

A research brief on the

# Gender wage gap

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## Overview

The gender wage gap is the difference in remuneration for paid work between women and men. There are many ways to calculate the gap, depending on what employment dynamics you want to identify.<sup>1</sup> Failure to offer equal pay for equal work, where women are paid less than men for performing the same job, accounts for a ~95 cent wage gap. More of the wage gap is explained by mothers who change jobs to ones with greater flexibility to manage their carework responsibilities. This often means switching to jobs that pay less, and takes the wage gap to ~88 cents. When comparing annual earnings for both part-time and full-time workers in Canada, an even larger gender wage gap exists of ~70 cents, primarily because women more often work part-time in order to accommodate carework responsibilities.<sup>2</sup>

## Sources of the gender wage gap

The gender wage gap varies by race and ethnicity.<sup>3</sup> According to The 2011 National Household Survey, when full-time median employment income is analyzed there is a ~92 cent wage gap between visible and non-visible minority women, and a ~72 cent wage gap between visible minority men and women.<sup>4</sup> Earnings disparities are evident among transgender individuals as well. The 2011 Trans PULSE survey finds that while 71% of trans people in Ontario surveyed have at least some college or university education, about half make \$15,000 per year or less.<sup>5</sup>

One major cause of the wage gap is job segregation. A whole host of factors conspire to segregate women into occupational fields that pay less,<sup>6</sup> such as childcare and retail.<sup>7</sup> Within firms, this might mean that women end up in internal, back office roles rather than external or revenue-producing roles. Women also confront a motherhood penalty. Mothers are perceived to be less competent, and the time they take off work to have children decelerates salary raises and promotions.<sup>8</sup>

People looking to get ahead in their jobs must often work long hours, but gendered allocation of family responsibilities prevents women from being able to do this.<sup>9</sup> As a result, jobs requiring employees to work long hours produce some of the largest wage gaps.<sup>10</sup>

**In Canada,  
the gender  
wage gap  
ranges from  
95 cents to  
70 cents**

Several efforts have been put forth for addressing the gender wage gap, some of which have mixed results:

## Pay transparency

Pay transparency (such as Provincial Sunshine laws) can reduce the wage gap. Recent regulation in the UK has mainly highlighted the dearth of women in top earning roles and has had less to say about actual problems with equal pay for equal work. Compelling pay transparency may risk that companies focus on public relations rather than on substantive change.<sup>11</sup>

## Pay equity

Canada is a leader in Pay Equity legislation. Evidence suggests that pay equity has provided gains for women working in the public sector<sup>12</sup> but because its application is focused on relatively narrow comparisons of job classes, it has not had a substantial impact on the larger wage gap.

## Salary history bans

Because women have wage disparities beginning with their first job, salary history bans (in which employers are prohibited from asking potential employees about prior salaries) could be a helpful intervention in preventing the gap from widening.<sup>13</sup> However, employers can also find ways around the ban by asking about salary expectations instead of previous salaries.<sup>14</sup>

Management might also consider:

## Redesign job structures

In the pharmacy industry, technological improvements to job design such as the standardization of procedures and the creation of online databases, have decreased the costs of temporal flexibility for female pharmacists, and basically closed the gender wage gap in that field.<sup>15</sup>

## Reconsider valorizing working long hours

In many professions, it may be assumed that long hours and extensive “face time” is associated with top performance. But, some of those assumptions are out dated. Leaders can transform workplace cultures that place too much emphasis on working long hours and instead focus on outcomes.<sup>16</sup>

## Support more accessible childcare

As long as family responsibilities are unequally shared, the gender gap is not likely to close.<sup>17</sup> Providing affordable and accessible onsite childcare or subsidizing access to other child care sources may help parents who wish to work full-time.

## Provide growth opportunities

Many organizations assume that mothers are not interested in advancement or tough assignments that might lead to promotions. Organizations can do a better job of giving opportunities to people who want them and would benefit from them.

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