

CLOSING THE GENDER WAGE GAP: A Background Paper

Ministry of Labour

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Introduction

Women in Ontario have made significant progress in areas such as labour force participation and education. Yet, they continue to earn less than men. Women are overrepresented¹ in lower-paying occupations and industries, make up a disproportionate number of employees in minimum wage and part-time positions, and remain underrepresented in many higher paying jobs and sectors that have traditionally been male-dominated.

Closing Ontario's gender wage gap has been made a priority by the Premier. The responsibility for a Gender Wage Gap Strategy (the Strategy) has been given to the Minister of Labour, with support from Minister Responsible for Women's Issues. It is increasingly recognized that the gender wage gap – the difference between the earnings of men and women – represents lost economic opportunities.

This paper provides an overview of some key information to inform those who seek more detail when participating in the discussions to create recommendations for the Strategy. The paper will begin by going over the context and imperative for the Strategy. This will be followed by a section on key concepts that will allow for a better understanding of the ideas and data presented throughout the paper. Next, Ontario data are presented, followed by a discussion of factors commonly associated with the gender wage gap. As a model for innovative practices, the Nordic countries (where gender wage gaps are among the smallest in the developed world) will be reviewed.

The information in this paper is not exhaustive. It is based on research and data readily available at the time of writing. Research into a variety of areas related to the gender wage gap is ongoing.

1 Overrepresented is a term used to describe when a category includes a disproportionately large number of (a particular category or type of person). It is mainly used in reference to statistical studies.

Context

Provincial Mandate

In the Minister of Labour's 2014 Mandate Letter, the Premier charged the Minister with leading the development of a wage strategy, stating:

*"Women make up an integral part of our economy and society, but on average still do not earn as much as men. You will work with the Minister Responsible for Women's Issues and other ministers to develop a wage gap strategy that will close the gap between men and women in the context of the 21st century economy."*²

The Mandate Letter of the Minister Responsible for Women's Issues directed her to support the Minister of Labour in the development of a wage gap strategy.

The Strategy will take into account the recommendations of a Gender Wage Gap Strategy Steering Committee. Two External Advisors -Linda Davis and Dr. Parbudyal Singh- have been appointed to the committee by the Minister of Labour. The Pay Equity Commissioner -Emanuela Heyninck- and the MOL Executive Lead -Nancy Austin- are ex officio members of the committee.

The committee will examine how the gender wage gap affects women at work, in their family, and in their community; understand how the gender wage gap specifically affects women in the workforce across the economic spectrum; assess ways in which government, business, labour, other organizations, and individual leaders can work together to address the conditions and the systemic barriers that contribute to the wage gap; and, understand other factors that intersect with gender to compound the wage gap and determine how those factors should be addressed.

The committee will seek input from the public through consultations using a variety of methods and will report back to government on the recommendations for a proposed Strategy in 2016.³

² Ontario Government Mandate Letter: Labour (2014).

³ Ontario Government News Release (2015). *Ontario Takes Another Step to Close the Gender Wage Gap*.

Canada's International Obligations

Canada is party to several key United Nations conventions related to women, work, and compensation. In 1951, the United Nations International Labour Organization (ILO) adopted Convention No. 100, the Convention Concerning Equal Remuneration for Men and Women for Work of Equal Value. Canada has ratified ILO's Convention No. 100.⁴

The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) was ratified by Canada on December 10, 1981. It provides the basis for realizing gender equality through ensuring women's equal access to, and equal opportunities in, political and public life as well as education, health and employment. Parties agree to take all appropriate measures, including legislation and temporary special measures, so that women can enjoy all their human rights and fundamental freedoms.⁵ Thus far, Canada has submitted 7 reports, the last one in May 2007 with a supplemental report submitted in February 2010.

Emerging from the 1995 Beijing Declaration and Platform for Action, the Canadian federal government committed to conducting gender based analysis on all future legislation, policies and programs. Canada's National Review on the 20th Anniversary of the Beijing Platform for Action was submitted in June 2014.⁶

In another international forum, the G20 Leaders Summit in November 2014, Canada was a signatory to '25 by 25' communique where they agreed to the goal of reducing the gap in participation rates between women and men by 25% by 2025, taking into account national circumstances. Further action on this item is unknown at this time.⁷

Imperative

Achieving greater pay equality between men and women would benefit Ontario's economy and society at large. The gender wage gap is both an issue of fairness and an economic imperative. Failure to address this gap could undermine the competitiveness of Ontario businesses and the province's potential for economic growth.

4 Pay Equity Office (2015). *A Guide to Interpreting Ontario's Pay Equity Act*.

5 UN Women. *Convention on the Elimination of All Forms of Discrimination against Women*.

6 UN Women. *Beijing and its Follow-up*.

7 Caroline Bracht (2014). *The 2014 G20 Brisbane Summit Commitments*. G20 Information Centre.

International comparisons show that Canada may be falling behind in terms of the overall gender gap. For example, the 2014 Global Gender Gap Report by the World Economic Forum (WEF) ranked Canada 19th out of 142 countries. This is an improvement over the 2013 ranking of 20th but behind the 2006 ranking of 14th. In 2014, Canada lagged behind Germany (12th), New Zealand (14th), and all the Nordic countries, which take the top five spots. The United States, Australia, and the United Kingdom are ranked lower than Canada but remain in the top 30.⁸

Canada has made little improvement in recent years according to the WEF, improving 4% from 2006 to 2014. The United States, has improved by 6% in that time.⁹ Canada is falling behind in the WEF category: economic participation and opportunity. Canada was ranked 9th in 2013¹⁰, but slipped to 17th in 2014. The Conference Board of Canada notes that Canada has earned a C grade for its progress on the gender wage gap and ranks 11th out of 17 peer countries.¹¹

Closing the gender wage gap will benefit the economy. It is viewed by some as a productivity gap when women are under-employed and/or not trained to their full potential, which causes productivity losses to the entire economy. In the past decade, Ontario and Canada's productivity has stopped growing. There has been a widening productivity gap when Ontario and Canada are compared to the United States.¹² In 2005, The Royal Bank estimated that if women in Canada had identical labour market opportunities available to them as men, then personal incomes would be \$168 billion higher each year. Of this \$168 billion, about \$126 billion would come from equating the labour market experiences of women born in Canada to men born in Canada.¹³

Businesses will also benefit from closing the gender wage gap. Women today are highly educated and highly skilled. They exceed men in university enrollment, and are prime candidates to fill future skill shortages caused by aging demographics. The number of women in the workforce has been driving the overall labor force participation rate since the 1970s.¹⁴ As the single largest population segment

8 The World Economic Forum (2014). *The Global Gender Gap Report 2014*.

9 Ibid.

10 The World Economic Forum (2013). *The Global Gender Gap Report 2013*.

11 The Conference Board of Canada (2013). *Gender Income Gap*.

12 Ontario Ministry of Finance (2014). *Ontario's Long-Term Report on the Economy*.

13 RBC Financial Group (2005). *The Diversity Advantage: a Case for Canada's 21st Century Economy*.

14 Ontario Ministry of Finance.

still under-represented in paid work, women yield the highest potential to make a difference for the national labour force. Raising women's participation in paid work by just 1% would add approximately 115,000 workers to the labour force.¹⁵

Furthermore, women in the 25-44 age group represent the next generation for high-level decision-making and management positions. By removing barriers for women, businesses broaden the talent pool by tapping into the larger share of the labour market.

Some research also shows that equal opportunity employers attract talented staff with better morale and motivation, which results in increased productivity. The Task Force on Competitiveness, Productivity and Economic Progress found that "the average person in the North American peer median produced \$12,590 more goods and services in a year than a counterpart in Ontario."¹⁶ That productivity gap is for the same number of hours worked.

In addition some studies have also found a positive relationship between organizations' financial performance and the number of women on their boards. For example, one study showed that companies with sustained high representation of women board directors, defined as those with three or more women board directors in at least four of five years, outperformed those with sustained low representation by 84% on return on sales, by 60% on return on invested capital, and by 46% on return on equity.¹⁷

Reducing the gender wage gap would help to increase the economic security of women. Women are overrepresented in precarious and/or low-paid employment¹⁸, and constituted the majority (58.3%) of minimum wage earners in Ontario in 2012.¹⁹ In 2011, 7.6% of male employees worked for minimum wage as compared to 10.5% of female employees. In addition, the share of men aged 25-54 earning minimum wage grew more slowly from 2003-2011 (by 0.9%), while the share of women earning minimum wage in that age group rose more sharply (by 3.2%).²⁰

15 TD Economics (2010). *Career Interrupted: the Economic Impact of Motherhood*.

16 Task Force on Competitiveness, Productivity and Economic Progress (2014). Finding its own way: Ontario needs to take a new tack. Thirteenth Annual Report. The Institute for Competitiveness and Prosperity, pp. 14.

17 Catalyst (2011). *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)*.

18 Law Commission of Ontario (2012). *Vulnerable Workers and Precarious Work Report*.

19 Minimum Wage Advisory Panel (2014). *Reports and Recommendations to the Minister of Labour*.

20 Sheila Block (2013). *Who Makes Minimum Wage in Ontario*. Wellesley Institute.

Families that depend on female earners, such as female lone-parent families²¹, are more vulnerable to poverty and will benefit from closing the gender wage gap. According to the 2011 National Household Survey, 13.4% of all census families (nearly 500,000) are female lone-parent families.²² In addition, in 2008, 18% of women in dual-income families were their families' primary breadwinners (when measured in hourly earnings), bringing in more than 55% of the household income.²³ Reducing the wage gap would improve women's earnings during their lifetimes and lower the likelihood of poverty during their working years and in retirement. It may also help to lower the number of women on social assistance.

21 Lone-parent families are in which either a male or female lone parent is the economic family reference person according to the 2011 National Household Survey.

22 Statistics Canada (2013). *2011 National Household Survey*.

23 Catalyst (2015). *Women's Earnings and Income*.

Key Concepts

The Gender Wage Gap and Earnings Ratios

The gender wage gap is the difference between wages earned by men and women. It is often presented as a percentage, but may also be expressed in a dollar value. For the gender wage gap, the smaller the percentage, the better the situation is for women compared to men. In many cases, the gender wage gap is a generic term that could refer to any pay disparity. It will be used generically throughout the paper and different disparities will be shown as appropriate.

Earnings ratios are also commonly used in literature related to the gender wage gap. The female-to-male earnings ratio represents women's earnings as a percentage of those of men. This is often used as another way to represent the wage gap. It may be presented as a percentage or as a numerical value (e.g. 0.77). It is important to note that where earnings ratios are discussed, the larger the ratio, the better the situation is for women.

Measures of Earnings, Wages, Income and Work

As the concept of the gender wage gap encompasses indicators of economic well-being, social norms and many other dimensions, it is measured in different ways by different researchers, advocacy groups, businesses, governments, etc. The measures used are also dependent on the available data. As a result, a range of gender wage gaps can be produced. Debates over whether the gap is closing, or if progress has been uneven, can be a result of different measures or methods of measuring gender wage gaps.

One way to demonstrate the gender wage gap is to compare the **annual earnings of all earners**. The category all earners includes **full-time, full-year** workers, seasonal workers, and part-time workers. It is reasoned by some that 'all earners' presents a complete picture of the gender wage gap.²⁴

To see whether women who work full-time earn as much as their male counterparts, full-year, full-time data are useful. This is a common measure that allows for a comparison of an individual's ability to support themselves and their families.

24 Equal Pay Coalition (2015). *Gender pay gap FAQs*.

Hourly wages are often considered to closely illustrate the price of labour. Hourly rates enable pay comparisons for various jobs regardless of whether workers are employed full or part-time.²⁵

The gender wage gap may also be expressed by **income**, which includes employment income, income from government, income from employer and personal pension sources, income from investment sources, and other regular cash income. **After-tax income** refers to total income from all sources minus federal, provincial and territorial income taxes paid. It is important to consider, as it may provide insights into how people are impacted by tax structures. **Employment income** as a subset of income refers to income from wages, salaries and self-employment.²⁶

Measures of Central Tendency

When looking at gender wage gap data, two measures of central tendency²⁷ are primarily used. The first is the average, which is the sum of the values, divided by the number of values. The average is useful when the data being examined does not contain extreme values. The average is also useful as it is a commonly used and understood measure.

However, in the case of wages and earnings, the average can be skewed by a small number of people who earn extremely high or low salaries. The median can be useful as it better accounts for extremes. The median is the numerical value separating the higher half of a data sample from the lower half. The median of a finite list of numbers can be found by arranging from lowest value to highest value and picking the middle one. If there is an even number of values, the median is typically defined to be the average of the two middle values.

