development framework (Singh & Pattanaik, 2019) <sup>[3]</sup>.

### **Workplace in India's unskilled Labor sector**

The informal sector has been mostly dominated by segments of society which are mostly considered to be Vulnerable workers typically comprise very young and elderly workers, and disabled, indigent, and sick workers, usually employed in unregulated informal sector jobs. Consequently, the implementation of regulations becomes imperative to ensure that the informal sector operates within the bounds of the law. The Indian labor market has historically been and remains largely informal. In the year 2018-19, the nature of employment for around 90 per cent workers in India's labor market was informal. The government initiated major labor law reforms in the country in recent years. Following the recommendation of the 2nd National Commission of Labour, the Ministry of Labour and Employment had begun categorizing all existing labor laws into four Labour Codes (Bordoloi, Pandey, 2020) <sup>[7]</sup> Although State-provided welfare programs serve as crucial tools for trade unions to organize effectively. However, they can also lead to divisions within the union movement so that more emphasis is put on the role of trade unions as intermediaries for social protection, especially in safeguarding the survival and security rights of workers employed in the informal sector. (Baruah 2010) <sup>[14]</sup> As India is growing and as well as the unorganized sector also there has been a need to understand the importance of regulations as now India is integrating into global markets which makes it important to have a proper regulation on which the informal economy should be operating in many countries the larger part operates beyond the regulative reach of the state and its laws which results in most of the workforce being left and discriminated in their

fundamental rights and their basic social security (Harris, 2003) <sup>[15]</sup> Some regular measures have been identified to ensure a proper rules and regulations are being followed such as Labour inspections could, in theory, improve labour standards and help countries move towards decent work goals and the elimination of chronic poverty. But, in practice, inspections are either not conducted or do not result in penalties for those who break the law. Using the case of India, and examining labour contracts and standards in selected informal agricultural and non-agricultural occupations, the author identifies the reasons for this state of affairs: Corrupt and under-resourced labour departments subcontracting arrangements where employer-employee relationships are difficult to prove; little political commitment to improving labour standards (Deshingkar, 2009) <sup>[1]</sup>.

### **Salary in India's unskilled Labor Sector**

The people who perform crucial jobs like cleaning, farming, or retail labor without requiring specialized training or education are known as unskilled workers. However, their pay scale can be a little bit confusing. All participants felt that the minimum wage goals needed to be made clear. According to a proposal (Giri National Labour Institute, 2015), the goals of minimum wages should be to "eliminate exceptionally low wages", "fulfil essential needs of workers and their families" and "provide for equity in the distribution of the fruits of economic development". Madheswaran S. (2010), most research on working conditions in the unorganized sector has examined wage levels and incomes of workers, and daily rates below the minimum wage rate are established. The existing state of affairs, however, indicates that the minimum wage act's global reach and effectiveness are constrained. There is no uniform compensation structure throughout the various States or Federal territories (Khan, 2020) <sup>[16]</sup>. Based on interviews with more than 4,000 respondents of all ages in seven metropolises and seven non-metros September 2022 and January 2023, the study reveals that approximately 93% of informal workers say they would accept a job offer with formal agreement and health benefits over a higher salary without one. According to the survey, 97% of people who work informally concur that having formal employment, as opposed to one without a contract, gives them a better possibility of improving their lifestyle and that of their family (Bhattacharyya, 2015) <sup>[10]</sup>. The age group between 18 and 40 has the highest percentage of unorganized workers (60.89%), followed by 40 to 50 years old (22.63%). 12.74 percent of workers over 50 are unorganized. Approximately 8.41% of unorganized workers who have registered lack bank account information. 94% of workers fall under the ₹10,000 and less salary bracket (Jadhav, 2023) <sup>[4]</sup>.

### **Age in India's unskilled labor sector**

Unorganized sector work is characterized by low wages that are often insufficient to meet minimum living standards including nutrition, long working hours, and hazardous working conditions. There are number of challenges and problems faced by the unorganized sector workers in general such as no income and job security, poor living and vaguely defined working conditions, seasonality of work, casual and contractual nature of work, no collective bargaining, absence of the adequate social security provisions, and they are highly scattered and unorganized

etc., but these issues and problems get aggravated when it comes to the elderly working in the unorganized sector because along with them they face some extra socio-economic and health related issues. Issues related to the elderly working in the unorganized sector need to be paid special attention as their number is increasing rapidly in the country and we still lack a uniform, comprehensive and adequate social security provisions for them. The paper claims that economic participation and good health are highly associated in India and finds that a large proportion of the older adult population is working, irrespective of overall economic condition. Support for active ageing through investment in geriatric care services and health promotion policies could improve the health of older adults and help them to continue working as long as they want to or need to. Our results provide evidence for the pursuit of an older adult policy that focuses on healthy and economically active aging, particularly in the context of poor social security coverage and the unorganized nature of work, as healthy populations continue to engage in work. (Chattopadhyay, Khan, Bloom, Sinha, Gupta, 2022) <sup>[11]</sup>.

