



The Significant Factors Influencing Individual's Perceptions of Pay Gap

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Abstract

Various studies have shown that there exist gender-related inequalities in employee compensation. Yet, individuals may also develop affective and behavioural outcomes based on their perceptions of whether they experience such inequalities or observe such inequalities (dis) favouring others. This paper seeks to examine the different factors that could be linked to individuals' pay gap perceptions. The study aims to analyze how demographic factors can significantly impact individuals' perceptions of the pay gap by looking at the relationship between the two variables, where the demographic factors are the independent variable and the perceptions become the dependent variable. The survey was made by adapting from two previous studies about gender discrimination. Hypotheses were tested by utilizing a hierarchical linear regression through SPSS with a sample size of 217 participants from 3 continents: Europe, Asia, and America. Findings showed that gender, age, marital status and equity sensitivity are significantly linked to pay gap perceptions. Specifically, the study found that individuals reported higher pay gap discrimination against their own gender and benefitting the opposite gender. The limitations of this study include its small sample size and cross-sectional design, which affects the generalizability of its findings. This research contributes to the literature on employee compensation, as it features some factors that are linked to individual pay gap perceptions. Theoretically, the paper suggests that self-serving bias and gender role theories potentially influence individuals' wage and justice perceptions. The paper also provides insights that could help HR professionals design better compensation and communication practices.

Keywords *Gender Inequality, Pay Gap Perceptions, Equity Sensitivity*

INTRODUCTION

Gender disparity is an issue that still exists, especially in terms of social and economic in this modern working environment. Researchers widely discuss it (Lee & Kray, 2021; Liu et al., 2022), even though there are strategies to reduce gender inequality. For instance, the EU has a strategy regarding gender equality and has made several improvements (European Commission, 2022). This inequality has many forms, including the different wages between women and men (Das & Mondal, 2022). According to Liu et al. (2022), the difference lies in which men earn more money than women do in most nations and professions. However, there are laws for gender wage equality that have been set in numerous countries (Grund, 2015); among them are the laws applied in Europe, Article 157 TFEU (the Treaty on the Functioning of the European Union). Even though the convergence is visible in several sections (Goldin, 2014), the topic of gender disparities has evoked the attention of many researchers (Christofides et al., 2013; Bonaccolto-Topfer & Bonaccolto, 2023). For instance, the wage gaps among European countries have a remarkable difference, with the average gender pay gap of 15.8% in the EU in 2020 (European Commission, 2022). Many factors contribute to the wage differences between men and women.

This paper aims to explore the many variables that could be relevant and influence to

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individuals' perceptions regarding the pay gap. Through studying the interaction between the two variables, demographic characteristics as the independent variable and the individual's perception as the dependent variable, this paper seeks to clarify how demographic factors can substantially influence people's perceptions of the pay gap. Furthermore, these variables prove all the hypotheses created, demonstrating their relation to the social exchange theory.

LITERATURE REVIEW

The Concept of Gender Disparity

Gender disparity is an issue that refers to the hierarchical composition or power distribution of gender (An & Lee, 2022). This article stated that the theory of power dynamics has shown that organizations do not automatically confer the presence and authority that women hold. As a consequence, there is a power imbalance, which is represented by the rank order. This causes difficulties for the people in the organizations with less power to compete with their status and thus allowing those with a higher power to speak up and gain more access to resources like decision-making and workload sharing. Therefore, gender bias and conventional ideas regarding gender continue to be a factor in workplace recruitment, promotion, and career opportunities (Sipe et al., 2016).

Background Affecting Pay Disparity

Fang and Huang (2017) stated that ten years after an MBA graduation, men are likely to earn more than women. They proved that this disparity happened due to childbirth during the middle of women's careers. Liu et al. (2022) have firmly declared that men, especially in OECD (The Organization for Economic Cooperation and Development) countries, show a tendency to receive more income than women in terms of educational achievement. Based on Alkadry and Tower (2006), this study shows that there are challenges that decrease the probability of women climbing up the ladder than men, which also leads to different promotions despite being in the same field.