Decomposing the Gender Wage Gap

Beyond these descriptive statistics, decomposition analysis can help to produce estimates of the gender wage gap that account for different aspects of the gap, such as educational attainment or years of work experience, and the aspects impact on the gap.²⁸ The Blinder-Oaxaca decomposition is a commonly used

25 Julie Cool (2010). *The Wage Gap Between Men and Women*. Library of Parliament.

26 Statistics Canada. *2011 National Household Survey*.

27 Measures of central tendency tell us where the middle of a group of data lies.

28 Workplace Gender Equality Agency (2013). *Gender Pay Gap Taskforce Report: Recommendations on calculating, interpreting and communicating the gender pay gap*.

method. It divides the wage gap into a part that is 'explained' by differences in characteristics, and a part that cannot be accounted for. This 'unexplained' part of the gender wage gap has been used as a measure of discrimination, but it also considers the effects of differences that are unobserved or not measurable.²⁹ It is important to note that simply because part of the gap is 'explained' does not mean it can be ignored. The 'explained' part can still inform the whole, complex picture of the gender wage gap.

Significant Ontario Legislation

Equal pay for equal work aims to eliminate direct discrimination by an employer on the basis of gender. The *Female Employees Fair Remuneration Act* of 1951 aimed to provide the right to equal pay for equal work to women in Ontario. Today, the equal pay provisions in Ontario's *Employment Standards Act* (ESA), 2000 require that men and women receive equal pay when they do the same or substantially the same job in the same establishment.³⁰

Discrimination is prohibited by Ontario's *Human Rights Code*, enacted in 1962. It prohibits actions that discriminate against people based on a protected ground in a protected social area. These protected grounds include: gender identity, gender expression, sex (including pregnancy and breastfeeding), disability, race, and age, among others. Protected social areas include contracts and employment.³¹ The Code covers many areas that relate to intersectional discrimination.

Pay equity is commonly referred to as 'equal pay for work of equal value'. Ontario's Pay Equity Act (PEA), passed in 1987, requires employers to identify and correct gender discrimination that may be present in their pay practices and to adjust the wages of employees in female job classes so that they are at least equal to the wages of employees in male job classes found to be comparable in value based on skill, effort, responsibility and working conditions. Pay equity recognizes that, historically women and men have tended to do different kinds of work and that work traditionally performed by women has been undervalued and hence underpaid. The purpose of the PEA is to redress systemic gender discrimination in compensation for work performed by employees in female job classes.³²

29 Ben Jann (2008). *The Blinder-Oaxaca decomposition for linear regression models*. The Stata Journal, Vol. 8, No. 4, pp. 453-479.

30 Ministry of Labour (2015). *Your Guide to the Employment Standards Act, 2000*.

31 Ontario Human Rights Commission. *The Ontario Human Rights Code*.

32 Pay Equity Office (2015). *A Guide to Interpreting Ontario's Pay Equity Act*.

Intersectional Discrimination

Intersectional discrimination recognizes that people's lives have many interrelated facets or identities, and that marginalization and exclusion may exist because of how these identities intersect. Regardless of the method of calculation, the gender wage gap increases for women who experience intersectional discrimination. When compared to men without a disability, the gender wage gap is 20% for women without a disability and 25% for women with a disability.³³ Aspects of inequalities based on race, sex, disability status etc. interact in complex ways and must be considered in discussions, research, and any solutions to closing wage gaps.³⁴

33 Pay Equity Commission (2014). *Gender Wage Gaps and Earnings Ratios in Ontario*.

34 Joan Acker (2006). *Inequality Regimes: Gender, Class, and Race in Organizations*.

Ontario Data

The following sub-sections show Ontario-specific data and statistics and are meant to provide perspective and background for the subsequent discussion on key factors associated with the gender wage gap. These sections may also be useful in terms of presenting a baseline. It is important to remember that the information presented in ‘snapshot’ and ‘trends’ is simply descriptive, reflecting what was readily available at the time of writing.

Snapshot

In order to produce a profile of Ontario’s labour force, and understand the populations that may be impacted by the gender wage gap, this section of the paper will rely primarily on data from Statistics Canada’s 2011 National Household Survey (NHS). Statistics Canada’s Labour Force Survey also provides valuable insights that will be referenced in the section on trends and throughout the remainder of the paper.

Population Overview:

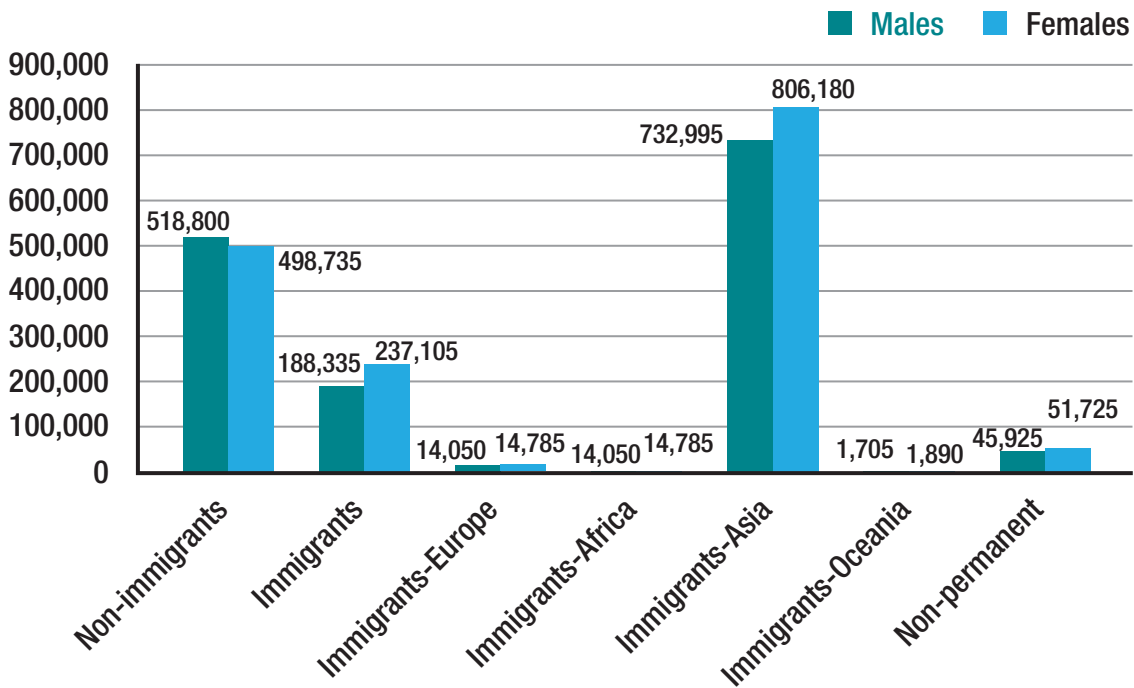
According to the 2011 NHS, women account for over half of Ontario’s population (51.3%). Women’s median age is slightly older (41.3) than the median age of men (39.4). 83.9% of the female population and 82.2% of the male population is aged 15 and over. This is important as ‘15 and over’ is the age range used for many labour force and income indicators.

In the key concepts sub-section, intersectional discrimination was discussed and noted as an important aspect related to the gender wage gap. As such, where possible we will note intersections available in the NHS. Approximately 26% of Ontarians identify as a visible minority (to be referred to as racialized in this paper³⁵) as do 26% of Ontario women (nearly 1.7 million women). The majority identify as South Asian, Chinese or Black. The majority of racialized individuals are immigrants from Asia or non-immigrants (figure 1). There are approximately 1.1 million female newcomers in Ontario (referred to as immigrants in the NHS³⁶).

35 Defined by the 2011 NHS as persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.

36 Defined by the 2011 NHS as a person who is or has ever been a landed immigrant/permanent resident. Some are Canadian citizens, while others are not. Some have resided in Canada for a number of years and a small number are born in Canada.

Figure 1: Population in private households by immigration status and selected places of birth

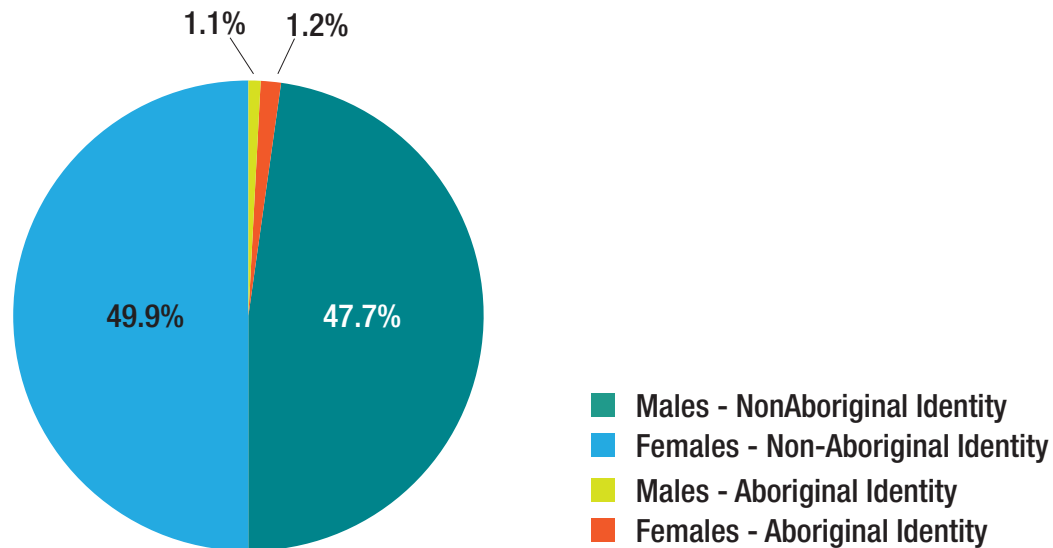


Data Table 1: Population in private households by immigration status and selected places of birth

| Group | Males | Females |
|--------------------------------|---------|---------|
| Non-immigrants | 518,800 | 498,735 |
| Immigrants - Americas | 188,335 | 237,105 |
| Immigrants - Europe | 14,050 | 14,785 |
| Immigrants - Africa | 1,290 | 1,420 |
| Immigrants - Asia | 732,995 | 806,180 |
| Immigrants - Oceania and Other | 1,705 | 1,890 |
| Non-permanent residents | 45,925 | 51,725 |

Individuals with an Aboriginal³⁷ identity make up a small portion of the Ontario population (figure 2). Women are 51.9% of the total Aboriginal population with just over 150,000 individuals. It is crucial to note that while Aboriginal data are available, during the 2011 NHS over 20 reserves and settlements were incompletely counted due to natural events (specifically forest fires) and the fact that permission to administer the survey was not granted.

Figure 2: Aboriginal and non-Aboriginal identity by sex



Data Table 2: Aboriginal and non-Aboriginal identity by sex

| Group | Males | Females |
|-------------------------|-----------|-----------|
| Aboriginal Identity | 145,020 | 156,410 |
| Non-Aboriginal Identity | 6,036,425 | 6,313,940 |

Education:

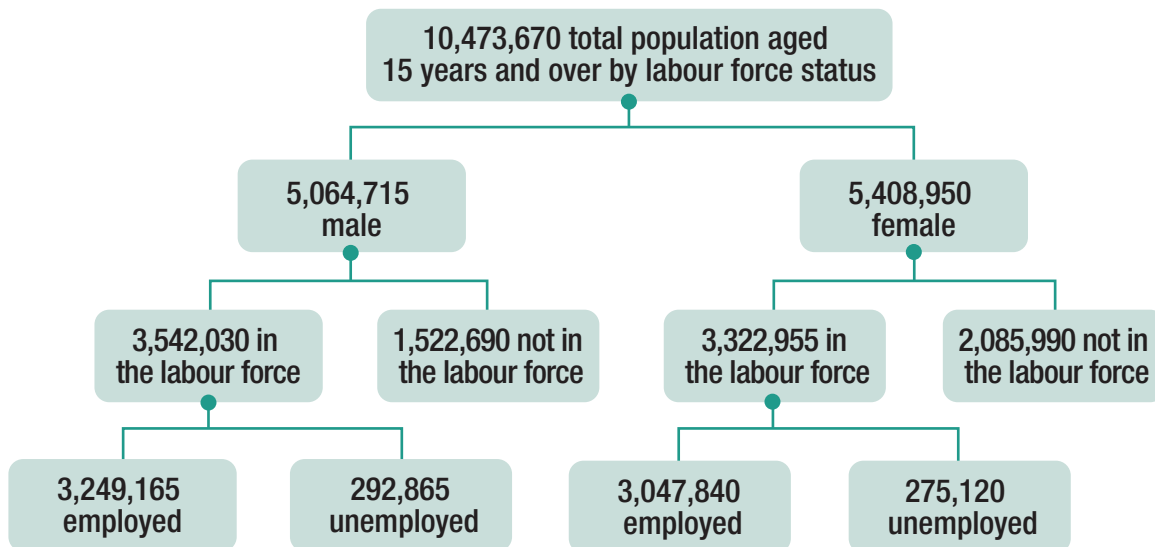
Women in Ontario have high levels of educational achievement. Over 2.9 million women have a postsecondary certificate, diploma or degree. The lowest concentration of females by far is found in 'apprenticeship or trades certificate or diploma'. Women comprise 32.5% of all those in this category – potentially suggesting barriers for women in this area. Women and men have similar rates of 'no certificate, diploma, or degree' at 18.4% and 18.9% respectively. They also have similar rates of 'university certificate, diploma or degree at bachelor level or above' at 23.8% and 23.0% respectively.

