



Briefing: The Gender Pay Gap

THE DIFFERENCE BETWEEN THE AVERAGE gross earnings of men and women remains a persistent problem. In a number of countries, public disclosure of this pay gap has become mandatory for medium and large companies.

How big is the gender pay gap?

The gender difference in pay varies quite dramatically between countries. Data from the Organization for Economic Cooperation and Development shows the gap between the average gross earnings of

This persistent problem dogs the business world and limits its potential. Here's what you need to know.

men and women is highest in Japan, the US and UK. The average across the OECD is 13.5 percent.

Does the gender pay gap differ between jobs and sectors?

Media, retail and construction have the biggest gender pay gaps in the US, and the gap is smallest for biotech pharmaceuticals and defense. Job review site Glassdoor analyzed hundreds of thousands of salary reports, including information posted anonymously on its site by employees, and found that certain professions have much higher pay gaps:

Male pilots and chefs earn considerably more than their female counterparts (a 26.8 percent and 24.6 percent difference); the gap among C-suite executives is also large (24 percent).

How is this possible—aren't there laws against discrimination?

Many countries have passed laws to ensure men and women receive “equal pay for equal work.” However, equal work is often not an option for many women, due to lack of educational or employment opportunities or other structural or societal barriers. As a result, disparities in earnings have remained, even despite the introduction of equal pay laws. Recognizing this, a number of countries have passed laws requiring employers to publish data on the gender pay gap in their organizations.

Which country pioneered pay gap laws?

The UK became the first country to require gender pay gap reporting in April 2017 with changes to The Equality Act. It obliges employers with 250 or more employees to publish gender-pay-gap data. This has had the indirect effect of forcing many non-UK companies to confront gender disparities, since many global companies have offices and operations in the UK. Recently France and Germany have passed similar laws, and a live debate is under way in several other countries about following suit.

What causes the gender pay gap?

Many factors. Undoubtedly, a major one is that women continue to bear the brunt of caregiving

responsibilities in the home, including unpaid care for children and ailing or aging loved ones. In the UK, for example, the gender pay gap increases after childbirth, and by the time their first child is 20, women's hourly wages are about a third below men's.

Does this mean the gender pay gap is the result of women's choices?

It's not that simple. Part of the problem is senior roles are strongly associated with an “always on” culture of long hours and constant availability, and so cannot be done flexibly or part-time. Many argue that this isn't inherent in the nature of senior roles, but is rather a product of the culture of the workplace, which developed to suit the gendered norms. One effect of this culture is that women are less likely to advance to positions of seniority, which have historically been held by men—famously, there are more men named John among CEOs of the FTSE 100 and S&P 1500 than there are women. This persistent lack of advancement helps to perpetuate the pay gap, as fewer women ascend to higher-paid positions.

Could self-confidence contribute to the gender pay gap?

It's often suggested there's a “salary confidence gap” between men and women when negotiating pay. An analysis of real-world job applications by Glassdoor suggests that men do apply for more higher-paying jobs than women: Men apply to jobs that pay 18.3 percent more on average than jobs women apply for. However, this is largely because women often look for different kinds of jobs than men; the “salary confidence gap” drops to 0.7 percent when comparing job applications from equally qualified men and women seeking similar jobs. Recent studies have also shown that women who fail to promote themselves do so out of a fear of backlash from colleagues, who respond to women differently than they do men. On this evidence, self-confidence is not a major factor.

Will reporting the gender pay gap really help reduce gender disparities?

Mandatory reporting only began in 2018 and it's too soon to see any direct impact. However, it has led to increased scrutiny from the media, employees, trade unions and investors. This greater transparency has raised the stakes for companies. Many companies will see this as an opportunity to show leadership, in order to compete for the best talent. Taking action on the gender pay gap can send a signal that a company is progressively minded, inclusive and committed to equal opportunities. ♦

24
percent
The average
pay gap
between
male and
female C-suite
executives.

REGIONAL DIFFERENCES

The difference in average pay between men and women is greatest in Japan, the EU as a whole, and the US, but it remains a problem in much of the world.