Age Disparity Shaping Pay Gap

Johnson & Butrica (2012) stated that the wages that are determined for workers are affected by the age of the individuals. Even though this research was conducted at a specific period of time, during the Great Recession, but it could contribute to this research. From their paper, the authors found that older individuals with more experience in the working environment and a high educational background will be more alluring for employers to hire them for a job position. It resulted in a competition where the younger individuals have more possibility to be unemployed. Since there were more chances for older individuals to be hired, the younger generations had to stick to other job positions, which only gave them a low wage.

Research done by Töpfer (2019) claimed that an age pay gap was found and greatly discussed in Italy. The author talks about a positive correlation between the pay gap and age between adult and elderly workers. The wage that an individual earn was influenced by their age as their wage will increase over the course of the individual's life along with their experiences in their job. In Italy, their labour market system is affected by the individual's age, so those who have entered the job market will earn lower wages. The burden of unemployment is disproportionately severe on the younger generations as they most likely have temporary contracts (Crepaldi et al., 2014). Since they have temporary contracts, they are more vulnerable to losing their jobs because they have lower seniority.

Marital Status Influencing Pay Gap

Another contributing factor to the pay gap is marital status. Other than work-related

responsibilities, women tend to have unpaid responsibilities that need to be tended to, like family situations (Lips, 2013). Not only that but having the status of being married reduces the chances of women getting promoted in their job (Alkadry & Tower, 2011). This study has confirmed that the image that shaped women has burdened them to increase the chances of closing the pay gap (also see Hamidullah et al., 2021). Employers speculate that women place a higher importance towards their families than their careers, which creates an image of less devotion to their work and causes less compensation. Since women are related to motherhood and childbirth (Nieto, 2021), there is this barrier called the "maternal wall", which limits women's contribution to the labour market because they need to pay attention to their work-life balance (Petrongolo & Ronchi, 2020).

The Trigger of Gender and Pay Disparity

According to Hamidullah et al. (2021), the human capital model, the glass ceiling, and occupational segregation contribute to the theories of gender inequality. Other studies have supported this claim, showing that pay discrimination happens within gender and job positions. Not only that, but the contrast in treatment as well as the eligibility of the gender difference caused the gender-specific factors (Blau & Kahn, 1999). Despite the fact that there are laws that prevent discrimination towards sex-based employment, many drivers still play a part in the pay gap between individuals of different sexes. The human capital model includes the investments made by the employees to provide contributions that can impact their wages. The human capital disparity plays a very crucial role in compensation. These articles found that the factors affecting salaries or human capital disparity are education, career advancement, working experience, promotion, and marital status (Lewis et al., 2018; Alkadry & Tower, 2011).

Occupational segregation at the workplace also contributed to the gender disparity. Occupational segregation means certain jobs are arranged or structured by a certain sex or race (McDonald, 2016). As a result, this occupational segregation creates an impact on social discrimination. For instance, there will be a pay disparity based on sex when women enter occupations dominated by men, who are typically paid more than occupations dominated by women. Due to the wage disparities between men and women, there is a lack of women in high-paying positions. That is why women tend to be concentrated in lower-level occupations (Alkadry & Tower, 2006). As a consequence, the pay disparity between men and women is still wide (Alkadry & Tower, 2011), and women and men performing the same tasks in corporations were frequently given separate job titles and worked in various departments (Lips, 2013). Kmec (2005) verified that occupational segregation is related and is determined by the organization's practices, as the organization's hiring process can lead to this phenomenon.