³⁷ Aboriginal peoples of Canada are defined in the Constitution Act, 1982, section 35 (2) as including the Indian, Inuit and Métis peoples of Canada.

Aboriginal women and men have a higher rate of ‘no certificate, degree or diploma’ than the broader population at 28.9% and 33.8% respectively. Aboriginal females account for 65% of all Aboriginal peoples with a bachelor’s degree and tend to achieve higher levels of education than Aboriginal men.

When we examine major field of study, the highest number of females are in ‘business, management and public administration’ (over 700,000 women). Over 600,000 are in ‘health and related fields’ which account for 80.9% of all those in that field. ‘Architecture, engineering and related technologies’ is a large field of study with over 1.1 million individuals; however, women account for only 9.2%. It may be useful to consider how this may impact earnings and return on investment in education throughout an individual’s career.

Labour Force Status:



When we look at the population by labour force status, 48.4% the labour force (both employed and unemployed) are female. Males have a higher labour force participation rate (69.9%) than females (61.4%) and a higher employment rate (64.2% to 56.3%). Males and females have the same unemployment rate (8.3%).³⁸

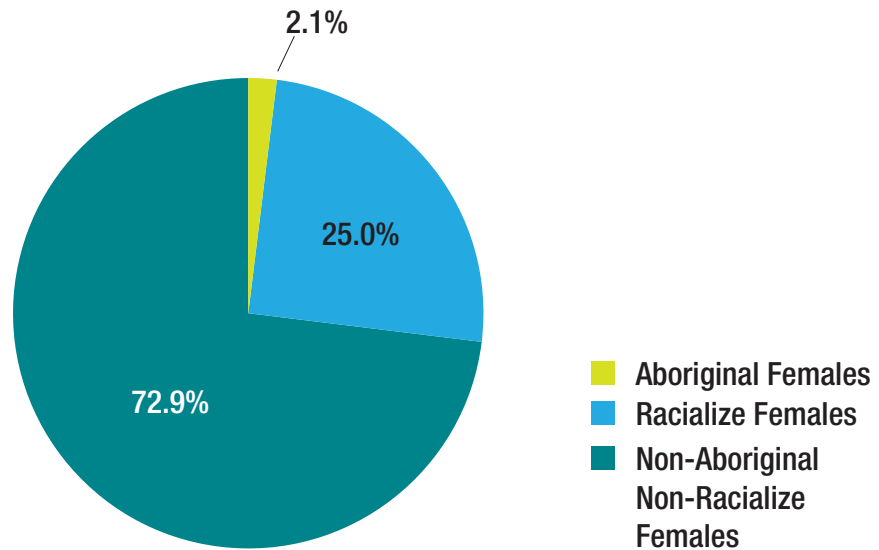
- Nearly 1.7 million racialized people are in the labour force, 48.9% of whom are female (over 800,000).
- There are nearly 80,000 Aboriginal females in the labour force which is 50.3% of all Aboriginal peoples in the labour force.

³⁸ These labour indicators are for the ‘broader population’ which includes non-visible minorities, racialized individuals, and Aboriginal individuals.

Racialized males have a high participation rate of 70.8%. The participation rate for racialized females is the same as that of the broader population (61.4%). The unemployment rate for racialized females is high at 11.4% which is 1.7% more than the unemployment rate of racialized males. Racialized females also have a lower employment rate (54.4%) than that of the broader population and racialized males (63.9%).

The participation rate for Aboriginal males is 65.1% and is 59.1% for Aboriginal females. The employment rate is 55.1% for Aboriginal males and 51.7% for Aboriginal females. The unemployment rate is high for Aboriginal males (15.3%) but also for Aboriginal females when compared to the broader population (12.5% compared to 8.3%).

Figure 3: Females aged 15 and over in the labour force



Data Table 3: Females aged 15 and over in the labour force

| Group | Females |
|-------------------------------|-------------------|
| Aboriginal Identity | 119,805 (2.1%) |
| Racialized | 1,352,355 (25.0%) |
| Non-Aboriginal Non-Racialized | 3,936,790 (72.9%) |

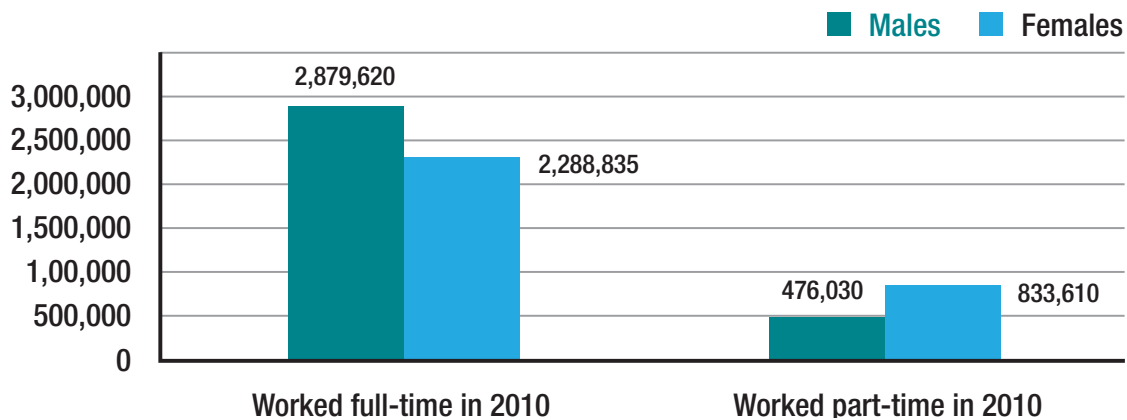
Class of Worker³⁹ and Work Activity⁴⁰:

Of the 3.3 million women in the labour force, 89.5% are employees compared to 84.7% of men. Females account for 35.7% of all self-employed individuals (over 250,000 women). Although the rate of self-employment is lower among Aboriginal peoples, women account for 41.5% of all Aboriginal peoples who are self-employed (nearly 4,000 women) – 90.3% of Aboriginal females are employees.

With regard to full-time and part-time work, in the broader population, 26.7% of all females who worked, worked part-time (over 800,000 women) compared to 14.2% of all males. Though women are overrepresented in part-time work, the majority of women who worked, worked full-time (nearly 2.3 million women) (figure 4). These trends are similar among people with Aboriginal identities.

- In the broader population, males work 0.9 weeks more, on average, than females.
- The majority (both male and female) of people (who worked) worked 49-52 weeks.
- Aboriginal females worked 0.7 weeks more, on average, than Aboriginal males on average.
- Aboriginal females worked 1.8 weeks less, on average, than the broader male population.

Figure 4: Labour force population aged 15 and over by full-time or part-time weeks worked



39 Class of worker refers to whether an employed person is an employee or is self-employed. Self-employed includes those with an incorporated and unincorporated businesses and unpaid family workers.

40 Work activity refers to the number of weeks in which a person worked for pay or in self-employment at all jobs held, even if only for a few hours, and whether these weeks were mostly full-time (30 hours or more per week) or mostly part-time (less than 30 hours per week).

Data Table 4: Labour force population aged 15 and over by full-time or part-time weeks worked

| Group | Males | Female |
|--------------------------|-----------|-----------|
| Worked full-time in 2010 | 2,879,620 | 2,288,835 |
| Worked part-time in 2010 | 476,030 | 833,610 |

Occupation and Industry:

Of the 3.3 million Ontarian women in the labour force, the highest number of women are found in ‘sales and service occupations’ (nearly 900,000), ‘business, finance and administration occupations’ (nearly 800,000), and ‘occupations in education, law and social, community and government services’ (over 500,000). Women account for 80.1% of all people found in ‘health occupations’.

Men account for 93.5% of all people in ‘trades, transport and equipment operators and related occupations’. That is also the category with the highest number of males (over 800,000), followed by ‘sales and service occupations’ (nearly 700,000) and ‘management occupations’ (nearly 500,000). Similar trends for women are seen for racialized individuals and Aboriginal individuals.

Table 1: Occupations with the highest average employment income

| Male | Female |
|--|--|
| Health occupations (\$93,377) | Management occupations (\$63,309) |
| Management occupations (\$90,521) | Natural and applied science and related occupations (\$57,121) |
| Occupations in education, law and social, community and government services (\$72,062) | Health occupations (\$49,795) |

Women in ‘health occupations’ (80.1% women) experience the widest gender wage gap at 46.7% or \$43,582. The lowest gender wage gap by employment income and occupation is found in ‘natural and applied sciences and related occupations’ at 15.5%. Only 22.3% of all people in that occupation are female. Women in ‘natural resources, agriculture and related production occupations’ experience a 42.6% wage gap and females account for 22.7% of that category. Some of these gaps may be related to vertical segregation, discussed below, showing that women are clustered at the low paying end of these occupation categories.

Occupations are determined by the kind of work and the description of the main activities in a person's job. Industry refers to the general nature of the business carried out in the establishment where the person works. For example; one can be an accountant (occupation) in utilities (industry). Industry categories may be important as they relate to government investments and job creation or loss.

Table 2: Industries with the highest number of females and males (broader population)

| Male | Female |
|-------------------------|---|
| Manufacturing (493,305) | Health care and social assistance (571,965) |
| Construction (369,300) | Retail trade (406,720) |
| Retail trade (344,480) | Educational services (336,925) |

Females make up 82.6% of the industry 'health care and social assistance' while males make up 88.4% of the 'construction' industry.

Similar to the broader population, both the highest number (over 100,000) and highest concentration (79.7%) of racialized women are in 'health care and social assistance' (79.7% of all people in 'health care and social assistance' are female). This holds true for Aboriginal women as well. However, the second highest number of Aboriginal women are in 'public administration' (nearly 9,000).

When we focus on the STEM fields (short for science, technology, engineering, engineering technology, mathematics and computer science) there are approximately 2.5 times more males than females in the labour force. However, employment rates in STEM are higher than the broader labour force rates for both men (75%) and women (70.9%).

Examining whether individuals work in the public or private sector also creates an important picture.⁴¹ The public sector has higher rates of unionization, which is associated with lower gender wage gaps. Females make up approximately 64% of all public sector workers and they consistently, across age groups, earn higher wages than their private sector counterparts. The same holds true for men until they are over 40. At that time, private sector wages become higher than public.

In the public sector, the female to male earnings ratio is 82% (an 18% gender wage gap) for those with a university education while it is 73% (a 27% gender

41 Information in this and the following three paragraphs from: Kate McInturff and Paul Tulloch (2014). *The Difference that Public Sector Wages Make*. The Canadian Centre for Policy Alternatives.

wage gap) in the private sector. The wider gap in the private sector suggests an area of focus where interventions may be impactful.

Males in private sector management occupations have the highest earnings, while females in private sector sales and service occupations have the lowest. Of all females by occupation, females in public sector management occupations have the highest earnings.

Examining available intersections, non-Aboriginal, non-racialized males aged 40-54 in the private sector have the highest earnings. Non-Aboriginal, non-racialized females in the public sector have the highest earnings of all females across all age groups; while racialized females aged 15-24 in the private sector have the lowest earnings of all females. For Aboriginal peoples, females have their highest earnings in the public sector aged 40-54.

Income:

For the broader population, we see gender wage gaps of 31.3% for median income and 30.9% for average income. The gap is smaller when after-tax income is used as the measure (27.2% for average after-tax income).

The gender wage gap using average income is 25.1% between racialized females and racialized males. Looking at average after-tax incomes, males in the broader population make nearly 1.6 times more than racialized females, a gender wage gap of 36.8%.

Aboriginal females, compared to Aboriginal males, experience income gaps from 15.5% to 18.9%. However, using average income to compare to the broader male population, Aboriginal females experience a gender wage gap of 44%. The large gaps experienced by racialized and Aboriginal women suggest a potential area of impact, even though Aboriginal women constitute a small portion of the population of Ontario.

