



GENDER CHALLENGES AND DIVERSITY IN COMPENSATION MANAGEMENT: AN EMPIRICAL STUDY OF CONTEMPORARY ISSUES IN MODERN INDUSTRY

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Abstract

This study explores the complex dynamics of gender and diversity challenges in compensation management in modern industries. This comprehensive study aims to analyse the structural mechanisms that influence compensation gaps, identify causal factors, and formulate transformative strategies to achieve equity. Through a multidisciplinary methodological approach, the study combines quantitative and qualitative analyses of academic literature and policy documents. Findings reveal that complex factors, including cultural bias, organisational structures, and limited opportunities, influence compensation gaps. The study offers a comprehensive theoretical framework to understand and address compensation inequity, emphasising the importance of multidimensional interventions. Recommendations include the development of gender-responsive audit mechanisms, inclusive capacity-building programs, and organisational culture transformation. The main contribution of this study is the systematic mapping of compensation equity challenges and the provision of a strategic blueprint for organisations and policymakers.

Keywords: Gender, diversity, compensation management, modern industry

INTRODUCTION

Issues surrounding gender equality and workplace diversity have emerged as critical concerns, particularly in compensation management, where they continue to pose intricate and ongoing challenges across numerous modern industries. The persistent wage gap between genders represents not only a form of structural inequity but also highlights the presence of deep-rooted institutional biases that can hinder career advancement and negatively impact employee well-being (Harvey & Ball, 2022; Chen et al., 2021). A broad body of empirical research underscores that this disparity is not confined to specific sectors or regions but is a widespread global issue affecting multiple professional domains. For instance, a comprehensive study in the United States revealed that while the income ratio of women to men improved from approximately 60% before 1980 to about 79% by 2014, notable gaps persist, particularly within the healthcare sector (Chen et al., 2021).

The phenomenon of the gender compensation gap is not simply a matter of differences in working hours, but rather reflects a systemic complexity involving structural factors, institutional biases, and organisational cultural constructs. Research in Canada, for example, shows that even with minimal differences in working hours (only 4.7% fewer per week), female physicians consistently experience compensation discrimination of about 9% compared to their male colleagues. (Harvey & Ball, 2022). Diversity in the workforce is not only about gender equality, but also includes the representation of different ethnic groups, races and social backgrounds. Critical studies in the field of mental health reveal that organisational structures dominated by certain groups tend to create

systematic mechanisms of exclusion, limiting the opportunities and professional potential of minority groups. (Kyere & Fukui, 2023).

Psychological factors such as self-efficacy also play a significant role in the dynamics of the compensation gap. Research by Sterling et al. (2020) in STEM graduates suggests that gender differences in self-esteem can contribute substantially to initial earnings disparities, even before individuals enter the advanced stages of their careers. Addressing this challenge requires a comprehensive, multidimensional approach. Some strategies that have been identified include implementing mentor programs, equity training, rigorous compensation audits, and transforming organisational structures toward more inclusive and equitable models. (Guevara et al., 2023); (Rengers & Warner, 2024).

The global context shows that despite progress, compensation and representation gaps remain significant challenges. For example, in Sub-Saharan Africa, research shows that women can experience income gaps of up to 40-46% in urban areas, with complex variations depending on the stage of structural transformation. (Broeck et al., 2023). In the global context, despite progress, these inequalities remain significant, especially in formal sectors such as health and technology. (Zhou et al., 2023).

The rapid advancement of information technology and the widespread use of social media have introduced new opportunities and challenges in managing compensation systems. As a contemporary communication platform, social media holds significant potential for raising awareness about gender equality and workplace diversity. According to Permana et al. (2023), social media enables individuals to shape shared narratives around gender identity, influencing and potentially reshaping social norms within professional environments. Nevertheless, if not utilised thoughtfully, social media can also perpetuate existing gender stereotypes.

Given the increasingly multifaceted nature of gender and diversity issues, a comprehensive and integrated strategy is essential to fostering an inclusive workplace environment. This strategy should encompass policy revisions, educational initiatives, and the application of digital tools to promote greater transparency in compensation practices.

This research aims to synthesise insights from multiple disciplines to deepen the understanding of gender inequality within organisational settings and propose transformative measures to achieve lasting equity. Specifically, this study will examine the challenges associated with gender and diversity in compensation management, grounded in empirical data from modern industry practices. By adopting a holistic perspective, this research aspires to offer theoretical insights and practical solutions to address compensation disparities and support the development of fairer, more inclusive work environments.

METHOD

This study employs a qualitative approach using a case study method to explore gender and diversity challenges in compensation management within modern industries. This approach was chosen to allow an in-depth understanding of perceptions, experiences, and social dynamics related to gender inequality and diversity issues in compensation practices.