The Effect of Gender and Pay Gap

The impact of gender and the pay gap is related to its causes and this research topic. Studies have clarified that wage discrimination could influence how employees work in terms of their performance, the effort they put in, the commitment they put in, and their level of satisfaction (Buttner & Lowe, 2017; Portalanza-Chavarría & Revuelto-Taboada, 2023; Vermeeren, 2014; Charness & Kuhn, 2007). For example, Okpara (2006) tested in past literature that the perception of equity by males and females is significantly correlated with an exchange relationship of job satisfaction, To & Huang (2022) also declared that employee's job satisfaction is predicted by actual wage equity, which then impacts the employee's behaviour at work. Every idea people believe in may not always be accurate, and the illusory truth effect happens when people perceive information as the truth when repeated (Hassan & Barber, 2021). A survey was reviewed by Renzulli (2019), and they found that in contrast to being a legitimate issue, almost half of males (46%) and 30% of females think that wage disparity is created purely for political purposes. Buchanan and Milnes

(2019) also stated that there is a relationship between the attitudes of traditional gender roles with the work performance between men and women perceived by individuals. Buttner and Lowe (2017) declare that the perception of wage equity significantly influences an employee's commitment and productivity towards an organization.

The Theory of Equity and Sensitivity to Equity

This article adopts the equity theory as a theoretical framework for the research analysis to explain the correlation between two elements (Adams, 1965). The equity theory proposed by Adams (1965) has influenced the development of equity sensitivity, which provides a basic understanding of social exchange between people. This theory holds the idea that people aim for fair relationships as well as comparing their own inputs and outputs to those of others. When people feel that they are treated unfairly, they become upset and distressed, which leads them to try to strive to return the balance and equity of the circumstances.

According to Foote and Harmon (2006), the outcomes of the relationships between the social exchange of the individuals can lead to different perceptions. There are three responses that come out from three different perceptions. The three perceptions are individuals who seek under-rewarded outcomes (gains less than their contributions), those who seek equity (equal contribution and reward), and those who seek over-rewarded outcomes (gains more than their contributions). Those who prefer under-rewarded outcomes will feel responsible and at fault when they think they gain equitable or excess rewards. Those who are inclined towards equity will feel guilty about receiving excess rewards and upset over gaining less than what they contributed. On the other hand, individuals who prefer over-rewarded outcomes will feel very upset when receiving under-rewarded outcomes or equitable outcomes.

Development of Hypothesis

In order to uncover the questions, the methodology used in this research is a quantitative analysis. As Kotronoulas et al. (2023) state, the quantitative method is used by acquiring numerical data within a study to detect and validate the patterns and correlation of the tested variables. This article examines the most significant factor affecting people's perceptions of the gender wage gap. From the previous articles that have been reviewed (Sipe et al., 2016; Töpfer, 2020; Li et al., 2023; Foote & Harmon, 2006; Khitarishvili, 2019), this paper was able to come to the conclusion that five demographic variables were able to be connected different hypotheses. These are the five hypotheses that will be brought up throughout this article:

1. Hypothesis 1: Differences in Gender are related to differences in wage gap perceptions
2. Hypothesis 2: Differences in Age are related to differences in wage gap perceptions
3. Hypothesis 3: Differences in Residency are related to differences in wage gap perceptions
4. Hypothesis 4: Differences in Marital Status are related to differences in wage gap perceptions
5. Hypothesis 5: Differences in Sensitivity towards Equity are related to differences in wage gap perceptions

