

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

Definitions and methodology

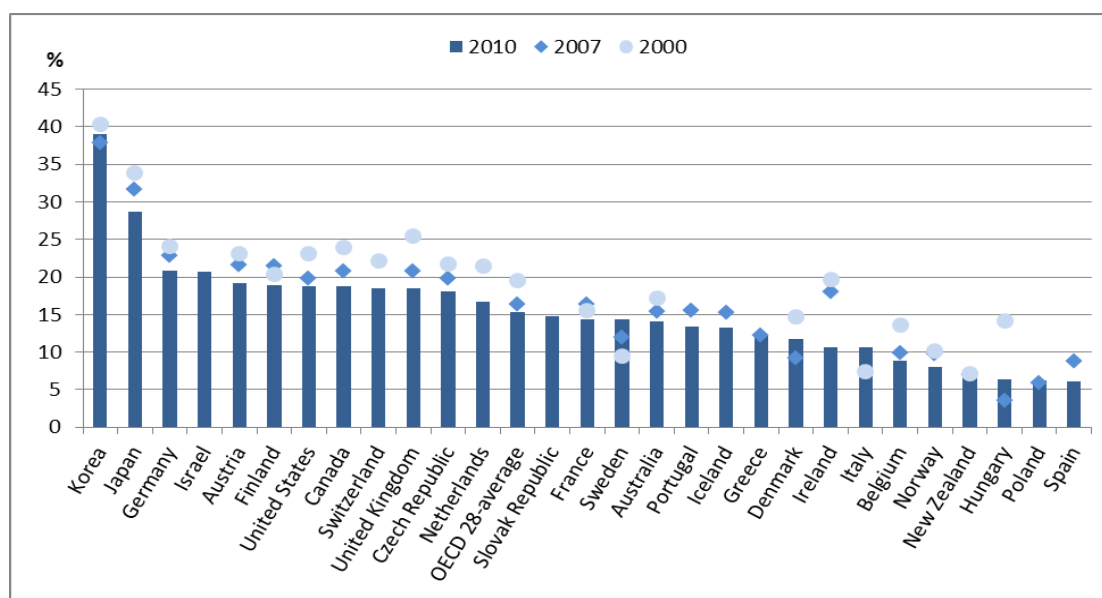
Men and women often have different earnings. The “gender wage gap” (in unadjusted form) is measured as the difference between male and female earnings expressed as a percentage of male earnings. The extent of the gap varies with the position of men and women taken as reference in the distribution of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

Key Findings

Chart LMF1.5.A presents the gender gap in *median* earnings of full-time employees for selected OECD countries in 2000, 2007 and 2010. Gender pay gaps are largest in Asian OECD countries (Japan and Korea). Gender pay gaps are smallest in Hungary, New Zealand, Norway, Poland and Spain. To some extent the low gender gaps in Hungary are due to a relatively high proportion of qualified women in the labour market in view of below average female employment rates. The graph also shows the evolution of gender gaps over the past decade. Year 2007 is presented to assess the impact of the crisis on the trend. In almost all countries the gender wage gap in median earnings has decreased over time; Sweden is the only country where the gender gap increased during the past decade. The countries that experienced the largest drops are Belgium, Hungary, Ireland and United Kingdom. There is no clear evidence that that the decreasing trend in gender wage gaps has reversed or slowed down since the onset of the crisis.

Chart LMF1.5.B shows the gender gap in earning at the *lower (20th percentile)* and *higher (80th percentile)* points in earnings distribution in. 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 collective agreements to protect low-income workers.

