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Examining How Gender Pay Gap Affects Gender Diversity: An Analysis among PMI Certified Project Professionals in Sri Lanka

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Abstract

The gender pay gap in Sri Lanka surpasses the global average of 20% resulting in 27% of a gender pay gap despite international efforts such as the establishment of the Equal Pay International Coalition, to assist countries that make efforts to reduce the gender pay gap. Recent research conducted on the gender pay gap and its effect on gender diversity depicts that unequal pay among genders is the key barrier to women's under-representation in professions. The purpose of this study is to examine the gender pay gap's effect on gender diversity in the project profession in Sri Lanka. This study used the Human Capital Theory as the theoretical framework. The quantitative research method was employed to gather data from a target sample of 105 PMI-certified project professionals in Sri Lanka, included in the Project Management Institute Certification registry. The primary data was analysed using regression analysis. The findings indicate that the gender pay gap key drivers, specifically, job-specific experience and job-related skills, cognitive abilities have a significant relationship with gender diversity while formal education, professional qualification, and on-the-job training have no significant relationship with gender diversity. The creation of a transparent pay policy in the Sri Lankan project professional context was recommended to facilitate a fair pay policy to attract new talent and sustain existing talent in the organisations.

Keywords: Gender Pay Gap, Gender Diversity, Professional Qualification, Project Professionals

1. Introduction

1.1 Current Labor Market in Sri Lanka

There is a decline in the percentage of women in the Sri Lankan labor force. There is a decline from 36% to 24% from 2015 to 2020, while the percentage of men in the workforce remained at 76% over a span of 5 years resulting in a gender pay gap of 24% in 2020 (United Nations Women, 2020). However, compared to the 2015 gender pay gap of 31.5%, it is a considerable pay gap drop of 23.8%. At this rate, as underlined in the Global Gender Gap Report, 169 years are predicted as the period to close the economic participation and opportunity gender gap (World Economic Forum, 2023). Notably, the absence of national policies covering non-discrimination in hiring or equal pay for work of equal value can be portrayed as a major setback in closing the existing gender pay gap.

Recent research conducted by United Nations Women (2022) in Sri Lanka, portrayed gender disparities and labor market challenges for women established by Sri Lankan employers revealing major obstacles for women to enter the labor force. Notably, they pointed out major findings including employers with gender-based occupational segregation, employers' inability to finance maternity benefits, employers with stigmas of the types of jobs women can and cannot do, the reluctance of male top management who unconsciously prejudiced against women workers hired fewer women into their labor force, resulting in less gender diversity in Sri Lanka (United Nations Women, 2022).

The latest report, 'The Gender Pay Gap in Sri Lanka: A Statistical Review with Policy Implication' published by the International Labour Organization (2024), reveals that the gender pay gap in Sri Lanka surpasses the

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global average of 20% with a 27% of a gender pay gap despite the international efforts such as the establishment of equal pay international coalition, to assist countries that make efforts into reducing gender pay gap. In particular, they note the inability to explain these disparities in the form of characteristics of both men and women including age or the sector; yet, using the observable factors including gender-based discrimination in the Sri Lankan labor market (International Labour Organization, 2024).

1.2 Rationale

Despite unchanged average salaries in the project management domain, the pay gap stands at 24% (APM, 2023) compared to 20% global gender pay gap declared by the United Nations. It thus becomes evident that women project professionals earn less compared to men in every surveyed country under the survey (PMI, 2023). Sri Lanka isn't a surveyed country under the recent PMI annual survey. India was surveyed and has a 15% pay gap in the project domain.

A survey conducted by APM revealed key barriers related to women entering the project profession. Accordingly, 33.4% of the female respondents pointed out unequal pay as the main barrier to entering the project management profession (APM, 2022). There is a scarcity of past research and information on gender diversity in the project profession in Sri Lanka. Globally, the overall women's representation in the project profession as a whole is at a ratio of 3:1, where the majority is dominated by male project professionals in every region as a result of the existing gender pay gap throughout the profession (PMI, 2022).

There are no of national policies covering non-discrimination in hiring or equal pay for work of equal value in Sri Lanka. Women's capacity to contribute to the economy is significant. Therefore, a study on the gender pay gap drivers is important to arrive at a potential solution for the less gender-diverse project profession domain.