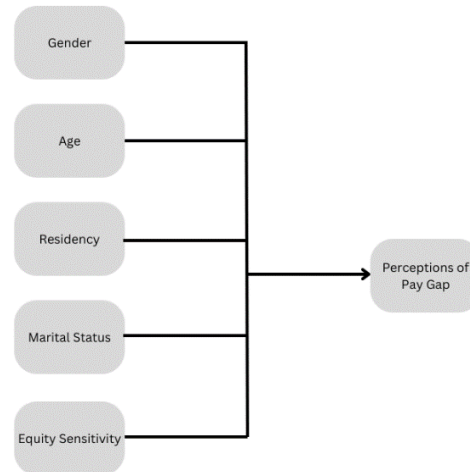


Figure 1. Framework

RESEARCH METHOD

Since this research is to explain the factors that affect the gender pay gap perceptions, 263 participants filled in the questionnaire, and most of them came from Europe. These participants completed an online survey of their own volition. Their identities are guaranteed to be anonymous and confidential, so the names of the individuals are not inquired. Six demographic variables are being tested: gender, age, employment status, marital status, educational background, and job experience. For gender, it is made into 4 points: female, male, non-binary, or prefer not to say. The age will be determined by the different generations that existed, according to [Strawser \(2021\)](#), Gen Z (1997-2012), millennials (1981-1996), generation X (1965-1980), and baby boomers (1946-1964). However, not all Gen Z are included in the research; only those above 17 years old because this research involves people who are in university or have working experience. The educational background is determined by less than high school, high school, diploma, bachelor's degree, master's degree, and doctorate. As for the employment status, this survey will collect whether the respondents are students, interns, alternate, gap year, working, or retired. Then, there is the job experience, where the data will be collected whether the participants have never worked, have 0-1 years of experience, 1-3 years of experience, 3-5 years of experience, and > five years of experience. These demographics are being tested to see how the different perspectives affect the respondents' perceptions of the pay gap. Sensitivity towards equity is measured through "I am more likely to be sensitive towards equity", which shows whether an individual values fairness and equity in their interactions.

In order to gather the data, an online survey called "Perceptions of Gender Pay Gap" was made and distributed. This questionnaire focuses on compensation-related subjects that will impact how individuals perceive the gender pay gap in the present situation, especially in the workplace. As a result, the questionnaire has questioned individuals about the gender pay gap between men and women in general. These two previous articles ([Khoreva, 2011](#); [Sipe et al., 2016](#)) were made as an inspiration for this research, and the survey itself was adopted from it. [Khoreva \(2011\)](#) studied the variables affecting people's perception of the gender wage gap, as well as showing why this issue still exists and how to conquer it. Meanwhile, [Sipe et al. \(2016\)](#) studied the difference in university students' perceptions from 2006 to 2013 regarding gender bias in the workplace.

The questionnaire that is conducted has 30 questions that are spread through schools, word of mouth, and many more. The questionnaire is divided into four sections: the demographics

variable, male discrimination, female discrimination, and self-discrimination. There are 32 questions in the demographics, with eight questions each for each section. These sections show the perception of a variable being more or less favourable for that particular gender.

This questionnaire utilizes the 5-point Likert scale, where (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree. Some of the measurements in this survey were modified from earlier research (Khoreva, 2011; Sipe et al., 2016), like the questions related to career opportunities, the different sections, and the hypothesis. Individuals are asked to choose which of the points in the scale can represent the factors of the gender pay gap. Since the outcome will be the perceived pay gap of the individuals of the three continents: Europe, Asia, and America, the questionnaire will bring up the topic of compensation like salary, overtime pay, career advancement, promotions, networking, and a situation where they start their careers. In addition, this questionnaire will also bring up topics about equity sensitivity to test each individual's levels of awareness of fairness and how they view relationships within an organization.

FINDINGS AND DISCUSSION

Confirmatory Factor Analysis

The analysis of all 32 questions was performed through the SPSS platform. In the beginning, the data goes through the factor analysis test to confirm the loadings of the eight questions of each discrimination using maximum likelihood based on an Eigenvalue greater than 1. Factor analysis is often used to analyse multiple variables, validate the construction of the data, and reduce data to recreate the correlations identified by fewer latent variables in the set of items (Rogers, 2022). After the factor analysis, the data of the related questions regarding career opportunities (¹M= 0.687 and ²W= 0.896), promotions (M= 0.773 and W= 0.875), salaries (M= 0.731 and W= 0.924), and overtime payment (M= 0.523 and W= 0.775) had a loading more than 0,5, which is accepted and can be put on average for all sections of discrimination, which can be seen in Table 6. Since the self-discrimination section has no relationships, the only discrimination section that will be used as a variable is the discrimination towards men and women for further testing.