### Conceptual framework and research hypothesis

#### Workplace and Age

A total of 138.54 lakh individuals aged 61 and above availed work benefits under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme in 2020-21. This number has been increasing each year. This is indicating to us about the lack of old-age care they experience. The absence of financial security also appears to be a significant threat to the elderly, who do not have enough options and opportunities to earn money. Distribution of salaries varies with age, with younger workers typically earning lower wages and seniors earning higher wages. The age effect on income differs depending on individual characteristics such as education level and birth year. Where it was seen that young employees started facing these symptoms and old age (40-50 years old) had severe complications.

**H1:** There is a significant relationship between workplace and age

#### Age and Salary

The rationale behind this hypothesis stems from several factors. Firstly, older workers in the unorganized sector often possess more experience and expertise, which could lead to higher wages compared to younger counterparts. Additionally, age may be associated with tenure within specific occupations, leading to salary increments over time (Khan, 2020). Moreover, employer practices and societal norms might favor older workers, providing them with better compensation packages. However, it's also possible that age discrimination or skill obsolescence could negatively impact older workers' salaries, thus warranting empirical investigation.

**H2:** There is a significant relationship between salary and age

#### Workplace and Salary

In reaction to dangerous working conditions in the unorganized sector, India passed a historic rule requiring all workers, regardless of size of business, to participate in

complete safety measures. The Indian government to stop the spread of COVID-19, using the informality lens. It concentrates on the first two lockdowns, during which India implemented the strictest containment measures globally. It is estimated that during Lockdown 1.0 and Lockdown 2.0, respectively, 104 million and 69.4 million informal workers faced the possibility of losing their jobs. Compared to formal workers, who lost 3.6 percent of their salaries, informal workers lost 22.6 percent (Sharma, 2020) <sup>[12]</sup>. The Center and several states have requested that stores, establishments, and other commercial units pay their employees' wages during lockdown. However, due to the informal nature of these businesses and the fact that many unorganized workers have not registered with the states, the states' ability to enforce these orders will be limited, according to government officials who wished to remain anonymous.

**H3:** There is a significant relationship between workplace and salary

#### Gender bias and Salary

Despite efforts to promote gender equality, gender bias remains pervasive and persistent in the unskilled labor sector in India, influencing various aspects such as education policies, vocational training experiences, occupational choices, and skill formation. This bias is perpetuated by cultural values and beliefs, as well as power imbalances, and has not been effectively addressed by interventions, including the use of educational technology. Gender bias in the unskilled sector of India reveals that a comprehensive understanding of the issue is lacking, as previous studies have overlooked the consequences of gender bias on poverty and the increase in unpaid work. Furthermore, the consequences of gender bias on poverty and the increase in unpaid work have been overlooked in previous studies, indicating a need for comprehensive interventions to address gender bias in the unskilled labor sector of India as quoted by (Plumm, Nakray, 2021) <sup>[5]</sup>.

**H4:** There is a significant relationship between salary and gender bias

#### Methodology

**Data Collection:** Gathered data through questionnaires from unskilled labourers.

**Job Classification:** Categorize jobs within the unskilled sector to ensure fair comparisons.

#### Statistical Analysis

**Following describes the best perception of gender bias in the workplace**

35.7% of the people found it Present but subtle, 26.7% found Rampant and overt, 16.7% of the people found it Rare and negligible. Gender bias is prevalent in the unskilled labour sector due to entrenched societal stereotypes that dictate certain jobs as more suitable for men or women. This bias often leads to unequal pay, limited opportunities for advancement, and workplace harassment or discrimination for individuals who do not conform to gender norms. Additionally, lack of access to education and training further perpetuates these inequalities, reinforcing the gender divide in unskilled labour.

### **People often witness unequal treatment based on gender in workplace**

46.5% of the people found it to exist occasionally, 20.9% of the people found it to exist frequently and 27.9% of the people found it to exist rarely. Gender bias in the unskilled labour sector often arises due to societal stereotypes and traditional gender roles that dictate certain jobs as more suitable for men or women. This bias can lead to unequal opportunities, lower wages, and limited advancement for individuals based on their gender. Additionally, entrenched cultural norms may perpetuate discriminatory hiring practices and workplace environments that favour one gender over another.