This study will undertake primary research to understand the reasons for the existing pay gap and the key drivers in Sri Lanka.

1.3 Scope

This research targeted 105 PMI-certified project professionals included in the Project Management Institute Certification registry in Sri Lanka.

1.4 Research aims and objectives

The research aim of this study is to identify the key drivers that lead to gender pay gap among project professionals in Sri Lanka and how it impacts gender diversity.

Objective 1: To examine how gender pay gap impacts gender diversity in the project profession domain.

Objective 2: To find out the impact of the gender pay gap on gender diversity in the project profession in the Sri Lankan context.

Objective 3: To propose solutions on how to bridge the gender pay gap in order to improve gender diversity in the project profession in Sri Lanka.

2. Methodology

2.1 Theoretical Framework

The Human Capital Theory was used as the theoretical framework for this study.

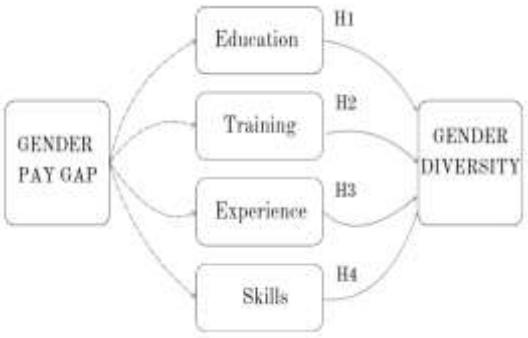

Figure 1. Theoretical Framework

2.2 Hypothesis Development

The following hypotheses were developed based on the theoretical framework.

H1: There is a relationship between Education and Gender Diversity

$H1_o$: There is no relationship between Education and Gender Diversity

H2: There is a relationship between Training and Gender Diversity

$H2_0$: There is no relationship between Training and Gender Diversity

H3: There is a relationship between Experience and Gender Diversity

$H3_0$: There is no relationship between Experience and Gender Diversity

H4: There is a relationship between Skills and Gender Diversity

$H4_0$: There is no relationship between Skills and Gender Diversity

2.3 Research Design

Positivism was adopted as the most favorable research philosophy due to the highly structured, deductive, and quantitative analysis nature of the research topic. Accordingly, primary research was carried out using mono quantitative method to gather data by deploying a survey strategy.

2.4 Population and Sampling

The population of this research was 1053 PMI-certified professionals in Sri Lanka in the Project Management Institute Certification registry. A sample of 105 was selected based on the simple random sampling method.

2.5 Data Collection

Quantitative data was collected using a structured questionnaire consisting of 24 Likert scale statements. Close-ended questions were used to determine participants' demographics, and two open-ended questions were used to gather more details.

2.6 Data Analysis Method

The quantitative data gathered using the questionnaire were analysed using both SPSS and Microsoft Excel. Descriptive, correlation, and regression analyses were conducted.

3. Findings and Analysis

3.1 Response Rate

33 respondents from the target sample of 105 PMI-certified project professionals in Sri Lanka responded to the survey, resulting in a 31% response rate.

3.2 Demographic Analysis

The sample was fairly distributed among male (55%) and female respondents (45%) respectively. 42% of the respondents were from the 25-34 years age group and the 35-44 years age group. The majority of the respondents were included in the 5-10 years tenure category. Moreover, the majority of male and female participants possess project management-related professional qualifications.

3.3 Gender Pay Gap and Gender Diversity

54.5% of the respondents were in agreement with the existence of a gender pay gap Similarly, 51.5%, affirmed the under-representation of women in the Sri Lankan Project Management domain.

The analysis of the respondents' feedback reveal that the majority believe that education and training do not have a major impact on gender pay. However, experience and skill seems to have an impact on gender pay gap. The majority of the respondents agreed that gender pay gap has an impact of gender diversity in the project profession.

3.4 Regression Analysis

The hypotheses formulated were tested using regression analysis. The results are given in Table 1.