Data Analysis

After doing the confirmatory test through factor analysis, an ANOVA test was used to see the significant levels of each demographic variable. The results from this test, which show the most significant level, is gender, age, marital status, and individual's level of equity sensitivity.

Table 1. Mean of the Discriminations

	Men Discrimination	Women Discrimination	Self-Discrimination
Mean	1.60	3.20	3.27

In order to test Hypothesis 1, we created an average of the four accepted individuals' responses towards each discrimination. Most respondents think that men are not discriminated against due to the mean of 1,60 out of 5. Most respondents think that women are more discriminated against than men, with a mean of 3.20 out of 5. Out of the three types of perception, most respondents think that they, as individuals, are the most discriminated against, whether they are men or women, with a mean of 3,27 out of 5.

¹ The result of the factor analysis for Men Discrimination

² The result of the factor analysis for Women's Discrimination

Table 2. Descriptive Analysis of Gender

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Min	Max	Between-Component Variance	
Men Discrimination	Male	78	1.86	.809	.092	1.68	2.04	1	4	
	Female	132	1.45	.514	.045	1.36	1.54	1	3	
	Non-binary	2	1.38	.530	.375	-3.39	6.14	1	2	
	Prefer not to say	5	1.40	.518	.232	.76	2.04	1	2	
	Total	217	1.60	.663	.045	1.51	1.69	1	4	
	Model Fixed Effects			.637	.043	1.51	1.68			
	Model Random Effects				.187	1.00	2.19			.066
Women Discrimination	Male	78	2.55	1.109	.126	2.30	2.80	1	5	
	Female	132	3.59	1.158	.101	3.39	3.79	1	5	
	Non-binary	2	4.38	.884	.625	-3.57	12.32	4	5	
	Prefer not to say	5	2.55	1.681	.752	.46	4.64	1	5	
	Total	217	3.20	1.256	.085	3.03	3.37	1	5	
	Model Fixed Effects			1.151	.078	3.05	3.35			
	Model Random Effects				.507	1.59	4.81			.501

*Extracted from SPSS

In the men discrimination section, the mean for males is higher (M= 1,86) than for females (W= 1,45). It can be stated that male claims more discrimination against their gender themselves than females. The same goes for the discrimination towards women; the mean for females is more prominent (M= 3,59) than for males (M= 2,55). Since the non-binary and prefer not to say has a limited number of respondents, it will be eliminated from the analysis. Thus, the results of the respondent's gender displayed a bias or discrimination against their own gender. This shows that Hypothesis 1 is accepted.

Table 3. Descriptive Analysis of Age

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Min	Max	Between-Component Variance
Men Discrimination	18-26	105	1.63	.671	.066	1.50	1.76	1	4	
	27-42	65	1.65	.694	.086	1.48	1.82	1	4	
	43-58	40	1.52	.605	.096	1.33	1.71	1	3	
	>=59	7	1.04	.094	.036	.95	1.12	1	1	
	Total	217	1.60	.663	.045	1.51	1.69	1	4	
	Model Fixed Effects			.658	.045	1.51	1.68			
	Model Random Effects				.076	1.36	1.84			.010
Women Discrimination	18-26	105	3.40	1.223	.119	3.16	3.63	1	5	
	27-42	65	3.18	1.216	.151	2.88	3.48	1	5	
	43-58	40	2.92	1.247	.197	2.52	3.32	1	5	
	>=59	7	2.04	1.475	.557	.67	3.40	1	5	
	Total	217	3.20	1.256	.085	3.03	3.37	1	5	
	Model Fixed Effects			1.233	.084	3.04	3.37			

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Min	Max	Between-Component Variance
Model Random Effects				.196	2.58	3.83			.088

*Extracted from SPSS

In this case of the age variable, respondents from the Baby Boomers age group (Age= ≥59) would be eliminated from the analysis due to the number of people in the group that are not as balanced as the number of respondents in the other groups. So, people aged 18 to 42 (Generation Z and Millennials) declared that they perceived that women have more discrimination towards the pay gap. It can be concluded that age affects the factors of the individual's perceived pay gap towards women, and the younger generations perceived women to be more at a disadvantage for being a woman than the older generations. Therefore, Hypothesis 2 is accepted.