### **Measured workplaces have been implemented to address gender biasness**

32.6% of the participants have had Equal pay policies being implemented, 25.6% of the participants Equal pay have Diversity and inclusion training, 20.9% Mentorship programs for underrepresented genders and 20.9% of the participants have had No specific measures taken in their workplace. Implementation of policies in the unskilled labor sector typically involves establishing minimum wage laws, enforcing workplace safety regulations, and providing access to basic labor rights such as collective bargaining. These policies aim to protect the rights and well-being of unskilled workers, ensure fair compensation for their labor, and create a level playing field within the labor market. Effective implementation often requires collaboration between government agencies, employers, and labor organizations to address challenges and ensure compliance.

### **Gender biasness impacts career progression and opportunities in the workplace**

32.6% of the participants find it significantly hinders advancement, 30.2% of the participants find it moderately affecting progression, 18.6% of the participants find it having minimal impact. Gender bias significantly impacts career progression and opportunities in the unskilled labor sector by perpetuating stereotypes that certain roles are more suitable for one gender over another, limiting access to promotions and higher-paying positions for women. Additionally, cultural norms and biases often lead to unequal treatment and opportunities for advancement, further exacerbating the gender gap in this sector. Addressing these biases through education, training, and policy changes is essential for promoting equality and creating a more inclusive work environment.

### **Salary earned in the previous jobs**

People with less than Rs. 10000 salary have the highest percentage among all which is 44.2%. 25.6% of people have their salary between 10000 to Rs. 15000 16.3% of people have their salary between 15000 to Rs. 20000 14% of only people have their salary above Rs. 20000 which this has the lowest no of percentage among all.

### **Are people satisfied with their previous salaries?**

Very few percent of people are highly satisfied/happy with their salary, only 11.6% of people are happy. 32.6% of people are satisfied with the salary they are getting. 32.6% of people are neutral with the salary they are getting, they are ok with the salary related to the work. 23.3% of people are not satisfied with the salary they are getting related to

the work they are doing.

### **Do people negotiate their salary?**

58% of people negotiated for the salary they were getting related to work, work environment. 42% of the people didn't negotiate for their salary they were getting for their work.

### **Does gender pay gap exist in workplaces?**

The survey data reveals that around 35% people believe that it does exist to some extent while the other 25% people believe that it does not exist. The reason for this is societal biases which leads to undervaluing of the work done by women and also lack of awareness about equal pay laws and their rights.

### **Do people witness any unequal pay based on gender in the workplace?**

Around 36% people have not experienced any unequal pay based but 24% people who contributed to the survey have experienced an unequal pay gap and 31% people think that it does exist to some extent. Not proper implementation of rules and regulations in the informal sector for equal pay based on gender leads to exploitation of work rights of women.

### **Reasons that contribute to gender pay gap in workplaces**

According to the data from the survey tells us that around 33% people believes that because of lack of mentorship, limited flexibility and also unequal access to career advancement contributes to the gender pay gap while 26% people believe that because of limited flexibility in work arrangements it happens while 25% thinks because of lack of mentorship opportunities. Factors such as not having a proper mentorship to guide them, the limited flexibility and also unequal access to career advancement in work contributes as the major reason for the gender pay gap in the workplace.

### **Age of the person plays a vital role in the pay scale**

Around 40% people believe that age plays a vital role in the pay scale, around 21% believe that age doesn't matter in pay scale and the remaining are not sure whether it is important in pay scale or not. It can be inferred that age plays a crucial role while determining the pay scale of a person. People agree with this because they might have been in a situation where they might have experienced this.

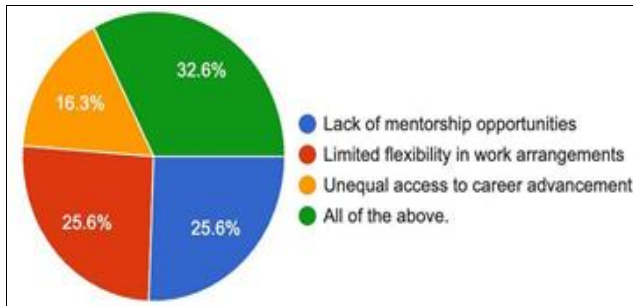
### **Older women generally face high discrimination in pay scales than younger women**

More than 42% people believe that it is because of their age they face pay discrimination, around 40% believe that it is because of the lower productivity of the women which leads to less salary, and while the remaining believe it is because of less skill.