Table 1. Regression Analysis

Variable	Coefficient	Significance
Education	-0.197	0.427
Training	-0.278	0.519
Experience	0.446	0.042
Skills	0.794	0.000

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3.4.1 Education and Gender Diversity

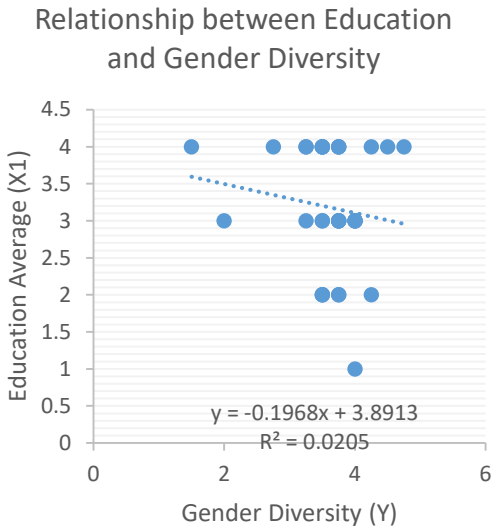

Figure 2. Education Vs Gender Diversity Scatter Plot

As evident in the regression analysis, the 0.427 P value represents a greater value than 0.05. Therefore, the alternative hypothesis (H1) is rejected and the null hypothesis ($H1_0$) is supported affirming that there is no relationship between education and gender diversity.

Additionally, the R square value being 0.02, further confirms the variable's insignificant accountability for a 2% variance in gender diversity.

A possible reason for the lack of a correlation between education and gender diversity is that many women today are highly qualified with the required education on par with the male colleagues. Therefore, in the current context, education has no impact on gender diversity in Sri Lanka.

3.4.2 Training and Gender Diversity

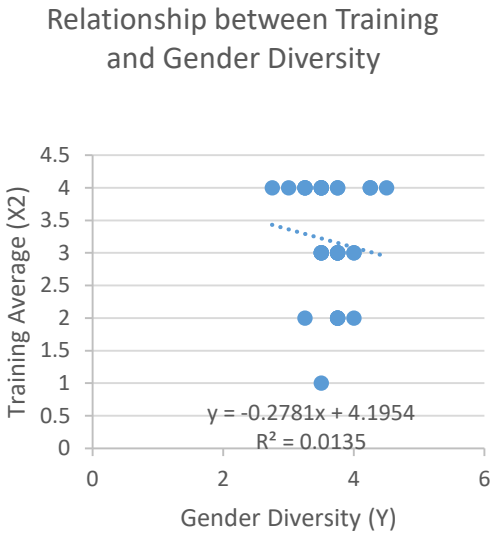

Figure 3. Training Vs Gender Diversity Scatter Plot

The 0.519 p-value which is greater than 0.05, represents an insignificant relationship between training and gender diversity. As a result, the alternative hypothesis (H2) is rejected and the null hypothesis ($H2_0$) is accepted affirming that there is no relationship between training and gender diversity.

The R square value of 0.014 means that training is only accountable for 1.4% of an insignificant variance in gender diversity.

Easy accessibility to external training programs and virtual training programs allowed women to acquire the required training as men and therefore does not have an impact on gender diversity in Sri Lanka.

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3.4.3 Experience and Gender Diversity

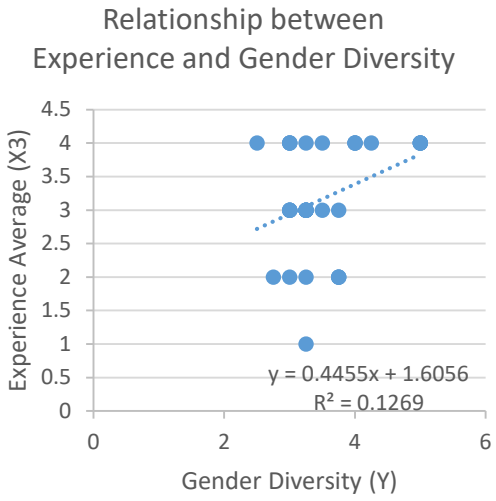

Figure 4. Experience Vs Gender Diversity Scatter Plot

As evident, a P- value of 0.042 is lower than 0.05, which means there is a significant relationship between experience and gender diversity. Hence, the null hypothesis (H0) is rejected and the alternative hypothesis (H3) is supported validating that there is a relationship between experience and gender diversity.

Furthermore, the R square value of 0.127 affirms a 12.7% significant accountability in gender diversity variance.

Experience has an impact on gender diversity. Women with more experience are more likely to get hired. Due to the availability of child care facilities and support from extended families more women are able to gain relevant work experience, which allows them to find jobs and thereby contribute to greater gender diversity in the workplace.