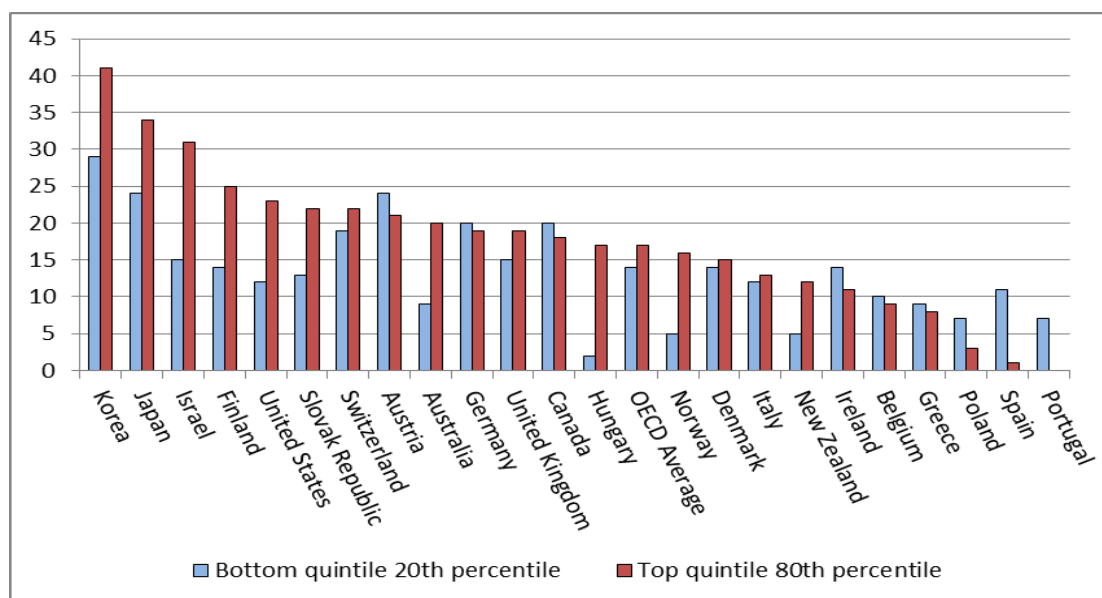
Chart LMF1.5.A: Gender gap in median earnings¹ of full-time employees, 2000, 2007, 2010



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.
 Source: OECD Employment Outlook June 2013.

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 distribution¹, 2010



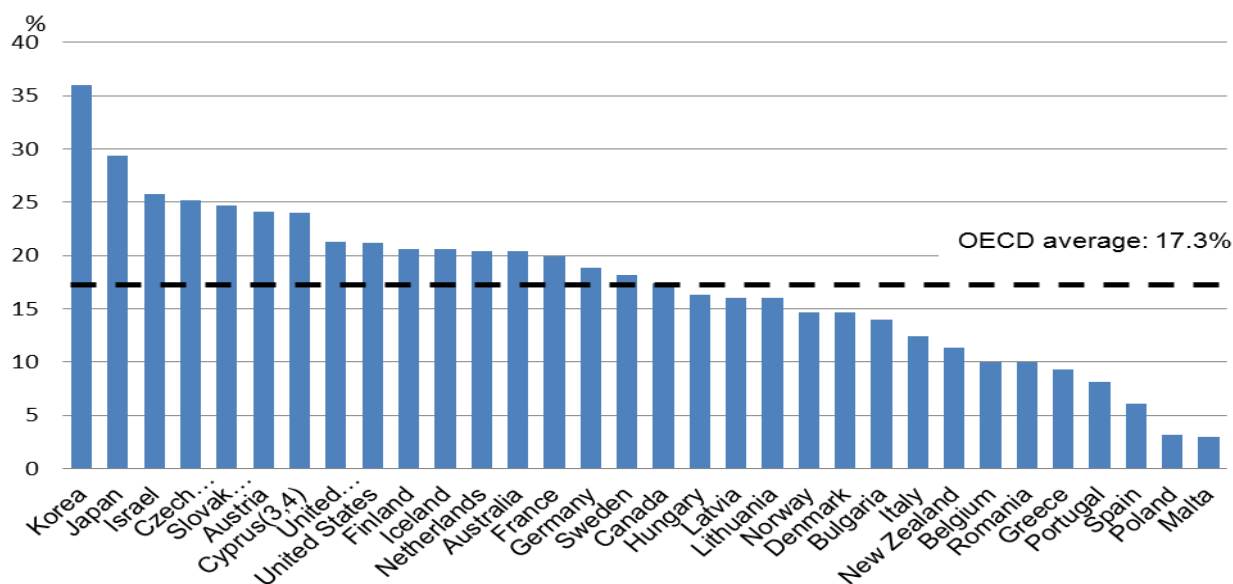
Countries are ranked in decreasing order of the gender wage gap for top earnings (80th percentile).

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.

Source: OECD Employment Database, June 2013.