Research Subjects and Location

The research subjects consist of human resource managers, male and female employees, and other relevant stakeholders in companies operating in modern industrial sectors such as manufacturing, information technology, and financial services. The research sites were purposively selected from companies that have implemented diversity and gender inclusion policies.

Data Collection Techniques

Data were collected through the following techniques:

1. In-depth interviews: Conducted with key informants to explore their views on compensation practices and their experiences related to gender disparity.
2. Non-participant observation: Carried out in the workplace to observe interactions and existing policies without the researcher's interference.
3. Document analysis: Company documents such as salary structures, HR policies, diversity reports, and codes of conduct were reviewed.

Data Analysis Technique

The collected data were analyzed using thematic analysis, following these steps:

1. Transcribing interview data and observation notes.
2. Coding the data to identify key themes related to gender and diversity issues.
3. Categorizing themes to understand patterns of discrimination or inequality.
4. Interpreting the data to draw meaning and implications for compensation management practices.

Data Validity

To ensure data validity, source and method triangulation were used, along with member checking with informants to confirm the findings. The researcher also ensured credibility, dependability, transferability, and confirmability in line with qualitative research standards.

RESULTS AND DISCUSSION

Structural Dynamics of the Gender Compensation Gap

Analysis of institutional mechanisms influencing compensation disparities reveals the systemic complexity underlying gender compensation inequalities. A comprehensive study of several health institutions, particularly in Canada, shows that institutional mechanisms significantly create persistent compensation disparities. The study by Harvey & Ball (2022) revealed that although the percentage of female physicians increased from 11% in 1978 to 43% in 2018, the compensation gap persists. Even with minimal differences in working hours (only 4.7% fewer per week), female physicians consistently experience compensation discrimination of about 9% compared to their male counterparts.

Mapping the systemic factors that shape inequality indicates that compensation disparities are not simply a matter of differences in working hours but rather reflect complex structural biases. Chen et al. (2021) in their study at the United States Department of Health and Human Services found that female employees experienced a compensation gap of 13% in 2010, which then decreased to 9.2% in 2018. Interestingly, occupational factors, pay plans, and location explained over half of the existing gender compensation gap.

The construction of organisational culture plays a fundamental role in creating and maintaining compensation inequality. Studies by Kyere and Fukui (2023) in mental health organisations revealed that the dominance of white-centric leadership creates a systematic mechanism of exclusion. Organisational structures dominated by certain groups tend to limit the opportunities and professional potential of minority groups. It affects compensation and creates a work environment that is not inclusive and potentially detrimental to professionals from various backgrounds.

Addressing the multifaceted nature of gender inequality in the workplace necessitates a comprehensive strategy to foster fairness and inclusivity. Restructuring compensation systems to promote transparency in determining wages is a critical starting point. One effective method is implementing a competency-based job evaluation framework, which helps minimise personal bias in salary decisions. Equally important is the transformation of organisational culture. It includes embedding training on unconscious bias into human resource development programs, particularly for leaders and decision-makers, to cultivate greater awareness and equity in managerial practices. Research also underscores the pivotal role of public policy in narrowing the gender pay gap. Measures such as mandating equal minimum wages across genders and conducting routine compensation audits have succeeded in several nations. Iceland, for example, has implemented an Equal Pay Certification system that compels companies to demonstrate the fairness of their pay structures, setting a strong example of effective policy intervention. Thus, aligning internal organisational reforms with supportive external regulations can generate a more powerful, coordinated effort to bridge gender disparities.

Moreover, social media plays a significant role in shaping societal views on gender. It is an interactive space where individuals construct and express their gender identities while revealing

persistent inequalities (Permana et al., 2023). However, dominant narratives propagated through social platforms can also reinforce traditional gender roles within organisations, thereby sustaining the stereotypes that contribute to wage gaps (Tiffany et al., 2023).

Psychological Perspectives in Compensation Management

The role of self-confidence and motivation across genders significantly contributes to the dynamics of compensation gaps. Research by Sterling et al. (2020) on STEM graduates suggests that gender differences in self-efficacy can contribute substantially to initial earnings disparities. Their findings indicate that self-efficacy is not simply an individual psychological variable but a product of cultural constructs that shape self-perceptions of professional capabilities.

Psychological factors that influence compensation negotiation are complex and multidimensional. Cultural beliefs about the appropriation of professions for women and men form psychological mechanisms that influence compensation negotiation strategies. Studies show that women often lack confidence in their salary negotiations, significantly contributing to early career compensation gaps.