3.4.4 Skills and Gender Diversity

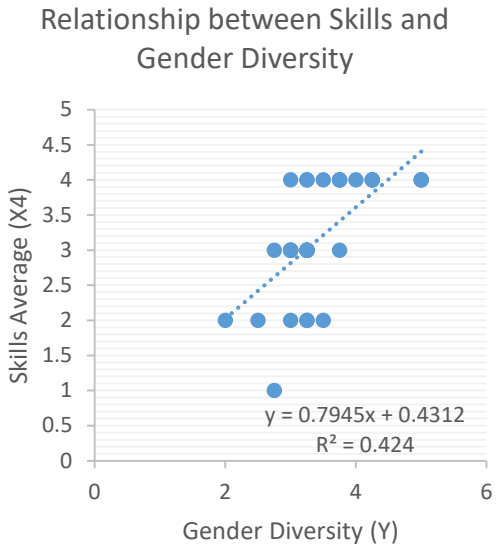

Figure 5. Skills Vs Gender Diversity Scatter Plot

As shown in Figure 5, the P-value of 0.000 which is lower than 0.05 means there is a significant relationship between skills and gender diversity. As a result, the null hypothesis (H0) was rejected and the alternative hypothesis (H4) was accepted endorsing that there is a relationship between skills and gender diversity.

Furthermore, the indicated R square value of 0.424 validates a significant accountability of a 42.4% variance in gender diversity.

Based on regression analysis, the skill variable depicted the highest accountability of 42.4% variance in gender diversity. Moreover, respondents ranked the skills variable as the second-highest key driver in gender diversity.

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3.5 Summary

Table 2. Hypothesis Validation

Variable	Accepted Hypothesis
Education	H0: There is no relationship between Formal Education, Professional Qualifications, and Gender Diversity
Training	H0: There is no relationship between Training Opportunities and Gender Diversity
Experience	H3: There is a relationship between Job-specific Experience and Gender Diversity
Skills	H4: There is a relationship between Job-related Skills, Cognitive Abilities and Gender Diversity

4. Conclusion

The main drivers that impact gender pay gap and gender diversity among project professionals in Sri Lanka are experience and skills. Education and skills did not show a significant impact on gender pay gap. Women seem to be at a disadvantage in relation to experience and skills, because of less time spent on work due to family commitments and maternity leave compared to male colleagues. Women who take long career breaks struggle to return to the workforce.

5. Recommendations

The absence of a transparent pay policy in the Sri Lankan project professional context was identified. Therefore, it is recommended that organisations consider changing their practices around pay policy and adopt a transparent pay policy. According to Connell & Mantoan (2017), in recent years organisations have been legally pressured to attain pay equity by deploying strategies like transparent pay maintenance. Hence, the human resource department needs to be actively involved in action planning the change and adapt accordingly. Initiating the practices from the top management is crucial to eliminate the pay disparities and confusion of the pay to facilitate a fair pay policy to attract new talent and sustain existing talent in the organisations.

Another critical challenge to be eliminated by the organisations can be pointed out as gender bias hiring practices and accommodating gender-equal hiring practices. As evident in the literature review, Sri Lankan employers often consider women's additional responsibilities which leads to less demand, promotions, and career development for female workers due to higher costs relating to maternity leave and other security expenses. (Institute of Policy Studies of Sri Lanka, 2023). Accordingly, it is crucial to introduce national policies like achieving gender diversity in the workforce for both government and private sector organisations to reduce gender biases in the hiring process. The management needs to have confidence and believe in women project professionals in handling project management responsibilities. As discovered from the analysis, gender biases play a major role in the recognition of skills as well. Therefore, the necessity of an equal opportunity framework/ culture can be pointed out as a major milestone for organisations in Sri Lanka.

It was found that career breaks impact women in the workplace (Buehring, 2023) resulting in lower pay and less women representation (Kimhi & Hanuka-Taflia, 2019). Some women do not return to work after a career break. Returning to the workforce appears to be a challenging due to age discrimination as well (Greer, 2013). Therefore, it is critical for organisations to facilitate flexible work arrangements including remote work, and flexible working hours enabling women's work-life balance. In particular, workforce return ship programs for women need to be considered by Sri Lanakan organisations to reduce age discrimination and stigmas in career gaps.

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