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 below), Belgium, Poland and Spain are among the countries with small pay gaps. Greece and Portugal also have low gender pay gaps based on average earnings. Austria, Japan and Korea have high gender pay gaps based on both median and average wage measures. Hungary and Norway have relatively high gender gaps in terms of average earnings and are biased by a disproportionately high gender gap at the top of the distribution (see chart 1.5.B). For these countries the gap between median earnings of male and female is a more reliable indicator.

Chart LMF1.5.C: Gender gap in average earnings of full-time employees¹, 2011 or latest available²



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 2008 for Cyprus, Bulgaria, Latvia, Lithuania, Malta and Romania, to 2010 for Austria, Finland, Australia, Germany, Sweden, Denmark, Italy, Belgium, Greece Portugal, Spain and Poland, to 2009 for Netherlands and France and to 2008 for Iceland. 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, November 2012; and EU Survey on Income and Living Conditions and national sources, 2008

Data on trends in gender gaps from 1970 to 2011 are available for some OECD countries and these are presented in Chart LMF1.5.D. There are no OECD countries which experience a clear increase in gender pay gaps: trends are either flat or downwards.

Chart LMF1.5.D: Trends in gender wage gap in median earnings of full-time employees, 1970 to 2011

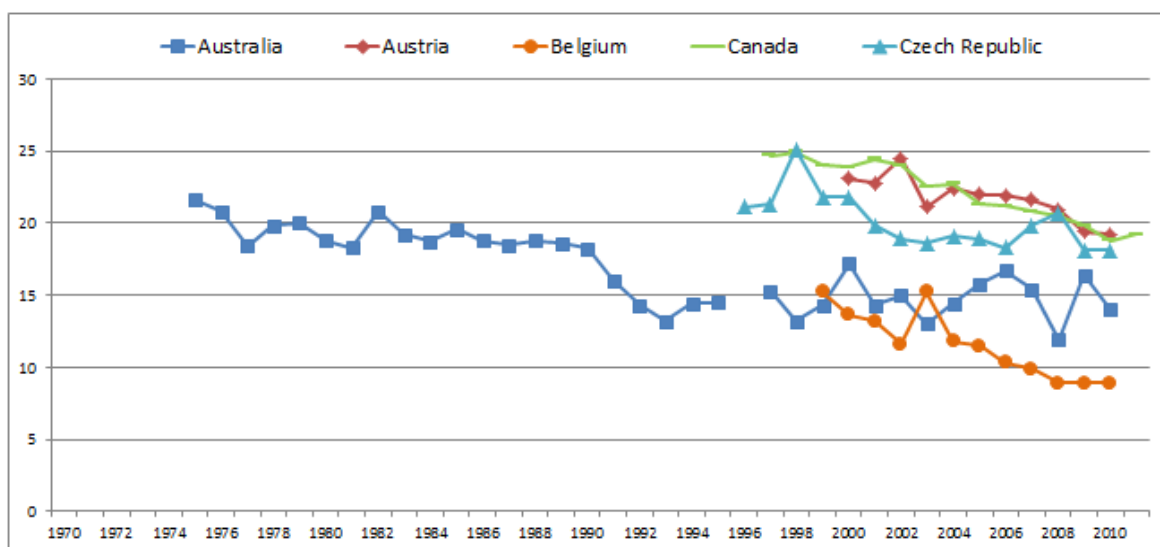


Chart LMF1.5.D: Trends in gender wage gap in median earnings of full-time employees, 1970 to 2011 (cont.)

