The current issue and full text archive of this journal is available on Emerald Insight at:
https://www.emerald.com/insight/0143-7720.htm

Analysis of gender wage gap and the Nigerian labour market: a new empirical evidence

Anthony Orji and Emmanuel O. Nwosu
Department of Economics, University of Nigeria, Nsukka, Nigeria

Received 16 November 2022
Revised 17 April 2023
11 July 2023
4 September 2023
Accepted 30 October 2023

Abstract

Purpose – This study investigated the gender wage gap in Nigeria by analysing two waves of household surveys (in 2003–2004 and 2018–2019) in order to understand the dynamics or polarisation of the labour market in Nigeria in terms of the gender wage gap over time.

Design/methodology/approach – The study applied an extension of Oaxaca–Blinder decomposition that relies on the re-centred influence function (RIF) regressions to analyse the gender wage gap at all points along the wage distribution.

Findings – The results unambiguously show that there is a significant gender wage gap in Nigeria at all points along the wage distribution, such that for the two surveys used and after nearly two decades, men still earn more than women. That is, the log wage difference between males and females is statistically significant at all points between the 10th and the 90th quantiles. In 2003–2004 period, the authors found that most of the wage difference was significantly accounted for by the wage structure effect, whilst the composition effect was negative and only significant at the bottom of the wage distribution. Since the 2018–2019 period, the authors found that there has been a visible change such that most of the gender wage gap is now accounted for by the composition effect at all points along the wage distribution. Another interesting finding is that there has been a general decline in the gender wage gap along the entire wage distribution, such that inequality was higher in 2003–2004 than in 2018–2019. This decline is bigger at the top than at the bottom of the wage distribution. The authors also found that, contrary to some of the studies on the wage gap, the raw gaps for the two surveys appear to show inverted U-shape, but the gap has fallen quickly since the 2018–2019 period. Thus, the authors found strong evidence of a "sticky floor" compared to a "glass ceiling" effect in both periods, and this becomes more pronounced over time. In terms of the contributions of individual covariates on gender pay gap in Nigeria, the authors found that urban residence, unionisation, education and occupation variables exhibit major influence. However, the effects of covariates on the composition and wage structure components of the wage gap have changed over time.

Practical implications – The major policy implication of these findings is that to address the gender wage gap in Nigeria, policy should focus more on how labour is rewarded and improving human capital for women.

Originality/value – This study is a novel paper in Nigeria that has investigated the gender wage gap in Nigeria by extending the focus of literature in three ways. First, the authors applied an extension of Oaxaca–Blinder decomposition that relies on the RIF regressions to analyse the gender wage gap at all points along the wage distribution. Second, the authors used sample selection bias to account for the non-randomness of participation in wage employment. And third, the authors applied similar analysis to two waves of household surveys (in 2003/2004 and 2018/2019) in order to understand the dynamics or polarisation of the labour market in Nigeria in terms of the gender wage gap over time.

Keywords Wage gap, Distribution, Quantile, Re-centred influence function, Survey data

Paper type Research paper

JEL Classification — C83, J08, J16, J21

ACKNOWLEDGEMENTS: The authors wish to express their deep appreciation to the African Economic Research Consortium (AERC) for the financial support to carry out this research. The authors are also grateful to the resource persons and members of AERC's thematic group A for various comments and suggestions that helped the evolution of this study from its inception to completion. The authors are indebted to the anonymous referees who reviewed the paper and provided comments and suggestions that helped in shaping and improving the overall quality of the paper. The findings made and opinions expressed in this paper are exclusively those of the authors. The authors are also solely responsible for content and any errors.

International Journal of Manpower
© Emerald Publishing Limited
0143-7720
DOI 10.1108/IJM-11-2022-0549

1. Introduction

There has been renewed interest in the subject of gender wage gap over the past two decades both within and across countries and African countries are not left out (Ntuli and Kwenda, 2020). Whilst labour unions across the globe have continued to push for higher wages, the issue of gender differences in earnings in the same country, occupation, industry and with similar characteristics (Metcalf, 2009; Takeuchi, 2021) has continued to be of great interest amongst researchers, gender activists and international organisations. The results of the analysis of gender disparity in labour markets in Africa are dominated by sharp contrasts, and it has remained a serious challenge in many countries (ILO, 2019). International Labour Organisation, amongst others, argues that most African men still earn more than their female colleagues even though the number of women in paid employment and non-agricultural sectors has increased by more than 3.5% over the past decade (ILO, 2019). More so, in the African context, it has been observed that females' weekly income as a percentage of men's earnings in informal sector were 23%, 79%, 45% and 51% in Burkina Faso, Ghana, Mozambique and Nigeria respectively (World Bank, 2009; Abekah-Nkrumah *et al.*, 2019) and earnings gaps could be even higher if rigorous and holistic analyses are carried out in some countries. This places the labour market in Africa, just like other economic and social institutions, as a source of gender imbalances and also a solution to it, if good policies are put in place.

In Nigeria, the constitution discourages any form of gender disparity in the workplace regardless of gender, ethnicity, political affiliation, religion and region, amongst other characteristics. However, there are concerns that the Nigerian labour market exhibits significant gender wage disparities (Temesgen, 2008; Ajefu, 2019; amongst others) and not much is known how this inequality is distributed across the wage strata. Thus, the question of whether glass ceiling or sticky floor are more relevant in explaining pattern of wage gap and hence for designing appropriate gender equity policies in Nigeria has not been given adequate attention by researchers. Glass ceiling, for example, is a labour market condition whereby females are pushed down to the lower cadre of an organisation and it seems difficult for them to also attain the highest position in an organisation. The World Bank (2014) and the National Bureau of Statistics [NBS] (2019) reports have shown that in Nigeria, opportunities for women to participate in paid jobs have continued to increase. Job paths once seen as male-dominated such as professional and technical occupation have witnessed increasing influx of females. Thus, women participation in economic activities in Nigeria has continued to show new dynamics in various occupations including unpaid labour services. Surprisingly, despite these developments, Ajefu (2019) argued that the female gender seems to earn less than men in Nigeria irrespective of their improved endowments especially in terms of higher educational achievements and entrance in high paying jobs over the past two decades.

In terms of relative positions of males and females in the work place, anecdotal evidence shows that women are now seen to occupy top positions in public service and also occupy a significant part of executive positions in the private sector such as directors and chief executive officers, amongst others. Very little is known how these developments have affected the distribution of gender wage gap in the country, both in time and space. Active women and increasing participation in the labour market has been noted by various reports from household surveys in Nigeria Figure A1 (at the Appendix) for example, shows how labour force participation has evolved over time. From the Figure it can be seen that even though labour force participation by gender appears to exhibit cyclical trends, women participation in 2018 is slightly above the 2004 level whilst that of men slightly fell below the 2004 level. However, there was a general decline in labour force participation in 2018 for both males and females. This may have been triggered by the periods of economic recession experienced in Nigeria, between 2016 and 2018.

The Nigerian labour market is characterised by high rate of unemployment and this has been exacerbated in recent years by high population growth, poor infrastructural development and poor economic growth performance. According to the National Bureau of Statistics [NBS]