For the broader population, the median gender wage gap with employment income is 18.4% and the average is 23.8%. Again, although these gaps are smaller between racialized men and women (15%-19%) they are wider when compared to the broader male population (34.2% using average employment income).

- **Employment income accounts for approximately 77.6% of total male income and 70.9% of total female income.**

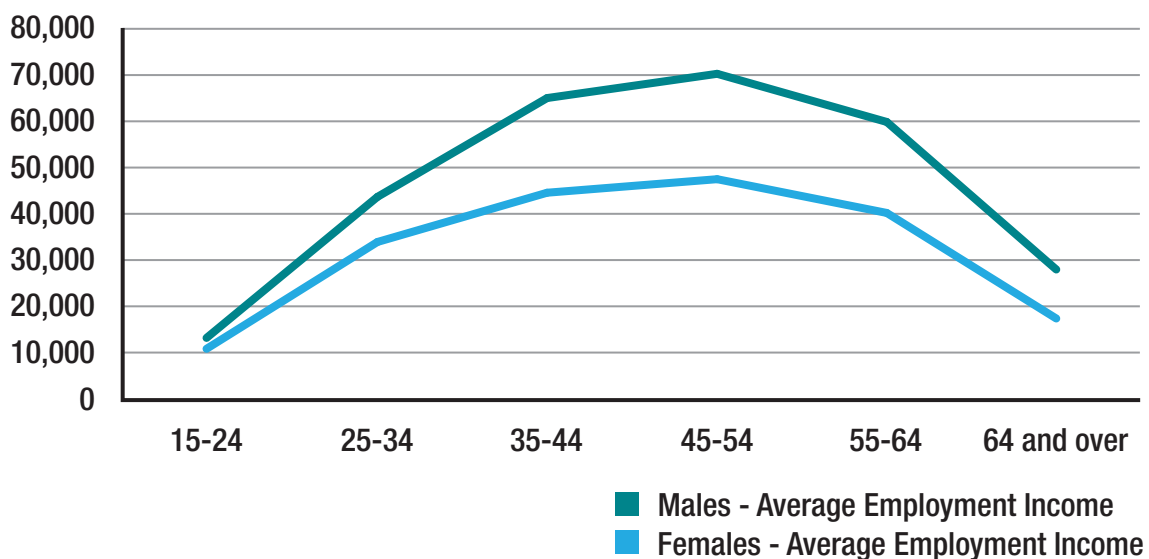
Using employment income for Aboriginal women and men results in a median gender wage gap of 16% and an average gender wage gap of 18.1%. However, as expected, the gap widens to 36% between Aboriginal females and the broader population of males.

The gender wage gap persists for male and female lone-parent families as well – it ranges from 17.8%-25.1% depending on the measure. It is interesting to note that couple families with children have the highest income of all census families by both median and average measures, higher than couple families without children.

When we look at gender wage gaps by income and education, the largest gap by percentage is found between females and males who have an apprenticeship or trades certificate or diploma (39.6%). The smallest gender wage gap by percentage is found between females and males who have a high school diploma or equivalent (26.8%). This could potentially be because of an increased likelihood of lower-paying or minimum wage jobs with a lower level of education. It is not surprising that both women and men with a university certificate, diploma or degree above a bachelor level earn the most income. However, at that education level, a 35.0% gender wage gap is present.

Examining employment income and age (figure 5), the largest gender wage gap by percentage is experienced by those 65 and over (37.8%). The largest gender wage gap by dollar amount is experienced by those 45-54 (\$22,768), which is also the range of years where both men and women have their highest incomes.

Figure 5: Average employment income by age



Data Table 5: Average employment income by age

| Group | Males - Average Employment Income | Females - Average Employment Income |
|-------------|-----------------------------------|-------------------------------------|
| 15-24 | \$ 13,204 | \$ 10,850 |
| 25-34 | \$ 43,683 | \$ 33,938 |
| 35-44 | \$ 65,031 | \$ 44,576 |
| 45-54 | \$ 70,266 | \$ 47,498 |
| 55-64 | \$ 59,867 | \$ 40,209 |
| 65 and over | \$ 27,985 | \$ 17,399 |

Using most measures, males consistently have a higher after-tax income and employment income than females, whether in the broader population, racialized or Aboriginal. However, using the measures of average and median income, females in the broader population have a marginally higher income than Aboriginal males.

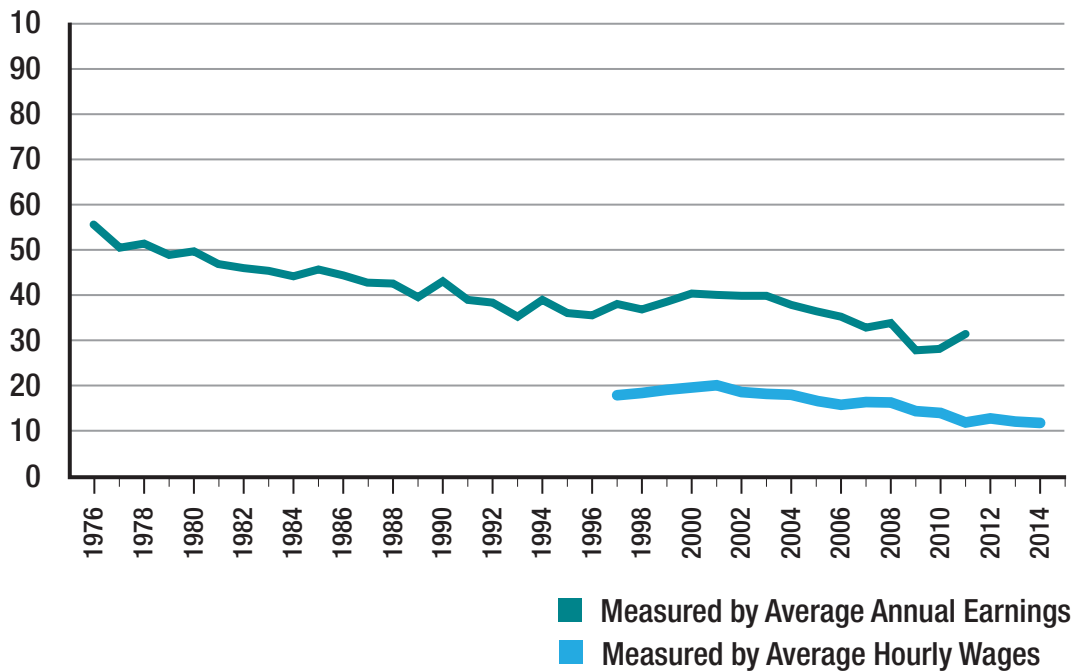
This profile of Ontario serves to provide a variety of descriptive data specific to Ontario. Moreover, it shows that the gender wage gap varies but persists and widens for racialized women and Aboriginal women.

Trends

This section will focus on gender wage gap and labour trends in Ontario. It will mainly use data from Statistics Canada's Labour Force Survey, but will also incorporate other research and surveys as appropriate. Trends complement the data presented in the previous section and deepen the discussion on Ontario's progress on gender wage equality.

Based on average annual earnings for all earners, Ontario's gender wage gap has narrowed from 55.6% in 1976 to 44.4% in 1986 and 31.5% in 2011, the last year data is available with this measure.⁴² By this measure, in 10 years (1976-1986) the gender wage gap narrowed 11.2%, but in the subsequent 24 years (1987-2011) it only closed a further 11.3% (figure 6). It seems progress is slowing.

⁴² Statistics Canada. Labour Force Survey, CANSIM Table 282-0070.

Figure 6: Ontario's gender wage gap

The overall gender wage gap trends, measured by annual employment income, for immigrant women have been in line with wage gap trends, measured by average annual earnings, for all women in the labour force. The gender wage gap experienced by immigrant women fell from 43.8% in 1986 to 29.2% in 2012.⁴³

Based on hourly wages, for both full-time and part-time employees, the gender wage gap appears smaller. The average hourly wage gap increased from 18.0% in 1997 to 20.2% in 2001, then narrowed to 15.9% in 2006 and rose again to 16.5% in 2007 before falling to 12.0% in 2011. In subsequent years, the hourly wage gap reached 12.9% in 2012 and fell to 11.9% in 2014 (figure 6).⁴⁴

The gender wage gap based on average hourly wages for full-time employees aged 25-54 were 10% in 2013.

A notable trend reflected in average annual earnings and hourly wage measures is that younger women have stronger earning power. Women aged 15-24 years, experienced a gender wage gap that narrowed from 8% in 1997 to 5% in 2014

43 Statistics Canada (2012). Longitudinal Immigration Database.

44 Statistics Canada. Labour Force Survey, CANSIM Table 282-0070.

with average hourly wages as a measure, and narrowed from 33% in 1976 to 19% in 2011 when average annual earnings are used.⁴⁵

Interestingly, female part-time workers had higher average hourly wages than their male counterparts from 1997 to 2014 (a -15% gender wage gap in 1997 and a -7.6% male-female gap in 2014 – indicating the hourly wages of part-time males are catching up to those of part-time females). When we look at average hourly wages among full-time employees, the gender wage gap has persisted, though narrowed from 16.0% in 1997 to 9.6% in 2014.⁴⁶

Women's share of full-time employment has been increasing slowly from 38% in 1987 to 44% in 2014. This is notable because higher wages are generally found in full-time employment. During that same time, women's share of part-time employment decreased moderately from 71% in 1987 to 66% in 2014.⁴⁷ The reasons reported for part-time work vary in Ontario (figure 7).

Female dominated occupations since 1987 (50% concentration or more of women)

- health occupations
- business, finance and administrative
- social science, education, government service and religion
- sales and service
- art culture, recreation and sport

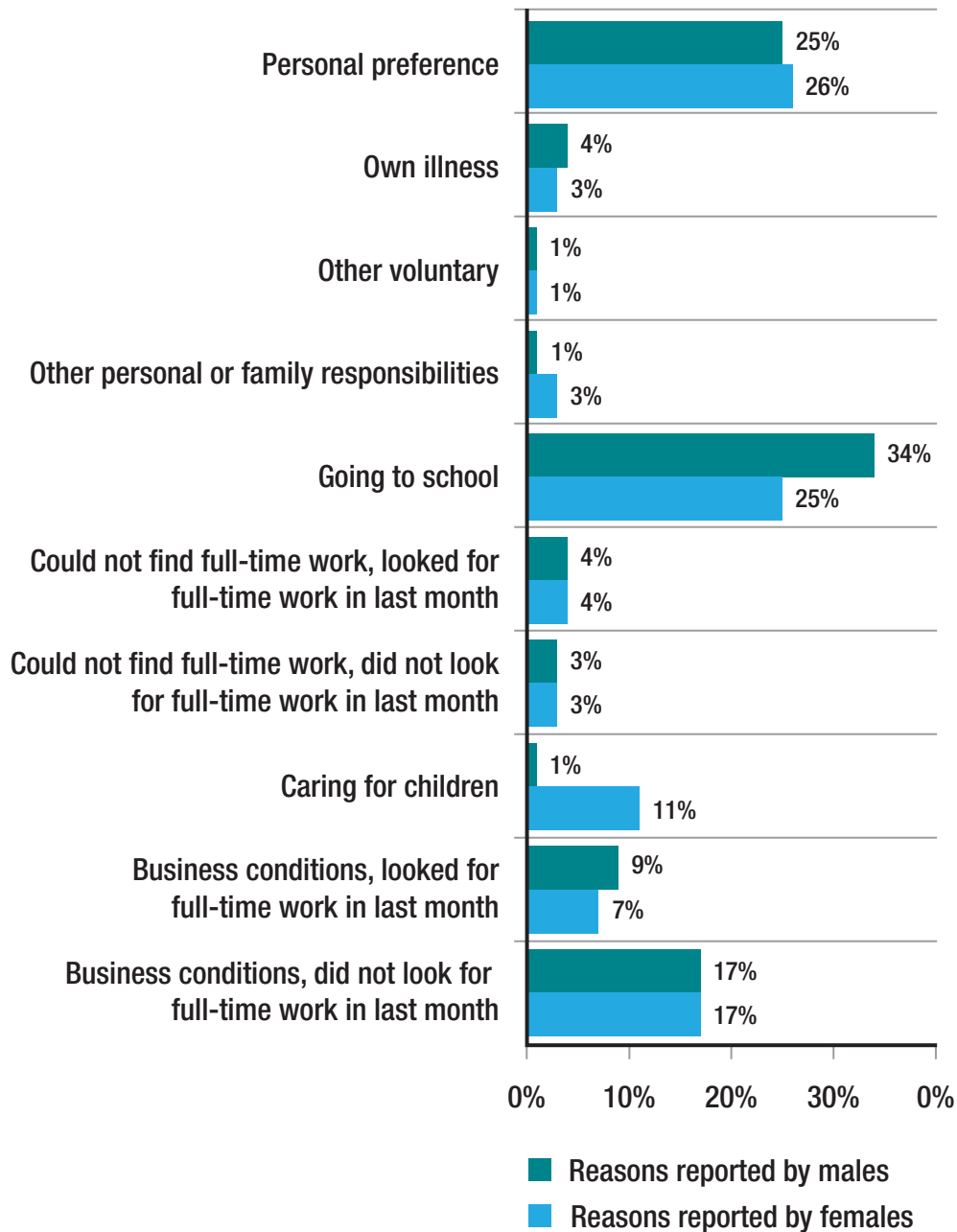
Female dominated industries since 1987 (50% concentration or more of women)

- health care and social assistance
- educational services
- accommodation and food services
- finance insurance, real estate and leasing

45 Statistics Canada. Labour Force Survey and Survey of Labour and Income Dynamics, CANSIM Tables 282-0070 and 202-0407. Note: The Survey of Labour and Income Dynamics collected data from respondents who are 16 years old and over, while the Labour Force Survey contacts respondents who are 15 years old and over.