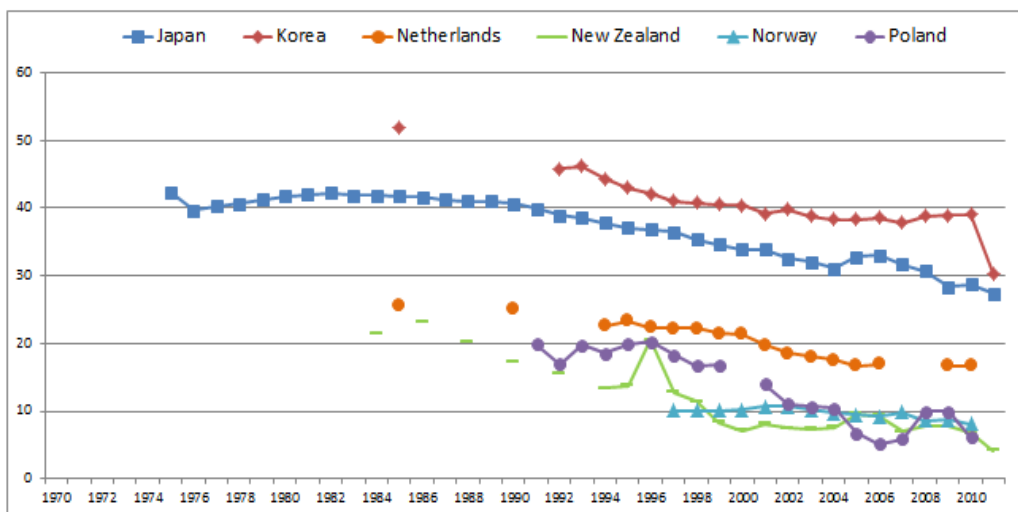
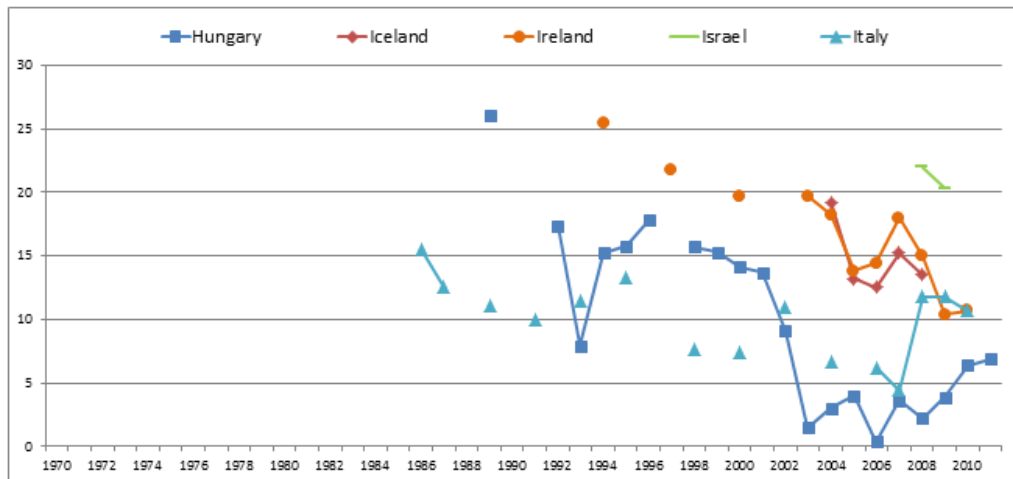
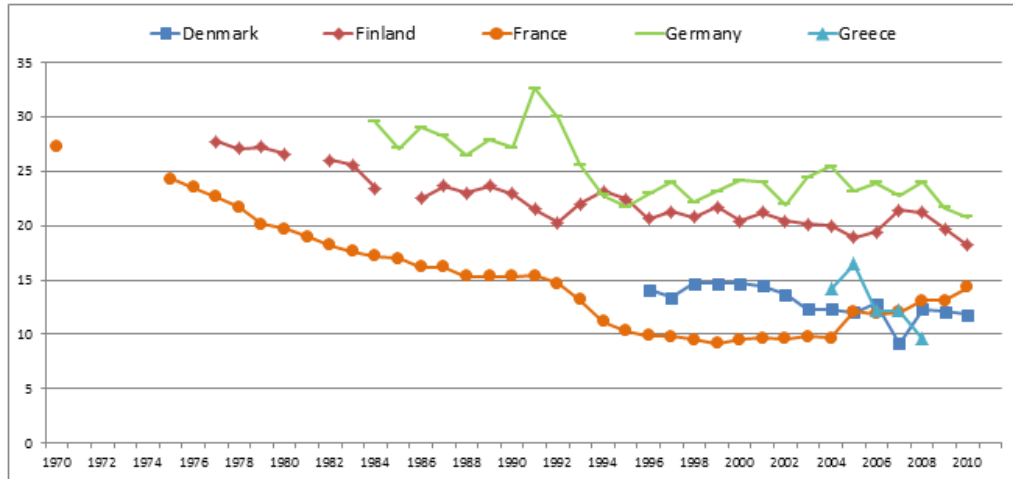
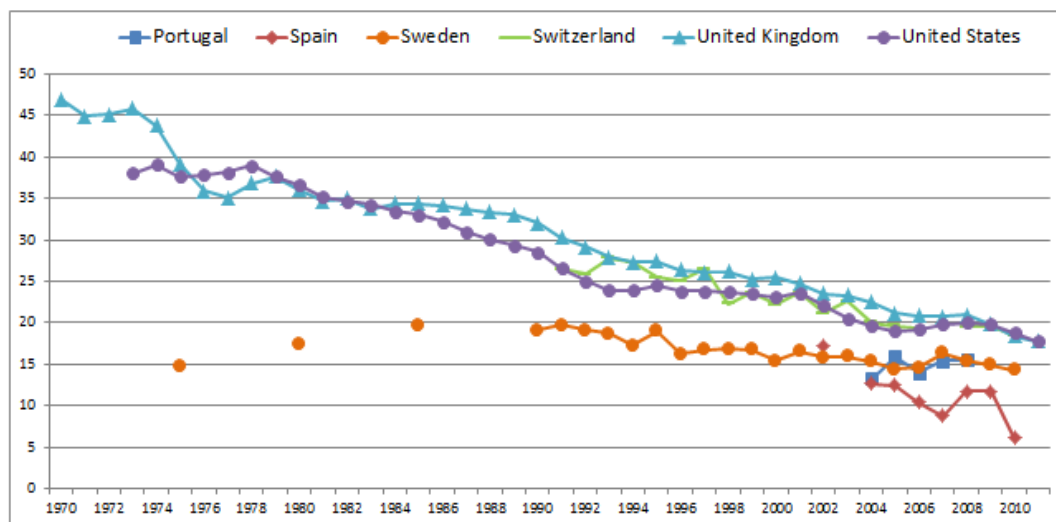