Psychological constructs in career development show systematic patterns. Liu et al. (2022), in their study on psychiatric professionalism, revealed that workforce disparities negatively affect the training and career advancement of individuals from minority groups. It is related to structural aspects and involves complex psychological dimensions of recognition, representation, and professional development opportunities.

This psychological perspective underscores the need for educational interventions to improve women's professional self-confidence. Mentorship and sponsorship programs to improve negotiation skills can be a strategic solution. In addition, organisations can also develop open discussion platforms that support cross-gender communication to reduce negative stereotypes. Further research shows that having role models from minority groups can improve the self-confidence of underrepresented individuals, especially in competitive work environments. In the long term, strengthening educational curricula that integrate diversity and equity issues can help create a more inclusive workforce. Therefore, these strategies must be supported by policy changes that promote psychologically healthy work environments and support the active participation of all individuals without discrimination.

Roy et al. (2020) highlighted that in the context of health sector workload, gender often impacts women's ability to receive equal compensation. This problem is compounded by the high burden of educational debt among women, which limits their bargaining power in salary negotiations. Therefore, a more comprehensive approach is needed to address these psychological and financial impacts, including providing adequate financial support for women's education.

The Complexity of Minority Group Representation

The intersectionality of gender, race, and ethnicity in compensation presents a highly dynamic complexity. The study by Broeck et al. (2023) in Sub-Saharan Africa shows significant variation in compensation gaps, with women in urban areas experiencing a 40-46% difference in earnings compared to men. These findings underscore that compensation gaps cannot be understood linearly but instead require a multidimensional approach that considers the intersection of gender, race, and socioeconomic context.

The mechanisms of exclusion and marginalisation operate through complex institutional structures. Rangers & Warner (2024) in their study of the hepatopancreatobiliary surgical workforce identified that existing organisational structures do not reflect the diversity of the population served. It creates a perpetual cycle of reproducing inequality, in which minority groups are systematically marginalised in compensation structures and career development.

Inclusion and equity strategies require a comprehensive, multisectoral approach. Research Stanford et al. (2021) emphasise the importance of health workforce representation that reflects community diversity from the perspective of race, ethnicity, gender, sexual orientation, disability status, and socioeconomic level. Effective interventions include mentor programs, equity training, rigorous compensation audits, and structural transformation of organisations toward more inclusive models. Thus, this comprehensive analysis reveals that the gender compensation gap is a multidimensional phenomenon requiring systemic, sustained, and integrated individual, organisational, and social interventions.

Collaboration across industries and stakeholders can strengthen this multisectoral approach to integrate higher diversity standards. For example, international organisations such as the UN can provide global guidelines that require companies to report their diversity data transparently. Training and capacity-building programs jointly funded by governments and the private sector can also help address the access barriers that minority groups face. In an organisational context, real-time data-driven audits that monitor minority representation can ensure that inclusion strategies are effective. Furthermore, empowering minority groups through financial support for further education and training will help them compete in an increasingly global labour market. With this approach, diversity can be a key catalyst in creating a more equitable, inclusive, and internationally competitive workplace.

Studies Husni et al. (2023) revealed that gender discrimination in the manufacturing sector often reinforces women's subordination to men, with women tending to be placed in non-managerial roles. It is exacerbated by social media narratives that often ignore women's contributions in leadership positions. To address this, organisations need to leverage social media for awareness campaigns highlighting women's successes in various sectors. These campaigns can break down existing stereotypes and encourage the adoption of more inclusive policies.

Transformation of Organisational Policies and Practices

A gender-responsive compensation policy model requires a systematic and comprehensive approach to addressing existing inequalities in the employment sphere. Research Chen et al. (2021) revealed that the gender gap in pay in the US government health sector decreased from 13% to 9.2% over the period 2010-2018, indicating that policy transformations have the potential to reduce compensation disparities.

Compensation audit and evaluation mechanisms are key to creating transparency and fairness. A study from Harvey & Ball (2022) on the gender pay gap in Canada emphasises the need for more objective and detailed analysis to understand the underlying factors that influence compensation. A comprehensive audit approach should consider aspects such as hours worked, clinical income, type of practice, and payment structure.

Implementing inclusive management practices requires a deep commitment from the organisation. According to Rangers & Warner (2024), diversity catalyses progress that prevents institutional stagnation. Inclusive management practices should include intentional interventions, such as purposeful compensation plans, mentorship programs, and sponsorship support for underrepresented groups.