46 Statistics Canada. Labour Force Survey, CANSIM Table 282-0070.

47 Statistics Canada. Labour Force Survey, CANSIM Table 282-0002.

Figure 7: Reasons for part-time work by gender, Ontario, 2014⁴⁸

48 Statistics Canada. Labour Force Survey, CANSIM Table 282-0014.

Data Table 6: Reasons for part-time work by gender, Ontario, 2014

| Group | Reasons reported by males | Reasons reported by females |
|--|---------------------------|-----------------------------|
| Business conditions, did not look for full-time work in last month | 17% | 17% |
| Business conditions, looked for full-time work in last month | 9% | 7% |
| Caring for children | 1% | 11% |
| Could not find full-time work, did not look for full-time work in last month | 3% | 3% |
| Could not find full-time work, looked for full-time work in last month | 4% | 4% |
| Going to school | 34% | 25% |
| Other personal or family responsibilities | 1% | 3% |
| Other voluntary | 1% | 1% |
| Own illness | 4% | 3% |
| Personal preference | 25% | 26% |

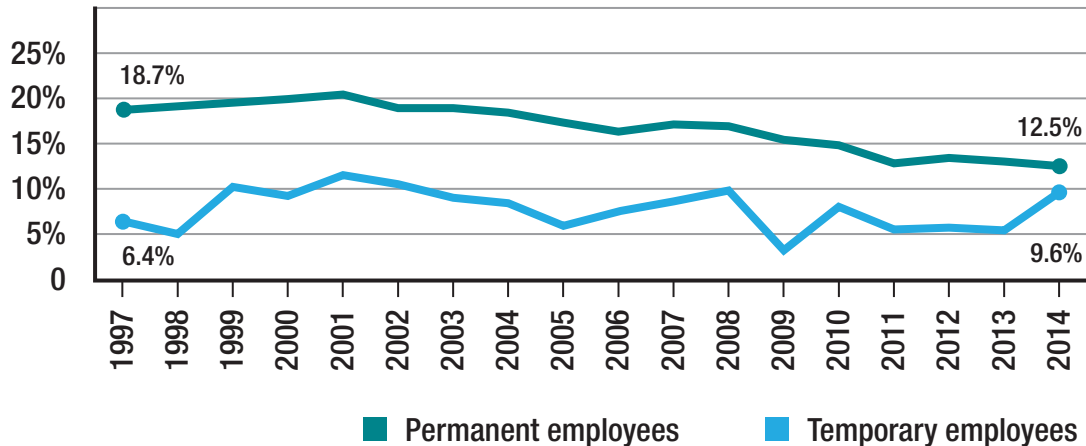
The gender wage gap measured by average hourly wages is generally more pronounced for permanent employees than temporary employees.⁴⁹ Since 1997, the gender wage gap for temporary employees has risen from 6.4%, though not steadily, while the gender wage gap for permanent employees has decreased from 18.7% (figure 8).⁵⁰ In 2014, 2.53 million men and 2.55 million women were permanent employees. Since 1997, the number of people in temporary employment has grown steadily to approximately 360,000 males and 375,000 females in 2014.⁵¹

49 A permanent job is one that is expected to last as long as the employee wants it, given that business conditions permit. That is, there is no pre-determined termination date. A temporary job has a predetermined end date, or will end as soon as a specified project is completed. A temporary job includes: seasonal jobs; temporary, term or contract jobs including work done through a temporary help agency; casual jobs; and other temporary work.

50 Statistics Canada. Labour Force Survey, CANSIM Table 282-0074.

51 Statistics Canada. Labour Force Survey, CANSIM Table 282-0080.

Figure 8: Ontario's gender wage gap by job permanence, average hourly wages



Data Table 7: Ontario's gender wage gap by job permanence, average hourly wages, 1997-2005

| Group | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Permanent employees | 18.7% | 19.1% | 19.5% | 19.9% | 20.4% | 18.9% | 18.9% | 18.4% | 17.3% |
| Temporary employees | 6.4% | 5.0% | 10.2% | 9.2% | 11.5% | 10.5% | 9.0% | 8.4% | 5.9% |

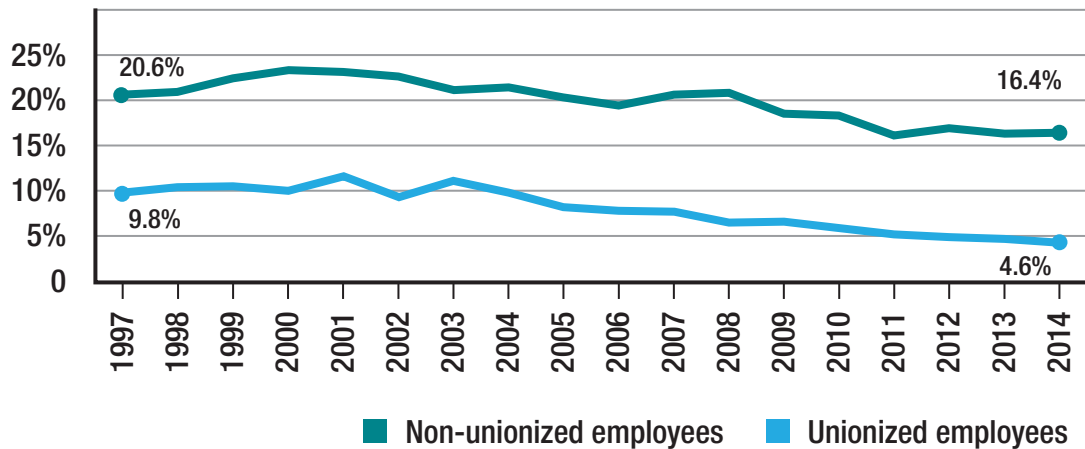
Data Table 8: Ontario's gender wage gap by job permanence, average hourly wages, 2006-2014

| Group | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Permanent employees | 16.3% | 17.1% | 16.9% | 15.4% | 14.8% | 12.8% | 13.4% | 13.0% | 12.5% |
| Temporary employees | 7.5% | 8.6% | 9.8% | 3.2% | 8.0% | 5.5% | 5.7% | 5.4% | 9.6% |

Using average hourly wages, the gender wage gap for both unionized and non-unionized workers has narrowed from 1997-2014, though the gap remains higher for those with no union coverage (figure 9).⁵²

⁵² Statistics Canada. Labour Force Survey, CANSIM Table 282-0074

Figure 9: Ontario's gender wage gap by union status, average hourly wages



Data Table 9: Ontario's gender wage gap by union status, average hourly wages, 1997-2005

| Group | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Unionized employees | 9.8% | 10.4% | 10.5% | 10.0% | 11.6% | 9.3% | 11.1% | 9.8% | 8.2% |
| Non-unionized employees | 20.6% | 20.9% | 22.4% | 23.3% | 23.1% | 22.6% | 21.1% | 21.4% | 20.3% |

Data Table 10: Ontario's gender wage gap by union status, average hourly wages, 2006-2014

| Group | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Unionized employees | 7.8% | 7.7% | 6.5% | 6.6% | 5.9% | 5.2% | 4.9% | 4.7% | 4.6% |
| Non-unionized employees | 19.4% | 20.6% | 20.8% | 18.5% | 18.3% | 16.1% | 16.9% | 16.3% | 16.4% |

Based on average annual earnings, from 1987 to 2011, the gender wage gap for full-time full-year workers has narrowed for all education levels except for those with a university degree. Women with a university degree experienced an increase in the gap by 2% over the period, resulting in the largest wage gap at 30.9% among all education categories in 2011.⁵³

53 Statistics Canada. Survey of Labour and Income Dynamics, CANSIM Table 202-0104.

Consistently, since 1976, married women have experienced a much higher gender wage gap (measured by average annual earnings) than those who were never married. However, the gender wage gap for married women fell significantly from 46.6% in 1976 to 29.4% in 2011, while the gap for women who were never married decreased from 12% in 1976 to 8.3% in 2011.⁵⁴

Turning to labour force participation, rates for women aged 25-54 increased from 57% in 1976 to 81% in 2014. Conversely, participations rates for the male cohort of the same age fell marginally from 96% in 1976 to 90% in 2014, leaving a gap between participation rates of 9% in 2014. The only group of men that saw a trend towards higher participation rates in recent years were those aged 55 and older. Female labour force participation rates increased with higher levels of education and were almost at par with male participation rates for those with education above a bachelor's degree.⁵⁵

Decomposition

Statisticians decompose the gender wage gap to understand what factors may explain why it persists and either widens or narrows. Decomposition leads to an 'explained' portion of the gap and an 'unexplained' portion that may represent gender differences that are not measureable or, systemic discrimination.

A study of Canadian data by Baker and Drolet in 2010 determined that although the gender wage gap was narrowing, characteristics in the surveys and studies they used in their analysis explained less and less of the wage gap over time. There were differences in the rate of return that men and women received based on characteristics such as job tenure, occupation and industry. Women with similar qualifications appeared to earn less than men.⁵⁶

Similar results were found by Vincent in 2013. Vincent used Canadian data and found that differences in the productive characteristics of women and men explained an increasingly smaller portion of the wage gap. The largest portion of the gap could not be explained, for example, by differences in education and professional choices, although those variables accounted for a significant portion of the explained Canadian gender wage gap.⁵⁷

54 Statistics Canada. Survey of Labour and Income Dynamics, CANSIM Table 202-0104.

55 Statistics Canada. Labour Force Survey, CANSIM Tables 282-0002 and 282-0004.

56 Michael Baker and Marie Drolet (2010). *A New View of the Male/Female Pay Gap*. Canadian Public Policy XXXVI, no. 4.

57 Carole Vincent (2013). *Why do Women Earn Less Than Men? A Synthesis of Findings from Canadian Microdata*. CRDCN Synthesis Series.

A new study by Schirle and Vickers decomposed the gender wage gap of private sector workers aged 20-59.⁵⁸ They used LFS public-use micro data files and 2014 average hourly wages for private sector workers aged 20-59. Those who were self-employed were excluded because their hours and wages are determined differently.

Overall, this report found that men earned \$25.68 per hour while women earned \$20.88 per hour. The female-male hourly wage ratio was 0.814. Compared to the ratio for all of Canada (0.786) Ontario is doing well. The Ontario wages were related to characteristics of age, education, job experience (tenure), location (Toronto), industry, occupation and usual hours of work. Other characteristics used as variables included marital status, the size of an individual's family and the age of their youngest child.

Schirle and Vickers found an hourly gender wage gap of \$4.80. According to their analysis, observed gender differences in characteristics can explain \$2.14 (44%) of the gender wage gap. This leaves 55% unexplained. The two variables that make up the entire explained portion of the gap are industry (23%) and occupation (21%).

Other variables in their report play a minor role and offset each other. Education actually negatively affects the gender wage gap by 2%, meaning that if men and women received the same dividend with regards to wages for their education, women would earn more than men. Tenure (women have slightly less experience) and work schedules (women are less likely to work full time hours) explain 2% of the gap, a small portion.

Interestingly, gender differences in family status do not play a large role in the explained portion of the gender wage gap. The authors expect that the effects of family status on wages are captured in work schedules, industry and occupation as well as in the unexplained portion of the gap. 'Family status' may be difficult to capture in one variable.