Chart LMF1.5.D: Trends in gender wage gap in median earnings of full-time employees, 1970 to 2011 (cont.)



Source: OECD Employment Database, June 2013.

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 (Table LMF1.5.A). 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 both for low-skilled and high-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, 2010 or latest year available

		Below upper secondary education		Upper secondary and post-secondary non-tertiary education		Tertiary education		All levels of education	
		35-44	55-64	35-44	55-64	35-44	55-64	35-44	55-64
Australia	2009	76	83	68	75	70	73	74	80
Austria	2010	73	72	76	79	77	69	75	74
Belgium	2009	58	42	60	52	68	53	65	47
Canada	2009	73	67	67	74	72	63	73	67
Czech Republic	2010	77	80	74	87	67	84	67	78
Denmark	2010	80	82	77	82	74	73	78	79
Estonia	2010	62	69	62	73	54	67	66	79
Finland	2010	76	79	76	79	74	74	78	77
France	2008	63	79	75	76	77	66	79	70
Germany	2010	85	83	84	82	75	70	80	77
Greece	2009	65	51	73	90	78	92	80	76
Hungary	2010	79	81	83	96	58	73	77	83
Iceland	2006	67	90	67	69	58	70	68	74
Ireland	2010	82	87	87	78	75	58	82	78
Israel	2010	71	65	68	67	68	61	73	65
Italy	2008	76	77	75	73	91	52	84	71
Korea	2010	68	65	61	59	68	54	59	48
Luxembourg	2010	78	56	81	80	81	64	84	69
Netherlands	2008	83	78	83	77	78	70	85	76
New Zealand	2010	86	84	75	76	76	71	78	75
Norway	2007	74	78	72	74	68	69	74	73
Poland	2010	66	73	73	94	66	76	80	90
Portugal	2009	74	73	71	71	73	69	79	69
Slovak Republic	2010	72	74	72	84	58	75	67	79
Slovenia	2010	84	83	84	102	79	89	91	107
Spain	2009	77	69	79	79	91	90	92	86
Sweden	2010	90	86	85	79	68	77	80	86
United Kingdom	2010	74	98	80	83	80	90	84	92
United States	2010	70	70	72	70	70	62	73	64
OECD average		75	74	75	78	73	71	77	76

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
Austria	20	27	2005
Denmark	17	15	2005
Finland	20	22	2005
France	11	19	2005
Germany	22	26	2005
Hungary	11	14	2005
Poland	12	16	2004
Sweden	16	20	2005
United Kingdom	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: *OECD Employment Outlook* (2013); *OECD Employment database* (2013); *OECD Society at a Glance* (2011); *OECD Education at a Glance* (2013); and OECD (2011) *Doing Better for Families* www.oecd.org/social/family/doingbetter.