



Can the Gender Wage Gap be Closed in the Philippine Manufacturing Sector?

In recent years, women in the Philippines have made strides in integrating into formal employment, attaining higher educational status, and claiming their social and economic autonomy. However, the gender wage gap persists in the labor market, especially in the manufacturing sector.

This wage gap does not look at their willingness to join the manufacturing sector. The National Economic Development Authority (NEDA, 2019) found that, between the two sexes, the manufacturing and services sectors were highly concentrated with females. For services specifically, they report that the high participation may be linked to “inflexible hours,” or work hours that do not go beyond normal. Bøler, Javorcik, and Ulltveit-Moe (2018) added to this, saying that especially for export-oriented firms, women need to be more flexible with their hours, particularly for those that trade to countries in different time zones. We see the effect of this, as married women are more likely to enter the informal versus the private sector because of the former’s flexibility with hours that accommodate childcare and housework (NEDA, 2019).

Perhaps this gives context as to why the 2018 Labor Force Survey revealed the lowest participation rate for women within a two-decade period at 46%. Before this, the rate would fluctuate between 49% and 50%. Reasons for shying away from participating in the labor force included the gender stereotypes and patriarchal structures, as well as age. At what is considered the ideal childbearing age range of 25 to 29, women are more inclined to drop out from the labor force (NEDA, 2019).

The economic reasons for the gap may be attributed to this participation statistic. Cabegin (2012) looked into the gender wage gap and its two parts: endowment or the observable characteristics, and wage discrimination or the unexplained portion of the gap. Despite having better contributions, the study found that women are compensated more poorly compared to men, with this gap widening in sluggish economies. Discrimination in the labor market, in terms of employment and occupation, is defined as the treatment of people differently and less favorably due to certain characteristics, such as their sex, irrespective of their merit or job requirement (ILO: Workplace discrimination, a picture of hope and concern, 2003).

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Policy Recommendations

- 1. Enable access to opportunities in the manufacturing sector.** Our results suggested that employers discriminate against women due to their productivity, not just because of “distaste.” We recommend that companies implement measures to train employees properly, ensuring that both men and women are well-equipped in their jobs. On the industry level, the government should also implement laws that encourage gender equality. Doing so will lessen the tendency of companies to discriminate against each type of employee.
- 2. Research on implementing equal parental leave.** According to (the 105-Day Expanded Maternity Leave Law, 2018) Republic Act 11210 (2018), females have 105 days for maternity leave, with an option for additional days given that the employers are told in advance. In contrast, male workers only have seven days for paternity leave, with the option of increasing it to 14 if his wife transferred seven days to him. Knowing this, we recommend that the government look into the effects of having an equal duration of paid leave. This can encourage employers not to discriminate between male and female workers because they will not be afraid to.
- 3. Investing in early childhood care and development centers or daycares.** Investing in these facilities will encourage both male and female workers to stay in the workforce despite having children. These facilities can take care of the children while the parents are at work. Republic Act 6972 (1990) (An act that establishes a daycare center in every barangay) puts this into law the establishment of a day care center in each barangay; however, Haligi ng Bata, Inc., (2018) a non-profit organization, reported that this legislation, 28 years later, still has ways to cater for children with better facilities. Moreover, they report that ages range only between 3 to 5 years, a problem for parents with a maximum of 105 days in maternity leave (Haligi ng Bata, Inc. 2018). We see that because of childcare concerns, married women are more likely to join the public sector, which is advantaged with better access to day care services (NEDA, 2019).
- 4. Run the study with the latest data and form conclusions.** Our study ranged from 2001 to 2017, which may not be applicable for the year 2020. We believe that the study can bring results that will be helpful in forming policies.

Analytics

Table 1 shows the difference between male and female wage returns and quantifies how much wage returns a worker receives by his or her characteristic. Experience increases both male and female wage returns, but men receive twice the wage return of women. Experience-squared shows that at a certain point, the benefits received from having experience will decrease; however, this decrease is close to zero. Being married is seen to benefit men, but on the other hand, marital status does not affect women’s wage returns. It can also be noted that men receive benefits from finishing certain levels of education. On the other hand, women only benefit from having secondary and tertiary education. This benefit is greater than what men get.

Table 1

Difference in Coefficients of 2017's OLS Regression Results

	Male		Female		Difference (Male - Female)
	Coeff.	Sig.	Coeff.	Sig.	
Experience	0.02	***	0.01	***	0.01
Experience-squared	-0.0002	***	-0.00013	*	-0.00007
Marital status	0.026		0		0.026
Educational attainment					
Elementary	0.094	***	0.081		0.013
High school	0.219		0.263	***	-0.044
College	0.721	***	0.724	***	-0.003

Table 2

Difference in Oaxaca-Blinder Decomposition Results for 2001 and 2017

In Wage	2001.	Sig.	2017	Sig.	Difference
Male	3.23	***	3.782	***	0.552
Female	3.158	***	3.729	***	0.571
Wage gap	0.072	***	0.053	***	-0.019
Wage gap due to					
Explained characteristics	-0.048	***	-0.078	***	-0.03
Unexplained characteristics	0.121	***	0.132	***	0.011

Table 2 shows the difference in decomposition between 2001 and 2017. The overall wage gap declined by 0.019, implying that the wage gap has narrowed within the 17 year period. However, the unexplained portion of the wage gap, that is, discrimination, increased by 0.011. The results for the increased discrimination from 2001 to 2017 can be tied to literature. Mueller and Plug (2006) explained that one unobservable characteristic may be a personality trait, which is the willingness to try something new. Men seem to be more open to trying new things, and monopsonistic employers tend to discriminate against women, giving them lower reservation wages. Moreover, Cha and Weeden (2014) attributed the wage gap to overwork; in their study, despite the equal educational attainment between men and women, the wage gap persisted because men were more willing to overwork.

Conclusion

This study shows that the gender wage gap in the manufacturing sector has narrowed between 2001 and 2017; however, discrimination persists. Actions are needed not only to prevent wage gap and discrimination but to mitigate emerging new forms of gender inequality in the workforce. Perhaps it will take longer before the wage gap fully closes, but by leveling the playing field to create equal opportunities for men and women, and finding ways to keep women in the workforce, the wage gap will close eventually.

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