This report relates the unexplained gender wage gap to other characteristics as well. A large portion of the unexplained gap relates to age and tenure, capturing work experiences over a person's lifetime and training and promotion opportunities on the job. The authors point out that trade-offs made between higher wages and more flexible full-time work schedules may cause the gender difference in wage premiums for full-time work. They also discuss how unsatisfactory it is to explain part of the gender wage gap because of historical discriminatory gender practices

58 Tammy Schirle and Elizabeth Vickers (2015). *The 2014 Gender Wage Gap in Ontario*. The Laurier Centre for Economic Research and Policy Analysis.

and social norms that prevented, and still prevent, women from entering certain occupations or industries. Discussing occupation and industry without a deeper context may lead to an oversimplification of factors that may contribute to the gender wage gap.

Key Factors Associated with the Gender Wage Gap

Much of the relevant literature cites several common factors that are associated with the gender wage gap. It is important to recognize that these factors overlap and interconnect. It is also important to note that there may be many factors beyond those considered in this paper. Unconscious bias underscores all of the discussions below, as social norms have created long held assumptions about the experiences and choices of women at work, in the home, and in daily life.

Discrimination

Research and anecdotal information point to the continued existence of systemic gender discrimination and biased societal attitudes towards women, whether conscious or unconscious. In terms of the gender wage gap, discrimination is often reflected in the undervaluation of women's work, and especially in the experiences of racialized and Aboriginal women, and women with a disability. This is reflected in the Ontario snapshot above.

Some data were not available for the snapshot but had been collected previously. In 2006, immigrant women earned an average of \$6.60 per hour less than non-immigrant men which is an earnings ratio of 73%. Women with disabilities experienced a wage gap of \$5.65 compared to men without disabilities, which is an earnings ratio of 75%. Men with disabilities earned more on an hourly basis than women without disabilities in 2006.⁵⁹ These data point to continued intersectional discrimination.

Gender discrimination appears to be a highly relevant factor in a study by The Education Policy Research Initiatives of the University Ottawa. The study tracked the earnings of the university's graduates over a period of 12 years after graduation. A gender wage gap was especially pronounced in the Engineering and Computer Sciences faculty group. In the first year after graduation men were found to be earning around \$15,000 more than women on average.⁶⁰

59 Pay Equity Commission.

60 Ross Finnie et. al. (2014). *How Much do University Graduates Earn?* Education Policy Research Initiative.

One recent survey found that, “women workers are more likely to report discrimination as a barrier in their experience of being offered opportunities for advancement than men.”⁶¹ Moreover, reports of discrimination as a barrier to getting work, keeping work, and in being offered opportunities for advancement were more likely to come from racialized workers.⁶²

As noted previously, Ontario has three main pieces of legislation that were enacted at various times to address workplace gender discrimination - the *Employment Standards Act*, the *Ontario Human Rights Code* and the *Pay Equity Act*. Some of the literature questions whether legislation alone can be effective to reach the more specific goal of closing the gender wage gap.

Baker and Fortin’s 2004 report found that for Ontario’s private sector, in the period studied, there was no substantial change in the male-female wage gap, because the reduction in the gender wage gap in female-dominated jobs (mainly due to a fall in male wages) was largely offset by the increase in the gender wage gap in the male-dominated jobs (mainly due to increased male wages). They observed that there was a small decrease in female employment in larger firms where compliance with the PEA is more likely and a small increase in female employment in smaller firms where compliance is less likely.⁶³

McDonald and Thornton, using a synthetic control method to compare the effects of the PEA to a synthetic province which did not enact the legislation - found no evidence that the PEA substantially affected the gender wage gap in the province.⁶⁴ They indicated this was due in part to the fact that employers are able to manipulate the interpretation of the law in order to avoid substantial increases in wages.

Québec has similar pay equity legislation to Ontario. In both jurisdictions the requirement for pay equity in workplaces does not depend upon a complaint being launched. Both pieces of legislation apply to the public sector, the broader public sector and the private sector, making these two pieces of legislation comparatively strong.⁶⁵ Québec, however, has addressed issues of non-compliance by requiring employers to conduct pay equity audits every five years in order to assess if compensation adjustments are needed, and to report on their efforts.⁶⁶

61 Poverty and Employment Precarity in Southern Ontario research group (2015). *Precarity Penalty*. pp. 67.

62 Ibid.

63 Michael Baker and Nicole Fortin (2004). Comparable worth in a decentralized labour market: the case of Ontario. *Canadian Journal of Economics*, Vol. 37, Issue 4, pp. 850-878.

64 Judith A. McDonald and Robert J. Thornton (2014). Coercive Cooperation? Ontario’s Pay Equity Act of 1988 and the Gender Pay Gap. *Contemporary Economic Policy*. doi: 10.1111/coep.12094.

65 McDonald and Thornton.

66 Mary Cornish and Jennifer Quito (2013). *Where to go for Pay Equity: Canadian Remedies for Gender Pay Discrimination*.

It is important to note that in both provinces, employees in female dominated job classes continue to derive economic benefits from the legislation, as evidenced by the compensation adjustments that are found to be owed upon investigation of contravention. For example, in 2013-2014, 1780 Ontario workers received adjustments from their employers, totalling nearly \$3.6 million.⁶⁷

Occupational Segregation

Occupational segregation can refer to horizontal segregation (across occupations) and vertical segregation (within the hierarchy of occupations). The term occupational segregation may also be used broadly to refer to industrial segregation. It is based on social or cultural norms and beliefs that under-value women's work. It leads to the clustering of women in certain occupations and in lower-paying positions. As discussed in the section on decomposing the gender wage gap, Schirle and Vickers found that in 2014, gender differences in occupation accounted for 21% of the total hourly gender wage gap.

Occupational segregation is an important factor of the gender wage gap for a variety of reasons. Governments may use development policies which target a specific sector, industry and type of occupation. If these focus on male-dominated sectors, they may contribute to widening the economic gap between men and women. For example, Alberta has focused on the development of the extractive sector. It also has the largest gender wage gap of the provinces.⁶⁸

The importance of gender differences in occupation, as it relates to the gender wage gap, may be enhanced by adding occupation-specific skills to the analysis. For example, one study reported on findings where differences in skills (as laid out in the Dictionary of Occupational Titles - DOT) 'explained' a significant portion of the gender wage gap for workers without a high school education. The 'explanation' involved men choosing work conditions that may involve, for example, exposure to contaminants and hazardous equipment, higher levels of noise, and greater variations in temperature. However, the analysis does not address whether women face barriers to entry in male-dominated jobs, if it is discrimination, or if these choices are personal preference – it may be a combination of many factors.⁶⁹

67 Pay Equity Office. (2015). *Annual Report 2013-2014*.

68 Kate McInturff and David McDonald (2015). *Time to Grow Up: Family Policies for the Way We Live Now*. Canadian Centre for Policy Alternatives.

69 Miana Plesca, Luiza Antoine and Jiayuan (Jennifer) Teng (2015). *The Male-Female Wage Gap in Ontario: Differences by Jobs, Education and Income*. Not yet published.

Research by Goldin also underscores the importance of occupation. Goldin used the occupations of business, law and pharmacy to relay the impact hours of work has on the gender wage gap. Individuals who work long hours in business and law receive a disproportionate increase in earnings because hours of work in these occupations are worth more when given at particular moments and when the hours are more continuous. However, occupations such as pharmacy have shown a low gender wage gap, in part as they allow for flexibility.⁷⁰ This research will be discussed further in the section on business practices.

Precarious employment has become a widely discussed concept. Its characteristics include: uncertainty, lack of control, low income, and limited access to regulatory protections. It is shaped by employment status, type of employment, social context and social location.⁷¹ Research by Vosko and Clark states that precarious employment is gendered in Canada (the majority of people in employment with precarious characteristics are women).

However, one Ontario study found that men and women are nearly equally likely to be in the precarious cluster of occupations and that women are marginally more likely to be in a secure occupation. This suggests that secure jobs, once dominated by men, have been reduced as a result of:

- “the decline of manufacturing;
- the falling rate of unionization;
- technological changes that reduced the demand for unskilled manual labour; and
- the growth of the service sector.”⁷²

A recent study highlights that non-racialized, non-Aboriginal women, “are the only socio-economic group to record a significant increase in secure employment and a decrease in precarious employment. Racialized men and women reported significant increases in precarious employment.”⁷³ Employment has also become less secure for youth.⁷⁴

70 Claudia Goldin (2014). *A Grand Gender Convergence: Its Last Chapter*. American Economic Review, 104 (4), pp. 1091-1119.

71 Leah F. Vosko and Lisa F. Clark (2009). Canada: Gendered Precariousness and Social Reproduction. *Gender and the Contours of Precarious Employment*, Routledge, p. 26-42.

72 Poverty and Employment Precarity in Southern Ontario research group (2013). *It's More than Poverty*, pp. 30.

73 Poverty and Employment Precarity in Southern Ontario research group (2015). pp. 22.

74 *Ibid.* pp.16.

Olfert and Moebis used an index of dissimilarity, the D-index, to examine occupational segregation in Canada, regressed on variables such as rurality, education and the presence of children. They found occupational segregation to be higher in rural areas. They also found that the presence of children increased occupational segregation.⁷⁵ This highlights Schirle and Vickers' assertion that occupation as a measurable variable may capture aspects of family status.

The proxy section of Ontario's PEA attempts to address horizontal occupational segregation by providing a means for achieving pay equity in certain female dominated sectors where male comparators cannot be found. Whereas job-to-job and proportional value methods of comparison assess whether jobs are being equally valued within a specific organization, the proxy comparison method allows organizations in the broader public sector, that have mostly female job classes, to obtain and apply pay equity information from another public sector organization. Only organizations that are part of the public sector as defined in the PEA and had employees on July 1, 1993 are eligible to use the proxy method.⁷⁶

The use and outcomes of proxy for the broader public sector demonstrate that while job rates have increased moderately in some areas, generally the effects have been moderate and uneven. In a 2011 survey by the Pay Equity Office, 35% of proxy organizations had managed to close their wage gaps entirely. For other organizations who responded to that survey, it may take up to twenty years to reach pay equity target jobs rates set in 1994.⁷⁷

Vertical segregation as a concept has strong ties to both discrimination and business practices –especially hiring and promotion. Women have not only been found in greater numbers in certain occupations, but also at the low paying end of many occupations. For example, in the snapshot when we looked at employment income for broad occupation categories; in health occupations, males earned approximately \$43,500 more than women on average.⁷⁸ This indicates a level of segregation within that occupation category. More specifically, segregation within an organization or the concept of the glass ceiling is useful to consider. For example, according to Catalyst, women's share of board seats at Canadian stock index companies in 2014 was 20.8%.⁷⁹

75 M. Rose Olfert and Dianne M. Moebis (2006). The Spatial Economy of Gender-Based Occupational Segregation. *The Review of Regional Studies*, Vol. 36, No. 1, pp. 44-62.

76 Pay Equity Office (2015). *A Guide to Interpreting Ontario's Pay Equity Act*.

77 Pay Equity Office (2011). *Assessing Proxy Use and Outcomes in the Broader Public Sector 2009-2010*.

78 Statistics Canada. *2011 National Household Survey*.

79 Catalyst (2015). *2014 Catalyst Census: Women Board Directors*.

A psychological study which focused on the idea of the glass ceiling and also the glass cliff, found that people who are employed in an occupation that is strongly associated with the opposite gender are penalized more harshly for making mistakes than those in professions historically associated with their gender identity. For example, a male nurse or a female police officer may more easily lose status within their workplace.⁸⁰

For Ontario, the 2015 Public Sector Salary Disclosure (PSSD - commonly known as the Sunshine List) which identifies public servants who made more than \$100,000 in 2014, reported 21 women among the top 100 best-paid public servants. An analysis by Plesca, Antonie and Teng of 2014 PSSD list (reporting on 2013) found that on average, women on the PSSD list make as much as men do when adjusted for inflation. There is a small gender wage gap without the adjustment. Significantly, if the PSSD list was adjusted for inflation, many of the individuals who would not have made the list are female. Moreover, there is an identified gender wage gap in the hospital sector, and an increasing gender wage gap in the university and college sectors.⁸¹

More broadly, the 2011 NHS found that 38.4% of all people in management occupations were women. However, employment income by occupation revealed a gender wage gap of 30.1% in management occupations - an over \$27,000 difference between the employment income of men and women. In addition, income brackets demonstrate that the percentage of women in a bracket decreases the higher the income - 62.6% of all those who make \$5,000 to \$9,999 are women compared to 28.6% of those who make \$100,000 or more. This may indicate that women are in lower or middle management positions, experiencing vertical segregation.