Table 4. Mean of Each Continent

Continents	Men Discrimination	Women Discrimination	Self-Discrimination
Europe	1.66	3.42	2.53
Asia	1.54	2.59	2.16
America	3.42	2.58	1.67

From Table 4, the mean represents the four accepted components that were created by forming different continents. All the respondents think that women are more discriminated against men due to the mean that shows a higher scale. Not only that, the participants from Europe, comparatively to other continents, reported higher levels of discrimination against their own self. Likewise, European participants also report higher levels of discrimination against men and women compared to participants from Asia and America. Thus, Hypothesis 3 is accepted.

From the Table 5, the widowed, divorced, and separated groups will be eliminated from the analysis due to a limited number of respondents. So, from both sections, people who have never married perceive themselves as someone who is more discriminated than those who have already married. Thus, Hypothesis 4 is accepted.

Table 5. Descriptive Analysis of Marital Status

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Min	Max	Between-Component Variance
Men Discrimination	Married	71	1.55	.645	.077	1.39	1.70	1	3	
	Widowed	3	2.25	1.090	.629	-.46	4.96	1	3	
	Divorced	6	1.25	.418	.171	.81	1.69	1	2	
	Separated	1	1.75	.	.	.	.	2	2	
	Never married	136	1.62	.667	.057	1.51	1.74	1	4	
	Total	217	1.60	.663	.045	1.51	1.69	1	4	
	Model Fixed Effects			.661	.045	1.51	1.69			
	Model Random Effects				.068	1.41	1.78			
	Married	71	2.83	1.326	.157	2.52	3.14	1	5	.005
	Widowed	3	2.67	.289	.167	1.95	3.38	3	3	
Divorced	6	3.54	1.208	.493	2.27	4.81	2	5		
Separated	1	3.50	.	.	.	.	4	4		
Never married	136	3.39	1.199	.103	3.18	3.59	1	5		
Total	217	3.20	1.256	.085	3.03	3.37	1	5		
Model Fixed Effects			1.238	.084	3.03	3.37				
Model Random Effects				.231	2.56	3.84			.092	

*Extracted from SPSS

Table 6. Regression Analysis of Men Discrimination

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Upper Bound	95.0% Confidence Interval for B
(Constant)	2.471	.343		7.198	.000	1.794	3.147
Equity Sensitivity	-.029	.040	-.053	-.722	.471	-.108	.050
Gender	-.262	.076	-.240	3.459	.001	-.411	-.113
Age	-.113	.074	-.147	1.518	.131	-.260	.034
Marital Status	-.008	.034	-.022	-.226	.821	-.074	.059
Continent	-.009	.023	-.029	-.410	.682	-.055	.036

*Extracted from SPSS

Table 7. Regression Analysis of Women's Discrimination

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Upper Bound	95.0% Confidence Interval for B
(Constant)	.444	.564		.787	.432	-.668	1.556
Equity Sensitivity	.458	.066	.440	6.925	.000	.328	.589
Gender	.321	.124	.156	2.585	.010	.076	.567
Age	-.065	.122	-.044	-.527	.599	-.306	.177
Marital Status	.029	.056	.044	.530	.597	-.080	.139
Continent	.047	.038	.076	1.253	.211	-.027	.122

*Extracted from SPSS

For this analysis, the discrimination towards men will be accepted since the significant level fulfils the standards of less than 0.05 in Table 6. Since men are coded lower, men think that men are more discriminated against than women. The same thing happened with discrimination towards

women; the individual's sensitivity to equity is significantly correlated with how the respondents rate women as disadvantaged. From Table 7, the level of significance is within the standards, where the individual's sensitivity towards equity has a level of significance of less than 0,001. Even though the result is significant, the beta for this variable is quite high; it is 0,440. Therefore, the wage gap perceptions towards women are stronger than the wage gap perceptions towards men regarding its sensitivity towards equity. Hypothesis 5 is accepted.