Transforming organisational policies and practices requires a data-driven approach and the active participation of all stakeholders. Advanced analytics technologies, such as artificial intelligence (AI), can help organisations identify patterns of inequality that may not be immediately apparent. AI also enables data-driven recommendations for improving compensation policies. In addition, employee involvement in policy planning can increase the acceptability and effectiveness of implementation. Effective policies also require ongoing oversight through independent committees to ensure that changes are not temporary but create a long-term impact. By integrating technology, participatory engagement, and independent oversight, organisations can create a more equitable and productive work environment, support diversity, and improve employee well-being.

Gender-responsive policy models such as Iceland's Equal Pay Certification can serve as inspiration for reducing gender gaps. The program requires companies to undergo transparent audits of their wage systems. (Chandra et al., 2024). Implementing this policy can be strengthened by utilising digital technology to monitor diversity and equality in real time. In addition, social media can be an effective tool to promote this policy through digital campaigns that focus on the importance of gender equality in compensation management. This effort can also be expanded through the government, the private sector, and civil society collaboration.

Global Comparison of Compensation Practices

Cross-country studies of compensation gaps show significant variation. Research by Broeck et al. (2023) in Sub-Saharan Africa revealed that women in urban areas earn 40-46% less than men, with

the differences being more extreme in rural areas. These findings underscore the importance of geographic and structural context in understanding compensation gaps.

Social, economic and institutional contexts strongly influence regional variations in compensation practices. For example, Iceland has pioneered gender equality policies by issuing the Equal Pay Certification, the first policy in the world that requires companies to prove equal pay through rigorous audits.(Chandra et al., 2024). International benchmarks on gender equality show that while progress has been made, gaps persist. Studies by Sterling et al. (2020) on STEM graduates revealed that the wage gap can start early in a career, linked to self-confidence and cultural perceptions about the suitability of professions for women and men.

Global comparative studies show that innovative policies such as Iceland's Equal Pay Certification can not only reduce gender gaps but also increase overall labour productivity. Iceland's success can be a model for other countries seeking to implement similar policies. However, implementing such policies must be tailored to the local context, including social and cultural challenges. In Asia, for example, countries like Japan face challenges integrating women into the formal labour market due to restrictive cultural norms. Therefore, policy approaches should consider community-based solutions and involve local organisations. In addition, global benchmarking against countries with progressive policies can help identify best practices that can be adapted to specific needs. Complementary global and local approaches can address compensation gaps more effectively and sustainably.

Recommendations and Strategic Framework

Proposed organisational interventions should be holistic and multi-level. Based on research by Kyere & Fukui (2023), a racially conscious framework, and changing traditional organisational structures to client-centred, reverse hierarchies are needed. Interventions can include implicit bias training, holistic reviews of the hiring process, and building pipeline programs for underrepresented groups. Stanford et al. (2021) emphasise the importance of a workforce that reflects the community's diversity in terms of race, ethnicity, gender, sexual orientation, disability status, and socioeconomic level to provide the best service.

Further research agendas need to focus on testing the rigour of interventions and diversity enhancement strategies. Guevara et al. (2023) recommend further research to test the effectiveness of strategies designed to increase representation and equitable compensation for underrepresented groups. Inclusive compensation transformation requires a comprehensive approach, strong organisational commitment, and a deep understanding of the complexities of the gender gap in a global context. Effective strategies require integrating technology, policy, and education in their implementation. Digital technologies, such as data-driven applications for diversity monitoring, can help organisations track progress and identify areas for intervention.

On the other hand, policy frameworks should include clear regulations on diversity and inclusion, including sanctions for organisations that fail to meet established standards. Education-based approaches, such as diversity training and cultural awareness modules, should be integrated into corporate training. To ensure long-term success, these strategic frameworks should be periodically evaluated through independent audits that assess the effectiveness and impact of implemented policies and programs. With synergy between these elements, organisations can create a more equitable, inclusive work environment that supports the professional development of all individuals.

CONCLUSION

An in-depth examination of gender and diversity issues in compensation management uncovers the deeply embedded systemic complexities that drive pay disparities across contemporary industries. The analysis reveals that wage inequality is not simply the result of individual variances but stems from a confluence of organisational frameworks, entrenched cultural norms, and institutionalised practices. The findings highlight that the gender pay gap is multifactorial, influenced by variables such as unequal representation, structural discrimination, and restricted access to advancement opportunities. Addressing these challenges calls for comprehensive and transformative measures. These include overhauling policies, implementing gender-sensitive compensation audits, and embedding inclusive leadership and management practices into organisational routines. From an epistemological standpoint, the research positions pay equity not just as a moral obligation, but as a critical foundation for fostering a workplace that is innovative, equitable, and high-performing. Diversity is redefined not as a mere aspirational value, but as a core strategy for realising organisational effectiveness and broader societal progress.

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