

## LMF1.5: Gender pay gaps for full-time workers and earnings differentials by educational attainment

### Definitions and methodology

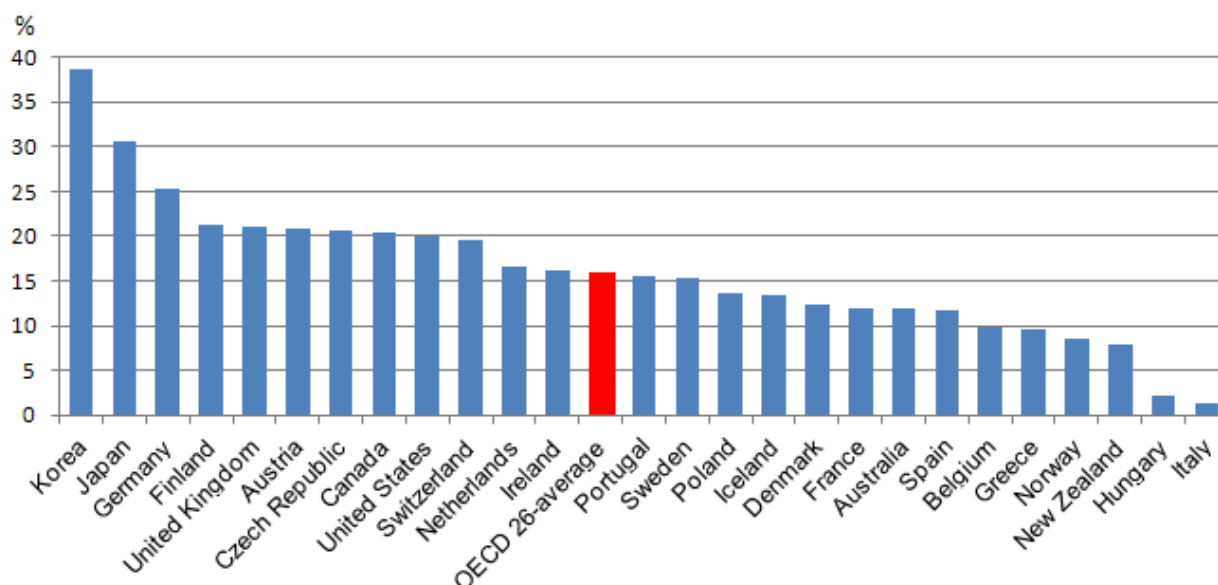
Men and women often have different earnings. The “gender wage gap” (in unadjusted form) is measured as the difference between male and female earnings expressed as a percentage of male earnings. The extent of the gap varies with the position of men and women taken as reference in the distribution of earnings.

### Key Findings

Chart LMF1.5.A presents the gender gap in *median* earnings of full-time employees for selected OECD countries. Gender pay gaps are largest in Asian OECD countries (Japan and Korea). Gender pay gaps are smallest in Belgium, Greece, Hungary, Italy, New Zealand and Norway. To some extent the low gender gap in Greece, Hungary and Italy is due to a relatively high proportion of qualified women in the labour market in view of their below average female employment rates.

Chart LMF1.5.B shows the gender gap in earning at the *lower (20th percentile)* and *higher (80th percentile)* points in earnings distribution. Again, the largest gaps are in Korea and Japan. The gaps for higher-earners tend to be larger than for low-earners. The smaller gap for low-earners in many countries reflects the influence of legislated minimum wages and workplace agreements to protect low-income workers.