Caregiving Activities

Women still perform a higher percentage of caregiving activities.⁸² Typically caregiving involves taking care of children, elderly or ill relatives or other dependents. Economic and career decisions are made to accommodate these activities. Caregiving activities can affect their career path and seniority, which in turn can impact wages, health benefits and pensions derived from long-term or uninterrupted employment.

80 Victoria L. Brescoll, Erica Dawson and Eric Luis Uhlmann (2010). Hard Won and Easily Lost: The Fragile Status of Leaders in Gender-Stereotype-Incongruent Occupations. *Psychological Science*, 21(11), pp. 1640-2.

81 Plesca, Antoine and Teng.

82 Statistics Canada. *2006 Census*.

In 2014 in Ontario, 68.2% of couple families with at least one child under 16 years of age were a dual-earning family, up from 41.8% in 1976.”⁸³ However, there is evidence to suggest that a number of women are absent from the labour market because of the cost or lack of availability of childcare. One-third of Canadian women aged 25 to 44 who were absent from the labour force in 2005 cited ‘family responsibilities’ as a key contributing factor in their absence.⁸⁴ Furthermore, in 2014, 11% of Ontario females reported working part-time because of caring for children and a further 3% cited other personal or family responsibilities. When multiple-year leaves are taken, or when hours are reduced, it can cause women to disconnect from the labour market and ultimately make re-entry more difficult.⁸⁵

Looking at Ontario private sector workers aged 20-59; the age distribution of male and female workers differs. This may reflect the tendency for women to leave paid employment between the ages of 25 and 39 for child bearing or caring related reasons. Furthermore, women in paid employment are less likely to have a child who is under three than men, suggesting that some women leave the workforce when their children are young.⁸⁶

Looking through a cross-country comparative lens, one study by Mandel and Semyonov showed that gender wage gaps are less pronounced in countries with strong family policies. This may include, for example, extended paid parental leave with flexible rules, a high level of job security for those on leave, or “use it or lose it” paternal leave. However, through controls they found an underlying effect; that strong family policies may intensify occupational inequality. The authors conclude that smaller gender wage gaps are more likely a result of egalitarian wage structures than strong family policies.⁸⁷ These findings are not specific to Ontario, but do provide an interesting perspective to consider.

Québec is an interesting case study for child care provisions. Québec introduced the Québec Parental Insurance Plan (QPIP) in 2006. It pays benefits to all eligible workers - salaried and/or self-employed - taking maternity leave, paternity leave, parental leave or adoption leave. It is an income replacement plan that replaced maternity, parental or adoption benefits previously provided to Québec parents

83 Sharanjit Uppal (2015). Employment patterns of families with children. Insights on Canadian Society. June. Statistics Canada Catalogue no. 75-006-X.

84 TD Economics.

85 Statistics Canada. Labour Force Survey, CANSIM Table 282-0014.

86 Schirle and Vickers.

87 Hadas Mandel and Moshe Semyonov (2005). Family Policies, Wage Structures, and Gender Gaps: Sources of Earnings Inequality in 20 Countries. *American Sociological Review*, Vol. 70, pp. 949-967.

under the federal employment insurance plan. QPIP is billed as an effective means for workers to better reconcile work and family responsibilities and support new parents.⁸⁸ More paternal involvement in child care may be one way to help parents balance work and family.

Before the introduction of QPIP, 28% of fathers reportedly took or intended to take parental leave in 2005. In 2012, that percentage had grown to 80%. In contrast, the proportion of fathers outside of Québec who claimed or intended to claim parental leave fell from 11% in 2011 to 9% in 2012.⁸⁹ A 2008 Statistics Canada paper found that fathers outside Quebec were 3.4 times more likely to claim parental leave if their spouse did not. This suggests that fathers are more likely to take parental leave when a family is at risk of not receiving any benefits.⁹⁰

The Québec childcare program was assessed by McInturff and Macdonald in early 2015. They noted that the program is providing an estimated annual net gain of over \$200 million in taxes and other revenues to the Québec government. They also report that lone-mothers of young children in Québec have seen their employment rates increase from 38% in 1996 (the year prior to the introduction of the program) to 68% in 2014. Female lone-parent households have experienced declining poverty rates (52% in 1996 to 31% in 2011). This moved approximately 104,000 lone-mothers and their children out of poverty.⁹¹

Despite these successes, changes in childcare rates came into force on April 22, 2015. The current \$7.30 per day rate for families with incomes under \$50,000 remains unchanged. For families with incomes of \$50,000 or more the rate rises to \$8.00 per day. For incomes of \$75,000 or more, the daily rate will gradually increase to reach \$20.00 per day on incomes of roughly \$155,000. The basic rate of \$7.30 will be payable directly to the subsidized childcare provider and the additional contribution according to family income will be payable on the income tax return.⁹²

The caregiving discussion often focuses on children - young children in particular. However, the “sandwich generation” is a group of caregivers in their middle age who still have children in their home but are also taking care of their aging parents. In 2002, Statistics Canada identified 589,000 individuals aged 45 to 64 who combined child care, eldercare and paid work. Approximately 26% of this group

88 *Gouvernement du Québec* (2009).

89 Cindy Graham (2014). *Fathers in Canada 2014*. The Vanier Institute of Family.

90 Katherine Marshall (2008). *Father's use of Paid Parental Leave*. Statistics Canada.

91 McInturff and Macdonald.

92 *Gouvernement du Québec* (2015).

cared for more than one senior. Women (32%) were more likely than men (25%) to find themselves “sandwiched” between caregiving activities. The idea of “serial caregiving” – which relates to the continuum of care offered by women (raising children, then caring for aging parents, and then for their aging partner) is also an important topic related to caregiving activities.⁹³

Caregiving, whether for children, the aged or other individuals, relies heavily on volunteer efforts and unpaid care. The Conference Board of Canada estimated the cost to Canadian business of lost productivity as a result of caregivers missing full days of work, missing hours of work, or even quitting or losing their jobs was over \$1.28 billion in 2007.⁹⁴

Workplace Culture

“Organizational perceptions and practices in the workplace are another element that tends to contribute to differences in the way men and women experience working life”.⁹⁵ Workplace cultures are heavily influenced by the organization’s leaders. Some research shows that organizations with diverse leadership are more successful financially. They may also challenge workplace norms that impact women’s full participation in the workplace.⁹⁶ Workplace practices have a critical impact on the gender wage gap. Pay secrecy, inflexible work arrangements and human resource practices have significant impact. This section identifies research findings identifying key considerations for workplace change.

Hiring and Promotion Practices:

Human resource practices related to hiring and promotion may impact an individual’s career path and the gender wage gap. A 2015 study by Koch, D’Mello and Sackett found that men were preferred for male-dominated jobs, but there was no significant preference for either gender in female-dominated or neutral jobs. Moreover, men exhibited more of this bias. The study further found that when decision makers in an organization are motivated to be careful in their decision, they avoid stereotyping more often. Motivations may include: the expectation that

93 Linda Duxbury and Christopher Higgins (2012). *Causes, Consequences, and Moderating Factors of Strain of Caregiving Among Employed Caregivers*.

94 Hermus et. al. (2012). *Home and Community Care in Canada: An Economic Footprint*. The Conference Board of Canada.

95 Vincent. pp.17.

96 Vanessa Anastasopoulos, David A.H. Brown and Debra L. Brown (2002). *Women on Boards: Not Just the Right Thing ... But the 'Bright' Thing*. The Conference Board of Canada.

the decision maker will have to justify their hiring choice to others, that their choice will be evaluated, or that the decision maker is aware of the organizations equity values.⁹⁷

A study conducted by Fang and Huang on individuals who work as Wall Street analysts found essentially no gender inequality in the odds of being promoted. Furthermore, they found that many characteristics of the analysts studied – such as gender, experience, number of stocks, and education – explain only a small fraction of what determines promotion outcomes. Many of the factors contributing to being a leading analyst are unexplained.

However, the same study found that while there may not be gender inequality in the odds of success, investors value male and female Wall Street analysts differently, which may increase their odds of success. Connections – social capital and networks – are valued in men and associated with positive career outcomes. For women, measureable achievements and competence are the most significant factors.⁹⁸ In this study, men appear to be valued prospectively, while women require a track record of success.

The results of the 2011 Wage Gap Pilot Program undertaken by the Pay Equity Office show a pattern of men and women progressing in their compensation at different rates. In the case of hourly pay, for an additional year of service, males earn \$0.54 more per hour while females only earn \$0.42 more.⁹⁹ This could be related to gender differences in compensation as it relates to promotion, the glass ceiling concept, or potentially negotiation (which will be discussed in an upcoming section).

A 2012 paper by Hunt used U.S. data to compare differences between genders across science and engineering relative to other fields in order to understand the high exit rate from STEM. Hunt found that 60% of the gap between male and female exit rates could be explained by the engineering exit rate of women dissatisfied with pay and promotion opportunities and that family-related constraints and dissatisfaction with working conditions were only secondary factors.¹⁰⁰

97 Amanda J. Koch, Susan D. D'Mello and Paul R. Sackett (2015). A Meta-Analysis of Gender Stereotypes and Bias in Experimental Simulations of Employment Decision Making. *Journal of Applied Psychology* Vol. 100, No. 1, pp. 128-161.

98 Lily Fang and Sterling Huang (2011). *Gender and Connections among Wall Street Analysts*.

99 Pay Equity Office (2015). *Results of the Wage Gap Pilot Program*.

100 Jennifer Hunt (2012). Why do Women Leave Science and Engineering? Discussion Paper No. 6885. The Institute for the Study of Labor (IZA).

Negotiation:

Literature on the gender wage gap often cites women's lower salary expectations and lack of negotiation skills as contributing factors to the gender wage gap. A 2013 report by the Boston's Women's Workforce Council¹⁰¹ highlighted negotiating as one of the obstacles women face.

A U.S. study by Bowles and Babcock found that women incur more social costs than men do when they engage in salary negotiations – they are viewed as demanding. An effective tactic for women in this study was the use of relational accounts in which women explained why their request was legitimate in a manner that was consistent with concern for relationships. Essentially, women needed to demonstrate care for the people they work with. Interestingly, this tactic did not result in improved outcomes for men.¹⁰²

Work Arrangements:

Work arrangements encompass hours of work and flexibility. In 2014, male and female private sector workers aged 20-59 worked full-time hours (38.8 and 34.1 hours respectively). Furthermore, 23% of men and 14% of women worked 43 hours or more per week.¹⁰³

A series of reports from Catalyst¹⁰⁴ which focused on Canadian law firms and flexibility, found that 28% of female lawyers and 21% of male lawyers in the study reported participating in a flexible work arrangement. The majority of lawyers expressed an interest in using a flexible work arrangement. Furthermore, 86% of those who had already used such an arrangement stated they would like to use another. However, 50% of lawyers said they felt their firms were doing poorly or very poorly in their provision of flexible work arrangements. Many also found it difficult to manage the demands of work and personal/family life. Catalyst highlighted that when an associate leaves a firm the average cost is \$315,000 (investment costs – cost of recruitment, upfront training costs, and annual recurring training costs – and separation costs).

101 *The Women's Workforce Council* was formed in April 2013 with the aim to close the gender wage gap and remove the visible and invisible barriers to women's advancement in today's working world.

102 Hannah Riley Bowles and Linda Babcock (2013). How can Women Escape the Compensation Negotiation Dilemma? Relational Accounts are one Answer. *Psychology of Women Quarterly*, Vol. 37, No. 1, pp. 80-96.

103 Schirle and Vickers.

104 Catalyst (2006). *Beyond a Reasonable Doubt: Lawyers State Their Case on Job Flexibility*. Catalyst (2005). *Beyond a Reasonable Doubt: Creating Opportunities for Better Balance*. Catalyst (2005). *Beyond a Reasonable Doubt: Building the Business Case for Flexibility*.

In 2014, 57% of all employees aged 15 and over working overtime were male (43% were female). However, when that is examined further, females appear more likely to work unpaid overtime (52% of all those working unpaid overtime were female). Furthermore, the make-up of those working paid overtime is 72% male and 28% female. Interestingly, across paid and unpaid overtime, males worked on average 1.6 more overtime hours per week.¹⁰⁵ These descriptive statistics indicate that men work more than women in paid employment.

The research by Goldin, previously cited, found that in many occupations, time spent at work is disproportionately rewarded and it warrants discussion here. Goldin states that the gender gap in pay would be considerably reduced and might vanish altogether if firms did not have an incentive to over-compensate individuals who labored long hours and worked particular hours (often uninterrupted hours – meaning a less flexible schedule).