People at large believe that age is one the biggest criteria for discrimination in salary, especially women with age above 40 face more discrimination. It is assumed that older people are of no use and are a liability to the firm, it needs to be changed and make people aware that experience is equally important.

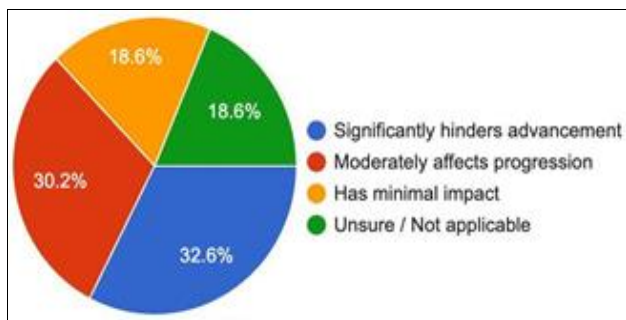
### **Statistical Analysis**

#### **What could be the reason you believe that contributes to the gender pay gap in the workplace?**



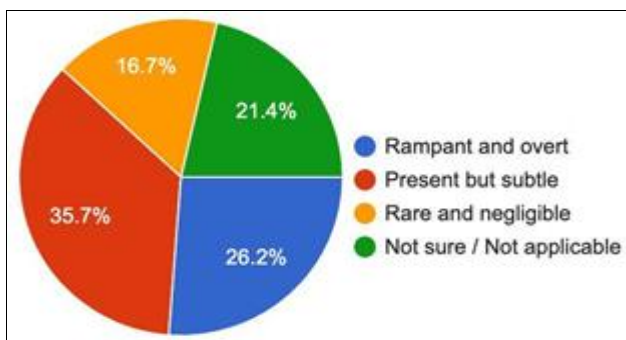
**Fig 1:** Show describe lack of mentorship opportunities, limited flexibility in work arrangements, unequal access to career advancement and all of the above

**To what extent do you believe gender bias impacts career progression and opportunities in the workplace?**



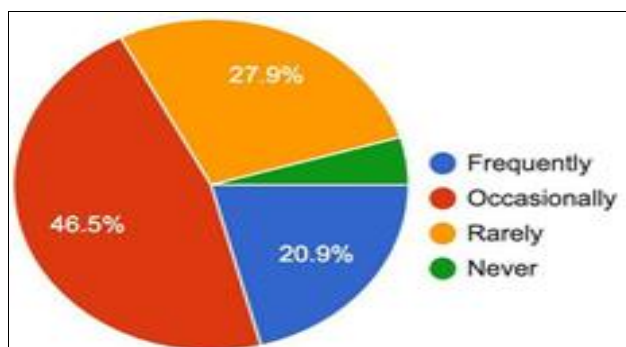
**Fig 2:** Show describe significantly hinders advancement, moderately affects progression has minimal impact and unsure / not applicable

**Which of the following best describes your perception of gender bias in the workplace?**



**Fig 3:** Show describe rampant and overt, present but subtle, rare and negligible and not sure / not applicable

**In your experience, how often do you witness unequal treatment based on gender in your workplace?**



**Fig 4:** Show describe frequently, occasionally, rarely and never

**Conclusion**

In conclusion, our research sheds light on the significant gender pay gap persisting within India's unorganized sector. Through meticulous analysis of various factors such as education, experience, and occupation, we have demonstrated that gender discrimination remains a prevalent issue, leading to disparities in wages between men and women. Our findings underscore the urgent need for policy interventions and societal reforms to address this imbalance. Government initiatives should focus on implementing and enforcing labor laws that ensure equal pay for equal work, regardless of gender. Furthermore, efforts should be made to enhance educational and vocational opportunities for women, empowering them to access higher-paying jobs and break through traditional gender roles. Moreover, fostering a culture of gender equality within workplaces is crucial. Employers must be encouraged to adopt transparent pay practices and promote diversity and inclusion. Additionally, raising awareness among employees about their rights and providing avenues for recourse in cases of discrimination are essential steps toward fostering a more equitable work environment. While our study provides valuable insights into the gender pay gap in India's unorganized sector, further research is needed to delve deeper into the root causes and dynamics of this phenomenon. Longitudinal studies tracking wage disparities over time, as well as qualitative research exploring the lived experiences of workers, can contribute to a more comprehensive understanding of the issue. Ultimately, achieving gender pay parity in the unorganized sector is not only a matter of economic justice but also essential for promoting social cohesion and sustainable development. By addressing the structural inequalities that perpetuate the gender pay gap, we can move closer to realizing a more inclusive and equitable society for all.

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