**Chart LMF1.5.A: Gender gap in median earnings<sup>1</sup> of full-time employees, 2008<sup>2</sup>**

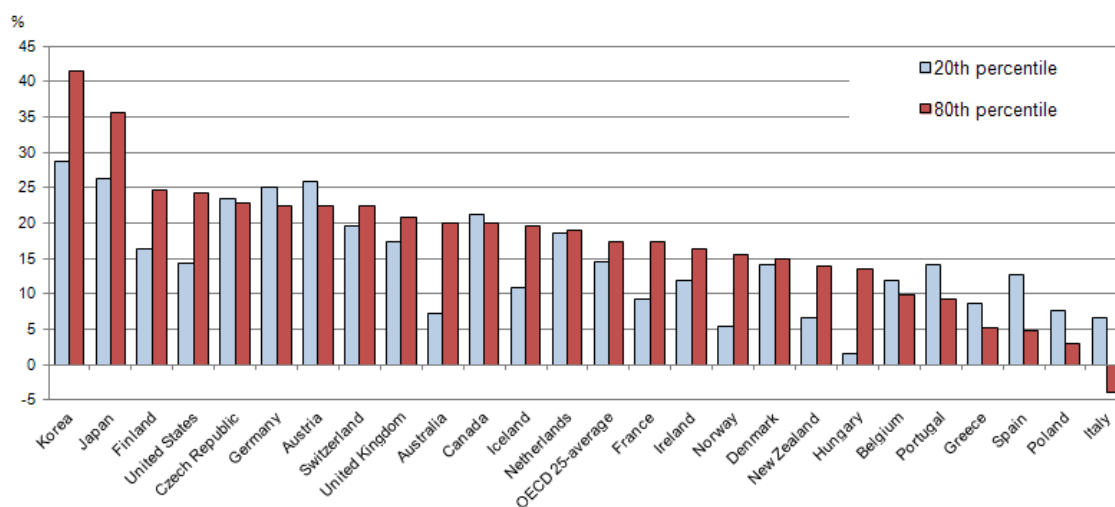


1) The gender wage gap is unadjusted and is calculated as the difference between median earnings of men and women relative to median earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another. 2) Data refer to 2005 for the Netherlands; 2007 for Belgium and France.

Source: OECD Employment Outlook 2010.

Other relevant indicators: LMF1.2: Maternal employment; LMF1.3: Maternal employment by family status; LMF1.4: Employment profiles over the life-course; LMF1.6: Gender differences in employment outcomes; LMF2.2: Family-friendly workplace practices and PF1.4: Gender neutrality of tax/benefit systems.

**Chart LMF1.5.B: Gender gap in full-time earnings at the top and bottom of the earnings distribution<sup>1</sup>, 2008<sup>2</sup>**



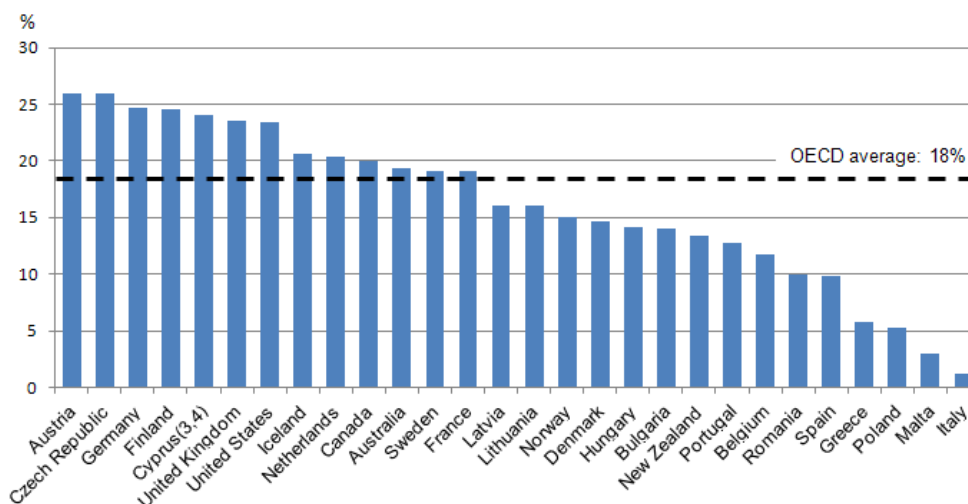
Countries are ranked in decreasing order of the gender wage gap for top earnings (80<sup>th</sup> percentile).

1) The gender wage gap is unadjusted and is calculated as the difference between top/bottom earnings of men and women relative to top/bottom earnings of men. 2) Data refer to 2005 for the Netherlands and to 2007 for Belgium and France.

Source: OECD Employment Database, March 2010.

Chart LMF1.5.C considers the difference between *average* gross hourly earnings of male and female paid employees as a percentage of average gross hourly earnings of male paid employees, for full-time employees (for non-OECD countries data refers to all employees working more than 15 hours per week; see comparability and data issues). Again (see above), Belgium, Greece, Hungary, Italy and New Zealand are among the countries with limited pay gaps. Poland, Portugal and Spain also have low gender pay gaps based on average earnings. Austria, Czech Republic and Germany have high gender pay gaps in based on both median and average wage measures.

**Chart LMF1.5.C: Gender gap in average earnings of full-time employees<sup>1</sup>, 2008<sup>2</sup>**



1) Data for Cyprus, Bulgaria, Latvia, Lithuania, Malta and Romania refer to all employees who work at least 15 hours per week and are likely to result in comparatively lower gaps. 2) Data refer to 2006 for Cyprus, Bulgaria, Latvia, Lithuania, Malta and Romania.