All in all, the overall significance level towards men's discrimination can be seen in Table 6, while the overall level of significance towards women's discrimination can be seen in Table 7. We used the regression analysis to conclude all the data to visualize the differences between the independent variables and the two discriminations. The most significant factors for men's discrimination are gender. On the other hand, the most significant factors for women's discrimination are gender and equity sensitivity. However, the most significant for both discrimination is gender.

Discussion

Many studies still confirm that the pay gap still exists, while others believe that the pay gap is slowly closing (Hsu et al., 2021). The factor variable that has the most impact on the dependent variables is gender. Today, each gender shows that the respondents perceive a certain bias against their own gender. Males felt they were more disadvantaged due to their gender, while females also felt more disadvantaged due to their gender. Self-serving bias claims that a person will acknowledge their successes and put the blame on outside forces when everything does not go their way (Barrett, 2022; Wang et al., 2017), which creates a certain judgment about fairness or rightness that is skewed against their personal interest (Babcock & Loewenstein, 1997). Babcock et al. (1996) presented an example of self-serving bias in the framework of fairness in compensation at the workplace. Two subjects were tested to define fair compensation for the tasks they did for either seven or ten hours. The employee who worked for seven hours had a salary of \$25 and perceived that the employee would be paid \$30.29 if they worked for ten hours. However, the employee who worked for ten hours thought they should have been compensated \$35.29 instead.

All the other factors, like marital status, age, residency, and equity sensitivity, impact the individual's perception of the pay gap. However, after doing this analysis, it is clear that only one gender stands out, which is women. Throughout the analysis, the discrimination towards women is more significant than the discrimination towards men in terms of all the different independent variables. In today's world, this may reflect that the discrimination against men is decreasing, so society may still be favourable towards men. However, it is not the same as the discrimination against women. The recognition of the discrimination of women is also increasing. These gaps may have happened in part due to the sex roles theories and stereotypes in society (Hanek & Garcia, 2022; Martin, 2023; Kundro & Rothbard, 2023). Gender role theory is the difference in social behaviours between men and women that arises due to the different social positions within society (Hanek & Garcia, 2022). There are certain expectations that materialize with the different job positions held between men and women (Kundro & Rothbard, 2023). In society, there are unfair and unbalanced roles that are represented by each gender. Women are viewed as individuals who nurture, tender, and assist behaviour (Hanek & Garcia, 2022) due to their ability to give birth, which created a role or trait that is associated with being a caretaker and delicate appearance (Martin, 2023; Kundro & Rothbard, 2023).

On the contrary, men are perceived as individuals who show agentic behaviours; in this case, the vocabularies used to describe men include dominance, independence, and aggression (Hanek & Garcia, 2022; Martin, 2023). These attributes then influence how society views women and men, which puts them into social categories that lead to stereotypes (Morgenroth & Ryan,

2021). The stereotypes that are socially constructed cause a harsh impact on both men and women when it comes to engaging in uncommon roles that society perceives or judges (Hanek & Garcia, 2022). For example, when men enter women's job positions, they will face a vicious sequel defying the stereotypes and causing an adverse response from society (Moss-Racusin et al., 2022).