Movement toward more flexible time has increased in various sectors, such as technology and science, but is less apparent in the corporate, financial, and legal occupations— where a flexible schedule likely comes at a cost to earnings. When clients perceive there is a greater degree of substitutability among workers, the occupation is likely to move towards more proportionate pay. This may occur organically, often due to economies of scale, prompted by employee pressure, or because firms want to reduce labor costs. Though not all positions can be changed, it is useful to consider what sectors or occupations could offer more flexibility to the benefit of many workers. Although Goldin's study is from the US, it may be illustrative for Ontario.¹⁰⁶

Pay Transparency:

Pay transparency refers to varying levels of transparency around wages either within an organization, to the public or to government. For example, in some organizations each position has a known pay range. An increasing number of organizations are reviewing their compensation and making the results public. Transparency may relate to more than pay. Other aspects of transparency may include equity or human resource practices.

Recently McMaster University in Hamilton publicized a two year study that found that women faculty members earned on average \$3,515 less than their male counterparts in 2012 and 2013. The study held constant: seniority, tenure, faculty

¹⁰⁵ Statistics Canada. Labour Force Survey CANSIM table 282-0082.

¹⁰⁶ Goldin.

and age. Pay adjustments will be made on July 1, 2015. This is an example of an organization seeing the value of making pay transparent to researchers, and the results of a compensation review available to the public. McMaster indicated the reaction has been positive. The move points toward a gradual change of culture.¹⁰⁷

While there is no proven link between pay secrecy and pay inequality, some evidence suggests that pay transparency in unionized environments reduces the gender wage gap.¹⁰⁸ Pay transparency is more common in public, unionized employment. Countries with greater collective bargaining coverage tend to have lower gender wage gaps.¹⁰⁹ The Ontario government complies with the *Public Sector Salary Disclosure Act*, 1996 (publishes the Sunshine List as discussed above). In addition, pay ranges are available in collective agreements. As presented in the section on trends, unionized women do experience lower gender wage gaps in Ontario.

A number of jurisdictions use different levels of pay transparency as they work towards gender equality. For example, Austria has an online wage calculator providing information on wages in the different sectors of industry and occupations. The Canadian government has a similar calculator that allows the public to search wages by occupation and region.¹¹⁰ In addition, the Laurier Centre for Economic Research and Policy Analysis is currently hosting a Wage Gap Calculator that is Ontario-specific.¹¹¹ The Austrian wage and salary calculator is part of the National Action Plan (NAP) for Gender Equality in the Labour Market. Furthermore, under the NAP, employers will be required by law to compile reports on the average earnings of women and men.¹¹²

Think, Act, Report 2011 is a voluntary program in the United Kingdom aimed at promoting greater transparency on gender employment issues in the workplace. This initiative provides a simple, step-by-step framework to assist employers on issues such as recruitment, retention, promotion and pay.¹¹³ Although around 200 organizations signed up to this initiative, only five have made their information public.

107 The Canadian Press (2015). *McMaster University to Increase Female Faculty's Pay after Review*. MacLean's.

108 Institute for Women's Policy Research (2011). *Pay Secrecy and Wage Discrimination*.

109 Francine D Blau and Lawrence M. Kahn (2003). Understanding International Differences in the Gender Pay Gap. *Journal of Labor Economics*. 21 (1), pp. 106-144

110 Government of Canada (2014). *Explore Careers – Wage Report*.

111 Tammy Schirle (2015). *Wage Gap Calculator*. The Laurier Centre for Economic Research and Policy Analysis.

112 European Commission. (2010). How to close the gender pay gap: Strategies and Good Practices of States and Social Partners in Europe. Institute for the equality of women and men.

113 Government Equalities Office (2012). *Think, Act, Report: One Year On*.

In Australia, under the *Workplace Gender Equality Act, 2012*, all private sector employers – including subsidiaries with 100+ employees in Australia – must report annually online to the Workforce Gender Equality Agency (WGEA). These reports are public. The reporting requires data on salaries by gender and ‘workforce categories’.¹¹⁴ It does not require any dis-aggregation of pay data by job or occupational groupings. Employers are also required to identify any organizational gender pay equity objectives, whether any gender pay gap analysis has been undertaken, and any actions taken as a result of the pay gap analysis.

However, Australia has experienced opposition to the regulatory burden the act placed on the business community. The act has also been criticised for insufficient compliance mechanisms. For example, the power to conduct random compliance checks in the act was limited to seeking further information from employers. In addition, the current government’s minimum standard for reporting is seen as weak and only applies to very large employers.¹¹⁵

Education

Women in Ontario have high levels of educational achievement, representing at least half of all individuals at any given level of education (except ‘apprenticeship or trades certificates or diplomas’). Some research has found that high education levels are associated with a smaller gender wage gap.¹¹⁶ One recent Ontario study, along with some other literature, shows that level of education may currently play a minor role in the gender wage gap; if men and women received the same wage premium for education we would expect women to be earning more than men on average.¹¹⁷

A recent Ontario study found the gender wage gap to be highest for those who did not complete high school, followed by those who completed high-school and college, while the university graduated experienced the lowest gender gap. However, the authors observed an increase in the gender wage gap at the highest part of the earnings distribution for individuals with university education – which suggests women are experiencing the glass ceiling.¹¹⁸ The gender wage gap persists across education levels.

114 It includes employment status (employment on a part-time, full-time, permanent, casual or contract basis) and managers/non-managers.

115 Sara Charlesworth and Fiona Macdonald (2015). *Australia’s gender pay equity legislation: how new, how different, what prospects?* Cambridge Journal of Economics, 39 (2), pp. 421-440.

116 Solomon W. Polachek and Jun Xiang (2014). *The Gender Pay Gap Across Countries: A Human Capital Approach*. The Institute for the Study of Labor (IZA).

117 Schirle and Vickers.

118 Plesca, Antonie and Teng.

Beyond education levels, gender differences in major fields of study may play a role in the gender wage gap. Females are clustered in 'health and related fields' as well as 'business, management and public administration', 'education, social and behavioural sciences', and 'law'. They are underrepresented in 'architecture, engineering and related technologies', 'mathematics, computer and information sciences', and 'agriculture, natural resources and conservation'. Over the next decade, professional and technical services and health care services are expected to grow. Individuals will need skills in maths and sciences in order to be qualified for these positions.¹¹⁹ Education and training relate to productivity and may help women, especially those who experience intersectional discrimination, fully integrate into the labour market.

As we have seen, these factors interconnect and are difficult to segregate into categories in any meaningful way. It is useful to consider the issues presented above as a whole when attempting to understand what causes the gender wage gap. This section does not represent an exhaustive discussion of factors associated with the gender wage gap. For example, some research indicates that low labour force participation over a lifetime, economic competition, the top marginal income tax rate and a high national fertility rate are associated with a larger gender wage gap.¹²⁰ Another study found that the gender pay gap tends to be higher in countries with a larger overall wage inequality, because female workers are more likely to be located at the bottom of the wage distributions.¹²¹

Research will continue into areas such as intersectional discrimination, youth, leadership, governance, political representation, violence against women, access to collective bargaining, tax policy, measurement and evaluation, and the erosion of qualification for foreign-trained professionals. Examining remote, rural and urban regions in Ontario is also important.

119 Task Force on Competitiveness, Productivity and Economic Progress.

120 Polachek and Xiang.

121 Blau and Kahn.

Case Study: The Nordic Countries

The Nordic countries are a geographical and cultural region in Northern Europe and the North Atlantic. The region consists of five countries - Denmark, Finland, Iceland, Norway, and Sweden. With their small economies, well-developed welfare states and organized labour markets, they have given rise to the concept of “the Nordic model”. Most of the attention paid to the Nordic countries is positive. However, this model has been criticized for having over-inflated public sectors and excessive tax levels, as well as rigid labour markets. The Nordic countries have demonstrated generally good results in terms of growth, employment, equality, competitiveness, and quality of life,¹²² making them an example for Ontario to study.

The Nordic countries represent the top five countries in the 2014 Global Gender Gap Report by the World Economic Forum. This Report uses a number of indicators, thus for the purposes of focusing on the gender wage gap, we will examine data from the Organization for Economic Co-operation and Development (OECD).

As data is not available for Iceland past 2011, we will use 2011 data to make some general comparisons. Using full-time employees, the OECD calculates the gender wage gap by the unadjusted difference between male and female median wages divided by the male median wage. For Norway the gender wage gap was 7.8%, for Denmark 8.8%, for Iceland 14.1%, for Sweden 15.9%, and for Finland 18.6%. Both Sweden and Finland are above the OECD average of 15.3%. New Zealand had the smallest gap at 4.2% and Korea the largest at 36.6%. Canada’s gap was relatively high at 19.2%.¹²³

As a province, Ontario is obviously not broken out in the OECD measure of Canada so no direct comparison can be made. However, for illustrative purposes we can use similar (though not equivalent) data. By dividing the difference between full-time full-year male and female annual earnings for 2011 by full-time full-year male median earnings for 2011 we find a gender wage gap of 23.4%.¹²⁴

The Nordic countries are often characterized by their family friendly policies that have been shown to be successful in boosting female employment. Denmark is described as having one of the most liberal work-family policies in the OECD. Arulampalam, Booth and Bryan used indicators from the OECD work-family

122 Søren Kaj Andersen, Jon Erik Dølvik and Christian Lyhne Ibsen (2014). *The Nordic labour market models in open markets – challenges and perspectives*. Fafo.

123 Organization for Economic Co-operation and Development (2015). *Stat Extracts*.

124 Statistics Canada. Survey of Labour and Income Dynamics CANSIM table 202-0101.

reconciliation index to assess formal childcare policies. They found that family friendly policies have a negative effect on the gender wage gap at the top of the wage distribution scale, and a positive effect on the gender wage gap at the bottom end of the wage distribution scale. This held true for Denmark. Women in lower-paying jobs may feel more attached to a firm with family friendly policies, and thus more likely to return to work. Generally, women at the top of the pay scale may experience a larger gender wage gap and a glass ceiling effect because of more time out of the workforce.¹²⁵

Rates of unionization are particularly high in the Nordic countries and unionization generally means a smaller gender wage gap. Finland has a unionization rate of 74%, Sweden 70%. Denmark follows with 67% and then Norway with a unionization rate of 52%. Rates of unionization are so high in part because unemployment and other social benefits are normally paid out through the union, although recent changes in the Swedish system of unemployment benefits have impacted union membership. However, high union density in the Nordic countries also reflects an approach that views union membership as a natural part of employment,¹²⁶ which differs from Ontario's norms.

The unionization rate for Nordic women is higher than that of men. Anderson notes that the high rate of unionization is related to the high employment rates among women and the fact that women often work in the public sector, which is well organized. Conversely, the sectors in which unionization among men is high – such as manufacturing – are declining in shares of overall employment, leading to falling unionization rates. Sweden is an exception, where female union density declined steadily in the period 1995–2008, falling nine percentage points. Yet, the decline is even more dramatic for Swedish men, 15 percentage points.¹²⁷

Sweden has a legislative model which seeks to correct discriminatory pay practices. It may contribute to a lower gender wage gap. The model requires local social partners to jointly develop and implement pay equity plans that are tailored to the needs of each company. The legislation also requires employers to carry out a yearly pay survey to analyze pay policies and practices, even when no wage gaps were identified in the previous year. Under this legislative model, the ultimate responsibility for eliminating gender wage gaps fall to employers and unions.¹²⁸

125 Wiji Arulampalam, Alison L. Booth, and Mark L. Bryan (2007). Is There a Glass Ceiling Over Europe? Exploring the Gender Pay Gap Across the Wage Distribution. *Industrial and Labor Relations Review*, Vol. 60, No. 2, pp. 163- 186.

126 L. Fulton (2013). *Worker representation in Europe*. ETUI.

127 Andersen et. al.

128 Marie-Therese Chicha (2006). *A comparative analysis of promoting pay equity: models and impacts*. International Labour Office, Geneva.

The Swedish Equal Opportunities Ombudsman has conducted surveys to assess the impact of the legislation but frequently encounters difficulties in obtaining consistent and reliable data. In a 2004-2005 survey of 50 organizations, 24 required pay adjustments, indicating non-compliance, making a strong case for the necessity of support and follow-up by specialized bodies.¹²⁹

It is interesting to examine similarities and differences between Ontario and the Nordic countries and consider if there are any lessons to be learned.

129 Chicha.

Conclusion

Closing the gender wage gap between men and women would benefit Ontario's economy and society as a whole. The gender wage gap is an issue of fairness. It could also undermine the competitiveness of Ontario businesses and the province's potential for economic growth. The issue of how to make progress toward closing the gender wage gap and better the situation for women at work is complex. It will require collaboration between government, business, labour, other organizations, and individual leaders. Broadly, actions that impact women at work, actions that impact families, and actions that change social norms and behaviours must be considered.

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