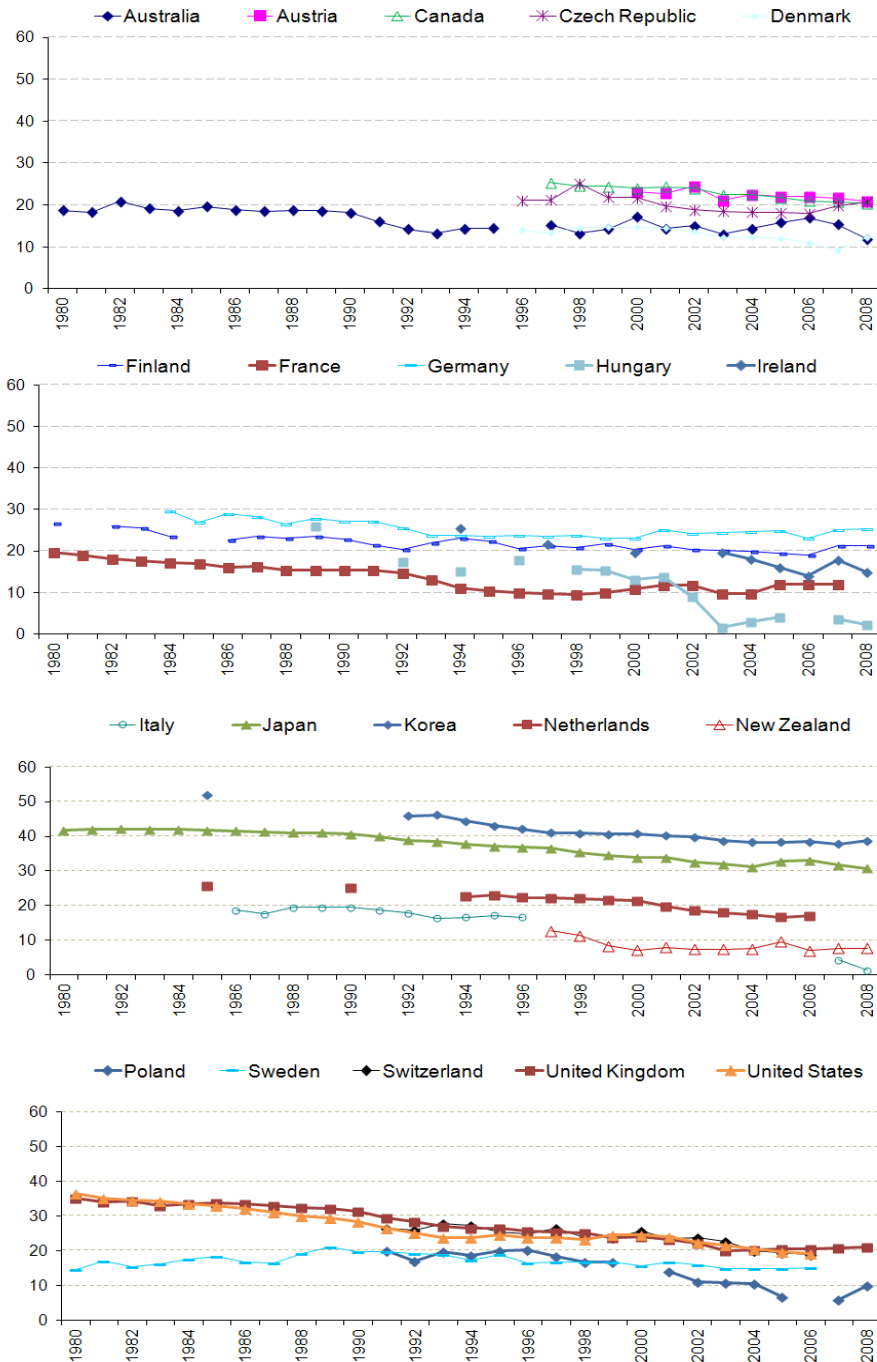
3) Footnote by Turkey: The information in this document with reference to "Cyprus " relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

4) Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: OECD Employment Database, March 2010; and EU Survey on Income and Living Conditions and national sources, 2006

Data on trends in gender gaps from 1980 to 2008 are available for some OECD countries and these are presented in Chart LMF1.5.C. There are no OECD countries which experience a clear increase in gender pay gaps: trends are either flat or downwards.

**Chart LMF1.5.C: Trends in gender wage gap in median earnings of full-time employees, 1980 to 2008**



Source: OECD Employment Database, March 2010.

Pay differences between men and women are greater for highly educated workers (i.e. those with tertiary education) compared with low-skilled workers (i.e. those without upper secondary education) in most countries. To some extent this explains the higher pay gap observed among top earners compared with median and bottom-earners (Charts LMF1.5 A and B). For most countries, the gap has reduced over time for low-skilled workers, as can be seen by the higher earnings ratio of the 35-44 year old cohort compared to the 55-64 year old cohort.