The cause of these two theories combined is due to several factors. When a person recognizes their successes, their self-enhancing bias will come out, whereas contradicting the failures will act as a self-protection bias (Wang et al., 2017). Self-enhancement often modifies one's behaviour to display a person's good quality (Kim et al., 2023) and control the perceptions of oneself favourably (Wang et al., 2017). Contrarily, self-protection acts as an emergency mechanism that will take effect when a person's self-image is in danger (Wang et al., 2017). This study also claimed that the motivation to protect one's image is more significant than people tend to exhibit self-protection than self-enhancement. For instance, in the context of an organization, stereotypes could become a source of inequity which resulted in underperformance (Walton et al., 2015). Women who work in technology could perform less than their actual ability if they are being evaluated when they perform poorly because it could verify the stereotypes.

Moreover, individuals tend to dislike people who are self-enhanced biased. Alternatively, these two theories, self-serving bias and the gender role theory can also happen due to the economic disparity in their society (Loughnan et al., 2011). They proclaimed that societies with economic inequalities will boost the individuals' motivation to be conspicuous, while people in a society with more economic equality will not be as motivated to be conspicuous. It resulted in a community inclined towards self-enhancement to compete at the top, which is seen as a reward. Thus, it affects how individuals view fairness and equity within relationships.

CONCLUSION

Based on our study's findings, it can be concluded that several demographic variables, notably gender, residence, age, and equity sensitivity, are significantly related to individual pay gap perceptions. Of these, we found that gender had the strongest relationship with pay gap perceptions. This leads to some contributions to the literature. First, the study suggests that individuals may be prone to self-serving and self-protection bias, as we found that individuals tend to report the highest levels of pay discrimination against themselves, whether men or women. We also found that, in general, most participants acknowledged that women tend to experience more pay-related discrimination compared to men. This finding, along with the findings about the demographic variables influencing pay gap perceptions, suggests that individuals' demographic characteristics help from the social identities on which they base their pay gap perceptions.

LIMITATION & FURTHER RESEARCH

Based on the findings, a way to close the wage disparity between individuals is by using the pay disclosure system (Schofield-Georgeson, 2018). This regulation utilizes pay ratios where the highest salary is compared to the median salary of all the employees inside the organization. The function of having this regulation is to give some advantages in increasing responsibilities, increasing societal awareness, and supporting policymakers and analysts with actual data. In addition, another form of disclosing the gap is through pay transparency (Martucci et al., 2022). This article stated that this form of disclosing the disparity of compensation is available for not only applicants but also the employees of the organization itself. So, people could see the difference between the salary range of different job positions. To implement this regulation, the study suggested several conditions, like seeking legal advice about the most recent criteria within relevant countries and keeping track of the pay transparency issues. Lastly, another form of compensation is the performance-based system (Lim et al., 2023). This system has a policy to give

salary to the employees through the amount of performance they put in for the organization. Another article by Peláez-León et al. (2023) advises that an organization needs to understand the cultural roots of the organization to exploit information and resources and decide whether this system is good for the organization. It should be emphasized that there are certain restrictions in this article. First, the data collected within this research is limited, meaning there is a small sample size. Second, since this study depends on the perceptions of the respondents, participants may be subjected to what society thinks is acceptable than their actual perceptions. In addition, this study only captures the perceptions at a certain period, so perceptions for the next period of time may change.

The changes in the perceptions in different periods could be compared to a future study, like Sipe et al. (2016), where they examine the differences in the perceptions of gender disparity from 2006 to 2013. Furthermore, future studies can examine the different factors by restricting the demographic variables: location, occupation or job position, and sector. For instance, Dezsó et al. (2022) investigated the effect of having a female chief executive officer (CEO) on the compensation levels of an organization's other top executives. Another dimension that could be added for future research is where studies can research the perception of the satisfaction levels of the individual's compensation (Scarpello et al., 1988). Another topic that could be touched on is pension, which is a closely related subject to compensation and its relations to the perceptions of the pay gap. Other subjects to be discussed can be the hiring decision and its relation to gender disparity.

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