**Table LMF1.5.A: Average annual earnings of females as a percentage of males by level of educational attainment and age-cohort, 2008 or latest year available**

		Below Upper Secondary		Upper secondary and post-secondary non-tertiary education		Tertiary		All levels of education	
		35-44	55-64	35-44	55-64	35-44	55-64	35-44	55-64
Australia	2005	88	99	87	77	80	76	88	84
Austria	2008	71	69	76	84	73	67	73	75
Belgium	2006	73	67	74	83	82	74	83	76
Canada	2007	68	63	70	73	76	59	75	63
Czech Republic	2008	72	81	73	85	67	78	66	75
Denmark	2006	68	57	83	87	72	76	78	78
Estonia	2008	63	66	61	72	64	74	68	76
Finland	2007	78	77	76	77	72	72	77	74
France	2006	76	63	78	82	81	55	84	65
Germany	2008	69	70	86	66	76	68	79	67
Greece	2006	61	45	78	67	68	89	77	60
Hungary	2008	83	86	86	105	57	75	79	86
Iceland	2006	67	90	67	69	58	70	68	74
Israel	2008	69	71	74	70	64	67	70	70
Italy	2006	71	83	81	84	52	45	77	76
Korea	2007	66	67	58	74	84	58	59	57
Luxembourg	2006	85	55	76	78	73	78	79	71
Netherlands	2006	76	77	83	74	79	65	85	74
New Zealand	2008	78	67	76	73	74	76	77	74
Norway	2007	74	78	72	74	68	69	74	73
Poland	2006	65	62	67	91	66	73	77	83
Portugal	2006	66	58	75	74	70	72	77	65
Slovak Republic	2008	71	74	72	83	61	79	68	80
Slovenia	2006	85	85	87	97	81	99	92	104
Spain	2007	72	74	85	86	82	75	86	79
Sweden	2006	94	82	77	80	72	77	78	83
United Kingdom	2008	82	78	69	72	77	78	76	77
United States	2008	67	65	69	75	68	62	71	65
<b>OECD Average</b>		<b>74</b>	<b>72</b>	<b>76</b>	<b>79</b>	<b>71</b>	<b>71</b>	<b>77</b>	<b>73</b>

Source: OECD Education at a Glance, 2010

### Comparability and data issues

Data for the OECD earnings database on full-time earners are collected annually through both labour force surveys and household surveys. Depending on the country, earnings data provided can refer to hourly, weekly, monthly or average annual earnings on a gross or net basis. This means that the data is best presented as a relative measure, such as the gender wage gap (and in percentiles over the distribution of this gap) rather than earnings' differences in absolute terms. Gender differences may be slightly over-estimated where measurement is based on a gross wage because of the inclusion of taxes and social security contributions (for example, second earners who are often women, will be subject to different tax thresholds than their partners in many countries). In the same vein, trend data should be interpreted with care as the methodology of surveys across countries regularly changes creating breaks in the series and causing "artificial" fluctuations from one year to the next.

For Chart LMF1.5.C the data refers to full-time employees for OECD countries, and all employees working more than 16 hours for non-OECD countries as collected through EU-SILC. This is likely to produce artificially lower wage gaps for non-OECD countries, as illustrated by comparing the wage gaps from the two datasets for a selected number of OECD countries in Table LMF1.5.B.

**Table LMF1.5.B Gender pay gap in average earnings for full-time employees and all employees**

	EU-SILC 2006	OECD Earnings data	Year of OECD data
<b>Austria</b>	20	27	2005
<b>Denmark</b>	17	15	2005
<b>Finland</b>	20	22	2005
<b>France</b>	11	19	2005
<b>Germany</b>	22	26	2005
<b>Hungary</b>	11	14	2005
<b>Poland</b>	12	16	2004
<b>Sweden</b>	16	20	2005
<b>United Kingdom</b>	21	23	2006

Source: OECD Employment Database, March 2010; and EU Survey on Income and Living Conditions and national sources, 2006

The relative earnings data by educational attainment (as in Table LMF1.5.A) are collected annually in a special survey on earnings conducted by the OECD Education directorate and not all OECD countries participate. As with the regular OECD Employment database, there are many differences in how the earnings data by educational attainment are collected across countries. Although they are usually based on an annual reference period there are some exceptions; in Australia, New Zealand and the United Kingdom data concern monthly earnings whereas Belgium, France, Germany, Hungary, Poland and Switzerland report weekly earnings. This may lead to comparability problems as annual data take account of part-year earnings. Therefore, if a higher proportion of females participate in temporary or seasonal work this can lead to a larger gender differential. Most countries provide earnings data before income tax, but Belgium and Korea provide data net of income tax.

Sources and further reading: *Employment Outlook (2010) OECD*, the annual edition of *OECD Labour Force Statistics, 1985-2005*; *OECD Employment database*, *OECD Society at a Glance (2009)* and *OECD Education at a Glance (2010)*.